

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

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

DATED: MARCH 22, 2006

Commission File No. 000-51047

NAVIOS MARITIME HOLDINGS INC.

85 AKTI MIAOULI, PIRAEUS, GREECE 185 38
(Address of Principal Executive Offices)

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

Form 20-F ☒ Form 40-F _____

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No ☒

NAVIOS MARITIME HOLDINGS INC.

FORM 6-K

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OPERATIONAL AND FINANCIAL RESULTS

On March 22, 2006, Navios issued a press release announcing the
operational and financial results for the fourth quarter ended December 31, 2005

and for the full years ended December 31, 2005 and 2004. In addition, the press release announces certain restatements with respect to the third quarter results. A copy of the press release is furnished as Exhibit 99.1 to this Report and is incorporated herein by reference.

Navios has also included in this Report its complete audited financial statements (including footnotes thereto) for the fiscal year ended December 31, 2005. A copy of such audited financial statements and the report of PricewaterhouseCoopers included therein is furnished as Exhibit 99.2 to this Report and is incorporated herein by reference.

SIGNATURES

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

NAVIOS MARITIME HOLDINGS INC.

By: /s/ Angeliki Frangou

Angeliki Frangou
Chief Executive Officer
Date: March 22, 2006

EXHIBIT INDEX

EXHIBIT NO. -----	EXHIBIT -----
99.1	Press Release dated March 22, 2006.
99.2	Audited Financial Statements for the fourth quarter ended December 31, 2005 and the fiscal years ended December 31, 2005 and 2004 and the report of PricewaterhouseCoopers included therein.

NAVIOS MARITIME HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE FOURTH QUARTER
AND FULL YEAR (COMBINED) ENDED DECEMBER 31, 2005

PIRAEUS, GREECE, March 22, 2006 - Navios Maritime Holdings Inc. ("Navios") (NASDAQ: BULK, BULKU, BULKW), a leading vertically integrated global shipping company specializing in the dry-bulk shipping industry, today reported its financial results for the fourth quarter and full year (combined) ended December 31, 2005.

Ms. Angeliki Frangou, Chairman and CEO of Navios, stated: "I am pleased by Navios' performance with respect to 2005. We have increased our owned fleet by 170%, but Navios' business goes beyond mere ownership of assets; Navios' core strength is the flexibility of its business model. The vertically integrated business enables Navios to use Forward Freight Agreements, Contracts of Affreightment and short term chartering to manage its revenue sources and business risks by tailoring unique solutions through a mix of services. We believe that the inherent flexibility of Navios' business model will, over the long term, mitigate risk in down markets and allow us to capture the potential in up markets."

For the following results and the selected financial data presented herein, Navios has compiled consolidated statement of operations for the three month period ended December 31, 2005 and 2004, combined statement of operations for the year ended December 31, 2005 (including the predecessor business from January 1, 2005 to August 25, 2005 and successor business for the period from August 26, 2005 to December 31, 2005) and consolidated statement of operations for the year ended December 31, 2004. The 2005 information was derived from the audited financial statements of the successor and predecessor. Navios has prepared this combined statement of operations information solely to enable comparisons for the years ended December 31, 2005 and 2004. The successor period in the combined statement of operations is not directly comparable to the predecessor period because it includes the effects of fair value purchase accounting adjustments. The combined information and EBITDA are non-US GAAP financial measures and should not be used in isolation or substitution for the predecessor and successor results.

FOURTH QUARTER 2005 RESULTS (IN THOUSANDS OF US DOLLARS):

		SUCCESSOR		PREDECESSOR
		THREE MONTHS ENDED DECEMBER 31, 2005		THREE MONTHS ENDED DECEMBER 31, 2004
Revenues	\$	55,922	\$	62,910
EBITDA	\$	18,773	\$	33,362
Net income	\$	1,124	\$	31,216

Navios earns revenue from both owned and chartered-in vessels, contracts of affreightment and port terminal operations. Revenues for the three months of operations ended December 31, 2005 were \$55.9 million as compared to \$62.9 million for the same period during 2004. The decline in revenues is mainly attributable to a decrease in the number of vessels operated by the company during the respective periods as shown in the exhibit under "Fleet Summary Data". The "Available Days" for the fleet declined 12.8% to 2,261 days for the quarter ended December 31, 2005 as compared to the same period for 2004. The "Time Charter Equivalent" rate per day, including Forward Freight Agreements (FFAs), declined 23.3% to \$20,757 for the three months ended December 31, 2005 as compared to the same period for 2004.

EBITDA was \$18.8 million for the fourth quarter 2005 as compared to \$33.4 million for the same period of 2004. The decrease in EBITDA was primarily due to a loss in FFA trading of \$1.9 million for the fourth quarter 2005 compared to a substantial gain of \$15.3 million for the same period of 2004. Excluding this unfavorable variance of \$17.2 million in FFA trading, EBITDA from operations was \$2.6 million higher in the fourth quarter of 2005 than in the same period of 2004.

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In the fourth quarter of 2005, there were \$0.1 million of transaction costs incurred in connection with the sale of Navios and approximately \$1.8 million of legal, audit, consulting and other fees borne by Navios as a publicly listed company. These were mitigated by a \$1.3 million reduction in payroll costs.

Net income for the fourth quarter ended December 31, 2005 was \$1.1 million as compared to \$31.2 million for the comparable period of 2004. In addition to the reasons mentioned above, this decline is also attributable to (a) a \$7.1 million

increase in amortization costs related to intangible assets established on the Company's balance sheet as part of the acquisition in accordance with purchase accounting principles under US GAAP and (b) a \$7.8 million increase in interest expenses due to increased indebtedness to finance the acquisition of the company in August 2005 and purchase five additional vessels since the acquisition.

Navios' cash and cash equivalents balance at December 31, 2005 was \$37.7 million.

YEAR 2005 RESULTS (IN THOUSANDS OF US DOLLARS):

	SUCCESSOR	PREDECESSOR	COMBINED	PREDECESSOR
	AUGUST 26, 2005 TO DECEMBER 31, 2005	JANUARY 1, 2005 TO AUGUST 25, 2005	YEAR ENDED DECEMBER 31, 2005	YEAR ENDED DECEMBER 31, 2004
Revenues	\$ 76,376	\$ 158,630	\$ 235,006	\$ 279,184
EBITDA	\$ 26,537	\$ 55,696	\$ 82,233	\$ 135,967
Net income	\$ 2,161	\$ 51,337	\$ 53,498	\$ 127,132

Revenues for the year ended December 31, 2005 were \$235.0 million as compared to \$279.2 million for the same period during 2004. This decline in revenues is mainly attributable to a decrease in the number of vessels operated by the company during the respective periods as shown in the exhibit under "Fleet Summary Data". The "Available Days" for the fleet declined 23.5% to 9,147 days for the year ended December 31, 2005 as compared to the same period for 2004. The "Time Charter Equivalent" rate per day, including FFAs, declined 12.4% to \$22,771 for the year ended December 31, 2005 as compared to the same period for 2004.

EBITDA was \$82.2 million for the year ended December 31, 2005 as compared to \$136.0 million for the same period of 2004. This unfavorable variance in EBITDA was primarily due to 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.

In the year ended December 31, 2005 there were \$2.3 million of transaction costs incurred in connection with the sale of Navios, \$1.4 million of one-time severance payments to the former CEO, and \$1.8 million of legal, audit, consulting and other fees borne by Navios as a publicly listed company. These were mitigated by a \$3.0 million reduction in payroll and office related costs for the year ended December 31, 2005.

Net income for the year ended December 31, 2005 was \$53.5 million as compared to \$127.1 million for the comparable period of 2004. In addition to the reasons mentioned above, this decline is also attributable to (a) a \$10.0 million increase in amortization costs related to intangible assets established on the Company's balance sheet as part of the acquisition in accordance with purchase accounting principles under US GAAP and (b) a \$10.1 million increase in interest expenses due to increased indebtedness to finance the acquisition of the company in August 2005 and purchase five additional vessels since the acquisition.

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RESTATEMENT OF THIRD QUARTER BALANCES

In connection with the acquisition of Navios by International Shipping Enterprises, Inc. and the subsequent downstream merger that occurred on August 25, 2005, the Company allocated a portion of the purchase price to the fair value of favorable lease contracts associated with its vessels. Some of these lease contracts include purchase options whereby the Company can acquire the vessel for a fixed price before the end of the lease term. The portion of the intangible asset associated with the purchase option for the vessels is not amortized and when the purchase options are exercised, it will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel.

The Company's policy is to recognize lease expense on a straight-line basis over the lease term. The Company's calculation of lease expense for the successor period from August 26, 2005 to September 30, 2005 was inconsistent with this policy. The Company has corrected lease expense for this period to be consistent with this policy.

These resulted in non-cash adjustments that have no effect on the Company's cash flow from operations or its previously announced EBITDA or cash position or financial position. They also do not have an effect on the Predecessor periods since the adjustments relate to post-acquisition amortization periods.

These adjustments have the following impact on the Company's Q3 2005 (Successor) financial statements:

- o Increase amortization expense for the Successor period August 26, 2005 to September 30, 2005 by \$1.66 million.
- o Reduce the intangible asset associated with the favorable leases at September 30, 2005 by \$1.66 million.
- o Reduce net income for the Successor period August 26, 2005 to September 30, 2005 by \$1.66 million.

The following items in the Consolidated Statement of Operations and the Consolidated Balance Sheets have been restated as follows:

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands of U.S. Dollars)

	AUGUST 26, 2005 TO SEPTEMBER 30, 2005 (PREVIOUSLY REPORTED IN F-1A)	SUCCESSOR ----- AUGUST 26, 2005 TO SEPTEMBER 30, 2005 (AS RESTATED)
Depreciation and amortization	(\$2,187)	(\$3,847)
Income before equity in net earnings of affiliate companies	\$2,569	\$909
Net income	\$2,697	\$1,307
Net income per share		
Basic	\$0.068	\$0.026
Diluted	\$0.054	\$0.021

CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. Dollars)

	SEPTEMBER 30, 2005 (PREVIOUSLY REPORTED IN F-1A)	SUCCESSOR ----- SEPTEMBER 30, 2005 (AS RESTATED)
Favorable leases terms	\$138,780	\$137,120
Total non-current assets	\$545,753	\$544,093
Total assets	\$744,812	\$743,152
Retained earnings	\$2,697	\$1,037
Total stockholders' equity	\$186,949	\$185,289
Total liabilities and stockholders' equity	\$744,812	\$743,152

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FLEET SUMMARY DATA:

The following table reflects certain key indicators indicative of the Company's and its fleet's performance for the three month periods ended December 31, 2005 and 2004, and the years ended December 31, 2005 (combined) and 2004.

	SUCCESSOR	PREDECESSOR	COMBINED	PREDECESSOR
	THREE MONTHS ENDED		YEARS ENDED	
	DECEMBER 31, 2005	DECEMBER 31, 2004	DECEMBER 31, 2005	DECEMBER 31, 2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Available Days (1)	2,261	2,594	9,147	11,952

Operating Days (2)	2,253	2,558	9,110	11,900
Fleet Utilization (3)	99.6%	98.6%	99.6%	99.6%
Time Charter Equivalent (TCE)* (4)	\$20,757	\$27,059	\$22,771	\$25,985

*Including gains and losses from FFAs. While FFAs are an integral part of our shipping business they are, for accounting purposes, a distinct activity. TCE rates excluding FFAs were, for the three months ending December 31, 2005 and 2004, \$21,583 and \$21,178, respectively and for the years ended December 31, 2005 and 2004, \$22,760 and \$21,153, respectively.

- (1) Available days for fleet are total calendar days the vessels were in our possession for the relevant period after subtracting off-hire days associated with major repairs, drydocks or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.
- (2) Operating days is the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.
- (3) Fleet utilization is the percentage of time that our vessels were available for revenue generating available days, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels.
- (4) Time Charter Equivalent, or TCE, are defined as voyage and time charter revenues plus gains or losses on FFAs less voyage expenses during a relevant period divided by the number of available days during the period.

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FLEET EMPLOYMENT PROFILE:

Following is the "core fleet" employment profile, including newbuilds to be delivered. The "core fleet" includes the owned vessels and the long term chartered-in vessels. Navios' core fleet consists of a total of 32 vessels, totaling 2.1 million deadweight tons. Eight of these vessels are scheduled to be delivered to the fleet within the next two years.

Currently, the company operates a fleet of 24 vessels of which 13 are owned and 11 are chartered-in under long-term time charters. These vessels aggregate approximately 1.55 million deadweight tons and have an average age of 4.3 years. Navios has currently fixed 78.2% of its 2006 available days on a time charter-out basis. The average daily charter-out rate for the fleet is \$17,179 for 2006. The average daily charter-in rate for the long term charter-in vessels is \$9,457 for 2006.

