

Navios Maritime Partners L.P.

Form 6-K

October 22, 2008

**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: OCTOBER 22, 2008**

**Commission File No. 001-33811**

**NAVIOS MARITIME PARTNERS L.P.  
85 AKTI MIAOULI STREET, PIRAEUS, GREECE 185 38  
(Address of Principal Executive Offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of 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

---

**NAVIOS MARITIME PARTNERS L.P.  
FORM 6-K**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>Operating and Financial Review and Prospects</u>	3
<u>Financial Statements Index</u>	F-1
2	

---

## **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 and nine month periods ended September 30, 2008 of Navios Maritime Partners L.P. ( Navios Partners ). We do not present comparative information for periods prior to our initial public offering ( IPO ) because we believe that those periods are not necessarily comparable given the change in the nature and focus of the business. For example it is the policy of Navios Partners not to trade FFAs, whereas certain prior periods contain such transactions. In addition, certain agreements such as the management agreement were first effective as of November 16, 2007. All of these financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (US GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Partners 2007 annual report filed on Form 20-F with the Securities 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 Partners 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 dry bulk vessels, competitive factors in the market in which Navios Partners operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Partners filings with the Securities and Exchange Commission.

### ***Overview***

#### ***General***

Navios Partners is an international owner and operator of Capesize and Panamax vessels , formed on August 7, 2007 under the laws of Marshall Islands by Navios Maritime Holdings Inc. (NYSE: NM) ( Navios Holdings ), a vertically integrated seaborne shipping and logistics company with over 50 years of operating history in the drybulk shipping industry. Navios GP L.L.C. (the General Partner ), a wholly-owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2% general partner interest. Our vessels are chartered out under long-term time charters with an average remaining term of approximately 4.7 years to a strong group of counterparties, consisting of Mitsui O.S.K. Lines Ltd., Cargill International SA, Ltd., Rio Tinto Shipping Pty Ltd., Augustea Atlantica SrL Charterers, The Sanko Steamship Co., Ltd. and Daiichi Chuo Kisen Kaisha.

In connection with our IPO, on November 16, 2007, we acquired interests in five wholly-owned subsidiaries of Navios Holdings, each of which owned a Panamax drybulk carrier, as well as interests in three wholly-owned subsidiaries of Navios Holdings that operated and had options to purchase three additional vessels in exchange for (a) all of the net estimated proceeds of \$193.3 million from the sale of 10,000,000 common units in the IPO and the sale of 500,000 common units in a concurrent private offering to a corporation owned by Navios Partners Chairman and CEO, (b) \$160.0 million drawn under a credit facility entered into in connection with our IPO, (c) 7,621,843 subordinated units issued to Navios Holdings and (d) the issuance to the General Partner of the 2% general partner interest and all incentive distribution rights in Navios Partners. Initially, Navios Holdings owned a 43.2% interest in Navios Partners, including the 2% general partner interest.

After the issuance on July 1, 2008 of 3,131,415 common units to Navios Holdings for the acquisition of Navios Aurora I, and the issuance of additional general partnership units, there are currently outstanding: 13,631,415 common units, 7,621,843 subordinated units and 433,740 general partnership units. As of September 30, 2008 Navios Holdings owned a 51.6% interest in Navios Partners, including the 2% general partner interest.

Navios Partners is engaged in the seaborne transportation services of a wide range of drybulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long term charters.

#### ***Fleet***

Our fleet consists of eight modern, active Panamax vessels one modern Capesize vessel and one newbuild Capesize vessel, Navios TBN I, that we have agreed to purchase from Navios Holdings when it is delivered, which is expected to occur in June 2009. Assuming delivery of Navios TBN I in June 2009, our fleet of high-quality Panamax and Capesize vessels will have an average age of approximately 5.5 years in June 2009, which is significantly younger

than the current industry average of about 15 years. Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer and of being accommodated in most major discharge ports, while Capesize vessels are primarily dedicated to the carriage of iron ore and coal. We may from time to time purchase additional vessels, including vessels from Navios Holdings.

All of our current vessels operate under long-term time charters of three or more years at inception with counterparties that we believe are creditworthy. Under certain circumstances we may operate vessels in the spot market until the vessels have been fixed under appropriate long-term charters.

**Table of Contents**

The following table provides summary information about our fleet:

<b>Owned Vessels</b>	<b>Type</b>	<b>Built</b>	<b>Capacity (DWT)</b>	<b>Original Charter Expiration Date/ New Charter Expiration Date (1)</b>	<b>Original Charter Out Rate/ New Charter Out Rate per day (2)</b>
Navios Gemini S	Panamax	1994	68,636	February 2009	\$ 19,523
				February 2014	\$ 24,225
Navios Libra II	Panamax	1995	70,136	December 2010	\$ 23,513
Navios Felicity	Panamax	1997	73,867	April 2013	\$ 26,169
Navios Galaxy I	Panamax	2001	74,195	February 2018	\$ 21,937
Navios Alegria	Panamax	2004	76,466	December 2010	\$ 23,750
Navios Fantastiks	Capesize	2005	180,265	March 2011	\$ 32,279
				March 2014	\$ 36,290
Navios Aurora I	Panamax	2005	75,397	August 2013	\$ 33,863

***Owned Vessels to be delivered***

		Expected delivery			
	Capesize	June		June 2014	
Navios TBN I (3)		2009	180,000		\$ 47,400

***Long term Chartered-in  
Vessels***

Navios Prosperity (4)	Panamax	2007	82,535	July 2012	\$ 24,000
Navios Aldebaran (5)	Panamax	2008	76,500	March 2013	\$ 28,391

(1) Represents the initial expiration date of the time charter and, if applicable, the new time charter expiration date for the vessels with new time charters.

(2) Net time charter-out rate per day (net of commissions). Represents the

charter-out rate  
during the time  
charter period  
prior to the time  
charter  
expiration date  
and, if  
applicable, the  
charter-out rate  
under the new  
time charter.

- (3) We will acquire Navios TBN I, upon its expected delivery in June 2009, from Navios Holdings for \$130.0 million, which we expect to fund primarily through borrowings under our existing credit facility and the issuance of additional common units.

- (4) Navios Prosperity is chartered-in until July 2014 and we will have options to extend for two one-year periods. We have the option to purchase the vessel after June 2012 at a purchase price that is initially 3.8 billion Yen (\$35.9 million based upon the

exchange rate at September 30, 2008), declining pro rata by 145 million Yen (\$1.37 million based upon the exchange rate at September 30, 2008) per calendar year.

- (5) Navios Aldebaran was delivered on March 17, 2008. Navios Aldebaran is chartered-in until March 2015 and we have options to extend for two one-year periods. We have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen (\$34.0 million based upon the exchange rate at September 30, 2008) declining pro rata by 150 million Yen (\$1.42 million based upon the exchange rate at September 30, 2008) per calendar year.

Additionally, we have the option to acquire a newbuild Capesize vessel, Navios TBN II, from Navios Holdings upon delivery of such vessel to Navios Holdings which is expected to occur in October 2009.

***Recent Accounting Pronouncements***

In February 2008, the FASB issued the FASB Staff Position ( FSP No. 157-2 ) which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). For purposes of applying this FSP,



nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other than those meeting the definition of a financial asset or financial liability as defined in paragraph 6 of FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This FSP defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and the interim periods within those fiscal years for items within the scope of this FSP. The application of SFAS 157 in future periods to

## **Table of Contents**

those items covered by FSP 157-2 is not expected to have a material effect on the consolidated financial statements of Navios Partners.

In October 2008, the FASB issued the FASB Staff Position ( FSP No. 157-3 ) which clarifies the application of FASB Statement No. 157, Fair Value Measurements in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. This FSP applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with Statement 157. The FSP shall be effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate ( FASB Statement No. 154

Accounting changes and Error Corrections , paragraph 19). The disclosure provisions of Statement No. 154 for a change in accounting estimate are not required for revisions resulting from a change in valuation technique or its application. The application of FSP 157-3 does not have a material effect on the consolidated financial statements of Navios Partners.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ( SFAS 141R ), which replaces FASB Statement No. 141. SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non controlling interest in the acquiree and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008. Navios Partners does not expect any potential impact at the date of the adoption of SFAS 141R on its consolidated financial statements

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statement amendments of ARB No. 51 ( SFAS 160 ). SFAS 160 states that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. This statement is effective as of the beginning of an entity's first fiscal year beginning after December 15, 2008. Navios Partners does not expect any potential impact at the date of the adoption of SFAS 160 on its consolidated financial statements.

