Navios Maritime Holdings Inc.
Form F-1
November 02, 2005
As filed with the Securities and Exchange Commission on November 2, 2005

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NAVIOS MARITIME HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Republic of Marshall Islands	4412	98-0384348
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Navios Maritime Holdings Inc.
67 Notara Street
Piraeus, Greece 185 35
(011) +30-210-4172050]

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Trust Company of the Marshall Islands, Inc.
Trust Company Complex, Ajeltake Island
P.O. Box 1405
Majuro, Marshall Islands MH96960
(***) ***-****

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Kenneth R. Koch, Esq.
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
666 Third Avenue
New York, New York 10017

(212) 935-3000

Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered or on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee (2)
Common Stock, $.0001 par value per share	65,550,000(3)	$5.18	$ 339,549,000	$ 39,964.92

(1) Pursuant to Rule 416 promulgated under the Securities Act of 1933, as amended, there are also registered hereunder such indeterminate number of additional shares as may be required to be issued to the holders of the publicly traded warrants upon exercise to prevent dilution resulting from stock splits, stock dividends or similar transactions pursuant to the terms of the warrants.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 based on the average of the high and low sales price of the common stock on October 26, 2005, which date was within five business days of the date of filing of this registration statement, as reported on the Over-The-Counter Bulletin Board. The issuance of the shares of common stock we are registering are expected to be issued to the holders of our publicly traded warrants upon exercise by such holders of the warrants. To the extent any of the warrants are exercised, we will receive the amount of the exercise payment made by the holders of the warrants to us in connection with the exercise of the publicly traded warrants.

(3) This registration statement covers the issuance by us of 65,550,000 shares of common stock issuable upon the exercise of our publicly traded warrants, which warrants have an exercise price of $5.00 per share and were issued in connection with the initial public offering of International Shipping Enterprises, Inc., our legal predecessor.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of

1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The Information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

PROSPECTUS
Subject to completion, dated November 2, 2005

NAVIOS MARITIME HOLDING INC.

65,550,000 Shares of Common Stock
Issuable Upon Exercise of Outstanding Publicly Traded Warrants

Navios Maritime Holdings Inc. is registering 65,550,000 shares of Common Stock, par value $.0001 per share, which shares are underlying our publicly traded warrants. The shares of Common Stock being registered may be issued by us upon exercise by the holders of our outstanding, publicly traded warrants. The warrants have an exercise price of $5.00 per share and were issued by International Shipping Enterprises, Inc., our legal predecessor, in its initial public offering. To the extent any holder of our publicly traded warrants determines to exercise their warrants, we will receive the payment of the exercise price in connection with any such exercise. The warrants and our shares of common stock are currently traded on the Over-The-Counter Bulletin Board under the symbols NMHWF.OB and NMHIF.OB, respectively, and on November 1, 2005, the last reported sale prices of the warrants and common stock were $0.98 and $5.45, respectively. We have received the approval of Nasdaq to list our securities on the Nasdaq National Market System and our securities will commence trading on November 3, 2005 under the symbols BULK for our common stock, BULKW for our warrants and BULKU for our units.

Investing in our securities involves risks.
See ‘‘Risk Factors’’ beginning on page 6.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2005.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information provided by this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since then. In this prospectus, ‘‘Navios,’’ ‘‘we,’’ ‘‘us’’ and ‘‘our’’ refer to Navios Maritime Holdings Inc. (unless the context otherwise requires).

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before exercising your warrants and buying shares of common stock pursuant to this offering. You should carefully read this entire prospectus, including ‘‘Risk Factors’’ and our consolidated financial statements, before making an investment decision.

Navios is one of the leaders in seaborne shipping, specializing in the worldwide carriage, trading, storing, and other related logistics of international dry bulk cargo transportation. For over 50 years, Navios has worked with raw materials producers, agricultural traders and exporters, industrial end-users, ship owners, and charterers. Navios also has in-house technical ship management expertise. At the present time, the core fleet, the average age of which is approximately 3.5 years, consists of a total of 27 vessels, aggregating approximately 1.8 million deadweight tons or dwt. Navios owns six modern Ultra-Handymax (50,000-55,000 dwt) vessels and has 21 Panamax (70,000-83,000 dwt) and Ultra-Handymax vessels under long-term time charters, 15 of which are currently in operation, with the remaining six scheduled for delivery at various times over the next two years. We have options, many of which are ''in the money,'' to acquire 13 of the 21 time chartered vessels. The owned vessels have a substantial net asset value, and the vessels controlled under the in-charters are at rates well below the current market. Operationally, we have, at various times over the last two years, deployed over 50 vessels at any one time, including the core fleet.

Navios has options to purchase 13 of the chartered vessels and the option is referred to as ''in the money,'' when the price to exercise an option and purchase a vessel is below the current market value for the vessel. During September and October, 2005, Navios gave notice, to the lessors of two Ultra-Handymax vessels and two Panamax vessels, of its intention to exercise the options to purchase the vessels for an agreed value of approximately $20 million each. It is anticipated that two of these vessels will be purchased during the fourth quarter of 2005 and the remaining two will be acquired during the first quarter of 2006. The purchases are expected to be financed with a new loan facility which will finance 100% of the option price of each vessel. The total purchase cost of these four additional vessels is expected to be approximately $80 million. In addition, management plans to exercise the options we hold on two additional vessels before the end of 2005 at a cost of approximately $20 million each.