OWNED VESSELS

VESSELS	TYPE	BUILT	DWT	CHARTER RATE (1)	EXPIRATION DATE (2)
Navios Achilles	Ultra Handymax	2001	52,063	15,533	10/08/2006
Navios Apollon	Ultra Handymax	2000	52,073	16,150	08/21/2007
Navios Herakles	Ultra Handymax	2001	52,061	18,050	03/15/2006
				15,437	02/15/2007
Navios Hios	Ultra Handymax	2003	55,180	19,237	09/15/2006
Navios Ionian	Ultra Handymax	2000	52,068	17,212	03/01/2006
				15,152	02/01/2007
Navios Kypros	Ultra Handymax	2003	55,222	24,063	04/27/2006
Navios Meridian	Ultra Handymax	2002	50,316	20,045	10/15/2006
Navios Mercator	Ultra Handymax	2002	53,400	21,175	10/01/2006
Navios Libra II	Panamax	1995	70,135	16,150	3/11/2006
				17,385	07/11/2006
Navios Alegria	Panamax	2004	74,466	23,750	08/03/2006
Navios Felicity	Panamax	1997	73,867	9,144	03/25/2007
Navios Gemini S	Panamax	1994	68,636	19,000	06/15/2006
Navios Arc	Ultra Handymax	2003	53,514	17,908	04/15/2006
				15,438	03/15/2007

LONG TERM CHARTERED-IN VESSELS

VESSELS -----	TYPE ----	BUILT -----	DWT ---	PURCHASE ----- OPTION -----	CHARTER RATE (1) -----	EXPIRATION ----- DATE (2) -----
Navios Horizon	Ultra Handymax	2001	50,346	Exercised	12,588	05/30/2006
Navios Vector	Ultra Handymax	2002	50,300	No	8,811	12/17/2007
Navios Aurora	Panamax	2005	75,200	Yes	24,063	05/27/2008
Navios Cielo	Panamax	2003	75,834	No	18,050	04/30/2006
Navios Galaxy	Panamax	2001	74,195	Exercised	24,062	12/25/2007
Navios Hyperion	Panamax	2004	75,500	Yes	15,400	01/05/2007
Navios Magellan	Panamax	2000	74,333	Exercised	18,050	03/17/2006
					14,963	02/17/2007
Navios Orbiter	Panamax	2004	76,000	Yes	16,150	10/16/2006
Navios Orion	Panamax	2005	76,000	No	21,175	01/15/2007
Navios Star	Panamax	2002	76,662	Yes	15,343	01/13/2007
Navios Titan	Panamax	2005	82,300	No	20,000	10/09/2007

LONG TERM CHARTERED-IN VESSELS TO BE DELIVERED

VESSELS -----	TYPE ----	TO BE DELIVERED -----	PURCHASE OPTION -----	DWT ---
Navios TBN	Ultra Handymax	05/2006	Yes	53,500
Navios TBN	Panamax	08/2006	No	82,800
Navios TBN	Panamax	01/2007	Yes	75,500
Navios TBN	Ultra Handymax	04/2007	Yes	53,500
Navios TBN	Panamax	09/2007	Yes	82,000
Navios TBN	Panamax	11/2007	No	75,200
Navios TBN	Panamax	03/2008	Yes	76,500
Navios TBN	Ultra Handymax	05/2008	No	55,100

(1) Time Charter Rate per day net of commissions

(2) Estimated dates assuming earliest redelivery by charterers

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DIVIDEND:

Navios has already announced that its Board of Directors has declared the company's quarterly cash dividend of \$0.0666 per common share, payable on March 13, 2006 to stockholders of record as of February 27, 2006.

CONFERENCE CALL:

As already announced, today, Wednesday, March 22, 2006 at 08:30 AM EST, the Company's management will host a conference call to discuss the results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: (800) 309-9171 (from the US) or (706) 643-3639 (from outside the US). Pass code: 6683465

A telephonic replay of the conference call will be available until Wednesday, March 29, 2006 by dialing (800) 642-1687 (from the US) or (706) 645-9291 (from outside the US). Pass code: 6683465

WEBCAST:

This call will simultaneously be Webcast at the following Web address:

<http://www.videonewswire.com/event.asp?id=32868>

The Webcast will be archived and available at this same Web address for one year following the call.

ABOUT NAVIOS MARITIME HOLDINGS INC.

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

Navios owns and operates a fleet of nine Ultra Handymax and four Panamax vessels. It also time charters in and operates a fleet of two Ultra Handymax and nine Panamax vessels that are employed to provide worldwide transportation of bulk commodities on a long term basis. Furthermore, it also operates a port and transfer terminal located in Nueva Palmira, Uruguay. The facility consists of docks, conveyors and silo storage capacity totaling 270,440 tons. The owned fleet has a total capacity of 763,001 dwt and an average age of approximately 5.4 years. Of the 11 chartered-in vessels, Navios has options to acquire seven of them, two of which are expected to be delivered in the week starting March 20, 2006 and one in the first week of April 2006, thereby increasing the owned fleet capacity by 198,874 dwt. Furthermore, it also has eight long term chartered-in vessels scheduled to be delivered on various dates from May 2006 to May 2008. Navios has options to purchase five of these vessels.

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FORWARD LOOKING STATEMENTS

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

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	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,737	\$ 46,758
Restricted cash	4,086	3,513
Accounts receivable, net	13,703	15,200
Short term derivative assets	45,556	109,310
Short term backlog assets	7,019	-
Prepaid expenses and other current assets	6,438	13,163
	-----	-----
TOTAL CURRENT ASSETS	\$ 114,539	\$ 187,944
	-----	-----
Deposit on exercise of vessels purchase options	8,322	-
Vessels, port terminal and other fixed assets, net	365,997	138,199
Fixed assets under construction	-	2,794
Long term derivative assets	28	708
Deferred financing costs, net	11,677	425
Deferred dry dock and special survey costs, net	2,448	435
Investments in affiliates	657	557
Long term back log asset	7,744	-
Trade name	89,014	2,004
Port terminal operating rights	30,728	-
Favorable lease terms	117,440	-
Goodwill	40,789	226
	-----	-----
TOTAL NON-CURRENT ASSETS	674,844	145,348
	-----	-----
	-----	-----
TOTAL ASSETS	\$ 789,383	\$ 333,292
	=====	=====
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 13,886	\$ 14,883
Accrued expenses	11,253	7,117
Deferred voyage revenue	6,143	15,135
Short term derivative liability	39,992	65,392
Short term backlog liability	8,109	-
Current portion of long term debt	54,221	1,000
	-----	-----
TOTAL CURRENT LIABILITIES	133,604	103,527
	-----	-----
Long term debt, net of current portion	439,179	49,506
Long term liabilities	2,297	3,024
Long term derivative liability	598	2,444
Long term backlog liability	5,947	-
	-----	-----
TOTAL NON-CURRENT LIABILITIES	448,021	54,974
	-----	-----
TOTAL LIABILITIES	581,625	158,501
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
SUCCESSOR		
Preferred stock - \$0.0001 par value, authorized 1,000,000 shares.	-	-
None issued		
Common stock - \$ 0.0001 par value, authorized 120,000,000 shares,		-
issued and outstanding 44,239,319	4	
PREDECESSOR		
Common stock - \$0.10 par value - authorized, issued and outstanding	-	87
874,584 shares		
Additional paid-in capital	205,593	60,570
LEGAL RESERVE, RESTRICTED	-	289
RETAINED EARNINGS	2,161	113,845
	-----	-----
	-----	-----

TOTAL STOCKHOLDERS' EQUITY

207,758 174,791

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 789,383 \$ 333,292

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NAVIOS MARITIME HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

	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
Revenue	\$ 76,376	\$ 158,630	\$ 235,006	\$ 279,184
Gain (loss) on Forward Freight Agreements	(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 and finance cost, net	(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 EARNING OF AFFILIATE COMPANIES	1,876	50,549	52,425	126,369
Minority Interest	-	-	-	-
Equity in net Earnings of Affiliated Companies	285	788	1,073	763
NET INCOME	\$ 2,161	\$ 51,337	\$ 53,498	\$ 127,132
EARNINGS PER SHARE, BASIC	\$ 0.05	\$ 58.70	\$	\$ 139.83
WEIGHTED AVERAGE NUMBER OF SHARES, BASIC	40,189,356	874,584		909,205
EARNINGS PER SHARE, DILUTED	\$ 0.05	\$ 58.70	\$	\$ 139.83
WEIGHTED AVERAGE NUMBER OF SHARES, DILUTED	45,238,554	874,584		909,205

	SUCCESSOR THREE MONTHS ENDED DECEMBER 31, 2005	PREDECESSOR THREE MONTHS ENDED DECEMBER 31, 2004
Revenue	\$ 55,922	\$ 62,910
Gain (loss) on Forward Freight Agreements	(1,868)	15,254
Time charter, voyage and port terminal expenses	(29,351)	(38,532)
Direct vessel expenses	(2,278)	(2,106)
General and administrative expenses	(3,717)	(3,422)
Depreciation and amortization	(9,735)	(1,487)
Interest income	921	303
Interest expense and finance cost, net	(8,714)	(901)
Gain on sale of vessels	-	61
Other income	407	-
Other expense	(620)	(1,014)

INCOME BEFORE EQUITY IN NET EARNING OF AFFILIATE COMPANIES		967		31,066
		-----		-----
Minority Interest		-		-
Equity in net Earnings of Affiliated Companies		157		150
		-----		-----
NET INCOME	\$	1,124	\$	31,216
		=====		=====
		=====		=====
EARNINGS PER SHARE, BASIC	\$	0.03	\$	35.69
		=====		=====
		=====		=====
WEIGHTED AVERAGE NUMBER OF SHARES, BASIC		40,302,583		874,584
		=====		=====
		=====		=====
EARNINGS PER SHARE, DILUTED	\$	0.03	\$	35.69
		=====		=====
		=====		=====
WEIGHTED AVERAGE NUMBER OF SHARES, DILUTED		43,304,873		874,584
		=====		=====

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NAVIOS MARITIME HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF US DOLLARS)

	SUCCESSOR AUGUST 26, 2005 TO DECEMBER 31, 2005	PREDECESSOR JANUARY 1, 2005 TO AUGUST 25, 2005	PREDECESSOR YEAR ENDED DECEMBER 31, 2004
	-----	-----	-----
OPERATING ACTIVITIES			
Net income	\$ 2,161	\$ 51,337	\$ 127,132
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	13,582	3,872	5,925
Amortization of deferred financing cost	1,253	425	773
Amortization of deferred dry dock costs	143	160	249
Amortization of backlog	(78)	-	-
Provision for losses on accounts receivable	411	(880)	(573)
(Gain) on sale of fixed assets	-	-	(61)
Unrealized (gain)/loss on FFA derivatives	17,074	23,793	(599)
Unrealized (gain)/loss on foreign exchange contracts	(212)	338	44
Unrealized (gain)/loss on interest rate swaps	(384)	(403)	301
Earnings in affiliates, net of dividends received	(285)	185	(64)
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Decrease (increase) in restricted cash	433	(1,005)	(281)
(Increase) decrease in accounts receivable	(9,193)	11,768	2,721
Decrease (increase) in prepaid expenses and other	2,896	3,762	4,755
(Decrease) increase in accounts payable	(1,321)	(10,172)	708
Increase (decrease) in accrued expenses	2,332	(1,229)	191
(Decrease) increase in deferred voyage revenue	(3,961)	(5,032)	(1,833)
(Decrease) increase in long term liability	(275)	(451)	148
Increase (decrease) in derivative accounts	1,505	(4,523)	(2,318)
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	26,081	71,945	137,218
	-----	-----	-----
INVESTING ACTIVITIES:			
Deposit on exercise of vessel purchase options	(8,322)	-	-
Deferred drydock and special survey costs	(1,710)	-	-
Acquisition of vessels	(110,831)	-	-
Purchase of property and equipment	(294)	(4,264)	(5,103)
Proceeds from sale of fixed assets	-	-	136
	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(121,157)	(4,264)	(4,967)
	-----	-----	-----

FINANCING ACTIVITIES:			
Proceeds from long term loan	105,900	-	91,506
Repayment of long term debt	(126,870)	(50,506)	(139,189)
Repayment of shareholders loan	(8,622)	-	367
Deferred financing costs	(3,787)	-	(438)
Acquisition of common stock	-	-	(9,000)
Redemption of preferred stock	-	-	(15,189)
Dividends paid	-	-	(40,000)
Cash received from downstream merger	102,259	-	-
	-----	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	68,880	(50,506)	(111,943)
	-----	-----	-----
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,196)	17,175	20,308
	-----	-----	-----
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	63,933	46,758	26,450
	-----	-----	-----
CASH AND CASH EQUIVALENT, END OF YEAR	\$ 37,737	\$ 63,933	\$ 46,758
	=====	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest	\$ 9,932	\$ 2,358	\$ 5,159

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DISCLOSURE OF NON-GAAP FINANCIAL MEASURES

EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes, if any. EBITDA is included because it is used by certain investors to measure a company's financial performance. EBITDA is a "non-GAAP financial measure" and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity. EBITDA is presented to provide additional information with respect to the Company's ability to satisfy its obligations including debt service, capital expenditures, working capital requirements and determination of dividends. While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

EBITDA RECONCILIATION TO CASH FROM OPERATIONS

Three Months Ended December 31,
(in thousands of US Dollars)

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Net cash provided by operating activities	\$ 26,609	\$ 24,552
Net increase (decrease) in operating assets	(418)	2,651
Net increase (decrease) in operating liabilities	(5,916)	(3,928)
Net interest cost excluding finance cost	6,707	221
Provision for losses on accounts receivable	(404)	17
Gain on sale of fixed assets	-	61
Unrealized gain (loss) on FFA derivatives, FECs and interest rate swaps	(7,962)	9,638
Earnings in affiliates, net of dividends received	157	150
	-----	-----
EBITDA	\$ 18,773	\$ 33,362
	=====	=====

Year Ended December 31,
(in thousands of US Dollars)

	SUCCESSOR AUGUST 26, 2005 TO DECEMBER 31, 2005 ----	PREDECESSOR JANUARY 1, 2005 TO AUGUST 26, 2005 ----	PREDECESSOR YEAR ENDED DECEMBER 31, 2004 ----
Net cash provided by operating activities	\$ 26,081	\$ 71,945	\$ 137,218
Net increase (decrease) in operating assets	5,864	(14,525)	(7,195)
Net (increase) decrease in operating liabilities	1,721	21,407	3,104
Net interest cost excluding finance cost	9,476	(98)	1,888
Provision for losses on accounts receivable	(411)	880	573
Gain/loss on sale of fixed assets	-	-	61
Unrealized gain (loss) on FFA derivatives, FECs and interest rate swaps	(16,479)	(23,728)	254
Earnings in affiliates, net of dividends received	285	(185)	64
	-----	-----	-----
EBITDA	\$ 26,537	\$ 55,696	\$ 135,967
	=====	=====	=====

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NAVIOS MARITIME HOLDINGS INC. CONSOLIDATED BALANCE SHEETS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

	NOTES	SUCCESSOR DECEMBER 31, 2005	PREDECESSOR DECEMBER 31, 2004
	-----	----	----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4, 12	\$ 37,737	\$ 46,758
Restricted cash	2, 12	4,086	3,513
Accounts receivable, net	5	13,703	15,200
Short term derivative asset	12	45,556	109,310
Short term backlog asset	8	7,019	-
Prepaid expenses and other current assets	6	6,438	13,163
		-----	-----
TOTAL CURRENT ASSETS		114,539	187,944
		-----	-----
Deposit on exercise of vessels purchase options	7	8,322	-
Vessels, port terminal and other fixed assets, net	7, 23	365,997	138,199
Fixed assets under construction		-	2,794
Long term derivative assets	12	28	708
Deferred financing costs, net		11,677	425
Deferred dry dock and special survey costs, net		2,448	435
Investments in affiliates	9, 17	657	557

