

Navios Maritime Partners L.P.

Form 6-K

April 26, 2012

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: April 26, 2012**

**Commission File No. 001-33811**

# **NAVIOS MARITIME PARTNERS L.P.**

**85 AKTI MIAOULI STREET, PIRAEUS,**

**GREECE 185 38**

**(Address of Principal Executive Offices)**

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

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

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.**

**FORM 6-K**

**TABLE OF CONTENTS**

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

**Table of Contents**

The information contained in this Report is hereby incorporated by reference into the Registration Statement on Form F-3, File No. 333-170284.

**Operating and Financial Review**

The following is a discussion of the financial condition and results of operations for the three month periods ended March 31, 2012 and 2011 of Navios Maritime Partners L.P. (referred to herein as we, us or Navios Partners). All of the 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' 2011 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on Navios 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, fluctuation of charter rates, 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 dry bulk vessels, formed in August 2007 by Navios Maritime Holdings Inc. (Navios Holdings), a vertically integrated seaborne shipping and logistics company with over 55 years of operating history in the dry bulk shipping industry. Navios Partners completed its initial public offering (IPO) of 10,000,000 common units and the concurrent sale of 500,000 common units to a corporation owned by Angeliki Frangou, Navios Partners' Chairman and Chief Executive Officer, on November 16, 2007. Navios Partners used the proceeds of these sales of approximately \$193.3 million, plus \$160.0 million funded from its credit facility, as subsequently amended (the Credit Facility) to acquire its initial fleet of vessels.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units).

As of April 25, 2012, there were outstanding: 54,509,163 common units, 1,000,000 subordinated Series A units and 1,132,843 general partnership units. Navios Maritime Holdings Inc. (Navios Holdings) owns a 27.1% interest in Navios Partners, which includes the 2% general partner interest.

**Fleet**

Our fleet currently consists of eleven active Panamax vessels, six Capesize vessels and one Ultra-Handymax vessel.

In general, our vessels operate under long-term time charters of three or more years at inception with counterparties that we believe are creditworthy. We may in the future operate vessels in the spot market until the vessels have been fixed under appropriate long-term charters.

The following table provides summary information about our fleet:

Owned Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date	Charter-Out Rate per day (1)
Navios Apollon	Ultra-Handymax	2000	52,073	March 2013 March 2014	\$ 12,500 \$ 13,500
Navios Gemini S	Panamax	1994	68,636	February 2014	\$ 24,225
Navios Libra II	Panamax	1995	70,136	November 2012	\$ 18,525
Navios Felicity	Panamax	1997	73,867	June 2013	\$ 26,169
Navios Galaxy I	Panamax	2001	74,195	February 2018	\$ 21,937
Navios Hyperion	Panamax	2004	75,707	April 2014	\$ 37,953

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

Navios Alegria	Panamax	2004	76,466	February 2014	\$	16,984 <sup>(2)</sup>
Navios Orbiter	Panamax	2004	76,602	April 2014	\$	38,052
Navios Hope	Panamax	2005	75,397	August 2013	\$	17,562
Navios Sagittarius	Panamax	2006	75,756	November 2018	\$	26,125
Navios Fantastiks	Capesize	2005	180,265	February 2014	\$	36,290
Navios Aurora II	Capesize	2009	169,031	November 2019	\$	41,325
Navios Pollux	Capesize	2009	180,727	July 2019	\$	42,250
Navios Fulvia	Capesize	2010	179,263	September 2015	\$	50,588
Navios Melodia <sup>(3)</sup>	Capesize	2010	179,132	September 2022	\$	29,356 <sup>(4)</sup>
Navios Luz	Capesize	2010	179,144	November 2020	\$	29,356 <sup>(5)</sup>
<b><i>Long-term Chartered-in Vessels</i></b>						
Navios Prosperity <sup>(6)</sup>	Panamax	2007	82,535	July 2012	\$	24,000
Navios Aldebaran <sup>(7)</sup>	Panamax	2008	76,500	March 2013	\$	28,391

- (1) 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 new time charter.
- (2) Profit sharing 50% above \$16,984/ day based on Baltic Exchange Panamax TC Average.

---

**Table of Contents**

- (3) In January 2011, Korea Line Corporation ( KLC ) filed for receivership. The charter was affirmed and will be performed by KLC on its original terms, provided that during an interim suspension period the sub-charterer of the Navios Melodia pays Navios Partners directly.
- (4) Profit sharing 50% above \$37,500/ day based on Baltic Exchange Capesize TC Average.
- (5) Profit sharing 50% above \$38,500/ day based on Baltic Exchange Capesize TC Average.
- (6) The Navios Prosperity is chartered-in for seven years until June 2014 and we 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 (\$46.2 million based upon the exchange rate at March 31, 2012), declining each year by 145 million Yen (\$1.8 million based upon the exchange rate at March 31, 2012).
- (7) The Navios Aldebaran is chartered-in for seven years 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 (\$43.8 million based upon the exchange rate at March 31, 2012) declining each year by 150 million Yen (\$1.8 million based upon the exchange rate at March 31, 2012).

**Our Charters**

We generate revenues by charging our customers for the use of our vessels to transport their dry bulk commodities. In general, the vessels in our fleet are chartered-out under time charters, which range in length from three to ten years at inception. We may in the future operate vessels in the spot market until the vessels have been chartered under long-term charters.

For the three month period ended March 31, 2012, we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier, Mitsui O.S.K. Lines Ltd and Samsun Logix and which accounted for approximately 24.4%, 17.5% and 14.6%, respectively, of total revenues. For the fiscal year ended December 31, 2011 we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Samsun Logix, and which accounted for approximately 22.2%, 18.5% and 13.2%, respectively, of total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with Navios ShipManagement Inc. (the Manager ), a wholly- owned subsidiary of Navios Holdings (which provides for a fixed management fee until December 31, 2013), provides us with a strong base of stable cash flows.

Our revenues are driven by the number of vessels in the fleet, the number of days during which the vessels operate and our charter hire rates, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot and long-term market rates at the time of charter;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

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

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the dry bulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. We intend to operate our vessels in the long-term charter market. Please read Risk Factors in our 2011 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

**Trends and Factors Affecting Our Future Results of Operations**

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Please read **Risk Factors** in our 2011 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

**Results of Operations****Overview**

The financial condition and the results of operations presented for the three month periods ended March 31, 2012 and 2011 of Navios Partners discussed below include the following entities and chartered-in vessels:

Company name	Vessel name	Country of incorporation	Statement of income			
			2012		2011	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	3/31	1/1	3/31
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	3/31	1/1	3/31
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	3/31	1/1	3/31
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	3/31	1/1	3/31
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/1	3/31	1/1	3/31
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/1	3/31	1/1	3/31
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/1	3/31	1/1	3/31
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/1	3/31	1/1	3/31
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/1	3/31	1/1	3/31

**Table of Contents**

Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/1	3/31	1/1	3/31
Chilali Corp.	Navios Aurora II	Marshall Is.	1/1	3/31	1/1	3/31
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/1	3/31	1/1	3/31
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/1	3/31	1/1	3/31
Customized Development S.A.	Navios Fulvia	Liberia	1/1	3/31	1/1	3/31
Kohylia Shipmanagement S.A	Navios Luz	Marshall Is.	1/1	3/31		
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/1	3/31		
<i>Chartered-in vessels</i>						
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/1	3/31	1/1	3/31
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/1	3/31	1/1	3/31
<i>Other</i>						
JTC Shipping and Trading Ltd.(*)	Holding Company	Malta	1/1	3/31	1/1	3/31
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/1	3/31	1/1	3/31
Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	3/31	1/1	3/31

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

The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present a fair statement of results, in all material respects, Navios Partners' condensed consolidated financial position as of March 31, 2012 and the condensed consolidated results of operations for the three months ended March 31, 2012 and 2011. 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, 2011.