In March 2008, the FASB issued its final consensus on Issue 07-4 Application of the Two-Class Method under FASB Statement No. 128, Earnings per Share, to Master Limited Partnerships . This issue may impact a publicly traded master limited partnership (MLP) that distributes available cash to the limited partners (LPs), the general partner (GP), and the holders of incentive distribution rights (IDRs). This issue addresses earnings-per-unit (EPU) computations for all MLPs with IDR interests. MLPs will need to determine the amount of available cash at the end of a reporting period when calculating the period's EPU. This guidance in Issue 07-4 would be effective for fiscal years that begin after December 15, 2008, and would be accounted for as a change in accounting principle through retrospective application. Early application would not be permitted. Navios Partners is currently evaluating the potential impact, if any, of the adoption of Issue 07-4 under FASB Statement No. 128 on its consolidated financial statements.

In April 2008, FASB issued FASB Staff Position FSP 142-3 Determination of the useful life of intangible assets . This FASB Staff Position (FSP) amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142,

Goodwill and Other Intangible Assets . The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under Statement 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (revised 2007), Business Combinations , and other U.S. generally accepted accounting principles (GAAP). This FSP will be effective for the Company for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Navios Partners is currently evaluating the potential impact, if any, of the adoption of FSP 142-3 on the Company's consolidated financial statements.

In May 2008, the Financial Accounting Standards Board issued FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. Statement 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. Navios Partners is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on the Company's consolidated financial statements.

***Critical Accounting Policies***

Our financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates in the application of our accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of

## **Table of Contents**

contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. For a description of all of our significant accounting policies, see Note 2 to the Notes to the consolidated financial statements included in Navios Partners' 2007 annual report filed on Form 20-F with the Securities Exchange Commission.

### ***Impairment of Long Lived Assets***

Vessels are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, management reviews valuations and compares them to the asset's carrying amounts. Should the valuations indicate potential impairment, management determines projected undiscounted cash flows for each asset and compares it to its carrying amount. In the event that impairment occurs, an impairment charge is recognized by comparing the asset's carrying amount to its estimated fair value. For the purposes of assessing impairment, long lived-assets are grouped at the lowest levels for which there are separately identifiable cash flows. No impairment loss was recognized for any of the periods presented.

### ***Vessels***

Vessels are stated at historical cost, which consists of the contract price, any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

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

### ***Deferred Drydock and Special Survey Costs***

Our vessels are subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys are deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels sold are written off to income in the year the vessel is sold. When vessels are acquired the portion of the vessel's capitalized cost that relates to drydocking or special survey is treated as a separate component of the vessel's cost and is deferred and amortized as above. This cost is determined by reference to the estimated economic benefits to be derived until the next drydocking or special survey.

### ***Revenue Recognition***

Revenue is recorded when services are rendered, we have a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. We generate revenue from transportation of cargoes and 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 become evident. Under a voyage charter, we agree to provide a vessel for the transportation of specific goods between specific ports in return for payment of an agreed upon freight rate per ton of cargo.

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

medium term charters. All other charters are considered long term. Under time charters, operating cost such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

**Table of Contents****FINANCIAL HIGHLIGHTS**

The following table presents consolidated revenue and expense information for the three and nine month periods ended September 30, 2008. We do not present comparative information for periods prior to the IPO because we believe that those periods are not necessarily comparable given the change in the nature and focus of the business. For example it is the policy of Navios Partners not to trade FFAs, whereas certain prior periods contain such transactions. In addition, certain agreements such as the management agreement were first effective as of November 16, 2007.

	(unaudited) Three Month Period ended September 30, 2008 (\$ 000)	(unaudited) Nine Month Period ended September 30, 2008 (\$ 000)
Time charter and voyage revenue	\$ 21,272	\$ 53,531
Time charter and voyage expenses	(2,797)	(8,801)
Direct vessel expenses	(144)	(433)
Management fees	(2,668)	(6,607)
General and administrative expenses	(1,217)	(2,220)
Depreciation and amortization	(3,277)	(8,588)
Interest expense and finance cost, net	(2,287)	(7,099)
Interest income	75	166
Other income		23
Other expense	(9)	(23)
<b>Net income</b>	<b>8,948</b>	<b>19,949</b>
 EBITDA	 \$ 14,581	 \$ 35,903
Operating Surplus	\$ 9,614	\$ 22,679

***Three month period ended September 30, 2008***

For three month period ended September 30, 2008, Navios Partners time charter revenue amounted to \$21.3 million whereas time charter expenses for the same period were \$2.8 million. Other expenses including management fees and general and administrative expenses amounted to \$3.9 million. General and administrative expenses are usually comprised of legal and other professional fees as well as expenses paid to Navios Holdings (see Related Party Transactions).

Depreciation and amortization expense for the period (including amortization of drydocking and special survey costs presented under direct vessel expenses) was \$3.4 million and interest expense and finance cost related to the borrowings under the facility agreement of \$235.0 million was \$2.3 million.

Net income for three month period ended September 30, 2008 was \$8.9 million.

***Nine month period ended September 30, 2008***

For nine month period ended September 30, 2008, Navios Partners time charter revenue amounted to \$53.5 million whereas time charter expenses for the same period were \$8.8 million. Other expenses including management fees and general and administrative expenses amounted to \$8.8 million. General and administrative expenses are usually comprised of legal and other professional fees as well as expenses paid to Navios Holdings (see Related Party Transactions).

Depreciation and amortization expense for the period (including amortization of drydocking and special survey costs presented under direct vessel expenses) was \$9.0 million and interest expense and finance cost related to the borrowings under the facility agreement of \$235.0 million was \$7.1 million.

Net income for nine month period ended September 30, 2008 was \$19.9 million.

**Table of Contents*****Liquidity and Capital Resources***

As of September 30, 2008 Navios Partners had \$25.3 million of cash and cash equivalents from \$10.1 as of December 31, 2007. Included in cash and cash equivalents as of September 30, 2008 there is \$14.5 million held in bank in a time deposit that has a monthly duration.

The following table presents cash flow information derived from the unaudited consolidated statements of cash flows of Navios Partners for the nine month period ended September 30, 2008.

		<b>Nine Month Period Ended September 30, 2008 (\$ 000) (Unaudited)</b>
Net cash provided by operating activities	\$	30,271
Net cash used in investing activities		(69,505)
Net cash provided by financing activities		54,389
 Increase in cash and cash equivalents.	 \$	 15,155

***Cash provided by operating activities for the nine month period ended September 30, 2008***

Net cash provided by operating activities increased by \$30.3 million in the nine months ended September 30, 2008. The increase is analyzed as follows:

Net income for the nine month period ended September 30, 2008, was \$19.9 million. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization.

Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. Deferred voyage revenue, net of commissions increased by \$1.8 million from \$0.2 million at December 31, 2007 to \$2.0 million at September 30, 2008.

Accrued expenses increased by \$0.1 million from \$1.4 million at December 31, 2007 to \$1.5 million at September 30, 2008. The primary reason for the increase was an increase in other accrued expenses by \$0.2 million mitigated by a decrease in accrued loan interest by \$0.1 million.

Accounts receivable decreased by \$0.1 million from \$0.4 million at December 31, 2007 to \$0.3 million at September 30, 2008. The primary reason for this decrease was a decrease in amounts receivable from charterers.

Accounts payable decreased by \$0.1 million from \$0.6 million at December 31, 2007 to \$0.5 million at September 30, 2008. The primary reason was a decrease in professional fees payable by \$0.3 million mitigated by an increase in brokers payable by \$0.2 million.

Prepaid voyage costs relate to cash paid in advance for expenses associated with voyages. Prepaid expenses remained almost unchanged during the nine month period from December 31, 2007 to September 30, 2008.

Restricted cash had a zero balance as of September 30, 2008 from \$0.8 million as of December 31, 2007. The reason for the decrease was the interest payment effected in August 2008 using cash that was held in our retention account for this purpose.

