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PROSPECTUS

NAVIOS MARITIME HOLDINGS INC.

OFFER TO EXCHANGE ALL OF OUR OUTSTANDING UNREGISTERED
U.S.$300,000,000 9½% SENIOR NOTES DUE 2014
FOR
U.S.$300,000,000 9½% SENIOR NOTES DUE 2014
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED

MATERIAL TERMS OF THE EXCHANGE OFFER

- We are offering to exchange the notes that we sold previously in a private offering for new registered notes.
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The terms of the new notes and guarantees are identical to the terms of the old notes and guarantees, except for the transfer restrictions and registration rights relating to the outstanding old notes.

- The exchange offer will expire at 5:00 p.m., New York City time, on August 6, 2007, unless we extend it.
- We will exchange all old notes that are validly tendered and not validly withdrawn.
- You may withdraw tenders of old notes at any time before 5:00 p.m., New York City time, on the date of the expiration of the exchange offer.
- We will not receive any proceeds from the exchange offer.
- We will pay the expenses of the exchange offer.
- No dealer-manager is being used in connection with the exchange offer.
- The exchange of old notes for new notes will not be a taxable exchange for U.S. federal income tax purposes.

YOU SHOULD CAREFULLY REVIEW ‘‘RISK FACTORS’’ BEGINNING ON PAGE 14 OF THIS PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is July 5, 2007.

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WE ARE NOT MAKING AN OFFER TO EXCHANGE NOTES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED, AND WILL NOT ACCEPT SURRENDERS FOR EXCHANGE FROM HOLDERS IN ANY SUCH JURISDICTION.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to ‘‘incorporate by reference’’ information contained in documents we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC, to the extent that we identify such information as being incorporated by reference into this prospectus, will automatically update and supersede this information. Information set forth in this prospectus supersedes any previously filed information that is incorporated by reference into this prospectus. We incorporate by reference into this prospectus the following information and documents:

- our annual report on Form 20-F for the fiscal year ended December 31, 2006, dated March 27, 2007 (SEC File No. 001-33311) and as it may be amended from time to time, which we refer to in this prospectus as the ‘‘2006 Form 20-F’’;
- our current reports on Form 6-K filed on June 15, 2007, May 31, 2007, May 17, 2007, May 16, 2007, April 18, 2007 and April 13, 2007;
- all future filings on Form 20-F we make under the Securities Exchange Act of 1934, as amended, after the date of this prospectus and prior to the effectiveness of this prospectus and any future submissions on Form 6-K during this period that are identified as being incorporated into this prospectus; and
- any future filings on Form 20-F we make under the Securities Exchange Act of 1934, as amended, after the effectiveness of this prospectus and prior to the termination of the exchange offer, and any future submissions on Form 6-K during this period that are identified as being incorporated into this prospectus.

YOU MAY REQUEST A COPY OF THESE FILINGS, AT NO COST, BY WRITING OR CALLING US AT THE FOLLOWING ADDRESS AND PHONE NUMBER:

Vasiliki (Villy) Papaefthymiou
Secretary
Navios Maritime Holdings Inc.
85 Akti Miaouli Street
Piraeus 185 38, Greece
Telephone: +30-210-4595000

You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized any person to provide you with different information. We are offering to exchange the old notes for new notes only in jurisdictions where offers and sales are permitted. The information in this document may only be accurate on the date of this document.

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ENFORCEABILITY OF CIVIL LIABILITIES AND INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

We and the guarantors of the notes are entities organized under the laws of jurisdictions outside the United States. Several of our directors and officers, the directors and officers of these guarantors and the experts named in this prospectus reside outside the United States. In addition, a substantial portion of our assets, the assets of the guarantors and the assets of the directors, officers and experts are located outside the United States. As a result, it may not be possible for you to serve legal process within the United States upon us, the guarantors or any of these persons. It may also not be possible for you to enforce, both in and outside the United States, judgments you may obtain in United States courts against us, the guarantors or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. In addition, there is also doubt as to the enforceability, in original actions in non-United States courts, of liabilities predicated solely on the U.S. federal or state securities laws. For example, we and the guarantors are entities incorporated under the laws of the Republic of the Marshall Islands or other non-U.S. jurisdictions. There is substantial doubt that the courts of the Marshall Islands or other non-U.S. jurisdiction would enter judgments in original actions brought in those courts predicated on United States federal or state securities laws. See ‘‘Risk Factors—Risks Associated with the Shipping Industry and Our Operations —We, and certain of our officers, directors and guarantors may be difficult to serve with process as we and several of the guarantors of the notes are incorporated in the Republic of the Marshall Islands or other non-U.S. jurisdictions and such persons may reside outside of the United States.’’

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

We have obtained directors’ and officers’ liability insurance against any liability asserted against such person incurred in the capacity of director or officer or arising out of such status, whether or not we would have the power to indemnify such person.

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SUMMARY

You should read the following summary together with the information set forth under the heading ‘‘Risk Factors’’ and in our financial statements and the accompanying notes, which are incorporated herein by reference. All references to ‘‘Navios,’’ ‘‘the company,’’ ‘‘we,’’ ‘‘us’’ and words of similar effect refer to Navios Maritime Holdings Inc. and its subsidiari and, unless the context requires otherwise, its restricted and unrestricted consolidated subsidiaries.

Our Business

Overview

We are a large, global, vertically integrated seaborne shipping company transporting a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer. We charter our vessels to a diversified group of companies,

including strong counterparties, such as BHP Billiton, Cargill International, Mitsui O.S.K. Lines and COSCO Bulk Carrier Co. The Navios business was established by United States Steel Corporation in 1954, and we believe that we have built strong brand equity through over 50 years of experience working with raw materials producers, agricultural traders and exporters, and industrial end-users.

We have a modern fleet of 38 active vessels aggregating approximately 3.1 million deadweight tons, or dwt, and have contracted to take delivery of seven additional vessels bringing our total controlled fleet to 45 vessels aggregating approximately 3.8 million dwt. The active vessels in our fleet are significantly younger than the world drybulk fleet and have an average age of approximately 4.3 years compared to an industry average of 15.5 years. Our fleet consists of Capesize, Panamax and Ultra-Handymax vessels. Capesize vessels are large vessels primarily used to transport iron ore and coal. The Panamax and Ultra-Handymax vessels are smaller vessels which are highly flexible and capable of carrying a wide range of drybulk commodities and of being accommodated in most major discharge ports. We have a balanced strategy of owning and chartering-in vessels. Of the 38 active vessels in our fleet, we own and operate 21 vessels, including one Capesize (170,000 dwt) vessel, nine Panamax vessels (60,000-83,000 dwt) and ten Ultra-Handymax (50,000-59,000 dwt) vessels. We also own one Handysize product tanker (19,000 dwt), which was acquired in connection with the acquisition of Kleimar, N.V. in February 2007.

We believe our large, modern fleet, coupled with the long Navios operating history, allows us to charter-out our vessels for long periods of time and to high quality counterparties. We currently have all of our 38 active vessels under long and medium-term charter-out contracts. Excluding the vessels from the acquisition of Kleimar, N.V., our owned fleet has charter-out contracts with an average initial duration of approximately 2.1 years. As of June 19, 2007, the average remaining charter period for our owned and charter-in fleet, other than the vessels acquired in the acquisition of Kleimar, is approximately 1.6 years and, as of June 19, 2007, we have charters covering 94.2% of our 2007 available days, 67.5% of our 2008 available days and 25.8% of our 2009 available days for such fleet.

We have grown our active fleet by 80% over the past 20 months through a variety of means, including the acquisition of Kleimar, N.V. in February 2007, the acquisition of vessels through the exercise of purchase options, open market acquisitions and long-term charter-in contracts. As of March 31, 2007, we had purchase options on 12 of our 24 controlled charter-in vessels, including purchase options on three of the eight vessels to be delivered. Many of these purchase options are at purchase prices significantly below the current market value for the vessels. We believe that our long history, brand recognition and relationship with many of the largest trading houses in Japan, such as Marubeni Corporation and Mitsui & Co., are important factors in our continued access to favorable long-term charters and purchase options. We regularly investigate the acquisition of additional vessels and shipping businesses and are currently in discussions regarding several of such acquisitions, any of which could be material.

Our management team, with an average of over 20 years of industry experience, is well respected in the drybulk sector and the shipping industry. The collective expertise of our management team and our in-house technical management, together with the efficiencies derived from our modern fleet, allow us to operate at a comparatively low cost and to more fully utilize our fleet while achieving a desirable mix of revenues. We believe

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our operating costs for the year ended December 31, 2006, were approximately 18% below the industry average for vessels of a similar age. Through strategic commercial management of our fleet, we employ our vessels in the following ways: long-term charters, short-term charters, spot charters, and the use of contracts of affreightment, or CoAs.

Navios is seeking to develop a South American logistics business to capitalize on its bulk transfer and storage port terminal in Uruguay. The facility, which is the largest in Uruguay, and is strategically located in an international tax free trade zone at the confluence of the Parana and Uruguay rivers, provides leading international grain and commodity houses with the transfer and storage of a wide range of commodities. The region's growing agricultural and mineral exports, the cost effectiveness of river transport compared to available alternatives and the strategic placement of the facility provide a significant opportunity to develop this business.

Recent Acquisition

In February 2007, Navios entered the Capesize shipping market through the acquisition of all of the outstanding share capital of Kleimar N.V. for cash consideration of $165.6 million, subject to certain cash adjustments. At the time of the acquisition, Kleimar had approximately $39.8 million of debt. Kleimar is a Belgian maritime transportation company established in 1993. At the time of the acquisition, Kleimar controlled 12 vessels, of which it had ownership interests in three. At that time, the long-term chartered-in fleet consisted of five Capesize vessels, three Panamaxes, and one Handymax, which was subsequently disposed of by Navios. As of June 19, 2007, the average age of the fleet acquired from Kleimar's, excluding the Handymax, is 3.5 years.

Our Fleet

Since September 1, 2005, we have grown our active fleet from 21 vessels to 38 vessels.

Fleet Growth Profile

	2005		2006	2007	
	September 1	December 31	December 31	March 31	June 19
Owned Vessels	6	11	17	21	21
Charter-in Vessels With Purchase Options	10	8	5	7	8
Charter-in Vessels Without Purchase Options	5	4	5	9	7
Total Active Fleet	21	23	27	37	38
Owned as a % of Total	29%	48%	63%	57%	55%
Dwt (in millions)	1.3	1.5	1.8	3.0	3.1

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The following tables present certain information relating to our fleet as of June 19, 2007:

Owned Fleet

Vessel Name (1)	Vessel Type	Year Built	Dwt
Navios Ionian	Ultra Handymax	2000	52,068

Navios Apollon	Ultra Handymax	2000	52,073
Navios Horizon	Ultra Handymax	2001	50,346
Navios Herakles	Ultra Handymax	2001	52,061
Navios Achilles	Ultra Handymax	2001	52,063
Navios Meridian	Ultra Handymax	2002	50,316
Navios Mercator	Ultra Handymax	2002	53,553
Navios Arc	Ultra Handymax	2003	53,514
Navios Hios	Ultra Handymax	2003	55,180
Navios Kypros	Ultra Handymax	2003	55,222
Navios Gemini S	Panamax	1994	68,636
Navios Libra II	Panamax	1995	70,136
Navios Felicity	Panamax	1997	73,867
Navios Magellan	Panamax	2000	74,333
Navios Galaxy I	Panamax	2001	74,195
Navios Star	Panamax	2002	76,662
Navios Hyperion	Panamax	2004	75,707
Navios Alegria	Panamax	2004	76,466
Asteriks	Panamax	2005	76,801
Obeliks (2)	Capesize	2000	170,454

(1) Excludes the Vanessa, a Handysize product tanker (19,000 dwt) built in 2002, acquired in connection with the acquisition of Kleimar in February 2007, as it is not a bulk carrier vessel.

(2) 95% owned. Contracted to be sold for $24.2 million in 2009. Obeliks is accounted for as a vessel under a capital lease rather than an owned vessel in our financial statements included herein.

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Charter-In Fleet

Long-term Charter-in Fleet in Operation

Vessel Name	Vessel Type	Year Built	Dwt	Purchase Option
Navios Vector	Ultra Handymax	2002	50,296	No
Navios Astra	Ultra Handymax	2006	53,468	Yes
Navios Primavera	Ultra Handymax	2007	53,464	Yes
Navios Cielo	Panamax	2003	75,834	No
Belisland	Panamax	2003	76,602	No
Navios Orbiter	Panamax	2004	76,602	Yes
Navios Aurora	Panamax	2005	75,397	Yes
Navios Orion	Panamax	2005	76,602	No
Navios Titan	Panamax	2005	82,936	No
Navios Sagittarius	Panamax	2006	75,756	Yes
Navios Altair	Panamax	2006	83,001	No
Golden Heiwa	Panamax	2007	76,662	(*)

Navios Prosperity	Panamax	2007	83,000	Yes
SA Fortius	Capesize	2001	171,595	No
Beaufiks	Capesize	2004	180,181	Yes
Fantastiks	Capesize	2005	180,265	Yes
Rubena N	Capesize	2006	203,233	(*)

Long-term Charter-in Fleet to be Delivered

Vessel Name	Vessel Type	To be Delivered	Dwt	Purchase Option
Navios TBN	Ultra Handymax	05/2008	55,100	No
Navios Esperanza	Panamax	08/2007	75,200	No
Tsuneishi TBN	Panamax	03/2008	75,250	(*)
Navios TBN	Panamax	03/2008	76,500	Yes
Navios TBN	Panamax	09/2011	80,000	Yes
Namura TBN	Capesize	04/2010	176,800	(*)
Navios TBN	Capesize	09/2011	180,200	Yes

(*) The charter-in contract of the vessel contains a purchase option. The vessel has been chartered out by Kleimar and, as part of the charter agreement, Kleimar also granted to the charterers a call option on the vessel that is exercisable on the same day (immediately after) the purchase option held by Kleimar is exercised.

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How to Reach Us

Navios Maritime Holdings Inc. is a corporation organized under the laws of the Republic of Marshall Islands. Our principal executive offices are located at 85 Akti Miaouli Street, Piraeus, Greece 185 38. Our telephone number at that address is (011)+30-210-4595000.

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Summary of Terms of the Exchange Offer

Set forth below is a summary description of the terms of the exchange offer. We refer you to ''The Exchange Offer'' for a more complete description of the terms of the exchange offer.

New Notes	Up to U.S.$300,000,000 aggregate principal amount of 9½% Senior Notes due 2014. The terms of the new notes and the old notes are

identical in all respects, except that, because the offer of the new notes will have been registered under the Securities Act of 1933, or the Securities Act, the new notes will not be subject to transfer restrictions, registration rights or the related provisions for increased interest if we default under the related registration rights agreement.

The Exchange Offer	We are offering to exchange up to U.S.$300,000,000 aggregate principal amount of new notes for a like aggregate principal amount of old notes. Old notes may be tendered in minimum principal amounts of U.S.$1,000 and in integral multiples of U.S.$1,000 in excess thereof.
	In connection with the private placement of the old notes on December 18, 2006 we entered into a registration rights agreement, that grants holders of the old notes certain exchange and registration rights.
	This exchange offer is intended to satisfy our obligations under this registration rights agreement.
	If the exchange offer is not completed within the time period specified in the registration rights agreement, we will be required to pay additional interest on the old notes covered by the registration rights agreement for which the specified time period was exceeded.
Resale of New Notes	Based on existing interpretations by the staff of the SEC set forth in interpretive letters issued to parties unrelated to us, we believe that the new notes may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

- you are acquiring the new notes in the exchange offer in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangements or understandings with any person to participate in the exchange offer for the purpose of distributing the new notes; and
- you are not an ‘‘affiliate’’ of ours or any guarantor of the new notes within the meaning of Rule 405 under the Securities Act.

If any of the statements above are not true and you transfer any new notes without delivering a prospectus that meets the requirements of the Securities Act or without an exemption from registration of your new notes from those requirements, you may incur liability under the Securities Act. We will not assume or indemnify you against that liability.

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Each broker-dealer that receives new notes for its own account in exchange for old notes that were acquired by such broker-dealer as a result of market-making or other trading activities may be a statutory underwriter and must acknowledge that it will comply with the

prospectus delivery requirements of the Securities Act in connection with any resale or transfer of the new notes. We have agreed, for a period of 180 days after consummation of the exchange offer, to make available a prospectus meeting the requirements of the Securities Act to any such broker-dealer for use in connection with any resale of any exchange notes acquired in the exchange offer.

The exchange offer is not being made to, nor will we accept surrenders of old notes for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of the jurisdiction.

Consequences of Failure to Exchange Old Notes for New Notes

If you do not exchange your old notes for new notes, you will not be able to offer, sell or otherwise transfer your old notes except:

- in compliance with the registration requirements of the Securities Act and any other applicable securities laws;
- pursuant to an exemption from the securities laws; or
- in a transaction not subject to the securities laws.

Old notes that remain outstanding after completion of the exchange offer will continue to bear a legend reflecting these restrictions on transfer. In addition, upon completion of the exchange offer, you will not be entitled to any rights to have the resale of old notes registered under the Securities Act, and we currently do not intend to register under the Securities Act the resale of any old notes that remain outstanding after the completion of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on August 6, 2007 unless we extend it. We do not currently intend to extend the exchange offer.

Interest on the New Notes

Interest on the new notes will accrue at the rate of 9½% from the date of the last periodic payment of interest on the old notes or, if no interest has been paid, from December 18, 2006. No additional interest will be paid on old notes tendered and accepted for exchange.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, including that:

- the exchange offer does not violate applicable law or any applicable interpretation of the SEC staff;
- the old notes are validly tendered in accordance with the exchange offer; and
- no action or proceeding would impair our ability to proceed with the exchange offer

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The exchange offer is not conditioned upon any minimum principal amount of old notes being tendered for exchange. See ‘‘The Exchange Offer—Conditions.’’

Procedures for Tendering Old Notes

If you wish to accept the exchange offer, you must follow the procedures for book-entry transfer described in this prospectus,

	whereby you will agree to be bound by the letter of transmittal and we may enforce the letter of transmittal against you. Questions regarding the tender of old notes or the exchange offer generally should be directed to the exchange agent at one of its addresses specified in ‘‘The Exchange Offer—Exchange Agent.’’ See ‘‘The Exchange Offer—Procedures for Tendering’’ and ‘‘The Exchange Offer—Guaranteed Delivery Procedures.’’
Guaranteed Delivery Procedures	If you wish to tender your old notes and the procedure for book entry transfer cannot be completed on a timely basis, you may tender your old notes according to the guaranteed delivery procedures described under the heading ‘‘The Exchange Offer—Guaranteed Delivery Procedures.’’
Acceptance of Old Notes and Delivery of New Notes	We will accept for exchange any and all old notes that are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date, as long as all of the terms and conditions of the exchange offer are met. We will deliver the new notes promptly following the expiration date.
Withdrawal Rights	You may withdraw the tender of your old notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. To withdraw, you must send a written notice of withdrawal to the exchange agent at one of its addresses specified in ‘‘The Exchange Offer—Exchange Agent’’ before 5:00 p.m., New York City time, on the expiration date. See ‘‘The Exchange Offer—Withdrawal of Tenders.’’
Taxation	We believe that the exchange of old notes for new notes should not be a taxable transaction for U.S. Federal income tax purposes. For a discussion of certain other U.S. Federal tax considerations relating to the exchange of the old notes for the new notes and the purchase, ownership and disposition of new notes, see ‘‘Taxation.’’
Exchange Agent	Wells Fargo Bank, N.A. is the exchange agent. The address, telephone number and facsimile number of the exchange agent are set forth in ‘‘The Exchange Offer—Exchange Agent.’’
Use of Proceeds	We will not receive any proceeds from the issuance of the new notes. We are making the exchange offer solely to satisfy our obligations under the registration rights agreement. See ‘‘Use of Proceeds’’ for a description of our use of the net proceeds received in connection with the issuance of the old notes.

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Summary of Terms of the New Notes

The terms of the new notes and the old notes are identical in all respects, except that, because the offer of the new notes will have been registered under the Securities Act, the new notes will not be subject to transfer restrictions, registration rights or the related provisions for increased interest if we default under the registration rights agreement. Unless otherwise specified, references in this section to the ‘‘notes’’ mean the U.S.$300,000,000 aggregate principal

amount of old notes issued on December 18, 2006 and up to an equal principal amount of new notes we are offering hereby. The new notes are issued under the same indenture under which the old notes were issued and, as a holder of new notes, you are entitled to the same rights under the indenture that you had as a holder of old notes. The old notes and the new notes are treated as a single series of debt securities under the indenture.

