

Navios Maritime Acquisition CORP

Form 6-K

May 15, 2015

[Table of Contents](#)

**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: May 15, 2015**

**Commission File No. 001-34104**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**7 Avenue de Grande Bretagne, Office 11B2**

**Monte Carlo, MC 98000 Monaco**

**(Address of Principal Executive Offices)**

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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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

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

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

N/A

Table of Contents

**NAVIOS MARITIME ACQUISITION CORPORATION**

**FORM 6-K**

**TABLE OF CONTENTS**

<u>Operating and Financial Review</u>	<b>Page</b> 3
<u>Financial Statements Index</u>	F-1

## **Table of Contents**

### **Operating and Financial Review and Prospects**

The following is a discussion of the financial condition and results of operations for the three month periods ended March 31, 2015 and 2014 of Navios Maritime Acquisition Corporation (referred to herein as we, us or Navios Acquisition ). All of the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ( U.S. GAAP ). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Acquisition 's 2014 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This Report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on Navios Acquisition 's current expectations and observations. 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 product and chemical tankers, fluctuation of charter rates, competitive factors in the market in which Navios Acquisition operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Acquisition 's filings with the Securities and Exchange Commission.

### ***Recent Developments and History***

#### **Dividend Policy**

On May 11, 2015, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2015 of \$0.05 per share of common stock payable on July 2, 2015 to stockholders of record as of June 18, 2015. The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition 's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

#### **Vessel Deliveries and Acquisitions**

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$33.5 million.

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$39.3 million.

#### **Equity Transactions**

In January 2015, Navios Acquisition, through the holder 's put option, redeemed 250 shares of the Series D Convertible Preferred Stock and paid \$2.5 million to the holder upon redemption.

On February 28, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock.

On April 30, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock.

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On April 24, 2015, Navios Acquisition redeemed, through the holder's put option, 25,000 shares of the puttable common stock and paid \$250,000 to the holder upon redemption.

On April 24, 2015, Navios Acquisition redeemed, through the holder's put option, 75 shares of the Series D Convertible Preferred Stock and paid \$750,000 to the holder upon redemption.

As of May 13, 2015, Navios Acquisition had the following equity outstanding: 152,039,942 shares of common stock, 200,000 shares of Puttable Common Stock, 3,000 shares of Series A Convertible Preferred Stock, 540 shares of Series B Convertible Preferred Stock issued in connection with the acquisition of two LR1 product tankers, 1,000 shares of Series C Convertible Preferred Stock issued to Navios Maritime Holdings Inc. ( Navios Holdings ) and 475 shares of Series D Convertible Preferred Stock issued in connection with the acquisition of two LR1 product tankers.

**Table of Contents****Fleet**

As of May 13, 2015, our fleet consists of a total of 39 double-hulled tanker vessels, aggregating approximately 4.1 million deadweight tons ( dwt ). The fleet includes eight VLCC tankers, which transport crude oil and eight Long Range 1 ( LR1 ) product tankers, 19 Medium Range 2 ( MR2 ) product tankers and four chemical tankers, which transport refined petroleum products and bulk liquid chemicals. All the vessels are currently chartered-out to high-quality counterparties, including affiliates of Shell, Sinochem Group and SK Shipping with an average remaining charter period of approximately one year. As of May 13, 2015, we had charters covering 88.2% of available days in 2015, 31.6% of available days in 2016 and 10.3% of available days in 2017.

Vessels	Type	Built/ Delivery Date	DWT	Net Charter Rate <sup>(1)</sup>	Profit Share	Expiration Date <sup>(2)</sup>
<b>Owned Vessels</b>						
Nave Cielo	LR1 Product Tanker	2007	74,671	\$ 13,825	50%/50%	May 2016
Nave Ariadne	LR1 Product Tanker	2007	74,671	\$ 13,825	50%/50%	May 2016
Nave Cosmos	Chemical Tanker	2010	25,130	Floating Rate <sup>(15)</sup>	None	August 2015
Nave Polaris	Chemical Tanker	2011	25,145	Floating Rate <sup>(15)</sup>	None	July 2015
Nave Celeste <sup>(18)</sup>	VLCC	2003	298,717	\$ 42,705	None	December 2016
C. Dream <sup>(18)</sup>	VLCC	2000	298,570	\$ 29,625	50% above \$30,000 40% above \$40,000	March 2019
Nave Orbit	MR2 Product Tanker	2009	50,470	\$ 13,825	None	October 2015
Nave Equator	MR2 Product Tanker	2009	50,542	\$ 13,750	None	July 2015
Nave Andromeda	LR1 Product Tanker	2011	75,000	\$ 13,000 <sup>(14)</sup>	100% up to \$16,000 50% above \$16,000	November 2015
Nave Estella	LR1 Product Tanker	2012	75,000	\$ 11,850 <sup>(4)</sup>	90% up to \$16,000 50% above \$16,000	January 2016
Nave Atria	MR2 Product Tanker	2012	49,992	\$ 13,331 <sup>(5)</sup>	50%/50%	July 2015
	MR2 Product Tanker	2012	49,992	\$ 14,566	50%/50%	July 2016
Nave Cassiopeia	LR1 Product Tanker	2012	74,711	\$ 13,825	50%/50%	February 2016
Nave Cetus	LR1 Product Tanker	2012	74,581	\$ 13,825	50%/50%	April 2016
Nave Aquila	MR2 Product Tanker	2012	49,991	\$ 13,331 <sup>(5)</sup>	50%/50%	November 2015
Nave Bellatrix	MR2 Product Tanker	2013	49,999	\$ 13,331 <sup>(6)</sup>	50%/50%	January 2016

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Nave Rigel	LR1 Product Tanker	2013	74,673	\$	12,838	50%/50%	August 2015
	LR1 Product Tanker	2013	74,673	\$	13,825	50%/50%	August 2016
Nave Orion	MR2 Product Tanker	2013	49,999	\$	13,331 <sup>(6)</sup>	50%/50%	March 2016
Nave Atropos	LR1 Product Tanker	2013	74,695	\$	12,838 <sup>(3)</sup>	50%/50%	October 2015
Nave Titan	MR2 Product Tanker	2013	49,999	\$	13,825 <sup>(7)</sup>	50%/50%	June 2016
Nave Equinox	MR2 Product Tanker	2007	50,922	\$	15,650 <sup>(9)</sup>	None	April 2016
Nave Capella	MR2 Product Tanker	2013	49,995	\$	14,813	None	July 2015
Nave Pulsar	MR2 Product Tanker	2007	50,922	\$	15,553 <sup>(9)</sup>	None	May 2016
Nave Universe	Chemical Tanker	2013	45,513	\$	14,869 <sup>(8)</sup>	50%/50%	July 2015

**Table of Contents**

Nave Constellation	Chemical Tanker	2013	45,281	\$	14,869 <sup>(8)</sup>	50%/50%	September 2015
Nave Alderamin	MR2 Product Tanker	2013	49,998	\$	15,600	None	February 2017
Bougainville	MR2 Product Tanker	2013	50,626	\$	15,663 <sup>(10)</sup>	100%	September 2015
					15,976	100%	September 2016
					16,296	100%	September 2017
Nave Dorado	MR2 Product Tanker	2005	47,999	\$	13,578	None	November 2015
Nave Lucida	MR2 Product Tanker	2005	47,999	\$	13,578	None	November 2015
Nave Galactic <sup>(18)</sup>	VLCC	2009	297,168		Floating Rate <sup>(17)</sup>	None	March 2016
Nave Quasar <sup>(18)</sup>	VLCC	2010	297,376	\$	25,350	50% above \$29,250	February 2016
Nave Buena Suerte <sup>(18)</sup>	VLCC	2011	297,491		Floating Rate <sup>(13)</sup>	None	July 2015
Nave Jupiter	MR2 Product Tanker	2014	49,999	\$	14,319 <sup>(11)</sup>	50%/50%	May 2016
Nave Neutrino <sup>(18)</sup>	VLCC	2003	298,287		Floating Rate <sup>(12)</sup>	None	October 2015
Nave Electron <sup>(18)</sup>	VLCC	2002	305,178		Floating Rate <sup>(13)</sup>	None	July 2015
Nave Synergy	VLCC	2010	299,973	\$	34,125	None	January 2016
Nave Luminosity	MR2 Product Tanker	2014	49,999	\$	14,319 <sup>(11)</sup>	50%/50%	September 2016
Nave Pyxis	MR2 Product Tanker	2014	49,998	\$	16,294	None	February 2018
Nave Sextans	MR2 Product Tanker	2015	49,999	\$	16,294	None	January 2018
Nave Velocity	MR2 Product Tanker	2015	49,999	\$	14,319 <sup>(11)</sup>	50%/50%	February 2017

- (1) Net time charter-out rate per day (net of commissions), presented in USD.
- (2) Estimated dates assuming midpoint of redelivery by charterers.
- (3) Charterer's option to extend the charter for an additional year at \$13,825 net per day plus 50% profit sharing.
- (4) Charterer's option to extend the charter for one year at \$11,850 net plus 90% profit up to \$17,000 plus 50% profit sharing above \$17,000. The profit sharing formula is calculated monthly and incorporates \$2,000 premium above the relevant index.
- (5) Charterer's option to extend the charter for 1+1 years at \$14,566 net for the first optional year plus profit sharing; \$15,553 net for the 2nd optional year plus profit sharing. Profit sharing will be calculated monthly and profits will be split equally between each party. Profit sharing formula incorporates \$1,000 premium above the relevant index.
- (6) Charterer's option to extend the charter for one year at \$14,813 net plus profit sharing. The charterers will receive 100% of the first \$1,000 in profits above the base rate and the owners will receive 100% of the next \$1,000. Thereafter, all profits will be split equally to each party.
- (7) Charterer's option to extend the charter for one year at \$15,306 net plus profit sharing. The charterers will receive 100% of the first \$1,000 in profits above the base rate and the owners will receive 100% of the next \$1,000. Thereafter, all profits will be split equally to each party.
- (8) Charterer's option to extend for an additional year at a rate of \$16,088 net per day, plus 50% profit sharing.
- (9) Profit sharing based on a formula which incorporates a premium when vessels are trading in ice.



- (10) Rate can reach a maximum of \$20,475 net per day calculated basis a specific world scale formula. Both rate and ceiling increase by 2% annually.
- (11) Charter duration of two years. Charterer's option to extend for an additional year at a rate of \$15,306 net per day plus 50% profit sharing.
- (12) Rate is based upon daily Baltic International Tanker Routes ( BITR ), Route Tanker Dirty 3 ME Gulf to Japan ( TD3 ) adjusted for vessel's service speed/cons.
- (13) Rate based on VLCC pool earnings.
- (14) Charterer's option to extend the charter for one year at \$14,000 net plus 100% profit up to \$17,000 plus 50% profit sharing above \$17,000. The profit sharing formula is calculated monthly and incorporates \$2,000 premium above the relevant index.
- (15) Rate based on Chemical Tankers Pool earnings.
- (16) Charterer's option to extend the charter for 1 year at \$15,553 net plus profit sharing. Profit sharing will be calculated monthly and profits will be split equally between each party. Profit sharing formula incorporates \$1,000 premium above the relevant index.
- (17) Rate is based upon daily BITR TD3. Navios Acquisition will receive 100% of the index rate up to \$39,500 net per day and 50% of any amount in excess of \$39,500 net per day. The contract provides a minimum rate of \$29,625 net per day.
- (18) Navios Acquisition has granted an option to Navios Maritime Midstream Partners L.P. ( Navios Midstream ), exercisable until November 2016, to purchase the vessel from Navios Acquisition at fair market value.

#### **Charter Policy and Industry Outlook**

Our core fleet, as of May 13, 2015, consists of 39 vessels, of which eight are VLCCs, 27 are product tankers and four are chemical tankers. All the vessels are currently chartered-out to high-quality counterparties, including affiliates of Shell, Sinochem Group and SK Shipping with an average remaining charter period of approximately one year. Many of our charters have profit sharing

## **Table of Contents**

arrangements (see fleet table above). We intend to deploy the open vessels that have yet to be chartered out to leading charterers in a mix of long, medium and short-term time charters, depending on the vessels' positions, seasonality and market outlook. This chartering strategy is intended to allow us to capture increased profits during strong charter markets, while developing relatively stable cash flows from longer-term time charters. We will also seek profit sharing arrangements in our long-term time charters, to provide us with potential incremental revenue above the contracted minimum charter rates.

We intend to selectively grow our fleet using Navios Holdings' global network of relationships and extensive experience in the marine transportation industry, coupled with our financial resources and financing capability, to acquire young, high-quality, modern, double-hulled vessels in the product, crude oil and chemical tanker sectors. Vessel prices in these sectors have been severely affected by the continuing scarcity of debt financing available to shipping industry participants resulting from the recent worldwide financial crisis and because of charter rates for crude, product and chemical tankers that have fallen from their highs of 2008.

## **Factors Affecting Navios Acquisition's Results of Operations**

We believe the principal factors that will affect our future results of operations are the general economic, regulatory, political and governmental conditions that affect the shipping industry and those that specifically affect conditions in countries and markets in which our vessels engage in business. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

the demand for seaborne transportation services;

the ability of Navios Holdings' commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;

the effective and efficient technical management of our vessels;

Navios Holdings' ability to satisfy technical, health, safety and compliance standards of oil majors and major commodity traders; and

the strength of and growth in the number of our customer relationships, especially with oil majors and major commodity traders.

In addition to the factors discussed above, we believe certain specific factors will impact our condensed consolidated results of operations. These factors include:

the charter hire earned by our vessels under our charters;

our access to capital required to acquire additional vessels and/or to implement our business strategy;

our ability to sell vessels at prices we deem satisfactory;

our level of debt and the related interest expense and amortization of principal; and

the level of any dividend to our stockholders.

**Voyage and Time Charter**

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

the duration of the charters;

the level of spot market rates at the time of charters;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend in drydock undergoing repairs and upgrades;

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the tanker shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market

**Table of Contents**

affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Acquisition's owned fleet, currently in the water, is 4.6 years. But, as such fleet ages or if Navios Acquisition expands its fleet by acquiring previously owned and older vessels the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Navios Acquisition reports financial information and evaluates its operations by charter revenues. Navios Acquisition does not use discrete financial information to evaluate operating results for each type of charter. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Acquisition has determined that it operates under one reportable segment.