Amounts due to related parties decreased by \$1.7 million from \$4.5 million at December 31, 2007 to \$2.8 million at September 30, 2008. The main reason for this was the payment of the deferred acquisition expenses related to the Navios Partners IPO amounting to \$3.8 million to Navios Holdings mitigated by \$2.1 million in management fees and general and administrative expenses charged by Navios Holdings outstanding as of September 30, 2008 which were settled in October 2008.



## **Table of Contents**

### ***Cash used in investing activities for the nine month period ended September 30, 2008***

Net cash used in investing activities was \$69.5 million in the nine month period ended September 30, 2008. On May 2, 2008 Navios Partners purchased the vessel Fantastiks, renamed to Navios Fantastiks, for an amount of \$34.2 million and paid an additional \$0.3 million for capitalized expenses related to the vessel's acquisition.

On July 1, 2008 Navios Partners purchased the vessel Navios Aurora, renamed to Navios Aurora I, for a cash consideration of \$35.0 million.

### ***Cash provided by financing activities for the nine month period ended September 30, 2008***

Cash provided by financing activities was \$54.4 million for the nine month period ended September 30, 2008.

Navios Partners paid a total cash distribution of \$16.2 million during the nine month period ended September 30, 2008.

Navios Partners borrowed an additional \$70.0 million under its existing credit facility in order to finance the acquisition of the vessel Navios Fantastiks on May 2, 2008 and Navios Aurora I on July 1, 2008 and also paid debt issuance cost amounting to \$0.3 million.

In addition, in connection with the issuance of 3,131,415 common units to Navios Holdings as part of the purchase price for Navios Aurora I, Navios Partners received an amount of \$0.9 million in exchange for the issuance of 63,906 units to the general partner in order to maintain its 2% general partner interest in Navios Partners.

## **EBITDA**

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

EBITDA for the three and nine month period ended September 30, 2008 was \$14.6 million and \$35.9 million, respectively (please see Reconciliation of Non-GAAP Financial Measures below).

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

## **Operating Surplus**

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense, estimated maintenance and replacement capital expenditures and expansion capital expenditures. Maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of or the revenue generated by Navios Partners' capital assets. Expansion capital expenditures are those capital expenditures that increase the operating capacity of or the revenue generated by Navios Partners' capital assets.

Navios Partners generated an operating surplus of \$9.6 million and \$22.7 million for the three and nine month periods, respectively, ended September 30, 2008. Expansion capital expenditures for the three and nine month periods ended September 30, 2008 was \$69.2 million and \$35.0 million, respectively and related to the acquisition of Navios Fantastiks on May 2, 2008 and Navios Aurora I on July 1, 2008. The reserve for estimated maintenance and replacement capital expenditures for the three and nine month periods ended September 30, 2008 was \$2.7 million and \$7.1 million, respectively (please see Reconciliation of Non-GAAP Financial Measures below).

Operating surplus is a quantitative measure used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of Navios Partners' performance required by US GAAP.



**Table of Contents****Available Cash**

Available Cash generally means, for each fiscal quarter, all cash on hand at the end of the quarter:

less the amount of cash reserves established by the board of directors to:

provide for the proper conduct of our business (including reserve for maintenance and replacement capital expenditures)

comply with applicable law, any of Navios Partners' debt instruments, or other agreements; or

provide funds for distributions to the unitholders and to the general partner for any one or more of the next four quarters;

plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under any revolving credit or similar agreement used solely for working capital purposes or to pay distributions to partners.

Available Cash is a quantitative measure used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Available cash is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of Navios Partners' performance required by accounting principles generally accepted in the United States.

**Reconciliation of Non-GAAP Financial Measures**

	<b>Three Month Period Ended September 30, 2008</b>	<b>Nine Month Period Ended September 30, 2008</b>
Net Cash from Operating Activities	\$ 16,370	\$ 30,271
Net decrease in operating assets	(1,110)	(848)
Net increase in operating liabilities	(2,831)	(292)
Net interest cost	2,212	6,933
Deferred finance charges	(60)	(161)
EBITDA	14,581	35,903
Cash interest income	75	166
Cash interest paid	(2,073)	(6,856)
Expansion capital expenditures (*)	(35,000)	(69,155)
Borrowings to fund expansion capital expenditures (**)	34,773	69,773
Maintenance and replacement capital expenditures	(2,742)	(7,152)
Operating surplus	9,614	22,679
Cash distribution paid relating to the first half of 2008		(12,966)
Recommended reserves accumulated as of January 1, 2008	18	18
Reserves accumulated during the first six months of 2008 to be distributed in the third quarter of 2008	99	
Recommended reserves held as of September 30, 2008	(1,382)	(1,382)
Available cash for distribution	\$ 8,349	\$ 8,349

(\*) Expansion Capital expenditures represent the purchase price paid for the acquisition of Navios Fantastiks on May 2, 2008 and the acquisition of Navios Aurora I on July 1, 2008.

(\*\*) Borrowings to fund expansion capital expenditures represent the amount net of debt issuance fees, that Navios Partners borrowed in order to finance the acquisition of Navios Fantastiks and the acquisition of Navios Aurora I.

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

On November 15, 2007 Navios Partners entered into a revolving credit facility agreement with Commerzbank AG and DVB Bank AG maturing on November 15, 2017. This credit facility provides for borrowings of up to \$260 million, of which \$165.0 million was drawn on November 16, 2007. Of the total drawn amount, \$160.0 million was paid to Navios Holdings as part of the purchase price of the capital stock of Navios Holdings subsidiaries that owned or had rights to the eight vessels of Navios Partners fleet. The balance of the drawn amount was used as working capital. On June 25, 2008, this credit facility was amended, in part, to increase the available borrowings by \$35.0 million, in anticipation of purchasing Navios Aurora, thereby increasing the total facility to \$295.0 million.

**Table of Contents**

On May 2, 2008, Navios Partners borrowed \$35.0 million to finance the acquisition of the vessel Navios Fantastiks and an additional \$35.0 million to finance the acquisition of the vessel Navios Aurora I on July 1, 2008. Navios Partners expects to borrow an additional \$60.0 million to partially finance the purchase of the capital stock of the Navios Holdings subsidiary that will own Navios TBN I upon its delivery which is expected to occur in June 2009. Amounts that can be borrowed under the facility will be reduced by \$60.0 million if Navios TBN I is not delivered.

The credit facility is a revolving facility for up to four years and converts to a term facility for up to 6.5 years thereafter so that final maturity will be 10 years. The interest rate is LIBOR plus a margin of between 80 bps and 125 bps, depending on the loan to value ratio. Also, Navios Partners pays a commitment fee of 0.35% for undrawn amounts under the facility.

Amounts drawn under this credit facility are secured by first preferred mortgages on Navios Partners' vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The revolving credit facility contains a number of restrictive covenants that prohibit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners' vessels; changing the commercial and technical management of Navios Partners' vessels; selling or changing the beneficial ownership or control of Navios Partners' vessels; and subordinating the obligations under the credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facility also requires Navios Partners to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. The credit facility also requires compliance with a number of financial covenants of Navios Partners, including tangible net worth, debt coverage ratios, specified tangible net worth to total debt percentages and minimum liquidity. It is an event of default under the credit facility if such covenants are not complied with.

At September 30, 2008, Navios Partners was in compliance with the financial covenants of its credit facility.

The repayment of the credit facility starts no earlier than February 2012 and is subject to changes in repayment amounts and dates depending on various factors such as the future borrowings under the credit facility agreement.

The maturity table below reflects the principal payments due under the credit facility based on Navios Partners \$235.0 million outstanding balance as of September 30, 2008.

<b>Year</b>	<b>Amount (\$ '000)</b>
2008	\$
2009	\$
2010	\$
2011	\$
2012	\$ 35,832
2013 and thereafter	\$ 199,168
	<b>\$ 235,000</b>

***Commitments and contingencies***

The future minimum commitments of Navios Partners under its charter-in contracts, net of commissions, are as follows:

	<b>Amount</b>
2008	\$ 2,486
2009	9,864
2010	9,864
2011	9,864
2012	9,891

2013 and thereafter	17,463
	\$ 59,432

**Table of Contents*****Fleet Employment Profile***

The following table reflects certain key indicators indicative of the performance of Navios Partners and its core fleet performance for the three and nine month periods ended September 30, 2008.

