Navios Maritime Acquisition CORP
Form 6-K
August 06, 2010

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: August 6, 2010
Commission File No. 001-34104
NAVIOS MARITIME ACQUISITION CORPORATION
85 Akti Miaouli Street, Piraeus, Greece 185 38

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:
Form 20-F þ Form 40-F o
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 o No þ
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 o No þ
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 o No þ
If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
N/A

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This Report on Form 6-K is hereby incorporated by reference into the Navios Maritime Acquisition Corporation Registration Statement on Form F-3, File No. 333-151707.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations for the three-month periods ended March 31, 2010 and 2009 of Navios Maritime Acquisition Corporation (referred to herein as we , us or Navios Acquisition). All of these financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Acquisition s 2009 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This Report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on Navios Acquisition s current expectations and observations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to changes in the demand for product and chemical tankers, fluctuation of charter rates, competitive factors in the market in which Navios Acquisition operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Acquisition s filings with the Securities and Exchange Commission.

In addition to Navios Acquisition s historical results, this Report contains (1) the unaudited condensed combined financial statements of the Vessel-Owning Subsidiaries (as defined below) for the three-month periods ended March 31, 2009 and 2010, and (2) the unaudited condensed combined pro forma financial statements of Navios Acquisition to give effect to the contemplated acquisition of the Vessel-Owning Subsidiaries below under Recent Developments. Such financial statements may not be indicative of the future operations or post-closing financial position of such companies.

Recent Developments

Acquisition of VLCC Tanker Vessels

On July 19, 2010, Navios Acquisition announced that it had signed a Securities Purchase Agreement that contemplates the acquisition of a fleet of seven very large crude carrier (VLCC) tankers for an aggregate purchase price of $587.0 million. Navios Acquisition intends to finance the acquisition as follows: $453.0 million with new debt financing, $123.0 million with cash and $11.0 million through the future issuance of Navios Acquisition shares. The final purchase price is subject to customary working capital adjustments, and the consummation of the transaction is subject to a number of conditions, including third-party consents. The transaction is anticipated to close in September 2010.

Fleet Information

Of the seven VLCC vessels (the Vessel-Owning Subsidiaries) being acquired from Vanship Holdings Limited (the Seller), six are currently operating under long-term time charters to Asia-Pacific-based high quality shipping and petrochemical groups, including DOSCO (a wholly owned subsidiary of COSCO), Formosa, SK Shipping and a member of the Sinochem group. The seventh vessel is being constructed currently, with delivery scheduled for June 2011.

The VLCC fleet has an average age of 8.6 years and a remaining charter-out term of 8.8 years with an average charter rate of $40,440 net per day. Five of the seven charters have a profit sharing mechanism that provides for potential upside.

Time Charter Coverage

Upon consummation of this transaction, Navios Acquisition will own 20 vessels and will have contracted 89.1% and 80.2% of its available days on a charter-out basis for 2010 and 2011, respectively.

Warrant Tender Program

Navios Acquisition is offering (the Offer) the holders of 25,300,000 of its outstanding publicly traded warrants issued in its initial public offering (Public Warrants) the limited time opportunity to acquire shares of common stock at a reduced exercise price. The Offer is coupled with a consent solicitation accelerating the ability of Navios Maritime Holdings Inc. (Navios Holdings) and its officers and directors to exercise certain privately issued warrants at the cash exercise price available to the Public Warrants during the Offer.

Under the terms of the Offer, holders of Public Warrants may exercise (1) on a cash basis, at an exercise price of $5.65 per share of common stock and (2) on a cashless basis, at an exchange rate of 4.25 Public Warrants for one share of common stock. A holder may use one or both methods in exercising all or a portion of its Public Warrants.

The Offer has several conditions, including that at least (1) 75% of the Public Warrants outstanding (18,975,000 Public Warrants) are properly exercised and (2) 15% of the Public Warrants outstanding (3,795,000 Public Warrants) are exercised on a cash basis. Both conditions, along with the other conditions, may be waived by Navios Acquisition at its discretion.

Upon consummation of the Offer, Navios Holdings and Angeliki Frangou, Navios Acquisition s Chairman and Chief Executive Officer, will exercise the private warrants that they own for cash for aggregate gross proceeds of $78,167,750.