Long term backlog asset	8	7,744	-
Trade name	8	89,014	2,004
Port terminal operating rights	8	30,728	-
Favorable lease terms	8	117,440	-
Goodwill		40,789	226
		-----	-----
TOTAL NON-CURRENT ASSETS		674,844	145,348
		-----	-----
TOTAL ASSETS		\$ 789,383	\$ 333,292
		=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		\$ 13,886	\$ 14,883
Accrued expenses	10	11,253	7,117
Deferred voyage revenue		6,143	15,135
Short term derivative liability	12	39,992	65,392
Short term backlog liability	8	8,109	-
Current portion of long term debt	11	54,221	1,000
		-----	-----
TOTAL CURRENT LIABILITIES		133,604	103,527
		-----	-----
Long term debt, net of current portion	11	439,179	49,506
Long term liabilities	13	2,297	3,024
Long term derivative liability	12	598	2,444
Long term backlog liability	8	5,947	-
		-----	-----
TOTAL NON-CURRENT LIABILITIES		448,021	54,974
		-----	-----
TOTAL LIABILITIES		581,625	158,501
		-----	-----
COMMITMENTS AND CONTINGENCIES	15		
STOCKHOLDERS' EQUITY			
SUCCESSOR			
Preferred stock - \$0.0001 par value, authorized 1,000,000 shares.		-	-
None issued			
Common stock - \$ 0.0001 par value, authorized 120,000,000 shares,			-
issued and outstanding 44,239,319		4	
PREDECESSOR			
Common stock - \$0.10 par value - authorized, issued and outstanding		-	87
874,584 shares			
Additional paid-in capital		205,593	60,570
LEGAL RESERVE, RESTRICTED	14	-	289
RETAINED EARNINGS		2,161	113,845
		-----	-----
TOTAL STOCKHOLDERS' EQUITY		207,758	174,791
		-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 789,383	\$ 333,292
		=====	=====

See notes to consolidated financial statements

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NAVIOS MARITIME HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

	NOTE	SUCCESSOR AUGUST 26, 2005 TO DECEMBER 31, 2005	PREDECESSOR JANUARY 1, 2005 TO AUGUST 25, 2005	PREDECESSOR YEAR ENDED DECEMBER 31, 2004	PREDECESSOR YEAR ENDED DECEMBER 31, 2003
	----	-----	-----	-----	-----
Revenue	20	\$ 76,376	\$ 158,630	\$ 279,184	\$ 179,734
(Loss) gain on Forward Freight Agreements	12	(2,766)	2,869	57,746	51,115
Time charter, voyage and port terminal expenses		(39,530)	(91,806)	(180,026)	(136,551)
Direct vessel expenses		(3,137)	(5,650)	(8,224)	(10,447)
General and administrative expenses		(4,582)	(9,964)	(12,722)	(11,628)
Depreciation and amortization	7, 8	(13,582)	(3,872)	(5,925)	(8,857)
Gain (loss) on sale of assets	18	-	-	61	(2,367)
Interest income		1,163	1,350	789	134
Interest expense and finance cost, net	11	(11,892)	(1,677)	(3,450)	(5,278)
Other income		52	1,426	374	1,102
Other expense		(226)	(757)	(1,438)	(553)
		-----	-----	-----	-----
Income before equity in net earnings of affiliate companies		1,876	50,549	126,369	56,404
Minority Interest	19	-	-	-	(1,306)
Equity in net Earnings of Affiliated Companies	9, 17	285	788	763	403
		-----	-----	-----	-----
NET INCOME		\$ 2,161	\$ 51,337	\$ 127,132	\$ 55,501
		-----	-----	-----	-----

EARNINGS PER SHARE, BASIC		\$ 0.05	\$ 58.70	\$ 139.83	\$ 55.70
		=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES, BASIC	21	40,189,356	874,584	909,205	996,408
		=====	=====	=====	=====
EARNINGS PER SHARE, DILUTED		\$ 0.05	\$ 58.70	\$ 139.83	\$ 55.70
		=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES, DILUTED	21	45,238,554	874,584	909,205	996,408
		=====	=====	=====	=====

See notes to consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF US DOLLARS)

		SUCCESSOR AUGUST 26, 2005 TO DECEMBER 31, 2005	PREDECESSOR JANUARY 1, 2005 TO AUGUST 25, 2005	PREDECESSOR YEAR ENDED DECEMBER 31, 2004	PREDECESSOR YEAR ENDED DECEMBER 31, 2003
	NOTE	-----	-----	-----	-----
OPERATING ACTIVITIES					
Net income		\$ 2,161	\$ 51,337	\$ 127,132	\$ 55,501
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Minority interest	19	-	-	-	1,306
Depreciation and amortization	7, 8	13,582	3,872	5,925	8,857
Amortization of deferred financing cost		1,253	425	773	565
Amortization of deferred dry dock costs		143	160	249	309
Amortization of backlog		(78)	-	-	-
Provision for losses on accounts receivable	5	411	(880)	(573)	1,021
(Gain) / loss on sale of fixed assets		-	-	(61)	2,367
Unrealized loss/(gain) on FFA derivatives	12	17,074	23,793	(599)	(45,905)
Unrealized (gain)/loss on foreign exchange contracts		(212)	338	44	(170)
Unrealized (gain)/loss on interest rate swaps		(384)	(403)	301	220
Earnings in affiliates, net of dividends received	9, 17	(285)	185	(64)	(325)
CHANGES IN OPERATING ASSETS AND LIABILITIES:					
Decrease (increase) in restricted cash		433	(1,005)	(281)	309
(Increase) decrease in accounts receivable		(9,193)	11,768	2,721	(12,937)
Decrease (increase) in prepaid expenses and other		2,896	3,762	4,755	(7,778)
(Decrease) increase in accounts payable		(1,321)	(10,172)	708	10,895
Increase (decrease) in accrued expenses		2,332	(1,229)	191	1,732
(Decrease) increase in deferred voyage revenue		(3,961)	(5,032)	(1,833)	7,610
(Decrease) increase in long term liability		(275)	(451)	148	198
Increase (decrease) in derivative accounts		1,505	(4,523)	(2,318)	(2,323)
		-----	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES		26,081	71,945	137,218	21,452
		-----	-----	-----	-----
INVESTING ACTIVITIES:					
Deposit on exercise of vessel purchase options		(8,322)	-	-	-
Deferred dry dock and special survey costs		(1,710)	-	-	-
Acquisition of vessels	7, 17	(110,831)	-	-	-
Purchase of property and equipment	7	(294)	(4,264)	(5,103)	(36,447)
Proceeds from sale of fixed assets		-	-	136	63,041
		-----	-----	-----	-----
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		(121,157)	(4,264)	(4,967)	26,594
		-----	-----	-----	-----
FINANCING ACTIVITIES:					
Change in bank overdraft		-	-	-	(1,492)
Proceeds from long term loan	11	105,900	-	91,506	45,325
Repayment of long term debt	11	(126,870)	(50,506)	(139,189)	(76,752)
Repayment of shareholders loan	17	(8,622)	-	367	-
Deferred financing costs		(3,787)	-	(438)	(41)
Acquisition of common stock		-	-	(9,000)	(850)
Issuance of preferred stock		-	-	-	6,440
Redemption of preferred stock		-	-	(15,189)	(686)
Distribution paid to minority interest		-	-	-	(1,360)
Dividends paid		-	-	(40,000)	-
Cash received from downstream merger	3	102,259	-	-	-

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	68,880	(50,506)	(111,943)	(29,416)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,196)	17,175	20,308	18,630
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	63,933	46,758	26,450	7,820
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 37,737	\$ 63,933	\$ 46,758	\$ 26,450
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for interest	\$ 9,932	\$ 2,358	\$ 5,159	\$ 6,794

NON-CASH INVESTING AND FINANCING ACTIVITIES

- o See Note 3 for assets and liabilities assumed in the down stream merger of ISE
- o See Notes 7 and 17 for issuance of shares in connection with the acquisition of vessels

See notes to consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC. CONSOLIDATED STATEMENTS STOCKHOLDERS' EQUITY (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

	NUMBER OF COMMON SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	LOAN TO SHAREHOLDER	LEGAL RESERVE (RESTRICTED)	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
BALANCE JANUARY 1, 2003 (PREDECESSOR)	1,000,000	\$ 100	\$ 70,407	\$ (367)	\$ 47	\$ (28,546)	\$ 41,641
Net income	-	-	-	-	-	55,501	55,501
Movement in legal reserve	-	-	-	-	88	(88)	-
Cancellation of common stock	(21,553)	(2)	(848)	-	-	-	(850)
BALANCE DECEMBER 31, 2003 (PREDECESSOR)	978,447	98	69,559	(367)	135	26,867	96,292
Net income	-	-	-	-	-	127,132	127,132
Movement in legal reserve	-	-	-	-	154	(154)	-
Repayment of shareholder loan	-	-	-	367	-	-	367
Dividends	-	-	-	-	-	(40,000)	(40,000)
Cancellation of common stock	(103,863)	(11)	(8,989)	-	-	-	(9,000)
BALANCE DECEMBER 31, 2004 (PREDECESSOR)	874,584	87	60,570	-	289	113,845	174,791
Net income - year to August 25, 2005	-	-	-	-	-	51,337	51,337
Movement in legal reserve	-	-	-	-	163	(163)	-
BALANCE AUGUST 25, 2005 (PREDECESSOR)	874,584	87	60,570	-	452	165,019	226,128
Push down of purchase accounting	-	-	547,310	-	(452)	(165,019)	381,839
Downstream merger	39,025,416	(83)	(423,632)	-	-	-	(423,715)
Issuance of common stock in connection with the acquisition of vessels (Note 7)	4,339,319	-	21,345	-	-	-	21,345
Net income August 26, 2005 to December 31, 2005	-	-	-	-	-	2,161	2,161
BALANCE DECEMBER 31, 2005 (SUCCESSOR)	44,239,319	\$ 4	\$ 205,593	\$ -	\$ -	\$ 2,161	\$ 207,758

See notes to consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

NOTE 1 - DESCRIPTION OF BUSINESS

On December 11, 2002, the shareholders of Anemos Maritime Holdings Inc. ("Anemos") and Navios Corporation ("Navios") each contributed their respective interests for shares of a newly created entity named Nautilus Maritime Holdings, Inc. ("Nautilus"), a Marshall Islands corporation. For accounting purposes, Anemos was considered the acquirer. During 2003, Nautilus changed its name to Navios Maritime Holdings Inc.

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among International Shipping Enterprises, Inc. ("ISE"), Navios Maritime Holdings Inc. ("Navios" or the "Company") and all the shareholders of Navios, ISE acquired Navios through the purchase of all of the outstanding shares of common stock. As a result of this acquisition, Navios became a wholly-owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly-owned subsidiary, whose name was and continued to be Navios Maritime Holdings Inc. (Note 3).

The purpose of the business combination was to create a leading international maritime enterprise focused on the: (i) transportation and handling of bulk cargoes through the ownership, operation and trading of vessels, (ii) forward freight agreements "FFAs" and (iii) ownership and operation of port and transfer station terminals. The Company operates a fleet of owned Ultra Handymax and Panamax vessels and a fleet of time chartered Panamax and Ultra Handymax vessels that are employed to provide worldwide transportation of bulk commodities. The Company actively engages in assessing risk associated with fluctuating future freight rates, fuel prices and foreign exchange and, where appropriate, will actively hedge identified economic risk with appropriate derivative instruments. Such economic hedges do not always qualify for accounting hedge treatment, and, as such, the usage of such derivatives could lead to material fluctuations in the Company's reported results from operations on a period-to-period basis.

The Company also operates a port and transfer facility located in Nueva Palmira, Uruguay. The facility consists of docks, conveyors and silo storage capacity totaling 270,440 tons (2004: 205,000 tons; 2003: 165,000 tons). During 2005, shipments totaled 2,057,700 tons (2004: 2,027,200 tons; 2003: 1,811,000 tons) of agricultural and other products.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (A) BASIS OF PRESENTATION: The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).
- (B) PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of Navios Maritime Holdings Inc., a Marshall Islands corporation, and its majority owned subsidiaries (the "Company" or "Navios"). The consolidated financial statements for the period from August 26, 2005 to December 31, 2005 reflect the Company's consolidated financial position, results of operations and cash flows as successor while all other periods presented are for the predecessor company (see note 3). All significant inter-company balances and transactions have been eliminated in the consolidated statements.

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

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NAVIOS MARITIME HOLDINGS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

INVESTMENTS IN AFFILIATES: Affiliates are entities over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Investments in these entities are accounted for by the equity method of accounting. Under this method the Company records an investment in the stock of an affiliate at cost, and adjusts the carrying amount for its share of the earnings or losses of the affiliate subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received from an affiliate reduce the carrying amount of the investment. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless the Company has incurred obligations or made payments on behalf of the affiliate.

COMPANIES INCLUDED IN THE CONSOLIDATION:

COMPANY NAME -----	NATURE / VESSEL NAME	COUNTRY OF INCORPORATION	2005 SUCCESSOR	STATEMENT OF OPERATIONS		
				2005 PREDECESSOR	2004 PREDECESSOR	2003 PREDECESSOR
Navios Maritime Holdings Inc.	Holding Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Navios Corporation	Sub-Holding Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Navios International Inc.	Operating Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Navimax Corporation	Operating Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Navios Handybulk Inc.	Operating Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Corporation Navios SA	Operating Company	Uruguay	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Hestia Shipping Ltd.	Operating Company	Malta	10/20-12/31	-	-	-
Anemos Maritime Holdings	Sub-Holding Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Navios Shipmanagement Inc.	Management Company	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Achilles Shipping Corporation	Navios Achilles	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Apollon Shipping Corporation	Navios Apollon	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Herakles Shipping Corporation	Navios Herakles	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Hios Shipping Corporation	Navios Hios	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	3/20-12/31
Ionian Shipping Corporation	Navios Ionian	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31
Kypros Shipping Corporation	Navios Kypros	Marshall Is.	8/26-12/31	1/1-8/25	1/1-12/31	2/28-12/31
Meridian Shipping Enterprises Inc.	Navios Meridian	Marshall Is.	11/30-12/31	-	-	-
Mercator Shipping Corporation	Navios Mercator	Marshall Is.	12/30-12/31	-	-	-
Libra Shipping Enterprises Corp.	Navios Libra II	Marshall Is.	12/22-12/31	-	-	-
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	12/22-12/31	-	-	-
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	12/27-12/31	-	-	-
Gemini Shipping Corporation	Navios Gemini S (ii)	Marshall Is.	-	-	-	-
Arc Shipping Corporation	Navios Arc (iii)	Marshall Is.	-	-	-	-
Galaxy Shipping Corporation	Navios Galaxy I (iv)	Marshall Is.	-	-	-	-
Horizon Shipping Enterprises Corporation	Navios Horizon (iv)	Marshall Is.	-	-	-	-
Magellan Shipping Corporation	Navios Magellan (iv)	Marshall Is.	-	-	-	-
Acropolis Shipping & Trading Inc. (i)	Brokerage Company	Liberia	8/26-12/31	1/1-8/25	1/1-12/31	1/1-12/31

(i) The company is 50% owned by Navios and is accounted for on the equity basis.