**FINANCIAL HIGHLIGHTS**

The following table presents consolidated revenue and expense information for the three month periods ended March 31, 2012 and 2011.

	Three Month Period ended March 31, 2012 (\$ 000) (unaudited)	Three Month Period ended March 31, 2011 (\$ 000) (unaudited)
Time charter revenues	\$ 47,987	\$ 42,804
Time charter expenses	(3,215)	(2,951)
Direct vessel expenses	(12)	(18)
Management fees	(7,234)	(6,048)
General and administrative expenses	(1,285)	(1,183)
Depreciation and amortization	(17,150)	(14,033)
Interest expense and finance cost, net	(2,812)	(2,029)
Interest income	126	250
Other income	558	12
Other expense	(26)	(204)
<b>Net income</b>	<b>\$ 16,937</b>	<b>\$ 16,600</b>
<b>EBITDA (1)</b>	<b>\$ 36,785</b>	<b>\$ 32,430</b>
<b>Operating Surplus (1)</b>	<b>\$ 29,590</b>	<b>\$ 26,518</b>

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

- (1) EBITDA and Operating Surplus are non-GAAP financial measures. See Reconciliation of EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution for a description of EBITDA and Operating Surplus and a reconciliation of EBITDA and Operating Surplus to the most comparable measure under US GAAP.

### Period over Period Comparisons

#### For the Three Month Period ended March 31, 2012 compared to the Three Month Period ended March 31, 2011

**Time charter revenues:** Time charter revenues for the three month period ended March 31, 2012 increased by \$5.2 million or 12.1% to \$48.0 million, as compared to \$42.8 million for the same period in 2011. The increase was mainly attributable to the acquisition of the Navios Luz and the Navios Orbiter on May 19, 2011. As a result of the vessel acquisitions, available days of the fleet increased to 1,576 days for the three month period ended March 31, 2012, as compared to 1,407 days for the three month period ended March 31, 2011. Time charter equivalent ( TCE ) decreased to \$29,978 for the three month period ended March 31, 2012, from \$30,422 for the three month period ended March 31, 2011. The increase in revenue was partially off-set by scheduled off-hires of two owned vessel due to drydocking which resulted in \$1.6 million of lost hire.

## Table of Contents

**Time charter expenses:** Time charter expenses for the three month period ended March 31, 2012 increased by \$0.2 million or 6.7% to \$3.2 million, as compared to \$3.0 million for the three month period ended March 31, 2011. The increase was mainly due to the increase in brokers' commission by \$0.2 million.

**Management fees:** Management fees for the three month period ended March 31, 2012, increased by \$1.2 million or 20.0% to \$7.2 million, as compared to \$6.0 million for the same period in 2011. The increase was mainly attributable to the acquisitions of the Navios Luz and the Navios Orbiter on May 19, 2011 and the increase in fixed management fees effective from November 17, 2011.

In accordance with the management agreement entered into by Navios Partners, the Manager provided all of Navios Partners' owned vessels with commercial and technical management services for a daily fee of \$4,400 per owned Panamax vessel, \$5,500 per owned Capesize vessel and \$4,500 per owned Ultra-Handymax vessel until November 16, 2011. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The new management fees are: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel.

**General and administrative expenses:** General and administrative expenses increased by \$0.1 million or 8.3% to \$1.3 million for the three month period ended March 31, 2012, as compared to \$1.2 million for the same period of 2011. The increase was mainly attributable to the increase in administrative expenses paid to the Manager due to the increased number of vessels in Navios Partners' fleet.

Pursuant to the Administrative Services Agreement, the Manager provides administrative services and is reimbursed for reasonable costs and expenses incurred in connection with these services. In October 2011, Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017. For the three month periods ended March 31, 2012 and 2011, the expenses charged by the Manager for administrative fees were \$0.9 million and \$0.8 million, respectively. The balance of \$0.4 million of general and administrative expenses, for each of the three month periods ended March 31, 2012 and 2011, relate to legal and professional fees, as well as audit fees and directors' fees.

**Depreciation and amortization:** Depreciation and amortization amounted to \$17.2 million for the three month period ended March 31, 2012 compared to \$14.0 million for the three month period ended March 31, 2011. The increase of \$3.2 million or 22.9% was attributable to: (a) an increase in depreciation expense of \$0.9 million due to the acquisitions of the Navios Luz and the Navios Orbiter on May 19, 2011; and (b) an increase in amortization expense of \$2.3 million due to the favorable lease terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels mentioned above. Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from three to twelve years.

**Interest expense and finance cost, net:** Interest expense and finance cost, net for the three month period ended March 31, 2012 increased by \$0.8 million or 40.0% to \$2.8 million, as compared to \$2.0 million in the same period of 2011. The increase was due to: (a) the increase in the average outstanding loan balance to \$321.5 million in the three months ended March 31, 2012 from \$318.1 million in the three months ended March 31, 2011; and (b) the higher weighted average interest rate of 3.29% for the three month period ended March 31, 2012, compared to 2.40% for the same period in 2011. As of March 31, 2012 and 2011, the outstanding loan balance under Navios Partners' credit facilities was \$291.1 million and \$314.2 million, respectively.

**Net income:** Net income for the three months ended March 31, 2012 amounted to \$16.9 million compared to \$16.6 million for the three months ended March 31, 2011. The increase in net income of \$0.3 million was due to the factors discussed above.

**Operating surplus:** Navios Partners generated operating surplus for the three month period ended March 31, 2012 of \$29.6 million, compared to \$26.5 million for the three month period ended March 31, 2011. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (See Reconciliation of EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution contained herein).

**Seasonality:** Because Navios Partners' vessels operate under long-term charters, the results of operations are not generally subject to the effect of seasonal variations in demand.

## **Liquidity and Capital Resources**

In addition to distributions on our units, our primary short-term liquidity needs are to fund general working capital requirements, cash reserve requirements as per our Credit Facilities and debt service, while our long-term liquidity needs primarily relate to expansion and investment

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

capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of drydocking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures.

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations. We believe that cash flows from operations will be sufficient to meet our existing short-term liquidity needs for at least the next 12 months. In addition, we filed a shelf registration statement on November 9, 2010 under which we may sell any combination of securities (debt or equity) for up to a total of \$500.0 million, all of which is currently available.

Generally, our long-term sources of funds derive from cash from operations, long-term bank borrowings and other debt or equity financings. Because we distribute our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the Omnibus Agreement. We cannot assure you that we will be able to raise the size of our Credit Facilities or obtaining additional funds on favorable terms.

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

### **Credit Facilities**

As of March 31, 2012, all of our facilities are fully drawn and the total borrowings under the credit facilities amount to \$291.1 million. As of March 31, 2012, Navios Partners was in compliance with the financial covenants of its credit facilities.

Navios Partners Credit Facility has a margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011. The facility is repayable in 24 quarterly installments of \$7.3 million each and three quarterly installments of \$12.3 million each with a final balloon payment of \$109.4 million to be repaid on the last repayment date. In the first quarter of 2012, Navios Partners repaid \$7.3 million under its Credit facility and also amended its Credit Facility to prepay \$27.1 million of which \$5.0 million was paid through an existing pledged account. The prepayment will be applied in full or partial settlement of the installments of the next four quarters.

**Table of Contents**

On May 27, 2011, Navios Partners entered into the May 2011 Credit Facility with the Lenders, and borrowed an amount of \$35.0 million to partially finance the acquisitions of the Navios Luz and the Navios Orbiter. The May 2011 Credit Facility has a maturity of seven years and is repayable in 28 quarterly installments of \$0.63 million each with a final balloon payment of \$17.5 million to be repaid on the last repayment date. The May 2011 Credit Facility bears interest at a rate of LIBOR plus 270 bps and also requires compliance with certain financial covenants. In the first quarter 2012, Navios Partners repaid \$0.6 million under the May 2011 Credit Facility.