The Offer commenced on Tuesday, July 27, 2010 and will continue for a period of twenty (20) business days, expiring on Monday, August 23, 2010 at 11:59 p.m., New York City time (the Offer Period). Upon termination of the Offer, the Public Warrants will expire according to their terms on June 25, 2013, subject to earlier redemption as outlined in terms of the Public Warrants.

Offers pursuant to the warrant tender program are made only through Navios Acquisition s Registration Statement on Form F-3 (Registration No. 333-151707), into which this Report has been incorporated by reference, and in conjunction with the related Schedule TO and the Offer Letter to the holders of the Public Warrants, which is included as an exhibit to such Schedule TO.

Delivery of Product Tankers

On June 29, 2010 and July 2, 2010, Navios Acquisition took delivery of the Colin Jacob and Ariadne Jacob, two LR1 product tankers, acquired as part of the acquisition of 13 vessels described below, for $43.5 million each. Both vessels were built in 2007 and immediately commenced three-year time charters at a rate of $17,000 net per day, plus profit sharing. It is anticipated that these charters will generate aggregate base annual EBITDA of approximately $6.9 million, excluding any profit sharing.

Business Combination

Pursuant to the Acquisition Agreement dated April 8, 2010, and approval by Navios Acquisition stockholders on May 25, 2010, Navios Acquisition acquired 13 vessels (11 product tankers and two chemical tankers), plus options to purchase two additional product tankers, by purchasing the stock of the Navios Holdings subsidiary holding directly or indirectly the rights to the shipbuilding contracts or the memoranda of agreement for the vessels. The aggregate purchase price for the vessels was $457.7 million, including approximately $76.5 million refunded to Navios Holdings, which made the first equity installment payment on the vessels of $38.7 million and other associated payments. Navios Acquisition has guaranteed approximately $334.3 million of debt financing.

On May 28, 2010, we consummated the vessel acquisition, which constituted our initial business combination. In connection with the stockholder vote to approve the business combination, holders of 10,021,399 shares of common stock voted against the business combination and elected to redeem their shares in exchange for an aggregate of approximately $99.3 million, which amount was disbursed from the trust account on May 28, 2010. In addition, on May 28, 2010, we disbursed an aggregate of $8.9 million from the trust account to the underwriters of our initial public offering for deferred fees. After disbursement of approximately $76.5 million to Navios Holdings to reimburse it for the first equity installment payment on the vessels of $38.7 million and other associated payments, the balance of the trust account of $66.1 million was released to us for general operating expenses. Following such transaction, we commenced operations as an operating company.

History and Development of Navios Acquisition

Navios Acquisition was incorporated in the Republic of the Marshall Islands on March 14, 2008. We were formed to acquire through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination one or more assets or operating businesses in the marine transportation and logistics industries. As of March 31, 2010, we had neither engaged in any operations nor generated significant revenue. We were considered to be in the development stage as defined in guidance issued by the Financial Accounting Standards Board (FASB) for Accounting and Reporting By Development Stage Enterprises, and as of March 31, 2009, were subject to the risks associated with activities of development stage companies. We have selected December 31st as our fiscal year end. Some highlights of corporate history include:

On March 18, 2008, we issued 8,625,000 sponsor units, or Sponsor Units, to Navios Holdings for $25,000 in cash, at a purchase price of approximately $0.003 per unit. Each Sponsor Unit consists of one share of common stock and one warrant.

On June 11, 2008, Navios Holdings transferred an aggregate of 290,000 Sponsor Units to our officers and directors.

On June 16, 2008, Navios Holdings returned to us an aggregate of 2,300,000 Sponsor Units, which, upon receipt, we cancelled. Accordingly, the initial stockholders own 6,325,000 Sponsor Units.

On July 1, 2008, we consummated our initial public offering. Simultaneously with the closing of the initial public offering, Navios Holdings purchased 7,600,000 warrants from us in a private placement. The proceeds from this

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private placement of warrants were added to the proceeds of the initial public offering and placed in a trust account. The net proceeds of our initial public offering, including amounts in the trust account, were invested in U.S. government securities (U.S. Treasury Bills) with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act. As of March 31, 2010 the trust account had a balance of $250.8 million, including short-term investments, which trust account was subsequently liquidated on the consummation of our initial business combination in May 2010. See Recent Developments.