Issuer	Navios Maritime Holdings Inc.
Notes offered	Up to $300,000,000 aggregate principal amount of 9½% Senior Notes due 2014, which have been registered under the Securities Act.
Maturity	The notes will mature on December 15, 2014.
Interest payment dates	June 15 and December 15, commencing on June 15, 2007. Interest will accrue on the notes from December 18, 2006.
Ranking	The notes are our senior unsecured obligations and rank: • equal in right of payment to all of our existing and future unsecured indebtedness and other unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes; • senior in right of payment to any of our future indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the notes; and • effectively subordinated to all of our secured indebtedness, including our secured loan facility, and other secured obligations, to the extent of the value of the assets securing such indebtedness and other obligations.
Guarantees	The notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of our subsidiaries, other than our Uruguayan subsidiary, Corporación Navios Sociedad Anonima (‘‘CNSA’’), which has been designated an ‘‘unrestricted subsidiary.’’ Each wholly-owned material subsidiary that we create or acquire following the issue date will also be required to guarantee the notes unless such subsidiary has been designated as an ‘‘unrestricted subsidiary’’ or is a securitization subsidiary. See ‘‘Description of the New Notes—Certain Covenants—Subsidiary Guarantees.’’ The guarantee of each guarantor is a senior unsecured obligation of that guarantor and ranks: • equal in right of payment to all existing and future unsecured indebtedness and other obligations of that guarantor that are not, by their terms, expressly subordinated in right of payment to the guarantee; • senior in right of payment to any future indebtedness and other obligations of that guarantor that are, by their terms, expressly subordinated in right of payment to the guarantee; and

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• effectively subordinated to all secured indebtedness and other secured obligations of that guarantor, including the guarantees of

	our secured loan facility, to the extent of the value of the assets securing such indebtedness and other obligations.
	As of June 19, 2007, we had approximately $644.3 million in aggregate principal amount of debt outstanding, of which approximately $346.3 million was secured, and our non-guarantor subsidiary, CNSA, had no indebtedness outstanding, which would have been structurally senior to the notes. We also have $120.0 million of credit available to us under our existing secured revolving credit facility, of which $85.0 million was undrawn as of June 19, 2007.
	CNSA accounted for approximately $8.6 million, or 4.2%, of our total revenue, for the year ended December 31, 2006 and $1.4 million, or 1.4% of our total revenue, for the quarter ended March 31, 2007. As of March 31, 2007, CNSA accounted for approximately $73.0 million, or 5.3%, of our total assets, and $53.0 million, or 5.2%, of our total liabilities.
Optional redemption	We may redeem the notes in whole or in part, at our option, at any time (1) before December 15, 2010, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium described under ''Description of the New Notes—Optional Redemption'' and (2) on or after December 15, 2010, at the redemption prices listed under ''Description of the New Notes—Optional Redemption.''
Public equity offering optional redemption	In addition, at any time before December 15, 2009, we may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of a public equity offering at 109.5% 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. See ''Description of the New Notes—Optional Redemption.''
Change of control	Upon the occurrence of certain change of control events, you will have the right, as a holder of the notes, to require us to repurchase some or all of your notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. See ''Description of the New Notes— Repurchase at the Option of Holders—Change of Control.''
Certain covenants	The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness or issue certain preferred stock; • pay dividends on, redeem or repurchase our capital stock or make other restricted payments and investments;

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• create certain liens;
• transfer or sell assets;

- enter into certain transactions with our affiliates;
- merge, consolidate or sell all or substantially all of our properties and assets; and
- create or designate unrestricted subsidiaries.

These covenants are subject to important exceptions and qualifications, which are described under ‘‘Description of the New Notes—Certain Covenants.’’

Form and Denomination	The new notes will be issued in fully registered book-entry form, with a minimum denomination of U.S. $1,000 and integral multiples of U.S. $1,000 in excess thereof.
Trustee and Principal Paying Agent	Wells Fargo Bank, N.A.
Governing Law	The notes and the indenture are, and following the completion of the exchange offer, will continue to be governed by New York law.
Risk factors	See ‘‘Risk Factors’’ and other information in this prospectus for a discussion of factors you should carefully consider before deciding to participate in the exchange offer.

For more complete information regarding the new notes, see ‘‘Description of the New Notes.’’

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Summary consolidated financial and other data

The following table sets forth our summary consolidated financial and other operating data. The summary consolidated and other financial data in the tables are derived from our consolidated financial statements. We refer you to the footnotes to our consolidated financial statements for a discussion of the basis on which our consolidated financial statements are presented. In accordance with standard shipping industry practice, we have not obtained historical operating data for secondhand vessels that we have acquired from third parties, as that data was not material to our decision to purchase the vessels. Accordingly, we have not included any historical financial data relating to the results of operations of secondhand vessels from the period before our acquisitions of those vessels.

The following data should be read in conjunction with the consolidated financial statements, related notes and other financial information as of and for (i) the three months ended March 31, 2007 filed with the SEC on a Form 6-K on May 16, 2007 and included herein and (ii) the year ended December 31, 2006 filed with the SEC on a Form 20-F on March 27, 2007 and included herein.

Statement of Operations Data: (Thousands of U.S. Dollars – except per share data):	Successor Quarter Ended March 31, 2007	Successor Quarter Ended March 31, 2006	Successor Year Ended December 31, 2006	Successor August 26, 2005 To December 31, 2005	Predecessor January 1, 2005 To August 25, 2005	Pr Year End 2004	
Revenue	$ 101,842	$ 49,169	$ 205,965	$ 76,376	$ 158,630	$ 279,184	$
Gain (loss) gain on Forward Freight	2,854	1,662	19,786	(2,766)	2,869	57,746	

Agreements							
Time charter, voyage and port terminal expenses	(60,440)	(20,767)	(84,717)	(39,119)	(91,806)	(179,732)	(
Direct vessel expenses	(6,158)	(3,673)	(19,863)	(3,137)	(5,650)	(8,224)	
General and administrative expenses	(4,293)	(3,596)	(14,565)	(4,582)	(9,964)	(12,722)	
Depreciation and amortization	(6,977)	(10,120)	(37,719)	(13,582)	(3,872)	(5,925)	
Gain on sale of assets	—	—	—	—	—	61	
Provision for losses on accounts receivable	—	—	(6,242)	(411)	—	(294)	
Interest income from investment in finance lease	560	—	—	—	—	—	
Interest income	1,523	468	3,832	1,163	1,350	789	
Interest expense and finance cost, net	(13,471)	(9,206)	(47,429)	(11,892)	(1,677)	(3,450)	
Other income	168	934	1,819	52	1,426	374	
Other expense	(474)	(43)	(472)	(226)	(757)	(1,438)	
Income before equity in net earnings of affiliate	15,134	4,828	20,395	1,876	50,549	126,369	
Equity in net Earnings of Affiliated Companies and Joint venture	828	154	674	285	788	763	
Net Income before taxes	15,962	4,982	21,069	2,161	51,337	127,132	
Income taxes	(1,179)	—	—	—	—	—	
Net income	$ 14,783	$ 4,982	$ 21,069	$ 2,161	$ 51,337	$ 127,132	$
Less:							
Incremental fair value of securities offered to induce warrant exercise	(4,195)	—	—	—	—	—	
Income available to common shareholders	$ 10,588	4,982	21,069	2,161	51,337	127,132	
Earnings per share, basic	$ 0.14	$ 0.11	$ 0.38	$ 0.05	$ 58.70	$ 139.83	$
Weighted average number of shares, basic	76,257,391	45,336,324	54,894,402	40,189,356	874,584	909,205	
Earnings per share, diluted	$ 0.13	$ 0.11	$ 0.38	$ 0.05	$ 58.70	$ 139.83	$
Weighted average number of shares, diluted	82,937,670	45,336,324	55,529,688	45,238,554	874,584	909,205	

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Balance Sheet Data: (Thousands of U.S. Dollars)	Successor at March 31, 2007	Successor at March 31, 2006	Successor at December 31, 2006	Successor at December 31, 2005	Predecessor Year Ended December 31, 2004	2003	2002

Cash and cash equivalents	$ 71,129	$ 31,774	$ 99,658	$ 37,737	$ 46,758	$ 26,450	$ 7,820
Total current assets	240,589	88,966	195,869	114,539	187,944	179,403	31,020
Total assets	1,381,029	831,665	944,783	789,383	333,292	361,533	215,800
Total current liabilities	222,089	114,199	108,979	133,604	103,527	136,902	38,460
Long-term debt, net of current portion	321,130	496,256	261,856	439,179	49,506	91,429	117,536
Senior notes, net of discount	298,007	—	297,956	—	—	—	—
Total liabilities	1,028,467	616,814	670,567	581,625	158,501	265,242	174,106
Total stockholders' equity	352,562	214,851	274,216	207,758	174,791	96,292	41,641

Other Financial Data: (Thousands of U.S. Dollars)	Successor Quarter Ended March 31, 2007	Successor Quarter Ended March 31, 2006	Successor Year Ended December 31, 2006	Successor August 26, 2005 To December 31, 2005	Predecessor January 1, 2005 To August 25, 2005	Predecessor Year Ended Decem 2004	2003
Net cash provided by operating activities	$ 51,006	$ 8,697	$ 56,432	$ 24,371	$ 71,945	$ 137,218	$ 21,452
Net cash used in investing activities	(163,944)	(74,579)	(111,463)	(119,447)	(4,264)	(4,967)	26,594
Net cash provided by (used in) financing activities	84,409	59,919	116,952	68,880	(50,506)	(111,943)	(29,416)
Ratio of earnings to fixed charges	1.57	1.37	1.31	1.09	2.79	3.26	2.39

(1) Due to losses incurred in 2002, the ratio coverage was less than 1:1. Navios would have needed to generate additional earnings of $5,378 to achieve a coverage ratio of 1:1 in such period.

	Quarter ended March 31, 2007	Quarter ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005
Fleet Operating Data:				
Time Charter Equivalent (including FFAs)	$21,080	$18,530	$18,812	$22,771
Time Charter Equivalent (excluding FFAs)	$20,869	$17,835	$16,906	$22,760
Charter-in rate (2)	$ 9,373	$ 9,323	$ 9,480	$15,582
Daily operating cost (2)	$ 3,940	$ 3,643	$ 3,609	$ 4,053
Available days (3)	3,876	2,390	10,382	9,147
Operating days	3,875	2,385	10,333	9,110
Fleet utilization	100.0%	99.8%	99.5%	99.6%

(2) Average for the period (excludes vessels acquired through the acquisition of Kleimar).

(3) Navios has currently fixed out (i.e. arranged charters for) 94.2% and 67.5% of its 2007 and 2008 available days, respectively (excluding Kleimar's fleet).

The acquisition of Kleimar N.V. was consummated on February 2, 2007 and, accordingly, none of its results are reflected in the data above or elsewhere relating to the periods ended December 31, 2006 or prior thereto.

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RISK FACTORS

An investment in the new notes involves risk. You should consider carefully the following factors, as well as all other information in this prospectus, before deciding to participate in the exchange offer.

Risks Relating to the Notes

We have substantial debt and may incur substantial additional debt, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business and make payments on the notes.

As of March 31, 2007, we had $632.6 million in aggregate principal amount of debt outstanding. We may also increase the amount of our indebtedness in the future. We also have $120.0 million of credit available to us under our existing secured revolving credit facility, of which $85.0 million was undrawn as of June 19, 2007.

Our substantial debt could have important consequences to holders of the notes. Because of our substantial debt:

- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, vessel or other acquisitions or general corporate purposes and our ability to satisfy our obligations with respect to the notes may be impaired in the future;
- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes;
- we will be exposed to the risk of increased interest rates because our borrowings under our secured loan facility will be at variable rates of interest;
- it may be more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness;
- we may be more vulnerable to general adverse economic and industry conditions;
- we may be at a competitive disadvantage compared to our competitors with less debt or comparable debt at more favorable interest rates and that, as a result, we may be unable to withstand economic downturns;
- our ability to refinance indebtedness may be limited or the associated costs may increase; and
- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins or our business.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur substantially more debt, including secured debt. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture governing the notes do not fully prohibit us or our subsidiaries from doing so. As of March 31, 2007, we had $632.6 million in aggregate principal amount of debt outstanding, of which $334.5 million was secured. We may also increase the amount of our indebtedness in the future. We also have $120.0 million of credit available to us under our existing secured revolving credit facility, of which $85.0 million was undrawn as of June 19, 2007. Such secured indebtedness and any other secured indebtedness permitted under our secured loan facility and the indenture would be effectively senior to the notes to the extent of the value of the assets securing such indebtedness, as would all indebtedness of non-guarantor subsidiaries. We also may incur new indebtedness in connection with our exercise of purchase options on vessels. If new debt is added to our current debt levels, the related risks that we now face would

increase and we may not be able to meet all our debt obligations, including the repayment of the notes. In addition, the indenture governing the notes does not prevent us from incurring obligations that do not constitute indebtedness as defined therein.

The agreements and instruments governing our debt will contain restrictions and limitations that could significantly impact our ability to operate our business and adversely affect the holders of the notes.

Our secured loan facility and our indenture impose certain operating and financial restrictions on us. These restrictions may limit our ability to:

- incur additional indebtedness;
- create liens on its assets;
- make investments;
- engage in mergers and acquisitions;
- pay dividends or redeem capital stock;
- make capital expenditures;
- engage in certain FFA trading activities;
- change the management of our vessels or terminate the management agreements we have relating to each vessel;
- enter into long-term charter arrangements without the consent of the lender; and
- sell any of our vessels.

Therefore, we will need to seek permission from our lenders in order to engage in some corporate and commercial actions that we believe would be in the best interest of our business, and a denial of permission may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. Our lenders' interests may be different from our interests or those of the holders of our notes, and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may prevent us from taking actions that are in our best interest or those of the holders of our notes. Any future credit agreements may include similar or more restrictive restrictions.

Our secured loan facility contains a financial covenant of minimum liquidity as well as various other covenants including covenants related to incurrence of indebtedness and issuance of preferred stock and disqualified stock (as defined in the secured loan facility agreement), limitations on restricted payments, limitations on liens and dividend and other payment restrictions affecting subsidiaries. It is an event of default under our secured loan facility if such covenants are not complied with or if Ms. Angeliki Frangou, our Chairman and Chief Executive Officer, ceases to hold a minimum of 20% of the issued stock. Our ability to comply with the covenants and restrictions contained in our secured loan facility and the indenture governing the notes may be affected by economic, financial and industry conditions and other factors beyond our control. Any default under the agreements governing our indebtedness, including a default under our secured loan facility, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to repay debt, lenders having secured obligations, such as the lenders under our secured loan facility, could proceed against the collateral securing the debt. In any such case, we may be unable to borrow under our secured loan facility and may not be able to repay the amounts due under our secured loan facility and the notes. This could have serious consequences to our financial

condition and results of operations and could cause us to become bankrupt or insolvent. Our ability to comply with these covenants in future periods will also depend substantially on the value of our assets, our charter rates, our success at keeping our costs low and our ability to successfully implement our overall business strategy. Any future credit agreement or amendment may contain similar or more restrictive covenants.

Our ability to generate the significant amount of cash needed to pay interest and principal on the notes and service our other debt and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.

Our ability to make scheduled payments on, or to refinance our obligations under, our debt, including the notes, will depend on our financial and operating performance, which, in turn, will be

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subject to prevailing economic and competitive conditions and to the financial and business factors, many of which may be beyond our control.

We will use cash to pay the principal and interest on our debt, including the notes. These payments limit funds otherwise available for working capital, capital expenditures, vessel acquisitions and other purposes. As a result of these obligations, our current liabilities may exceed our current assets. We may need to take on additional debt as we expand our fleet, which could increase our ratio of debt to equity. The need to service our debt may limit funds available for other purposes and our inability to service debt in the future could lead to acceleration of our debt and foreclosure on our owned vessels.

Our secured loan facility has amortization requirements prior to final maturity on October 31, 2014. As a result, we may be required to refinance any outstanding amounts under this facility prior to the maturity date of the notes. We cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt and the debt incurrence restrictions imposed by the agreements governing our debt, as well as prevailing market conditions. We could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our secured loan facility and the indenture governing the notes restrict, and any future indebtedness may restrict our ability to dispose of assets and/or use the proceeds from any such dispositions. We cannot assure you we will be able to consummate those sales, or if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet debt service obligations when due.

The notes will be unsecured and structurally subordinated to the rights of our and the guarantors' existing and future secured creditors.

The indenture governing the notes permits us to incur a significant amount of secured indebtedness, including indebtedness under our secured loan facility and indebtedness to be used for acquisitions of vessels and businesses. Indebtedness under our secured loan facility is secured by mortgages on all our vessels owned by our wholly-owned vessel subsidiaries. The notes are unsecured and therefore do not have the benefit of such collateral. Accordingly, the notes are effectively subordinated to all such secured indebtedness. If an event of default occurs under our secured loan facility or under future secured indebtedness, the secured lenders will have a prior right to our assets, to the exclusion of the holders of the notes, even if we are in default under the notes. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under

our secured loan facility), resulting in all or a portion of our assets being unavailable to satisfy the claims of the holders of the notes and other unsecured indebtedness. Therefore, in the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of notes will participate in our remaining assets ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as such notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. Further, if the lenders foreclose and sell the pledged interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon the sale. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness.

The notes are effectively subordinated to the obligations of our current non-guarantor subsidiary and any future non-guarantor subsidiaries.

The notes are not guaranteed by CNSA, which operates the Uruguay port facility. CNSA is an unrestricted subsidiary and therefore not subject to any of the covenants under the indenture. Payments on the notes are only required to be made by us, other than CNSA, and the subsidiary guarantors. Accordingly, claims of holders of the notes will be structurally subordinated to the claims of creditors of CNSA and any other non-guarantor subsidiary (which will include any subsidiary that

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is designated as an ‘‘unrestricted subsidiary’’ or is a securitization subsidiary, in each case in accordance with the indenture, and any future subsidiaries that are not wholly-owned by us), including trade creditors. We may also be able to create future non-guarantor subsidiaries or unrestricted subsidiaries under the indenture. All obligations of our non-guarantor subsidiaries, including trade payables, will have to be satisfied before any of the assets of such subsidiary would be available for distribution, upon liquidation or otherwise, to us or a guarantor of the notes. CNSA accounted for approximately $8.6 million, or 4.2%, of our total revenue, for the year ended December 31, 2006 and $1.4 million, or 1.4% of our total revenue, for the quarter ended March 31, 2007. As of March 31, 2007, CNSA accounted for approximately $73 million, or 5.3%, of our total assets, and $53.0 million, or 5.2%, of our total liabilities.

CNSA is an ‘‘unrestricted subsidiary’’ under the notes, and therefore not subject to the restrictive covenants under the indenture. CNSA may, among other things, incur without limitation additional debt and liens, make investments and acquisitions, and sell assets or CNSA stock. In addition, we are able to sell CNSA, or distribute it or the proceeds from a sale of its assets or stock to stockholders, or enter into merger, joint venture or other transactions involving CNSA, or any combination of the foregoing, without restrictions. We also have the ability to make additional investments in and guarantee certain debt of CNSA, subject to the limitations in the indenture governing the notes described under ‘‘Description of the New Notes.’’ Any of these transactions may be material. As a result, these actions could divert cash flows and adversely impact our ability to service our debt, including the notes offered hereby. In addition, we may designate other subsidiaries as unrestricted subsidiaries from time to time if permitted by the indenture. See ‘‘Description of the New Notes.’’

We may be unable to raise funds necessary to finance the change of control repurchase offer required by the indenture governing our outstanding notes.

The indenture governing our notes and our secured loan facility contains certain change of control provisions. If we experience specified changes of control under our notes, we would be required to make an offer to repurchase all of our outstanding notes (unless otherwise redeemed) at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the repurchase date. The occurrence of specified events that would constitute a change of control will constitute a default under our secured loan facility. There are also change of control events that would constitute a default under the secured loan facility that would not be a change of control under the indenture. In addition, our secured loan facility prohibits the purchase of the notes by us in the event of a change of control, unless and until such time as the indebtedness under our secured loan facility is repaid in full. As a result, following a change of control event, we would not be able to repurchase notes unless we first repay all indebtedness outstanding under our secured loan facility and any of our other indebtedness that contains similar provisions, or obtain a waiver from the holders of such indebtedness to permit us to repurchase the notes. We may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase outstanding notes may therefore require us to refinance our other outstanding debt, which we may not be able to do on commercially reasonable terms, if at all. In addition, our failure to purchase the notes after a change of control in accordance with the terms of the indenture would constitute an event of default under the indenture, which in turn would result in a default under our secured loan facility. See ‘‘Description of the New Notes.’’

Our inability to repay the indebtedness under our secured loan facility would also constitute an event of default under the indenture governing the notes, which could have materially adverse consequences to us and to the holders of the notes. In the event of a change of control, we cannot assure you that we would have sufficient assets to satisfy all of our obligations under our senior loan facility and the notes, including but not limited, to repay all indebtedness outstanding under our secured loan facility and any of our other indebtedness that contains similar provisions in order to repurchase the notes.