The Company has no undrawn available facilities.

The Company has no capital expenditure commitments.

***Liquidity and Capital Resources***

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Partners for the three month periods ended March 31, 2012 and 2011.

	<b>Three Month Period Ended March 31, 2012 (\$ 000) (Unaudited)</b>	<b>Three Month Period Ended March 31, 2011 (\$ 000) (Unaudited)</b>
Net cash provided by operating activities	\$ 37,788	\$ 31,273
Net cash used in financing activities	(52,370)	(29,201)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>\$ (14,582)</b>	<b>\$ 2,072</b>

***Cash provided by operating activities for the three month period ended March 31, 2012 as compared to the cash provided for the three month period ended March 31, 2011:***

Net cash provided by operating activities increased by \$6.5 million to \$37.8 million for the three month period ended March 31, 2012, as compared to \$31.3 million for the same period in 2011.

Net income increased by \$0.3 million to \$16.9 million for the three month period ended March 31, 2012, from \$16.6 million in the three month period ended March 31, 2011. In determining net cash provided by operating activities for the three month period ended March 31, 2012, net income was adjusted for the effects of certain non-cash items, including depreciation and amortization of \$17.2 million, \$0.1 million amortization of deferred financing cost and \$0.01 million amortization of deferred dry dock costs. For the period ended March 31, 2011, net income was also adjusted for the effects of certain non-cash items, including depreciation and amortization of \$14.0 million, \$0.1 million amortization of deferred financing cost, \$0.02 million amortization of deferred dry dock costs.

Restricted cash decreased by \$7.5 million from \$8.5 million for the year ended December 31, 2011 to \$1.0 million at March 31, 2012. Restricted cash includes an amount of \$0.2 million held in retention and pledged accounts as required by Navios Partners credit facilities and an amount of \$0.8 million to guarantee a claim related to an owned vessel.

Accounts receivable decreased by \$1.2 million, from \$4.8 million at December 31, 2011, to \$3.6 million at March 31, 2012 due to the decrease in amounts due from charterers.

Prepaid expenses and other current assets decreased by \$1.8 million, from \$2.2 million at December 31, 2011, to \$0.4 million at March 31, 2012 mainly due to the collection of an insurance claim.

Other long term assets increased by \$0.4 million, from \$0.1 million at December 31, 2011, to \$0.5 million at March 31, 2012.

Accounts payable decreased by \$0.4 million, from \$2.0 million at December 31, 2011, to \$1.6 million at March 31, 2012. The decrease was attributed to the decrease in brokers payable by \$0.3 million and decrease in other payables by \$0.2 million, partially offset by the increase in

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

professional and legal fees payable by \$0.1 million.

Accrued expenses decreased by \$0.2 million from \$3.0 million at December 31, 2011 to \$2.8 million at March 31, 2012. The primary reasons for the decrease were a decrease in accrued legal and professional fees by \$0.1 million and a decrease in accrued loan interest by \$0.2 million, partially offset by a \$0.1 million increase in accrued voyage expenses.

Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. Deferred voyage revenue, net of commissions decreased by \$2.2 million from \$15.1 million at December 31, 2011 to \$12.9 million at March 31, 2012. Out of \$12.9 million at March 31, 2012, the amount of \$6.7 million and \$2.6 million represents the short and long term portion, respectively, of unamortized deferred revenue received from the counterparty to the Navios Hope.

Amounts due to related parties increased by \$3.8 million, from \$4.1 million at December 31, 2011, to \$7.9 million at March 31, 2012. The main reason was an increase in accrued management fees by \$2.1 million and an increase in other payables due to affiliated companies by \$1.7 million.

### ***Cash used in investing activities for the three month period ended March 31, 2012 as compared to the three month period ended March 31, 2011:***

There was no cash used in investing activities during the the three month periods ended March 31, 2012 and 2011.

### ***Cash used in financing activities for the three month period ended March 31, 2012 as compared to the three month period ended March 31, 2011:***

Net cash used in financing activities increased by \$23.2 million to \$52.4 million outflow for the three month period ended March 31, 2012, as compared to \$29.2 million outflow for the same period in 2011.

**Table of Contents**

Cash used in financing activities of \$52.4 million for the three month period ended March 31, 2012 was due to: (a) loan repayments of \$35.0 million; and (b) payment of a total cash distribution of \$24.8 million which partially offset by a decrease of \$7.4 million in restricted cash.

Cash used in financing activities of \$29.2 million outflow for the three month period ended March 31, 2011 was due to: (a) payment of a total cash distribution of \$21.9 million; and (b) loan repayment of \$7.3 million.

**Reconciliation of EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution**

	Three Month Period ended March 31, 2012 (\$ 000) (unaudited)	Three Month Period ended March 31, 2011 (\$ 000) (unaudited)
Net Cash from Operating Activities	\$ 37,788	\$ 31,273
Net (decrease)/increase in operating assets	(2,531)	1,716
Net increase in operating liabilities	(1,020)	(2,214)
Net interest cost	2,686	1,779
Deferred finance charges	(138)	(124)
<b>EBITDA<sup>(1)</sup></b>	<b>\$ 36,785</b>	<b>\$ 32,430</b>
Cash interest income	95	240
Cash interest paid	(2,829)	(1,809)
Maintenance and replacement capital expenditures	(4,461)	(4,343)
<b>Operating Surplus</b>	<b>\$ 29,590</b>	<b>\$ 26,518</b>
Cash reserves	(4,761)	(2,579)
<b>Available cash for distribution</b>	<b>\$ 24,829</b>	<b>\$ 23,939</b>

(1)

	Three Month Period ended March 31, 2012 (\$ 000) (unaudited)	Three Month Period ended March 31, 2011 (\$ 000) (unaudited)
Net cash provided by operating activities	\$ 37,788	\$ 31,273
Net cash used in financing activities	\$ (52,370)	\$ (29,201)

**EBITDA**

EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes.

EBITDA is presented because Navios Partners believes that EBITDA is a basis upon which liquidity can be assessed and presents useful information to investors regarding Navios Partners' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. EBITDA is a non-GAAP financial measure and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

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

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

EBITDA increased by \$4.4 million to \$36.8 million for the three month period ended March 31, 2012, as compared to \$32.4 million for the same period in 2011. The increase in EBITDA was due to a \$5.2 million increase in revenue following the acquisitions of the Navios Luz and the Navios Orbiter in May 2011. The above increase was partially offset by a \$1.2 million increase in management fees and a \$0.1 million increase in time charter expenses.

### **Operating Surplus**

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense and estimated maintenance and replacement 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 and are subject to periodic revenue and change by the board of directors of Navios Partners at least once a year, provided that any change must be approved by the conflicts committee of our board of directors.

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 US GAAP 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 Navios Partners' 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 US GAAP and should not be considered as an alternative to net income or any other indicator of Navios Partners' performance required by US GAAP.

### ***Borrowings***

Navios Partners' long-term third party borrowings are reflected in its balance sheet as Long-term debt. As of March 31, 2012 and December 31, 2011, long-term debt amounted to \$281.4 million and \$289.4 million, respectively. The current portion of long-term debt amounted to \$9.7 million and \$36.7 million at March 31, 2012 and December 31, 2011, respectively.

### ***Capital Expenditures***

Navios Partners finances its capital expenditures with cash flow from operations, owners' contribution, equity raising and bank borrowings. Capital expenditures for each of the three month periods ended March 31, 2012 and 2011 was \$0. The reserve for estimated maintenance and replacement capital expenditures for the three month periods ended March 31, 2012 and 2011 was \$4.5 million and \$4.3 million, respectively.