(ii) The vessel was acquired on January 5, 2006 (Note 23)

(iii) The vessel was acquired on February 10, 2006 (Note 23)

(iv) Navios Galaxy and Navios Magellan are expected to be delivered in the week starting March 20, 2006 and Navios Horizon in the first week of April 2006.

(C) USE OF ESTIMATES: The preparation of consolidated financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and or conditions.

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(D) CASH AND CASH EQUIVALENTS: Cash and cash equivalents consist of cash on hand, deposits held on call with banks, and other short-term liquid investments with original maturities of three months or less.

(E) RESTRICTED CASH: Restricted cash consists of the restricted portion of derivative base and margin collaterals with NOS ASA, a Norwegian clearing house, and cash retention accounts which are restricted for use as general working capital unless such balances exceed installment and interest payments due to vessels' lenders. A portion of the amounts on deposit with NOS ASA are held as base and margin collaterals on active trades. As of December 31, 2005 and 2004, the restricted balance with NOS ASA was \$1,000 and \$2,768, respectively.

Also included in restricted cash as of December 31, 2005 and 2004 are amounts held as security in the form of letters of guarantee or letters of credit totaling \$500 and \$745, respectively. In addition at December 31, 2005 restricted cash includes \$2,586 held in retention accounts related to collateral for interest rate swaps and accrued interest on loans. No such retention accounts existed at December 31, 2004.

- (F) **INSURANCE CLAIMS:** Insurance claims at each balance sheet date consist of claims submitted and/or claims in the process of compilation or submission (claims pending). They are recorded on the accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are expected to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management's expectations as to their collection dates.
- (G) **INVENTORIES:** Inventories, which are comprised of lubricants and stock provisions on board the owned vessels, are valued at the lower of cost or market as determined on the first in first out basis or market value.
- (H) **VESSELS, NET:** In connection with the acquisition / reincorporation, vessels owned by Navios (Predecessor) were recorded at fair market values as of August 25, 2005. Vessels acquisitions subsequent to that date are stated at historical cost, which consists of the contract price, 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 the Company's 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.

- (I) **PORT TERMINAL AND OTHER FIXED ASSETS, NET:** In connection with the acquisition / reincorporation, the port terminal and other fixed assets owned by Navios (Predecessor) were stated at fair market value as of August 25, 2005. Acquisitions subsequent to that date are stated at cost and are depreciated utilizing the straight-line method at rates equivalent to their average estimated economic useful lives. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of operations.

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

Port facilities and transfer station	3 to 40 years
Furniture, fixtures and equipment	3 to 10 years
Computer equipment and software	5 years
Leasehold improvements	6 years

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- (J) **FIXED ASSETS UNDER CONSTRUCTION:** This represents amounts expended by the Company in accordance with the terms of the purchase agreements for the construction of long-lived fixed assets. Interest costs incurred during the construction (until the asset is substantially complete and ready for its intended use) are capitalized. No interest was capitalized in any of the periods presented.
- (K) **ASSETS HELD FOR SALE:** It is the Company's policy to dispose of vessels and other fixed assets when suitable opportunities occur and not necessarily to keep them until the end of their useful life. The Company classifies assets and disposal groups as being held for sale in accordance with SFAS No. 144, "Accounting for the Impairment or the Disposal of Long-Lived Assets", when the following criteria are met: management has committed to a plan to sell the asset (disposal group); the asset (disposal group) is available for immediate sale in its present condition; an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated; the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; the asset (disposal group) is being actively marketed for sale at a price

that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. No assets were classified as held for sale in any of the periods presented.

- (L) IMPAIRMENT OF LONG LIVED ASSETS: Vessels, other fixed assets and other long lived assets held and used by the Company 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 assets carrying amounts. Should the valuations indicate potential impairment, management determines projected undiscounted cash flows 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 flows. No impairment loss was recognized for any of the periods presented.
- (M) DEFERRED DRY-DOCK AND SPECIAL SURVEY COSTS: The Company's 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 is 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. For the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003 the amortization was \$143, \$160, \$249 and \$309, respectively. Accumulated amortization as of December 31, 2005 and 2004 was \$143 and \$795, respectively.
- (N) ASSET RETIREMENT OBLIGATION: The Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" as of January 1, 2003. This statement requires entities to record a legal obligation associated with the retirement of a tangible long lived asset in the period in which it is incurred. At December 31, 2005 and 2004, the asset balance was \$22 and \$23, respectively. At December 31, 2005 and 2004, the liability balance associated with the lease of port terminal was \$30 and \$28, respectively.

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NAVIOS MARITIME HOLDINGS INC.

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- (O) DEFERRED FINANCING COSTS: Deferred financing costs include fees, commissions and legal expenses associated with obtaining loan facilities. These costs are amortized over the life of the related debt using the effective interest rate method, and are included in interest expense. During December 2005, the Company 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 associated with the new loan and, along with any existing unamortized premium or discount, are being amortized as an adjustment of interest expense over the remaining term of the new loan using the interest method. Costs incurred with third parties (such as legal fees) in connection with this refinancing were expensed as incurred. Amortization for the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003 was \$1,253, \$425, \$773 and \$565, respectively.
- (P) GOODWILL AND OTHER INTANGIBLES: 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.

The Company 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. The Company determined that there was no impairment of goodwill during the periods August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003.

All of the Company's intangible assets were valued at August 25, 2005 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 which 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 intangibles 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 flows associated with the asset. Vessel purchase options, which are included in favorable lease terms, are not amortized and would be considered impaired if the carrying value of an option, when added to the option price of the vessel, exceeded the fair market value of the vessel.

The weighted average amortization periods for intangibles are:

INTANGIBLE ASSETS	YEARS
-----	----
Trade name	32.0
Favorable lease terms (*)	7.0
Port terminal operating rights	40.0
Backlog asset - charter out	2.8
Backlog asset - port terminal	3.6
Backlog liability - charter out	2.1

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(*) The intangible asset associated with the favorable lease terms includes an amount of \$20,670 related to purchase options for the vessels as of August 25, 2005. As of December 31, 2005, \$50 had been transferred to the acquisition cost of Navios Meridian. This amount is not amortized and should the purchase options be exercised, any unamortized portion of this asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel (Note 8).

(Q) FOREIGN CURRENCY TRANSLATION: The consolidated financial statements are prepared in US Dollars. The Company engages in worldwide commerce with a variety of entities. Although, its operations may expose it to certain levels of foreign currency risk, its transactions are predominantly US dollar denominated. Additionally, the Company's wholly-owned Uruguayan subsidiary transacts a nominal amount of its operations in Uruguayan pesos, whereas the Company's wholly-owned vessel subsidiaries and the vessel management subsidiary transacts a nominal amount of their operations in Euros; however, all of the subsidiaries' primary cash flows are US dollar denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the statement of operations. The foreign currency exchange losses recognized in the consolidated statement of operations for the period from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003 were \$(110), \$(482), \$(197) and \$(431), respectively.

(R) PROVISIONS: The Company, in the ordinary course of business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisers, will provide for a contingent loss in the financial statements if the contingency had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In accordance with SFAS No. 5, "Accounting for Contingencies", as interpreted by the FASB Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss", if the Company has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range,

the Company will provide the lower amount of the range. See Note 14, "Uruguayan Subsidiary Legal Reserve" and Note 15, "Commitments and Contingencies" for further discussion.

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

Provisions for estimated losses on uncompleted voyages and vessels time chartered to others are provided for in the period in which such losses are determined. At December 31, 2005, the balance for provision for loss making voyages in progress was \$0 (2004: \$1,345).

- (S) SEGMENT REPORTING: The Company accounts for its segments in accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information". SFAS No. 131 requires descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Based on the Company's methods of internal reporting and management structure, the Company has two reportable segments: Vessel Operations and Port Terminal.

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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- (T) REVENUE AND EXPENSE RECOGNITION:

REVENUE RECOGNITION: Revenue is recorded when services are rendered, the Company has a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. The Company generates revenue from the following sources, (1) transportation of cargo, (2) time charter of vessels and, (3) port terminal operations in Uruguay. During the period January 1, 2003 to March 11, 2003 the Company also generated revenue from vessels contributed to the Navimax Pool, and a Navimax Pool management fee.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. To conform to U.S. GAAP, the Company changed its policy effective October 1, 2005, to recognize voyage expenses as incurred. The difference between the new method and the method reflected in the 2004 and 2003 financial statements is not material and, therefore, those periods have not been restated. A voyage is deemed to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the current cargo. Estimated losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, we agree to provide a vessel for the transportation of specific goods between specific ports in return for payment of an agreed upon freight rate per ton of cargo.

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

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

contractually agreed time allowed. Storage fee revenue is recognized ratably over the storage period and ends when the product is loaded onto the ocean going vessel.

Revenue from vessels contributed to Navimax Pool was recognized when earned. The Pool ceased operation on March 11, 2003. The Pool, which was managed by a subsidiary of the Company, recognized its revenue on a percentage of completion basis, based on per day estimates and ratably over the period. The Company's earnings represent its proportionate share of the Pool's revenue less operating expenses and management fee, determined by a predetermined formula agreed by pool participants.

FORWARD FREIGHT AGREEMENTS (FFAS): Realized gains or losses from FFAs are recognized monthly concurrent with cash settlements. In addition, quarterly the FFAs are "marked to market" to determine the fair values which generate unrealized gains or losses. FFAs trading generally have not qualified as hedges for accounting purposes, and, as such, the trading of FFAs could lead to material fluctuations in the Company's reported results from operations on a period to period basis. See note 12.

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

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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TIME CHARTER, VOYAGE AND PORT TERMINAL EXPENSE: Time charter and voyage expenses comprise all expenses related to each particular voyage, including time charter hire paid and voyage freight paid, bunkers, port charges, canal tolls, cargo handling, agency fees and brokerage commissions. Also included in time charter and voyage expenses are charterers' liability insurances, provision for losses on time charters and voyages in progress at year-end, direct port terminal expenses and other miscellaneous expenses.

DIRECT VESSEL EXPENSE: Direct vessel expenses consist of all expenses relating to the operation of vessels, including crewing, repairs and maintenance, insurance, stores and lubricants and miscellaneous expenses such as communications and amortization of dry-docking and special survey costs.

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

(U) EMPLOYEE BENEFITS:

PENSION AND RETIREMENT OBLIGATIONS-CREW: The Company's ship-owning subsidiary companies employ the crew on board under short-term contracts (usually up to nine months) and, accordingly, they are not liable for any pension or postretirement benefits.

PROVISION FOR EMPLOYEES' SEVERANCE AND RETIREMENT COMPENSATION: The employees in the Company's office in Greece are protected by Greek labor law. Accordingly, compensation is payable to such employees upon dismissal or retirement. The amount of compensation is based on the number of years of service and the amount of remuneration at the date of dismissal or retirement. If the employees remain in the employment of the Company until normal retirement age, they are entitled to retirement compensation which is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Company until retirement age is not known. The Company is required to annually value the statutory terminations indemnities liability. Management obtains a valuation from independent actuaries to assist in the calculation of the benefits. The Company provides, in full, for the employees' termination indemnities liability. This liability amounted to \$20 and \$74 at December 31, 2005 and 2004, respectively.

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

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

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

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

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

INTEREST RATE RISK: The Company is party to interest rate swap agreements. The purpose of the agreements is to reduce exposure to fluctuations in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognized as a component of other income or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps are taken to the consolidated statement of operations. The effective portion of changes in the fair value of interest rate swap agreements that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized in the statement of operations.

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

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

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACTIVITIES:

The Company enters into dry bulk shipping FFAs as economic hedges relating to identifiable ship and or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including dry bulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. See Note 12.

The Company also trades dry bulk shipping FFAs with NOS ASA, a Norwegian clearing house. NOS ASA calls for both base and margin collaterals, which are funded by the Company, 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.

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 are determined from the NOS valuation.

Pursuant to SFAS 133, the Company records all its derivative financial instruments and hedges as economic hedges. Since they

neither qualify as a hedge nor do they meet the criteria for hedge accounting all gains or losses are reflected in the statement of operations. For the period August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003, none of the FFAs, foreign exchange contracts or interest rate swaps qualifies for hedge accounting treatment. Accordingly, all gains or losses have been recorded in statement of operations for the periods presented.

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NAVIOS MARITIME HOLDINGS INC.
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- (W) EARNINGS PER SHARE: Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised. Dilution has been computed by the treasury stock method whereby all of the Company's dilutive securities (the warrants) are assumed to be exercised and the proceeds used to repurchase common shares at the weighted average market price of the Company's common stock during the relevant periods. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) shall be included in the denominator of the diluted earnings per share computation.
- (X) INCOME TAXES: The Company is a Marshall Islands Corporation. Pursuant to various treaties and the United States Internal Revenue Code, the Company believes that substantially all its operations are exempt from income taxes in the Marshall Islands and United States of America (Note 22).
- (Y) DIVIDENDS: Dividends are recorded in the Company's financial statements in the period in which they are declared.
- (Z) GUARANTEES: The Company accounts for guarantees in accordance with FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". Under FIN 45 a liability for the fair value of the obligation undertaken in issuing the guarantee is recognized. However, this is limited to those guarantees issued or modified after December 31, 2002. The recognition of fair value is not required for certain guarantees such as the parent's guarantee of a subsidiary's debt to a third party or guarantees on product warranties. For those guarantees excluded from FIN 45's fair value recognition provision, financial statement disclosures of their terms are made.
- (AA) RECENT ACCOUNTING PRONOUNCEMENTS:

In March 2005 the U.S. Securities and Exchange Commission, or SEC, released Staff Accounting Bulletin 107, "Share-Based Payments", or SAB 107. The interpretations in SAB 107 express views of the SEC staff, or staff, regarding the interaction between SFAS 123R and certain SEC rules and regulations, and provide the staff's views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with non-employees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of compensation expense, non-GAAP financial measures, first-time adoption of SFAS 123R in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of SFAS 123R, the modification of employee share options prior to adoption of SFAS 123R and disclosures in Management's Discussion and Analysis subsequent to adoption of SFAS 123R. The adoption of this interpretation will not have an effect on the Company's statement of financial position or results of operations

In March 2005, the Financial Accounting Standards Board issued FIN 47 as an interpretation of FASB Statement No. 143, Accounting for Asset Retirement Obligations (FASB No. 143). This interpretation clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. This interpretation also clarifies when an

entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The adoption of this interpretation did not have an effect on the Company's statement of financial position or results of operations.