Navios also owns and operates the largest bulk transfer and storage facility in Uruguay. While a relatively small portion of our overall enterprise, Navios believes that this terminal is a stable business with strong growth and integration prospects.

As used above and throughout this prospectus, our core fleet means: (1) the six Ultra-Handymax vessels that we own, and (2) the Panamax and Ultra-Handymax vessels that we, as a charterer, employ commercially under long-term charters, which are charters of more than 12 months in duration. We also time charter vessels. Time chartered vessels are vessels that are placed at the charterer's disposal for a set period of time during which the charterer uses the vessels in return for the payment of a daily specified hire. Under time charters, operating costs such as crew, maintenance and insurance are typically paid by the owner of the vessel and fuel and port costs are paid by the time charterer.

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among International Shipping Enterprises, Inc., or ISE, Navios and all the shareholders of Navios, ISE acquired all of the net assets of Navios through the purchase of all of the outstanding shares of common stock of Navios. As a result of such acquisition, Navios became a wholly-owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly-owned subsidiary, Navios. As a result of the reincorporation, ISE transitioned from a shell company to an operating business and the operations of Navios became those of a publicly traded company.

In accordance with Generally Accepted Accounting Principals, (GAAP), ISE is treated as the accounting acquiror and Navios is treated as the predecessor. This transaction is recorded in two steps. In step one, ISE recorded the $594.4 million total cash purchase price, plus $13.9 million in allocable transaction costs, by allocating such cost to the net assets acquired in accordance with their fair market value on the acquisition date. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill. In step two, which immediately followed, ISE merged into Navios. The shareholder's equity of ISE became the shareholder's equity of Navios. The results of operations of Navios to August 25, 2005 remain as historically reported and from August 26, 2005 forward reflect the combined operations of Navios and ISE.

The financial statements included in this prospectus are for periods ended June 30, 2005 or prior. The purchase of the assets of Navios, through the purchase of all of its outstanding shares of common stock, and the subsequent downstream merger of ISE into Navios, took place on August 25, 2005. Accordingly, the historical financial statements included in this prospectus do not reflect the acquisition. However, an unaudited pro forma consolidated balance sheet which gives effect to the purchase and related financing of Navios by ISE as if it had occurred on June 30, 2005 and unaudited consolidated statements of operations for the six months ended June 30, 2005 and December 31, 2004 which give affect to the purchase and related financing of Navios by ISE as if it had occurred on January 1, 2004, are included in this prospectus.

In this prospectus, all references to Navios, we, or our, refer to Navios Maritime Holdings Inc. the accounting acquiree. References to ISE refer to International Shipping Enterprises, Inc., the accounting acquiror, from its inception to its merger into Navios on August 25, 2005.

Our executive offices are located at 67 Notara Street, Piraeus, Greece 185 35 and our telephone number is (011) +30-210-417-2050. Our website is located at http://www.navios.com. The information contained on our website is not intended to be a part of this prospectus.

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The Offering

Shares of Common Stock which may be issued by us	65,550,000 shares of Common Stock issuable upon exercise of our currently outstanding, publicly traded warrants
Shares of Common Stock outstanding after the offering	39,900,000 shares of Common Stock, excluding 65,550,000 shares of Common Stock issuable upon effectiveness of the registration statement of which this prospectus forms a part and upon exercise of the outstanding, publicly traded warrants.
Use of proceeds	Upon exercise of the publicly traded warrants, if any, if at all, Navios will receive the exercise price of $5.00 per share in proceeds from the sales described in this prospectus. If all of the outstanding publicly traded warrants were exercised Navios would receive proceeds upon such exercise of $327,750,000. However, Navios cannot predict the timing or the amount of the exercise of the warrants. Accordingly, we have not allocated any portion of the potential proceeds to any particular use and any proceeds received will be added to working capital. The company will pay the costs related to the registration

	of the issuance of the shares of common stock underlying our publicly traded warrants.
OTC Bulletin Board Symbol of Common Stock	NMHIF.OB
OTC Bulletin Board Symbol of Warrants	NMHWF.OB

There are no currently issued and outstanding options or warrants, other than our currently outstanding, publicly traded warrants.

On October 31, 2005, we received the approval of Nasdaq to list our securities on the Nasdaq National Market System. Our common stock, warrants and units will commence trading on the Nasdaq National Market System on November 3, 2005 under the symbols BULK, BULKW and BULKU, respectively.

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among ISE, Navios and all the shareholders of Navios, ISE acquired all of the net assets of Navios through the purchase of all of the outstanding shares of common stock of Navios. As a result of such acquisition, Navios became a wholly-owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios, ISE effected a reincorporation from the State of Delaware to the Republic of Marshall Islands through a downstream merger with and into its newly acquired wholly-owned subsidiary, Navios. As a result of the reincorporation, ISE transitioned from a shell company to an operating business and the operations of Navios became those of a publicly traded company. For purposes of the federal securities laws and its public filings, Navios qualifies as a ''foreign private issuer'' as that term is defined in Rule 3b-4 under the Securities Exchange Act of 1934.