Maintenance for our vessels and expenses related to drydocking are included in the fee we pay our Manager under our management agreement. In October 2009, we fixed the rate with the Manager for a period of two years until November 2011, while the initial term of the management agreement expires in November 2012. The management fees paid to the Manager were: (a) \$4,500 daily rate per owned Ultra-Handymax vessel; (b) \$4,400 daily rate per owned Panamax vessel; and (c) \$5,500 daily rate per owned Capesize vessel for the two-year period that ended November 16, 2011. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The new management fees are: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel. The fee we pay to the Manager includes commercial and technical services and any costs associated with scheduled drydockings during the term of the management agreement.

### ***Replacement Reserve***

We estimate that our annual replacement reserve for the year ending December 31, 2012, will be approximately \$17.8 million, for replacing our vessels at the end of their useful lives.

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

The amount for estimated maintenance and replacement capital expenditures attributable to future vessel replacement was based on the following assumptions: (i) current market price to purchase a five year old vessel of similar size and specifications; (ii) a 25-year useful life; and (iii) a relative net investment rate.

Our Board of Directors, with the approval of the conflicts committee, may determine that one or more of our assumptions should be revised, which could cause our Board of Directors to increase or decrease the amount of estimated maintenance and replacement capital expenditures. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, charter hire rates and the availability and cost of financing at the time of replacement. We may elect to finance some or all of our maintenance and replacement capital expenditures through the issuance of additional common units which could be dilutive to existing unitholders.

### *Off-Balance Sheet Arrangements*

Navios Partners has no off-balance sheet arrangements that have or are reasonably likely to have, a current or future material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Table of Contents****Contractual Obligations and Contingencies**

The following table summarizes Navios Partners' long-term contractual obligations as of March 31, 2012:

	Payments due by period (Unaudited)				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
	(In thousands of U.S. dollars)				
Loan obligations <sup>(1)</sup>	\$ 9,650	\$ 68,400	\$ 68,400	\$ 144,625	\$ 291,075
Operating lease obligations <sup>(2)</sup>	\$ 9,864	\$ 15,031	\$	\$	\$ 24,895
<b>Total contractual obligations</b>	<b>\$ 19,514</b>	<b>\$ 83,431</b>	<b>\$ 68,400</b>	<b>\$ 144,625</b>	<b>\$ 315,970</b>

- (1) The amount identified does not include interest costs associated with the outstanding credit facilities which are based on LIBOR plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.65% to 1.95% per annum.
- (2) These amounts reflect future minimum commitments under charter-in contracts, net of commissions. As of March 31, 2012, Navios Partners had entered into charter-in agreements for two of its vessels (the Navios Prosperity and the Navios Aldebaran). The Navios Prosperity is a chartered-in vessel until June 2014 for seven years with options to extend for two one-year periods. Navios Partners has the option to purchase the Navios Prosperity after June 2012 at a purchase price that is initially 3.8 billion Japanese Yen (\$46.2 million based on the exchange rate at March 31, 2012), declining pro rata each year by 145 million Japanese Yen (\$1.8 million based on the exchange rate at March 31, 2012). The Navios Aldebaran is a chartered-in vessel for seven years until March 2015 with options to extend for two one-year periods. Navios Partners has the option to purchase the Navios Aldebaran after March 2013 at a purchase price that is initially 3.6 billion Japanese Yen (\$43.8 million based on the exchange rate at March 31, 2012) declining pro rata each year by 150 million Japanese Yen (\$1.8 million based on the exchange rate at March 31, 2012).

**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 month periods ended March 31, 2012 and 2011.

	Three Month Period ended March 31, 2012 (Unaudited)	Three Month Period ended March 31, 2011 (Unaudited)
Available Days <sup>(1)</sup>	1,576	1,407
Operating Days <sup>(2)</sup>	1,574	1,364
Fleet Utilization <sup>(3)</sup>	99.88%	96.94%
Time Charter Equivalent (per day) <sup>(4)</sup>	\$ 29,978	\$ 30,422
Vessels operating at period end	18	16

- (1) Available days for the fleet represent total calendar days the vessels were in Navios Partners' possession for the relevant period after subtracting off-hire days associated with scheduled repairs, dry dockings 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.

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

- (3) Fleet utilization is the percentage of time that Navios Partners' 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.
- (4) TCE rates: TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels on various types of charter contracts for the number of available days of the fleet.

---

## **Table of Contents**

### ***Cash Distribution Policy***

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

Our cash distribution policy reflects a basic judgment that our unitholders are better served by 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 or through equity raising, we believe that our investors are best served by our distributing 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.

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 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 (excluding subordinated Series A units) and the related distribution on the 2.0% general partner interest is approximately \$77.9 million. There is no guarantee that we will pay the minimum quarterly distribution on the common 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 exists, under our existing credit agreements.

On January 24, 2012, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2011 of \$0.44 per unit. The distribution was paid on February 14, 2012 to all holders of record of common and general partner units (not including holders of subordinated Series A units) on February 9, 2012. The aggregate amount of the declared distribution was \$24.8 million.

On April 25, 2012, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2012 of \$0.44 per unit. The distribution is payable on May 14, 2012 to all holders of record of common and general partner units (not including holders of subordinated Series A units) on May 10, 2012. The aggregate amount of the declared distribution is anticipated to be \$24.8 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 (other than the subordinated Series A 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.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units).

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

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

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.

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.

**Table of Contents**

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Common and Subordinated Unitholders <sup>(1)</sup>	General Partner
Minimum Quarterly Distribution	\$0.35	98%	2%
First Target Distribution	up to \$0.4025	98%	2%
Second Target Distribution	above \$0.4025 up to \$0.4375	85%	15%
Third Target Distribution	above \$0.4375 up to \$0.525	75%	25%
Thereafter	above \$0.525	50%	50%

(1) As of January 1, 2012, all subordinated units were converted to common units.

**Related Party Transactions**

**Management fees:** Pursuant to the management agreement dated November 16, 2007, which was revised in October 2009, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4,500 daily rate per Ultra-Handymax vessel; (b) \$4,400 daily rate per Panamax vessel; and (c) \$5,500 daily rate per Capesize vessel for the two-year period that ended on November 16, 2011. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The new management fees are: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel.

This daily fee covers all of the vessels' operating expenses, including the cost of dry dock and special surveys. Total management fees for the three month period ended March 31, 2012 amounted to \$7.2 million and \$6.0 million for the same period in 2011.

**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. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017.

Total general and administrative expenses charged by Navios Holdings for the three month period ended March 31, 2012 amounted to \$0.9 million and \$0.8 million for the same period in 2011.

**Balance due to related parties:** Included in the current liabilities as of March 31, 2012 was an amount of \$7.9 million, which represented the current account payable to Navios Holdings and its subsidiaries. The balance mainly consisted of the management fees outstanding amounting to \$6.9 million, and administrative service fees and other payables amounting to \$1.0 million. Amounts due to related parties as of December 31, 2011 was \$4.1 million.

**Vessel Acquisitions:** On May 19, 2011, Navios Partners acquired from Navios Holdings the Navios Luz, for a purchase price of \$78.0 million, and the Navios Orbiter, for a purchase price of \$52.0 million. Favorable lease terms recognized through this transaction amounted to \$22.9 million for the Navios Luz and \$20.9 million for the Navios Orbiter and were related to the acquisition of the rights on the time charter-out contracts of the vessels. The purchase price for the two vessels consisted of the issuance of 507,916 common units valued at \$10.0 million to Navios Holdings and cash of \$120.0 million. The number of common units issued was calculated based on a price of \$19.6883 per common unit, which was the NYSE volume weighted average trading price of the common units for the ten business day period immediately prior to the date of the acquisition of the vessel. For accounting purposes, the transaction was valued based on the closing price of the day of the transaction, which was \$19.61.