Set forth below are selected historical and statistical data for Navios Acquisition for each of the three month periods ended March 31, 2015 and 2014 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	<b>Three month period ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>FLEET DATA</b>		
Available days <sup>(1)</sup>	3,438	3,079
Operating days <sup>(2)</sup>	3,425	3,073
Fleet utilization <sup>(3)</sup>	99.6%	99.8%
Time Charter Equivalent per day <sup>(4)</sup>	\$ 22,521	\$ 19,544
Vessels operating at period end	39	36

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

- (1) *Available days*: Available days for the fleet represent total calendar days the vessels were in Navios Acquisition's possession for the relevant period after subtracting off-hire days associated with scheduled repairs, drydockings 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*: Operating days are 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*: Fleet utilization is the percentage of time that Navios Acquisition's vessels were available for generating revenue, 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 and minimizing the amount of days that its vessels are off hire for reasons other than scheduled repairs, drydockings and special surveys.
- (4) *Time Charter Equivalent Rate*: Time Charter Equivalent ( TCE ) Rate is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE Rate is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels of various types of charter contracts for the number of available days of the fleet.

Table of Contents

## Period-over-Period Comparisons

**For the Three Month Period ended March 31, 2015 compared to the Three Month Period ended March 31, 2014**

The following table presents consolidated revenue and expense information for the three month periods ended March 31, 2015 and 2014. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Acquisition for the respective periods.

<b>Expressed in thousands of U.S. dollars</b>	<b>Three Month period Ended March 31, 2015 (unaudited)</b>	<b>Three Month period Ended March 31, 2014 (unaudited)</b>
Revenue	\$ 78,611	\$ 60,969
Time charter and voyage expenses	(1,190)	(785)
Direct vessel expenses	(349)	(736)
Management fees	(24,042)	(22,300)
General and administrative expenses	(3,165)	(3,585)
Depreciation and amortization	(14,891)	(16,638)
Impairment loss		(11,690)
Interest income	271	110
Interest expenses and finance cost	(18,205)	(17,112)
Change in fair value of other assets		(1,188)
Equity in net earnings of affiliated companies	3,438	
Other (expense)/income, net	(444)	137
<b>Net income/ (loss)</b>	<b>\$ 20,034</b>	<b>\$ (12,818)</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 53,864</b>	<b>\$ 35,878</b>

(1) Adjusted EBITDA is a non-GAAP financial measure. See Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities for a description of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to the most comparable measure under US GAAP.

**Revenue:** Revenue for the three month period ended March 31, 2015 increased by \$17.6 million or 28.9% to \$78.6 million, as compared to \$61.0 million for the same period in 2014. The increase was attributable to the acquisition of 11 vessels since January 2014, and was partially mitigated by \$18.4 million due to the sale of five VLCCs in 2014. As a result of the vessel acquisitions, available days of the fleet increased to 3,438 days for the three month period ended March 31, 2015, as compared to 3,079 days for the three month period ended March 31, 2014. Time Charter Equivalent increased to \$22,521 for the three month period ended March 31, 2015, from \$19,544 for the three month period ended March 31, 2014.

**Time charter and voyage expenses:** Time charter and voyage expenses for the three month period ended March 31, 2015 increased by \$0.4 million to \$1.2 million, as compared to \$0.8 million for the three month period ended

March 31, 2014. The increase was due to a (a) \$0.3 million increase in broker commissions; and (b) \$0.1 million increase in miscellaneous voyage expenses.

**Direct vessel expenses:** Direct vessel expenses, comprised of the amortization of dry dock and special survey costs, of certain vessels of our fleet amounted to \$0.4 million for the three month period ended March 31, 2015, as compared to \$0.7 million for the three month period ended March 31, 2014.

**Management fees:** Management fees for the three month period ended March 31, 2015 increased by \$1.7 million to \$24.0 million, as compared to \$22.3 million for the three month period ended March 31, 2014. The increase was attributable to the increase in the number of vessels operating under Navios Acquisition's fleet and was partially mitigated by \$4.5 million due to the sale of five VLCCs in 2014.

**General and administrative expenses:** Total general and administrative expenses for the three month period ended March 31, 2015 decreased by \$0.4 million or 11.7% to \$3.2 million compared to \$3.6 million for the three month period ended March 31, 2014. The decrease was mainly attributable to a \$0.8 million decrease due to stock based compensation recognized in connection with the issuance of 2,100,000 restricted shares and options to purchase 1,500,000 shares of common stock, partially mitigated by a: (i) \$0.2 million increase in administrative expenses paid to Navios Holdings due to the increased number of vessels in Navios Acquisition's fleet; and (ii) \$0.1 million increase in other general and administrative expenses, including professional, other fees and travelling expenses.

For the three month periods ended March 31, 2015 and 2014, the expenses charged by Navios Holdings for administrative services were \$1.9 million and \$1.7 million, respectively.

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**Table of Contents**

**Depreciation and amortization:** Depreciation and amortization decreased by \$1.7 million to \$14.9 million for the three month period ended March 31, 2015 as compared to \$16.6 million for the three month period ended March 31, 2014. The decrease of \$1.7 million was attributable to a net decrease in depreciation expense of \$0.8 million due to the acquisitions of the vessels described above partially mitigated due to the sale of the Shinyo Splendor in May 2014 and the sale of the four VLCCs to Navios Midstream in November 2014. The amortization expense decreased by \$0.9 million due to: (a) a decrease in amortization of favorable lease terms of \$0.8 million, due to the sale of the time charter-out contracts attached to four VLCCs sold to Navios Midstream; and (b) a decrease of \$0.1 million in amortization of favorable lease terms due to the expiration of the time charter-out contract of the Shinyo Splendor in April 2014. Depreciation of a vessel is calculated using an estimated useful life of 25 years for the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from 6.28 to 8.52 years.

**Impairment loss:** No impairment loss was recognized for the three month period ended March 31, 2015. As of March 31, 2014, an impairment loss of \$10.7 million related to the Shinyo Splendor has been recognized under the line item Impairment Loss. The Company had a current expectation that, more likely than not, the Shinyo Splendor would be sold before the end of its previously estimated useful life, and as a result performed an impairment test of the specific asset group. The carrying amount of the asset group was more than its undiscounted future cash flows which resulted in an impairment loss. In addition, as of March 31, 2014, management reassessed the recoverable amount of a receivable and recognized an impairment loss of \$1.0 million.

**Interest income:** Interest income for three month period ended March 31, 2015 increased by \$0.2 million to \$0.3 million compared to \$0.1 million for the three month period ended March 31, 2014.

**Interest expense and finance cost:** Interest expense and finance cost for the three month period ended March 31, 2015 increased by \$1.1 million to \$18.2 million, as compared to \$17.1 million for the three month period ended March 31, 2014. The increase was due to the increase in average outstanding loan balance to \$592.1 million for the three month period ended March 31, 2015 from \$564.1 million for the three month period ended March 31, 2014 and the weighted average interest rate the three month period ended March 31, 2015 of 5.88% from 5.64%, during the three month period ended March 31, 2014. As of March 31, 2015 and 2014, the outstanding loan balance under Navios Acquisition's credit facilities was \$1,159.2 million and \$1,257.5 million, respectively.

**Change in fair value of other assets:** As of March 31, 2014, management revalued its derivative asset at \$2.3 million using publicly available trading data and recognized a fair value loss of \$1.2 million in the consolidated statements of comprehensive income/ (loss).

**Equity in net earnings of affiliated companies:** Equity in net earnings of affiliated companies increased by \$3.4 million to \$3.4 million for the three month period ended March 31, 2015, as compared to \$0 for the same period in 2014. The increase resulted from the equity in earnings of Navios Midstream which amounted to \$3.3 million following the completion of Navios Midstream's initial public offering in November 2014 and the remaining increase resulted from the equity in earnings of Navios Europe Inc. ( Navios Europe ). For the three month period ended March 31, 2014, Navios Europe had minimal operations and therefore, the Company did not record any equity method investee income/ (loss).

**Other (expense)/ income, net:** Other expense, net for the three month period ended March 31, 2015 was \$0.4 million. For the comparative period of 2014 other income, net was \$0.1 million.

**Liquidity and Capital Resources**



Our primary short-term liquidity needs are to fund general working capital requirements, drydocking expenditures, minimum cash balance maintenance as per our credit facility agreements and debt repayment, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures, other maintenance capital expenditures and debt repayment. We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations and bank borrowings, which we believe that will be sufficient to meet our existing short-term liquidity needs for at least the next 12 months. Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. We expect that we will rely upon external financing sources, including bank borrowings, to fund acquisitions and expansion and investment capital expenditures. We cannot assure you that we will be able to raise the size of our credit facilities or obtain additional funds on favorable terms.

**Table of Contents****Cash Flow****Cash flows for the three month period ended March 31, 2015 compared to the three month period ended March 31, 2014:**

The following table presents cash flow information for the three month periods ended March 31, 2015 and 2014.

	<b>Three Month Period Ended March 31, 2015 (unaudited)</b>	<b>Three Month Period Ended March 31, 2014 (unaudited)</b>
<b>Expressed in thousands of U.S. dollars</b>		
Net cash provided by operating activities	\$ 34,110	\$ 28,863
Net cash used in investing activities	(27,433)	(158,939)
Net cash (used in)/ provided by financing activities	(3,567)	165,242
<b>Net increase in cash and cash equivalents</b>	<b>\$ 3,110</b>	<b>\$ 35,166</b>
Cash and cash equivalents, beginning of the period	54,493	82,835
<b>Cash and cash equivalents, end of period</b>	<b>\$ 57,603</b>	<b>\$ 118,001</b>

**Cash provided by operating activities for the three month period ended March 31, 2015 as compared to the three month period ended March 31, 2014:**

Net cash provided by operating activities increased by \$5.2 million to \$34.1 million for the period ended March 31, 2015 as compared to \$28.9 million for the same period in 2014. The increase is analyzed as follows:

The net income for the three month period ended March 31, 2015 was \$20.0 million compared to a \$12.8 million net loss for the three month period ended March 31, 2014. In determining net cash provided by operating activities for the three month period ended March 31, 2015, the net income was adjusted for the effect of depreciation and amortization of \$14.9 million, \$0.7 million for amortization deferred finance fees and a bond premium, \$0.3 million for the amortization of drydock and special survey costs, \$0.7 million stock based compensation and \$3.4 million for equity in affiliates, net of dividend received.

Amounts due to related parties decreased by \$22.8 million from \$28.1 million at December 31, 2014 to \$5.3 million at March 31, 2015. The decrease of \$22.8 million primarily resulted from a \$13.3 million decrease of payables relating to management fees and other expenses, and \$9.5 million decrease in payables related to capitalized expenses.

Amounts due from related parties increased by \$0.4 million to \$1.8 million at March 31, 2015 from \$1.4 million at December 31, 2014. Please refer to the relevant discussion below, under Related Parties Transactions .

No payment for drydock and special survey costs has been made in the three month period ended March 31, 2015. Payment for drydock and special survey costs incurred in the three month period ended March 31, 2014 was \$0.6 million and related to the drydock and special survey costs of certain vessels of the fleet.

Accounts receivable increased by \$7.3 million from \$18.3 million for the year ended December 31, 2014, to \$25.5 million for the three month period March 31, 2015. The increase was attributed to the increase in receivables due from charterers.

Accounts payable was \$2.0 million for the three month period ended March 31, 2015 and \$1.6 million for the year ended December 31, 2014. The increase of \$0.4 million was due to \$0.2 million increase in port agents and \$0.3 million increase in other payables, partially mitigated by \$0.1 million decrease in legal and professional fees.

Prepaid expenses and other current assets decreased by \$3.3 million to \$5.5 million for the three month period ended March 31, 2015 from \$8.7 million for the year ended December 31, 2014. The total decrease in prepaid expenses and other current assets amounted to \$3.3 million that resulted primarily from: (a) \$1.3 million decrease in working capital advances required under certain charter contracts; and \$1.2 million representing amounts reclassified to caption Other long-term assets, as in accordance with the terms of the charter contracts these are expected to be redelivered to the Company within the next twelve months from March 31, 2015; and (b) \$1.0 million due to decrease in inventory. The decrease of \$3.5 million was partially mitigated by \$0.2 million increase in other prepaid expenses.

Other long-term assets increased by approximately \$0.8 million to \$1.4 million for the three month period ended March 31, 2015 from \$0.7 million for the year ended December 31, 2014, due to \$1.2 million representing advances to certain counterparties for working capital purposes reclassified from caption Prepaid expenses and other current assets, partially mitigated by \$0.5 million decrease in working capital advances required under certain charter contracts.

**Table of Contents**

Accrued expenses increased by \$14.9 million to \$25.1 million for the three month period ended March 31, 2015, from \$10.3 million on December 31, 2014. The increase was attributable to a \$13.6 million increase in accrued interest and a \$1.2 million increase in accrued voyage expenses.

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. Deferred voyage revenue increased by \$4.1 million to \$5.5 million for the three month period ended March 31, 2015 from \$1.4 million on December 31, 2014.

***Cash used in investing activities for the three month period ended March 31, 2015 as compared to the three month period ended March 31, 2014:***

Net cash used in investing activities decreased by \$131.5 million to \$27.4 million as of March 31, 2015 from \$158.9 million as of March 31, 2014.

Net cash used in investing activities for the three month period ended March 31, 2015, resulted from: \$29.6 million paid for acquisitions of vessels, partially mitigated by \$2.2 million from dividends received from affiliates.

Net cash used in investing activities for the three month period ended March 31, 2014, resulted from: (a) \$146.7 million paid for acquisitions of vessels; (b) \$10.2 million paid as deposits for the acquisition of the vessels that will be delivered to Navios Acquisition at various dates through June 2015; and (c) \$2.0 million from a loan granted to Navios Europe.

***Cash (used in)/ provided by financing activities for the three month period ended March 31, 2015 as compared to the three month period ended March 31, 2014:***

Net cash (used in)/ provided by financing activities decreased by \$168.8 million to \$3.6 million outflow at March 31, 2015 from \$165.2 million inflow at March 31, 2014.

Net cash used in financing activities for the three month period ended March 31, 2015 was \$3.6 million. Net cash used in financing activities resulted from \$9.5 million of loan repayments, \$8.1 million of dividends paid, a \$2.5 million redemption of Series D Convertible Preferred Stock and \$10.4 million of payments to related parties. This was partially offset by: (a) \$26.0 million loan proceeds net of deferred finance fees; and (b) \$1.0 million decrease in restricted cash.