FINANCIAL HIGHLIGHTS

The financial statements of the acquired Vessel-Owning Subsidiaries contained herein may not be indicative of the future operations or the post-closing financial position of such companies.

This Report on Form 6-K contains unaudited condensed combined financial statements of the Vessel-Owning Subsidiaries for the three months ended March 31, 2009 and 2010. However, such financial statements may not be indicative of the future operations or post-closing financial position of such companies. Revenue and operating income of the Vessel-Owning Subsidiaries for the first quarter of 2010 are both approximately $3.0 million higher than for the comparable 2009 period. However, net income is down from approximately $4.0 million in 2009 to approximately $1.8 million in 2010. Based on information from the Seller, such decrease is due mainly to a loss of approximately $1.8 million on the mark-to-market value of certain interest rate swap agreements and a write off of deferred loan costs of approximately $1.2 million, partially offset by lower interest income. Such derivative financial instruments are required to be extinguished on or prior to the closing of the acquisition and the Securities Purchase Agreement requires the Seller to take a number of other actions that will impact the post-closing financial statements. Accordingly, the unaudited condensed combined statements of income and cash flows contained herein may not be indicative of the operations of the Vessel-Owning Subsidiaries after consummation of the contemplated acquisition.

The same is true of the post-closing balance sheet. The Securities Purchase Agreement, among other things, (i) requires that certain obligations, including obligations to affiliates, be extinguished at the expense of the Seller, (ii) requires that interest rate swap instruments be terminated, and (iii) permits distributions of cash to the Seller. It is also anticipated that certain of the loan agreements will either be paid off or somewhat restructured. Accordingly, the post-closing balance sheet of the acquired Vessel-Owning Subsidiaries may differ significantly from the condensed combined balance sheet included herein. In addition, as a result of the above factors, the operating results pre-acquisition are not indicative of the operating results post-acquisition.

The following table presents our consolidated revenue and expense information for the three-month period ended March 31, 2010, for the three-month period ended March 31, 2009 and for the period from March 14, 2008 (date of inception) to March 31, 2010. Due to the consummation of our initial business combination in May 2010, the information presented herein is not indicative of future operations.

Expressed in U.S. dollars	**Three Months ended March 31, 2010**	**Three Months ended March 31, 2009**	**Period from March 14, 2008 (date of inception) to March 31, 2010**
Revenue	$	$	$
Expenses			
General and administrative expenses	(30,000)	(30,000)	(210,000)
Formation and operating costs	(312,126)	(241,859)	(1,519,274)
Loss from operations	**(342,126)**	**(271,859)**	**(1,729,274)**
Interest income from trust account	31,284	56,381	1,798,490
Other interest	13,643	10,085	33,957

Net income/(loss) applicable to common stockholders	**(297,199)**	**(205,293)**	**102,174**

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Period over Period Comparisons

For the Three-Month Period ended March 31, 2010 compared to Three-Month Period ended March 31, 2009

General and administrative expenses. General and administrative expenses were $0.03 million for the three-month period ending March 31, 2010 and the three-month period ending March 31, 2009. We presently occupy office space provided by Navios Holdings. Navios Holdings has agreed that it will make such office space, as well as certain office and secretarial services, available to us, as may be required by us from time to time. We have agreed to pay Navios Holdings $0.01 million per month for such services. As of March 31, 2010, we accrued $0.06 million for administrative services rendered by Navios Holdings.

Formation and operating costs. Formation and operating costs increased by $0.07 million to $0.3 million for the three-month period ending March 31, 2010 as compared to $0.2 million for the three-month period ending March 31, 2009. This is due to an increase of $0.07 million in professional and other services.

Interest from trust account. Interest from the trust account decreased by $0.03 million to $0.03 million for the three-month period ending March 31, 2010 from $0.06 million for the three-month period ending March 31, 2009. The net proceeds of our initial public offering, including amounts in the trust account, were invested in U.S. Treasury Bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 (the Investment Company Act). The decrease is due mainly to the significant drop in interest rates during 2010.