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An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

Our debt under our secured loan facility bears interest at variable rates. We may also incur indebtedness in the future with variable interest rates. As a result, an increase in market interest rates would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. The impact of such an increase would be more significant for us than it would be for some other companies because of our substantial debt.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Republic of the Marshall Islands and our subsidiaries are also incorporated under the laws of the Marshall Islands, Malta and certain other countries other than the United States, and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency or similar proceedings involving us or one of our subsidiaries, bankruptcy laws other than those of the United States could apply. Navios has limited operations in the United States. If Navios becomes a debtor under the United States bankruptcy laws, bankruptcy courts in the United States may seek to assert jurisdiction over all of the assets of Navios, wherever located, including property situated in other countries. There can be no assurance, however, that Navios would become a debtor in the United States or that a United States bankruptcy court would be entitled to, or accept, jurisdiction over such bankruptcy case or that courts in other countries that have jurisdiction over us and our operations would recognize a United States bankruptcy court’s jurisdiction if any other bankruptcy court would determine it had jurisdiction.

Our being subject to certain fraudulent transfer and conveyance statutes may have adverse implications for the holders of the notes.

Fraudulent transfer and insolvency laws may void, subordinate or limit the notes and the guarantees.

Marshall Islands

We and most of our guarantors as of the issue date are organized under the laws of the Marshall Islands. While the Marshall Islands does not have a bankruptcy statute or general statutory mechanism for insolvency proceedings, a Marshall Islands court could apply general U.S. principles of fraudulent conveyance, discussed below, in light of the provisions of the Marshall Islands Business Corporations Act, or the BCA, restricting the grant of guarantees without a corporate purpose. In such case, a Marshall Islands court could void or subordinate the notes or the guarantees, including for the reasons a United States court could void or subordinate a guarantee as described below.

United States

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of the guarantees, particularly any future guarantees of any U.S. subsidiaries we might create. Under U.S. federal bankruptcy law and comparable provisions of U.S. state fraudulent transfer or conveyance laws, if any such law would be deemed to apply, which may vary from state to state, the notes or the guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;

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- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor’s ability to pay as they mature; or
- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries’ other debt that could result in acceleration of such debt.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received

value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Greece

If we or any of the guarantors file a petition for bankruptcy in Greece, Greek bankruptcy law will apply.

Under Greek law, upon a court declaration of bankruptcy, all the assets of the bankrupt party are placed under the control of a receiver to be held for the benefit of all creditors. In addition, certain transactions occurring prior to the declaration of bankruptcy may be found by the court to be null and void by operation of law, or may be declared null and void by the court after an examination of the merits of particular transactions if they are executed by the bankrupt party during the so-called ‘‘suspect period.’’ The suspect period is the time between the day of discontinuance of payments, which is determined by the Greek court and may predate the declaration of bankruptcy by up to two years, and the date of the declaration of bankruptcy.

Transactions that will be declared null and void by operation of law are:

- Any unilateral act by the bankrupt party having the effect of reducing its assets (including, without limitation, making donations, waiving debts, and granting interest-free loans) and making any payments other than in cash or commercial paper during the suspect period or ten days prior to the commencement of such period; and
- Any mortgage or pledge of any asset of the bankrupt party granted during the suspect period or ten days prior to its commencement, as security for a previous debt.

The court will declare transactions in the above two categories null and void without taking into consideration any arguments from the parties to such transactions.

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Moreover, the Greek court may declare any payments or transactions (including the issuance of notes or guarantees) during the suspect period, or ten days prior to the commencement of such period, null and void if the person who transacted with the bankrupt party knew that the latter was in a state of discontinuance of payments and if such payments or transactions were harmful to the creditors of the bankrupt party.

Other Jurisdictions

The laws of the other jurisdictions in which guarantors may be organized may also limit the ability of such guarantors to guarantee debt of a parent company, including, the laws of Belgium, where Kleimar, N.V., is organized (we recently acquired Kleimar, N.V., and its consolidated financial statements for December 31, 2006 and 2005 are included elsewhere herein). These limitations arise under various provisions or principles of corporate law which include provisions requiring a subsidiary guarantor to receive adequate corporate benefit from the financing, rules governing preservation of share capital, thin capitalization and fraudulent transfer principles. In certain of these jurisdictions, the guarantees will contain language limiting the amount of debt guaranteed so that the applicable local law restrictions will not be violated. Accordingly, if you were to enforce the guarantees in such jurisdictions, your claims may be limited. Furthermore, although we believe that the guarantees of such guarantors are enforceable (subject to local law restrictions), a third party creditor may challenge these guarantees and prevail in court. We can provide no assurance that the guarantees will be enforceable.

Risks Associated with the Shipping Industry and Our Operations

The cyclical nature of the international dry bulk shipping industry may lead to decreases in charter rates, which may adversely affect our results of operations and financial condition.

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. At various times from 2004 to date, charter rates for the international dry bulk shipping industry reached historic highs but may not be as high in the future. For example, during the period from January 4, 2005 to March 31, 2007, the Baltic Exchange’s Panamax time charter average rates experienced a low of $10,162 and a high of $40,842. We anticipate that the future demand for our dry bulk carriers and dry bulk charter rates will be dependent upon continued demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand, and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase, and there can be no assurance that economic growth will continue. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue significantly. A decline in demand for commodities transported in dry bulk carriers or an increase in supply of dry bulk vessels could cause a significant decline in charter rates, which could materially adversely affect our results of operations and financial condition. The demand for vessels, in general, has been influenced by, among other factors:

- global and regional economic conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather and crop yields;
- armed conflicts and terrorist activities;
- political developments; and
- embargoes and strikes.

In addition, when our time charters expire, we may not be able to replace them promptly or with profitable charters or at all. Failure to obtain replacement charters could materially adversely affect our results of operations and financial condition.

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An economic slowdown in the Asia Pacific region could reduce demand for shipping services and decrease shipping rates, which would adversely affect our results of operations and financial condition.

Currently, China, Japan, other Asian Pacific economies and India are the main driving force behind the increase in seaborne dry bulk trades and the demand for dry bulk carriers. Demand from such economies has driven increased rates and vessel values. Conversely, a negative change in economic conditions in any Asian Pacific country, particularly in China or Japan, as well as India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and the resultant charter rates. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product. We cannot assure that such growth will be sustained or that the Chinese economy will not experience a material decline from current levels in the future. Our financial condition and results of operations, as well as our future prospects, would likely be materially adversely affected by an economic downturn in any of these countries as such downturn would likely translate into reduced demand for shipping services and lower shipping rates industry wide. As a result, our operating results would be materially adversely affected.

The market values of our vessels, which are at historically high levels, may decrease, which could cause us to breach covenants in our credit facilities and result in the foreclosure on our mortgaged vessels.

Factors that influence vessel values include:

- number of new building deliveries;
- changes in environmental and other regulations that may limit the useful life of vessels;
- changes in global dry bulk commodity supply;
- types and sizes of vessels;
- development of and increase in use of other modes of transportation;
- cost of vessel new buildings;
- governmental or other regulations; and
- prevailing level of charter rates.

If the market values of our owned vessels decrease, we may breach covenants contained in the financing agreements relating to our indebtedness, including the minimum liquidity covenant in our secured loan facility. If we breach such covenants and are unable to remedy any relevant breach, our lenders could accelerate our debt and foreclose on the collateral, including our vessels. Any loss of vessels would significantly decrease our ability to generate positive cash flow from operations and therefore service our debt. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, we would incur a loss.

There is no assurance that our options to purchase chartered-in vessels will remain in the money.

Based on industry sources, our options to purchase chartered-in vessels are, and those we have exercised in the past have been, at prices significantly below the current market value of the vessels. For example, based on such sources, as of May 15, 2007, the average market value for the eight vessels acquired through the exercise of purchase options in 2006 was $55.3 million but the average option purchase price of the eight vessels was $19.3 million. In addition, based on such industry sources, the average market value of the two Capesize vessels is $115.0 million and the average option purchase price for such vessels is $35.7 million and the average market value for the two Panamax purchase options is $61.0 million and their average option purchase price is $20.7 million. However, these values are not necessarily indicative of the prices at which such vessels may be sold and is not an appraisal of the value of the specific vessels as to which we have such purchase options. Moreover, the value of vessels is subject to change based on numerous factors, such as prevailing market conditions, including charter rates, the condition of the vessels, and the charter status of the vessels, and, accordingly, there is no assurance that such options will remain in the money or that the value of vessels acquired pursuant to purchase options or otherwise will not decrease.

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We may employ vessels on the spot market and thus expose ourselves to risk of losses based on short-term decreases in shipping rates.

We periodically employ our vessels on a spot basis. The spot charter market is highly competitive and freight rates within this market are highly volatile, while longer-term time charters provide income at pre-determined rates over more extended periods of time. We cannot assure you that we will be successful in keeping our vessels fully employed in these short-term markets, or that future spot rates will be sufficient to enable such vessels to be operated profitably. A significant decrease in spot market charter rates or our inability to fully employ our vessels by taking advantage of the spot market would result in a reduction of the incremental revenue received from spot chartering and adversely affect results of operations, including our profitability and cash flows, with the result that our ability to service our debt could be impaired.

Trading and complementary hedging activities in freight, tonnage and Forward Freight Agreements (FFAs) subject us to trading risks and we may suffer trading losses which could adversely affect our financial condition and results of operations.

Due to dry bulk shipping market volatility, success in this shipping industry requires constant adjustment of the balance between chartering-out vessels for long periods of time and trading them on a spot basis. A long-term contract to charter a vessel might lock us into a profitable or unprofitable situation depending on the direction of freight rates over the term of the contract. We seek to manage and mitigate that risk through trading and complementary hedging activities in freight, tonnage and FFAs. We are exposed to market risk in relation to our FFAs and could suffer substantial losses from these activities in the event that our expectations are incorrect. We trade FFAs with an objective of both economically hedging the risk on the fleet, specific vessels or freight commitments and taking advantage of short term fluctuations in market prices. A portion of our trading activities is for non-hedging purposes. There can be no assurance that we will be able at all times to successfully protect ourselves from volatility in the shipping market. We may not successfully mitigate our risks, leaving us exposed to unprofitable contracts and may suffer trading losses resulting from these hedging activities.

In our hedging and trading activities, we focus on short-term trading opportunities where there is adequate liquidity in order to seek to limit the risk we are taking. There can be no assurance we will be successful in limiting our risk, that significant price spikes will not result in significant losses, even on short-term trades, that liquidity will be available for our positions, or that all trades will be done within our risk management policies. Any such risk could be significant. In addition, the performance of our trading activities can significantly increase the variability of our operating performance in any given period and could materially adversely affect our financial condition. The FFA market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings.

We are subject to certain credit risks with respect to our counterparties on contracts and failure of such counterparties to meet their obligations could cause us to suffer losses on such contracts decreasing revenues.

We charter-out our vessels to other parties, who pay us a daily rate of hire. We also enter into Contracts of Affreightment (COAs) pursuant to which we agree to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Additionally, we enter into FFAs, which are traded over the counter. We also enter into spot market voyage contracts, where we are paid a rate per ton to carry a specified cargo on a specified route. The FFAs

and these contracts and arrangements subject us to counterparty credit risks at various levels. If the counterparties fail to meet their obligations, we could suffer losses on such contracts, which could materially adversely affect our financial condition and results of operations. In addition, after a charterer defaults on a time charter, we would have to enter into charters at lower rates. It is also possible that we would be unable to secure a charter at all. If we re-charter the vessel at lower rates, our financial condition and results of operations could be materially adversely affected.

On November 30, 2006, we received notification that one of our FFA trading counterparties filed for bankruptcy in Canada. Our exposure to such counterparty as of December 31, 2006, was

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approximately $7.7 million. While the recovery we may obtain in any liquidation proceeding can not be known with certainty, based on management's current expectations and assumptions we have provided for $5.4 million in our 2006 financial statements. The provision remains the same as of March 31, 2007. However, we do not believe this will have a material impact on our liquidity, or on our ability to make payments for principal and interest on the notes or otherwise service our debt.

We are subject to certain operating risks, including vessel breakdowns or accidents that could result in a loss of revenue from the affected vessels, which in turn could have an adverse effect on our results of operations or financial condition.

Our exposure to operating risks of vessel breakdown and accidents mainly arises in the context of our owned vessels. The rest of our core fleet is chartered-in under time charters and, as a result, most operating risks relating to these time chartered vessels remain with their owners. If we pay hire on a chartered-in vessel at a lower rate than the rate of hire it receives from a sub-charterer to whom we have chartered out the vessel, a breakdown or loss of the vessel due to an operating risk suffered by the owner will, in all likelihood, result in our loss of the positive spread between the two rates of hire. Although we maintain insurance policies (subject to deductibles and exclusions) to cover us against the loss of such spread through the sinking or other loss of a chartered-in vessel, we cannot assure you that we will be covered under all circumstances or that such policies will be available in the future on commercially reasonable terms. Breakdowns or accidents involving our vessels and losses relating to chartered vessels which are not covered by insurance would result in a loss of revenue from the affected vessels adversely affecting our financial condition and results of operations.

Although we have longstanding relationships with certain Japanese shipowners who provide us access to very competitive contracts, we cannot assure you that we will always be able to maintain such relationships or that such contracts will continue to be available in the future.

We have long-standing relationships with certain Japanese shipowners that give us access to time charters that are currently at favorable rates and which, in some cases, include options to purchase the vessels at favorable prices relative to the current market. We cannot assure you that we will have such relationships indefinitely. In addition, there is no assurance that Japanese shipowners will generally make contracts available on the same or substantially similar terms in the future.

Our Chairman and Chief Executive Officer holds approximately 24% of our common stock and will be able to exert considerable influence over our actions; her failure to own a significant amount of our common stock or to be our Chief Executive Officer would constitute a default under our secured loan facility.

Ms. Angeliki Frangou beneficially owns approximately 24% of the outstanding shares of our common stock, and has filed a Schedule 13D indicating that she intends, subject to market conditions, to purchase $20 million of common stock (as of June 19, 2007, she has purchased approximately $10 million in value of common stock). As the Chairman, Chief Executive Officer and a significant stockholder, she has the power to exert considerable influence over our actions and the outcome of matters on which our stockholders are entitled to vote, including the election of directors and other significant corporate actions. The interests of Ms. Frangou may be different from your interest. Furthermore, if Ms. Frangou ceases to hold a minimum of 20% of our common stock, she does not remain actively involved in the business or ceases to be our Chief Executive Officer, then we will be in default under our senior loan facility.

The loss of key members of our senior management team could disrupt the management of our business.

We believe that our success depends on the continued contributions of the members of our senior management team, including Ms. Angeliki Frangou, our Chairman, Chief Executive Officer and principal stockholder. The loss of the services of Ms. Frangou or one or more of our other executive officers or senior management members could impair our ability to identify and secure new charter contracts, to maintain good customer relations and to otherwise manage our business, which could have a material adverse effect on our financial performance and our ability to compete.

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A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in operating cash flows.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention. Navios' owned fleet is currently enrolled with Lloyd's Register of Shipping, Nippon Kaiji Kiokai, Bureau Veritas and Korean Registry.

A vessel must undergo an annual survey, or Annual Survey, an intermediate survey, or Intermediate Survey and a special survey, or Special Survey. In lieu of a Special Survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on Special Survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel.

If any vessel fails any Annual Survey, Intermediate Survey or Special Survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again.

Capital expenditures and other costs necessary to operate and maintain our vessels may increase due to changes in governmental regulations, safety or other equipment standards.

Changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require us to make capital and other expenditures. For example, if governmental authorities or independent classification societies that

inspect the hull and machinery of commercial ships to assess compliance with minimum criteria as set by national and international regulations enact new standards; we may be required to make significant expenditures for alterations or the addition of new equipment. In order to satisfy any such requirements we may be required to take our vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable us to operate our vessels profitably, particularly older vessels, during the remainder of their economic lives. This could lead to significant asset write-downs.

The risks and costs associated with vessels increase as the vessels age.

The costs to operate and maintain a vessel in operation increase with the age of the vessel. The average age of the vessels in our fleet is 4.3 years, and most drybulk vessels have an expected life of approximately 25 years. In some instances charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Governmental regulations, safety or other equipment standards related to the age of the vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter our vessels due to their age, it could materially adversely affect our earnings.

We are subject to various laws, regulations and conventions, including environmental laws, that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities resulting from a spill or other environmental disaster.

The shipping business and vessel operation are materially affected by government regulation in the form of international conventions and national, state and local laws and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost

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of complying with such conventions, laws and regulations, or the impact thereof on the resale price or useful life of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business, which may materially adversely affect our operations, as well as the shipping industry generally. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to our operations.

The operation of vessels is also affected by the requirements set forth in the International Safety Management, or ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Currently, each of the vessels in our owned fleet is ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

For drybulk vessels, such as those operated under our fleet, at present, there is no international oil pollution regime in force that comprehensively governs liability for oil pollution from ship's bunkers. In 2001, the International Maritime Organization, or IMO, adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on shipowners for pollution damage in contracting states caused by discharges of bunker oil from drybulk vessels. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended, or the 1976 Convention). The Bunker Convention has not yet received sufficient ratifications to come into force. In the meantime, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

Apart from the dry bulk vessels in its fleet, Navios also currently operates a product tanker which in certain circumstances may be subject to national and international laws governing pollution from tankers. When such a product tanker is carrying a cargo of ''persistent oil'' as defined by the Civil Liability Convention 1992 (CLC) its owner bears strict liability for any pollution damage caused in a contracting state by an escape or discharge from its cargo or from its bunker tanks. This liability is subject to a financial limit calculated by reference to the tonnage of the ship, and the right to limit liability may be lost if the spill is caused by the shipowner's intentional or reckless conduct. Liability may also be incurred under CLC for a bunker spill from the vessel even when it is not carrying such a cargo, but is in ballast.

When a product tanker is carrying clean oil products which do not constitute ''persistent oil'' for the purposes of CLC, liability for any pollution damage will generally fall outside the Convention and will depend on national or other domestic laws in the jurisdiction where the spillage occurs. The same applies to any pollution from the vessel in a jurisdiction which is not a party to the Convention. The Convention applies in nearly 100 states around the world, but it does not apply in the United States of America, where the corresponding liability laws are noted for being particularly stringent.

In the United States, the Oil Pollution Act of 1990, or the OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from drybulk vessels as well as cargo or bunker oil spills from tankers. The OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone. Under the OPA, vessel owners, operators and bareboat charterers are ''responsible parties'' and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial

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threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

Outside of the United States, other national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to

limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowners' intentional or reckless conduct. Certain jurisdictions have ratified the IMO's Protocol of 1996, which substantially increases the liability limits set forth in the 1976 London Convention. Finally, some jurisdictions are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, shipowners' rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or seriously negligent pollution discharges by ships. The directive could result in criminal liability being incurred in circumstances where it would not be incurred under international law as set out in the International Convention for the Prevention of Pollution from Ships (MARPOL). Criminal liability for an oil pollution incident could not only result in Navios incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

We currently maintain, for each of our owned vessels, insurance coverage against pollution liability risks in the amount of $1.0 billion per incident. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the $1.0 billion limitation of coverage per incident, our cash flow, profitability and financial position could be adversely impacted.

We are subject to vessel security regulations and will incur costs to comply with recently adopted regulations and may be subject to costs to comply with similar regulations which may be adopted in the future in response to terrorism.

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea, or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security, or ISPS, Code. Among the various requirements are:

- on-board installation of automatic information systems, or AIS to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The US Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate (ISSC) that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time

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periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

The operation of ocean-going vessels entails the possibility of marine disasters including damage or destruction of the vessel due to accident, the loss of a vessel due to piracy or terrorism, damage or destruction of cargo and similar events that may cause a loss of revenue from affected vessels and damage our business reputation, which may in turn lead to loss of business.

The operation of ocean-going vessels entails certain inherent risks that may materially adversely affect our business and reputation, including:

- damage or destruction of vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;
- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure and bad weather;
- environmental accidents as a result of the foregoing; and
- business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up a spill could substantially lower its revenues by taking vessels out of operation permanently or for periods of time. The involvement of our vessels in a disaster or delays in delivery or damages or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business.

Certain of our directors, officers, and principal stockholders are affiliated with entities engaged in business activities similar to those conducted by us which may compete directly with us causing such persons to have conflicts of interest.

Some of our directors, officers and principal stockholders have an affiliation with entities that have similar business activities to those conducted by us. Certain of our directors are also directors of other shipping companies and they may enter similar businesses in the future. These other affiliations and business activities may give rise to certain conflicts of interest in the course of such individuals’ affiliation with us. Although we do not prevent our directors, officers and principal stockholders from having such affiliations, we use our best efforts to cause such individuals to comply with all applicable laws and regulations in addressing such conflicts of interest. Our officers and employee directors devote their full time and attention to our ongoing operations and our non-employee directors devote such time as is necessary and required to satisfy their duties as a director of a public company.