Net cash provided by financing activities for the three month period ended March 31, 2014 was \$165.2 million. Net cash provided by financing activities resulted from a \$50.1 million loan proceeds net of deferred finance fees, \$59.8 million proceeds from the issuance of ship mortgage notes net of debt issuance costs, \$54.3 million from net proceeds from an equity offering and \$18.3 million in restricted cash. This increase was partially offset by: (a) \$9.9 million of loan repayments; and (b) dividends paid of \$7.4 million.

**Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities**

Expressed in thousands of U.S. dollars	Three Month Period	Three Month Period
	Ended March 31, 2015	Ended March 31, 2014
	(unaudited)	(unaudited)

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Net cash provided by operating activities	\$	34,110	\$	28,863
Net increase in operating assets		5,132		4,629
Net increase in operating liabilities		(6,020)		(13,901)
Net interest cost		17,934		17,002
Amortization of deferred finance costs		(730)		(715)
Equity in net earnings of affiliated companies		3,438		
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$</b>	<b>53,864</b>	<b>\$</b>	<b>35,878</b>

**Table of Contents**

	<b>Three Month Period Ended March 31, 2015 (unaudited)</b>	<b>Three Month Period Ended March 31, 2014 (unaudited)</b>
Net cash provided by operating activities	\$ 34,110	\$ 28,863
Net cash used in investing activities	\$ (27,433)	\$ (158,939)
Net cash (used in)/ provided by financing activities	\$ (3,567)	\$ 165,242

(1) Adjusted EBITDA for the three month period ended March 31, 2015 represented net income plus interest expense and finance cost plus depreciation and amortization and finance income, before stock-based compensation of \$0.7 million.

For the three month period ended March 31, 2014, Adjusted EBITDA represented loss plus interest expense and finance cost plus depreciation and amortization and finance income, before stock-based compensation of \$1.4 million, impairment loss of \$11.7 million and \$1.2 million in connection with the change in fair value of other assets.

Adjusted EBITDA is presented because Navios Acquisition believes that Adjusted EBITDA is the basis upon which liquidity can be assessed and presents useful information to investors regarding Navios Acquisition's ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Adjusted EBITDA is 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.

While Adjusted EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of Adjusted EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Acquisition results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, Adjusted EBITDA should not be considered as a principal indicator of Navios Acquisition performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

Adjusted EBITDA for the three month period ended March 31, 2015 increased by \$18.0 million to \$53.9 million from \$35.9 million in the same period of 2014. The increase in Adjusted EBITDA was due to: (i) a \$17.6 million increase in revenue due to the acquisitions of the vessels described above; and (ii) a \$3.4 million increase in equity in net earnings of affiliated companies. This increase was partially mitigated by a (a) \$1.7 million increase in management fees; (b) \$0.4 million increase in time charter expenses; (c) \$0.3 million increase in general and administrative expenses; and (d) \$0.6 million increase in other (expense)/ income, net.

**Long-Term Debt Obligations and Credit Arrangements***Senior Notes:*

*8 1/8% First Priority Ship Mortgages:* On November 13, 2013, the Company and its wholly owned subsidiary, Navios Acquisition Finance (US) Inc. ( Navios Acquisition Finance and together with the Company, the 2021 Co-Issuers ) issued \$610.0 million in first priority ship mortgage notes (the Existing Notes ) due on November 15, 2021 at a fixed rate of 8.125%.

On March 31, 2014, the Company completed a sale of \$60.0 million of its first priority ship mortgage notes due in 2021 (the Additional Notes, and together with the Existing Notes, the 2021 Notes ). The terms of the Additional Notes are identical to the Existing Notes and were issued at 103.25% plus accrued interest from November 13, 2013. The net cash received amounted to \$59.6 million.

The 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of Navios Acquisition's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 Notes).

The 2021 Co-Issuers have the option to redeem the 2021 Notes in whole or in part, at any time: (i) before November 15, 2016, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any; and (ii) on or after November 15, 2016, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

## **Table of Contents**

At any time before November 15, 2016, the 2021 Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the net proceeds of an equity offering at 108.125% of the principal amount of the 2021 Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the aggregate principal amount of the Existing Notes remains outstanding after such redemption.

In addition, upon the occurrence of certain change of control events, the holders of the 2021 Notes will have the right to require the 2021 Co-Issuers to repurchase some or all of the 2021 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of March 31, 2015.

The Existing Notes and the Additional Notes are treated as a single class for all purposes under the indenture including, without limitation, waivers, amendments, redemptions and other offers to purchase and the Additional Notes rank evenly with the Existing Notes. The Additional Notes and the Existing Notes have the same CUSIP number.

## **Guarantees**

The Company's 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 notes). The Company's 2021 Notes are unregistered. The guarantees of our subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of our subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. All subsidiaries, including Navios Acquisition Finance, are 100% owned. Navios Acquisition does not have any independent assets or operations. Navios Acquisition does not have any subsidiaries that are not guarantors of the 2021 Notes.

## **Credit Facilities**

As of March 31, 2015, the Company had secured credit facilities with various banks with a total outstanding balance of \$509.0 million. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 175 bps to 325 bps per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from September 2016 to February 2023. See also the maturity table included below.

*Norddeutsche Landesbank Girozentrale:* On December 29, 2011, Navios Acquisition entered into a loan agreement with Norddeutsche Landesbank Girozentrale of up to \$28.1 million to partially finance the purchase price of one MR2 product tanker vessel. The facility is repayable in 32 quarterly installments of \$0.39 million each with a final balloon payment of \$15.6 million to be repaid on the last repayment date. The repayment starts three months after the delivery of the vessel and it bears interest at a rate of LIBOR plus: (a) up to but not including the Drawdown Date of, 175 bps per annum; (b) thereafter until, but not including, the tenth Repayment Date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. During the first quarter of 2015 the facility was fully drawn and as of March 31, 2015 an amount of \$28.1 million was outstanding



under this loan agreement.

*Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB:* On July 18, 2014, Navios Acquisition entered into a term loan facility of up to \$132.4 million (divided into eight tranches) with Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB for the: (i) refinancing of the purchase price for one very large crude carrier and two MR2 product tankers; (ii) post-delivery financing of two newbuilding MR2 product tankers, and (iii) the refinancing of a credit facility with Deutsche Bank AG Filiale Deutschlandgeschäft for three MR2 product tankers. The refinancing was treated as a modification for accounting purposes. Each tranche of the facility is repayable in 20 equal quarterly installments of between approximately \$0.34 million and \$0.39 million, each with a final balloon repayment of the balance to be repaid on the last repayment date. The maturity of the loan is January 8, 2020. The first three tranches of the facility bear interest at LIBOR plus 325 bps per annum and the fourth through eighth tranches bear interest at LIBOR plus 310 bps per annum. The agreement also requires compliance with certain financial covenants. On November 13, 2014, the Company prepaid an amount of \$29.6 million which was the entire amount outstanding under the two tranches. During the first quarter of 2015 the facility was fully drawn and as of March 31, 2015 an amount of \$95.6 million was outstanding.

**Table of Contents**

As of March 31, 2015, the total amount available to be drawn from all our facilities was \$40.0 million.

The loan facilities include, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of \$40.0 million or \$1.0 million per vessel; (ii) net worth ranging from \$50.0 million to \$135.0 million; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 75%, as of January 1, 2014 and thereafter. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

As of March 31, 2015, the Company was in compliance with its covenants.

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Acquisition's vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Acquisition from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; changing the flag, class, management or ownership of Navios Acquisition's vessels; changing the commercial and technical management of Navios Acquisition's vessels; selling Navios Acquisition's vessels; and subordinating the obligations under each credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facilities also require Navios Acquisition to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

**Capital Expenditures**

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$39.3 million. Cash paid was \$12.7 million and \$26.6 million was transferred from vessel deposits.

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$33.5 million. Cash paid was \$17.8 million and \$15.6 million was transferred from vessel deposits.

**Off-Balance Sheet Arrangements**

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. As of March 31, 2015, Navios Acquisition was contingently liable to charter-in certain vessels from Navios Midstream. Please see discussion below under Contractual Obligations.

**Contractual Obligations**

The following table summarizes our long-term contractual obligations as of March 31, 2015:

(In thousands of U.S. dollars)	Payments due by period (Unaudited)				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
Long-term debt obligations <sup>(1)</sup>	\$ 36,513	\$ 114,130	\$ 247,291	\$ 781,059	\$ 1,178,993

<b>Total contractual obligations</b>	<b>\$ 36,513</b>	<b>\$ 114,130</b>	<b>\$ 247,291</b>	<b>\$ 781,059</b>	<b>\$ 1,178,993</b>
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Navios Holdings, Navios Acquisition and Navios Maritime Partners L.P. ( Navios Partners ) have made available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) revolving loans up to \$24.1 million to fund working capital requirements (collectively, the Navios Revolving Loans ). As of March 31, 2015, the amount undrawn from the revolving facility was \$9.1 million, of which Navios Acquisition was committed to fund \$4.3 million.

1. The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.75% to 3.25% per annum or the \$670.0 million Notes which have a fixed rate of 8.125%.

**Table of Contents**

2. *Backstop Agreement:* On November 18, 2014, Navios Acquisition entered into a backstop agreement with Navios Midstream. In accordance with the terms of the backstop agreement, Navios Acquisition has committed to charter-in the Shinyo Ocean and the Shinyo Kannika for a two-year period at the time of their redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate. Furthermore, Navios Acquisition has committed to charter-in the following option vessels: a) the Nave Celeste for a two-year period at the time of her redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate; and b) the Nave Galactic and the Nave Quasar for a four-year period at the net time charter-out rate per day (net of commissions) of \$35,000 if the market charter rate is lower than the charter-out rate of \$35,000. Conversely, if market charter rates are higher during the backstop period, such vessels will be chartered out to third-party charterers at prevailing market rates and Navios Acquisition's backstop commitment will not be triggered. The backstop commitment does not include any profit-sharing.

**Related Party Transactions**

**The Navios Holdings Credit Facility:** In September 2010, Navios Acquisition entered into a \$40.0 million credit facility with Navios Holdings. The \$40.0 million facility has a margin of LIBOR plus 300 bps and a pursuant to an amendment dated November 8, 2011, the maturity of the facility was extended to December 2014. Pursuant to an amendment in October 2010, the facility will be available for multiple drawings up to a limit of \$40.0 million. In December 2014 the facility was renewed for one year.

**Management fees:** Pursuant to a Management Agreement dated May 28, 2010, a subsidiary of Navios Holdings (the Manager), provides commercial and technical management services to Navios Acquisition's vessels for a daily fee of \$6,000 per owned MR2 product tanker and chemical tanker vessel and \$7,000 per owned LR1 product tanker vessel and \$10,000 per VLCC tanker vessel for the first two years. On May 4, 2012, Navios Acquisition amended the existing Management Agreement with the Manager, to fix the fees for ship management services of its owned fleet at current rates for two additional years, through May 28, 2014. This daily fee covers all of the vessels' operating expenses, other than certain fees and costs. During the remaining term of the Management Agreement, Navios Acquisition expects it will reimburse Navios Holdings for all of the actual operating costs and expenses it incurs in connection with the management of its fleet. Actual operating costs and expenses will be determined in a manner consistent with how the initial fixed fees were determined. Drydocking expenses were fixed through May 2014 for up to \$0.3 million per LR1 and MR2 product tanker vessel and were reimbursed at cost for VLCC vessels.

In May 2014, Navios Acquisition extended the duration of its existing Management Agreement with Navios Holdings until May 2020 and fixed the fees for ship management services of its owned fleet for two additional years through May 2016 at current rates for product tanker and chemical tanker vessels, being \$6,000 daily rate per MR2 product tanker and chemical tanker vessel and \$7,000 daily rate per LR1 product tanker vessel and reduced the rate by 5% to \$9,500 daily rate per VLCC vessel. Drydocking expenses under this Management Agreement will be reimbursed at cost of occurrence for all vessels.

Effective March 30, 2012, Navios Acquisition can, upon request to Navios Holdings, partially or fully defer the reimbursement of drydocking and other extraordinary fees and expenses under the Management Agreement to a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts will bear interest at a rate of 1% per annum over LIBOR. Effective as of September 28, 2012, Navios Acquisition can, upon request, reimburse Navios Holdings partially or fully, for any fixed management fees outstanding for a period of not more than nine months under the Management Agreement at a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts will bear interest at a rate of 1% per annum over LIBOR.

Total management fees for each of the three month periods ended March 31, 2015 and 2014 amounted to \$24.0 million and \$22.3 million, respectively.

**General and administrative expenses:** On May 28, 2010, Navios Acquisition entered into an administrative services agreement with Navios Holdings, initially set to expire in May 2015 that was later extended until May 2020, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services.

For each of the three month periods ended March 31, 2015 and 2014, the administrative services rendered by Navios Holdings amounted to \$1.9 million and \$1.7 million, respectively.

**Balance due to related parties:** Amounts due to related parties as of March 31, 2015 and December 31, 2014 was \$5.3 million and \$28.1 million, respectively, of which the current account payable to Navios Holdings and its subsidiaries was \$5.3 million and \$18.5 million, respectively, and the long-term payable was \$0 and \$9.6 million, respectively. The balance mainly consisted of management fees, administrative fees, drydocking costs and other expenses.

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**Table of Contents**

**Balance due from related parties:** Amounts due from related parties as of March 31, 2015 and December 31, 2014 were \$1.8 million and \$1.4 million, respectively. As of March 31, 2015, the Company had a receivable from Navios Midstream in the amount of \$0.8 million in connection with various payables that were settled on its behalf. Further, the Company had a receivable from Navios Europe in the amount of \$0.9 million in connection with the accrued interest receivable on the working capital loan. As of December 31, 2014, the Company had a receivable from Navios Midstream in the amount of \$0.7 million in connection with various payables that were settled on its behalf. Further, the Company had a receivable from Navios Europe in the amount of \$0.7 million in connection with the accrued interest receivable on the working capital loan.

**Omnibus Agreements**

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

**Midstream Omnibus Agreement:** Navios Acquisition entered into an omnibus agreement (the Midstream Omnibus Agreement), with Navios Midstream, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO, pursuant to which Navios Acquisition, Navios Midstream, Navios Holdings, Navios Partners and their controlled affiliates generally have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years without the consent of the Navios Maritime Midstream Partners GP LLC (Navios Midstream General Partner). The Midstream Omnibus Agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners or any of their controlled affiliates to compete with Navios Midstream under specified circumstances.