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In March 2005, the Financial Accounting Standards Board issued Statement No. 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3. The Statement applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. Statement No. 154 requires retrospective applications to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. Opinion 20 previously required that most voluntary change in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. Statement No. 154 improves financial reporting because its requirements enhance the consistency of financial information between periods. The Company cannot determine what effect Statement No. 154 will have with regard to any future accounting changes. This statement will be effective for the Company for the fiscal year beginning on January 1, 2006.

On November 3, 2005, Financial Accounting Standards Board issued Financial Staff Position (FSP) numbers 115-1 and 124-1 providing guidance for the application of FAS 115. These FSPs are effective for the Company beginning on January 1, 2006 and addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. They also state that impairment of investments in debt securities must be assessed on an individual basis. Adoption of these interpretations are not expected to have a significant effect on the Company's statement of financial position or results of operations.

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. We are currently evaluating the impact SFAS 155 will have on our consolidated financial statements. This statement will be effective for the Company for the fiscal year beginning on January 1, 2007.

NOTE 3: ACQUISITION/ REINCORPORATION

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among International Shipping Enterprises, Inc. ("ISE"), Navios Maritime Holdings Inc. ("Navios" or the "Company") and all the shareholders of Navios, ISE acquired Navios through the purchase of all of its outstanding shares of common stock. As a result of this acquisition, Navios became a wholly-owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly-owned subsidiary, whose name was and continued to be Navios Maritime Holdings Inc. As a result of the reincorporation, ISE transitioned from a shell company to an operating business and the operations of Navios became those of a publicly traded company. The Company reports to the Securities and Exchange Commission under the rules governing Foreign Private Issuers.

This transaction was recorded in two steps. In step one, ISE recorded the \$594.4 million total cash purchase price, plus \$14.2 million in allocable transaction costs, by allocating such cost to the assets acquired in accordance with their fair market value on the acquisition date. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill. In step two, which immediately followed, ISE effected a "downstream merger" with and into Navios. The assets and liabilities of ISE, which reflected the acquisition of Navios, became the assets and liabilities of Navios. The shareholders' equity of ISE became the shareholders' equity of Navios. The results of operations of Navios to August 25, 2005, are labeled as "Predecessor" and remain historically reported. The results of operations from August 26, 2005 forward are labeled as "Successor" and reflect the combined operations of Navios and ISE. The Stock Purchase Agreement required a purchase price adjustment based on an EBITDA target for the period from January 1, 2005 to August 31, 2005. The \$594.4 million cash purchase price reflects a preliminary price adjustment based on the

EBITDA target included in the contract and was adjusted by approximately \$0.6 million based on a final calculation.

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Approximately \$412.0 million of the purchase price was obtained from a \$514.4 million secured credit facility, entered into on July 12, 2005 and funded on August 25, 2005, with HSH Nordbank AG which was refinanced on December 21, 2005 (Note 11). The senior secured credit facility was assumed by Navios in connection with the acquisition and reincorporation.

The purchase accounting adjustments, presented in the following table, result from a valuation process that included the use of independent appraisers. The amounts allocated to accrued liabilities and goodwill continue to be preliminary pending finalization and full implementation of the restructuring discussed below. The Company believes that the resulting balance sheet reflects the fair value of the assets and liabilities at the acquisition date at August 25, 2005. The following table also shows the roll forward of the balance sheet of Navios (predecessor) as of August 25, 2005 to Navios (successor) on August 25, 2005:

	AUGUST 25, 2005			
	PREDECESSOR	SUCCESSOR		
	NAVIOS	ISE	PURCHASE ACCOUNTING	NAVIOS
Cash and cash equivalents.....	\$ 63,933	\$ 102,259	\$ -	\$ 166,192
Short term derivative assets.....	53,800	-	-	53,800
Short term backlog asset.....	-	-	5,246	5,246
Prepaid voyage costs.....	7,416	-	-	7,416
Other current assets.....	10,700	657	-	11,357
Total current assets.....	135,849	102,916	5,246	244,011
Vessels.....	113,329	-	81,789	195,118
Port terminal.....	26,714	-	(15)	26,699
Port terminal operating rights.....	-	-	31,000	31,000
Trade name.....	1,947	-	88,053	90,000
Favorable lease terms.....	-	-	139,680	139,680
Deferred financing cost.....	-	9,143	-	9,143
Investment in Navios.....	-	593,764	(593,764)	-
Deferred acquisition cost.....	-	14,203	(14,203)	-
Long term backlog asset.....	-	-	9,584	9,584
Other non-current assets.....	6,890	9	-	6,899
Goodwill.....	226	-	40,563	40,789
TOTAL ASSETS.....	284,955	720,035	(212,067)	792,923
Accounts payable.....	4,711	10,496	-	15,207
Accrued expenses.....	5,889	2,296	1,360	9,545
Deferred voyage revenue.....	10,103	-	-	10,103
Short term derivative liability.....	31,721	-	-	31,721
Short term backlog liability.....	-	-	6,052	6,052
Notes due to shareholder.....	-	8,621	-	8,621
Current portion of long term debt.....	-	173,870	-	173,870
Total current liabilities.....	52,424	195,283	7,412	255,119
Long term debt.....	-	340,500	-	340,500
Long term backlog liability.....	-	-	6,648	6,648
Other long term liabilities.....	6,404	-	-	6,404
Total liabilities.....	58,828	535,783	14,060	608,671
Stockholder's equity.....	226,127	184,252	(226,127)	184,252
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY.....	\$284,955	\$720,035	\$(212,067)	\$792,923

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NAVIOS MARITIME HOLDINGS INC.
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The acquired intangible assets and liabilities at the acquisition date are

listed below. Where applicable, they are amortized using the straight line method over the periods indicated below:

DESCRIPTION	FAIR VALUE	WEIGHTED
	AS AT	AVERAGE
	AUGUST 26, 2005	AMORTIZATION
		PERIOD (YEARS)
Trade name.....	\$ 90,000	32.0
Favorable lease terms (*).....	139,680	7.0
Port terminal operating rights.....	31,000	40.0
Backlog asset - charter out.....	14,200	2.8
Backlog asset - port terminal.....	630	3.6
Backlog liability - charter out....	(12,700)	2.1

TOTAL	\$262,810	
	=====	

(*) The intangible asset associated with the favorable lease terms includes an amount of \$20,670 related to purchase options for the vessels at the end of the lease term. This amount is not amortized and should the purchase options be exercised, any unamortized portion of this asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel (Note 8).

Goodwill arising from the acquisition has been allocated to the Company's segments as follows:

Vessels operations	\$ 26,218
Port terminal operations	14,571

	\$ 40,789
	=====

At the time of the August 25, 2005 acquisition, ISE's senior management anticipated implementing a strategic post-acquisition plan for the relocation of the Company's offices in the United States from South Norwalk, Connecticut to New York City and of its existing offices in Piraeus, Greece to larger offices in Piraeus to house the Company's headquarters. Management has commissioned an internal task force to implement this plan. This cost will include the cost of lease terminations, the write off of leasehold improvements at the offices vacated and severance. This plan will be implemented during the first half of 2006. A provision for the \$1,360 cost of this plan has been included in the accompanying financial statements as a part of purchase accounting.

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The following table presents the unaudited pro forma results as if the acquisition, downstream merger and related financing had occurred at the beginning of each of the periods presented during 2005 and 2004 (in thousands, except for numbers of and amounts per share):

	YEARS ENDED DECEMBER 31,	
	2005	2004
	Unaudited	Unaudited
Gross revenues.....	\$ 235,006	\$ 279,184
Net income.....	\$ 20,796	\$ 80,456
Basic earnings per share.....	\$ 0.52	\$ 2.02
Diluted earnings per share.....	\$ 0.50	\$ 2.02
Average shares outstanding during the period		

presented.....	40,001,473	39,900,000
Warrants assumed to be outstanding....	65,550,000	65,550,000
Proceeds to Company on exercise of warrants	327,750,000	327,750,000
Assumed market price for repurchase of incremental shares	5.15	5.00
Number of shares assumed to be repurchased	63,698,774	65,550,000
Incremental shares on exercise of warrants	1,851,226	-
Total number of shares assumed to be outstanding for dilution purposes	41,852,699	39,900,000

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

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Cash on hand and at banks	\$ 22,089	\$ 18,647
Short-term deposits and highly liquid funds	15,648	28,111
	-----	-----
TOTAL CASH AND CASH EQUIVALENTS	\$ 37,737	\$ 46,758
	=====	=====

NOTE 5: ACCOUNTS RECEIVABLE, NET

Accounts receivables consist of the following:

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Accounts receivables	\$ 14,114	\$ 17,491
Less: Provision for doubtful receivables	(411)	(2,291)
	-----	-----
ACCOUNTS RECEIVABLES, NET	\$ 13,703	\$ 15,200
	=====	=====

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

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

ALLOWANCE FOR DOUBTFUL RECEIVABLES ----- PREDECESSOR -----	BALANCE AT BEGINNING OF PERIOD -----	CHARGES TO COSTS AND EXPENSES -----	AMOUNT UTILIZED -----	BALANCE AT END OF PERIOD -----
Year ended December 31, 2003	\$ (1,843)	\$ (1,512)	\$ 491	\$ (2,864)
Year ended December 31, 2004	(2,864)	(294)	867	(2,291)
January 1, 2005 to August 25, 2005	(2,291)	-	880	(1,411)
SUCCESSOR -----				
August 26, 2005 to December 31, 2005 (*)	-	(411)	-	(411)

(*) All of the Company's accounts receivable were recorded at their estimated fair value on August 25, 2005 as part of the purchase accounting process discussed in Note 3. As a result, the reserve for doubtful accounts was eliminated at August 26, 2005.

Concentrations of credit risk with respect to accounts receivables are limited due to the Company's large number of customers, who are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

For the periods August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005, two customers from the Vessel Operations segment accounted for approximately 14.8% and 11.9% each of the Company's revenue, respectively. For the years ended December, 31 2004 and 2003, one customer from the Vessels Operation segment accounted for approximately 15.92% and 29.4% of the Company's revenue, respectively.

NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Prepaid voyage costs	\$ 3,793	\$ 11,120
Claims receivables, net	1,234	296
Advances to agents	829	1,492
Inventories	425	255
Other	157	-
	-----	-----
TOTAL PREPAID EXPENSES AND OTHER CURRENT ASSETS	\$ 6,438 =====	\$ 13,163 =====

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

Advances to agents are made up of funds sent to port agents for port charges, tolls, canal fees and other voyage related expenses.

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NAVIOS MARITIME HOLDINGS INC.
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NOTE 7: VESSELS, PORT TERMINAL AND OTHER FIXED ASSETS

VESSELS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
-----	----	-----	-----
BALANCE JANUARY 1, 2004 (PREDECESSOR)	\$ 131,347	\$ (10,597)	\$ 120,750
Additions	385	(4,904)	(4,519)
	-----	-----	-----
BALANCE DECEMBER 31, 2004 (PREDECESSOR)	131,732	(15,501)	116,231
Additions	311	(3,213)	(2,902)
	-----	-----	-----
BALANCE AUGUST 25, 2005 (PREDECESSOR)	132,043	(18,714)	113,329
Revaluation in connection with purchase accounting	63,075	18,714	81,789
Additions	147,153	(3,188)	143,965
	-----	-----	-----
BALANCE DECEMBER 31, 2005 (SUCCESSOR)	\$ 342,271 =====	\$ (3,188) =====	\$ 339,083 =====
PORT TERMINAL	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
-----	----	-----	-----
BALANCE JANUARY 1, 2004 (PREDECESSOR)	\$ 18,930	\$ (564)	\$ 18,366
Transfer amounts from assets under construction	1,448	-	1,448
Additions	1,814	(667)	1,147
Disposals	(24)	7	(17)
	-----	-----	-----
BALANCE DECEMBER 31, 2004 (PREDECESSOR)	22,168	(1,224)	20,944
Additions	339	(472)	(133)
	-----	-----	-----
BALANCE AUGUST 25, 2005 (PREDECESSOR)	22,507	(1,696)	20,811
Revaluation in connection with purchase accounting	4,192	1,696	5,888
Additions	295	(295)	-
	-----	-----	-----
BALANCE DECEMBER 31, 2005 (SUCCESSOR)	\$ 26,994	\$ (295)	\$ 26,699

OTHER FIXED ASSETS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
BALANCE JANUARY 1, 2004 (PREDECESSOR)	\$ 1,960	\$ (721)	\$ 1,239
Additions	109	(266)	(157)
Disposals	(229)	171	(58)
BALANCE DECEMBER 31, 2004 (PREDECESSOR)	1,840	(816)	1,024
Additions	32	(150)	(118)
BALANCE AUGUST 25, 2005 (PREDECESSOR)	1,872	(966)	906
Revaluation in connection with purchase accounting	(1,068)	966	(102)
Charge to relocation accrual	-	(517)	(517)
Additions	6	(78)	(72)
BALANCE DECEMBER 31, 2005 (SUCCESSOR)	\$ 810	\$ (595)	\$ 215
TOTAL	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
BALANCE JANUARY 1, 2004 (PREDECESSOR)	\$ 152,237	\$ (11,882)	\$ 140,355
Transfer from assets under construction	1,448	-	1,448
Additions	2,308	(5,837)	(3,529)
Disposals	(253)	178	(75)
BALANCE DECEMBER 31, 2004 (PREDECESSOR)	155,740	(17,541)	138,199
Additions	682	(3,835)	(3,153)
BALANCE AUGUST 25, 2005 (PREDECESSOR)	156,422	(21,376)	135,046
Revaluation in connection with purchase accounting	66,199	21,376	87,575
Charge to relocation accrual	-	(517)	(517)
Additions	147,454	(3,561)	143,893
BALANCE DECEMBER 31, 2005 (SUCCESSOR)	\$ 370,075	\$ (4,078)	\$ 365,997

During December 2005, the Company acquired three vessels for a total consideration of approximately \$95.0 million from companies affiliated with the Company's CEO. The purchase price was paid with \$65.1 million drawn from the Company's credit facility, \$8.5 million from available cash and issuance of 4,339,319 shares of Company's common stock. The stock issued in this transaction was valued at \$4.96 per share for the first two vessels and \$4.82 per share for the third vessel for a total value of \$21.3 million (Note 17). Per SFAS 95, when some transactions are part cash and part non-cash, only the cash portion shall be reported in the statement of cash flows. Hence, the non cash effect of this common stock on Paid-in-Capital has to be offset against the total consideration of the vessels and is disclosed under non-cash investing and financing activities.