We may require additional financing to acquire vessels or businesses or to exercise vessel purchase options, and such financing may not be available.

In the future, we may be required to make substantial cash outlays to exercise options to acquire vessels or businesses and it will need additional financing to cover all or a portion of the purchase prices. We intend to cover the cost of such items with new debt collateralized by the vessels to be acquired, if applicable, but there can be no assurance that we will generate sufficient cash or that debt financing will be available. Moreover, the covenants in our secured loan facility, the indenture or other debt may make it more difficult to obtain such financing by imposing restrictions on

what we can offer as collateral.

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As we expand our business, we may have difficulty managing our growth, which could increase expenses.

We have significantly grown our fleet and business since August 2005. We intend to continue to seek to grow our fleet, either through purchases, the increase of the number of chartered vessels or through the acquisitions of businesses. The addition of vessels to our fleet or the acquisition of new businesses will impose significant additional responsibilities on our management and staff, and may require us to increase the number of our personnel. We will also have to increase our customer base to provide continued employment for the new vessels. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired business successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection therewith or that our acquisitions will perform as expected, which would adversely affect our results of operations and financial condition.

As we expand our business, we will need to improve our operations and financial systems, staff, and crew; if we cannot improve these systems or recruit suitable employees, we may not effectively control our operations.

Our initial operating and financial systems may not be adequate as we implement our plan to expand, and our attempts to improve these systems may be ineffective. If we are unable to operate our financial and operations systems effectively or to recruit suitable employees as we expand our operations, we may be unable to effectively control and manage the substantially larger operation. Although it is impossible to predict what errors might occur as the result of inadequate controls, it is the case that it is harder to oversee a sizable operation than a small one and, accordingly, more likely that errors will occur as operations grow and that additional management infrastructure and systems will be required to attempt to avoid such errors.

Vessels may suffer damage and we may face unexpected drydocking costs, which could affect our cash flow and financial condition.

If our owned vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time.

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

We have insurance for our fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which include environmental damage and pollution insurance). We can give no assurance that we will be adequately insured against all risks or that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies also contain deductibles, limitations and exclusions which may result in increased overall costs to us.

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

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

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses thereby increasing expenses and reducing income.

We engage in worldwide commerce with a variety of entities. Although, our operations may expose us to certain levels of foreign currency risk, our transactions are at present predominantly U.S. dollar denominated. Additionally, our wholly-owned Uruguayan subsidiary transacts a nominal amount of its operations in Uruguayan pesos, whereas our 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. In 2006 approximately 11.2% of our expenses were incurred in currencies other than U.S. dollars. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our income. For example, for the year ended December 31, 2006, the value of the U.S. dollar declined by approximately 9.5% as compared to the Euro. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than U.S. dollars. As part of our overall risk management policy, we attempt to hedge these risks in exchange rate fluctuations from time to time. We may not always be successful in such hedging activities and, as a result, our operating results could suffer as a result of un-hedged losses incurred as a result of exchange rate fluctuations.

Our operations expose us to global political risks, such as wars and political instability that may interfere with the operation of our vessels causing a decrease in revenues from such vessels.

We are an international company and primarily conduct our operations outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are

registered will affect us. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel Limburg, which was not affiliated with us, was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001, and the military response of the United States, the likelihood of future acts of terrorism may increase, and our vessels may face higher risks of being attacked in the Middle East region and interruption of operations causing a decrease in revenues. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and adversely affect our operations by causing delays in shipping on certain routes or making shipping impossible on such routes, thereby causing a significant decrease in revenues.

A government could requisition title or seize our vessels during a war or national emergency.

Requisition of title occurs when a government takes a vessel and becomes the owner. A government could also requisition our vessels for hire, which would result in the government's taking control of a vessel and effectively becoming the charterer at a dictated charter rate. Requisition of one or more of our vessels would have a substantial negative effect on us as we would potentially lose all revenues and earnings from the requisitioned vessels and permanently lose the vessels. Such losses might be partially offset if the requisitioning government compensated us for the requisition.

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Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted. We are not currently aware of the existence of any such maritime lien on our vessels.

In addition, in some jurisdictions, such as South Africa, under the ''sister ship'' theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any ''associated'' vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert ''sister ship'' liability against one vessel in our fleet for claims relating to another ship in the fleet.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.

Our corporate affairs are governed by our amended and restated articles of incorporation and by-laws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA are intended to resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. The BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions. Accordingly, you may have more difficulty protecting your interests in the face of actions by management, directors or controlling stockholders than you would in

the case of a corporation incorporated in the State of Delaware or other US jurisdictions.

We, and certain of our officers, directors, and guarantors may be difficult to serve with process as we and several of the guarantors of the notes are incorporated in the Republic of the Marshall Islands or other non-U.S. jurisdictions and such persons may reside outside of the United States.

We and several of the guarantors are entities organized under the laws of the Republic of the Marshall Islands or other non-U.S. jurisdictions. Several of our directors and officers and the directors and officers of these guarantors are residents of Greece or other non-US jurisdictions. Substantial portions of the assets of these persons and of Navios are located in Greece or other non-U.S. jurisdictions. Thus, it may not be possible for investors to affect service of process upon us, our non-U.S. directors or officers or the guarantors of the notes, to enforce any judgment obtained against these persons in U.S. courts. Also, it may not be possible to enforce U.S. securities laws or judgments obtained in U.S. courts against these persons in a non-U.S. jurisdiction.

Being a foreign private issuer exempts us from certain Securities and Exchange Commission requirements.

We are a foreign private issuer within the meaning of rules promulgated under the Securities Exchange Act of 1934, or the Exchange Act. As such, we are exempt from certain provisions applicable to United States public companies including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the provisions of Regulation FD under the Exchange Act aimed at preventing issuers from making selective disclosures of material information; and

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- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any ‘‘short-swing’’ trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer’s equity securities within less than six months).

Accordingly, investors in the notes will not be able to obtain information of the type described above except as otherwise required by ‘‘Description of the New Notes—Certain Covenants—Reports.’’

We may earn United States source income that is subject to tax, thereby adversely affecting our results of operations and cash flows.

Under the U.S. Internal Revenue Code of 1986, or the Code, 50% of gross income attributable to shipping transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income. Such income generally will be subject to a 4% U.S. federal income tax without allowance for deduction, unless we qualify for an exemption from such tax under section 883 of the Code. Based on our current plans, we expect that our income from sources within the United States will be international shipping income that qualifies for exemption from United States federal income taxation under section 883 of the Code, and that we will have no other income that will be taxed in the United States. Our ability to qualify for the exemption at any given time will depend upon circumstances related to the ownership of our common stock at such time and thus are beyond our

control. Accordingly, we can give no assurance that we would qualify for the exemption under Section 883 with respect to any such income we earn. If we or our vessel-owning subsidiaries were not entitled to the benefit of section 883 of the Code, they would be subject to United States taxation on a portion of their income. As a result, depending on the trading patterns of our vessels, we could become liable for tax, and our net income and cash flow could be adversely affected.

We may be taxed as a United States corporation.

The purchase by International Shipping Enterprises Inc., our predecessor (''ISE''), of all of the outstanding shares of common stock of Navios, and the subsequent downstream merger of ISE with and into Navios took place on August 25, 2005. Navios is incorporated under the laws of the Marshall Islands. While there is no direct authority that governs the tax treatment of the transaction, we believe it is more likely than not that Navios would be taxed by the United States as a foreign corporation. Accordingly, Navios takes the position that it will be taxed as a foreign corporation by the United States. If Navios were taxed as a U.S. corporation, its taxes would be significantly higher.

Risks Related to the Exchange Offer

There may not be a liquid trading market for the new notes, which could limit your ability to sell your new notes in the future.

The new notes are being offered to the holders of the old notes. The new notes will constitute a new issue of securities for which, prior to the exchange offer, there has been no public market, and the new notes may not be widely distributed. Accordingly, an active trading market for the new notes may not develop. If a market for any of the new notes does develop, the price of such new notes may fluctuate and liquidity may be limited. If a market for any of the new notes does not develop, purchasers may be unable to resell such new notes for an extended period of time, if at all.

Your failure to tender old notes in the exchange offer may affect their marketability.

If old notes are tendered for exchange and accepted in the exchange offer, the trading market, if any, for the untendered and tendered but unaccepted old notes will be adversely affected. Your failure to participate in the exchange offer will substantially limit, and may effectively eliminate, opportunities to sell your old notes in the future. We issued the old notes in a private placement exempt from the registration requirements of the Securities Act.

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Accordingly, you may not offer, sell or otherwise transfer your old notes except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, or pursuant to an exemption from the securities laws, or in a transaction not subject to the securities laws. If you do not exchange your old notes for new notes in the exchange offer, or if you do not properly tender your old notes in the exchange offer, your old notes will continue to be subject to these transfer restrictions after the completion of the exchange offer. In addition, after the completion of the exchange offer, you will no longer be able to obligate us to register the old notes under the Securities Act.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

We issued and sold the old notes in private placements on December 18, 2006. In connection with the issuance and sale, we entered into a registration rights agreement with the initial purchasers of the old notes. In the registration rights agreement we agreed to, among other things

- file the exchange offer registration statement with the SEC not later than June 29, 2007;
- use our commercially reasonable efforts to have the exchange offer registration statement declared effective by the SEC not later than October 1, 2007;
- use our commercially reasonable efforts to keep the exchange offer registration statement effective until the closing of the exchange offer;
- keep the exchange offer open for acceptance for a period of not less than 30 days; and
- use our commercially reasonable efforts to cause the exchange offer or a ‘‘shelf’’ registration statement with respect to the notes, to be consummated not later than November 1, 2007.

These requirements under the registration rights agreement will be satisfied when we complete the exchange offer. However, if (i) the exchange offer registration statement is not filed with the SEC on or prior to June 29, 2007, (ii) the exchange offer registration statement has not been declared effective on or prior to October 1, 2007, or (iii) the exchange offer is not consummated and a shelf registration statement (see below) is not declared effective, in both cases on or prior to November 1, 2007 (each such event referred to in clauses (i) through (iii) above, a ‘‘Registration Default’’), the rate of interest on the notes shall be increased by 0.25% per annum of the principal amount of the notes, and will further increase by an additional 0.25% per annum of the principal amount of the notes for each subsequent 90-day period (or portion thereof) while a Registration Default is continuing until all Registration Defaults have been cured, up to a maximum amount of 1.0% per annum. Following the cure of all Registration Defaults, the accrual of additional interest with respect to Registration Defaults will cease.

We have also agreed to keep the exchange offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law).

Under the registration rights agreement, our obligations to register the new notes will terminate upon the completion of the exchange offer. However, pursuant to the registration rights agreement, we will be required to file with the SEC a shelf registration statement to cover resale of the notes by the holders thereof if:

- we are not permitted to file the exchange offer registration statement or to consummate the exchange offer because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC;
- for any other reason the exchange offer registration statement is not declared effective on or prior to October 1, 2007, or the exchange offer is not consummated on or prior to November 1, 2007 (unless the exchange offer is subsequently consummated);
- any initial purchaser that holds notes so requests; or
- any holder of notes is not permitted to participate in the exchange offer or does not receive fully tradeable exchange notes pursuant to the exchange offer;

We will use our commercially reasonable efforts to cause the applicable shelf registration statement to be declared effective not later than December 1, 2007. We will use our commercially reasonable efforts to keep such shelf

registration statement continuously effective, supplemented and amended until the second anniversary of the effective date of the shelf registration statement or such shorter period that will terminate when all the transfer restricted notes covered by the shelf registration statement have been sold pursuant thereto.

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If the shelf registration statement is not usable for any reason for more than 45 days in any consecutive 12-month period then, beginning on the 45th day that the shelf registration statement ceases to be usable, subject to certain limited exceptions, the rate of interest on the notes shall be increased by 0.25% per annum of the principal amount of the notes, and will further increase by an additional 0.25% per annum of the principal amount of the notes for each subsequent 90-day period (or portion thereof), up to a maximum amount of 1.0% per annum. Upon the shelf registration statement once again becoming usable, the accrual of such Additional Interest will cease.

Once the exchange offer is complete, we will have no further obligation to register any of the old notes not tendered to us in the exchange offer. See ‘‘Risk Factors—Risk Factors Related to the Exchange Offer—Your Failure to Tender Old Notes in the Exchange Offer May Affect Their Marketability.’’

Effect of the Exchange Offer

Based on interpretations by the SEC staff set forth in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), Shearman & Sterling (available July 2, 1993) and other no-action letters issued to third parties, we believe that you may offer for resale, resell and otherwise transfer the new notes issued to you in the exchange offer without compliance with the registration and prospectus delivery requirements of the Securities Act, provided:

- you are acquiring the new notes in the ordinary course of your business;
- you are not engaging in and do not intend to engage in a distribution of the new notes;
- you have no arrangements or understandings with any person to participate in the exchange offer for the purpose of distributing the new notes; and
- you are not an ‘‘affiliate’’ of ours or any of the guarantors of the new notes, within the meaning of Rule 405 under the Securities Act.

If you are not able to make these representations, you are a ‘‘restricted holder.’’ As a restricted holder, you will not be able to participate in the exchange offer, you may not rely on the interpretations of the SEC staff set forth in the no-action letters referred to above and you may only sell your old notes in compliance with the registration and prospectus delivery requirements of the Securities Act or under an exemption from the registration requirements of the Securities Act or in a transaction not subject to the Securities Act.

In addition, each broker-dealer that is not a restricted holder that receives new notes for its own account in exchange for old notes that it acquired as a result of market-making activities or other trading activities may be a statutory underwriter and must acknowledge in the letter of transmittal that it will deliver a prospectus meeting the requirements of the Securities Act upon any resale of such new notes. This prospectus may be used by those broker-dealers to resell new notes they receive pursuant to the exchange offer. We have agreed, for a period of 180 days after consummation of the exchange offer, to make available a prospectus meeting the requirements of the Securities Act to any such broker-dealer for use in connection with any resale of any exchange notes acquired in the exchange offer. By acceptance of this exchange offer, each broker-dealer that receives new notes under the exchange offer agrees to

notify us prior to using this prospectus in a sale or transfer of new notes. See ‘‘Plan of Distribution.’’

Except as described above, this prospectus may not be used for an offer to resell, resale or other transfer of new notes.

To the extent old notes are tendered and accepted in the exchange offer, the principal amount of old notes that will be outstanding will decrease with a resulting decrease in the liquidity in the market for the old notes. Old notes that are still outstanding following the completion of the exchange offer will continue to be subject to transfer restrictions.

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Terms of the Exchange Offer

Upon the terms and subject to the conditions of the exchange offer described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange all old notes validly tendered and not withdrawn before 5:00 p.m., New York City time, on the expiration date. We will issue U.S.$1,000 principal amount of new notes in exchange for each U.S.$1,000 principal amount of old notes accepted in the exchange offer. You may tender some or all of your old notes pursuant to the exchange offer. However, old notes may be tendered only in a minimum principal amount of U.S.$1,000 and in integral multiples of U.S.$1,000 in excess thereof.

The new notes will be substantially identical to the old notes, except that:

- the offering of the new notes has been registered under the Securities Act;
- the new notes will not be subject to transfer restrictions; and
- the new notes will be issued free of any covenants regarding registration rights and free of any provision for additional interest.

The new notes will evidence the same debt as the old notes and will be issued under and be entitled to the benefits of the same indenture under which the old notes were issued. The old notes and the new notes will be treated as a single series of debt securities under the indenture. For a description of the terms of the indenture and the new notes, see ‘‘Description of the New Notes.’’

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange. As of the date of this prospectus, an aggregate of U.S.$300,000,000 principal amount of old notes is outstanding. This prospectus is being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Act and the Securities Exchange Act and the rules and regulations of the SEC. Holders of old notes do not have any appraisal or dissenters’ rights under law or under the indenture in connection with the exchange offer. Old notes that are not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under the registration rights agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers as provided herein);.

We will be deemed to have accepted for exchange validly tendered old notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders of old notes for the purposes of receiving the new notes from us and delivering the new notes to the tendering holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the

exchange offer, and not to accept for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under ‘‘—Conditions.’’ All old notes accepted for exchange will be exchanged for new notes promptly following the expiration date. If we decide for any reason to delay for any period our acceptance of any old notes for exchange, we will extend the expiration date for the same period.

If we do not accept for exchange any tendered old notes because of an invalid tender, the occurrence of certain other events described in this prospectus or otherwise, such unaccepted old notes will be returned, without expense, to the holder tendering them or the appropriate book-entry will be made, in each case, as promptly as practicable after the expiration date.

We are not making, nor is our Board of Directors making, any recommendation to you as to whether to tender or refrain from tendering all or any portion of your old notes in the exchange offer. No one has been authorized to make any such recommendation. You must make your own decision whether to tender in the exchange offer and, if you decide to do so, you must also make your own decision as to the aggregate amount of old notes to tender after reading this prospectus and the letter of transmittal and consulting with your advisers, if any, based on your own financial position and requirements.

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Expiration Date; Extensions; Amendments

The term ‘‘expiration date’’ means 5:00 p.m., New York City time, on August 6, 2007, unless we, in our sole discretion, extend the exchange offer, in which case the term ‘‘expiration date’’ shall mean the latest date and time to which the exchange offer is extended.

If we determine to extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice. We will notify the registered holders of old notes of the extension no later than 9:00 a.m., New York City time, on the business day immediately following the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any old notes;
- to extend the exchange offer or to terminate the exchange offer and to refuse to accept old notes not previously accepted if any of the conditions set forth below under ‘‘—Conditions’’ have not been satisfied by the expiration date; or
- subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose the amendment in a manner reasonably calculated to inform the holders of the old notes of the amendment.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we will have no obligation to publish, advertise or otherwise communicate any public announcement, other than by making a timely release to a financial news service.

During any extension of the exchange offer, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange. We will return any old notes that we do not accept for exchange for any reason without expense to the tendering holder as promptly as practicable after the expiration or earlier termination of the exchange offer.

Interest on the New Notes and the Old Notes

Any old notes not tendered or accepted for exchange will continue to accrue interest at the rate of 9½% per annum in accordance with their terms. The new notes will accrue interest at the rate of 9½% per annum from the date of the last periodic payment of interest on the old notes or, if no interest has been paid, from the original issue date of old notes. Interest on the new notes and any old notes not tendered or accepted for exchange will be payable semi-annually in arrears on June 15 and December 15 of each year, commencing on June 15, 2007.

Procedures for Tendering

Only a registered holder of old notes may tender those notes in the exchange offer. To tender in the exchange offer, a holder must properly complete, sign and date the letter of transmittal, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal, together with all other documents required by the letter of transmittal, to the exchange agent at one of the addresses set forth below under ‘‘—Exchange Agent,’’ before 5:00 p.m., New York City time, on the expiration date. In addition, either:

- the exchange agent must receive, before the expiration date, a timely confirmation of a book-entry transfer of the tendered old notes into the exchange agent's account at The Depository Trust Company (‘‘DTC’’), or the depositary, according to the procedure for book-entry transfer described below; or
- the holder must comply with the guaranteed delivery procedures described below.

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A tender of old notes by a holder that is not withdrawn prior to the expiration date will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of letters of transmittal and all other required documents to the exchange agent, including delivery through DTC, is at the holder's election and risk. Instead of delivery by mail, we recommend that holders use an overnight or hand delivery service. If delivery is by mail, we recommend that holders use certified or registered mail, properly insured, with return receipt requested. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send letters of transmittal or other required documents to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender those notes should contact the registered holder promptly and instruct it to tender on the beneficial owner's behalf.

We will determine, in our sole discretion, all questions as to the validity, form, eligibility (including time of receipt),

acceptance of tendered old notes and withdrawal of tendered old notes, and our determination will be final and binding. We reserve the absolute right to reject any and all old notes not properly tendered or any old notes the acceptance of which would, in the opinion of us or our counsel, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old notes either before or after the expiration date. Our interpretation of the terms and conditions of the exchange offer as to any particular old notes either before or after the expiration date, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within such time as we shall determine. Although we intend to notify holders of any defects or irregularities with respect to tenders of old notes for exchange, neither we nor the exchange agent nor any other person shall be under any duty to give such notification, nor shall any of them incur any liability for failure to give such notification. Tenders of old notes will not be deemed to have been made until all defects or irregularities have been cured or waived. Any old notes delivered by book-entry transfer within DTC, will be credited to the account maintained within DTC by the participant in DTC which delivered such old notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right in our sole discretion (a) to purchase or make offers for any old notes that remain outstanding after the expiration date, (b) as set forth below under ‘‘—Conditions,’’ to terminate the exchange offer and (c) to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer.