Summary Consolidated Financial Data

The Navios historical information is derived from the unaudited consolidated financial statements of Navios as of and for each of the periods ended June 30, 2005 and 2004 and the audited consolidated financial statements of Navios as of December 31, 2004 and 2003 and the results of operations and their cash flows for each of the three years in the period ended December 31, 2004 included elsewhere in this prospectus. Navios historical information as of December 31, 2002, and as of and for the years ended December 31, 2000 and 2001 are derived from the unaudited financial statements which are not included in this prospectus. On December 11, 2002, Navios Corporation completed a business combination with Anemos Maritime Holdings Inc. (Anemos) and Anemos was considered the accounting acquirer in the business combination. The financial statements for the three year period January 1, 2000 to December 31, 2002 include the accounts of Anemos and its wholly-owned subsidiaries for the full year and Navios Corporation for December 11, 2002 through December 31, 2002. The information is only a summary and should be read in conjunction with the historical consolidated financial statements and related notes, to the extent contained elsewhere herein

The purchase of the net assets of Navios by ISE, through the purchase of all of its outstanding shares of common stock, and the subsequent downstream merger of ISE into Navios took place on August 25, 2005. Accordingly, the financial statements and other financial data included in this prospectus do not reflect the acquisition. The historical results included below and elsewhere in this prospectus are not indicative of the future performance of Navios.

	Six months ended June 30, 2005	Six months ended June 30, 2004	Year ended December 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002	Year ended December 31, 2001	Year ended December 31, 2000
	(In thousands, except per share)						
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Statement of Operations Data							
Revenue	$127,326	$138,063	$ 279,184	$ 179,734	$ 26,759	$ 21,454	$ 9,271
Gains and losses from forward freight agreements	(799)	38,642	57,746	51,115	494		—
Time charter voyage and port terminal expense	(75,933)	(93,317)	(180,026)	(136,551)	(6,139)	(1,774)	(1,101)
Direct vessel expense	(4,354)	(4,255)	(8,224)	(10,447)	(8,192)	(7,439)	(4,263)
General and administrative expense	(6,748)	(6,380)	(12,722)	(11,628)	(2,263)	(1,234)	(733)
Depreciation and amortization expense	(2,982)	(2,935)	(5,925)	(8,857)	(6,003)	(5,274)	(1,797)
Gain (loss) on sale of assets	—	—	61	(2,367)	(127)	(430)	(1,153)
Interest income	861	200	789	134	41	195	107
Interest expense	(990)	(1,640)	(3,450)	(5,278)	(3,950)	(6,104)	(2,191)
Other income	845	367	374	1,102	72	248	137
Other expense	(595)	(496)	(1,438)	(553)	(6,070)	(2,770)	—
Income (loss) before minority interest	36,631	68,249	126,369	56,404	(5,378)	(3,128)	(1,723)
Minority interest	—	—	—	(1,306)	(324)	—	—
Equity in net earnings of affiliate companies	640	347	763	403	68	96	128
Net income (loss)	$ 37,271	$ 68,596	$ 127,132	$ 55,501	$ (5,634)	(3,032)	(1,595)
Balance Sheet Data (at period end)							
Current assets, including cash	$185,028		$ 187,944	$ 179,403	$ 31,020	$ 4,721	$ 7,544
Total assets	333,644		333,292	361,533	215,800	161,610	97,206
Current liabilities, including current portion of long-term debt	115,002		103,527	136,902	38,460	12,204	8,875
Total long-term debt, including current portion	—		50,506	98,188	129,615	115,972	63,453
Mandatory redeemable preferred stock, including current portion	—		—	15,189	9,435	—	—
Shareholders' equity	212,062		174,791	96,292	41,641	38,272	29,720

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	Six months ended June 30,	Year ended December 31,

	2005	2004	2004	2003	2002	2001	2000
			(In thousands, except per share)				
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Other Financial Data							
Net cash provided by operating activities	$ 49,647	$ 67,514	$ 137,218	$ 21,452	$ 2,219	$ 7,826	$ 2,224
Net cash provided by (used in) investing activities	(2,841)	(1,519)	(4,967)	26,594	(3,682)	(72,616)	(70,136)
Net cash provided by (used in) financing activities	(500)	(27,569)	(111,943)	(29,416)	5,474	61,976	73,764
Book value per common share — historical and pro forma(1)	242.47	178.37	199.86	98.41	41.64	55.29	42.94
Cash dividends, declared per common share — historical and pro forma(1)	—	—	45.74	—	—	—	—
Income (loss) per common share from continuing operations — historical and pro forma(1)	42.62	72.68	145.36	56.72	(5.63)	(4.38)	(2.30)
Cash paid for common stock dividend declared	—	—	40,000	—	—	—	—
EBITDA(2)	$ 40,382	$ 72,971	$ 135,718	$ 69,502	$ 4,278	$ 10,383	$ 2,286

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(1) Per share data has been prepared on a historical basis for the years and periods from January 1, 2003 onwards, while for the three years of 2000 to 2002 it is based on equivalent pro forma basis considering the number of shares allocated to the shareholders of Anemos in the business combination that occurred on December 11, 2002. As a result of the acquisition and merger on August 25, 2005, the per share data on a going forward basis will be substantially different and is more accurately reflected on such basis in accordance with the pro forma information contained in the section ''Acquisition and Merger Pro Forma Financial Information'' herein.