	<b>Three Month Period ended September 30, 2008</b>	<b>Nine Month Period ended September 30, 2008</b>
Available Days (1)	828	2,191
Operating Days (2)	818	2,174
Fleet Utilization (3)	98.7%	99.2%
Time Charter Equivalent (per day)	\$ 25,691	\$ 24,437

(1) Available days for the fleet represent total calendar days the vessels were in our possession for the relevant period after subtracting off-hire days associated with major repairs, drydockings or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which a vessel is capable of generating revenues.

(2) Operating days is the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason,

including  
unforeseen  
circumstances.  
The shipping  
industry uses  
operating days  
to measure the  
aggregate  
number of days  
in a relevant  
period during  
which vessels  
actually  
generate  
revenues.

- (3) Fleet utilization  
is the  
percentage of  
time that our  
vessels were  
available for  
revenue  
generating  
available days,  
and is  
determined by  
dividing the  
number of  
operating days  
during a  
relevant period  
by the number  
of available  
days during that  
period. The  
shipping  
industry uses  
fleet utilization  
to measure  
efficiency in  
finding  
employment for  
vessels.

***Cash Distribution Policy***

***Rationale for Our Cash Distribution Policy***

Our cash distribution policy reflects a basic judgment that our unitholders are better served by our distributing our cash available (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves) rather than retaining it. Because we believe we will generally finance any expansion capital expenditures from external financing sources, we believe that our investors are best served by our distributing all of our available cash. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we



distribute all of our available cash quarterly (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves).

***Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy***

There is no guarantee that unitholders will receive quarterly distributions from us. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.

While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination period, with certain exceptions, our partnership agreement may not be amended without the approval of non-affiliated common unitholders, our partnership agreement can be amended with the approval of a majority of the outstanding common units after the subordination period has ended. Upon the closing of the IPO, Navios Holdings did not own any of our outstanding common units and owned 100.0% of our outstanding subordinated units.

Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement.

Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.

## **Table of Contents**

We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.

Our distribution policy is affected by restrictions on distributions under our existing revolving credit facility that we entered into in connection with the closing of the IPO. Specifically, our revolving credit facility contains material financial tests that must be satisfied and we will not pay any distributions that will cause us to violate our credit facility or other debt instruments. Should we be unable to satisfy these restrictions included in the proposed new credit facility or if we are otherwise in default under our new credit facility, our ability to make cash distributions to unitholders, notwithstanding our cash distribution policy, would be materially adversely affected.

If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

Our ability to make distributions to our unitholders depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations.

### ***Minimum Quarterly Distribution***

We intend to distribute to the holders of common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of \$0.35 per unit, or \$1.40 per unit per year, to the extent we have sufficient cash on hand to pay the distribution after we establish cash reserves and pay fees and expenses. The amount of available cash from operating surplus needed to pay the minimum quarterly distribution for four quarters on all units outstanding and the related distribution on the 2.0% general partner interest is approximately \$30.4 million. There is no guarantee that we will pay the minimum quarterly distribution on the common units and subordinated units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement. We are prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our existing revolving credit agreement.

On July 28, 2008, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2008 of \$0.35 per unit. The distribution was paid on August 14, 2008 to all holders of record of common, subordinated and general partner units on August 8, 2008 (excluding 3,131,415 common units issued to Navios Holdings in connection with the sale of the vessel *Navios Aurora I*). The aggregate amount of the declared distribution was \$6.5 million.

During the nine month period ended September 30, 2008 the aggregate amount of cash distribution paid was \$16.2 million.

On October 21, 2008, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2008 of \$0.385 per unit. The distribution is payable on November 7, 2008 to all holders of record of common, subordinated and general partner units on October 31, 2008. The aggregate amount of the declared distribution is \$8.3 million.

### ***Subordination period***

During the subordination period the common units have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of \$0.35 per unit, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

### ***Incentive Distribution Rights***

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights

separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of incentive distribution rights to an affiliate or another entity as part of our general partner's merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units (excluding common units held by our general partner and its affiliates), voting separately as a class, generally is required for a transfer of the incentive distribution rights to a third party prior to December 31, 2017.

**Table of Contents**

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and our general partner up to the various target distribution levels. The amounts set forth under

Marginal Percentage Interest in Distributions are the percentage interests of the unitholders and our general partner in any available cash from operating surplus we distribute up to and including the corresponding amount in the column

Total Quarterly Distribution Target Amount, until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our general partner assume that our general partner maintains its 2.0% general partner interest and assume our general partner has not transferred the incentive distribution rights.

		Marginal Percentage Interest in Distributions Common and	
	Total Quarterly Distribution Target Amount	Subordinated Unitholders	General Partner
Minimum Quarterly Distribution	\$ 0.35	98%	2%
First Target Distribution	up to \$0.4025	98%	2%
	above \$0.4025 up to		
Second Target Distribution	\$0.4375	85%	15%
	above \$0.4375 up to		
Third Target Distribution	\$0.525	75%	25%
Thereafter	above \$0.525	50%	50%

**Related Party Transactions**

**Management fees:** Pursuant to the management agreement dated November 16, 2007, the Manager, a wholly-owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel. This daily fee covers all of the vessels' operating expenses, including the cost of drydock and special surveys. The daily rates are fixed for a period of two years until November 16, 2009 whereas the initial term of the agreement is until November 16, 2012. Total management fees for the three and the nine month period ended September 30, 2008 amounted to \$2.7 million and \$6.6 million, respectively (no such fees existed in the period prior to Navios Partners' IPO on November 16, 2007)

**General & administrative expenses:** Pursuant to the administrative services agreement dated November 16, 2007, the Manager also provides administrative services to Navios Partners which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services.

Prior to the IPO, the Manager, a wholly-owned subsidiary of Navios Holdings, provided the vessels of the five vessel-owning subsidiaries of Navios Holdings (collectively, the Company), with a wide range of services such as chartering, technical support and maintenance, insurance, consulting, financial and accounting services for a per vessel fixed monthly fee (2007: \$15,000). Such fee was adjusted at the end of the year, where the Manager's remaining profit or loss was reallocated to the managed vessels, based on the managed days per vessel. The Manager was responsible for managing all cash transactions of the Company, as the Company did not maintain any cash accounts. The Manager

paid any costs relating to the operation of the Company's vessels. Furthermore, all revenues from the vessels operations were directly deposited to the Manager's bank accounts and used to fund the Company's expenses.

Total general and administrative expenses charged by Navios Holdings for the three and the nine month period ended September 30, 2008 amounted to \$0.3 million and \$0.8 million, respectively (\$0.4 million and \$0.9 million for the three and the nine month period ended September 30, 2007, respectively).

**Balance due to related parties:** Included in the current liabilities as at September 30, 2008 is an amount of \$2.8 million which represents the current account payable to Navios Holdings and its subsidiaries. The balance mainly consists of the management fees, administrative service expenses and other expenses owed to affiliated companies. Total management fees and administrative service expenses charged to Navios Partners for the three month period ended September 30, 2008 amounted to \$2.7 million and \$0.3 million, while for the nine month period ended September 30, 2008 those same fees and expenses amounted to \$6.6 million and \$0.8 million, respectively.

**Vessel Acquisition:** On July 1, 2008 Navios Partners acquired from Navios Holdings, the vessel Navios Aurora I for a

**Table of Contents**

purchase price of \$79,936, consisting of \$35.0 million cash and the issuance of 3,131,415 common units to Navios Holdings. The per unit price at the day of the delivery was \$14.35.

**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.

***Interest Rate Risk***

Borrowings under our new credit facility bear interest at rate based on a premium over US\$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the nine month period ended September 30, 2008, we paid interest on our outstanding debt at a weighted average interest rate of 4.5%. A 1% increase in LIBOR would have increased our interest expense for the nine month period ended September 30, 2008 by \$1.5 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 nine month period ended September 30, 2008, Mitsui O.S.K. Lines Ltd, Cargill International S.A., Sanko Steamship Co., Daiichi Chuo Kisen Kaisha, and Augustea Imprese Maritime accounted for approximately 24.2%, 23.4%, 16.2%, 12.4% and 10.2% respectively, of total revenues. Although we do not obtain rights to collateral, we maintain counterparty insurance which we re-assess on a quarterly basis to help reduce our credit risk.

It is our policy not to trade any other financial instruments that would potentially expose us to significant concentrations of credit risk

***Inflation***

Inflation has had a minimal impact on vessel operating expenses, drydocking 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.