In February 2012, Navios Partners has entered into a charter with a subsidiary of Navios Maritime Holdings Inc. for the Navios Apollon. The term of this charter is approximately two years commencing in February 2012, at a daily rate of \$12,500 net per day for the first year and \$13,500 net per day for the second year, plus 50/50 profit sharing based on actual earnings. For the three month period ended March 31, 2012, the total revenue of Navios Partners from Navios Holdings amounted to \$0.5 million.

Navios Partners has entered into an Omnibus Agreement with Navios Holdings pursuant to which Navios Holdings and its controlled affiliates (other than us, our general partner and our subsidiaries) generally agreed not to acquire or own Panamax or Capesize drybulk carriers

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

under time charters of three or more years without the consent of our general partner. The Omnibus Agreement, however, contains significant exceptions that allows Navios Holdings or any of its controlled affiliates to compete with us under specified circumstances which could harm our business. In addition, concurrently with the successful consummation of the initial business combination by Navios Maritime Acquisition Corporation, or Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with the each other.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units). Subsequent to the end of the subordination period, and upon their conversion into common units, these units have the same distribution rights as all other common units. As of March 31, 2012, Navios Holdings holds a total of 13,223,763 common units, representing a 23.4% common interest in Navios Partners.

### **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

## **Table of Contents**

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 credit facilities bear interest at rate based on a premium over U.S.\$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the three month period ended March 31, 2012, we paid interest on our outstanding debt at a weighted average interest rate of 3.29%. A 1% increase in LIBOR would have increased our interest expense for the three month period ended March 31, 2012 by \$0.8 million. For the three month period ended March 31, 2011, we paid interest on our outstanding debt at a weighted average interest rate of 2.40%. A 1% increase in LIBOR would have increased our interest expense for the three month period ended March 31, 2011 by \$0.8 million.

### ***Concentration of Credit Risk***

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. For the three month period ended March 31, 2012, we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier Co.Ltd, Mitsui O.S.K. Lines Ltd and Samsun Logix and which accounted for approximately 24.4%, 17.5% and 14.6%, respectively, of total revenues. For the fiscal year ended December 31, 2011, we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Samsun Logix, and which accounted for approximately 22.2%, 18.5% and 13.2%, 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.

In addition, we have insured our charter-out contracts for credit default through an AA rated European Union insurance company.

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

### ***Inflation***

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

### ***Recent Accounting Pronouncements***

#### ***Fair Value Disclosures***

In January 2010, the FASB issued amended standards requiring additional fair value disclosures. The amended standards require disclosures of transfers in and out of Levels 1 and 2 of the fair value hierarchy, as well as requiring gross basis disclosures for purchases, sales, issuances and settlements within the Level 3 reconciliation. Additionally, the update clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. Navios Partners adopted the new guidance in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which was effective for Navios Partners beginning in the first quarter of fiscal 2012. The adoption of the new standards did not have a significant impact on Navios Partners' 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 contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

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

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' 2011 Annual Report on Form 20-F filed with the Securities and Exchange Commission.

### *Impairment of Long Lived Assets*

Vessels, other fixed assets and other long lived assets held and used by Navios Partners are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with accounting for the impairment or disposal of long-lived assets, Navios Partners' management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment, are reviewed such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions.

Undiscounted projected net operating cash flows are determined for each vessel and compared to the vessel carrying value of the vessel and related carrying value of the intangible with respect to the time charter agreement attached to that vessel. Within the shipping industry, vessels are customarily bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to then current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel asset group. In the event that impairment would occur, the fair value of the related asset would be determined and an impairment charge would be recorded to operations calculated by comparing the asset's carrying value to its fair value. Fair value is estimated primarily through the use of third-party valuations performed on an individual vessel basis.

For the three month period ended March 31, 2012, management of Navios Partners, after considering various indicators, including but not limited to the market price of its long-lived assets, its contracted revenues and cash flows and the economic outlook, has no reason to suspect that a long-lived asset may not be recoverable and therefore did not test for impairment of its long-lived assets.

---

## **Table of Contents**

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

### ***Vessels***

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

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of our dry bulk vessels based on a scrap value of \$285 per lightweight ton, as we believe these levels are common in the shipping industry. 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 Dry Dock and Special Survey Costs***

Our vessels are subject to regularly scheduled dry docking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of dry docking and special surveys are included in the daily management fee of \$4,500 per owned Ultra-Handymax vessel, \$4,400 per owned Panamax vessel and \$5,500 per owned Capesize vessel until November 16, 2011 and were therefore expensed as incurred. In October 2011, Navios Partners extended the duration of its existing management agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet at \$4,650 daily rate per Ultra-Handymax vessel, \$4,550 daily rate per Panamax vessel and \$5,650 daily rate per Capesize vessel through December 31, 2013. From January 2014 to December 2017, Navios Partners expects that it will reimburse the Manager for all of the actual operating costs and expenses it incurs in connection with the management of its fleet.

### ***Revenue Recognition***

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

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight line basis as the average minimum lease revenue over the rental periods of such charter agreements, as service is performed. 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. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Revenues from profit-sharing are calculated at an agreed percentage of the excess of the charterer's average daily income over an agreed amount and accounted for on an accrual basis based on provisional amounts.

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

**Table of Contents**

**Index**

	<b>Page</b>
<b>NAVIOS MARITIME PARTNERS L.P.</b>	
<u>CONDENSED CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2012 (UNAUDITED) AND DECEMBER 31, 2011</u>	F-2
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2012 AND 2011</u>	F-3
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2012 AND 2011</u>	F-4
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2012 AND 2011</u>	F-5
<u>CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	F-6

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of U.S. dollars except unit amounts)

	Notes	March 31, 2012 (unaudited)	December 31, 2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 33,496	\$ 48,078
Restricted cash		1,035	8,468
Accounts receivable, net		3,648	4,835
Prepaid expenses and other current assets		400	2,177
<b>Total current assets</b>		<b>38,579</b>	<b>63,558</b>
<b>Non-current assets</b>			
Vessels, net	4	659,043	667,213
Deferred financing costs, net		2,328	2,466
Other long term assets		526	106
Intangible assets	5	167,601	176,581
<b>Total non-current assets</b>		<b>829,498</b>	<b>846,366</b>
<b>Total assets</b>		<b>\$ 868,077</b>	<b>\$ 909,924</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 1,640	\$ 2,022
Accrued expenses		2,843	2,986
Deferred voyage revenue	6	10,319	10,920
Current portion of long-term debt	7	9,650	36,700
Amounts due to related parties	12	7,872	4,077
<b>Total current liabilities</b>		<b>32,324</b>	<b>56,705</b>
<b>Non-current liabilities</b>			
Long-term debt	7	281,425	289,350
Deferred voyage revenue	6	2,581	4,230
<b>Total non-current liabilities</b>		<b>284,006</b>	<b>293,580</b>
<b>Total liabilities</b>		<b>316,330</b>	<b>350,285</b>
<b>Commitments and contingencies</b>			
	11		
<b>Partners' capital:</b>			
Common Unitholders (54,509,163 and 46,887,320 units issued and outstanding at March 31, 2012 and December 31, 2011, respectively)	13	544,195	729,550
Subordinated Unitholders (0 and 7,621,843 units issued and outstanding at March 31, 2012 and December 31, 2011, respectively)	13		(177,969)
General Partner (1,132,843 units issued and outstanding at March 31, 2012 and December 31, 2011)	13	1,470	1,976
	13	6,082	6,082

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

Subordinated Series A Unitholders (1,000,000 units issued and outstanding at March 31, 2012 and December 31, 2011)

<b>Total partners' capital</b>	<b>551,747</b>	<b>559,639</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 868,077</b>	<b>\$ 909,924</b>

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 prices and amounts)