(2) EBITDA represents net earnings before interest (income and expense), taxes, depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by U.S. GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies. EBITDA is included in this prospectus because it is a basis upon which we assess our liquidity position and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness. The following table reconciles net cash from operating activities, as reflected in the consolidated statements of cash flows, to EBITDA:

Net Cash from Operating Activities	$ 49,647	$67,514	$137,218	$ 21,452	$ 2,219	$ 7,826	$ 2,224
Net increase (decrease) in operating assets	286	(2,603)	(7,195)	20,406	1,915	(9)	422
Net (increase) decrease in operating liabilities	14,743	7,160	3,104	(18,112)	289	(1,805)	(803)
Net Interest cost	129	1,440	2,661	5,144	3,909	8,541	2,084
Amortization of deferred financing costs	(27)	(82)	(773)	(565)	(145)	(117)	(20)
	(124)	(125)	(249)	(309)	(327)	(591)	(483)

Amortization of deferred drydock costs							
Impairment loss	—	—	—	—	—	(400)	—
Provision for losses on accounts receivable	880	203	573	(1,021)	(101)	—	—
Gain/loss on sale of property, equipment and investments	—	—	61	(2,367)	(127)	(430)	(1,138)
Unrealized gain/loss on derivatives, FEC's, interest rate swaps and fuel swaps	(25,309)	(464)	254	45,855	(3,098)	(2,632)	—
Undistributed earnings in affiliates	157	(72)	64	325	68	—	—
Minority Interest	—	—	—	(1,306)	(324)	—	—
EBITDA	$ 40,382	$72,971	$135,718	$ 69,502	$ 4,278	$10,383	$ 2,286

The Summary Consolidated Financial Data presented above and historical financial information presented elsewhere in this prospectus is based on the historical operations of Navios, prior to Navios becoming a publicly traded company by virtue of the acquisition and merger that occurred on August 25, 2005. The pro forma financial information reflecting the acquisition by ISE of Navios and subsequent merger of ISE with and into Navios, with Navios being the surviving entity, is contained in the section titled ‘‘Acquisition and Merger Pro Forma Financial Information’’ in this prospectus beginning on page 73.

RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the following risks together with the other information in this prospectus before deciding to exercise your publicly traded warrants and invest in our common stock. If any of the following risks relating to our business and operations actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Associated with the Shipping Industry

The cyclical nature of the international dry bulk shipping industry may lead to decreases in charter rates, which may reduce Navios's revenue and earnings

The shipping business, including the dry cargo market, has been cyclical in varying degrees, experiencing fluctuations in charter rates, profitability and, consequently, vessel values. For example, at various times during 2004, charter rates for the international dry bulk shipping industry reached historic highs. Navios anticipates that the future demand for its dry bulk carriers and dry bulk charter rates will be dependent upon continued demand for imported commodities, economic growth in China and the rest of the world, seasonal and regional changes in demand, and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase, and there can be no assurance that economic growth will continue. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue and earnings. Fluctuations, and the demand for vessels, in general, have been influenced by, among other factors:

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

An economic slowdown in the Asia Pacific region could reduce demand for shipping services and decrease shipping rates, thus decreasing Navios's revenues and earnings

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

Servicing debt could limit funds available for other purposes, such as working capital and the payment of dividends

Navios will use cash to pay the principal and interest on its debt. These payments limit funds otherwise available for working capital, capital expenditures and other purposes. As a result of these obligations, Navios's current liabilities now exceed its current assets. This limits the working capital available to grow the business. Navios may need to take on additional debt as it expands the Navios fleet, which could increase its ratio of debt to equity. The need to service its debt may limit funds available for other purposes, including distributing cash to its stockholders, and its inability to service debt could lead to acceleration of its debt and foreclosure on the Navios owned vessels.

The market values of Navios's vessels, which are at historically high levels, may decrease, which could cause it to breach covenants in its credit facility which could reduce earnings and revenues as a result of potential foreclosures

Factors that influence vessel values include:

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

If the market values of Navios's owned vessels, which are at historically high levels, decrease, it may breach some of the covenants contained in the financing agreements relating to its indebtedness. If Navios does breach such covenants and is unable to remedy the relevant breach, its lenders could accelerate its debt and foreclose on the collateral, including Navios's vessels. Any loss of vessels would significantly decrease the ability of Navios to generate revenue and income. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, Navios would incur a loss that would reduce earnings.

Navios may employ vessels on the spot market and thus expose itself to risk of losses based on short term decreases in shipping rates

Navios periodically employs its vessels on a spot basis. The spot charter market is highly competitive and rates within this market are highly volatile, while longer-term time charters provide income at pre-determined rates over more extended periods of time. There can be no assurance that Navios will be successful in keeping its vessels fully employed in these short-term markets, or that future spot rates will be sufficient to enable such vessels to be operated profitably. A significant decrease in spot market charter rates or the inability of Navios to fully employ its vessels by taking advantage of the spot market would result in a reduction of the incremental revenue received from spot chartering and adversely affect results of operations, including Navios's profitability and cash flows, with the result that its ability to pay debt service and dividends could be impaired.

Maritime claimants could arrest Navios's vessels, which could interrupt its cash flow

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

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

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

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

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

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

Navios is subject to environmental laws that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities resulting from a spill or other environmental disaster

The shipping business and vessel operation are materially affected by government regulation in the form of international conventions, national, state, and local laws, and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, Navios cannot predict the ultimate cost of complying with such conventions, laws, and regulations, or the impact thereof on the resale price or useful life of Navios's vessels. Additional conventions, laws, and regulations may be adopted which could limit Navios's ability to do business or increase the cost of its doing business, which may materially adversely affect its operations, as well as the shipping industry generally. Navios is required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to its operations.