**Table of Contents**

**Index**

	<b>Page</b>
<b><u>NAVIOS MARITIME PARTNERS L.P.</u></b>	
<b><u>CONDENSED CONSOLIDATED BALANCE SHEETS AT SEPTEMBER 30, 2008</u></b> <b><u>(UNAUDITED) AND DECEMBER 31, 2007 (AUDITED)</u></b>	F-2
<b><u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE</u></b> <b><u>AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007</u></b>	F-3
<b><u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE</u></b> <b><u>NINE MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007</u></b>	F-4
<b><u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS</u></b> <b><u>NET INVESTMENT, PARTNERS' CAPITAL AND COMPREHENSIVE INCOME/(LOSS) FOR</u></b> <b><u>THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007</u></b>	F-5
<b><u>CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u></b>	F-6

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of U.S. Dollars except unit data)

	Notes	December 31, 2007	September 30, 2008 (unaudited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 10,095	\$ 25,250
Restricted cash		797	
Accounts receivable, net		381	298
Prepaid expenses and other current assets		39	71
<b>Total current assets</b>		11,312	25,619
Vessels, net	5	135,976	295,117
Deferred financing costs, net		1,811	1,975
Deferred dry dock and special survey costs, net		1,171	738
Favorable lease terms	6	54,784	
<b>Total non-current assets</b>		193,742	297,830
<b>Total assets</b>		\$ 205,054	\$ 323,449
<b>LIABILITIES AND PARTNERS CAPITAL</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 570	\$ 504
Accrued expenses		1,431	1,574
Deferred voyage revenue		153	2,005
Amounts due to related parties	11	4,458	2,821
<b>Total current liabilities</b>		6,612	6,904
Long term debt	7	165,000	235,000
Unfavorable lease terms	6	6,656	5,158
<b>Total non-current liabilities</b>		171,656	240,158
<b>Total liabilities</b>		178,268	247,062
<b>Commitments and contingencies</b>	10		
<b>Partners Capital:</b>			
Common Unitholders (10,500,000 and 13,631,415 units issued and outstanding at December 31, 2007 and September 30, 2008,		194,265	243,357



respectively)

Subordinated Unitholders (7,621,843 units issued and outstanding at December 31, 2007 and September 30, 2008)	(159,759)	(160,250)
---	-----------	-----------

General Partner (369,834 and 433,740 units issued and outstanding at December 31, 2007 and September 30, 2008, respectively).	(7,720)	(6,720)
---	---------	---------

<b>Total partners' capital</b>	26,786	76,387
--------------------------------	--------	--------

<b>Total liabilities and partners' capital</b>	\$ 205,054	\$ 323,449
--	------------	------------

See unaudited condensed notes to consolidated financial statements

F-2

---

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

		<b>Three Month Period Ended</b>		<b>Nine Month Period Ended</b>	
		<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>Notes</b>	<b>30,</b>	<b>30,</b>	<b>30,</b>	<b>30,</b>
		<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Time charter and voyage revenue	8	\$ 14,116	\$ 21,272	36,273	\$ 53,531
Time charter and voyage expenses		(2,846)	(2,797)	(5,544)	(8,801)
Direct vessel expenses		(1,586)	(144)	(4,640)	(433)
Management fees	11		(2,668)		(6,607)
General and administrative expenses	11	(366)	(1,217)	(888)	(2,220)
Depreciation and amortization	5,6	(2,365)	(3,277)	(6,609)	(8,588)
Interest expense and finance cost, net	7	(1,203)	(2,287)	(3,699)	(7,099)
Interest income			75		166
Other income		146		172	23
Other expense		(30)	(9)	(76)	(23)
<b>Income before income taxes</b>		<b>5,866</b>	<b>8,948</b>	<b>14,989</b>	<b>19,949</b>
Deferred income tax				486	
<b>Net income</b>		<b>\$ 5,866</b>	<b>\$ 8,948</b>	<b>15,475</b>	<b>\$ 19,949</b>

**Earnings per unit (see note 12):**

	<b>Three Month Period Ended</b>		<b>Nine Month Period Ended</b>	
	<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>30,</b>	<b>30,</b>	<b>30,</b>	<b>30,</b>
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net income</b>	<b>\$5,866</b>	<b>\$ 8,948</b>	<b>\$15,475</b>	<b>\$ 19,949</b>
Earnings per unit (see note 12):				
Common unit (basic and diluted)		\$ 0.41		\$ 1.16
Subordinated unit (basic and diluted)	\$ 0.75	\$ 0.41	\$ 1.99	\$ 0.81
General partner unit (basic and diluted)	\$ 0.32	\$ 0.48	\$ 0.84	\$ 1.09

See unaudited condensed notes to consolidated financial statements

F-3

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of U.S. Dollars)

	Note	Nine Month period Ended September 30, 2007 (unaudited)	Nine Month period Ended September 30, 2008 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Net income		\$ 15,475	\$ 19,949
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation and amortization	6,7	6,609	8,588
Amortization and write-off of deferred financing cost		115	161
Amortization of deferred dry dock costs		453	433
Deferred taxation		(486)	
<b>Changes in operating assets and liabilities:</b>			
Decrease in restricted cash			797
Increase/(decrease) in accounts receivable		(124)	83
Increase in prepaid expenses and other current assets		(360)	(32)
Increase/(decrease) in accounts payable		312	(66)
Increase in accrued expenses		955	143
Increase in deferred voyage revenue		76	1,852
Decrease in amounts due to related parties		(19,968)	(1,637)
Payments for dry dock and special survey costs		(849)	
<b>Net cash provided by operating activities</b>		<b>2,208</b>	<b>30,271</b>
<b>INVESTING ACTIVITIES:</b>			
Acquisition of vessels			(69,505)
<b>Net cash used in investing activities</b>			<b>(69,505)</b>
<b>FINANCING ACTIVITIES:</b>			
Cash distribution paid	12		(16,203)
Proceeds from long term loan			70,000
Proceeds from issuance of general partners units			918
Repayment of long term debt and payment of principal		(1,528)	
Debt issuance costs		(680)	(326)

<b>Net cash (used in) provided by financing activities</b>	(2,208)	54,389
<b>Increase in cash and cash equivalents</b>		15,155
<b>Cash and cash equivalents, beginning of period</b>		10,095
<b>Cash and cash equivalents, end of period</b>	\$	\$ 25,250

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW  
INFORMATION**

Cash paid for interest	\$ 2,825	\$ 6,856
Non-cash investing and financing activities:		
Contributions by Navios Holdings in the form of fair value adjustments related to		
charter-in contract (Navios Fantastiks in 2007)	\$ 33,703	\$
Issuance of common units to Navios Holdings related to the acquisition of Navios Aurora I in July 2008	\$	\$ 44,937

See unaudited condensed notes to consolidated financial statements

F-4

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' NET INVESTMENT AND**  
**PARTNERS' CAPITAL AND COMPREHENSIVE INCOME/(LOSS)**

(Expressed in thousands of U.S. Dollars)

Limited Partners									
	General Partner		Common		Subordinated		Total	Owners	Accumul
	Units		Unitholders		Unitholders		Partners'	Net	ated
			Units		Units		Capital	Investment	Other
									Compreh
									ensive
									Income/
									(Loss)
<b>Balance</b>									
<b>December 31,</b>									
<b>2006</b>	\$						\$	\$ 70,902	\$ 6,624
Net income								15,475	15,475
Contributions									
in the form of									
fair value									
adjustments									
related to									
charter-in									
contract of									
vessel Navios									
Fantastiks.								33,703	33,703
Total									
comprehensive									
income									15,475
<b>Balance</b>									
<b>September 30,</b>									
<b>2007</b>									
<b>(unaudited)</b>							\$	\$ 120,080	\$ 15,475
<b>Balance</b>									
<b>December 31,</b>									
<b>2007</b>	369,834	\$ (7,720)	10,500,000	\$ 194,265	7,621,843	\$ (159,759)	\$ 26,786	\$	\$ 1,613
Cash									
distribution									
paid		(346)		(9,188)		(6,669)	(16,203)		(16,203)
Issuance of									
units	63,906	918	3,131,415	44,937			45,855		45,855

Net income	428		13,343		6,178	19,949		19,949	19,949
------------	-----	--	--------	--	-------	--------	--	--------	--------