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The Company has deposited \$8,322 in a restricted account in connection with the acquisition of four option vessels, the Navios Arc, Navios Magellan, Navios Horizon and Navios Galaxy, expected to be delivered in the first four months of 2006 (Note 23).

NOTE 8: INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets as of December 31, 2005 and 2004 consist of the following:

	SUCCESSOR			PREDECESSOR		
	BALANCE	ACCUMULATED AMORTIZATION	NET BOOK VALUE DECEMBER 31, 2005	BALANCE	ACCUMULATED AMORTIZATION	NET BOOK VALUE DECEMBER 31, 2004
Trade name	\$ 90,000	\$ (986)	\$ 89,014	2,184	(180)	2,004
Port terminal operating rights	31,000	(272)	30,728	-	-	-
Favorable lease terms	125,167	(7,727)	117,440	-	-	-
Backlog assets	16,830	(2,067)	14,763	-	-	-
Backlog liabilities	(16,200)	2,144	(14,056)	-	-	-

TOTAL	\$	246,797	\$	(8,908)	\$	237,889	2,184	(180)	2,004
		=====		=====		=====	=====	=====	=====

	SUCCESSOR AMORTIZATION EXPENSE AUGUST 26, 2005 TO DECEMBER 31, ----- 2005 ----	AMORTIZATION EXPENSE JANUARY 1, 2005 TO AUGUST 25, ----- 2005 ----	PREDECESSOR AMORTIZATION EXPENSE YEAR ENDED DECEMBER 31, 2004 ----	AMORTIZATION EXPENSE YEAR ENDED DECEMBER 31, 2003 ----
Trade name	\$ (986)	\$ (57)	\$ (88)	(87)
Port terminal operating rights	(272)	-	-	-
Favorable lease terms	(7,727)	-	-	-
Backlog assets	(2,067)	-	-	-
Backlog liabilities	2,144	-	-	-
TOTAL	\$ (8,908)	\$ (57)	\$ (88)	(87)
	=====	=====	=====	=====

The aggregate amortization of acquired intangibles for the next five years will be as follows:

DESCRIPTION	WITHIN ONE YEAR	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	FIVE YEAR AGGREGATE
Tradename.....	\$ 2,812	\$ 2,812	\$ 2,820	\$ 2,812	\$ 2,812	\$ 14,068
Favorable lease terms.....	11,949	10,914	11,389	11,358	9,135	54,745
Port terminal operating rights....	775	774	777	775	775	3,876
Backlog asset - charter out.....	5,071	5,072	2,279	--	--	12,422
Backlog asset - port terminal.....	175	175	175	43	--	568
Backlog liability - charter out....	(6,052)	(4,526)	--	--	--	(10,578)
	\$ 14,730	\$ 15,221	\$ 17,440	\$ 14,988	\$ 12,722	\$ 75,101
	=====	=====	=====	=====	=====	=====

NOTE 9: INVESTMENT IN AFFILIATES

The Company has a 50% interest in Acropolis Chartering & Shipping, Inc., a brokerage firm for freight and shipping charters. Although Navios owns 50% of the stock, the two shareholders have agreed that the earnings and amounts declared by way of dividends for 2004 and thereafter, will be allocated 35% to the Company (2003: 40% to the Company) with the balance to the other shareholder. As of December 31, 2005 and 2004, the carrying amount of the investment was \$657 and \$557, respectively. Dividends received for the periods August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003 were \$0, \$973, \$699 and \$78, respectively. See Note 17.

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

NOTE 10: ACCRUED EXPENSES

Accrued expenses consist of the following:

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Payroll	\$ 311	\$ 1,312
Accrued Interest	707	260
Accrued voyage expenses	2,191	1,442
Provision for losses on voyages in progress	-	1,345
Accrued lease liability	473	239
Audit fees and related services	1,261	142
Finance fees	2,601	-
Relocation reserve	840	-
Professional fees	1,120	10
Other accrued expenses	1,749	2,367
TOTAL ACCRUED EXPENSES	\$ 11,253	\$ 7,117

NOTE 11: BORROWINGS

Borrowings consist of the following:

	SUCCESSOR DECEMBER 31, 2005	PREDECESSOR DECEMBER 31, 2004
	----	----
2004 Revolving Credit Facilities	\$ -	\$ 40,506
2004 Term Loan	-	10,000
Credit Facility	493,400	-
	-----	-----
Total borrowings	493,400	50,506
Less current portion	(54,221)	(1,000)
	-----	-----
TOTAL LONG TERM BORROWINGS	\$ 439,179	\$ 49,506
	=====	=====

CREDIT FACILITY: On August 18, 2005, the Company closed out its then existing loan facility and repaid the \$49.8 million outstanding on that date. This prepayment was made using available funds and no penalties were incurred. On July 12, 2005, a new senior secured credit facility, with HSH Nordbank AG, was established by ISE to provide a portion of the funds necessary to acquire Navios and provide working capital for the Successor Company. This facility was assumed by the Company, and fully drawn on August 25, 2005. Of the \$514.4 million borrowed under this facility, \$412.0 million was used in connection with the acquisition/reincorporation. On December 21, 2005, the Company entered into a restated credit facility with HSH Nordbank AG under which it borrowed \$649 million. Of the \$649 million, \$435 million was used to restructure the balance of the credit facility described above and the remaining balance of \$214 million to finance the acquisition of ten new vessels. Of the \$214 million Navios has drawn \$106 million as of December 31, 2005.

The interest rate under the facility is LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.5% to 2.75% per annum, depending on the tranche being borrowed, and the applicable rate from interest rate swaps, which are required by the lender to limit the Company's exposure to interest rate fluctuations. Amounts drawn under the facility are secured by first preferred mortgages over the Company's vessels, general assignment of earning and charter agreements, insurance policies and pledge of shares. Outstanding amounts under the facility may be prepaid without penalty in multiples of \$1.0 million upon 10 days' written notice. The facility requires mandatory prepayment of amounts outstanding under the credit facility in the event of a sale or loss of assets, including the sale of a vessel in the ordinary course of business.

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The credit facility contains a number of covenants, including covenants limiting, subject to specified exceptions, the payment of dividends, mergers and acquisitions, the incurrence of indebtedness and liens, and transactions with affiliates. The credit facility also requires compliance with a number of financial covenants including tangible net worth, debt coverage ratios, specified tangible net worth to total debt percentages and minimum liquidity. It is an event of default under the credit facility if such covenants are not complied with or if Angeliki Frangou, the Company's Chairman and Chief Executive Officer, beneficially owns less than 20% of the issued stock or does not remain actively involved in the operating business.

2004 REVOLVING CREDIT FACILITIES: On October 5, 2004, the Company entered into a revolving credit facility of \$51,000 collateralized by the vessels M/V Navios Apollon, M/V Navios Herakles and M/V Navios Ionian. The book value of the vessels collateralizing the revolving credit facility was \$53,626 at December 31, 2004. On each revolving facility reduction date the maximum revolving facility amount is to be reduced, by \$1,700. The "revolving facility date" means each one of the seventeen (17) dates falling at consecutive six (6) monthly intervals after the first advance date, up to, and including, the revolving facility availability termination date. Principal payments are due only when the balance on the facility is greater than or equal to the maximum revolving credit facility amount as determined after the reduction of each of the 17 revolving facility dates mentioned above, which as of December 31, 2004, are determined to be in 2013. The revolving credit facility bears interest at LIBOR plus 1%. The Company must pay a fee of 0.3% per annum on the unused portion of the maximum revolving facility amount on a quarterly basis in arrears. The amount outstanding as of December 31, 2004 was \$18,100.

On October 4, 2004 the Company entered into a revolving credit facility of \$55,000 collateralized by the vessels M/V Navios Achilles, M/V Navios Hios and M/V Navios Kypros and a guarantee of Navios Maritime Holdings, Inc. The book value of the vessels collateralizing the revolving credit facility was \$62,056

at December 31, 2004. On each revolving facility reduction date, the maximum revolving facility amount is to be reduced, by \$1,000. The "revolving facility date" means each one of the thirty five (35) dates falling at consecutive three (3) monthly intervals after the first advance date, up to, and including, the revolving facility availability termination date. Principal payments are due only when the balance on the facility is greater than or equal to the maximum revolving credit facility amount as determined after the reduction of each of the 35 revolving facility dates mentioned above, which as of December 31, 2004, are determined to be in 2013. The revolving credit facility bears interest at LIBOR plus 1%. The Company must pay a fee of 0.3% per annum on the unused portion of the maximum revolving facility amount on a quarterly basis in arrears. The amount outstanding as of December 31, 2004 was \$22,406.

2004 TERM LOAN: On October 4, 2004, the Company entered into a \$10,000 term loan collateralized by the vessels M/V Navios Achilles, M/V Navios Hios, and M/V Navios Kypros, which is due October 2010. The book value of the vessels collateralizing the term loan was \$62,056 at December 31, 2004. The loan is repayable in twenty four consecutive quarterly installments of \$250 with a balloon payment of \$4,000 due upon maturity. Interest is payable at an aggregate of the margin of 1.5% over LIBOR. The amount outstanding as of December 31, 2004 was \$10,000.

2004 LINE OF CREDIT: A line of credit of up to \$5,000 was made available to the Company in October 2004, which replaced the 2003 revolving Credit Facility. The facility was available to be used for the purpose of meeting working capital requirements and for general corporate purposes. Interest was payable at an aggregate of the margin of 2.25% plus "overnight Euro Dollar rate" for the term of each advance. This facility expired in October 2005. The amount outstanding as of December 31, 2004 was \$0.

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The principal payments of the credit facility outstanding balance as of December 31, 2005 for the next 5 years and thereafter are as follows:

YEAR	AMOUNT IN MILLION OF USD
----	-----
2006	54.2
2007	54.2
2008	54.2
2009	52.7
2010	52.7
2011 and thereafter	225.4

	493.4
	=====

NOTE 12: DERIVATIVES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

INTEREST RATE RISK

The Company entered into interest rate swap contracts as economic hedges to its exposure to variability in its floating rate long term debt. Under the terms of the interest rate swaps, the Company and the bank agreed to exchange at specified intervals, the difference between paying fixed rate and floating rate interest amount calculated by reference to the agreed principal amounts and maturities. Interest rate swaps allow the Company to convert long-term borrowings issued at floating rates into equivalent fixed rates. Even though the interest rate swaps were entered into for economic hedging purposes, the derivatives described below do not qualify for accounting purposes as cash flow hedges, under FASB Statement No. 133, Accounting for derivative instruments and hedging activities, as the Company does not have currently written contemporaneous documentation, identifying the risk being hedged, and both on a prospective and retrospective basis, performed an effective test supporting that the hedging relationship is highly effective. Consequently, the Company recognizes the change in fair value of these derivatives in the statement of operations.

The principal terms of the interest rate swaps outstanding at December 31, 2005 and 2004 are as follows:

DECEMBER 31, 2005

Counterparty	HSH Nordbank	HSH Nordbank	Royal Bank of Scotland	Royal Bank of Scotland	Royal Bank of Scotland	Alpha Bank
Notional	USD 171,000 declining 100,500 at resetting dates until maturity date	USD 82,000 declining 13,250 at resetting dates until maturity date	USD 11,375 declining 437 at resetting dates until maturity date	USD 13,430 declining 478 at resetting dates until maturity date	USD 10,500 declining 525 at resetting dates until maturity date	USD 10,500 declining 250 at resetting dates until maturity date
Terms	3 months LIBOR for 4.74%	Floor 3 months LIBOR 4.45% Cap 3 months LIBOR 5%	Floor 6 months LIBOR 5.55% Cap 6 months LIBOR 7.5%	Floor 6 months LIBOR 5.54% Cap 6 months LIBOR 7.5%	6 months LIBOR for 5.57%	Floor 3 months LIBOR 5.65% Cap 6 months LIBOR 7.5%
Resets	Quarterly	Quarterly	April and October	April and October	February and August	Quarterly
Inception	March 2006	March 2007	April 2001	October 2001	June 2001	July 2001
Maturity	March 2007	June 2008	October 2010	October 2006	February 2006	July 2010

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NAVIOS MARITIME HOLDINGS INC.
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DECEMBER 31, 2004

Counterparty	Royal Bank of Scotland	Royal Bank of Scotland	Royal Bank of Scotland	Alpha Bank
Notional	USD 12,250 declining 437 at each resetting dates until maturity date	USD 14,385 declining 478 at each resetting date until maturity date	USD 11,550 declining 525 at each resetting date until maturity date	USD 11,500 declining 250 at each resetting date until maturity date
Terms	Floor 6 months LIBOR 5.55% Cap 6 months LIBOR 7.5%	Floor 6 months LIBOR 5.54% Cap 6 months LIBOR 7.5%	6 months LIBOR for 5.57%	Floor 3 months LIBOR 5.65% Cap 3 months LIBOR 7.5%
Reset	April and October	April and October	February and August	Quarterly
Inception	April 2001	October 2001	June 2001	July 2001
Maturity	October 2010	October 2006	February 2006	July 2010

For the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003, the realized gain (loss) on interest rate swaps was \$191, \$403, \$(301) and \$(220), respectively. As of December 31, 2005 and 2004, the outstanding net liability was \$915 and \$3,104, respectively.

The swap agreements have been entered into by subsidiaries. The Royal Bank of Scotland swap agreements have been collateralized by a cash deposit of \$1.8 million. The Alpha Bank swap agreement has been guaranteed by the Company. The HSH Nordbank swap agreements are bound by the same securities as the secured credit facility.

FOREIGN CURRENCY RISK

The Company has not entered into any new Foreign Exchange Currency contracts (FEC') since March 28, 2005. During the period January 1, 2005 to March 28, 2005, the Company purchased (euro)3,000 at an average rate of 1.30 with a sales value of \$3,923. During the year ended December 31, 2004, the Company purchased (euro)2,500 at an average rate of 1.32 with a sales value of \$3,290.