	Note	Three Month Period ended March 31, 2012 (unaudited)	Three Month Period ended March 31, 2011 (unaudited)
Time charter revenues	9	\$ 47,987	\$ 42,804
Time charter expenses		(3,215)	(2,951)
Direct vessel expenses		(12)	(18)
Management fees	12	(7,234)	(6,048)
General and administrative expenses	12	(1,285)	(1,183)
Depreciation and amortization	4,5	(17,150)	(14,033)
Interest expense and finance cost, net	7	(2,812)	(2,029)
Interest income		126	250
Other income		558	12
Other expense		(26)	(204)
<b>Net income</b>		<b>\$ 16,937</b>	<b>\$ 16,600</b>

**Earnings per unit (see note 13):**

	Three Month Period Ended March 31, 2012 (unaudited)	Three Month Period Ended March 31, 2011 (unaudited)
<b>Net income</b>	<b>\$ 16,937</b>	<b>\$ 16,600</b>
Earnings per unit (see note 13):		
Common unit (basic and diluted)	\$ 0.30	\$ 0.35
Subordinated unit (basic and diluted)	\$	\$ 0.22
General partner unit (basic and diluted)	\$ 0.30	\$ 0.32
Subordinated Series A unit (basic and diluted)	\$	\$

See unaudited condensed notes to consolidated financial statements

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of U.S. dollars)

	Notes	Three Month Period Ended March 31, 2012 (unaudited)	Three Month Period Ended March 31, 2011 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Net income		\$ 16,937	\$ 16,600
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation and amortization	4,5	17,150	14,033
Amortization of deferred financing cost		138	124
Amortization of deferred dry dock costs		12	18
<b>Changes in operating assets and liabilities:</b>			
Increase in restricted cash		(1)	(1)
Decrease/(increase) in accounts receivable		1,187	(1,752)
Decrease in prepaid expenses and other current assets		1,778	19
(Increase)/decrease in other long term assets		(433)	18
(Decrease)/increase in accounts payable		(382)	712
(Decrease)/increase in accrued expenses		(143)	255
Decrease in deferred voyage revenue		(2,250)	(3,010)
Increase in amounts due to related parties		3,795	4,257
<b>Net cash provided by operating activities</b>		<b>37,788</b>	<b>31,273</b>
<b>FINANCING ACTIVITIES:</b>			
Cash distributions paid	13	(24,829)	(21,901)
Decrease in restricted cash	7	7,434	
Repayment of long-term debt and payment of principal	7	(34,975)	(7,300)
<b>Net cash used in financing activities</b>		<b>(52,370)</b>	<b>(29,201)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(14,582)</b>	<b>2,072</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>48,078</b>	<b>51,278</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 33,496</b>	<b>\$ 53,350</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for interest		\$ 2,829	\$ 1,809
	See unaudited condensed notes to consolidated financial statements		

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS CAPITAL**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

	General Partner		Limited Partners				Subordinated Series A Unitholders Units	Total Partners Capital	
	Units	\$	Common Unitholders Units	\$	Subordinated Unitholders Units	\$			
<b>Balance December 31, 2010</b>	<b>1,028,599</b>	<b>\$ 1,685</b>	<b>41,779,404</b>	<b>\$ 651,965</b>	<b>7,621,843</b>	<b>\$ (168,229)</b>	<b>1,000,000</b>	<b>\$ 6,082</b>	<b>\$ 491,503</b>
Cash distribution paid		(658)		(17,965)		(3,278)			(21,901)
Net income		332		14,623		1,645			16,600
<b>Balance March 31, 2011 (unaudited)</b>	<b>1,028,599</b>	<b>\$ 1,359</b>	<b>41,779,404</b>	<b>\$ 648,623</b>	<b>7,621,843</b>	<b>\$ (169,862)</b>	<b>1,000,000</b>	<b>\$ 6,082</b>	<b>\$ 486,202</b>
<b>Balance December 31, 2011</b>	<b>1,132,843</b>	<b>\$ 1,976</b>	<b>46,887,320</b>	<b>\$ 729,550</b>	<b>7,621,843</b>	<b>\$ (177,969)</b>	<b>1,000,000</b>	<b>\$ 6,082</b>	<b>\$ 559,639</b>
Conversion of subordinated units to common units			7,621,843	(177,969)	(7,621,843)	177,969			
Cash distribution paid		(845)		(23,984)					(24,829)
Net income		339		16,598					16,937
<b>Balance March 31, 2012 (unaudited)</b>	<b>1,132,843</b>	<b>\$ 1,470</b>	<b>54,509,163</b>	<b>\$ 544,195</b>		<b>\$</b>	<b>1,000,000</b>	<b>\$ 6,082</b>	<b>\$ 551,747</b>

See unaudited condensed notes to consolidated financial statements

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

**NOTE 1 DESCRIPTION OF BUSINESS**

Navios Maritime Partners L.P. ( Navios Partners ), is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands by Navios Maritime Holdings Inc. ( Navios Holdings ), a vertically integrated seaborne shipping and logistics company with over 55 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 in Navios Partners.

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

Pursuant to the initial public offering ( IPO ) on November 16, 2007, Navios Partners entered into the following agreements:

- (a) a management agreement with the Manager pursuant to which the Manager provides Navios Partners commercial and technical management services;
- (b) an administrative services agreement with the Manager pursuant to which the Manager provides Navios Partners administrative services; and
- (c) an omnibus agreement with Navios Holdings ( Omnibus Agreement ), 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.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 common units (conversion excluded the subordinated Series A units).

As of March 31, 2012, there were outstanding: 54,509,163 common units, 1,000,000 subordinated Series A units and 1,132,843 general partnership units. Navios Holdings owns a 27.1% interest in Navios Partners, which includes the 2% general partner interest.

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

Company name	Vessel name	Country of incorporation	Statement of income			
			2012	2011	2012	2011
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	3/31	1/1	3/31
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	3/31	1/1	3/31
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	3/31	1/1	3/31
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	3/31	1/1	3/31
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/1	3/31	1/1	3/31
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/1	3/31	1/1	3/31
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/1	3/31	1/1	3/31
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/1	3/31	1/1	3/31
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/1	3/31	1/1	3/31

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

Hyperion Enterprises Inc.

Navios Hyperion

Marshall Is. 1/1 3/31 1/1 3/31

F-6

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

Company name	Vessel name	Country of incorporation	Statement of income			
			2012		2011	
Chilali Corp.	Navios Aurora II	Marshall Is.	1/1	3/31	1/1	3/31
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/1	3/31	1/1	3/31
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/1	3/31	1/1	3/31
Customized Development S.A.	Navios Fulvia	Liberia	1/1	3/31	1/1	3/31
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/1	3/31		
Kohylia Shipmanagement S.A	Navios Luz	Marshall Is.	1/1	3/31		
Chartered-in vessel						
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/1	3/31	1/1	3/31
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/1	3/31	1/1	3/31
Other						
JTC Shipping and Trading Ltd. (*)	Holding Company	Malta	1/1	3/31	1/1	3/31
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/1	3/31	1/1	3/31
Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	3/31	1/1	3/31

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

The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present a fair statement of results, in all material respects, Navios Partners' condensed consolidated financial position as of March 31, 2012 and December 31, 2011 and the condensed consolidated results of operations for the three months ended March 31, 2012 and 2011. 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 audited consolidated financial statements and related notes included in Navios Partners' Annual Report on Form 20-F for the year ended December 31, 2011.

**NOTE 3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	March 31, 2012	December 31, 2011
Cash on hand and at banks	\$ 11,027	\$ 20,704
Short term deposits and highly liquid funds	22,469	27,374
<b>Total cash and cash equivalents</b>	<b>\$ 33,496</b>	<b>\$ 48,078</b>

Short term deposits and highly liquid funds relate to amounts held in banks for general financing purposes. As of March 31, 2012, Navios Partners held time deposits of \$20,376 and money market funds of \$2,093 with duration of less than three months. As of December 31, 2011, Navios Partners held time deposits of \$25,281 and money market funds of \$2,093 with duration of less than three months.