<b>Balance</b>									
<b>September 30,</b>									
<b>2008</b>									
<b>(unaudited)</b>	<b>433,740</b>	<b>\$ (6,720)</b>	<b>13,631,415</b>	<b>\$ 243,357</b>	<b>7,621,843</b>	<b>\$ (160,250)</b>	<b>\$ 76,387</b>	<b>\$</b>	<b>\$ 76,387 \$ 19,949</b>

See unaudited condensed notes to consolidated financial statements  
F-5

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.  
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

**NOTE 1 DESCRIPTION OF BUSINESS**

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

In connection with the initial public offering ( "IPO" ) of Navios Partners on November 16, 2007 Navios Partners acquired interests in five wholly-owned subsidiaries of Navios Holdings , each of which owned a Panamax drybulk carrier (the "Initial Vessels" ), as well as interests in three wholly-owned subsidiaries of Navios Holdings that operated and had options to purchase, three additional vessels in exchange for (a) all of the net proceeds from the sale of 10,000,000 common units in the IPO and the sale of 500,000 common units in a concurrent private offering to a corporation owned by Navios Partners Chairman and CEO for a total estimated amount of \$193.3 million (see note 3), plus (b) \$160.0 million of the \$165.0 million drawn under Navios Partners revolving credit facility entered into in connection with the IPO (see note 8), (c) 7,621,843 subordinated units issued to Navios Holdings and (d) the issuance to the General Partner of the 2% general partner interest and all incentive distribution rights in Navios Partners. Upon the closing of the IPO, Navios Holdings owned a 43.2% interest in Navios Partners, including the 2% general partner interest.

On July 1, 2008 Navios Partners issued 3,131,415 common units to Navios Holdings for the acquisition of Navios Aurora I, and 63,906 general partnership units to the General Partner who elected to maintain its 2% general partner interest in Navios Partners.. Navios Holdings owns a 51.6% interest in Navios Partners, including the 2% general partner interest.

On or prior to the closing of the IPO, Navios Partners entered into the following agreements: (a) a share purchase agreement pursuant to which Navios Partners acquired the capital stock of a subsidiary that will own the Capesize vessel Navios TBN I and related time charter, upon delivery of the vessel which is expected to occur in June 2009; (b) a share purchase agreement pursuant to which Navios Partners has the option, exercisable at any time between January 1, 2009 and April 1, 2009, to acquire the capital stock of the subsidiary that will own the Capesize vessel Navios TBN II and related time charter scheduled for delivery in October 2009; (c) a management agreement with Navios ShipManagement Inc. (the "Manager" ) pursuant to which the Manager provides Navios Partners commercial and technical management services; (d) an administrative services agreement with the Manager pursuant to which the Manager provides Navios Partners administrative services; and (e) an omnibus agreement with Navios Holdings, governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain drybulk carriers.

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

**NOTE 2 BASIS OF PRESENTATION**

The accompanying interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The financial statements for the periods prior to the IPO on November 16, 2007, reflect the consolidated financial position, results of operations and cash flows of the five vessel-owning subsidiaries of Navios Holdings (collectively, the "Company" ) that owned the Initial Vessels prior to the IPO. These consolidated financial statements have been presented using the historical carrying costs of such vessel-owning subsidiaries for all periods presented prior to the IPO, as each vessel-owning subsidiary was under the common control of Navios Holdings. The financial statements for periods after the IPO are referred to as those of Navios Partners.

**The accompanying consolidated financial statements include the following entities and chartered-in vessels:**

Country of	Statement of income
------------	---------------------

Edgar Filing: Navios Maritime Partners L.P. - Form 6-K

Company name	Vessel name	incorporation	2007		2008	
Libra Shipping Enterprises Inc	Navios Libra II	Marshall Is.	1/1	9/30	1/1	9/30
Alegria Shipping	Navios Alegria	Marshall Is. F-6	1/1	9/30	1/1	9/30

---



**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

Company name Corporation	Vessel name	Country of incorporation	Statement of income			
			2007		2008	
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	9/30	1/1	9/30
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	9/30	1/1	9/30
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/1	9/30	1/1	9/30
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	6/19-9/30		1/1	9/30
(*)						
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.			1/1	9/30
(**)						
Aurora Shipping Enterprises Ltd.	Navios Aurora I	Marshall Is.			7/1	9/30
<i>Chartered-in vessel</i>	Fantastiks		2/2	9/30		
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.			3/17	9/30
(*)						
Navios Maritime Partners L.P	N/A	Marshall Is.			1/1	9/30
Navios Maritime Operating LLC	N/A	Marshall Is.			1/1	9/30

(\*) Not a vessel-owning subsidiary and only holds rights to charter-in contract

(\*\*) Fantastiks Shipping Corporation took ownership of the vessel Fantastiks, which was renamed to Navios Fantastiks on May 2<sup>nd</sup>, 2008.

In the opinion of management, the accompanying interim consolidated financial statements of Navios Partners are unaudited, but, contain all adjustments necessary to present fairly, in all material respects its consolidated financial position as of September 30, 2008 and the consolidated results of operations for the nine months ended September 30, 2007 and 2008. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under US GAAP for complete financial statements. All such adjustments are deemed to be of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Navios Partners Annual Report on Form 20-F for the year ended December 31, 2007.

**NOTE 3 INITIAL PUBLIC OFFERING**

On November 16, 2007, Navios Partners completed its initial public offering of 10,000,000 common units at a price of \$20.00 per unit. In addition, simultaneously with the offering, Navios Partners sold 500,000 common units at a price of \$20.00 per unit to a corporation owned by Navios Partners' Chairman and Chief Executive Officer. The proceeds received by Navios Partners from the IPO and the concurrent private offering and the use of those proceeds are summarized as follows:

**Aggregate Proceeds received:**

Sale of 10,500,000 units at \$20.00 per unit	\$ 210,000
<b>Use of proceeds from sale of common units:</b>	
Underwriting discount and fees to underwriters	(\$13,500)
Acquisition expenses	(\$3,816)
Net IPO Proceeds	\$ 192,684
Net book value of net assets contributed by Navios Holdings Less cash contributed to Navios Holdings	\$ 185,789 (353,300)
<b>Contribution to Navios Holdings (deemed dividend)</b>	(\$167,511)
<b>Total owners' net investment and partners' capital</b>	<b>\$ 25,173</b>

F-7

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

In connection with the IPO, Navios Partners acquired all of outstanding shares of capital stock of the subsidiaries of Navios Holdings that owned or had rights to eight vessels which was accounted for as a transaction under common control. As a result, the difference between the aggregate cash consideration paid for the subsidiaries that owned or had the rights to eight vessels of \$353,300 and their carrying values of \$185,789 was considered as a deemed distribution of \$167,511 to Navios Holdings. This deemed dividend payable of \$167,511 resulted in reduction of total partners' capital to reflect the deemed impact of the deemed distribution, but not the proceeds of the IPO.

The deemed distribution calculation has taken into account the Company's forgiveness of balances due from related parties (which was treated as a capital distribution to Navios Holdings), which occurred immediately prior to consummation of the IPO (See note 11).

**NOTE 4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	<b>December 31, 2007</b>	<b>September 30, 2008</b>
Cash on hand and at banks	\$ 10,095	\$ 10,750
Short term deposits		14,500
<b>Total cash and cash equivalents</b>	<b>\$ 10,095</b>	<b>\$ 25,250</b>

Short term deposits relate to time deposit accounts held in bank for general financing purposes. As of September 30, 2008 Navios Partners had a time deposit of \$14,500 with a monthly duration.