Under the Midstream Omnibus Agreement, Navios Midstream and its subsidiaries will grant to Navios Acquisition a right of first offer on any proposed sale, transfer or other disposition of any of its VLCCs or any crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers and related charters owned or acquired by Navios Midstream. Likewise, Navios Acquisition will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Midstream for any of the VLCCs, crude oil tankers, refined petroleum product tanker, LPG tankers or chemical tankers under charter for five or more years it might own. These rights of first offer will not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

**Backstop Agreement:** On November 18, 2014, Navios Acquisition entered into a backstop agreement with Navios Midstream. In accordance with the terms of the backstop agreement, Navios Acquisition has committed to charter-in the Shinyo Ocean and the Shinyo Kannika for a two-year period at the time of their redelivery at the currently

contracted rate if the market charter rate is lower than the currently contracted rate. Furthermore, Navios Maritime Acquisition has committed to charter-in the following option vessels: (a) Nave Celeste for a two-year period at the time of her redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate; and (b) Nave Galactic and Nave Quasar for a four-year period at the net time charter-out rate per day (net of commissions) of \$35,000 if the market charter rate is lower than the charter-out rate of \$35,000. Conversely, if market charter rates are higher during the backstop period, such vessels will be chartered out to third-party charterers at prevailing market rates and Navios Acquisition's backstop commitment will not be triggered. The backstop commitment does not include any profit-sharing.

**Navios Midstream General Partner Option Agreement with Navios Holdings:** Navios Acquisition entered into an option agreement, dated November 18, 2014, with Navios Holdings under which Navios Acquisition grants Navios Holdings the option to acquire any or all of the outstanding membership interests in Navios Midstream General Partner and all of the incentive distribution rights in Navios Midstream representing the right to receive an increasing percentage of the quarterly distributions when certain conditions are met. The option shall expire on November 18, 2024. Any such exercise shall relate to not less than twenty-five percent of the option interest and the purchase price for the acquisition for all or part of the option interest shall be an amount equal to its fair market value.

## **Table of Contents**

**Option Vessels:** Navios Acquisition has granted options to Navios Midstream, exercisable until November 2016, to purchase seven VLCCs from Navios Acquisition at fair market value.

**Revolving Loans to Navios Europe:** Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) up to \$24.1 million to fund working capital requirements under the Navios Revolving Loans. See Note 7 for the Investment in Affiliates and respective ownership interests. The Navios Revolving Loans earn a 12.7% preferred distribution and are repaid from Free Cash Flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. As of March 31, 2015, Navios Acquisition's portion of the outstanding amount relating to its initial investment in Navios Europe was \$4.8 million, under the caption "Investment in affiliates", and the outstanding amount relating to the Navios revolving loans, excluding interest receivable, was \$7.1 million, under the caption "Loan receivable from affiliates." As of March 31, 2015, the amount undrawn from the revolving facility was \$9.1 million, of which Navios Acquisition was committed to fund \$4.3 million.

## **Quantitative and Qualitative Disclosures about Market Risks**

### ***Foreign Exchange Risk***

Our functional and reporting currency is the U.S. dollar. We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar denominated. Transactions in currencies other than U.S. dollars are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the statement of income.

### ***Interest Rate Risk***

As of March 31, 2015, Navios Acquisition had a total of \$1,179.0 million in long-term and short-term indebtedness. Borrowings under our credit facilities bear interest at rates based on a premium over U.S. \$ LIBOR except for the interest rate on the Existing Notes and the Additional Notes which is fixed. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the three month period ended March 31, 2015, we paid interest on our outstanding debt at a weighted average interest rate of 5.88%. A 1% increase in LIBOR would have increased our interest expense for the three month period ended March 31, 2015 by \$3.2 million.

### **Concentration of Credit Risk**

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. For the three month period ended March 31, 2015, Navig8 accounted for 37.0%, of Navios Acquisition's revenue. For the year ended December 31, 2014, Navios Acquisition's customers representing 10% or more of total revenue were Navig8 and DOSCO, which accounted for 28.8% and 22.4% of total revenue, respectively.

### **Cash and Cash Equivalents**

Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Acquisition does maintain cash deposits and equivalents in excess of government-provided insurance limits. Navios Acquisition also minimizes exposure to credit



risk by dealing with a diversified group of major financial institutions.

**Inflation**

Inflation has had a minimal impact on vessel operating expenses and general and administrative expenses. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

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**Table of Contents****Recent Accounting Pronouncements**

In April 2015, the FASB issued the ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, in order to simplify presentation of debt issuance costs. This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. An entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. Navios Acquisition early adopted the new standard. (See Note 2 - *Summary of Significant Accounting Policies* ).

In February 2015, the FASB issued the ASU 2015-02, *Consolidation (Topic 810) Amendments to the Consolidation Analysis*, which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. We do not expect the adoption of this ASU to have a material impact on Company's results of operations, financial position or cash flows.

In January 2015, the FASB issued ASU 2015-01, *Income Statement Extraordinary and Unusual Items*. This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. Navios Acquisition plans to adopt this standard effective January 1, 2016. The adoption of the new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. This standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Before this new standard, no accounting guidance existed for management on when and how to assess or disclose going concern uncertainties. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. The Company plans to adopt this standard effective January 1, 2017. The adoption of the new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

The FASB issued ASU 2014-09 *Revenue from Contracts with Customers*, clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently reviewing the effect of ASU No. 2014-09 on its revenue recognition.

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements and Property, Plant and Equipment*, changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be

classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. The adoption had no impact to the Company's results of operations, financial position or cash flows.

### **Critical Accounting Policies**

Navios Acquisition's interim consolidated financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires Navios Acquisition to make estimates in the application of our accounting policies based on the best assumptions, judgments and opinions of management. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Other than as described below, all significant accounting policies are as described in Note 2 to the Notes to the consolidated financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 30, 2015.

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

<u>UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2015 AND DECEMBER 31, 2014</u>	F-2
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS) FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2015 AND 2014</u>	F-3
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2015 AND 2014</u>	F-4
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2015 AND 2014</u>	F-5
<u>CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	F-6

F-1

Table of Contents

## NAVIOS MARITIME ACQUISITION CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

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

	Notes	March 31, 2015 (unaudited)	December 31, 2014 (unaudited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 57,603	\$ 54,493
Restricted cash	3	5,655	6,669
Accounts receivable, net		25,530	18,273
Due from related parties	12	1,779	1,361
Prepaid expenses and other current assets		5,458	8,732
<b>Total current assets</b>		<b>96,025</b>	<b>89,528</b>
Vessels, net	4	1,434,093	1,375,931
Deposits for vessels acquisitions			42,276
Goodwill	6	1,579	1,579
Intangible assets-other than goodwill	5	2,882	3,300
Other long-term assets		1,440	690
Deferred dry dock and special survey costs, net		4,962	5,312
Investment in affiliates	7, 12	153,068	151,966
Investment in available-for-sale securities	11, 16	17,373	15,099
Loan receivable from affiliate	7, 12	7,963	7,791
<b>Total non-current assets</b>		<b>1,623,360</b>	<b>1,603,944</b>
<b>Total assets</b>		<b>\$ 1,719,385</b>	<b>\$ 1,693,472</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 1,999	\$ 1,599
Dividend payable	8	7,977	7,967
Accrued expenses	9	25,128	10,261
Due to related parties, short term	12	5,316	18,489
Deferred revenue		5,464	1,400
Current portion of long-term debt, net of deferred finance costs	10	34,988	31,882
<b>Total current liabilities</b>		<b>80,872</b>	<b>71,598</b>
	10	1,124,233	1,110,120

Long-term debt, net of current portion, premium and net of deferred finance costs			
Due to related parties, long term	12		9,625
Unfavorable lease terms	5	2,707	2,878
<b>Total non-current liabilities</b>		<b>1,126,940</b>	<b>1,122,623</b>
<b>Total liabilities</b>		<b>\$ 1,207,812</b>	<b>\$ 1,194,221</b>
<b>Commitments and contingencies</b>	13		
<b>Series D Convertible Preferred Stock, 750 and 1,200 shares issued and outstanding with \$7,500 and \$12,000 redemption amount as of March 31, 2015 and December 31, 2014, respectively</b>	14	<b>7,500</b>	<b>12,000</b>
<b>Puttable common stock 200,000 and 0 shares issued and outstanding with \$2,000 and \$0 redemption amount as of March 31, 2015 and December 31, 2014</b>	14	<b>2,000</b>	
<b>Stockholders equity</b>			
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 4,540 issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	14		
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 151,664,942 issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	14	15	15
Additional paid-in capital	14	549,639	557,125
Accumulated deficit		(46,313)	(66,347)
Other comprehensive loss	16	(1,268)	(3,542)
<b>Total stockholders equity</b>		<b>502,073</b>	<b>487,251</b>
<b>Total liabilities and stockholders equity</b>		<b>\$ 1,719,385</b>	<b>\$ 1,693,472</b>

See unaudited condensed notes to consolidated financial statements.

Table of Contents

## NAVIOS MARITIME ACQUISITION CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS)

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

	Notes	For the Three Months Ended March 31, 2015 (unaudited)	For the Three Months Ended March 31, 2014 (unaudited)
Revenue		\$ 78,611	\$ 60,969
Time charter and voyage expenses		(1,190)	(785)
Direct vessel expenses		(349)	(736)
Management fees	12	(24,042)	(22,300)
General and administrative expenses		(3,165)	(3,585)
Depreciation and amortization	4, 5	(14,891)	(16,638)
Impairment loss			(11,690)
Interest income		271	110
Interest expenses and finance cost	10	(18,205)	(17,112)
Change in fair value of other assets			(1,188)
Equity in net earnings of affiliated companies		3,438	
Other (expense)/ income, net		(444)	137
<b>Net income/ (loss)</b>		<b>\$ 20,034</b>	<b>\$ (12,818)</b>
<b>Other comprehensive income</b>			
Unrealized holding income on investments in- available-for-sale-securities	16	2,274	
<b>Other comprehensive income</b>		<b>2,274</b>	
<b>Total comprehensive income/ (loss)</b>		<b>\$ 22,308</b>	<b>\$ (12,818)</b>
<b>Net income/ (loss)</b>		<b>\$ 20,034</b>	<b>\$ (12,818)</b>
Dividend declared on Series B preferred shares		(27)	(27)
Dividend on Series D preferred shares		(138)	(111)
Dividend declared on restricted shares		(70)	(105)
Undistributed (income)/ loss attributable to Series C participating preferred shares		(962)	601
<b>Net income/ (loss) attributable to common shareholders, basic</b>	<b>14</b>	<b>\$ 18,837</b>	<b>\$ (12,460)</b>
Dividend declared on Series B preferred shares		27	
Dividend on Series D preferred shares		138	

Dividend declared on restricted shares 70

<b>Net income/ (loss) attributable to common shareholders, diluted</b>	<b>\$ 19,072</b>	<b>\$ (12,460)</b>
Net income/ (loss) per share, basic	\$ 0.13	\$ (0.09)
Weighted average number of shares, basic	150,333,825	141,093,275
Net income/ (loss) per share, diluted	\$ 0.12	\$ (0.09)
Weighted average number of shares, diluted	154,490,307	141,093,275

See unaudited condensed notes to consolidated financial statements.

F-3



Table of Contents

**NAVIOS MARITIME ACQUISITION CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of U.S. dollars)

	Notes	For the Three Months Ended March 31, 2015 (unaudited)	For the Three Months Ended March 31, 2014 (unaudited)
<b>Operating Activities</b>			
Net income/ (loss)		\$ 20,034	\$ (12,818)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>			
Depreciation and amortization	4, 5	14,891	16,638
Amortization and write-off of deferred finance fees and bond premium		730	715
Amortization of dry dock and special survey costs		349	736
Stock based compensation		656	1,442
Impairment loss			11,690
Change in fair value of other assets			1,188
Equity in net earnings of affiliated companies		(3,438)	
<b>Changes in operating assets and liabilities:</b>			
Decrease/ (increase) in prepaid expenses and other current assets		3,274	(715)
Increase in accounts receivable		(7,257)	(3,886)
Decrease in restricted cash		19	240
Increase in due from related parties		(418)	
(Increase)/ decrease in other long term assets		(750)	341
Increase/ (decrease) in accounts payable		400	(259)
Increase in accrued expenses		14,867	13,975
Payments for dry dock and special survey costs			(609)
(Decrease)/ increase in due to related parties		(13,311)	2,637
Increase/ (decrease) in deferred revenue		4,064	(2,452)
<b>Net cash provided by operating activities</b>		<b>\$ 34,110</b>	<b>\$ 28,863</b>
<b>Investing Activities</b>			
Acquisition of vessels	4	(29,597)	(146,695)
Deposits for vessel acquisitions			(10,220)
Dividends received from affiliates		2,164	
Loan to affiliate			(2,024)
<b>Net cash used in investing activities</b>		<b>\$ (27,433)</b>	<b>\$ (158,939)</b>
<b>Financing Activities</b>			
Loan proceeds, net of deferred finance costs		25,954	50,140

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Loan repayments	10	(9,483)	(9,890)
Dividend paid	8	(8,132)	(7,358)
Decrease in restricted cash		995	18,265
Net proceeds from equity offering			54,287
Proceeds from issuance of ship mortgage and senior notes, net of debt issuance costs and premium			59,798
Redemption of convertible shares		(2,500)	
Payment to related party		(10,401)	
<b>Net cash (used in)/ provided by financing activities</b>	<b>\$</b>	<b>(3,567)</b>	<b>\$ 165,242</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,110</b>	<b>35,166</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>54,493</b>	<b>82,835</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$</b>	<b>57,603</b>	<b>\$ 118,001</b>

**Supplemental disclosures of cash flow information**

Cash interest paid, net of capitalized interest	\$	4,058	\$ 2,161
<b>Non-cash investing activities</b>			
Capitalized financing costs	\$	19	\$ 111
Accrued interest on loan to affiliate	\$	420	\$ 292
<b>Non-cash financing activities</b>			
Dividends payable	\$	7,981	\$ 7,967
Acquisition of vessels	\$	(914)	\$ (541)
Deposits for vessel acquisition	\$		\$ (340)
Due to related party	\$	914	\$ 881
Issuance of restricted stock	\$	656	\$ 1,442

See unaudited condensed notes to consolidated financial statements.