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

Although the United States is not a party thereto, many countries have ratified and follow the liability scheme adopted by the International Maritime Organization, or IMO, and set out in the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended, or the CLC, and the Convention for the Establishment of an International Fund for Oil Pollution of 1971, as amended. Under these conventions, a vessel's registered owner is strictly liable for pollution damage caused on the territorial waters of a contracting state by discharge of persistent oil, subject to certain

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defenses. Many of the countries that have ratified the CLC have increased the liability limits through a 1992 Protocol to the CLC. The liability limits in the countries that have ratified this Protocol are currently approximately $4 million, plus approximately $566 per gross registered ton above 5,000 gross tons, with an approximate maximum of $80.5 million per vessel and an exact amount tied to a unit of account which varies according to a basket of currencies. The right to limit liability is forfeited under the CLC where the spill is caused by the owner's actual fault or privity and, under the 1992 Protocol, where the spill is caused by the owner's intentional or reckless conduct. Vessels trading to contracting states must provide evidence of insurance covering the limited liability of the owner. In jurisdictions where the CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to the CLC.

Navios currently maintains, for each of its owned vessels, pollution liability coverage insurance in the amount of $1.0 billion per incident. If the damages from a catastrophic incident exceed this insurance coverage, it would severely hurt its cash flow and profitability and financial position.

The United States Oil Pollution Act of 1990, or OPA, established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone.

Under OPA, vessel owners, operators and bareboat charterers are ''responsible parties'' and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel).

The European Union has introduced and is considering legislation that will affect the operation of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority. Any such legislation could require significant expenditures to continue to operate vessels and such expenses could negatively impact cash flows and net income.

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

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

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

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

ensure that its vessels attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on Navios's operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in revenues.

Governments could requisition Navios's vessels during a period of war or emergency, resulting in loss of revenues and earnings from such requisitioned vessels

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

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

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

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

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

Certain of Navios's directors, officers, and principal stockholders are affiliated with entities engaged in business activities similar to those conducted by Navios which may compete directly with Navios causing such persons to have a conflict of interest

Some of Navios's directors, officers and principal stockholders have an affiliation with entities that have similar business activities to those that Navios will have upon completion of the acquisition. These other affiliations and business activities may give rise to certain conflicts of interest in the course of such individuals' affiliation with Navios. Although Navios does not intend to prevent its directors, officers and principal stockholders from having such affiliations, Navios will use its best efforts to cause such individuals to comply with all applicable laws and regulations in addressing such conflicts of interest. The officers and employee directors of Navios will devote their full time and attention to the ongoing operations of Navios and the non-employee directors of Navios will devote such time as is necessary and required to satisfy their duties as a director of a public company.

Trading and complementary hedging activities in freight, tonnage and forward freight agreements subject it to trading risks and Navios may suffer trading losses that reduce earnings

Due to dry bulk shipping market volatility, success in this industry requires constant adjustment of the balance between chartering out vessels for long periods of time and trading them on a spot basis.

For example, a long-term contract to charter a vessel might lock Navios into a profitable or unprofitable situation depending on the direction of freight rates over the term of the contract. Navios seeks to manage and mitigate that risk through trading and complementary hedging activities in freight, tonnage and forward freight agreements, or FFAs. However, there is no assurance that Navios will be able at all times to successfully protect itself from volatility in the shipping market. Navios may not successfully mitigate its risks, leaving it exposed to unprofitable contracts and may suffer trading losses that reduce earnings.

Navios is subject to certain credit risks with respect to its counterparties on contracts and failure of such counterparties to meet their obligations could cause it to suffer losses on such contracts decreasing revenues and earnings

Navios charters out its vessels to other parties, who pay Navios a daily rate of hire. Navios also enters into Contracts of Affreightment (COAs) pursuant to which Navios agrees to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Additionally, Navios enters into FFAs. Navios also enters into spot market voyage contracts, where Navios is paid a rate per ton to carry a specified cargo from point A to point B. All of these contracts subject Navios to counterparty credit risk. As a result, Navios will be subject to credit risks at various levels, including with charterers, cargo interests, or terminal customers. If the counterparties fail to meet their obligations, Navios could suffer losses on such contracts which would decrease revenues and earnings.

Navios is subject to certain operating risks, including vessel breakdown or accident, that could result in a loss of revenue from the affected vessels leading to a reduction in revenues and earnings

Navios’s exposure to operating risks of vessel breakdown and accidents mainly arises in the context of its six owned vessels. The rest of its core fleet is chartered-in under time charters and, as a result, most operating risks relating to these time chartered vessels reside with their head owners. If Navios pays hire on a chartered-in vessel at a lower rate than the rate of hire it receives from a sub-charterer to whom Navios has chartered out the vessel, a breakdown or loss of the vessel due to an operating risk suffered by the head owner will, in all likelihood, result in Navios’s loss of the positive spread between the two rates of hire. Although Navios will have in force a time charterer’s interest policy to cover it against the loss of such spread through the sinking or other similar loss of a chartered-in vessel, Navios cannot assure you that it will be covered under all circumstances. In addition, Navios is party to long-term contracts with two commodity houses, ADM and Louis Dreyfus, that will cover a substantial portion of its silo capacity in the Uruguayan terminal for the next several years, and the loss of or a material change to such contracts could have an adverse effect on Navios’s financial condition and results of operations. Breakdowns or accidents involving Navios’s vessels and losses relating to chartered vessels which are not covered by their insurance would result in a loss of revenue from the affected vessels leading to a reduction in revenues and earnings.