These contracts mature within twelve months of the balance sheet date for all periods. As of December 31, 2005, all contracts had been settled. As of December 31, 2004, the fair value of all open contracts was \$126. The open contracts as of December 31, 2004, were settled quarterly between March 2005 and June 2005. The net (loss) gain from FECs recognized in the consolidated statement of operations amounted to \$(98), \$(462), \$219 and \$432 for the periods August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and for the years ended December 31, 2004 and 2003, respectively. The unrealized gain (loss) from FECs amounted to \$212 for the period August 26 to December 31, 2005, \$(338) for the period January 1 to August 25, 2005, \$(44) and \$170 for the years ended December 31, 2004 and 2003, respectively.

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

FORWARD FREIGHT AGREEMENTS (FFAS)

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

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

At December 31, 2005 and 2004, none of the "mark to market" positions of the open dry bulk FFA contract qualified for hedge accounting treatment. Dry bulk FFAs traded by the Company that do not qualify for hedge accounting are shown at fair value through the statement of operations.

The net (losses) gains from FFAs amounted to \$(2,766), \$2,869, \$57,746 and \$51,115 for the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003, respectively.

During the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003, the changes in net unrealized (losses) gains on FFAs amounted to \$(17,074), \$(23,793), \$599 and \$45,905, respectively.

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

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
FORWARD FREIGHT AGREEMENTS (FFAS)		
Short term FFA derivative asset	\$ 45,818	\$ 111,131
Long term FFA derivative asset	-	708
Short term FFA derivative liability	(39,578)	(63,981)
Long term FFA derivative liability	-	(752)
NET FAIR VALUE ON FFA CONTRACTS	\$ 6,240	\$ 47,106
NOS FFAS PORTION OF FAIR VALUE TRANSFERRED TO NOS DERIVATIVE ACCOUNT	\$ (331)	\$ (1,947)

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

SUCCESSOR DECEMBER 31,	PREDECESSOR DECEMBER 31,
---------------------------	-----------------------------

INTEREST RATE SWAPS	2005 ----	2004 ----
Short term interest rate swap asset	\$ 69	\$ -
Long term interest rate swap asset	28	-
Short term interest rate swap liability	(414)	(1,411)
Long term interest rate swap liability	(598)	(1,692)
	-----	-----
NET FAIR VALUE OF INTEREST RATE SWAP CONTRACT	\$ (915)	\$ (3,103)
	=====	=====

The open Forward Exchange Contracts (FECs), after consideration of their fair value, are summarized as follows:

FORWARD EXCHANGE CONTRACTS (FECS)	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Short term FECs derivative (liability) asset	\$ -	\$ 126
	=====	=====

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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RECONCILIATION OF BALANCES

Total of balances related to derivatives and financial instruments:

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
FFAs	\$ 6,240	\$ 47,106
NOS FFAs portion of fair value transferred to NOS derivative account	(331)	(1,947)
Interest rate swaps	(915)	(3,103)
FECs	-	126
	-----	-----
TOTAL	\$ 4,994	\$ 42,182
	=====	=====

Balance Sheet Values

	SUCCESSOR DECEMBER 31, 2005 ----	PREDECESSOR DECEMBER 31, 2004 ----
Total short term derivative asset	\$ 45,556	\$ 109,310
Total long term derivative asset	28	708
Total short term derivative liability	(39,992)	(65,392)
Total long term derivative liability	(598)	(2,444)
	-----	-----
TOTAL	\$ 4,994	\$ 42,182
	=====	=====

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Borrowings: The carrying amount of the floating rate loan approximates its fair value.

Interest rate swaps: The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date by obtaining quotes from financial institutions.

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

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

	SUCCESSOR DECEMBER 31, 2005		PREDECESSOR DECEMBER 31, 2004	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Cash and short term investments	41,823	41,823	50,271	50,271
Trade receivables	13,703	13,703	15,200	15,200
Accounts payable	(13,886)	(13,886)	(14,883)	(14,883)
Long term debt	(493,400)	(493,400)	(50,506)	(50,506)
Interest rate swaps	(915)	(915)	(3,103)	(3,103)
Forward Freight Agreements, net	6,240	6,240	47,106	47,106

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13: EMPLOYEE BENEFIT PLANS

RETIREMENT SAVING PLAN

The Company sponsors an employee saving plan covering all of its employees in the United States. The Company's contributions to the employee saving plan during the periods from August 26, 2005 to December 31, 2005 and from January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003 were approximately \$53, \$204, \$267 and \$273, respectively, which included a discretionary contribution of \$26, \$107, \$137 and \$153, respectively.

DEFINED BENEFIT PENSION PLAN

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

The Greek office employees are protected by the Greek Labor Law. According to the law, the Company is required to pay retirement indemnities to employees on dismissal, or on leaving with an entitlement to a full security retirement pension. The amount of the compensation is based on the number of years of service and the amount of the monthly remuneration including regular bonuses at the date of dismissal or retirement up to a maximum of two years salary. If the employees remain in the employment of the Company until normal retirement age, the entitled retirement compensation is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Company until retirement age is not known. The Company considers this plan equivalent to a lump sum defined benefit pension plan and accounts it under FAS Statement No. 87 "Employer's Accounting for Pension".

POST-EMPLOYMENT MEDICAL AND LIFE INSURANCE BENEFITS

The Company also sponsors a legacy post-retirement medical plan that covers certain US retirees of Navios Corporation. The unfunded liability related to post-retirement medical and life insurance is recognized based on actuarial valuations. The current portion of the liability is included in accrued expenses and the non-current portion of the liability is included in other long term liabilities.

The Company uses December 31 as the measurement date of its plans.

PENSION BENEFITS		OTHER BENEFITS	
SUCCESSOR	PREDECESSOR	SUCCESSOR	PREDECESSOR
DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,
2005	2004	2005	2004

	----	----	----	----
Benefit obligation at beginning of year	367	393	745	652
Service cost	6	7	-	-
Interest cost	18	22	42	39
Plan participants' contributions	-	-	-	-
Amendments	-	-	-	-
Amortization of prior service cost	4	-	-	-
Actuarial (gain) loss	18	(5)	47	88
Benefits paid	(87)	(50)	(37)	(34)
	-----	-----	-----	-----
Benefit obligation at end of year	326	367	797	745
	-----	-----	-----	-----
Funded status (*)	(326)	(367)	(797)	(745)
Unrecognized net actuarial loss (gain)	-	-	-	-
Unrecognized prior service cost (benefit)	-	-	-	-
	-----	-----	-----	-----
NET AMOUNT RECOGNIZED	(326)	(367)	(797)	(745)
	=====	=====	=====	=====

(*) All of the Company's plans are unfunded.

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NAVIOS MARITIME HOLDINGS INC.
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Amounts recognized on the balance sheets consist of:

	PENSION BENEFITS		OTHER BENEFITS	
	SUCCESSOR	PREDECESSOR	SUCCESSOR	PREDECESSOR
	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,
	2005	2004	2005	2004
	----	----	----	----
Prepaid benefit cost	-	-	-	-
Accrued benefit cost	(326)	(367)	(797)	(745)
Intangible assets	-	-	-	-
Accumulated other comprehensive income	-	-	-	-
	-----	-----	-----	-----
NET AMOUNT RECOGNIZED	(326)	(367)	(797)	(745)
	=====	=====	=====	=====

The accumulated benefit obligation for all benefit pension plans, including the Greek indemnity plan was \$326 and \$367 at December 31, 2005 and 2004, respectively.

COMPONENTS OF NET PERIODIC BENEFIT EXPENSE

	PENSION BENEFITS			
	SUCCESSOR	PREDECESSOR	PREDECESSOR	PREDECESSOR
	AUGUST 26 TO	JANUARY 1 TO	YEAR ENDED	YEAR ENDED
	DECEMBER 31,	AUGUST 25,	DECEMBER 31,	DECEMBER 31,
	2005	2005	2004	2003
	----	----	----	----
Service cost	\$ 2	\$ 4	\$ 7	\$ 5
Interest cost	5	13	22	23
Expected return on plan assets	-	-	-	-
Amortization of prior service cost	4	-	-	-
Amortization of net actuarial (gain) loss	8	10	(5)	39
	-----	-----	-----	-----
REGULAR NET PERIODIC BENEFIT COST	\$ 19	\$ 27	\$ 24	\$ 67
Other income	-	(26)	-	-
	-----	-----	-----	-----
TOTAL NET PERIODIC BENEFIT COST	19	1	24	67
	=====	=====	=====	=====

OTHER BENEFITS				
	SUCCESSOR	PREDECESSOR	PREDECESSOR	PREDECESSOR
	AUGUST 26 TO	JANUARY 1 TO	YEAR ENDED	YEAR ENDED
	DECEMBER 31,	AUGUST 25,	DECEMBER 31,	DECEMBER 31,
	2005	2005	2004	2003
	----	----	----	----
Service cost	\$ -	\$ -	\$ -	\$ -
Interest cost	14	28	39	45
Expected return on plan assets	-	-	-	-
Amortization of prior service cost	-	-	-	-
Amortization of net actuarial (gain) loss	39	8	88	(42)
REGULAR NET PERIODIC BENEFIT COST	\$ 53	\$ 36	\$ 127	\$ 3
Other income	-	-	-	-
TOTAL NET PERIODIC BENEFIT COST	53	36	127	3
	=====	=====	=====	=====

ASSUMPTIONS

Weighted average assumptions used to determine benefit obligations:

PENSION BENEFITS		OTHER BENEFITS	
SUCCESSOR	PREDECESSOR	SUCCESSOR	PREDECESSOR
DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,
2005	2004	2005	2004
----	----	----	----
Discount rate	5.50%	5.75%	5.50%
Rate of compensation increase	4.50%	4.50%	n/a

Weighted average assumption used to determine net periodic benefit cost:

PENSION BENEFITS			
SUCCESSOR	PREDECESSOR	PREDECESSOR	PREDECESSOR
AUGUST 26 TO	JANUARY 1 TO	YEAR ENDED	YEAR ENDED
DECEMBER 31,	AUGUST 25,	DECEMBER 31,	DECEMBER 31,
2005	2005	2004	2003
----	----	----	----
Discount rate	5.75%	5.75%	6.25%
Expected long-term return on plan assets	-	-	-
Rate of compensation increase	4.50%	4.50%	4.50%

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

OTHER BENEFITS			
SUCCESSOR	PREDECESSOR	PREDECESSOR	PREDECESSOR
AUGUST 26 TO	JANUARY 1 TO	YEAR ENDED	YEAR ENDED
DECEMBER 31,	AUGUST 25,	DECEMBER 31,	DECEMBER 31,
2005	2005	2004	2003
----	----	----	----
Discount rate	5.75%	5.75%	6.25%
Expected long-term return on plan assets	-	-	-
Rate of compensation increase	-	-	-

Assumed health care cost trend rates:

	SUCCESSOR ----- DECEMBER 31, ----- 2005 ----	PREDECESSOR ----- DECEMBER 31, ----- 2004 ----
Health care cost trend rate assumed for next year	10%	10%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	0.5%	0.5%
Year that the rate reaches the ultimate trend rate	2015	2014

Discount rates according to actuarial reports have been determined for U.S. employees by reference to the Moody's Aa Corporation Bond Rate rounded to the next higher 0.25% and for Greek employees by reference to the yield on Greek Government Bonds. No adjustments were made for differences between the terms of the bonds and the term of the benefit obligations.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-PERCENTAGE-POINT ----- INCREASE -----	1-PERCENTAGE-POINT ----- DECREASE -----
Effect on total of service and interest cost	46	38
Effect on post-retirement benefit obligation	871	732

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

	PENSION BENEFITS -----	OTHER BENEFITS -----
2006	51	47
2007	49	50
2008	43	52
2009	38	55
2010	36	58
2011 to 2015	117	319

NOTE 14: URUGUAYAN SUBSIDIARY LEGAL RESERVE

The Company's Uruguayan subsidiary maintains a retained earnings reserve, as required by Uruguayan law. This law states that 5% of each year's net income must be set aside until the reserve equals 20% of the subsidiary's paid in capital. As of December 31, 2005 and 2004, this reserve totals \$451 and \$289, respectively. As a result of the acquisition of Navios by ISE and the subsequent downstream merger with and into its newly acquired wholly owned subsidiary, Navios, the legal reserve is no longer presented as a separate component of stockholders' equity on the face of the balance sheet at December 31, 2005.

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

NOTE 15: COMMITMENTS AND CONTINGENCIES:

The Company as of December 31, 2005 was contingently liable for letters of guarantee and letters of credit amounting to \$500 (2004: \$745) issued by various banks in favor of various organizations. These are collateralized by cash deposits, which are included as a component of restricted cash.

The Company has issued guarantees, amounting to \$2.3 million (2004:\$71) at December 31, 2005 to third parties where the Company irrevocably and unconditionally guarantees subsidiaries obligations under dry bulk shipping FFAs. The guarantees remain in effect for a period of six months following the

last trade date, which was December 15, 2005.

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

The Company, in the normal course of business, entered into contracts to time charter-in vessels for various periods through July 2015.

NOTE 16: LEASES

CHARTERS-IN:

As of December 31, 2005, the Company had 13 chartered-in vessels (3 Ultra Handymax and 10 Panamax vessels). The Company has options to purchase six of these vessels, all of which options have been exercised in 2005. The first two of the option vessels were delivered on November 30, 2005 and December 30, 2005, respectively, the third option vessel was delivered on February 10, 2006 (Note 23) while two of the remaining three are expected to be delivered in the week starting March 20, 2006 and the third in the first week of April 2006.

The future commitments, net of commissions under charters in are as follows (in thousands):

	AMOUNT

2006	\$ 42,773
2007	45,520
2008	50,523
2009	44,721
2010	38,050
2011 and thereafter	98,406

	\$ 319,993
	=====

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NAVIOS MARITIME HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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CHARTERS-OUT:

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

	AMOUNT

2006	\$ 109,508
2007	37,922
2008	4,992

	\$ 152,422
	=====

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

OFFICE SPACE:

The future minimum commitments under lease obligations for office space are as follows (in thousands):

	AMOUNT

2006	\$ 380
2007	336
2008	350
2009	361
2010	361
2011 and thereafter	166

Net minimum lease payments	\$ 1,954
	=====

On January 2, 2006 the Company relocated its headquarters to new leased premises in Piraeus, Greece. In 2001, the Company entered into a ten-year lease for office facilities in Norwalk USA, that expires in June 2011. The above table only incorporates the lease commitment on the offices in South Norwalk, Connecticut. See Notes 3 and 23 for further information on the office relocation and the new lease.