Table of Contents

**NAVIOS MARITIME ACQUISITION CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

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

	Preferred Stock Number of Preferred Shares	Amount	Common Stock Number of Common Shares	Amount	Other Comprehensive Income/(Loss)	Additional Paid-in Capital	(Accumulated deficit)	Total Stockholders Equity
<b>Balance, December 31, 2013</b>	<b>4,540</b>	<b>\$</b>	<b>136,714,942</b>	<b>\$ 13</b>	<b>\$</b>	<b>\$ 530,203</b>	<b>\$ (79,394)</b>	<b>\$ 450,822</b>
Issuance of common shares			14,950,000		2	54,287		54,289
Stock-based compensation (see Note 14)						1,442		1,442
Dividend paid/declared (see Note 8)						(8,105)		(8,105)
Net loss							(12,818)	(12,818)
<b>Balance, March 31, 2014 (unaudited)</b>	<b>4,540</b>	<b>\$</b>	<b>151,664,942</b>	<b>\$ 15</b>	<b>\$</b>	<b>\$ 577,827</b>	<b>\$ (92,212)</b>	<b>\$ 485,630</b>
<b>Balance, December 31, 2014</b>	<b>4,540</b>	<b>\$</b>	<b>151,664,942</b>	<b>\$ 15</b>	<b>\$ (3,542)</b>	<b>\$ 557,125</b>	<b>\$ (66,347)</b>	<b>\$ 487,251</b>
Conversion of preferred stock into puttable common stock			200,000					
Stock-based compensation (see Note 14)						656		656
Dividend paid/declared (see Note 8)						(8,142)		(8,142)
Net income							20,034	20,034
Other comprehensive income					2,274			2,274
<b>Balance, March 31, 2015 (unaudited)</b>	<b>4,540</b>	<b>\$</b>	<b>151,864,942</b>	<b>\$ 15</b>	<b>\$ (1,268)</b>	<b>\$ 549,639</b>	<b>\$ (46,313)</b>	<b>\$ 502,073</b>

See unaudited condensed notes to consolidated financial statements.

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**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 1: DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Navios Maritime Acquisition Corporation ( Navios Acquisition or the Company ) (NYSE: NNA) owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing worldwide marine transportation services. The Company's strategy is to charter its vessels to international oil companies, refiners and large vessel operators under long, medium and short-term charters. The Company is committed to providing quality transportation services and developing and maintaining long-term relationships with its customers. The operations of Navios Acquisition are managed by a subsidiary of Navios Maritime Holdings Inc. ( Navios Holdings ).

Navios Acquisition was incorporated in the Republic of Marshall Islands on March 14, 2008. On July 1, 2008, Navios Acquisition completed its initial public offering, or its IPO . On May 28, 2010, Navios Acquisition consummated the vessel acquisitions which constituted its initial business combination. Following such transaction, Navios Acquisition commenced its operations as an operating company.

As of March 31, 2015, Navios Holdings had 43.0% of the voting power and 46.1% of the economic interest in Navios Acquisition.

As of March 31, 2015, Navios Acquisition had outstanding: 151,664,942 shares of common stock, 200,000 shares of Puttable Common Stock, 3,000 shares of Series A Convertible Preferred Stock, 540 shares of Series B Convertible Preferred Stock issued in connection with the acquisition of the two LR1 product tankers, 1,000 shares of Series C Convertible Preferred Stock issued to Navios Holdings and 750 shares of Series D Convertible Preferred Stock issued in connection with the acquisition of three LR1 product tankers.

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

*(a) Basis of presentation:* The accompanying interim condensed consolidated financial statements are unaudited, but, in the opinion of management, reflect all adjustments for a fair statement of Navios Acquisition's consolidated financial positions, statement of changes in equity, statements of comprehensive income/ (loss) and cash flows for the periods presented. The results of operations for the interim periods are not necessarily indicative of results for the full year. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under accounting principles generally accepted in the United States of America ( U.S. GAAP ) for complete financial statements. All such adjustments are deemed to be of a normal recurring nature. These interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes included in Navios Acquisition's 2014 annual report filed on Form 20-F with the Securities and Exchange Commission ( SEC ).

***Change in Accounting Principle***

The Company historically presented deferred debt issuance costs, or fees related to directly issuing debt, as long-term assets on the consolidated balance sheets. During the first quarter of 2015, the Company adopted guidance codified in ASU 2015-03 Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs. The guidance simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented

as a deduction from the corresponding liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected. Therefore, these costs will continue to be amortized as interest expense using the effective interest method pursuant to ASC 835-30-35-2 through 35-3. Upon adoption, the Company applied the new guidance retrospectively to all prior periods presented in the financial statements. The Company elected to early adopt the requirements of ASU 2015-03 effective beginning the first quarter ending March 31, 2015 and applied this guidance retrospectively to all prior periods presented in the Company's financial statements.

The reclassification does not impact net income as previously reported or any prior amounts reported on the Statements of Comprehensive Income/ (Loss), or the Consolidated Statements of Cash Flows. The effect of the retrospective application of this change in accounting principle on the Company's Consolidated Balance Sheets as of December 31, 2014 resulted in a reduction of Total non-current assets and Total assets in the amount of \$22,330, with a corresponding decrease of \$20,781 in Long-term debt, net and Total non-current liabilities and a decrease of \$1,549 in Current portion of long-term debt net and Total current liabilities.

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**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**(b) Principles of consolidation:** The accompanying consolidated financial statements include the accounts of Navios Acquisition, a Marshall Islands corporation, and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated statements.

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

**(c) Equity method investments:** 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 it does not exercise control. Investments in these entities are accounted for under 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. The Company recognizes gains and losses in earnings for the issuance of shares by its affiliates, provided that the issuance of such shares qualifies as a sale of such shares. 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.

Navios Acquisition evaluates its equity method investments, for other than temporary impairment, on a quarterly basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than the carrying value, (2) the financial condition and near-term prospects and (3) the intent and ability of the Company to retain its investments for a period of time sufficient to allow for any anticipated recovery in fair value.

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

As of March 31, 2015, and 2014 the entities included in these consolidated financial statements were:

**Navios Maritime Acquisition**

<b>Corporation and Subsidiaries:</b>	<b>Nature</b>	<b>Country of Incorporation</b>	<b>2015</b>	<b>2014</b>
<b>Company Name</b>				
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Amorgos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Andros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Antikithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Antiparos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Amindra Shipping Co.	Sub-Holding Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Folegandros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Ikaria Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Ios Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 3/31	1/1 - 3/31
Kithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Kos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Mytilene Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Navios Maritime Acquisition Corporation	Holding Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Navios Acquisition Finance (U.S.) Inc.	Co-Issuer	Delaware	1/1 - 3/31	1/1 - 3/31
Rhodes Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Serifos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Shinyo Dream Limited	Vessel-Owning Company	Hong Kong	1/1 - 3/31	1/1 - 3/31
Shinyo Kannika Limited	Vessel-Owning Company <sup>(4)</sup>	Hong Kong		1/1 - 3/31
Shinyo Kieran Limited	Vessel-Owning Company <sup>(4)</sup>	British Virgin Is.		1/1 - 3/31
Shinyo Loyalty Limited	Vessel-Owning Company <sup>(2)</sup>	Hong Kong	1/1 - 3/31	1/1 - 3/31
Shinyo Navigator Limited	Vessel-Owning Company <sup>(3)</sup>	Hong Kong	1/1 - 3/31	1/1 - 3/31
Shinyo Ocean Limited	Vessel-Owning Company <sup>(4)</sup>	Hong Kong		1/1 - 3/31
Shinyo Saowalak Limited	Vessel-Owning Company <sup>(4)</sup>	British Virgin Is.		1/1 - 3/31
Sifnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Skiathos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Skopelos Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 3/31	1/1 - 3/31
Syros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Thera Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Tinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Oinousses Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Psara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Antipsara Shipping Corporation <sup>(1)</sup>	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Samothrace Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Thasos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Limnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Skyros Shipping Corporation <sup>(1)</sup>	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Alonnisos Shipping Corporation <sup>(5)</sup>	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Makronisos Shipping Corporation <sup>(5)</sup>	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Paxos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Donoussa Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Schinousa Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Sikinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Kerkyra Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Lefkada Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Zakynthos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	1/1 - 3/31
Leros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	
Kimolos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	
Samos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 3/31	
	Holding Company	Marshall Is.	1/1 - 3/31	



Navios Maritime Midstream  
Partners GP LLC

- (1) Each company had the rights over a shipbuilding contract of an MR2 product tanker vessel, such vessels having been delivered during 2015.
- (2) Former vessel-owner of the Shinyo Splendor which was sold to an unaffiliated third party on May 6, 2014.
- (3) Former vessel-owner of the Shinyo Navigator which was sold to an unaffiliated third party on December 6, 2013.
- (4) Navios Maritime Midstream Partners L.P. ( Navios Midstream ) acquired all of the outstanding shares of capital stock of the vessel-owning subsidiary.
- (5) Each company had the rights over a shipbuilding contract of an MR2 product tanker vessel. In February 2015, these shipbuilding contracts were terminated, with no exposure to Navios Acquisition, due to the shipyard s inability to issue a refund guarantee.

*(e) Use of estimates:* The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 selection of useful lives for tangible assets and scrap value, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes and contingencies and the valuations estimates inherent in the deconsolidation gain. 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.

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**(f) *Vessels, net:*** Vessels are stated at historical cost, which consists of the contract price, delivery and acquisition expenses and capitalized interest costs while under construction. Vessels acquired in an asset acquisition or in a business combination are recorded at fair value. 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 residual values of our tanker vessels based on a scrap value of \$360 per lightweight ton, as we believe these levels are common in the shipping industry. Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods.

Management estimates the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

**(g) *Impairment of long-lived asset group:*** Vessels, other fixed assets and other long-lived assets held and used by Navios Acquisition 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. Navios Acquisition's management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment are reviewed such as, undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions.

Undiscounted projected net operating cash flows are determined for each asset group (consisting of the individual vessel and the intangible with respect to the time charter agreement to that vessel) and compared to the vessel carrying value and related carrying value of the intangible with respect to the time charter agreement attached to that vessel or the carrying value of deposits for new buildings. Within the shipping industry, vessels are often bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to then current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel individual asset group.

As of March 31, 2014, the Company had a current expectation that, more likely than not, the Shinyo Splendor would be sold before the end of its previously estimated useful life, and, as a result, performed an impairment test of the specific asset group. The recoverability test was based on undiscounted cash flows expected to result from the entity's use and eventual disposition of the asset. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included determining the net operating cash flows by considering the charter revenues from the existing time charter until its expiration, net of brokerage and address commissions and

management fees and an estimate of sale proceeds from its disposal based on market valuations for such vessel. The carrying amount of the asset group was more than its undiscounted future cash flows. As a result, the entity failed the recoverability test (step one) of the impairment test and proceeded with step two of the impairment analysis.

An impairment loss of amount \$10,718 was recognized for the period presented as the carrying amount of the asset group was not recoverable and exceeded its fair value as of March 31, 2014. Management believes the underlying assumptions supporting this assessment are reasonable.

The Shinyo Splendor was subsequently sold on May 6, 2014 to an unaffiliated third party for a net sale price of \$19,219.

**(h) Series D Convertible Preferred Stock:** Navios Acquisition issued shares of its authorized Series D Convertible Preferred Stock (nominal and fair value \$12,000) to a shipyard, in partial settlement of the purchase price of certain newbuild vessels. The Series D Convertible Preferred Stock includes a 6% per annum dividend payable quarterly, starting one year after delivery of each vessel. The Series D Convertible Preferred Stock will mandatorily convert into shares of common stock 30 months after issuance at a price per share of common stock equal to \$10.00. The holder of Series D Convertible Preferred Stock shall have the right to convert the shares of the preferred stock into common stock prior to the scheduled maturity dates at a price of \$7.00 per share of common stock. The Series D Convertible Preferred Stock does not have any voting rights. Navios Acquisition is obligated to redeem the Series D Convertible Preferred Stock (or converted common shares) at their nominal value at the holder's option. Beginning 18 months after the issuance of the preferred stock, the holder can exercise the option to request the redemption of up to 250 shares of preferred stock (or converted common shares) on a quarterly basis.

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

The fair value of the Series D Convertible Preferred Stock, was determined using a combination of the Black-Scholes model and discounted projected cash flows for the conversion option and put, respectively. The model used takes into account the credit spread of Navios Acquisition, the volatility of its stock, as well as the price of its stock at the issuance date. The Series D Convertible Preferred Stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the redemption feature upon exercise of the put option granted to the holder of the Series D Convertible Preferred Stock.

**(i) Revenue Recognition:** Revenue is recorded when services are rendered, under a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. Revenue is generated from the voyage charter and the time charter of vessels.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. A voyage is deemed to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the current cargo. Estimated losses on voyages are provided for in full at the time such losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, a vessel is provided for the transportation of specific goods between specific ports in return for payment of an agreed upon freight 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. 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. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

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

Revenues are recorded net of address commissions. Address commissions represent a discount provided directly to the charterers based on a fixed percentage of the agreed upon charter or freight rate. Since address commissions represent a discount (sales incentive) on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

**Pooling arrangements:** For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured.

The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material.

### **Recent Accounting Pronouncements**

In February 2015, the FASB issued the ASU 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis, which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. The Company does not expect the adoption of this ASU to have a material impact on Company's results of operations, financial position or cash flows.

In January 2015, the FASB issued ASU 2015-01, Income Statement Extraordinary and Unusual Items. This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. Navios Acquisition plans to adopt this standard effective January 1, 2016. The adoption of the new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern. This standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Before this new standard, no accounting guidance existed for management on when and how to assess or disclose going concern uncertainties. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. The Company plans to adopt this standard effective January 1, 2017. The adoption of the new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

The FASB issued ASU 2014-09 Revenue from Contracts with Customers clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently reviewing the effect of ASU No. 2014-09 on its revenue recognition.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements and Property, Plant and Equipment changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. The adoption had no impact to the Company's results of operations, financial position or cash flows.