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

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

Navios may require additional financing for exercise of vessel purchase options which could dilute existing stockholders

In the near future, Navios will be required to make substantial cash outlays to exercise options to acquire vessels and it will need additional financing to cover all or a portion of the purchase prices. Navios currently intends to cover the cost of exercising such options with new debt collateralized by

the vessels to be acquired, but there can be no assurance that Navios will generate sufficient cash or that debt financing will be available. Moreover, the covenants in Navios's senior secured credit facility may make it more difficult to obtain such financing by imposing restrictions on what Navios can offer as collateral. Additional financings, if any, through the issuance of securities would dilute existing stockholders.

Navios intends to continue to grow its fleet which could increase expenses and losses

Navios expects to grow its fleet, either through sales and purchases or the increase of the number of chartered vessels. The addition of these vessels to the Navios fleet will impose significant additional responsibilities on its management and staff, and may require it to increase the number of its personnel. Navios will also have to increase its customer base to provide continued employment for the new vessels. Navios's growth will depend on:

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

Growing any business by acquisition, including the contemplated Navios acquisition, presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel, and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. Navios cannot give any assurance that it will be successful in executing its growth plans or that it will not incur significant expenses and losses in connection therewith.

As Navios expands its business, Navios will need to improve its operations and financial systems, staff, and crew; if it cannot improve these systems or recruit suitable employees, it may not effectively control its operations

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

Vessels may suffer damage and Navios may face unexpected drydocking costs, which could affect its cash flow and financial condition

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

The shipping industry has inherent operational risks that may not be adequately covered by Navios's insurance

Navios has insurance for its fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity

insurance (which include environmental damage and pollution insurance). Navios can give no assurance that it will be adequately insured against all risks or that its insurers will pay a particular claim. Even if its insurance coverage is adequate to cover its losses, Navios may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, Navios may not be able to obtain adequate insurance coverage at reasonable rates for its fleet. Navios may also be subject to calls, or premiums, in amounts based not only on its own claim records but also the claim records of all other members of the protection and indemnity associations through which Navios receives indemnity insurance coverage for tort liability. Navios's insurance policies also contain deductibles, limitations and exclusions which, although management believes are standard in the shipping industry, may nevertheless increase its costs.

Navios's loan agreement contains restrictive covenants that may limit its liquidity and corporate activities

Navios's loan agreements impose on Navios certain operating and financial restrictions. These restrictions may limit Navios's ability to:

- incur additional indebtedness;
- create liens on its assets;
- make investments;
- engage in mergers or acquisitions;
- pay dividends;
- make capital expenditures;
- change the management of its vessels or terminate or materially amend the management agreements Navios has relating to each vessel; and
- sell any of Navios's vessels.

Therefore, Navios will need to seek permission from its lender in order to engage in some corporate actions. Navios's lender's interests may be different from those of Navios, and Navios cannot guarantee that it will be able to obtain its lender's permission when needed. This may prevent Navios from taking actions that are in its best interest.

Navios's loan agreement imposes certain conditions on the payment of dividends

As a result of the merger to effectuate the reincorporation, Navios is party to the new senior secured credit facility with an institutional lender, HSH Nordbank AG that was used to finance the Navios acquisition by ISE. The terms of the new credit facility contain a number of financial covenants and general covenants that require Navios, among other things, to maintain a certain solvency ratio and minimum equity amounts. Navios may not be permitted to pay dividends under the new credit facility in excess of certain amounts or if it is in default of any of these loan covenants.

Because Navios generates all of its revenues in US dollars but incurs a portion of its expenses in other currencies, exchange rate fluctuations could cause it to suffer exchange rate losses thereby increasing expenses and reducing income

Navios generates all of its revenues in US dollars but, in the year ended 2004, incurred approximately 5.1% of its expenses in currencies other than US dollars. This difference could lead to fluctuations in net income due to changes in the value of the US dollar relative to the other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the US dollar falls in value can increase, decreasing Navios's revenues. For example, in the 12 months ended 2004, the value of the US dollar declined by approximately 8% as compared to the Euro. Navios, as part of its overall risk management policy attempts to hedge these risks in exchange rate fluctuations. Navios may not always be successful in such hedging activities and, as a result, its operating results could suffer as a result of un-hedged losses incurred as a result of exchange rate fluctuations.

Navios's operations expose it to global political risks, such as wars and political instability, that may interfere with the operation of its vessels causing a decrease in revenues from such vessels

Navios is an international company and primarily conducts its operations outside the United States. Changing economic, political and governmental conditions in the countries where Navios is engaged in business or where its vessels are registered will affect it. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel Limburg was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001, and the military response of the United States, the likelihood of future acts of terrorism may increase, and Navios's vessels may face higher risks of being attacked in the Middle East region and interruption of operations causing a decrease in revenues and earnings. In addition, future hostilities or other political instability in regions where Navios's vessels trade could affect its trade patterns and adversely affect its operations by causing delays in shipping on certain routes or making shipping impossible on such routes and thereby causing a decrease in revenues and earnings.