By signing, or otherwise becoming bound by, the letter of transmittal, each tendering holder of old notes (other than certain specified holders) will represent to us that:

- it is acquiring the new notes in the exchange offer in the ordinary course of its business;
- it is not engaging in and does not intend to engage in a distribution of the new notes;
- it is not participating, does not intend to participate, and has no arrangements or understandings with any person to participate in the exchange offer for the purpose of distributing the new notes; and
- it is not an ‘‘affiliate’’ of ours or any of the guarantors of the new notes, within the meaning of Rule 405 under the Securities Act, or, if it is our affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the tendering holder is a broker-dealer that will receive new notes for its own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, it may be deemed to be an ‘‘underwriter’’ within the meaning of the Securities Act. Any

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such holder will be required to acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale or transfer of these new notes. However, by so acknowledging and by delivering a prospectus, the holder will not be deemed to admit that it is an ‘‘underwriter’’ within the meaning of the Securities Act.

Book-Entry Transfer

The exchange agent will establish a new account or utilize an existing account with respect to the old notes at DTC promptly after the date of this prospectus, and any financial institution that is a participant in DTC’s systems may make

book-entry delivery of old notes by causing DTC to transfer these old notes into the exchange agent's account in accordance with DTC's procedures for transfer. However, the exchange for the old notes so tendered will only be made after timely confirmation of this book-entry transfer of old notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term ''agent's message'' means a message transmitted by DTC to, and received by, the exchange agent and forming a part of a book-entry confirmation, that states that DTC has received an express acknowledgment from a participant in DTC tendering old notes that are the subject of the book-entry confirmation stating (1) the aggregate principal amount of old notes that have been tendered by such participant, (2) that such participant has received and agrees to be bound by the terms of the letter of transmittal and (3) that we may enforce such agreement against the participant.

Although delivery of old notes must be effected through book-entry transfer into the exchange agent's account at DTC, the letter of transmittal, properly completely and validly executed, with any required signature guarantees, or an agent's message in lieu of the letter of transmittal, and any other required documents, must be delivered to and received by the exchange agent at one of its addresses listed below under ''—Exchange Agent,'' before 5:00 p.m., New York City time, on the expiration date, or the guaranteed delivery procedure described below must be complied with.

Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent.

All references in this prospectus to deposit or delivery of old notes shall be deemed to also refer to DTC's book-entry delivery method.

Guaranteed Delivery Procedures

Holders who wish to tender their old notes and (1) who cannot deliver a confirmation of book-entry transfer of old notes into the exchange agent's account at DTC, the letter of transmittal or any other required documents to the exchange agent prior to the expiration date or (2) who cannot complete the procedure for book-entry transfer on a timely basis, may effect a tender if:

- the tender is made through an eligible institution;
- before the expiration date, the exchange agent receives from the eligible institution a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, listing the principal amount of old notes tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange, Inc. trading days after the expiration date, a duly executed letter of transmittal together with a confirmation of book-entry transfer of such old notes into the exchange agent's account at DTC, and any other documents required by the letter of transmittal and the instructions thereto, will be deposited by such eligible institution with the exchange agent; and
- the properly completed and executed letter of transmittal and a confirmation of book-entry transfer of all tendered old notes into the exchange agent's account at DTC and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange, Inc. trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures described above.

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Withdrawal of Tenders

Except as otherwise provided in this prospectus, tenders of old notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a written or facsimile transmission notice of withdrawal at one of its addresses set forth below under ‘‘—Exchange Agent.’’ Any notice of withdrawal must:

- specify the name of the person who tendered the old notes to be withdrawn;
- identify the old notes to be withdrawn, including the principal amount of such old notes;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the old notes were tendered and include any required signature guarantees; and
- specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of DTC.

We will determine, in our sole discretion, all questions as to the validity, form and eligibility (including time of receipt) of any notice of withdrawal, and our determination shall be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer and no new notes will be issued with respect thereto unless the old notes so withdrawn are validly retendered. Properly withdrawn old notes may be retendered by following one of the procedures described above under ‘‘—Procedures for Tendering’’ at any time prior to the expiration date.

Any old notes that are tendered for exchange through the facilities of DTC but that are not exchanged for any reason will be credited to an account maintained with DTC for the old notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer.

Conditions

Despite any other term of the exchange offer, we will not be required to accept for exchange, or to issue new notes in exchange for, any old notes, and we may terminate the exchange offer as provided in this prospectus prior to the expiration date, if:

- the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the SEC staff; or
- the old notes are not tendered in accordance with the exchange offer;
- you do not represent that you are acquiring the new notes in the ordinary course, that you are not engaging in and do not intend to engage in a distribution of the new notes, of your business and that you have no arrangement or understanding with any person to participate in a distribution of the new notes and you do not make any other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render available the use of an appropriate form for registration of the new notes under the Securities Act;
- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer; or

These conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions or may be waived by us, in whole or in part, at any time and from time to time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of the right and each right shall be deemed an ongoing right which may be asserted at any time and from time to time.

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If we determine in our reasonable judgment that any of the conditions are not satisfied, we may:

- refuse to accept and return to the tendering holder any old notes or credit any tendered old notes to the account maintained within DTC by the participant in DTC which delivered the old notes; or
- extend the exchange offer and retain all old notes tendered before the expiration date, subject to the rights of holders to withdraw the tenders of old notes (see ''—Withdrawal of Tenders'' above); or
- waive the unsatisfied conditions with respect to the exchange offer prior to the expiration date and accept all properly tendered old notes that have not been withdrawn or otherwise amend the terms of the exchange offer in any respect as provided under ''—Expiration Date; Extensions; Amendments.'' If a waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders, and we will extend the exchange offer as required in our judgment by law, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during such extended period.

In addition, we will not accept for exchange any old notes tendered, and we will not issue new notes in exchange for any of the old notes, if at that time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

Exchange Agent

Wells Fargo Bank, N.A. has been appointed as the exchange agent for the exchange offer. All signed letters of transmittal and other documents required for a valid tender of your old notes should be directed to the exchange agent at one of the addresses set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent addressed as follows:

By Overnight Courier:	By Registered or Certified Mail:	By Hand:
Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.	Wells Fargo Bank, N.A.
Corporate Trust Operations	Corporate Trust Operations	Corporate Trust Services
MAC N9303-121	MAC N9303-121	Northstar East Bldg. – 12th Floor
6th & Marquette Avenue	P.O. Box 1517	608 2nd Avenue South
Minneapolis, MN 55479	Minneapolis, MN 55480	Minneapolis, MN 55402
Attn: Reorg	Attn: Reorg	Attn: Reorg

By Facsimile:	To Confirm by Telephone:
	(800) 344-5128; or
(612) 667-6282	(612) 667-9764
Attn: Bondholder Communications	Attn: Bondholder Communications

FOR INFORMATION WITH RESPECT TO THE EXCHANGE OFFER, CALL:

the Exchange Agent
at (612) 667-9764 or (800) 344-5128

Delivery to other than the above addresses or facsimile number will not constitute a valid delivery.

Fees and Expenses

We will bear the expenses of soliciting tenders. We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or others

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soliciting acceptance of the exchange offer. The principal solicitation is being made by mail; however, additional solicitation may be made by facsimile, telephone or in person by our officers and employees.

We will pay the expenses to be incurred in connection with the exchange offer. These expenses include fees and expenses of the exchange agent and the trustee, accounting and legal fees, printing costs, and related fees and expenses.

Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes in connection with the exchange offer. If, however, new notes issued in the exchange offer are to be delivered to, or are to be issued in the name of, any person other than the holder of the outstanding old notes tendered, or if a transfer tax is imposed for any reason other than the exchange of outstanding old notes for new notes in connection with the exchange offer, then the holder must pay any applicable transfer taxes, whether imposed on the registered holder or on any other person. If satisfactory evidence of payment of, or exemption from, transfer taxes is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to the tendering holder.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying values as the old notes on the date of the exchange. Accordingly, we will recognize no gain or loss, for accounting purposes, as a result of the exchange offer. The expenses of the exchange offer will be amortized over the term of the new notes.

Consequences of Failure to Exchange

Holders of old notes who do not exchange their old notes for new notes pursuant to the exchange offer will continue to be subject to the restrictions on transfer of the old notes as set forth in the legend printed thereon as a consequence of the issuance of the old notes pursuant to an exemption from the Securities Act and applicable state securities laws. Old notes not exchanged pursuant to the exchange offer will continue to accrue interest at 9½% per annum, and the old notes will otherwise remain outstanding in accordance with their terms.

In general, the old notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Upon completion of the exchange offer, holders of old notes will not be entitled to any rights to have the resale of old notes

registered under the Securities Act, and we currently do not intend to register under the Securities Act the resale of any old notes that remain outstanding after completion of the exchange offer.

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USE OF PROCEEDS

We will not receive any cash proceeds from the exchange offer. We are making this exchange offer solely to satisfy our obligations under the registration rights agreement entered into in connection with each issuance of the old notes. In consideration for issuing the new notes, we will receive old notes in an aggregate principal amount equal to the value of the new notes. The old notes surrendered in exchange for the new notes will be retired and canceled. Accordingly, the issuance of the new notes will not result in any change in our indebtedness.

We received approximately $291.5 million in net proceeds from the sale of $300 million in aggregate principal amount of the old notes on December 18, 2006. We used part of the net proceeds to repay in full the remaining principal amounts under tranches B1, B2 and B3 under our secured loan facility that existed at the time. The remainder of the net proceeds were applied among tranches A, C1, C2, C3, C4, C5, C6, D1, D2, D3 and D4 under that facility, pro-rata between them, and as regards each tranche, on a pro-rata basis of the repayment installments of such tranche. On February 1, 2007, we entered into a new secured loan facility with HSH Nordbank and Commerzbank AG, which is composed of a $280 million term loan facility and a $120 million revolver credit facility.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2007. The information in this table should be read in conjunction with ‘‘Item 3—Key Information—Selected Financial Data’’ and ‘‘Item 5—Operating and Financial Review and Prospects’’ of the 2006 Form 20-F, our current report on Form 6-K filed on May 16, 2007 and our consolidated financial statements and related notes included elsewhere herein.

	March 31, 2007 (Thousands of U.S. Dollars)
Debt:	
Current portion of long-term debt	$ 13,415
Total long-term debt, net of current portion	321,130
Senior notes	298,007

Total debt	632,552
Stockholders' equity:	
Preferred stock, $0.0001 par value, authorized 1,000,000 shares. None issued.	
Common stock, $0.0001 par value, authorized 250,000,000 shares. 82,013,654 issued and outstanding	8
Additional paid-in capital	342,747
Accumulated other comprehensive income	(7,362)
Retained earnings	17,169
Total stockholders' equity	352,562
Total capitalization	$ 985,114

(1) Since March 31, 2007, the Company has issued 18,445,742 additional common shares for total net proceeds of approximately $151.3 million (approximately $124.8 relating to an equity raising through secondary offering and $26.5 million relating to exercise of warrants).

(2) Since March 31, 2007, the Company has incurred additional long-term debt of $20 million and made repayments on long-term debt of $8.3 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with our consolidated financial statements and their notes included elsewhere herein. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled ''Risk factors'' and elsewhere in this prospectus.

Overview

Factors Affecting Navios' Results of Operations:

Navios actively manages the risk in its operations by: (i) operating the vessels in its fleet in accordance with all applicable international standards of safety and technical ship management; (ii) enhancing vessel utilization and profitability through an appropriate mix of long-term charters complemented by spot charters (time charters for short-term employment) and contracts of affreightment (''CoAs''); (iii) monitoring the financial impact of corporate exposure from both physical and forward freight agreements (''FFAs'') transactions; (iv) monitoring market and counterparty credit risk limits; (v) adhering to risk management and operation policies and procedures; and (vi) requiring counterparty credit approvals.

Navios believes that the important measures for analyzing trends in its results of operations consist of the following:

- Market Exposure: Navios manages the size and composition of its fleet, by chartering and owning vessels, to adjust to anticipated changes in market rates. Navios aims at achieving an appropriate balance between owned vessels and long- and short-term charter-in vessels and controls approximately 3.8 million dwt in dry bulk tonnage. Navios' options to extend the

duration of vessels it has under long-term time charters (durations of over 12 months) and its purchase options on chartered vessels permit Navios to adjust the cost and the fleet size to correspond to market conditions.

- Available days: Available days is the total number of days a vessel is controlled by a company less the aggregate number of days that the vessel is off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- Operating days: Operating days is the number of available days in a period less the aggregate number of days that the vessels are off-hire due to any reason, including lack of demand or unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- Fleet utilization: Fleet utilization is obtained by dividing the number of operating days during a period by the number of available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.
- Time Charter Equivalents rates (''TCE''): TCE rates are defined as voyage and time charter revenues plus gains or losses on FFAs less voyage expenses during a period divided by the number of available days during the period. Navios includes the gains or losses on FFAs in the determination of TCE rates as neither voyage and time charter revenues nor gains or losses on FFAs are evaluated in isolation. Rather, the two are evaluated together to determine total earnings per day. The TCE rate is a standard shipping industry performance

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measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts, while charter hire rates for vessels on time charters generally are expressed in such amounts.

Voyage and Time Charter

Revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of the charters;
- the level of spot market rates at the time of charter;
- decisions relating to vessel acquisitions and disposals;
- the amount of time spent positioning vessels;
- the amount of time that vessels spend in dry-dock undergoing repairs and upgrades;
- the age, condition and specifications of the vessels; and
- the aggregate level of supply and demand in the dry bulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by

world economics, international events, weather conditions, strikes, governmental policies, supply and demand and many other factors that might be beyond the control of management.

Consistent with industry practice, Navios uses TCE rates, which consist of revenue from vessels operating on time charters and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market, as a method of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue. TCE revenue also serves as industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios' owned fleet, as of March 31, 2007, is 6.0 years. But as such fleet ages or if Navios expands its fleet by acquiring previously owned and older vessels the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Spot Charters, Contracts of Affreightment (CoAs) and Forward Freight Agreements (FFAs)

Navios enhances vessel utilization and profitability through a mix of voyage charters, short-term charter-out contracts, CoAs and strategic backhaul cargo contracts, as follows:

- The operation of voyage charters or spot charter-out fixtures for the carriage of a single cargo between load and discharge port;
- The use of CoAs, under which Navios contracts to carry a given quantity of cargo between certain load and discharge ports within a stipulated time frame; and
- The use of FFAs both as economic hedges in reducing market risk on specific vessels, freight commitments or the overall fleet and in order to increase or reduce the size of its exposure to the dry bulk shipping market.

In addition, Navios attempts, by entering into CoAs on what would normally be backhaul or ballast legs, to enhance vessel utilization and profitability. The cargoes are, in such cases, used to

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position vessels at or near major loading areas (such as the U.S. Gulf) where spot cargoes can readily be obtained. This reduces ballast time as a percentage of the round voyage. This strategy is referred to as triangulation.

Navios enters into CoAs with major industrial end users of bulk products, primarily in the steel, energy and grain sectors. These contracts are entered into not only with a view to making profit but also as a means of maintaining relationships, obtaining market information and continuing a market presence in this market segment. Navios has adopted a strategy of entering into CoAs to carry freight into known loading areas, such as the U.S. Gulf and the Gulf of St. Lawrence, where subsequent spot or voyage charters can be obtained.

Navios enters into dry bulk shipping FFAs as economic hedges relating to identifiable ship and or cargo positions and as economic hedges of transactions we expect to carry out in the normal course of our shipping business. By utilizing certain derivative instruments, including dry bulk shipping FFAs, we manage the financial risk associated with fluctuating market conditions. In entering into these contracts, we assume the risk that might arise from the possible

inability of counterparties to meet the terms of their contracts.

As of March 31, 2007 and as of December 31, 2006, 2005 and 2004, none of the ‘‘marked to market’’ positions of the open dry bulk FFA contracts qualified for hedge accounting treatment. The balance of other comprehensive income as of March 31, 2007 and as of December 31, 2006, relates to six FFAs that qualified for hedge accounting treatment during 2006. Dry bulk FFAs traded by us that do not qualify for hedge accounting are shown at fair value through the statement of operations.

FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through NOS ASA, a Norwegian clearing house and LCH the London Clearing House. FFAs are settled in cash monthly, based on publicly quoted indices.

NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios, 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 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. Navios has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

Statement of Operations Breakdown by Segment

Navios reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios does not have discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, Navios reviews operating results solely by revenue per day and operating results of the owned and chartered-in fleet and, thus, Navios has determined that it has two reportable segments,

Vessel Operations and Port Terminal. The reportable segments reflect the internal organization of Navios and strategic businesses that offer different products and services. The Vessel Operations business consists of transportation and handling of bulk cargoes through ownership, operation and trading of vessels, freight and FFAs. The Port Terminal business consists of operating a port and transfer station terminal. Navios measures segment performance based on net income.

Recent Accounting Pronouncements

In February 2006, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 155 (SFAS 155) ‘‘Accounting for Certain Hybrid Instruments—an amendment of FASB Statements No. 133 and 140’’. SFAS 155 amends SFAS 133 to permit fair value measurement for certain hybrid financial instruments that contain an embedded derivative, provides additional guidance on the applicability of SFAS 133 and SFAS 140 to certain

financial instruments and subordinated concentrations of credit risk. SFAS 155 is effective for the first fiscal year that begins after September 15, 2006. This statement was effective as to Navios for the fiscal year beginning on January 1, 2007 and did not have a material effect on its consolidated financial statements.

In March 2006, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 156 (SFAS 156) ‘‘Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140’’. SFAS 156 amends SFAS 140 requiring that all separately recognized servicing assets and servicing liabilities be measured at fair value, if practicable. SFAS 156 also permits, but does not require, the subsequent measurement of servicing assets and servicing liabilities. SFAS 156 is effective for the first fiscal year that begins after September 15, 2006. This statement was effective for Navios for the fiscal year beginning on January 1, 2007 and did not have a material effect on its consolidated financial statements.

In June 2006, the Financial Accounting Standard Board issued FIN 48 ‘‘Accounting for Uncertainty in Income Taxes’’, an interpretation of FASB Statement 109. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation was effective for Navios for the fiscal year beginning on January 1, 2007 and did not have a material effect on its consolidated financial statements.

In September 2006, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 157 (SFAS 157) ‘‘Fair Value Measurement’’. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The provisions of SFAS 157 should be applied prospectively as of the beginning of the fiscal year in which it is initially applied except for certain cases where it should be applied retrospectively. The adoption of this accounting standard is not expected to have a material effect on the consolidated financial statements. This statement will be effective as to Navios for the fiscal year beginning on January 1, 2008.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159 (SFAS 159) ‘‘The Fair Value Option for Financial Assets and Financial Liabilities’’. SFAS 159 permits the entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board’s long-term measurement objectives for accounting for financial instruments. SFAS 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, ""Fair Value Measurements’’. The adoption of this accounting standard is not expected to have a material effect on our consolidated financial statements.

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Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP. The preparation of these financial statements requires Navios to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of its financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Navios has described below what it believes are its most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of our significant accounting policies, see Note 2 to the consolidated financial statements included in our 2006 annual report filed on Form 20-F with the Securities Exchange Commission.

Accounting for derivative financial instruments and hedge activities: We enter into dry bulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions we expect to carry out in the normal course of our shipping business. By utilizing certain derivative instruments, including dry bulk shipping FFAs, we manage the financial risk associated with fluctuating market conditions. In entering into these contracts, we assume the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

We also trade dry bulk shipping FFAs which are cleared through NOS ASA and LCH. NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios, and which in turn substantially eliminates counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by NOS ASA and LCH. See further discussion under ‘‘Spot Charters, Contracts of Affreightment (CoAs) and Forward Freight Agreements (FFAs)’’. At the end of each calendar quarter, the fair value of dry bulk 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.

Pursuant to SFAS 133, Navios records 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 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 statement of operations. For FFAs that qualify for hedge accounting the changes in fair values of the effective portion representing unrealized gains or losses are recorded in ‘‘Accumulated Other Comprehensive Income (Loss)’’ in the stockholders’ equity while the unrealized gain 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 Forward Freight Agreements’’. The gains/(losses) included in ‘‘Accumulated Other Comprehensive Income (Loss)’’ will be reclassified to earnings under ‘‘Revenue’’ in the statement of operations in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings will extend until December 31, 2007, depending on the period or periods during which the hedged forecasted transactions will affect earnings and commenced in the third quarter of 2006. The amount of losses included in ‘‘Accumulated Other Comprehensive Income (Loss)’’ as of March 31, 2007, which is expected to be reclassified to earnings until December 31, 2007, is $7.4 million. For the three month period ended March 31, 2007, the gains (losses) included in ‘‘Accumulated Other Comprehensive Income (Loss)’’ that have been reclassified to earnings amounted to $2.5 million. At March 31, 2007 and December 31, 2006, none of the FFAs, foreign exchange contracts or interest rate swaps qualified for hedge accounting and, accordingly, all unrealized gains or losses were recorded in the statement of operations.