**NOTE 3: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Cash on hand and at banks	\$ 33,875	\$ 19,380
Short-term deposits	23,728	35,113
<b>Total cash and cash equivalents</b>	<b>\$ 57,603</b>	<b>\$ 54,493</b>

Short term deposits relate to time deposit accounts held in banks for general purposes.

Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. The Company does maintain cash deposits and equivalents in excess of government-provided insurance limits. The Company also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

In restricted cash there is an amount of \$5,655 for March 31, 2015 and \$6,669 for December 31, 2014 held in retention account in order to service debt, interest payments and pledged accounts, as required by certain of Navios Acquisition's credit facilities.

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4: VESSELS, NET**

<b>Vessels</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance at December 31, 2013</b>	<b>\$ 1,478,886</b>	<b>\$ (125,755)</b>	<b>\$ 1,353,131</b>
Additions	437,498	(63,660)	373,838
Disposals	(406,054)	65,734	(340,320)
Impairment loss	(22,724)	12,006	(10,718)
<b>Balance at December 31, 2014</b>	<b>\$ 1,487,606</b>	<b>\$ (111,675)</b>	<b>\$ 1,375,931</b>
Additions	72,806	(14,644)	58,162
<b>Balance at March 31, 2015</b>	<b>\$ 1,560,412</b>	<b>\$ (126,319)</b>	<b>\$ 1,434,093</b>

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$33,473.

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of \$39,333.

For the three month periods ended March 31, 2015 and 2014 capitalized interest amounted to \$104 and \$704, respectively.

**NOTE 5: INTANGIBLE ASSETS OTHER THAN GOODWILL**

Intangible assets as of March 31, 2015 and December 31, 2014, consisted of the following:

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
<b>Favorable lease terms</b>			
<b>Balance at December 31, 2013</b>	<b>\$ 57,070</b>	<b>\$ (16,899)</b>	<b>\$ 40,171</b>
Additions		(4,742)	(4,742)
Disposals**	(44,877)	12,748	(32,129)
Write-off*	(1,695)	1,695	



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<b>Balance at December 31, 2014</b>	<b>\$ 10,498</b>	<b>\$ (7,198)</b>	<b>\$ 3,300</b>
Additions		(418)	(418)

<b>Balance at March 31, 2015</b>	<b>\$ 10,498</b>	<b>\$ (7,616)</b>	<b>\$ 2,882</b>
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<b>Unfavorable lease terms</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
<b>Balance at December 31, 2013</b>	<b>\$ (5,819)</b>	<b>\$ 2,258</b>	<b>\$ (3,561)</b>
Additions		683	683

<b>Balance at December 31, 2014</b>	<b>\$ (5,819)</b>	<b>\$ 2,941</b>	<b>\$ (2,878)</b>
Additions		171	171

<b>Balance at March 31, 2015</b>	<b>\$ (5,819)</b>	<b>\$ 3,112</b>	<b>\$ (2,707)</b>
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Amortization (expense)/income of favorable and unfavorable lease terms for the periods ended March 31, 2015 and 2014 is presented in the following table:

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Unfavorable lease terms	\$ 171	\$ 171
Favorable lease terms charter-out	(418)	(1,354)
<b>Total</b>	<b>\$ (247)</b>	<b>\$ (1,183)</b>

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

The aggregate amortizations of acquired intangibles will be as follows:

Description	Within					Total
	One Year	Year Two	Year Three	Year Four	Year Five Thereafter	
Favorable lease terms	\$ 1,673	\$ 1,209	\$	\$	\$	\$ 2,882
Unfavorable lease terms	(683)	(683)	(683)	(659)		(2,708)
<b>Total</b>	<b>\$ 990</b>	<b>\$ 526</b>	<b>\$ (683)</b>	<b>\$ (659)</b>	<b>\$</b>	<b>\$ 174</b>

(\*) On May 6, 2014, Navios Acquisition sold the Shinyo Splendor to an unaffiliated third party purchaser for an aggregate price of \$20,020. An amount of \$1,695 has been written off due to the expiration of the time charter of the related favorable lease of the vessel.

(\*\*) On November 18, 2014, Navios Acquisition sold all of the outstanding shares of capital stock of the four of Navios Acquisition's vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) to Navios Midstream (see Note 1). The carrying amount of the favorable leases was \$32,129.

**NOTE 6: GOODWILL**

Goodwill as of March 31, 2015 and December 31, 2014 consisted of the following:

<b>Balance January 1, 2014</b>	<b>\$ 1,579</b>
<b>Balance December 31, 2014</b>	<b>1,579</b>
<b>Balance March 31, 2015</b>	<b>\$ 1,579</b>

**NOTE 7: INVESTMENT IN AFFILIATES***Navios Europe*

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Maritime Partners L.P. ( Navios Partners ) established Navios Europe Inc. ( Navios Europe ) and have ownership interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe acquired ten vessels for aggregate consideration consisting of (i) cash consideration of \$127,753 (which was funded with the proceeds of a \$117,753 senior loan facility (the Senior

Loan ), and loans aggregating \$10,000 from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe) (collectively, the Navios Term Loans ) and (ii) the assumption of a junior participating loan facility (the Junior Loan ) with a face amount of \$173,367 and fair value of \$71,929 as of December 31, 2013. In addition to the Navios Term Loans, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) revolving loans up to \$24,100 to fund working capital requirements (collectively, the Navios Revolving Loans ).

On an ongoing basis, Navios Europe is required to distribute cash flows (after payment of operating expenses, amounts due pursuant to the terms of the Senior Loan and repayments of the Navios Revolving Loans) according to a defined waterfall calculation as follows:

First, Navios Holdings, Navios Acquisition and Navios Partners will each earn a 12.7% preferred distribution on the Navios Term Loans and the Navios Revolving Loans; and

Second, any remaining cash is then distributed on an 80%/20% basis, respectively, between (i) the Junior Loan holder and (ii) the holders of the Navios Term Loans.

The Navios Term Loan will be repaid from the future sale of vessels owned by Navios Europe and is deemed to be the initial investment by Navios Acquisition. Navios Acquisition evaluated its investment in Navios Europe under ASC 810 and concluded that Navios Europe is a VIE and that they are not the party most closely associated with Navios Europe and, accordingly, is not the primary beneficiary of Navios Europe based on the following:

the power to direct the activities that most significantly impact the economic performance of Navios Europe are shared jointly between (i) Navios Holdings, Navios Acquisition and Navios Partners and (ii) and the Junior Loan holder; and

while Navios Europe's residual is shared on an 80%/20% basis, respectively, between (i) the Junior Loan holder and (ii) Navios Holdings, Navios Acquisition and Navios Partners, the Junior Loan holder is exposed to a substantial portion of Navios Europe's risks and rewards.

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**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Navios Acquisition further evaluated its investment in the common stock of Navios Europe under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe and, therefore, its investment in Navios Europe is accounted for under the equity method.

As of March 31, 2015, the estimated maximum potential loss by Navios Acquisition in Navios Europe would have been \$13,834, which represents the Company's portion of the initial investment of \$4,750, equity method investee income of \$185, the Company's portion of the carrying balance of the Navios Revolving Loans and the Navios Term Loans of \$7,963 and the accrued interest receivable in the amount of \$936 which is included under Due from related parties. Refer to Note 12 for the terms of the Navios Revolving Loans.

***Navios Midstream***

On October 13, 2014, the Company formed in the Marshall Islands a wholly-owned subsidiary, Navios Midstream. The purpose of Navios Midstream is to own, operate and acquire crude oil tankers, refined petroleum product tankers, chemical tankers and liquefied petroleum gas tankers under long-term employment contracts.

On the same day, the Company formed in the Marshall Islands a limited liability company, Navios Maritime Midstream Partners GP LLC (the Navios Midstream General Partner) a wholly-owned subsidiary to act as the general partner of Navios Midstream.

Navios Midstream completed an IPO of its units on November 18, 2014 and is listed on the NYSE under the symbol NAP.

In connection with the IPO of Navios Midstream in November 2014, Navios Acquisition sold all of the outstanding shares of capital stock of four of Navios Acquisition's vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) in exchange for: (i) all of the estimated net cash proceeds from the IPO amounting to \$110,403; (ii) \$104,451 of the \$126,000 borrowings under Navios Midstream's new credit facility; (iii) 9,342,692 subordinated units and 1,242,692 common units; and (iv) 381,334 general partner units, representing a 2.0% general partner interest in Navios Midstream, and all of the incentive distribution rights in Navios Midstream to the Navios Midstream General Partner.

Following the completion of the IPO, the Company owns a 2.0% general partner interest in Navios Midstream through the Navios Midstream General Partner and a 55.5% limited partnership interest through the ownership of subordinated units (49%) and through common units (6.5%), based on all of the outstanding common, subordinated and general partner units.

The Company evaluated its investment in Navios Midstream under ASC 810 and concluded that Navios Midstream is not a VIE. The Company further evaluated the power to control the board of directors of Navios Midstream under the voting interest model. As of the IPO date, Navios Acquisition as the general partner, delegated all its powers to the board of directors of Navios Midstream and does not have the right to remove or replace the elected directors from the

board of directors. Elected directors were appointed by the general partner, but as of the IPO date are deemed to be elected directors. The elected directors represent the majority of the board of directors of Midstream and therefore, the Company concluded that it does not hold a controlling financial interest in Navios Midstream and deconsolidated the vessels sold as of the IPO date. Accordingly, the consolidated statements of comprehensive income/ (loss) present the results of the four vessel-owning subsidiaries that were sold to Navios Midstream for the period up to November 17, 2014.

Table of Contents**NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Navios Acquisition further evaluated its investments in Navios Midstream as follows:

**Investment in common units** The 1,242,692 common units that were acquired at the closing of the IPO were fair valued at \$15 per unit and are accounted for under investment in available for sale securities. As of March 31, 2015 and December 31, 2014, the carrying amount of the investment in available-for-sale common units was \$17,373 and \$15,099, respectively. (See Note 16).

**Investment in the subordinated units and general partner units** Under ASC 323, the Company concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Midstream and, therefore, its investment in the subordinated and general partner units of Navios Midstream was fair valued at \$15 per unit and is accounted for under the equity method. As of March 31, 2015 and December 31, 2014, the carrying amount of the investment in Navios Midstream (subordinated units and general partner units) accounted for under the equity method was \$148,133 and \$147,031, respectively.

*Gain on retained investment in Navios Midstream*

The table below shows the portion of the gain on loss of control related to the remeasurement of the Company's retained investment (the Company's ownership interest of 57.5%) in Navios Midstream.

	<b>As of November 18, 2014</b>
Fair value of investment in Navios Midstream	164,501
Less: Percentage retained of carrying value of net assets in Navios Midstream	(144,287)
<b>Gain on retained investment in Navios Midstream</b>	<b>\$ 20,214</b>

*Accounting for basis difference*

The investment in Navios Midstream recorded under the equity method of \$145,860 included the Company's share of the basis difference between the fair value and the underlying book value of Navios Midstream's assets at the deconsolidation date. The Company's share of the basis difference is with reference to its holding in the subordinated units and general partner units only.

As of the deconsolidation date, the Company's share of the basis difference between the fair value and the underlying book value of Navios Midstream's assets was \$17,883, from which an amount of \$(300) was allocated on the

intangibles assets and \$18,183 was allocated on the tangible assets. This difference is amortized through Equity in net earnings of affiliated companies over the remaining life of Navios Midstream's tangible and intangible assets.

Earnings of \$3,438 were recognized in Equity in net earnings of affiliated companies for the period ended March 31, 2015.

Summarized financial information of the affiliated companies is presented below:

<b>Balance Sheet</b>	<b>March 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Navios</b>		<b>Navios</b>	
	<b>Midstream</b>	<b>Navios Europe</b>	<b>Midstream</b>	<b>Navios Europe</b>
Current Assets	34,596	11,770	31,742	13,764
Non-current Assets	348,754	187,734	353,920	190,638
Current Liabilities	15,762	14,895	18,113	15,649
Non-current Liabilities	111,553	191,331	114,065	191,744

<b>Income Statement</b>	<b>March 31, 2015</b>		<b>March 31, 2014</b>	
	<b>Navios</b>		<b>Navios</b>	
	<b>Midstream</b>	<b>Navios Europe</b>	<b>Midstream</b>	<b>Navios Europe</b>
Revenue	16,703	9,095		8,659
Net Income / (Loss)	6,312	(3,731)		(2,431)

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 8: DIVIDEND PAYABLE**

On October 31, 2014, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2014 of \$0.05 per share of common stock payable on January 6, 2015 to stockholders of record as of December 17, 2014. A dividend in the aggregate amount of \$7,967 was paid on January 6, 2015 out of which \$7,583 was paid to the stockholders of record as of December 17, 2014 and \$384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C preferred stock.

On February 6, 2015, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2014 of \$0.05 per share of common stock payable on April 2, 2015 to stockholders of record as of March 18, 2015. A dividend in the aggregate amount of \$7,977 was paid on April 2, 2015 out of which \$7,593 was paid to the stockholders of record as of March 18, 2015 and \$384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

As of March 31, 2015, Navios Acquisition paid a dividend of \$165 to the holders of the 540 shares of Series B and Series D Preferred Stock.

**NOTE 9: ACCRUED EXPENSES**

Accrued expenses as of March 31, 2015 and December 31, 2014 consisted of the following:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Accrued voyage expenses	\$ 1,789	\$ 559
Accrued loan interest	22,558	8,925
Accrued legal and professional fees	781	777
<b>Total accrued expenses</b>	<b>\$ 25,128</b>	<b>\$ 10,261</b>

**NOTE 10: BORROWINGS**



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	March 31, 2015	December 31, 2014
Commerzbank AG, Alpha Bank AE, Credit Agricole Corporate and Investment Bank	\$ 125,250	\$ 128,250
BNP Paribas S.A. and DVB Bank S.E.	68,250	69,750
DVB Bank S.E. and ABN AMRO Bank N.V.	17,483	17,931
Eurobank Ergasias S.A. \$52,200	43,071	43,753
Eurobank Ergasias S.A. \$52,000	40,386	40,998
Norddeutsche Landesbank Girozentrale	28,125	24,971
DVB Bank S.E. and Credit Agricole Corporate and Investment Bank	54,297	55,078
Ship Mortgage Notes \$670,000	670,000	670,000
Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB	95,609	74,639
HSH Nordbank AG \$40,300	36,522	37,152
Less: Deferred finance costs, net	(21,534)	(22,330)
Add: bond premium	1,762	1,810
<b>Total borrowings</b>	<b>\$ 1,159,221</b>	<b>\$ 1,142,002</b>
Less: current portion, net of deferred finance costs	(34,988)	(31,882)
<b>Total long-term borrowings, net of current portion, bond and deferred finance costs</b>	<b>\$ 1,124,233</b>	<b>\$ 1,110,120</b>

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Long-Term Debt Obligations and Credit Arrangements**

**Ship Mortgage Notes:**

*8 1/8% First Priority Ship Mortgages:* On November 13, 2013, the Company and its wholly owned subsidiary, Navios Acquisition Finance (US) Inc. ( Navios Acquisition Finance and together with the Company, the 2021 Co-Issuers ) issued \$610,000 in first priority ship mortgage notes (the Existing Notes ) due on November 15, 2021 at a fixed rate of 8.125%.