Navios is incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law

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

Navios, and certain of its officers and directors, may be difficult to serve with process as Navios is incorporated in the Republic of the Marshall Islands and such persons may reside outside of the US

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

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

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

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

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

Because of these exemptions, investors are not afforded the same protections or information generally available to investors holding shares in public companies organized in the United States.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in ‘‘Summary’’ and under the captions ‘‘Risk Factors,’’ ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations,’’ ‘‘Business’’ and elsewhere in this prospectus constitute ‘‘forward-looking statements’’ within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on our current expectations, estimates and projections about our industry, our beliefs and assumptions. Words including ‘‘may,’’ ‘‘could,’’ ‘‘would,’’ ‘‘will,’’ ‘‘anticipates,’’ ‘‘expects,’’ ‘‘inte ''projects,'' ''believes,'' ''seeks,'' ''estimates,'' and similar expressions are intended to identify forward-looking statements. T statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We are not obligated to update these statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events. For purposes of the information contained in this prospectus, when we state that a risk, uncertainty or problem may, could or would have ''a material adverse effect on our business'' or words to that effect, we mean that the risk, uncertainty or problem may, could or would have a ''material adverse effect on the business, result of operations, financial condition, cash flow or prospects of our company.''

USE OF PROCEEDS

Upon exercise of the publicly traded warrants, if any, if at all, Navios will receive the exercise price of $5.00 per share in proceeds from the sales described in this prospectus. If all of our outstanding publicly traded warrants were exercised Navios would receive proceeds upon such exercise of $327,750,000. However, Navios cannot predict the timing or the amount of the exercise of the warrants. Accordingly, we have not allocated any portion of the potential proceeds to any particular use and any proceeds received will be added to working capital. The company will bear the expenses related to the registration of the issuance of the shares of common stock underlying our publicly traded warrants.

DIVIDEND POLICY

At the present time, Navios intends to retain most of its available earnings generated by operations for the development and growth of the business. In addition the terms and provisions of our current secured credit facility limit our ability to pay dividends. However, subject to the approval of lenders, the company's directors may from time to time consider the payment of dividends.

CURRENT OUTSTANDING SHARE CAPITAL

Navios's authorized capital stock consists of 120,000,000 shares of common stock, par value $.0001 and 1,000,000 shares of preferred stock, par value $.0001. As of September 30, 2005, 39,900,000 shares of common stock were outstanding. There are no shares of preferred stock currently outstanding. In addition, we have warrants outstanding to purchase 65,550,000 shares of our common stock. Each warrant entitles the registered holder to purchase one share of our common stock at a price of $5.00 per share, subject to adjustment. There are currently no outstanding options to purchase our securities nor have any option plans or other equity compensation plans been adopted.

PRICE RANGE OF OUR SECURITIES

Currently, the principal trading market for our securities, which includes our common stock, warrants and units, is the Over-The-Counter Bulletin Board, or the OTCBB.

On October 31, 2005, we received the approval of Nasdaq to list our securities on the Nasdaq National Market System. Our common stock, warrants and units will commence trading on the Nasdaq National Market System on November 3, 2005 under the symbols BULK, BULKW and BULKU, respectively.

The following table sets forth, for the periods indicated, the reported high and low quoted closing prices of our common stock, warrants and units on the OTC Bulletin Board since December 10, 2004, the date our legal predecessor, ISE, first became a public company. Prior to August 25, 2005, the date ISE acquired us and subsequently merged with and into us, Navios was a privately held company and there was no public trading market for our securities and the information presented below prior to that date reflects the trading activity of ISE, our legal predecessor. The information presented subsequent to August 25, 2005, reflects the trading activity of us for the period subsequent to us becoming a publicly traded company. Prior to December 10, 2004, there was no established public trading market for our common stock.

On November 1, 2005, the closing price of our common stock, warrants and units was $5.45, $0.98 and $7.38, respectively. The quotations listed below reflect inter-dealer prices, without retail markup, markdown or commission, and may not necessarily represent actual transactions:

	Common Stock		Warrants		Units	
Quarter Ended	High	Low	High	Low	High	Low
December 31, 2004	$ —	$ —	—	—	$ 6.90	$ 6.00
March 31, 2005	$ 7.04	$ 5.25	$ 1.96	$ 0.86	$ 10.75	$ 6.50
June 30, 2005	$ 6.15	$ 5.46	$ 1.74	$ 0.67	$ 9.60	$ 6.55
September 30, 2005	$ 6.07	$ 5.66	$ 1.35	$ 0.84	$ 8.73	$ 7.25
December 31, 2005 (through November 1, 2005)	$ 5.95	$ 4.93	$ 1.25	$ 0.94	$ 8.49	$ 6.72

SELECTED CONSOLIDATED FINANCIAL DATA

The Navios historical information is derived from the unaudited consolidated financial statements of Navios as of and for each of the periods ended June 30, 2005 and 2004 and the audited consolidated financial statements of Navios as of December 31, 2004 and 2003 and the results of operations and their cash flows for each of the three years in the period ended December 31, 2004 included elsewhere in this prospectus. Navios historical information as of December 31, 2002, and as of and for the years ended December 31, 2000 and 2001 are derived from the unaudited financial statements which are not included in this prospectus. On December 11, 2002, Navios Corporation completed a business combination with Anemos Maritime Holdings Inc. (Anemos) and Anemos was considered the accounting acquirer in the business combination. The financial statements for the three year period January 1, 2000 to December 31, 2002 include the accounts of Anemos and its wholly-owned subsidiaries for the full year and Navios Corporation for December 11, 2002 through December 31, 2002. The information is only a summary and should be read in conjunction with the historical consolidated financial statements and related notes, to the extent contained elsewhere herein

The purchase of the net assets of Navios by ISE, through the purchase of all of its outstanding shares of common stock, and the subsequent downstream merger of ISE into Navios took place on August 25, 2005. Accordingly, the financial statements and other financial data included in this prospectus do not reflect the acquisition. The historical results included below and elsewhere in this prospectus are not indicative of the future performance of Navios.