**NOTE 5 VESSELS AND OTHER FIXED ASSETS**

Vessels	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
<b>Balance December 31, 2006</b>	\$ 151,432	(\$7,598)	\$ 143,834
Additions		(\$7,858)	(\$7,858)
<b>Balance December 31, 2007</b>	\$ 151,432	(\$15,456)	\$ 135,976
Additions	167,464	(\$8,323)	\$ 159,141
<b>Balance September 30, 2008</b>	\$ 318,896	(\$23,779)	\$ 295,117

On May 2, 2008, Fantastiks Shipping Corporation, a wholly-owned subsidiary of Navios Partners (see note 2), purchased the vessel Fantastiks for an amount of \$34,155 of cash consideration (from which \$34,001 was included in vessel cost) pursuant to the Memorandum of Agreement between Fantastiks Shipping Corporation and Kleimar N.V. (Kleimar), a wholly-owned subsidiary of Navios Holdings. The remaining carrying amounts of the favorable lease and the favorable purchase option of the vessel amounting to \$53,022 were transferred to vessel cost and will be depreciated over the remaining useful life of the vessel (see note 6). Capitalized expenses related to vessel acquisition amounted to \$459 and were also included in vessel cost. The vessel was renamed to Navios Fantastiks upon acquisition. In addition, pursuant to the above mentioned Memorandum of Agreement all of the risk of non-performance related to the vessel was assigned to Navios Partners. Therefore, Kleimar paid to Fantastiks Shipping Corporation the net of the charter hire it received less any charter hire it paid, until the vessel was delivered. Hire revenue and expense, net of address commissions is included in the statement of income, under time charter and voyage revenue and in time charter and voyage expenses (see note 11).

On July 1, 2008 Navios Partners acquired from Navios Holdings, the vessel Navios Aurora I for a purchase price of \$79,936, consisting of \$35,000 cash and the issuance of 3,131,415 common units to Navios Holdings. The number of the common units issued was calculated based on a price of \$14.3705 per common unit, which was the volume weighted average trading price of the common units for the 10 business days immediately prior to the acquisition. The per unit price at the day of the delivery was \$14.35. Capitalized expenses related to vessel acquisition amounted to \$46 and were also included in vessel cost.

F-8

---

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

**NOTE 6 INTANGIBLE ASSETS**

Intangible assets as of December 31, 2007 and September 30, 2008 consist of the following:

				Net Book Value
		Accumulated	Transfer to vessel cost	December 31,
	Cost	Amortization		2007
Unfavorable lease terms	(\$8,486)	\$ 1,830	\$	(\$6,656)
Favorable lease terms	52,874	(4,767)		48,107
Favorable vessel purchase option	6,677			6,677
<b>Total</b>	\$ 51,065	\$ (2,937)	\$	\$ 48,128

				Net Book Value September 30, 2008
	Cost	Accumulated Amortization	Transfer to vessel cost	
Unfavorable lease terms (*)	(\$8,486)	\$ 3,328	\$	(\$5,158)
Favorable lease terms	52,874	(\$6,529)	(46,345)	
Favorable vessel purchase option	6,677		(6,677)	
<b>Total</b>	\$ 51,065	\$ (3,201)	\$ (53,022)	\$ (5,158)

(\*) Weighted  
average  
amortization  
period is  
4.24 years.

Amortization expense of unfavorable and favorable lease terms for the three and nine month periods ended September 30, 2007 and 2008 is presented in the following table:

	Three Month Period Ended		Nine Month Period Ended	
	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008
Unfavorable lease terms	\$ 499	\$ 499	\$ 1,331	\$ 1,498
Favorable lease terms	(1,300)		(3,467)	(1,763)

<b>Total</b>	\$ (801)	\$ 499	\$ (2,136)	\$ (265)
--------------	----------	--------	------------	----------

**NOTE 7 BORROWINGS**

Borrowings as of December 31, 2007 and September 30, 2008 consist of the following:

	<b>December 31, 2007</b>	<b>September 30, 2008</b>
Credit facility	\$ 165,000	\$ 235,000
Less current portion		
<b>Total long term borrowings</b>	<b>\$ 165,000</b>	<b>\$ 235,000</b>

In April 2008, Navios Partners borrowed an additional \$35,000 under its existing credit facility to finance the acquisition of the vessel Fantastiks renamed to Navios Fantastiks.

On June 25, 2008 this credit facility was amended, in part, to increase the available borrowings by \$35,000, to increase the total to \$295,000. The amount of \$35,000 was drawn on July 1, 2008 in order to finance the acquisition of the vessel Navios Aurora, renamed to Navios Aurora I, from Navios Holdings (see note 5).

At September 30, 2008, Navios Partners was in compliance with the financial covenants of its revolving loan facility. The repayment of the loan facility starts no earlier than February 2012 and is subject to changes in repayment amounts and dates depending on various factors such as the future borrowings under the agreement.

F-9

---

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

The maturity table below reflects the principal payments due under the credit facility based on Navios Partners \$235,000 outstanding balance as of September 30, 2008.

<b>Year</b>	<b>Amount</b>
2008	\$
2009	\$
2010	\$
2011	\$
2012	\$ 35,832
2013 and thereafter	\$ 199,168
	\$ 235,000

**NOTE 8 SEGMENT INFORMATION**

Navios Partners reports financial information and evaluates its operations by charter revenues. Navios Partners 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 Partners has determined that it operates under one reportable segment.

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

**Revenue by Geographic Region**

	<b>Three Month Period Ended</b>		<b>Nine Month Period Ended</b>	
	<b>September 30, 2007</b>	<b>September 30, 2008</b>	<b>September 30, 2007</b>	<b>September 30, 2008</b>
Europe	\$ 5,694	\$ 5,936	\$ 16,609	\$ 17,996
Asia	8,422	13,262	19,664	30,820
Australia		2,074		4,715
Total	\$ 14,116	\$ 21,272	\$ 36,273	\$ 53,531

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.

**NOTE 9 INCOME TAXES**

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

Pursuant to Section 883 of the Internal Revenue Code of the United States, 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 vessel-owning subsidiaries satisfy these initial criteria. In addition; these companies must meet an ownership test. The management of the Company believes that this ownership test was satisfied prior to

the IPO by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company. Although not free from doubt, Management also believes that the ownership test will be satisfied based on the trading volume and ownership of Navios Partners units, but no assurance can be given that this will remain so in the future.

F-10

---



Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

Navios Partners 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 Navios Partners believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date the financial statements were prepared.

In the opinion of management, the ultimate disposition of these matters is immaterial and will not adversely affect Navios Partners financial position, results of operations or liquidity.

In March 2008, Navios Partners took delivery of the Navios Aldebaran, a newbuilding Panamax vessel of 76,500 dwt. The vessel came into the fleet under a long-term charter-in agreement with a purchase option exercisable in 2013. Navios Partners has chartered-out the vessel for a period of five years at a net daily charter-out rate of approximately US\$ 28.

In May 2008, the chartered-in vessel Fantastiks was acquired by Fantastiks Shipping Corporation and was renamed to Navios Fantastiks (see note 5).

The future minimum commitments of Navios Partners under its charter-in contracts, net of commissions, are as follows:

	<b>Amount</b>
2008	\$ 2,486
2009	9,864
2010	9,864
2011	9,864
2012	9,891
2013 and thereafter	17,463
	<b>\$ 59,432</b>

**NOTE 11 TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES**

**Management fees:** Pursuant to the management agreement dated November 16, 2007, the Manager, a wholly-owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of \$4 per owned Panamax vessel and \$5 per owned Capesize vessel. This daily fee covers all of the vessels' operating expenses, including the cost of drydock and special surveys. The daily rates are fixed for a period of two years until November 16, 2009 whereas the initial term of the agreement is until November 16, 2012. Total management fees for the three and the nine month period ended September 30, 2008 amounted to \$2,668 and \$6,607, respectively (\$0 and \$0 for the three and the nine month period ended September 30, 2007, respectively).

**General & administrative expenses:** Pursuant to the administrative services agreement dated November 16, 2007, the Manager also provides administrative services to Navios Partners which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services.

Prior to the IPO, the Manager, a wholly-owned subsidiary of Navios Holdings provided the Company's vessels with a wide range of services such as chartering, technical support and maintenance, insurance, consulting, financial and accounting services for a per vessel fixed monthly fee (2007: \$15). Such fee was adjusted at the end of the year, where the Manager's remaining profit or loss was reallocated to the managed vessels, based on the managed days per vessel. The Manager was responsible for managing all cash transactions of the Company, as the Company did not maintain any cash accounts. The Manager paid any costs relating to the operation of the Company's vessels. Furthermore, all revenues from the vessels operations were directly deposited to the Manager's bank accounts and used to fund the

Company's expenses.

Total general and administrative expenses charged by Navios Holdings for the three and the nine month period ended September 30, 2008 amounted to \$279 and \$799 respectively (\$366 and \$888 for the three and the nine month period ended September 30, 2007).