On March 31, 2014, the Company completed a sale of \$60,000 of its first priority ship mortgage notes due in 2021 (the Additional Notes, and together with the Existing Notes, the 2021 Notes ). The terms of the Additional Notes are identical to the Existing Notes and were issued at 103.25% plus accrued interest from November 13, 2013. The net cash received amounted to \$59,798.

The 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of Navios Acquisition's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 Notes).

The 2021 Co-Issuers have the option to redeem the 2021 Notes in whole or in part, at any time (i) before November 15, 2016, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any, and (ii) on or after November 15, 2016, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

At any time before November 15, 2016, the 2021 Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the net proceeds of an equity offering at 108.125% of the principal amount of the 2021 Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the aggregate principal amount of the Existing Notes remains outstanding after such redemption.

In addition, upon the occurrence of certain change of control events, the holders of the 2021 Notes will have the right to require the 2021 Co-Issuers to repurchase some or all of the 2021 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of March 31, 2015.

The Existing Notes and the Additional Notes are treated as a single class for all purposes under the indenture including, without limitation, waivers, amendments, redemptions and other offers to purchase and the Additional

Notes rank evenly with the Existing Notes. The Additional Notes and the Existing Notes have the same CUSIP number.

**Guarantees**

The Company's 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 notes). The Company's 2021 Notes are unregistered. The guarantees of our subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of our subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. All subsidiaries, including Navios Acquisition Finance, are 100% owned. Navios Acquisition does not have any independent assets or operations. Navios Acquisition does not have any subsidiaries that are not guarantors of the 2021 Notes.

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**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Credit Facilities**

As of March 31, 2015, the Company had secured credit facilities with various banks with a total outstanding balance of \$508,993. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 175 bps to 325 bps per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from September 2016 to February 2023. See also the maturity table included below.

*Norddeutsche Landesbank Girozentrale:* On December 29, 2011, Navios Acquisition entered into a loan agreement with Norddeutsche Landesbank Girozentrale of up to \$28,125 to partially finance the purchase price of one MR2 product tanker vessel. The facility is repayable in 32 quarterly installments of \$391 each with a final balloon payment of \$15,625 to be repaid on the last repayment date. The repayment starts three months after the delivery of the vessel and it bears interest at a rate of LIBOR plus: (a) up to but not including the drawdown date of, 175 bps per annum; (b) thereafter until, but not including, the tenth repayment date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. During the first quarter of 2015 the facility was fully drawn and as of March 31, 2015 an amount of \$28,125 million was outstanding under this loan agreement.

*Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB:* On July 18, 2014, Navios Acquisition, entered into a term loan facility of up to \$132,413 (divided into eight tranches) with Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB for the: (i) refinancing of the purchase price for one very large crude carrier and two MR2 product tankers; (ii) post-delivery financing of two newbuilding MR2 product tankers, and (iii) the refinancing of a credit facility with Deutsche Bank AG Filiale Deutschlandgeschäft for three MR2 product tankers. The refinancing was treated as a modification for accounting purposes. Each tranche of the facility is repayable in 20 equal quarterly installments of between approximately \$344 and \$387, each with a final balloon repayment of the balance to be repaid on the last repayment date. The maturity of the loan is January 8, 2020. The first three tranches of the facility bear interest at LIBOR plus 325 bps per annum and the fourth through eighth tranches bear interest at LIBOR plus 310 bps per annum. The agreement also requires compliance with certain financial covenants. On November 13, 2014, the Company prepaid an amount of \$29,610 which was the entire amount outstanding under two of the tranches. During the first quarter of 2015 the facility was fully drawn and as of March 31, 2015 an amount of \$95,609 was outstanding.

As of March 31, 2015, the total amount available to be drawn from all our facilities was \$40,000.

The loan facilities include, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of \$40,000 or \$1,000 per vessel; (ii) net worth ranging from \$50,000 to \$135,000; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 75%, as of January 1, 2014 and thereafter. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

As of March 31, 2015, the Company was in compliance with its covenants.

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Acquisition's vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Acquisition from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; changing the flag, class, management or ownership of Navios Acquisition's vessels; changing the commercial and technical management of Navios Acquisition's vessels; selling Navios Acquisition's vessels; and subordinating the obligations under each credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facilities also require Navios Acquisition to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

The maturity table below reflects the principal payments of all notes and credit facilities outstanding as of March 31, 2015 for the next five years and thereafter are based on the repayment schedule of the respective loan facilities (as described above) and the outstanding amount due under the 2021 Notes. The maturity table below includes in the amount shown for 2015 and thereafter future principal payments of the drawn portion of credit facilities associated with the financing of vessels delivered.

Table of Contents

## NAVIOS MARITIME ACQUISITION CORPORATION

## UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Amount
<b>Long-Term Debt Obligations:</b>	
<b>Year</b>	
March 31, 2016	\$ 36,513
March 31, 2017	82,410
March 31, 2018	31,720
March 31, 2019	94,970
March 31, 2020	152,321
March 31, 2021 and thereafter	781,059
<b>Total</b>	<b>\$ 1,178,993</b>

## NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

**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.

**Restricted Cash:** 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.

**Investments in available-for-sale securities:** The carrying amount of the investments in available-for-sale securities reported in the balance sheet represents unrealized gains and losses on these securities, which are reflected directly in equity unless an unrealized loss is considered other-than-temporary, in which case it is transferred to the statements of comprehensive income/ (loss).

**Other long-term debt, net of deferred finance costs:** As a result of the adoption of ASU 2015-03, the book value has been adjusted to reflect the net presentation of deferred financing costs. The outstanding balance of the floating rate loans continue to approximate its fair value, excluding the effect of any deferred finance costs.

**Ship Mortgage Notes and premiums:** The fair value of the 2021 Notes, which has a fixed rate, was determined based on quoted market prices, as indicated in the table below.

March 31, 2015		December 31, 2014	
Book Value	Fair Value	Book Value	Fair Value

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Cash and cash equivalents	\$ 57,603	\$ 57,603	\$ 54,493	\$ 54,493
Restricted cash	\$ 5,655	\$ 5,655	\$ 6,669	\$ 6,669
Investments in available-for-sale securities	\$ 17,373	\$ 17,373	\$ 15,099	\$ 15,099
Ship mortgage notes and premium	\$ 671,762	\$ 674,188	\$ 671,810	\$ 657,860
Other long-term debt, net of deferred finance costs	\$ 487,459	\$ 508,993	\$ 470,192	\$ 492,522
Loans receivable from affiliates	\$ 7,963	\$ 7,963	\$ 7,791	\$ 7,791

**Fair Value Measurements**

The estimated fair value of our financial instruments that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

Level I: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Level III: Inputs that are unobservable. The Company did not use any Level III inputs as of March 31, 2015.

	<b>Fair Value Measurements at March 31, 2015 Using</b>			
	<b>Total</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>
Cash and cash equivalents	\$ 57,603	\$ 57,603	\$	\$
Restricted cash	\$ 5,655	\$ 5,655	\$	\$
Ship mortgage notes	\$ 674,188	\$ 674,188	\$	\$
Other long-term debt <sup>(1)</sup>	\$ 508,993	\$	\$ 508,993 <sup>(1)</sup>	\$
Loans receivable from affiliates	\$ 7,963	\$	\$ 7,963 <sup>(1)</sup>	\$

	<b>Fair Value Measurements at December 31, 2014 Using</b>			
	<b>Total</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>
Cash and cash equivalents	\$ 54,493	\$ 54,493	\$	\$
Restricted cash	\$ 6,669	\$ 6,669	\$	\$
Ship mortgage notes	\$ 657,860	\$ 657,860	\$	\$
Other long-term debt <sup>(1)</sup>	\$ 492,522	\$	\$ 492,522 <sup>(1)</sup>	\$
Loans receivable from affiliates	\$ 7,791	\$	\$ 7,791 <sup>(1)</sup>	\$

- (1) The fair value of the Company's other long-term debt and due to related parties, long-term is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the Company's creditworthiness.

The following table presents the Company's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

<b>Assets</b>	<b>Fair Value Measurements as of March 31, 2015 Using</b>			
	<b>Total</b>	<b>Quoted Prices in Active Markets for Significant Identical Assets (Level I)</b>	<b>Other Observable Inputs (Level II)</b>	<b>Significant Unobservable Inputs (Level III)</b>
Investments in available-for-sale securities	\$ 17,373	\$ 17,373	\$	\$

**Fair Value Measurements as of December 31, 2014 Using**



Assets	Total	Quoted Prices in		
		Active Markets for Identical Assets (Level I)	Significant Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments in available-for-sale securities	\$ 15,099	\$ 15,099	\$	\$

**NOTE 12: TRANSACTIONS WITH RELATED PARTIES**

**The Navios Holdings Credit Facilities:** Navios Acquisition entered into a \$40,000 credit facility with Navios Holdings. The \$40,000 facility has a margin of LIBOR plus 300 bps and pursuant to an amendment dated November 8, 2011, the maturity of the facility was extended to December 2014. Pursuant to an amendment in October 2010, the facility will be available for multiple drawings up to a limit of \$40,000. In December 2014 the facility was renewed for one year. As of March 31, 2015, there was no outstanding amount under this facility.

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Table of Contents

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Management fees:** Pursuant to the Management Agreement dated May 28, 2010 as amended on May 4, 2012, Navios Holdings provided for five years from the closing of the Company's initial vessel acquisition, commercial and technical management services to Navios Acquisition's vessels for a daily fee through May 28, 2014. This daily fee covered all of the vessels' operating expenses, other than certain fees and costs. Drydocking expenses were fixed for the first four years under this agreement for up to \$300 per LR1 and MR2 product tanker vessel and were reimbursed at cost for VLCC vessels.

In May 2014, Navios Acquisition extended the duration of its existing Management Agreement with Navios Holdings until May 2020 and fixed the fees for ship management services of its owned fleet for two additional years through May 2016 at current rates for product tanker and chemical tanker vessels, being \$6.0 daily rate per MR2 product tanker and chemical tanker vessel and \$7.0 daily rate per LR1 product tanker vessel and reduced the rate by 5% to \$9.5 daily rate per VLCC vessel. Drydocking expenses under this Management Agreement will be reimbursed at cost at occurrence for all vessels.

Effective March 30, 2012, Navios Acquisition can, upon request to Navios Holdings, partially or fully defer the reimbursement of drydocking and other extraordinary fees and expenses under the Management Agreement to a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts will bear interest at a rate of 1% per annum over LIBOR. Commencing as of September 28, 2012, Navios Acquisition can, upon request, reimburse Navios Holdings partially or fully, for any fixed management fees outstanding for a period of not more than nine months under the Management Agreement at a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts will bear interest at a rate of 1% per annum over LIBOR.

Total management fees for each of the three month periods ended March 31, 2015 and 2014 amounted to \$24,042 and \$22,300, respectively.

**General and administrative expenses:** On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, expiring on May 28, 2015, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020 pursuant to its existing terms.

For each of the three month periods ended March 31, 2015 and 2014 the expense arising from administrative services rendered by Navios Holdings amounted to \$1,925 and \$1,695, respectively.

**Balance due to related parties:** Amounts due to related parties as of March 31, 2015 and December 31, 2014 was \$5,316 and \$28,144, respectively, of which the current account payable to Navios Holdings and its subsidiaries was \$5,316 and \$18,489, respectively, and the long term payable was \$0 and \$9,625, respectively. The amounts mainly

consisted of management fees administrative fees, drydocking costs and other expenses.

**Balance due from related parties:** Amounts due from related parties as of March 31, 2015 and December 31, 2014 were \$1,779 and \$1,361, respectively. As of March 31, 2015, the Company had a receivable from Navios Midstream in the amount of \$843 in connection with various payables that were settled on its behalf. Further, the Company had a receivable from Navios Europe in the amount of \$936 in connection with the accrued interest receivable on the working capital loan. As of December 31, 2014, the Company had a receivable from Navios Midstream in the amount of \$674 in connection with various payables that were settled on its behalf. Further, the Company had a receivable from Navios Europe in the amount of \$687 in connection with the accrued interest receivable on the working capital loan.

### **Omnibus Agreements**

**Acquisition Omnibus Agreement:** Navios Acquisition entered into an omnibus agreement (the Acquisition Omnibus Agreement ) with Navios Holdings and Navios Partners in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter-in drybulk carriers under specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries grant to Navios Holdings and Navios Partners, a right of first offer on

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Table of Contents

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels they might own. These rights of first offer will not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the existing terms of any charter or other agreement with a counterparty; or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

**Midstream Omnibus Agreement:** Navios Acquisition entered into an omnibus agreement (the Midstream Omnibus Agreement), with Navios Midstream, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO, pursuant to which Navios Acquisition, Navios Midstream, Navios Holdings, Navios Partners and their controlled affiliates generally have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years without the consent of the Navios Midstream General Partner. The Midstream Omnibus Agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners or any of their controlled affiliates to compete with Navios Midstream under specified circumstances.