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



Table of Contents

## NAVIOS MARITIME PARTNERS L.P.

## UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. dollars except unit prices and amounts)

## NOTE 4 VESSELS, NET

Vessels	Cost	Accumulated Depreciation	Net Book Value
<b>Balance December 31, 2010</b>	<b>\$ 678,725</b>	<b>\$ (66,367)</b>	<b>\$ 612,358</b>
Additions	86,180	(31,325)	(54,855)
<b>Balance December 31, 2011</b>	<b>\$ 764,905</b>	<b>\$ (97,692)</b>	<b>\$ 667,213</b>
Additions		(8,170)	(8,170)
<b>Balance March 31, 2012</b>	<b>\$ 764,905</b>	<b>\$ (105,862)</b>	<b>\$ 659,043</b>

## NOTE 5 INTANGIBLE ASSETS

Intangible assets and unfavorable leases terms as of March 31, 2012 and December 31, 2011 consisted of the following:

	Cost	Accumulated Amortization	Net Book Value March 31, 2012
Favorable lease terms charter-out	227,336	(59,735)	167,601
<b>Total</b>	<b>\$ 227,336</b>	<b>\$ (59,735)</b>	<b>\$ 167,601</b>

	Cost	Accumulated Amortization	Write-off of intangible asset	Net Book Value December 31, 2011
Unfavorable lease terms	\$ (8,486)	\$ 8,486	\$	\$
Favorable lease terms charter-out	235,654	(55,094)	(3,979)	176,581
<b>Total</b>	<b>\$ 227,168</b>	<b>\$ (46,608)</b>	<b>\$ (3,979)</b>	<b>\$ 176,581</b>

Amortization (expense)/income of unfavorable and favorable lease terms for the three month periods ended March 31, 2012 and 2011 is presented in the following table:

	Three Month Period Ended March 31, 2012	March 31, 2011
Unfavorable lease terms	\$	\$ 499
Favorable lease terms charter-out	(8,980)	(7,245)
<b>Total</b>	<b>\$ (8,980)</b>	<b>\$ (6,746)</b>

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

The aggregate amortization of the intangibles for the 12-month periods ended March 31 are estimated to be as follows:

<b>Year</b>	<b>Amount</b>
2013	\$ 35,921
2014	35,921
2015	21,446
2016	18,205
2017	14,995
2018 and thereafter	41,113
	<b>\$ 167,601</b>

F-8

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

Intangible assets subject to amortization are amortized using straight line method over their estimated useful lives to their estimated residual value of zero. The weighted average useful lives are 7.7 years for favorable lease terms charter out.

**NOTE 6 DEFERRED VOYAGE REVENUE**

Deferred voyage revenue primarily reflects charter-out amounts collected on voyages that have not yet been completed. In addition, in January 2009, Navios Partners and its counterparty to the Navios Hope charter party mutually agreed for a lump sum amount of approximately \$30,443, of which Navios Partners received net of expenses in the amount of \$29,589 in February 2009. Under a new charter agreement, the balance of the aggregate value of the original contract is allocated to the period until its original expiration. The amount of \$30,443 has been recognized as deferred revenue and amortized over the life of the vessel's contract in August 2013. As of March 31, 2012 and December 31, 2011, the deferred voyage revenue of \$12,900 and \$15,150, respectively, included the unamortized amount of the lump sum amount related to Navios Hope of \$9,301 and \$10,992, respectively. As of March 31, 2012, the current and long-term portion of the lump sum amount was \$6,720 and \$2,581, respectively.

**NOTE 7 BORROWINGS**

Borrowings as of March 31, 2012 and December 31, 2011 consisted of the following:

	March 31, 2012	December 31, 2011
Credit facility	\$ 291,075	\$ 326,050
Less current portion	(9,650)	(36,700)
<b>Total long-term borrowings</b>	<b>\$ 281,425</b>	<b>\$ 289,350</b>

As of March 31, 2012, all of our facilities are fully drawn and the total borrowings under the credit facilities amounted to \$291,075. As of March 31, 2012, Navios Partners was in compliance with the financial covenants of its credit facilities.

Navios Partners' Credit Facility has a margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011. The facility is repayable in 24 quarterly installments of \$7,300 each and three quarterly installments of \$12,300 each with a final balloon payment of \$109,400 to be repaid on the last repayment date. In the first quarter of 2012, Navios Partners repaid \$7,300 under its Credit facility and also amended its Credit Facility to prepay \$27,050 of which \$5,000 was paid through an existing pledged account. The prepayment will be applied in full or partial settlement of the installments of the next four quarters.

On May 27, 2011, Navios Partners entered into the May 2011 Credit Facility with the Lenders, and borrowed an amount of \$35,000 to partially finance the acquisitions of the Navios Luz and the Navios Orbiter. The May 2011 Credit Facility has a maturity of seven years and is repayable in 28 quarterly installments of \$625 each with a final balloon payment of \$17,500 to be repaid on the last repayment date. The May 2011 Credit Facility bears interest at a rate of LIBOR plus 270 bps and also requires compliance with certain financial covenants. In the three month period ended March 31, 2012, Navios Partners repaid \$625 under the May 2011 Credit Facility.

The Company has no undrawn available facilities.

The Company has no capital expenditure commitments.

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

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Partners' vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The credit facilities contain a number of restrictive covenants that prohibit Navios Partners from, among other things: undertaking new investments unless such is approved by the bank; 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 new credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facilities also require Navios 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 facilities also require 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 including pledged accounts. It is an event of default under the loan facilities if such covenants are not complied with.

The maturity table below reflects the principal payments due under its credit facilities for the 12-month periods ended March 31:

<b>Year</b>	<b>Amount</b>
2013	9,650
2014	31,700
2015	36,700
2016	31,700
2017	36,700
2018 and thereafter	144,625
	<b>\$ 291,075</b>

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

**NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying value amounts of many of Navios Partners' financial instruments, including cash and cash equivalents, restricted cash, accounts receivable and accounts payable and amounts due to related parties approximate their fair value due primarily to the short-term maturity of the related instruments.

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

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

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

The estimated fair values of the Navios Partners' financial instruments are as follows:

	March 31, 2012		December 31, 2011	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	\$ 33,496	\$ 33,496	\$ 48,078	\$ 48,078
Restricted cash	\$ 1,035	\$ 1,035	\$ 8,468	\$ 8,468
Accounts receivable, net	\$ 3,648	\$ 3,648	\$ 4,835	\$ 4,835
Accounts payable	\$ (1,640)	\$ (1,640)	\$ (2,022)	\$ (2,022)
Amounts due to related parties	\$ (7,872)	\$ (7,872)	\$ (4,077)	\$ (4,077)
Long-term debt	\$ (291,075)	\$ (291,075)	\$ (326,050)	\$ (326,050)

**Fair Value Measurements**

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

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

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

Level III: Inputs that are unobservable. The Company did not use any Level 3 inputs as of March 31, 2012.

	Fair Value Measurements at March 31, 2012 Using			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 33,496	\$ 33,496	\$	\$
Restricted cash	\$ 1,035	\$ 1,035	\$	\$
Long-term debt <sup>(1)</sup>	\$ (291,075)	\$	\$ (291,075)	\$

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

- (1) The fair value of the Company's debt is estimated based currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account our creditworthiness.

### **NOTE 9 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. Dry bulk vessels operate worldwide. Revenues from specific geographic region which contribute over 10% of total revenue are disclosed separately.

F-10

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

**Revenue by Geographic Region**

	<b>Three Month Period ended March 31, 2012 (\$ 000) (unaudited)</b>	<b>Three Month Period ended March 31, 2011 (\$ 000) (unaudited)</b>
Europe	\$ 6,000	\$ 6,050
Asia	38,645	32,813
Australia	2,068	1,551
North America	1,274	2,390
<b>Total</b>	<b>\$ 47,987</b>	<b>\$ 42,804</b>

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 10 INCOME TAXES**

Marshall Islands, Malta and Liberia do not impose a tax on international shipping income. Under the laws of Marshall Islands, Malta and Liberia, 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 income.