	Six months ended June 30,		Year ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
			(In thousands, except per share)				
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Statement of Operations Data							
Revenue	$ 127,326	$ 138,063	$ 279,184	$ 179,734	$ 26,759	$ 21,454	$ 9,271
Gains and losses from forward freight agreements	(799)	38,642	57,746	51,115	494		—
Time charter voyage and port terminal expense	(75,933)	(93,317)	(180,026)	(136,551)	(6,139)	(1,774)	(1,101)
Direct vessel expense	(4,354)	(4,255)	(8,224)	(10,447)	(8,192)	(7,439)	(4,263)
General and administrative expense	(6,748)	(6,380)	(12,722)	(11,628)	(2,263)	(1,234)	(733)
Depreciation and amortization expense	(2,982)	(2,935)	(5,925)	(8,857)	(6,003)	(5,274)	(1,797)
Gain (loss) on sale of assets	—	—	61	(2,367)	(127)	(430)	(1,153)
Interest income	861	200	789	134	41	195	107
Interest expense	(990)	(1,640)	(3,450)	(5,278)	(3,950)	(6,104)	(2,191)
Other income	845	367	374	1,102	72	248	137
Other expense	(595)	(496)	(1,438)	(553)	(6,070)	(2,770)	—
Income (loss) before minority interest	36,631	68,249	126,369	56,404	(5,378)	(3,128)	(1,723)
Minority interest	—	—	—	(1,306)	(324)	—	—
Equity in net earnings of affiliate companies	640	347	763	403	68	96	128
Net income (loss)	$ 37,271	$ 68,596	$ 127,132	$ 55,501	$ (5,634)	(3,032)	(1,595)
Balance Sheet Data (at period end)							
Current assets, including cash	$ 185,028		$ 187,944	$ 179,403	$ 31,020	$ 4,721	$ 7,544
Total assets	333,644		333,292	361,533	215,800	161,610	97,206
Current liabilities, including current portion of long-term debt	115,002		103,527	136,902	38,460	12,204	8,875
Total long-term debt, including current portion	—		50,506	98,188	129,615	115,972	63,453
Mandatory redeemable preferred stock, including current portion	—		—	15,189	9,435	—	—
Shareholders' equity	212,062		174,791	96,292	41,641	38,272	29,720

	Six months ended June 30, 2005	Six months ended June 30, 2004	Year ended December 31, 2004	2003	2002	2001	2000
			(In thousands, except per share)				
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Other Financial Data							
Net cash provided by operating activities	$ 49,647	$ 67,514	$ 137,218	$ 21,452	$ 2,219	$ 7,826	$ 2,224
Net cash provided by (used in) investing activities	(2,841)	(1,519)	(4,967)	26,594	(3,682)	(72,616)	(70,136)
Net cash provided by (used in) financing activities	(500)	(27,569)	(111,943)	(29,416)	5,474	61,976	73,764
Book value per common share — historical and pro forma[1]	242.47	178.37	199.86	98.41	41.64	55.29	42.94
Cash dividends, declared per common share — historical and pro forma[1]	—	—	45.74	—	—	—	—
Income (loss) per common share from continuing operations — historical and pro forma[1]	42.62	72.68	145.36	56.72	(5.63)	(4.38)	(2.30)
Cash paid for common stock dividend declared	—	—	40,000	—	—	—	—
EBITDA[2]	$ 40,382	$ 72,971	$ 135,718	$ 69,502	$ 4,278	$ 10,383	$ 2,286

(1) Per share data has been prepared on a historical basis for the years and periods from January 1, 2003 onwards, while for the three years of 2000 to 2002 it is based on equivalent pro forma basis considering the number of shares allocated to the shareholders of Anemos in the business combination that occurred on December 11, 2002. As a result of the acquisition and merger on August 25, 2005, the per share data on a going forward basis will be substantially different and is more accurately reflected on such basis in accordance with the pro forma information contained in the section ''Acquisition and Merger Pro Forma Financial Information'' herein.

(2) EBITDA represents net earnings before interest (income and expense), taxes, depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by U.S. GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies. EBITDA is included in this prospectus because it is a basis upon which we assess our liquidity position and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness. The

following table reconciles net cash from operating activities, as reflected in the consolidated statements of cash flows, to EBITDA:

Net Cash from Operating Activities	$ 49,647	$67,514	$137,218	$ 21,452	$ 2,219	$ 7,826	$ 2,224
Net increase (decrease) in operating assets	286	(2,603)	(7,195)	20,406	1,915	(9)	422
Net (increase) decrease in operating liabilities	14,743	7,160	3,104	(18,112)	289	(1,805)	(803)
Net Interest cost	129	1,440	2,661	5,144	3,909	8,541	2,084
Amortization of deferred financing costs	(27)	(82)	(773)	(565)	(145)	(117)	(20)
Amortization of deferred drydock costs	(124)	(125)	(249)	(309)	(327)	(591)	(483)
Impairment loss	—	—	—	—	—	(400)	—
Provision for losses on accounts receivable	880	203	573	(1,021)	(101)	—	—
Gain/loss on sale of property, equipment and investments	—	—	61	(2,367)	(127)	(430)	(1,138)
Unrealized gain/loss on derivatives, FEC’s, interest rate swaps and fuel swaps	(25,309)	(464)	254	45,855	(3,098)	(2,632)	—
Undistributed earnings in affiliates	157	(72)	64	325	68		