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Impairment of long-lived assets: Vessels, other fixed assets and other long lived assets held and used by us 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 FAS 144, management reviews valuations and compares them to the asset’s carrying amounts. Should the valuations indicate potential impairment, management determines projected undiscounted cash flow for each asset and compares it to its carrying amount. In the event that impairment occurs, an impairment charge is recognized by comparing the asset’s carrying amount to its estimated fair value. For the purposes of assessing impairment, long lived-assets are grouped at the lowest levels for which there are separately identifiable cash flow. No impairment loss was recognized for any of the periods presented.

Vessels, net: In connection with our acquisition/reincorporation, vessels owned by Navios (Predecessor) were recorded at fair market values as of August 25, 2005. Vessel acquisitions acquired outside of business combinations are stated at 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 earning capacity, or improve the efficiency or safety of the vessels. 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. Management estimates the useful life of our 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.

Dry-docking costs: Our vessels are subject to regularly scheduled dry-docking and special surveys, which are carried out every 30 or 60 months 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 dry-docking and special surveys are deferred and amortized over the above periods or, to the next dry-docking or special survey date if such has been determined. Unamortized dry-docking or special survey costs of vessels sold are written off to income in the year the vessel is sold. When vessels are acquired, the portion of the vessels’ capitalized cost that relates to dry-docking or special survey is treated as a separate component of the vessels’ cost and is deferred and amortized as above. This cost is determined by reference to the estimated economic benefits to be derived until the next dry-docking or special survey.

Goodwill and Other Intangible Assets and Liabilities: As required by SFAS No. 142 ‘‘Goodwill and Other Intangible Assets’’, goodwill acquired in a business combination initiated after June 30, 2001 is not to be amortized. Similarly, intangible assets with indefinite lives are not amortized. Rather, SFAS 142 requires that goodwill be tested for impairment at least annually and written down with a charge to operations if the carrying amount exceeds the estimated fair value.

Navios evaluates 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. If the fair value exceeds the carrying amount, no impairment exists. If the carrying amount of the reporting unit exceeds the fair value, then the implied fair value of the reporting unit’s goodwill is compared with its carrying amount. The implied fair value is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that unit, as if the unit had been acquired in a business combination and the fair value of the 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 the implied fair value. Navios determined that there was no impairment of goodwill during any periods presented.

Navios' intangible assets and liabilities acquired in connection with business combinations were valued in a process that included the use of independent appraisers. The fair value of the trade name was determined based on the ''relief from royalty'' method that values the trade name based on the estimated amount that a company would have to pay in an arms length transaction in order to use that trade name. The asset is being amortized under the straight line method over 32 years. Other

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intangible assets and liabilities that are being amortized, such as the amortizable portion of favorable leases, port terminal operating rights, backlog assets and liabilities, would be considered impaired if their fair market value could not be recovered from the future undiscounted cash flow associated with the asset. Vessel purchase options held by Navios, 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 market value of the vessel. Vessel purchase options held by third parties that are included in unfavorable leases for vessels owned by Navios or vessels that Navios charters in with an option to purchase are also not amortized. The liability for purchase options held by third parties will be included in the gain or loss on the sale of the vessel when the option is exercised.

The intangible asset associated with the favorable lease terms includes $57.2 million related to purchase options for the vessels, consisting of $20.7 million as of August 25, 2005 and $36.5 million from the acquisition of Kleimar. This $57.2 million is not amortized and, should the purchase options be exercised, the 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. As of March 31, 2007, $8.6 million, had been transferred to the acquisition cost of vessels. The liability associated with unfavorable lease liabilities includes an amount of $15.9 million related to purchase options held by third parties, arising from the acquisition of Kleimar. This amount is not amortized and should the purchase options be exercised by the third party, the portion of this liability will be included in the gain or loss on the sale of the vessel when the option is exercised. As of March 31, 2007, no amount had been transferred to gain or loss.

Leases: Vessel leases where Navios 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.

Deferred taxation: 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 substantively 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 substantive enactment date. Future income tax assets are recognized to the extent that realization is considered more likely than not.

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Period over period comparisons

For the three month period ended March 31, 2007 compared to three month period ended March 31, 2006

The following table presents consolidated revenue and expense information for the three month periods ended March 31, 2007 and 2006. This information was derived from the unaudited consolidated revenue and expense accounts of Navios for the respective periods.

	Three month period ended March 31,	
	2007 (unaudited)	2006 (unaudited)
	(Thousands of U.S. Dollars)	
Revenue	$ 101,842	$ 49,169
Gain on Forward Freight Agreements	2,854	1,662
Time charter, voyage and port terminal expenses	(60,440)	(20,767)
Direct vessel expenses	(6,158)	(3,673)
General and administrative expenses	(4,293)	(3,596)
Depreciation and amortization	(6,977)	(10,120)
Interest income from investments in finance lease	560	—
Interest income	1,523	468
Interest expense and finance cost, net	(13,471)	(9,206)
Other income	168	934
Other expense	(474)	(43)
Income before equity in net earnings of affiliate companies and joint ventures	15,134	4,828
Equity in net Earnings of Affiliated Companies and Joint Ventures	828	154
Net income before taxes	15,962	4,982
Income taxes	(1,179)	—
Net income after taxes	$ 14,783	$ 4,982

Set forth below are selected historical and statistical data for Navios, that we believe may be useful in better understanding our financial position and results of operations.

	Three month period ended March 31,	
	2007	2006 (1)
Fleet Data		
Available days (2)	3,876	2,390
Operating days	3,875	2,385
Fleet utilization	100.0%	99.8%
Average Daily Results		
Time Charter Equivalents (including FFAs)	$ 21,080	$ 18,530

Time Charter Equivalents (excluding FFAs)	$ 20,869	$ 17,835

(1) Excludes vessels acquired through the acquisition of Kleimar.
(2) Navios has currently fixed out (i.e. arranged charters for) 94.2% and 67.5% of its 2007 and 2008 available days, respectively (excluding Kleimar's fleet).

During the three month period ended March 31, 2007, there were 1,486 more available days as compared to the same period of 2006. This was due to the increase in the number of vessels in our owned fleet by six vessels (three vessels acquired through the exercise of options from the charter-in fleet and three vessels from the acquisition of Kleimar) resulting in 447 additional days. The increase

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of the charter-in fleet by nine vessels during the first quarter of 2007 (two new vessels from the charter-in fleet to be delivered and seven vessels from the acquisition of Kleimar), further increased the available days by 1,039 days. Navios can increase or decrease its fleet's size by chartering-in vessels for long or short-term periods (less than one year). Fleet size and the corresponding ''available days'' will be decreased if charters are not renewed or replaced.

The average TCE rate excluding FFAs for the three month period ended March 31, 2007 was $21,080 per day, $2,550 per day higher than the rate achieved in the same period of 2006. This was primarily due to the improvement in the freight market resulting in higher charter-out daily rates in the first quarter of 2007 than those achieved in the first quarter of 2006 and the Capesize vessels (with significantly higher rates) acquired as part of the acquisition of Kleimar.

Revenue: Revenue increased to $101.8 million for the three month period ended March 31, 2007 as compared to the $49.2 million for the same period of 2006. Revenues from vessel operations increased by approximately $52.3 million or 108.7% to $100.4 million for the three month period ended March 31, 2007 from $48.1 million for the same period of 2006. This increase is mainly attributable to the increase in the operating days by 1,486 days as discussed above, as well as the improvement in the market resulting in higher charter-out daily hire rates in the first quarter of 2007 as compared to the same period of 2006 (as indicated in the table below), and an increase in the number of CoAs serviced by Navios (acquired as part of the acquisition of Kleimar).

Revenue from the port terminal increased by $0.3 million to $1.4 million for the three month period ended March 31, 2007 as compared to $1.1 million in the same period of 2006. This is due to the port terminal throughput volume increase of approximately 20.4% to 391,500 tons for the three month period ended March 31, 2007 from 325,000 tons for the same period in 2006.

Gains on FFAs: Income from FFAs increased by $1.2 million to a gain of $2.9 million during the three month period ended March 31, 2007 as compared to $1.7 million gain for the same period in 2006. Navios records the change in the fair value of derivatives at each balance sheet date. None of the FFAs qualified for hedge accounting in the periods presented. Accordingly, changes in fair value of FFAs were recognized in the statement of operations. The FFAs market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios' net position in the market. Market conditions were volatile in both periods. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

	Baltic Exchange's Panamax Time Charter Average Index
January 26, 2006	$ 13,267(a)
March 14, 2006	$ 19,626(b)
March 31, 2006	$ 17,839(*)
January 31, 2007	$ 31,719(c)
March 13, 2007	$ 41,015(d)
March 31, 2007*	$ 40,399(*)

(a) Low for Q1-2006
(b) High for Q1-2006
(c) Low for Q1-2007
(d) High for Q1-2007
(*) End of period rate

Time Charter, Voyage and Port Terminal Expense: Time charter and voyage expenses increased by $39.6 million or 190.3% to $60.4 million for the three month period ended March 31, 2007 as compared to $20.8 million for same period in 2006. This was primarily due to the higher charter-in

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expenses relating to Capesize vessels (Capesize Baltic Exchange's time charter average index as of March 31, 2007 was $91,997 per day as compared to the respective Panamax index which was $40,399 per day) and servicing the related CoA business following the acquisition of Kleimar as well as the increase in the market, which negatively affected the charter-in daily hire rate cost for the long-term charter-in fleet from $9,323 per day in the first quarter of 2006 to $10,272 per day for the same period of 2007. This increase was mitigated by the redelivery of higher cost charter-in vessels and the exercise of purchase options that resulted in the expansion of the owned fleet.

Direct Vessel Expenses: Direct vessel expenses for operation of the owned fleet increased by $2.5 million to $6.2 million or 67.5% for the three month period ended March 31, 2007 as compared to $3.7 million for the same period in 2006. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and maintenance and repairs. The increase resulted primarily from additional costs related to increase of the owned fleet by three vessels compared to the first quarter of 2006.

General and Administrative Expenses: General and administrative expenses increased by $0.7 million to $4.3 million or 19.4% for the three month period ended March 31, 2007 as compared to $3.6 million for the same period of 2006. The increase is mainly attributable to (a) increase in payroll and related costs in connection with the expansion of Navios' fleet, (b) increase in professional, legal and audit fees and traveling due to the additional costs incurred by Navios in connection with acquisitions and other activities.

Depreciation and Amortization: For the three month period ended March 31, 2007, the decrease in depreciation and amortization compared to the same period in 2006 is attributable to the decline in the amortization of intangible assets,

due to the transfer of the unamortized balance of favorable leases to vessel cost upon exercise of purchase options, which was mitigated by the increase in depreciation due to the acquisition of three vessels. The main decrease, amounting to $2.2 million, relates to net positive amortization of intangible assets and liabilities associated with the acquisition of Kleimar. The overall decrease in depreciation and amortization was $3.1 million. See further discussion of Navios' amortization policy under ''Liquidity and Capital Resources''.

Interest Income from Investments in Finance Leases: Interest income from investments in finance leases amounted to $0.6 million and relates to the acquisition of Kleimar (see Note 3 to the condensed notes to our consolidated financial statements incorporated by reference herein). No investment in finance lease existed during the corresponding period of the previous year.

Net Interest Expense and Income: Interest expense for the three month period ended March 31, 2007 increased to $13.5 million as compared to $9.2 million in the same period of 2006. The increase is due to bank secured facilities obtained to partially finance the acquisition of new vessels and Kleimar and the issuance of $300 million of senior notes. Interest income increased by $1.0 million to $1.5 million for the three month period ended March 31, 2007 as compared to $0.5 million for the same period of 2006. This is mainly attributable to the increase in the average cash balances from $44.7 million in the first quarter of 2006 to $121.6 million in the same period of 2007.

Other Income: Other income decreased by $0.7 million to $0.2 million for the three month period ended March 31, 2007, compared to the same period 2006. This decrease is mainly due to unfavorable marked to market losses realized on the interest rate swaps between the two periods.

Net Other Expense: Other expense increased by $0.5 million for the three month period ended March 31, 2007. This change is mainly due to lower foreign exchange losses realized from the settlement of payables raised in currencies other than U.S. dollars during the period.

For the year ended December 31, 2006 compared to the combined year ended December 31, 2005

The following table presents consolidated revenue and expense information for the year ended December 31, 2006 and combined revenue and expense information for the year ended December 31, 2005. This information was derived from the audited consolidated revenue and expense accounts of Navios as predecessor for the period from January 1 to August 25, 2005 and from the audited consolidated revenue and expense accounts of Navios as successor for the period from August 26 to December 31, 2005 and for the year ended December 31, 2006.

The combined revenue and expense is being presented solely to assist comparisons across the years. The successor period for 2005 in the combined statement of cash flow includes the effect of fair value purchase accounting adjustments. The successor and predecessor periods in the combined revenue and expense accounts are not comparable as the successor period revenue and expense accounts include increases to certain charges. The principle increases relate to amortization of intangible assets and increased depreciation, all of which arise as a result of recognizing an increase in the fair value of the assets and liabilities acquired from Navios, and increased interest charges arising as a consequence of additional indebtedness to finance the acquisition.

The combined information is a Non-GAAP financial measure and should not be used in isolation or substitution of the Predecessor and Successor results.

	Successor	Successor	Predecessor	Combined
	Year ended December 31, 2006	August 26, 2005 to December 31, 2005	January 1, 2005 to August 25, 2005	Year ended December 31, 2005
		(Thousands of U.S. Dollars)		
Revenue	$ 205,965	$ 76,376	$ 158,630	$ 235,006
Gain (loss) on FFA's	19,786	(2,766)	2,869	103
Time charter, voyage and port terminal expenses	(84,717)	(39,119)	(91,806)	(130,925)
Direct vessel expenses	(19,863)	(3,137)	(5,650)	(8,787)
General and administrative expenses	(14,565)	(4,582)	(9,964)	(14,546)
Depreciation and amortization	(37,719)	(13,582)	(3,872)	(17,454)
Provision for losses on accounts receivable	(6,242)	(411)	—	(411)
Interest income	3,832	1,163	1,350	2,513
Interest expense	(47,429)	(11,892)	(1,677)	(13,569)
Other income	1,819	52	1,426	1,478
Other expense	(472)	(226)	(757)	(983)
Income before equity in net earnings of affiliated companies	20,395	1,876	50,549	52,425
Equity in net earnings of affiliated companies	674	285	788	1,073
Net income	$ 21,069	$ 2,161	$ 51,337	$ 53,498

Set forth below are selected historical and statistical data for Navios successor company (2006) and for the combined company (2005), that we believe may be useful in better understanding our financial position and results of operations.

	Year ended December 31,	
	2006	2005
Fleet Data		
Available days(*)	10,382	9,147
Operating days	10,333	9,110
Fleet utilization	99.5%	99.6%
Average Daily Results		
Time Charter Equivalents (including FFAs)	$ 18,812	$ 22,771
Time Charter Equivalents (excluding FFAs)	$ 16,906	$ 22,760

(*) Navios has currently fixed out (i.e. arranged charters for) 94.2% and 67.5% of its 2007 and 2008 available days, respectively (excluding Kleimar's fleet).

Note: The acquisition of Kleimar N.V. was consummated February 2, 2007 and, accordingly, none of its results are reflected in the data above or elsewhere relating to the periods ended December 31, 2006 or prior thereto.

During the year ended December 31, 2006, there were 1,235 more available days as compared to 2005. This was due to the increase in the number of owned vessels resulting in 3,333 additional days. The increase, however, was mitigated by the redelivery of charter-in vessels during 2006 and 2005, following the expiration of their charters, reducing the available days by 2,097 days. Navios has been able to increase or decrease its fleet's size by chartering-in vessels for long or short-term periods (less than one year). Fleet size and the corresponding ''available days'' will be decreased if charters are not renewed or replaced.

The average TCE rate excluding FFAs for the year ended December 31, 2006 was $16,906 per day, $5,854 per day lower than the rate achieved in 2005. This was primarily due to a decline in the average time charter market resulting in lower charter-out daily rates in 2006 than those achieved in 2005.

Revenue: Revenue decreased to $206.0 million for the year ended December 31, 2006 as compared to the $235.0 million for the combined year ended December 31, 2005. Navios earns revenue from both owned and chartered-in vessels, contracts of affreightment and the port terminal operations. Revenues from vessel operations decreased by approximately $29.6 million or 13.0% to $197.4 million for the year ended December 31, 2006 from $227.0 for the year ended December 31, 2005. This decrease is mainly attributable to a decline in the average time charter market resulting in lower charter-out daily hire rates in 2006 as compared to 2005, which was partially mitigated by the increase in available days as discussed above.

Revenues from the port terminal increased by $0.5 million to $8.6 million for the year ended December 31, 2006 as compared to $8.1 million in 2005. Port terminal throughput volume increased approximately 7.8% to 2.22 million tons of agricultural and other products for the year ended December 31, 2006 from 2.06 million tons for the year ended December 31, 2005.

Gains and Losses on FFAs: Income from FFAs increased by $19.7 million to a gain of $19.8 million during the year ended December 31, 2006 as compared to $0.1 million for the year ended December 31, 2005. Navios records the change in the fair value of derivatives at each balance sheet date. The changes in fair values of the effective portion of FFAs qualifying for hedge accounting, representing unrealized gains or losses at December 31, 2006, of $9.8 million were recorded in ''Accumulated Other Comprehensive Income/(Loss)'' in the stockholders' equity while the unrealized gains or losses of the remaining FFAs not qualifying for hedge accounting together with the ineffective portion of these qualifying for hedge accounting of $4.0 million loss, were recorded in the statement of operations under ''Gain/(Loss) on Forward Freight Agreements''. The gains/ (losses) included in ''Accumulated Other Comprehensive Income/ (Loss)'' are reclassified to earnings under ''Revenue'' in the statement of operations in the same period or periods during which the hedged forecasted transactions affect earnings. On this basis, approximately $4.2 million have been reclassified to earnings during the year ended December 31, 2006. The FFAs market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios' net position in the market. Market conditions were volatile in both years. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

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Baltic Exchange's Panamax Time Charter Average Index

March 14, 2005	$ 40,842(1)
August 3, 2005	$ 10,162(2)
January 26, 2006	$ 13,267(3)
December 6, 2006	$ 35,713(4)

(1) High for fiscal year 2005
(2) Low for fiscal year 2005
(3) Low for fiscal year 2006
(4) High for fiscal year 2006

Time Charter, Voyage and Port Terminal Expense: Time charter and voyage expenses decreased by $46.6 million or 35.5% to $84.7 million for the year ended December 31, 2006 as compared to $131.3 million for the year ended December 31, 2005. This was primarily due to (a) the decline in the market which positively affected the average charter-in daily hire rate cost from $15,582 per day for fiscal year 2005 to $9,480 per day for fiscal year 2006, (b) the redelivery of higher cost charter-in vessels and the exercise of purchase options that resulted in the expansion of the owned fleet and (c) the reduction of port expenses and fuel consumption cost due to more vessels employed under time charters in 2006, whereby these costs were borne by the charterers, as compared to 2005.

Direct Vessel Expenses: Direct vessel expenses for operation of the owned fleet increased by $11.1 million to $19.9 million or 126.1% for the year ended December 31, 2006 as compared to $8.8 million for the year ended December 31, 2005. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums, maintenance and repairs. This resulted primarily from the increase of the owned fleet by 11 vessels during the period since Navios' acquisition in August 2005 (six vessels were acquired in 2006).

General and Administrative Expenses: General and administrative expense slightly increased by $0.1 million or 0.7% to $14.6 million for the year ended December 31, 2006 as compared to $14.5 million for the year ended December 31, 2005. However, excluding the transaction costs of approximately $3.7 million incurred in connection with the sale of Navios during 2005, general and administrative expenses show an increase of 35.2% or $3.7 million for the year ended December 31, 2006 as compared to year ended December 31, 2005. This increase is mainly attributable to (a) $0.9 million increase in payroll and related costs, (b) $1.9 million increases in professional, legal and audit fees and traveling costs due to the additional costs incurred by Navios as a public company and (c) $0.9 million increased office expenses as a result of our move to the new offices and other expenses related to being a public company.

Depreciation and Amortization: Depreciation and amortization are not directly comparable for the consolidated year ended December 31, 2006 and the combined year ended December 31, 2005. As part of the acquisition of Navios by ISE on August 25, 2005, the dry bulk fleet and port terminal facilities were recorded at their fair market values. The adjusted fixed assets values are being depreciated over the remaining economic useful lives of the individual assets. Amortization for the period from August 26, 2005 onward also includes amortization of the intangible assets recorded on August 25, 2005 as a result of the acquisition of Navios by ISE, with the exception of vessel purchase options and goodwill which are not amortized. For the year ended December 31, 2006, the increase in annual depreciation expense is attributable to the acquisition of 11 vessels since August 26, 2005 (five acquired in the fourth quarter of 2005) having a $12.4 million effect, with the remaining being the effect of the accounting treatment discussed above. See further discussion of Navios' amortization policy ''Results of Operations'' and ''Critical Accounting Policies''.