**Balance due to related parties:** Included in the current liabilities as at September 30, 2008 is an amount of \$2,821 which represents the current account payable to Navios Holdings and its subsidiaries. The balance mainly consists of the management fees, administrative service expenses and other expenses owed to affiliated companies. Total management fees and administrative service expenses charged to Navios Partners for the three month period ended September 30, 2008 amounted to \$2,668 and \$279 while for the nine month period ended September 30, 2008 same fees and expenses amounted to \$6,607 and \$799 respectively.

F-11

---

Table of Contents

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

**Vessel Acquisition:** On July 1, 2008 Navios Partners acquired from Navios Holdings, the vessel Navios Aurora I for a purchase price of \$79,936, consisting of \$35,000 cash and the issuance of 3,131,415 common units to Navios Holdings. The per unit price at the day of the delivery was \$14.35 (see note 5).

**NOTE 12 CASH DISTRIBUTIONS AND EARNINGS PER UNIT**

The partnership agreement of Navios Partners requires that all available cash is distributed quarterly, after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves. Distributions may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations. The amount of the minimum quarterly distribution is \$0.35 per unit or \$1.40 unit per year and are made in the following manner, during the subordination period:

First, 98% to the holders of common units and 2% to the General Partner until each common unit has received a minimum quarterly distribution of \$0.35 plus any arrearages from previous quarters;

Second, 98% to the holders of subordinated units and 2% to the General Partner until each subordinated unit has received a minimum quarterly distribution of \$0.35; and

Third, 98% to all unitholders, pro rata, and 2% to General Partner, until each unit has received an aggregate amount of \$0.4025

Thereafter there is incentive distribution rights held by the General Partner, which are analyzed as follows:

		Marginal Percentage Interest in Distributions Common and	
	Total Quarterly Distribution Target Amount	Subordinated Unitholders	General Partner
Minimum Quarterly Distribution	\$0.35	98%	2%
	up to		
First Target Distribution	\$0.4025	98%	2%
	above		
	\$0.4025		
	up to		
Second Target Distribution	\$0.4375	85%	15%
	above		
	\$0.4375		
	up to		
Third Target Distribution	\$0.525	75%	25%
	above		
Thereafter	\$0.525	50%	50%

On July 28, 2008, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2008 of \$0.35 per unit. The distribution was paid on August 14, 2008 to all holders of record of common, subordinated and general partner units on August 8, 2008 (excluding 3,131,415 common units issued to Navios Holdings in connection with the sale of the vessel Navios Aurora I ). The aggregate amount of the

declared distribution was \$6,494.

During the nine month period ended September 30, 2008 the aggregate amount of cash distribution paid was \$16,203.

Basic net income per unit is determined by dividing net income by the weighted average number of units outstanding during the period. Diluted net income per unit is calculated in the same manner as net income per unit, except that the weighted average number of outstanding units is increased to include the dilutive effect of outstanding unit options or phantom units. There were no options or phantom units outstanding during the three month period and the nine month period ended September 30, 2008.

The general partner's interest in net income is calculated as if all net income for the year was distributed according to the terms of Navios Partners partnership agreement, regardless of whether those earnings would or could be distributed. Navios Partners agreement does not provide for the distribution of net income; rather, it provides for the distribution of available cash, which is a contractually defined term that generally means all cash on hand at the end of each quarter less the amount of cash reserves established by Navios Partners' board of directors to provide for the proper conduct of Navios Partners' business including reserves for maintenance and replacement capital expenditure and anticipated credit needs.

The calculations of the basic and diluted earnings per unit are presented below. For purposes of the earnings per unit (EPU) calculations, the subordinated units and general partner units are assumed to be outstanding for periods presented prior to IPO.

F-12

---

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

	<b>Three Month Period Ended</b>		<b>Nine Month Period Ended</b>	
	<b>September</b>	<b>September 30,</b>	<b>September</b>	<b>September 30,</b>
	<b>30,</b>	<b>2008</b>	<b>30,</b>	<b>2008</b>
	<b>2007</b>		<b>2007</b>	<b>2008</b>
Net income	5,866	8,948	15,475	19,949
Earnings attributable to:				
Common unit holders		5,606		13,343
Subordinated unit holders	5,749	3,134	15,166	6,178
General partner unit holders	117	208	309	428
Weighted average units outstanding (basic and diluted)				
Common unit holders		13,631,415		13,631,415
Subordinated unit holders	7,621,843	7,621,843	7,621,843	7,621,843
General partner unit holders	369,834	433,740	369,834	433,740
Earnings per unit (basic and diluted):				
Common unit holders	\$	\$ 0.41	\$	\$ 1.16
Subordinated unit holders	\$ 0.75	\$ 0.41	\$ 1.99	\$ 0.81
General partner unit holders	\$ 0.32	\$ 0.48	\$ 0.84	\$ 1.09

**NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2008, the FASB issued the FASB Staff Position ( FSP No. 157-2 ) which delays the effective date of SFAS 157, for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). For purposes of applying this FSP, nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other than those meeting the definition of a financial asset or financial liability as defined in paragraph 6 of FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This FSP defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and the interim periods within those fiscal years for items within the scope of this FSP. The application of SFAS 157 in future periods to those items covered by FSP 157-2 is not expected to have a material effect on the consolidated financial statements of Navios Partners.

In October 2008, the FASB issued the FASB Staff Position ( FSP No. 157-3 ) which clarifies the application of FASB Statement No. 157, Fair Value Measurements in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. This FSP applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with Statement 157. The FSP shall be effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate ( FASB Statement No. 154 Accounting changes and Error Corrections , paragraph 19). The disclosure provisions of Statement No. 154 for a change in accounting estimate are not required for revisions resulting from a change in valuation technique or its application. The application of FSP 157-3 does not have a material effect on the consolidated financial statements of Navios Partners.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ( SFAS 141R ), which replaces FASB Statement No. 141. SFAS 141R establishes principles and requirements for how an acquirer

recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed any non controlling interest in the acquiree and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008. Navios Partners does not expect any potential impact at the date of the adoption of SFAS 141R on its consolidated financial statements

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statement amendments of ARB No. 51 ( SFAS 160 ). SFAS 160 states that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 applies to all entities that prepare consolidated financial statements, except not-for-

F-13

---

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.  
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. This statement is effective as of the beginning of an entity's first fiscal year beginning after December 15, 2008. Navios Partners does not expect any potential impact at the date of the adoption of SFAS 160 on its consolidated financial statements.

In March 2008, the FASB issued its final consensus on Issue 07-4 Application of the Two-Class Method under FASB Statement No. 128, Earnings per Share, to Master Limited Partnerships. This issue may impact a publicly traded master limited partnership (MLP) that distributes available cash to the limited partners (LPs), the general partner (GP), and the holders of incentive distribution rights (IDRs). This issue addresses earnings-per-unit (EPU) computations for all MLPs with IDR interests. MLPs will need to determine the amount of available cash at the end of a reporting period when calculating the period's EPU. This guidance in Issue 07-4 would be effective for fiscal years that begin after December 15, 2008, and would be accounted for as a change in accounting principle through retrospective application. Early application would not be permitted. Navios Partners is currently evaluating the potential impact, if any, of the adoption of Issue 07-4 under FASB Statement No. 128 on its consolidated financial statements.

In April 2008, FASB issued FASB Staff Position FSP 142-3 Determination of the useful life of intangible assets. This FASB Staff Position (FSP) amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142,

Goodwill and Other Intangible Assets. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under Statement 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (revised 2007), Business Combinations, and other U.S. generally accepted accounting principles (GAAP). This FSP will be effective for the Company for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Navios Partners is currently evaluating the potential impact, if any, of the adoption of FSP 142-3 on the Company's consolidated financial statements.

In May 2008, the Financial Accounting Standards Board issued FASB Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles. The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. Statement 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Navios Partners is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on the Company's consolidated financial statements.

**NOTE 14 SUBSEQUENT EVENTS**

On October 21, 2008, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2008 of \$0.385 per unit. The distribution is payable on November 7, 2008 to all holders of record of common, subordinated and general partner units on October 31, 2008. The aggregate amount of the declared distribution is \$8,349.

F-14

**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 PARTNERS L.P.

By: /s/ Angeliki Frangou

Angeliki Frangou  
Chief Executive Officer  
Date: October 22, 2008

F-15