Under the Midstream Omnibus Agreement, Navios Midstream and its subsidiaries will grant to Navios Acquisition a right of first offer on any proposed sale, transfer or other disposition of any of its VLCCs or any crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers and related charters owned or acquired by Navios Midstream. Likewise, Navios Acquisition will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Midstream for any of the VLCCs, crude oil tankers, refined petroleum product tanker, LPG tankers or chemical tankers under charter for five or more years it might own. These rights of first offer will not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

**Backstop Agreement:** On November 18, 2014, Navios Acquisition entered into a backstop agreement with Navios Midstream. In accordance with the terms of the backstop agreement, Navios Acquisition has committed to charter-in the Shinyo Ocean and the Shinyo Kannika for a two-year period at the time of their redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate. Furthermore, Navios Maritime Acquisition has committed to charter-in the following option vessels: (a) Nave Celeste for a two-year period at the time of her redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate; and (b) Nave Galactic and Nave Quasar for a four-year period at the net time charter-out rate per day (net of commissions) of \$35 if the market charter rate is lower than the charter-out rate of \$35. Conversely, if market charter rates are higher during the backstop period, such vessels will be chartered out to third-party charterers at prevailing market rates and Navios Acquisition's backstop commitment will not be triggered. The backstop commitment does not include any profit-sharing.

**Navios Midstream General Partner Option Agreement with Navios Holdings:** Navios Acquisition entered into an option agreement, dated November 18, 2014, with Navios Holdings under which Navios Acquisition grants Navios

Holdings the option to acquire any or all of the outstanding membership interests in Navios Midstream General Partner and all of the incentive distribution rights in Navios Midstream representing the right to receive an increasing percentage of the quarterly distributions when certain conditions are met. The option shall expire on November 18, 2024. Any such exercise shall relate to not less than twenty-five percent of the option interest and the purchase price for the acquisition for all or part of the option interest shall be an amount equal to its fair market value.

**Option Vessels:** Navios Acquisition has granted options to Navios Midstream, exercisable until November 2016, to purchase seven VLCCs from Navios Acquisition at fair market value.

**Revolving Loans to Navios Europe:** Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) up to \$24,100 to fund working capital requirements under the Navios Revolving Loans. See Note 7 for the Investment in Affiliates and respective ownership interests. The Navios Revolving Loans earn a 12.7% preferred distribution and are repaid from Free Cash Flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. As of December 31, 2014, Navios Acquisition's portion of the outstanding amount relating to its initial investment in Navios Europe was \$4,750, under the caption Investment in affiliates, and the outstanding amount relating to the Navios revolving loans, excluding interest receivable, was \$7,125, under the caption Loan receivable from affiliates. As of March 31, 2015, the amount undrawn from the revolving facility was \$9,100, of which Navios Acquisition was committed to fund \$4,323.

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

On November 18, 2014, Navios Acquisition entered into a backstop agreement with Navios Midstream. In accordance with the terms of the backstop agreement, Navios Acquisition has committed to charter in the Shinyo Ocean and Shinyo Kannika for a two-year period at the time of their redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate. Furthermore, Navios Maritime Acquisition has committed to charter in the following option vessels: a) Nave Celeste for a two-year period at the time of her redelivery at the currently contracted rate if the market charter rate is lower than the currently contracted rate and b) Nave Galactic and Nave Quasar for a four-year period at the net time charter-out rate per day (net of commissions) of \$35 if the market charter rate is lower than the charter-out rate of \$35. Conversely, if market charter rates are higher during the backstop period, such vessels will be chartered out to third-party charterers at prevailing market rates and Navios Acquisition's backstop commitment will not be triggered. The backstop commitment does not include any profit-sharing.

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 of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company's financial position, results of operations or liquidity.

**NOTE 14: PREFERRED AND COMMON STOCK**

**Preferred Stock**

As of March 31, 2015, the Company was authorized to issue 10,000,000 shares of \$0.0001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

As of each of March 31, 2015 and December 31, 2014, there were 4,540 shares of preferred stock issued and outstanding.

**Series D Convertible Preferred Stock**

On each of August 31, 2012, October 31, 2012, February 13, 2013 and April 24, 2013, Navios Acquisition issued 300 shares of its authorized Series D Convertible Preferred Stock (nominal and fair value \$3,000) to a shipyard, in partial settlement of the purchase price of each of the newbuilding LR1 product tankers, Nave Cassiopeia, Nave Cetus, Nave Atropos and Nave Rigel. The preferred stock includes a 6% per annum dividend payable quarterly, starting one year after delivery of each vessel. The Series D Convertible Preferred Stock will mandatorily convert into shares of common stock 30 months after issuance at a price per share of common stock equal to \$10.00. The holder of the preferred stock shall have the right to convert such shares of preferred stock into common stock prior to the scheduled

maturity dates at a price of \$7.00 per share of common stock. The Series D Convertible Preferred Stock does not have any voting rights. Navios Acquisition is obligated to redeem the Series D Convertible Preferred Stock (or converted common shares) at their nominal value at the holder's option. Beginning 18 months after the issuance of the preferred stock, the holder can exercise the option to request the redemption of up to 250 shares of preferred stock (or converted common shares) on a quarterly basis.

The fair value was determined using a combination of the Black-Scholes model and discounted projected cash flows for the conversion option and put, respectively. The model used takes into account the credit spread of Navios Acquisition, the volatility of its stock, as well as the price of its stock at the issuance date. The convertible preferred stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the redemption feature upon exercise of the put option granted to the holder of the preferred stock.

In January 2015, Navios Acquisition redeemed, through the holder's put option, 250 shares of the Series D Convertible Preferred Stock and paid \$2,500 to the holder upon redemption.

In February 2015, 200 shares of Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of common stock. In conjunction with the conversion, the 200,000 shares of common stock have been reclassified to puttable common stock within temporary equity, as a result of an embedded put option of the holder for up to 30 months.

As of each of March 31, 2015 and December 31, 2014, 750 and 1,200 shares of Series D Convertible Preferred Stock, respectively, were outstanding.

Table of Contents

## NAVIOS MARITIME ACQUISITION CORPORATION

## UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	<b>Series D Preferred Stock</b>	
	<b>Number of preferred shares</b>	<b>Amount</b>
<b>Balance at December 31, 2013</b>	<b>1,200</b>	<b>\$ 12,000</b>
<b>Balance at December 31, 2014</b>	<b>1,200</b>	<b>\$ 12,000</b>
Redemption of Series D Preferred Stock	(250)	(2,500)
Conversion of 200 shares of the Series D Preferred Stock into 200,000 shares of puttable common stock	(200)	(2,000)
<b>Balance at March 31, 2015</b>	<b>750</b>	<b>\$ 7,500</b>

	<b>Puttable Common Stock</b>	
	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance at December 31, 2013</b>		<b>\$</b>
<b>Balance at December 31, 2014</b>		<b>\$</b>
Conversion of 200 shares of the Series D Preferred Stock into 200,000 shares of puttable common stock	200,000	2,000
<b>Balance at March 31, 2015</b>	<b>200,000</b>	<b>\$ 2,000</b>

**Stock-based compensation**

In October 2013, Navios Acquisition authorized and issued to its directors in the aggregate of 2,100,000 restricted shares of common stock and options to purchase 1,500,000 shares of common stock having an exercise price of \$3.91 per share and an expiration term of 10 years. These awards of restricted common stock and stock options are based on service conditions only and vest ratably over a period of over three years (33.33% each year). The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the common stockholders of the company. The fair value of restricted stock is determined by reference to the quoted stock price on the date of grant of \$3.99 per share (or total fair value of \$8,379).

The fair value of stock option grants is determined with reference to option pricing model, and principally adjusted Black-Scholes models, using historical volatility, historical dividend yield, zero forfeiture rate, risk free rate equal to



10-year US treasury bond and the simplified method for determining the expected option term since the Company does not have sufficient historical exercise data upon which to have a reasonable basis to estimate the expected option term. The fair value of stock options was calculated to \$0.79 per option (or \$1,188). Compensation expense is recognized based on a graded expense model over the vesting period of three years from the date of the grant.

The effect of compensation expense arising from the stock-based arrangements described above amounted to \$656 and \$1,442, for the period ended March 31, 2015 and 2014, respectively, and was reflected in general and administrative expenses on the statements of comprehensive income/ (loss). The recognized compensation expense for the year was presented as adjustment to reconcile net income to net cash provided by operating activities on the statements of cash flows.

There were no restricted stock or stock options exercised, forfeited or expired during the three month periods ended March 31, 2015 and 2014, respectively. Restricted shares outstanding and not vested amounted to 1,400,006 shares as of March 31, 2015 and the number of stock options outstanding as of March 31, 2015 amounted to 1,500,000. There were no stock options exercisable as of March 31, 2015 and 2014, respectively.

The estimated compensation cost relating to service conditions of non-vested (a) stock options and (b) restricted stock not yet recognized was \$319 and \$2,251, respectively, as of March 31, 2015 and is expected to be recognized over the weighted average period of 1.57 years. The weighted average contractual life of stock options outstanding as at March 31, 2015 was 8.6 years.

**Table of Contents****NAVIOS MARITIME ACQUISITION CORPORATION****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Common Stock**

As of March 31, 2015, the Company was authorized to issue 250,000,000 shares of \$0.0001 par value common stock.

On February 28, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock.

**NOTE 15: SEGMENT INFORMATION**

Navios Acquisition reports financial information and evaluates its operations by charter revenues. Navios Acquisition does not use discrete financial information to evaluate operating results for each type of charter. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Acquisition has determined that it operates under one reportable segment.

The following table sets out operating revenue by geographic region for Navios Acquisition's reportable segment. Revenue is allocated on the basis of the geographic region in which the customer is located. Tanker vessels operate worldwide. Revenues from specific geographic region which contribute over 10% of total revenue are disclosed separately.

**Revenue by Geographic Region**

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.

	<b>Three Months Ended March 31, 2015</b>	<b>Three Months Ended March 31, 2014</b>
Asia	\$ 46,624	\$ 43,155
United States	17,825	10,427
Europe	14,162	7,387
<b>Total Revenue</b>	<b>\$ 78,611</b>	<b>\$ 60,969</b>

**NOTE 16: INVESTMENT IN AVAILABLE FOR SALE SECURITIES**

As part of the consideration received from the sale of all of the outstanding shares of capital stock of four of Navios Acquisition's vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) to Navios Midstream in November 2014, the Company received 1,242,692 common units of Navios Midstream. As of March 31, 2015 and December 31, 2014, the carrying amount of the investment in available-for-sale common units was \$17,373 and \$15,099, respectively. As of March 31, 2015, the unrealized holding income on the investment amounted to \$2,274 and is included in Other comprehensive income/ (loss) .

**NOTE 17: INCOME/ (LOSS) PER COMMON SHARE**

Income / (Loss) per share is calculated by dividing net income / (loss) available to common stockholders by the weighted average number of shares of common stock of Navios Acquisition outstanding during the period.

Potential common shares of 7,676,000 for the three month period ended March 31, 2015, (which included Series A Preferred Stock and Stock Options) and 14,406,286 for the three month period ended March 31, 2014 (which include Series A, Series B, Series C and Series D Preferred Stock, Restricted Stock and Stock Options) have an anti-dilutive effect (i.e. those that increase income per share or decrease income / (loss) per share) and are therefore excluded from the calculation of diluted income/ (loss) per share.

Table of Contents

## NAVIOS MARITIME ACQUISITION CORPORATION

## UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	<b>For the Three Months Ended March 31, 2015</b>	<b>For the Three Months Ended March 31, 2014</b>
<b>Numerator:</b>		
Net income/(loss)	\$ 20,034	\$ (12,818)
Less:		
Dividend declared on Series B preferred shares	(27)	(27)
Dividend declared on Series D preferred shares	(138)	(111)
Dividend declared on restricted shares	(70)	(105)
Undistributed (income)/loss attributable to Series C participating preferred shares	(962)	601
Income/(loss) attributable to common stockholders, basic	\$ 18,837	\$ (12,460)
Plus:		
Dividend declared on Series B preferred shares	27	
Dividend declared on Series D preferred shares	138	
Dividend declared on restricted shares	70	
Net income/ (loss) attributable to common stockholders, diluted	\$ 19,072	\$ (12,460)
<b>Denominator:</b>		
Denominator for basic net income/ (loss) per share weighted average shares	150,333,825	141,093,275
Series A preferred stock	1,200,000	
Series B preferred stock	216,000	
Series D preferred stock	1,340,476	
Restricted shares	1,400,006	
Denominator for diluted net income/(loss) per share adjusted	154,490,307	141,093,275

weighted average shares

Basic net income / (loss) per share	\$	0.13	\$	(0.09)
Diluted net income/ (loss) per share	\$	0.12	\$	(0.09)

**NOTE 18: INCOME TAXES**

The Marshall Islands, the Cayman Islands, the British Virgin Islands, Hong Kong, Panama and Malta do not impose a tax on international shipping income. Under the laws of those countries, the countries of incorporation of the Company and its subsidiaries and/or the vessels' registration, the companies are subject to registration and tonnage taxes which have been included in direct vessel expenses in the accompanying consolidated statements of comprehensive income/ (loss).

As of January 1, 2013, foreign-flagged vessels that are managed by Greek or foreign ship management companies in Greece are subject to duties towards the Greek state which are calculated on the basis of the relevant vessels' tonnage. The payment of such duties exhausts the tax liability of the foreign ship owning company and the relevant manager against any tax, duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel. The amount included in Navios Acquisition's statements of comprehensive income/ (loss) for the three months ended March 31, 2015, related to the Greek Tonnage tax was \$517.

**Table of Contents**

**NAVIOS MARITIME ACQUISITION CORPORATION**

**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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 Navios Acquisition's ship-operating subsidiaries satisfy these initial criteria. In addition, these companies must meet an ownership test. Subject to proposed regulations becoming finalized in their current form, the management of Navios Acquisition believes by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like Navios Acquisition, 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. Due to the exemption under Section 883 of the Code, Delaware would not impose a tax on the Company or its subsidiaries' international shipping income.

**NOTE 19: SUBSEQUENT EVENTS**

On May 11, 2015, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2015 of \$0.05 per share of common stock payable on July 2, 2015 to stockholders of record as of June 18, 2015. The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

On April 30, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock. In conjunction with the conversion, the 200,000 shares of common stock have been reclassified to puttable common stock within temporary equity, as a result of an embedded put option of the holder for up to 30 months.

On April 24, 2015, Navios Acquisition redeemed, through the holder's put option, 25,000 shares of the puttable common stock and paid \$250 to the holder upon redemption.

On April 24, 2015, Navios Acquisition redeemed, through the holder's put option, 75 shares of the Series D Convertible Preferred Stock and paid \$750 to the holder upon redemption.

**Table of Contents**

**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 ACQUISITION  
CORPORATION.

By:       /s/   Angeliki Frangou  
                  Angeliki Frangou  
                  Chief Executive Officer

Date: May 15, 2015