Provision for Losses on Accounts Receivable: On November 30, 2006, we received notification that one of our FFA trading counterparties filed for bankruptcy in Canada. Our exposure to such

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counterparty as of December 31, 2006 was approximately $7.7 million. While it is too early to determine what recovery Navios may obtain in any liquidation proceeding, it has accrued $5.4 million in its 2006 financial statements.

Net Interest Expense and Income: Interest expense from August 26, 2005 to December 31, 2006 increased as compared to periods prior to August 25, 2005 due to the new debt incurred on August 25, 2005 to finance the acquisition of Navios by ISE, its restructuring on December 21, 2005, the additional debt incurred for the acquisition of additional vessels and the senior notes issued in December 2006, $290.0 million of the net proceeds of which were used to prepay in full three tranches of approximately $241.1 million and on a pro-rata basis, the remaining tranches of the existing senior secured credit facility. As a result, interest expense for the year ended December 31, 2006 is no directly comparable to the same combined period of 2005. Interest income increased by $1.3 million to $3.8 million for the year ended December 31, 2006 as compared to $2.5 million for the year ended December 31, 2005. Although the average cash balances decreased from $91.5 million in 2005 to $88.2 million in 2006, interest increased as a result of the higher weighted average interest rate of 5.0% in 2006 as compared to 3.2% in 2005.

Other Income: Other income increased by $0.3 million to $1.8 million for the year ended December 31, 2006. This increase is mainly due to favorable marked to market gains realized on the interest rate swaps as the interest rates continue to increase on both the short- and long-term, as well as the reversals of provisions for arbitration claims against Navios that have been concluded in Navios' favor.

Net Other Expense: Other expense decreased by $0.5 million to $0.5 million for the year ended December 31, 2006. This change is mainly due to less realized losses on the settlement of payables raised in other currencies during the year.

For the combined year ended December 31, 2005 compared to the year ended December 31, 2004

The following table presents combined revenue and expense information for the year ended December 31, 2005 and consolidated information for the year ended December 31, 2004. The fiscal year 2005 information was derived from the audited consolidated revenue and expense accounts of Navios as predecessor for the period from January 1 to August 25, 2005 and from the audited consolidated revenue and expense accounts of Navios as successor for the period from August 26 to December 31, 2005.

The combined revenue and expense is being presented solely to assist comparisons across the years. The successor period for 2005 in the combined statement of cash flow includes the effect of fair value purchase accounting adjustments. The successor and predecessor periods in the combined revenue and expense accounts are not comparable as the successor period revenue and expense accounts include increases to certain charges. The principle increases relate to amortization of intangible assets and increased depreciation, all of which arise as a result of recognizing an increase in the fair value of the assets and liabilities acquired from Navios, and increased interest charges arising as a consequence of additional indebtedness to finance the acquisition.

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The combined information is a non-GAAP financial measure and should not be used in isolation or substitution of the Predecessor and Successor results.

	Successor August 26, 2005 to December 31, 2005	Predecessor January 1, 2005 to August 25, 2005	Combined Year ended December 31, 2005	Predecessor Year ended December 31, 2004
	(Thousands of U.S. Dollars)			
Revenue	$ 76,376	$ 158,630	$ 235,006	$ 279,184
(Loss) gain on FFA's	(2,766)	2,869	103	57,746
Time charter, voyage and port terminal expenses	(39,530)	(91,806)	(131,336)	(180,026)
Direct vessel expenses	(3,137)	(5,650)	(8,787)	(8,224)
General and administrative expenses	(4,582)	(9,964)	(14,546)	(12,722)
Depreciation and amortization	(13,582)	(3,872)	(17,454)	(5,925)
Gain on sale of vessels	—	—	—	61
Interest income	1,163	1,350	2,513	789
Interest expense	(11,892)	(1,677)	(13,569)	(3,450)
Other income	52	1,426	1,478	374
Other expense	(226)	(757)	(983)	(1,438)
Income before equity in net earnings of affiliated companies	1,876	50,549	52,425	126,369
Equity in net earnings of affiliated companies	285	788	1,073	763
Net income	$ 2,161	$ 51,337	$ 53,498	$ 127,132

Set forth below are selected historical and statistical data for Navios as predecessor (2004) and for the combined company (2005), that we believe may be useful in better understanding our financial position and results of operations.

	Year ended December 31, 2005	Year ended December 31, 2004
Fleet Data		
Available days	9,147	11,952
Operating days	9,110	11,900
Fleet utilization	99.6%	99.6%
Average Daily Results		
Time Charter Equivalents (including FFAs)	$ 22,771	$ 25,985
Time Charter Equivalents (excluding FFAs)	$ 22,760	$ 21,153

During the year ended December 31, 2005, there were 2,805 fewer available days as compared to 2004. This was predominantly the result of the redelivery of short-term charter-in vessels during 2005 according to the contracted redelivery terms in the chartered-in lease agreements. Compared to 2004, Navios chartered-in fewer short-term vessels on lease as management anticipated greater market volatility over the ensuing period. Navios can increase or decrease its fleet's size by chartering-in vessels for long- or short-term periods (less than one year). Fleet size and the corresponding ''available days'' will be decreased if charters are not renewed or replaced. Refer also to the ''Factors Affecting Navios' Results of Operations''.

The average TCE rate excluding FFAs for the year ended December 31, 2005 was $22,760 per day, $1,607 per day higher than the rate for the year ended December 31, 2004. This was primarily due to the redelivery of vessels chartered-out at lower daily rate than the average rate achieved in 2005.

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Revenue: Combined revenue of the predecessor and successor companies decreased to $235.0 million for the year ended December 31, 2005 as compared to the $279.2 million that the predecessor company recorded for the year ended December 31, 2004. Navios earns revenue from both owned and chartered-in vessels, contracts of affreightment and the port terminal operations. Revenues from vessel operations decreased by approximately $44.5 million or 16.4% to $227.0 million for the year ended December 31, 2005 from $271.5 million for the year ended December 31, 2004 as a result of a reduction in the number of vessels chartered-in and operated by Navios during 2005. Total equivalent vessels employed decreased by 23.2% from 32.7 vessels for the year ended December 31, 2004 to 25.1 for the year ended December 31, 2005, resulting in 2,805 fewer available days.

However, the effect on revenues from the reduction in available days was mitigated by the increase achieved in 2005 TCE rate to $22,760 per day or $1,607 per day higher than that of 2004. Revenues from the port terminal increased by $0.4 million to $8.0 million for the year ended December 31, 2005 as compared to $7.6 million in 2004. Port terminal throughput volume increased approximately 1.5% to 2.06 million tons of agricultural and other products for the year ended December 31, 2005 from 2.03 million tons for the year ended December 31, 2004. Navios was able to increase throughput primarily because of an increase in the Uruguayan and Paraguayan soybean crops in 2005 as well as increasing the silo storage capacity to 270,440 tons from September 2005 when a new silo was put into use, as compared to 205,000 tons prior to such time.

Gains and Losses on FFAs: Income from FFAs decreased by $57.6 million to a gain of $0.1 million during the year ended December 31, 2005 as compared to $57.7 million for all of the year ended December 31, 2004. Due to the pending sale of Navios to ISE in 2005, the predecessor management minimized FFA trading exposure and the post acquisition successor management also maintain a similar approach. Navios records the change in the fair value of derivatives at each balance sheet date. None of the FFAs qualified for hedge accounting treatment in the periods being discussed. Accordingly, changes in the fair value of FFAs were recognized in the statement of operations. The FFAs market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios' net position in the market. Market conditions were volatile in both periods. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

	Baltic Exchange's Panamax Time Charter Average Index
June 22, 2004	$ 17,838(1)
November 30, 2004	$ 51,011(2)
March 14, 2005	$ 40,842(3)
August 3, 2005	$ 10,162(4)

(1) Low for 2004
(2) High for 2004

(3) High for 2005
(4) Low for 2005

Time Charter, Voyage and Port Terminal Expense: Time charter and voyage expenses decreased by $48.7 million or 27.1% to $131.3 million for the year ended December 31, 2005 as compared to $180.0 million for the year ended December 31, 2004. This was primarily due to the decrease in equivalent vessels from 32.7 for the year ended December 31, 2004 to 25.1 for the year ended December 31, 2005. The average chartered-in rate also decreased from an average of $16,186 per day for the year ended December 31, 2004 to $15,582 per day for the year ended December 31, 2005.

Direct Vessel Expenses: Direct vessel expenses for operation of the owned fleet increased by $0.6 million to $8.8 million or 7.3% for the year ended December 31, 2005 as compared to $8.2 million for the year ended December 31, 2004. Direct vessel expenses include crew costs, provisions and deck

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and engine stores, lubricating oils, insurance premiums, maintenance and repairs. The increase resulted primarily from increased repair and maintenance costs related to normal usage and to the increase of the owned fleet by five vessels during November and December 2005.

General and Administrative Expenses: General and administrative expense increased by $1.8 million or 14.2% from $12.7 million for the year ended December 31, 2004 to $14.5 million for the year ended December 31, 2005. This increase is attributable to (a) $1.4 million of one-time severance payments to the former CEO, (b) $2.3 million of transaction costs incurred in connection with the sale of Navios and (c) $1.8 million of legal, audit, consulting and other fees borne by Navios as a publicly listed company. This increase was mitigated by a $3.0 million reduction in payroll and office related costs.

Depreciation and Amortization: Depreciation and amortization are not comparable for the predecessor and successor companies. As part of the acquisition of Navios by ISE on August 25, 2005, the dry bulk fleet and port terminal facilities were recorded at their fair market values. The adjusted fixed assets values are being depreciated over the remaining economic useful lives of the individual assets. Amortization for the period from August 26, 2005 onward also includes amortization of the intangible assets recorded on August 25, 2005 as a result of the acquisition of Navios by ISE, with the exception of vessel purchase options and goodwill which are not amortized. The increase in annual depreciation and amortization expense resulting from the acquisition of Navios by ISE and related asset revaluation will be approximately $13.6 million. See further discussion of Navios' amortization policy under ''Liquidity and Capital Resources.''

Net Interest Expense and Income: Interest expense from August 26, 2005 onward will increase due to the new debt incurred on August 25, 2005 and it's restructuring on December 21, 2005. A substantial portion of the new debt was used to finance the acquisition of Navios by ISE and the acquisition of additional vessels. As a result, interest expense for the period from August 26, 2005 to December 31, 2005 is not comparable to periods prior to that date. Navios estimates that, if the acquisition had taken place on January 1, 2005, the annual increase in interest expense on the debt incurred to finance its acquisition by ISE, based on the LIBOR rate at the acquisition date, would be approximately $19.1 million. (See ''Long-Term Debt Obligations and Credit Arrangements'' discussed below). Interest income increased by $1.7 million to $2.5 million for the year ended December 31, 2005 as compared to $0.8 million for the year ended December 31, 2004. This is attributable to higher average cash balances of $91.5 million in 2005 as compared to $62.9 million in 2004, as well as to higher weighted average interest rate of 3.2% in 2005 as compared to

1.4% in 2004.

Other Income: Other income increased by $1.1 million to $1.5 million for the year ended December 31, 2005. This increase is mainly due to favorable marked to market gains realized on the interest rate swaps as the interest rates continue to increase on both the short- and long-term, as well as the reversals of provisions for arbitration claims against Navios that have been concluded in Navios' favor.

Net Other Expense: Other expense decreased by $0.4 million to $1.0 million for the year ended December 31, 2005. This change is mainly due to less realized losses on the settlement of payables raised in other currencies during the year.

Liquidity and Capital Resources

Navios has historically financed its capital requirements with cash flow from operations, equity contributions from stockholders and debt. Main uses of funds have been capital expenditures for the acquisition of vessels, new construction and upgrades at the port terminal, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments of bank loans and payments of dividends. Subsequent to its acquisition, Navios has funded its operation and expansion with proceeds from warrant exercises, internally generated cash flow and borrowings, while it continues to explore means of expanding its available capital. Navios believes that its current sources of capital are adequate to fund the operations of the fleet and the port terminal, including working capital requirements. However, See ''Exercise of Vessel Purchase Options'', ''Working Capital Position'' and ''Long-Term Debt Obligations and Credit Arrangements''

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for further discussion of Navios' working capital position. The successor periods in the combined statement includes the effect of fair value purchase accounting adjustments. The successor and predecessor periods in the combined cash flow accounts are not comparable as the successor period cash flow accounts include increases to certain changes. The principle increases relate to amortization of intangible assets and increased depreciation, all of which arise as a result of recognizing an increase in the fair value of the assets and liabilities acquired from Navios, and increased interest charges arising as a consequence of additional indebtedness to finance the acquisition.

The following table presents cash flow information derived from the unaudited consolidated statements of cash flow of Navios for the three month periods ended March 31, 2007 and 2006.

	Three Month Period ended March 31,	
	2007	2006
	(unaudited)	(unaudited)
	(Thousands of U.S. Dollars)	
Net Cash from operating activities	$ 51,006	$ 8,697
Net Cash used in investing activities	(163,944)	(74,579)
Net Cash provided by financing activities	84,409	59,919
Decrease in cash and cash equivalents	(28,529)	(5,963)

Cash and cash equivalents, beginning of the period	99,658	37,737
Cash and cash equivalents, end of period	$ 71,129	$ 31,774

Cash provided by operating activities for the three month period ended March 31, 2007 as compared to the three month period ended March 31, 2006:

Net cash provided by operating activities increased by $42.3 million to $51.0 million for the three month period ended March 31, 2007 as compared to $8.7 million for the same period of 2006. The increase resulted primarily from higher net income in the three month period ended March 31, 2007 and other factors as discussed below. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization and unrealized gains and losses on derivatives.

The fair value of open FFA trades at March 31, 2007 was lower than in the same period of 2006 and amounted to $7.6 million and $8.1 million, respectively, reflecting the mark to market values at the end of the respective periods (See rate table on page S-28). Unrealized gains (losses) from FFAs for the three month periods ended March 31, 2007 and 2006 amounted to $(1.8) million and $1.9 million, respectively, and reflected the change in net fair value on open FFA contracts between the periods. The $1.8 million loss at March 31, 2007, represents $0.6 million unrealized gains on FFAs not qualifying for hedge accounting treatment charged to period results and $2.4 million loss reclassified to earnings from ''Accumulated Other Comprehensive Income (Loss)'' on FFAs previously qualified for hedge accounting.

Restricted cash increased by $13.5 million from $16.2 million at December 31, 2006 to $29.7 million at March 31, 2007. The primary reasons for this increase were (a) the additional deposits made to NOS ASA with respect to FFAs trading of $10.1 million which was offset by decreased deposits made to LCH by $1.1 million, and the increase in the retention account held with HSH Nordbank in connection with the restructured credit facility by $4.5 million. During the corresponding period of 2006, restricted cash increased by $2.7 million from $4.1 million at December 31, 2005 to $6.8 million at March 31, 2006.

Accounts receivable net increased by $1.6 million from $28.2 million at December 31, 2006 to $29.8 million at March 31, 2007 (including receivables obtained as part of the acquisition of Kleimar amounting to $8.6 million). The primary reason for this increase was the acquisition of Kleimar, which was partially offset by a change in the amount receivable from FFA trading partners which decreased by $0.7 million from $23.5 million at the end of December 31, 2006 to $22.8 million at the end of March 31, 2007 and a decrease in all other receivables by $8.9 million. During the corresponding

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period of 2006, accounts receivable net decreased by $8.4 million from $13.7 million at December 31, 2005 to $5.3 million at March 31, 2006. The primary reason for this decrease was a change in the amount receivable from FFA trading partners which decreased by $8.3 million from $10.5 million at December 31, 2005 to $2.2 million at March 31, 2006.

Prepaid expenses and other current assets increased by $5.0 million from $6.8 million at December 31, 2006 to $11.8 million at March 31, 2007 (this increase is mainly due to prepaid expenses and other current assets obtained as part of the acquisition of Kleimar amounting to $6.4 million) which was offset by a decrease in prepaid voyage costs by $0.9 million. Prepaid expenses also include claims, advances to agents and other assets. All these categories had minor variations resulting in a net decrease of $0.5 million at March 31, 2007 as compared to December 31, 2006. During the corresponding period of 2006, prepaid expenses and other current assets increased by $0.8 million from

$6.4 million at December 31, 2005 to $7.2 million at March 31, 2006 due to the increase in inventories by $0.7 and an increase in all other categories by $0.1 million.

Accounts payable decreased by $4.8 million from $37.4 million at December 31, 2006 to $32.6 million at March 31, 2007 (including accounts payable obtained as part of the acquisition of Kleimar amounting to $1.4 million). The primary reason was the decrease in supplier payables, as well as the amount due to FFA trading partners which decreased by $9.2 million during the three month period ended March 31, 2007. This decrease was mitigated by an increase in supplier payables. During the corresponding period of 2006, accounts payable decreased by $3.8 million from $13.9 million at December 31, 2005 to $10.1 million at March 31, 2006 due to the change in the amount due to FFA trading partners, which decreased by $6.4 million during the quarter ended March 31, 2006. This decrease was mitigated by an increase in supplier payables.

Accrued expenses increased by $14.2 million to $24.9 million at March 31, 2007 (including accrued expenses obtained as part of the acquisition of Kleimar amounting to $5.8 million), as compared to $10.7 million on December 31, 2006. There are various reasons for this increase, including a $9.9 million increase in accrued interest on borrowings, a $3.6 million increase in accrued voyage expenses and an increase of $0.7 million in all other accruals (mainly involving accrual of audit and other consultancy fees, payroll accruals, etc.). During the corresponding period of 2006, accrued expenses decreased by $4.7 million to $6.6 million at March 31, 2006 as compared to $11.3 million on December 31, 2005 due to a $1.7 million decrease in the accrual of audit and other consultancy fees as a result of Navios transitioning from private company status to a public company in 2005, decrease in the accrual for financing fees by $2.0 million and an overall decrease in all other categories by $1.0 million.

Deferred voyage revenue primarily reflects freight and charter-out amounts collected on voyages that have not been completed. Deferred freight increased by $2.5 million and deferred hire increased by $9.4 million as a result of an increase in the number of voyages extending over the period end. During the corresponding period of 2006, deferred freight increased by $0.6 million as a result of an increase in the number of voyages extending over the period end.

Cash used in investing activities for the three month period ended March 31, 2007 as compared to the three month period ended March 31, 2006:

Cash used in investing activities was $163.9 million for the three month period ended March 31, 2007, or an increase of $89.3 million from $74.6 million for the same period in 2006.

In February 2007, Navios paid $145.4 million (net of acquired cash of $22.1 million), for the acquisition of Kleimar N.V., a Belgian maritime transportation company.

In February 2007, Navios paid $18.4 million for the acquisition of a new vessel, Navios Hyperion.

Purchase of property and equipment for the three month period ending March 31, 2007 amounted to $0.1 million for the three month period ended March 31, 2007.

Cash used in investing activities was $74.6 million for the three month period ended March 31, 2006. This was a result of the acquisition of three new vessels and two vessels with purchase options for $73.7 million, as well as the purchase of property plant and equipment for an amount of $0.9 million.

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Cash provided by financing activities for the three month period ended March 31, 2007 as compared to the three month period ended March 31, 2006:

Cash provided by financing activities was $84.4 million for the three month period ended March 31, 2007, while for the same period of 2006 was $59.9 million.

Cash provided by financing activities was the result of (a) the exercise of warrants in January 2007 which resulted in $66.6 million of net cash proceeds, (b) the proceeds from a new secured loan facility which is composed of a $280.0 million Term Loan Facility and $120.0 million reducing Revolving Credit Facility (the proceeds from the new credit facility were utilized to partially finance the acquisition of vessel Navios Hyperion, to repay the remaining outstanding balance of the previous HSH Nordbank facility ($270.0 million), and to partially finance the acquisition of Kleimar) and (c) $1.5 million of installments received in connection with the capital lease receivable. This was offset by a $0.3 million installment paid in connection with Kleimar's outstanding indebtedness and $5.5 million of dividends paid in March 2007, in connection with the fourth quarter of 2006.

Cash provided by financing activities was approximately $60.0 million for the three month period ended March 31, 2006. This was the result of $78.0 million proceeds derived from the restructured credit agreement signed on December 21, 2005, which were utilized to partially finance the acquisition of new vessels. This was offset by $18.0 million of cash used in financing activities which consisted of $15.0 million of installments paid in connection with the credit facility and $3.0 million of dividends paid on March 13, 2006.