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 Navios Partners 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.

**NOTE 11 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.

Management believes, the ultimate disposition of these matters will be immaterial to Navios Partners' financial position, results of operations or liquidity.

In January 2011, Korea Line Corporation ( KLC ) which is the charterer of the Navios Melodia, filed for receivership. The charter contract was affirmed and will be performed by KLC on its original terms, provided that during an interim suspension period the sub-charterer pays Navios Partners directly.

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

The future minimum commitments for the 12-month periods ended March 31, of Navios Partners under its charter-in contracts, net of commissions, are as follows:

	<b>Amount</b>
2013	\$ 9,864
2014	9,864
2015	5,167
	<b>\$ 24,895</b>

### **NOTE 12 TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES**

Management fees: Pursuant to the management agreement dated November 16, 2007, which was revised in October 2009, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4.5 daily rate per Ultra-Handymax vessel; (b) \$4.4 daily rate per Panamax vessel; and (c) \$5.5 daily rate per Capesize vessel for the two-year period that ended on November 16, 2011. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The new management fees are: (a) \$4.65 daily rate per Ultra-Handymax vessel; (b) \$4.55 daily rate per Panamax vessel; and (c) \$5.65 daily rate per Capesize vessel.

These daily fees cover all of the vessels' operating expenses, including the cost of dry dock and special surveys. Total management fees for the three month period ended March 31, 2012 and 2011 amounted to \$7,235 and \$6,048, respectively.

**Table of Contents**

**NAVIOS MARITIME PARTNERS L.P.**

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

(Expressed in thousands of U.S. dollars except unit prices and amounts)

**General and 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. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017.

Total general and administrative expenses charged by Navios Holdings for the three month periods ended March 31, 2012 and 2011 amounted to \$900 and \$800, respectively.

**Balance due to related parties:** Included in the current liabilities as of March 31, 2012 was an amount of \$7,872, which represented the current account payable to Navios Holdings and its subsidiaries. The balance mainly consisted of the management fees outstanding amounting to \$6,854 and administrative service fees and other payables amounting to \$1,018. Amounts due to related parties as of December 31, 2011 was \$4,077.

**Vessel Acquisitions:** On May 19, 2011, Navios Partners acquired from Navios Holdings the Navios Luz for a purchase price of \$78,000 and the Navios Orbiter for a purchase price of \$52,000. Favorable lease terms recognized through this transaction amounted to \$22,879 for the Navios Luz and \$20,901 for the Navios Orbiter and were related to the acquisition of the rights on the time charter-out contracts of the vessels. The purchase price consisted of 507,916 common units issued to Navios Holdings valued at \$9,960 and cash of \$120,000. The number of common units issued was calculated based on a price of \$19.6883 per common unit, which was the NYSE volume weighted average trading price of the common units for the ten business days immediately prior to the date of the acquisition (see Note 4).

In February 2012, Navios Partners entered into a charter with a subsidiary of Navios Maritime Holdings Inc. for the Navios Apollon. The term of this charter is approximately two years commencing in February 2012, at a daily rate of \$12,500 net per day for the first year and \$13,500 net per day for the second year, plus 50/50 profit sharing based on actual earnings. For the three month period ended March 31, 2012, the total revenue of Navios Partners from Navios Holdings amounted to \$470.

Navios Partners has entered into an Omnibus Agreement with Navios Holdings pursuant to which Navios Holdings and its controlled affiliates (other than us, our general partner and our subsidiaries) generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of our general partner. The Omnibus Agreement, however, contains significant exceptions that allow Navios Holdings or any of its controlled affiliates to compete with us under specified circumstances which could harm our business. In addition, concurrently with the successful consummation of the initial business combination by Navios Maritime Acquisition Corporation, or Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with the each other.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units). Subsequent to the end of the subordination period, and upon their conversion into common units, these units have the same distribution rights as all other common units. As of March 31, 2012, Navios Holdings holds a total of 13,223,763 common units, representing a 23.4% common interest in Navios Partners.

**NOTE 13 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 per unit per year and is made in the following manner:

First, 98% to all unitholders, pro rata not including holder of subordinated Series A units;  
Thereafter there is incentive distribution rights held by the General Partner, which are analyzed as follows:

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

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Common and Subordinated Unitholders <sup>(1)</sup>	General Partner
Minimum Quarterly Distribution	\$ 0.35	98%	2%
First Target Distribution	up to \$0.4025	98%	2%
Second Target Distribution	above \$0.4025 up to \$0.4375	85%	15%
Third Target Distribution	above \$0.4375 up to \$0.525	75%	25%
Thereafter	above \$0.525	50%	50%

(1) As of January 1, 2012, all subordinated units were converted to common units.

On January 24, 2012, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2011 of \$0.44 per unit. The distribution was paid on February 14, 2012 to all holders of record of common and general partner units (not including holders of subordinated Series A units) on February 9, 2012. The aggregate amount of the declared distribution was \$24,829.

**Table of Contents****NAVIOS MARITIME PARTNERS L.P.****UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. dollars except unit prices and amounts)

Navios Partners calculates earnings per unit by allocating reported net income for each period to each class of units based on the distribution waterfall for available cash specified in Navios Partners' partnership agreement. Basic earnings net income per unit is determined by dividing net income by the weighted average number of units outstanding during the period. Diluted earnings per unit is calculated in the same manner as net income per unit, except that the weighted average number of outstanding units increased to include the dilutive effect of outstanding unit options or phantom units. There were no options or phantom units outstanding during the three months ended March 31, 2012 and 2011.

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' partnership 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.

	<b>Three Month Period Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2012</b>	<b>2011</b>
Net income	\$ 16,937	\$ 16,600
Earnings attributable to:		
Common unit holders	16,598	14,623
Subordinated unit holders		1,645
General partner unit holders	339	332
Subordinated Series A unit holders		
Weighted average units outstanding (basic and diluted)		
Common unit holders	54,509,163	41,779,404
Subordinated unit holders		7,621,843
General partner unit holders	1,132,843	1,028,599
Subordinated Series A unit holders	1,000,000	1,000,000
Earnings per unit (basic and diluted):		
Common unit holders	\$ 0.30	\$ 0.35
Subordinated unit holders	\$	\$ 0.22
General partner unit holders	\$ 0.30	\$ 0.32
Earnings per unit distributed (basic and diluted):		
Common unit holders	\$ 0.44	\$ 0.43
Subordinated unit holders	\$	\$ 0.43
General partner unit holders	\$ 0.75	\$ 0.64
Loss per unit undistributed (basic and diluted):		
Common unit holders	\$ (0.14)	\$ (0.08)
Subordinated unit holders	\$	\$ (0.21)
General partner unit holders	\$ (0.45)	\$ (0.32)

**NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS***Fair Value Disclosures*

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

In January 2010, the FASB issued amended standards requiring additional fair value disclosures. The amended standards require disclosures of transfers in and out of Levels 1 and 2 of the fair value hierarchy, as well as requiring gross basis disclosures for purchases, sales, issuances and settlements within the Level 3 reconciliation. Additionally, the update clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. Navios Partners adopted the new guidance in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which was effective for Navios Partners beginning in the first quarter of fiscal 2012. The adoption of the new standards did not have a significant impact on Navios Partners' consolidated financial statements.

### **NOTE 15 SUBSEQUENT EVENTS**

On April 25, 2012, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2012 of \$0.44 per unit. The distribution is payable on May 14, 2012 to all holders of record of common and general partner units (not including holders of subordinated Series A units) on May 10, 2012. The aggregate amount of the declared distribution is anticipated to be \$24,829.

F-13

**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: April 26, 2012