NOTE 17: TRANSACTIONS WITH RELATED PARTIES

VESSEL ACQUISITIONS: On December 19, 2005 Navios entered into an agreement to purchase four Panamax vessels from Maritime Enterprises Management S.A., a company affiliated with the Company's CEO and the Manager of the selling owning companies of the vessels below. On December 22, 2005 Navios took delivery of the first two vessels the Navios Libra II built in 1995 and the Navios Alegria built in 2004, owned by Sealand Access S.A. and Victory Confidence S.A., respectively. The third vessel, the Navios Felicity built in 1997 and owned by Mercury Marine S.A., was delivered on December 27, 2005 and the fourth vessel, the Navios Gemini S built in 1994 and owned by Shipcare Dominion S.A., was delivered on January 5, 2006. The total acquisition cost for the four new vessels including backlogs was \$119.8 million (cost related to the three vessels delivered during 2005 was \$95.0 million) and was funded with (a) \$13.0 million (\$8.5 million related to vessels delivered in 2005) of Navios' available cash; (b) \$80.3 million (\$65.1 million related to vessels delivered in 2005) from bank financing and (c) through the issuance of 5,500,854 shares (4,339,319 shares relates to vessels delivered) of Navios authorized capital at \$4.96 per share for Navios Alegria (1,840,923 shares) and Navios Libra II (1,227,282 shares), \$4.82 per share for Navios Felicity (1,271,114 shares) and \$4.42 per share for Navios Gemini S. (1,161,535 shares) (Note 23).

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

PURCHASE OF SERVICES: The Company utilizes Acropolis Chartering and Shipping Inc. ("Acropolis") as a broker. Commissions paid to Acropolis for the periods from August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and during the years ended December 31, 2004 and 2003 were \$455, \$157, \$877 and \$597, respectively. The Company owns fifty percent of the common stock of Acropolis. During the periods August 26, 2005 to December 31, 2005 and January 1, 2005 to August 25, 2005 and the years ended December 31, 2004 and 2003 the Company received dividends of \$0, \$972, \$699 and 78, respectively.

During the year ended December 31, 2003, Navios (predecessor) utilized Levant Maritime Company Ltd. ("Levant") as an agent. Agency fees paid to Levant amounted to \$1,003. Levant is a company that is not included in the consolidated financial statements. The management of Levant was carried out by one of the Navios (predecessor) former directors and stockholders. Levant ceased to provide services to Navios (predecessor) in 2003.

LOANS FROM STOCKHOLDERS: Prior to acquisition of the Company on August 25, 2005, an initial stockholder of International Shipping Enterprises, Inc. (the "ISE"), who became an officer and principal stockholder of the Company, advanced a total of \$8.6 million to ISE in the form of non-interest bearing loans. These funds were used to pay costs related to the acquisition and were repaid by the Company following completion of the August 25, 2005 transaction.

LOANS TO SHAREHOLDERS: In November 2002 Navios (predecessor) issued a promissory note for \$367 to Kastella Trading, Inc. ("Kastella"), a Marshall Islands corporation. Interest was accrued at 4.6% per year and was payable at the note's due date. Kastella was wholly owned by one of Navios (predecessor) executives. This loan was fully repaid in 2004 and the interest received was \$33 and is included in the December 31, 2004 consolidated statement of operations.

In August 2004 Navios (predecessor) advanced to one of its shareholders and executive officers the amount of \$50. The full amount was repaid during the year. No interest was calculated for the duration of this loan.

BALANCES DUE TO RELATED PARTIES: Included in the trade accounts payable at December 31, 2005 is an amount of \$90 (2004: \$147), which is due to Acropolis Chartering and Shipping Inc.

NOTE 18: DISPOSAL OF FIXED ASSETS

No fixed assets were disposed of in 2005.

In 2004, the following fixed assets were disposed of:

	NET SALES	NET BOOK	GAIN ON
	-----	-----	-----
FIXED ASSETS	PROCEEDS	VALUE	SALE
-----	-----	-----	-----

Payloaders	\$112	\$ (58)	\$54
Unloaders	24	(17)	7
	-----	-----	-----
	\$136	\$ (75)	\$61
	=====	=====	=====

In 2003, the following vessels were disposed of:

VESSEL	NET SALES PROCEEDS	NET BOOK VALUE	GAIN/ (LOSS) ON SALE
-----	-----	-----	-----
M/V Navios Pioneer	\$ 6,020	\$ (5,805)	\$ 215
M/V Agios Konstantinos	18,487	(19,413)	(926)
M/V Artemis	18,538	(21,712)	(3,174)
M/V Navios Aegean	19,996	(18,478)	1,518
	-----	-----	-----
	\$ 63,041	\$ (65,408)	\$ (2,367)
	=====	=====	=====

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NOTE 19: MINORITY INTEREST

The Navimax Pool, an association of three participants, was created for purposes of trading operating vessels owned and/or chartered by the Pool's participants, as well as, to charter and trade with third parties under freight contracts.

In 2003 Navios (predecessor) liquidated the third participant's interest in the Navimax Pool based on a mutual agreement. This liquidation was carried out on March 11, 2003 by distributing to the third participant, its remaining monetary value of pool interests as there were no other assets or liabilities.

NOTE 20: SEGMENT INFORMATION

The Company has two reportable segments from which it derives its revenues: Vessel Operations and Port Terminal. The reportable segments reflect the internal organization of the Company and are 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 forward freight agreements. The Port Terminal business consists of operating a port and transfer station terminal.

The Company measures segment performance based on net income. Inter-segment sales and transfers are not significant and have been eliminated and are not included in the following table.

	VESSEL OPERATIONS		PORT TERMINAL		TOTAL	
	SUCCESSOR	PREDECESSOR	SUCCESSOR	PREDECESSOR	SUCCESSOR	PREDECESSOR
	AUGUST 26, 2005	JANUARY 1, 2005	AUGUST 26, 2005	JANUARY 1, 2005	AUGUST 26, 2005	JANUARY 1, 2005
	TO	TO	TO	TO	TO	TO
	DECEMBER 31,	AUGUST 25,	DECEMBER 31,	AUGUST 25,	DECEMBER 31,	AUGUST 25,
	2005	2005	2005	2005	2005	2005
	----	----	----	----	----	----
Revenue	\$ 74,296	152,668	\$ 2,080	5,962	\$ 76,376	158,630
Gain (loss) on forward freight agreements	(2,766)	2,869	-	-	(2,766)	2,869
Interest income	1,162	1,349	1	1	1,163	1,350
Interest expense	(11,892)	(1,677)	-	-	(11,892)	(1,677)
Depreciation and amortization	(13,016)	(3,391)	(566)	(481)	(13,582)	(3,872)
Equity in net income of affiliated companies	285	788	-	-	285	788
Net income	\$ 1,856	48,517	305	2,820	2,161	51,337
	=====	=====	=====	=====	=====	=====
Total assets	715,996	256,867	73,387	28,088	789,383	284,955
Capital expenditures	(*)147,363	777	295	3,487	147,658	4,264
Investments in affiliates	\$ 657	372	\$ -	-	\$ 657	372

(*) Includes \$21.3 million non-cash consideration in the form of common stock issued in connection with the purchase of three vessels and \$13.4 million transferred from vessel purchase options in connection with the acquisition of two option vessels

	PREDECESSOR -----	PREDECESSOR ----- PORT TERMINAL -----	PREDECESSOR -----
	VESSEL OPERATIONS ----- FOR THE YEAR ENDED ----- DECEMBER 31, 2004 -----	OPERATIONS FOR ----- THE YEAR ENDED ----- DECEMBER 31, 2004 -----	TOTAL FOR THE ----- YEAR ENDED ----- DECEMBER 31, 2004 -----
Revenue	\$ 271,536	\$ 7,648	\$ 279,184
Gain on forward freight agreements	57,746	-	57,746
Interest income	787	2	789
Interest expense	(3,140)	(310)	(3,450)
Depreciation and amortization	(5,258)	(667)	(5,925)
Equity in net earnings of affiliate companies	763	-	763
Net income	----- 123,841 =====	----- 3,291 =====	----- 127,132 =====
Total assets	309,022	24,270	333,292
Capital expenditures	494	4,609	5,103
Investment in affiliates	\$ 557	\$ -	\$ 557

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	PREDECESSOR -----	PREDECESSOR ----- PORT TERMINAL -----	PREDECESSOR -----
	VESSEL OPERATIONS ----- FOR THE YEAR ENDED ----- DECEMBER 31, 2003 -----	OPERATIONS FOR ----- THE YEAR ENDED ----- DECEMBER 31, 2003 -----	TOTAL FOR THE ----- YEAR ENDED ----- DECEMBER 31, 2003 -----
Revenue	\$ 172,824	\$ 6,910	\$ 179,734
Gain on forward freight agreements	51,115	-	51,115
Interest income	132	2	134
Interest expense	(4,738)	(540)	(5,278)
Depreciation and amortization	(8,293)	(564)	(8,857)
Equity in net earnings of affiliate companies	403	-	403
Net income	----- 55,588 =====	----- 2,913 =====	----- 55,501 =====
Total assets	340,017	21,516	361,533
Capital expenditures	34,894	1,553	36,447
Investment in affiliates	\$ 493	\$ -	\$ 493

The following table sets out operating revenue by geographic region for the Company's reportable segments. Vessel Operation and Port Terminal revenue is allocated on the basis of the geographic region in which the customer is located. Dry bulk vessels operate worldwide. Revenues from specific geographic region which contribute over 10% of total revenue are disclosed separately.

REVENUE BY GEOGRAPHIC REGION

SUCCESSOR -----		PREDECESSOR -----
AUGUST 26, 2005 TO DECEMBER 31,	JANUARY 1, 2005 TO AUGUST 25,	YEARS ENDED DECEMBER 31 -----

	2005	2005	2004	2003
	----	----	----	----
North America	\$5,767	\$20,206	\$38,201	\$30,308
South America	3,512	9,287	7,808	7,055
Europe	41,614	78,007	119,393	85,533
Australia	554	2,587	12,943	10,863
Asia	24,929	48,318	99,356	44,308
Other	-	225	1,483	1,667
	-----	-----	-----	-----
Total	\$76,376	\$158,630	\$279,184	\$179,734
	-----	-----	-----	-----

The following describes long-lived assets by country for the Company's reportable segments. Vessels operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries. The total net book value of long-lived assets for vessels amounted to \$339,083 and \$116,231 at December 31, 2005 and 2004, respectively. For Port Terminal, all long-lived assets are located in Uruguay. The total net book value of long-lived assets for the Port Terminal amounted to \$26,699 and \$20,944 at December 31, 2005 and 2004, respectively.

NOTE 21: EARNINGS PER COMMON SHARE

The downstream merger of ISE with and into Navios (Note 3) resulted in the cancellation of the existing Navios common shares to reflect those issued by ISE. All earnings per share calculations for periods prior to the August 25, 2005 acquisition and merger (Navios predecessor) are based on the average number of Navios shares outstanding during the respective periods.

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NAVIOS MARITIME HOLDINGS INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (EXPRESSED IN THOUSANDS OF US DOLLARS - EXCEPT PER SHARE DATA)

Earning per share for periods subsequent to the acquisition and merger are calculated by dividing net income by the average number of shares of Navios successor outstanding during the period. Fully diluted earnings per share assumes that the 65,550,000 warrants outstanding were exercised at the warrant price of \$5.00 each generating proceeds of \$327.8 million and these proceeds were used to buy back shares of common stock at the average market price during the period.

	SUCCESSOR AUGUST 26, 2005 ----- TO -- DECEMBER 31, 2005 -----	PREDECESSOR JANUARY 1, 2005 ----- TO -- AUGUST 25, 2005 -----	PREDECESSOR ----- YEAR ENDED ----- DECEMBER 31, 2004 -----	PREDECESSOR ----- YEAR ENDED ----- DECEMBER 31, 2003 -----
NUMERATOR:				
Net income - basic and diluted	2,161	51,337	127,132	55,501
	=====	=====	=====	=====
DENOMINATOR:				
Denominator for basic earning per share - weighted average shares	40,189,356	874,584	909,205	996,408
Dilutive potential common shares				
Warrants outstanding	65,550,000	-	-	-
Proceeds on exercises of warrants	327,750,000	-	-	-
Number of shares to be repurchased	60,500,802	-	-	-
	-----	-----	-----	-----
Effect of dilutive securities - warrants	5,049,198	-	-	-
	-----	-----	-----	-----
Denominator for diluted earnings per share - adjusted weighted shares and assumed conversions	45,238,554	874,584	909,205	996,408
	=====	=====	=====	=====
Basic earnings per share	0.05	58.7	139.83	55.7
	=====	=====	=====	=====
Diluted earnings per share	0.05	58.7	139.83	55.7
	=====	=====	=====	=====

NOTE 22: INCOME TAXES

Marshall Islands, Greece, Liberia and Panama, do not impose a tax on international shipping income. Under the laws of Marshall Islands, Greece, Liberia and Panama the countries of the companies' incorporation and vessels' registration, the companies are subject to registration and tonnage taxes which

have been included in vessel operating expenses in the accompanying consolidated statements of operations.

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

Corporacion Navios Sociedad Anonima is located in a tax free zone and is not liable to income or other tax.

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

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NOTE 23: SUBSEQUENT EVENTS

On January 2, 2006, Navios Corporation and Navios Shipmanagement Inc., two wholly owned subsidiaries of Navios, entered into two lease agreements with Goldland Ktimatiki - Ikodomiki - Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation which is partially owned by relatives of Angeliki Frangou, Navios' Chairman and Chief Executive Officer. The lease agreements provide for the leasing of two facilities located in Piraeus, Greece, of approximately 2,034.3 square meters and will house the operations of the Company's subsidiaries. The total annual lease payments are EUR 420,000 (approximately \$500,000) and the lease agreements expire in 2017. The Company believes the terms and provisions of the lease agreements were similar to those that would have been agreed with a non-related third party. The lease payments are subject to annual adjustments starting from the third year which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

On January 5, 2006, the Company took delivery of vessel Navios Gemini S the last of the four Panamax vessels purchased from Maritime Enterprises Management S.A., a company affiliated with the Frangou family (Notes 2 and 17).

On February 10, 2006, the Company took delivery of Navios Arc the first of the remaining four option vessels to be delivered in 2006 (Notes 2 and 15).

On February 16, 2006, the Board of Directors resolved that a dividend of \$0.0666 per common share will be paid on March 13, 2006 to stockholders of records as of February 27, 2006.

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