The following table presents cash flow information for the year ended December 31, 2006 (successor) and 2004 (predecessor) and combined cash flow information for the year ended December 31, 2005. The 2005 information was derived from the audited consolidated statements of cash flow of Navios as predecessor for the period January 1, 2005 to August 25, 2005 and from the audited consolidated statements of cash flow of Navios as successor for the period August 26, 2005 to December 31, 2005. This combined cash flow information is being presented solely to assist comparisons across the financial periods.

	Successor	Successor	Predecessor	Combined	Predecessor
	Year Ended December 31, 2006	August 26, 2005 To December 31, 2005	January 1, 2005 To August 25, 2005	Year Ended December 31, 2005 (unaudited)	Year Ended December 31, 2004
	(Thousands of U.S. Dollars)				
Net cash provided by operating activities	$ 56,432	$ 24,371	$ 71,945	$ 96,316	$ 137,218
Net cash used in investing activities	(111,463)	(119,447)	(4,264)	(123,711)	(4,967)
Net cash provided by (used in) financing activities	116,952	68,880	(50,506)	18,374	(111,943)
Increase (decrease) in cash and cash equivalents	61,921	(26,196)	17,175	(9,021)	20,308
Cash and cash equivalents, beginning of the period	37,737	63,933	46,758	46,758	26,450
Cash and cash equivalents, end of period	$ 99,658	$ 37,737	$ 63,933	$ 37,737	$ 46,758

Cash provided by operating activities for the year ended December 31, 2006 and the combined year ended December 31, 2005

Net cash provided by operating activities decreased by $39.9 million to $56.4 million for the year ended December 31, 2006 as compared to $96.3 million for the year ended December 31, 2005. The decrease resulted primarily from lower net income in the year ended December 31, 2005 and other factors as discussed below. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization and

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unrealized gains and losses on derivatives. Depreciation and amortization, which include the depreciation of the owned dry bulk fleet and port terminal facilities, is not comparable for the predecessor and successor companies. As part of the acquisition of Navios by ISE, the dry bulk fleet, the assets at Navios' port terminal and intangible assets were written up to fair market value on August 25, 2005. These new values are being depreciated over the remaining economic useful lives of the individual vessels and assets.

The net fair value of open FFA trades as included in the balance sheet at December 31, 2006, was higher than in the same period of 2005 and amounted to $9.0 million and $6.2 million, respectively, reflecting the marked-to-market values at the end of the respective years. Unrealized (gains) losses from FFAs for the years ended December 31, 2006 and 2005 amounted to $(12.5) million and $40.9 million, respectively, and reflected the change in net fair value on open FFA contracts between the years. The $12.5 million gain at December 31, 2006, represents $22.3 million unrealized gain on FFAs not qualifying for hedge accounting treatment charged to period results which offsets the $9.8 million loss on FFAs qualifying for hedge accounting which has been reflected in ''Other Comprehensive Income (Loss)'' under stockholders' equity.

Restricted cash increased by $12.1 million from $4.1 million at December 31, 2005 to $16.2 million at December 31, 2006. The primary reasons for this increase were the additional deposits made to NOS ASA and LCH with respect to FFAs trading of $8.1 million and $5.4 million, respectively, offset by the decrease in the retention account held with HSH Nordbank AG in connection with the restructured credit facility by $0.8 million.

Accounts receivable, net increased by $14.5 million from $13.7 million at December 31, 2005 to $28.2 million at December 31, 2006. The primary reason for this increase was a change in the amount receivable from FFA trading partners which increased by $13.0 million from $10.5 million at December 31, 2005 to $23.5 million at December 31, 2006.

Prepaid expenses and other current assets increased by $0.4 million from $6.4 million at December 31, 2005 to $6.8 million at December 31, 2006. The main reason for the increase in prepaid expenses was the increase in inventories and supplies onboard the vessels of $1.9 million and the increase in other prepaid balances of $0.6 million which were mitigated by the decrease in prepaid voyage expenses of $1.5 million.

Accounts payable increased by $23.5 million from $13.9 million at December 31, 2005 to $37.4 million at December 31, 2006. The primary reason for the increase was the change in the amount due to FFA trading partners, which increased by $20.9 million during the year ended December 31, 2006.

Accrued expenses decreased by $0.6 million to $10.7 million at December 31, 2006 from $11.3 million at December 31, 2005. The primary reasons for this decrease were: (a) the accrual of audit and other consultancy fees as a result of Navios transitioning from a private company to a public company in 2005 decreased by $2.9 million as of December 31, 2006, (b) the restructuring of the debt as of December 21, 2005 resulted in accrued financing fees of $2.6 million at December 31, 2005 which decreased by $2.1 million to $0.5 million at December 31, 2006 and (c) the decrease in all other categories by $0.3 million. This decrease was mitigated by (a) the increase of the accrual for voyage expenses by $2.3 million including a provision of $1.0 million for losses on voyage in progress, (b) the increase of the accrual for payroll and related costs by $0.3 million, (c) the increase of the accrual for loan interest cost by $0.5 million and (d) the establishment of the accrual for audit, consultancy and legal fees with respect to the issuance of the senior notes of $1.5 million that did not exist in 2005.

Deferred voyage revenue primarily reflects freight and charter-out amounts collected on voyages that have not been completed. Deferred freight decreased by $1.3 million due to the fact that there was one voyage at December 31, 2005 amounting to $1.5 million compared to one voyage at December 31, 2006 amounting to $0.2 million.

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Cash used in investing activities for the year ended December 31, 2006 as compared to the combined year ended December 31, 2005:

Cash used in investing activities was $111.5 million for the year ended December 31, 2006, as compared to $123.7 million for the combined year ended December 31, 2005.

In 2006, Navios paid $108.1 million for the acquisition of one vessel and five purchase option vessels. In 2005, Navios paid $110.8 million for the acquisition of three vessels and two purchase option vessels.

In 2006, Navios made a $2.1 million deposit in connection with the exercised option for the acquisition of vessel Navios Hyperion, which was delivered on February 26, 2007. In 2005, Navios made an $8.3 million deposit for the acquisition of four purchase option vessels, all of which were delivered in 2006.

Purchase of property and equipment of $1.3 million for the year ended December 31, 2006 and $4.6 million for the same period in 2005 represents, principally, the amounts paid by Navios in accordance with the terms of the purchase agreement for the construction for the new horizontal silo with ancillary equipment during 2005.

Cash provided by financing activities for the year ended December 31, 2006 as compared to the combined year ended December 31, 2005:

Cash provided by financing activities was $117.0 million for the year ended December 31, 2006, as compared to $18.4 million for the combined year ended December 31, 2005.

Cash provided by financing activities in 2006 was the result of $116.9 million proceeds from the restructured senior secured credit facility signed on December 21, 2005, which were partially utilized to finance the acquisition of one vessel and five purchase option vessels, the $65.4 million of proceeds from the exercise of warrants for common stock and the net proceeds from the senior notes of $291.5 million, a portion of which ($290.0 million) was used to prepay in full three tranches of approximately $241.1 million and on a pro-rata basis the remaining tranches of the existing senior secured credit facility. This was offset by $50.5 million of installments paid in connection with the senior

secured credit facility and $15.4 million of dividends paid.

Cash provided by financing activities in 2005 was $18.4 million for the combined year 2005. Cash provided includes $102.1 million relating to the proceeds from the senior secured credit facility, which was fully utilized to partially finance the acquisition of new vessels, and $102.3 million relating to cash received from the downstream merger. This was offset by $177.4 million of payments comprising installments paid in connection with the senior secured credit facility and repayment of debt and by $8.6 million related to the repayment of a non-interest bearing loan from a principal stockholder of Navios.

Cash provided by operating activities for the combined year ended December 31, 2005 as compared to year ended December 31, 2004:

Net cash provided by operating activities decreased by $40.9 million to $96.3 million for the combined year ended December 31, 2005 as compared to $137.2 million for the year ended December 31, 2004. The decrease resulted primarily from lower net income in the year ended December 31, 2005 and other factors as discussed below. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization and unrealized gains and losses on derivatives. Depreciation and amortization, which include the depreciation of the owned dry bulk fleet and port terminal facilities, is not comparable for the predecessor and successor companies. As part of the acquisition of Navios by ISE, the dry bulk fleet, the assets at Navios' port terminal and intangible assets were written up to fair market value on August 25, 2005. These new values are being depreciated over the remaining economic useful lives of the individual vessels and assets.

FFAs settle on the last working day of each month. Although all outstanding FFAs were marked to market on August 25, 2005, there was no settlement on that date and, therefore, no transfer to

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accounts receivable or accounts payable. The volume of FFA derivative trades were curtailed during 2005 based on a strategic management decision to minimize the open positions to curtail the level of volatility prior to the culmination of the acquisition of Navios by International Shipping Enterprises. The fair value of open trades at December 31, 2005 was substantially lower than at December 31, 2004. A large component of the $47.1 million marked to market value recorded at December 31, 2004 settled monthly during the year ended December 31, 2005. This resulted in the reversals of the $47.1 million of unrealized gains as of December 31, 2004 being greater than the December 31, 2005 marked to market net asset being recorded of $6.2 million.

Accounts receivable before netting the effect of the provision for doubtful receivables of $0.4 million and $2.3 million as of December 31, 2005 and 2004, respectively, decreased by $3.4 million from $17.5 million at December 31, 2004 to $14.1 million for the combined 12 months ended December 31, 2005. The primary reason for this decrease was a change in the amount receivable from FFA trading partners which decreased by $2.2 million from $12.7 million at the end of December 31, 2004 to $10.5 million at the end of December 31, 2005. The corresponding asset resulting from the marked to market valuation related to the FFA derivatives at December 31, 2005 is included in the short-term derivative asset on the balance sheet. Although the number of vessels chartered-out has remained constant between the two comparative year ends, the charter-out market rates dropped during 2005 impacting the value of the outstanding receivables at period ends.

Prepaid expenses and other current assets decreased by $6.8 million from $13.2 million at December 31, 2004 to $6.4 million. The prepaid expenses consist predominantly of freight, chartered-in hire paid in advance and prepaid bunkers fuel on charter-in vessels which decreased by $3.9 million. Prepaid freight increased by $1.2 million resulting from one voyage which extended over the December 31, 2005 year end. The prepaid hire on chartered-in vessels decreased by $4.9 million as there were 15 charter-in vessels at December 31, 2005, which was seven less than the 22 vessels chartered-in at December 31, 2004. Additionally, the average gross hire cost per vessels of $22,232 at December 31, 2004 decreased to $14,678 by the end of December 31, 2005.

Accounts payable decreased by $1.0 million from $14.9 million to $13.9 million at December 31, 2005. The primary reason for the decrease was a change in the amount due to FFA trading partners, which decreased by $2.4 million, as a result of the decreased number of trades at December 31, 2005 as compared to December 31, 2004. The corresponding liability resulting from the marked to market valuation related to the FFA derivatives at December 31, 2005, is included in the short-term derivative liability on the balance sheet. With the acquisition of Navios by ISE on August 25, 2005 and the down stream merger which took place on the same day, ISE contributed an accounts payable balance of $10.5 million (mainly acquisition costs). During the period from the acquisition date of Navios to December 31, 2005, the majority of the ISE payables were settled.

Accrued expenses increased by $4.2 million to $11.3 million at December 31, 2005 as compared to $7.1 million on December 31, 2004. There are various reasons for this increase, including a $1.1 million increase in the accrual of audit fees as a result of Navios transitioning from private company status to a public company. The refinancing of the debt at the end of December 2005 resulted in financing fees being accrued in the amount of $2.6 million. The accruals for other professional services also increased by $1.1 million also related to the transition from a private company to a public company, a balance of $0.8 million in the restructuring accrual and an increase of $0.7 million the accrued voyage expenses. These increases were partially offset by the decrease in the accrual for loss making voyages in progress from $1.3 million on three vessels on December 31, 2004 to $0.0 million on December 31, 2005. Estimated losses on voyages are provided for in full at the time such losses become evident. The accrual was further reduced by a reduction in payroll accruals of $1.0 million. With the acquisition of Navios by ISE on August 25, 2005, and the down stream merger which took place on the same day, ISE contributed an accrued expense balance of $2.3 million (mainly accrual of taxes and professional fees). During the period from the acquisition date of Navios to December 31, 2005, the majority of the ISE accrued expenses were settled.

Deferred voyage revenue primarily reflects freight and charter-out amounts collected on voyages that have not been completed. Deferred freight decreased by $3.7 million as a result of a reduction in

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the number of voyages extending over the year ends. There were three voyages at December 31, 2004 amounting to $5.3 million compared to one voyage at the end of December 31, 2005 amounting to $1.6 million. The deferred hire on chartered-out vessels decreased by $0.4 million; however, there were 25 charter-out vessels at December 31, 2005, which was one more than the 24 charter-out vessels at December 31, 2004. Additionally, the average gross hire revenue per vessel of $225,000 at December 31, 2004 decreased to $199,000 by the end of December 31, 2005.

Payments on interest rate swaps, as reflected in the derivative accounts, totaled $1.4 million for the 12 month period ended December 31, 2005 as compared to $2.3 million during the year ended December 31, 2004. Two factors caused this change. First, interest rates on average were lower during 2004 and the liability exposure was consequently greater in terms of the swap arrangements and second, the notional balance applied by the banks to calculate interest

decreased over time and was lower in 2005 because of notional principal payments applied to the outstanding balance.

Although the market rates were favorable in term of the Navios portfolio at December 31, 2004, new trades being negotiated through NOS required additional margin deposits. At December 31, 2004, Navios had received $0.3 million of cash for a corresponding portfolio gain of $5.0 million, of which $1.9 million was an unrealized gain. At December 31, 2005, the market rates had started to decline and although Navios did fewer trades through NOS during 2005, Navios was still required to increase the amount of funds on call to $2.0 million while the portfolio was showing a loss of $0.5 million, of which $0.3 million was an unrealized gain. This resulted in a $1.6 million movement in the unrealized component of the portfolio, from a $1.9 million gain to a $0.3 million gain.

Navios started trading FFA's through the NOS exchange in April of 2004, so the volume of trades for the 12 months of 2004 compared to 2005 was lower. NOS, as an exchange, have the right to call on its participants to post call margins depending on the marked to market status of the portfolio.

Cash used in investing activities for the combined year ended December 31, 2005 as compared to year ended December 31, 2004:

Cash used in investing activities was approximately $123.7 million for the combined year ended December 31, 2005, or an increase of approximately $118.7 million from $5 million for the year ended December 31, 2004.

In 2005, Navios made an $8.3 million deposit in connection with the acquisition of four purchase option vessels, three of which have already been delivered and the fourth was delivered in April 2006. No such deposits were made in 2004.

In 2005, Navios paid $110.8 million for the acquisition of three new vessels and two purchase option vessels. No vessels were acquired in 2004.

Purchase of property and equipment of $4.6 million for the combined year ended December 31, 2005 and $5.1 million for the year ended December 31, 2004 principally represent the amounts paid by Navios in accordance with the terms of the purchase agreement for the construction of the new horizontal silo with ancillary equipment during 2005 and four new vertical silos with ancillary equipment during 2004, respectively.

Cash provided by (used in) financing activities for the combined year ended December 31, 2005 as compared to year ended December 31, 2004:

Cash provided from financing activities was $18.4 million for the combined year ended December 31, 2005.

On August 18, 2005, Navios closed out its then existing credit agreements and repaid the $49.8 million outstanding as of that date ($50.5 million balance as of December 31, 2004). This prepayment of the loan was made using available funds and no penalties were imposed due to early repayment. During the period from August 26 to December 31, 2005, Navios made the scheduled principal payments of $79.4 million and $47.5 million in connection with the credit agreements signed on July 12, 2005 and December 21, 2005. In addition, Navios also repaid $8.6 million to an initial

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stockholder of ISE who became an officer and principal stockholder of Navios and who advanced a total of $8.6 million to ISE in the form of a non-interest bearing loan.

The $102.3 million cash received from the downstream merger is the cash of ISE as at August 25, 2005, at the time of the merger with and into Navios and was derived from the proceeds of the credit agreement signed on July 12, 2005 of $514.4 million less the financing of the purchase price of Navios by $412.0 million.

The proceeds of $105.9 million derived from the credit agreement signed on December 21, 2005, and were utilized to partially finance the acquisition of new vessels.

Cash used in financing activities was $111.9 million for the year ended December 31, 2004.

During December 2005, Navios refinanced the credit facility obtained on July 12, 2005 (Note 11) which was not accounted for in the same manner as a debt extinguishment. Therefore, fees paid to the bank, in the amount of $3.8 million associated with the new loan, are capitalized as deferred financing costs.

In 2004, Navios refinanced all of its credit facilities with two revolving debt facilities and one term loan. The $139.2 million payments were offset by $91.5 million in proceeds from the new term loans and $41.0 million was paid down on scheduled principal payments.

During 2004, Navios redeemed all of its mandatorily redeemable preferred stock for $15.2 million. There was no outstanding preferred stock as of December 31, 2004. Furthermore, in 2004, Navios redeemed $9.0 million of common stock and distributed $40.0 million in dividends to its shareholders.

EBITDA reconciliation

EBITDA: EBITDA represents net income before interest, taxes, depreciation and amortization. Navios uses EBITDA because Navios believes that EBITDA is a basis upon which liquidity can be assessed and because Navios believes that EBITDA presents useful information to investors regarding Navios' ability to service and/or incur indebtedness. Navios also uses EBITDA (i) in its debt instruments to measure compliance with covenants such as interest coverage and debt incurrence; (ii) by prospective and current lessors as well as potential lenders to evaluate potential transactions; and (iii) to evaluate and price potential acquisition candidates.

EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of Navios' results as reported under US generally accepted accounting principles, or GAAP. Some of these limitations are: (i) EBITDA does not reflect changes in, or cash requirements for, working capital needs and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, EBITDA should not be considered as a principal indicator of Navios' performance.

EBITDA increased by $10.0 million to $34.6 million for the three month period ended March 31, 2007 as compared to $24.6 million for the same period of 2006. The increase is mainly attributable to (a) a gain in FFAs trading of $2.9 million in the first quarter of 2007 versus a gain of $1.7 million in the same period in 2006, resulting in a favorable FFA variance of $1.2 million, (b) the increase in revenues by $52.6 million from $49.2 million in the first quarter of 2006 to $101.8 million in the same period of 2007. The above increase was mitigated mainly by (a) the increase in time charter and voyage expenses by $39.6 million from $20.8 million in the first quarter of 2006 to $60.4 million in the same period of 2007, (b) the increase in the direct vessels expenses by $2.5 million due to the expansion of the owned fleet from fifteen vessels in the first quarter of 2006 to 18 vessels in the same period of 2007, (c) the increase in general and administrative expenses by $0.7 million and (d) the net decrease in all other categories (other income/expenses, income from investments in finance leases, income from affiliate companies, etc.) by $1.0 million.

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EBITDA reconciliation to cash from operations for three months ended March 31, 2007 and 2006

	Three Month Period ended March 31,	
	2007 (unaudited)	2006 (unaudited)
	(Thousands of U.S. Dollars)	
Net cash provided by operating activities	$ 51,006	$ 8,697
Net increase (decrease) in operating assets	15,184	(4,932)
Net (increase) decrease in operating liabilities	(41,594)	9,112
Net interest cost	11,948	8,738
Deferred finance charges	(447)	(653)
Provision for losses on accounts receivable	550	—
Unrealized gain (loss) on FFA derivatives, FECs and interest rate swaps	(2,601)	2,804
Earnings in affiliates and joint ventures, net of dividends received	452	(301)
Payments for drydock and special survey	74	1,132
EBITDA	$ 34,572	$ 24,597

EBITDA increased by $21.0 million to $103.2 million for the year ended December 31, 2006 as compared to $82.2 million for the same period of 2005. This $21.0 million increase in EBITDA was primarily due to (a) a $19.7 million increase in gains from FFAs and (b) a $46.6 million reduction in time charter and voyage and port terminal expenses as discussed in the section ‘‘Period over Period Comparisons.’’ The above overall favorable variance of $66.3 million was mitigated by the decrease in revenues by approximately $29.0 million for the reasons explained in the section ‘‘Period over Period Comparisons’’ and the approximately $11.1 million increase in direct vessel expenses (excluding the amortization of deferred dry dock and special survey costs) as a result of the increase of owned fleet and the provision for a doubtful receivable of $5.4 million.

EBITDA decreased by $53.8 million to $82.2 million for the year ended December 31, 2005 as compared to $136.0 million for the year ended December 31, 2004. The major contributor to this unfavorable variance in EBITDA was the substantial gains in FFA trading in the year ended December 31, 2004 of $57.7 million as compared to a gain of $0.1 million for the year ended December 31, 2005. Excluding results from FFA trading, EBITDA from operations was $3.8 million higher in the year ended December 31, 2005 than in the year ended December 31, 2004. The $3.8 million increase in non-FFA EBITDA reflects the reduction in revenues by $44.2 million, which was mitigated by the $48.7 million decrease in time charter, voyage and port terminal expenses as discussed above.

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