Other income. Other income is considered immaterial and is related to the unrealized gain that derives from valuation of U.S. Treasury Bills as of March 31, 2010.

Net income decreased by $0.09 million to $0.3 million for the three-month period ending March 31, 2010 from $0.2 million for the three-month period ending March 31, 2009. Net income derived from interest income less general and administrative expenses and formation costs, and the reasons for the decrease are discussed above. For the period presented, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is zero.

Liquidity and Capital Resources

Our liquidity needs have been satisfied to date through receipt of $25,000 in unit subscriptions from our initial stockholders, through a loan of $0.5 million from Navios Holdings, both of which are described below, and the proceeds of our investing activities. As of March 31, 2010, the balance of the loan was zero, as we fully repaid the loan in November 2008.

On July 1, 2008, we closed our initial public offering. Simultaneously with the closing of the initial public offering, we consummated the private placement of 7,600,000 warrants at a purchase price of $1.00 per warrant to Navios Holdings. The initial public offering and the Private Placement generated gross proceeds to us in the aggregate of $260.6 million.

On May 28, 2010, we consummated the vessel acquisition of 13 vessels, which constituted our initial business combination. In connection with the stockholder vote to approve the business combination, holders of 10,021,399 shares of common stock voted against the business combination and elected to convert their shares into an aggregate of approximately $99.3 million, which amount was disbursed from the trust account on May 28, 2010. In addition, on May 28, 2010, we disbursed an aggregate of $8.9 million from the trust account to the underwriters of our initial public offering for deferred fees. After disbursement of approximately $76.5 million to Navios Holdings to reimburse it for the first equity installment payment on the vessels of $38.7 million and other associated payments, the balance of the trust account of $66.1 million was released to us for general operating expenses. Following such transaction, we commenced operations as an operating company.

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Cash Flow

Three-Month Period ended March 31, 2010 compared to Three-Month Period ended March 31, 2009

The following table presents cash flow information for the three-month period ended March 31, 2010, for the three months period ended March 31, 2009 and for the period from March 14, 2008 (date of inception) through March 31, 2009.

Expressed in U.S. dollars	For the three-month period ended March 31, 2010	For the three-month period ended March 31, 2009	Period from March 14, 2008 (date of inception) to March 31, 2010
Net cash provided by (used in) operating activities	$ (327,924)	$ (34,693)	$ 516,966
Net cash provided by (used in) investing activities	671,336	434,140	(250,821,960)
Net cash provided by financing activities			250,735,504
Change in cash and cash equivalents	$ 343,412	$ 399,448	$ 430,510

Cash provided by (used in) operating activities for the three-month period ended March 31,2010 as compared to the three-month period ended March 31, 2009.

Net cash used in operating activities increased by $0.27 million to $0.3 million for the three-month period ended March 31, 2010 as compared to $0.03 million for the three-month period ended March 31, 2009. The increase in cash used in operating activities is due mainly to a $0.3 million loss for the three-month period ended March 31, 2010.

Amounts due to related parties increased by $0.06 million to $0.09 million as of March 31, 2010 from $0.03 million as of December 31, 2009. This increase is due mainly to offering costs reimbursed to Navios Holdings as well as the payment of administrative fees. We presently occupy office space provided by Navios Holdings. Navios Holdings has agreed that it will make such office space, as well as certain office and secretarial services, available to us, as may be required by us from time to time. We have agreed to pay such affiliate $10,000 per month for such services. As of March 31, 2010, we accrued $0.06 million for administrative services rendered by Navios Holdings. This amount is included under amounts due to related parties in the balance sheet.

Prepaid expenses and other current assets decreased by $0.03 million from $0.06 million on December 31, 2009 to $0.03 million on March 31, 2010. This amount is related to directors and officers insurance that covers the 12-month period ended June 25, 2010 and 2009.

Accrued expenses decreased by $0.1 million from $0.4 million at March 31, 2009 to $0.3 million at December 31, 2010. This amount is related to accrued legal and professional fees and to fees charged by bank for services provided relating to U.S. Treasury Bills.

Accounts payable decreased by $0.05 million from $0.06 million at December 31, 2009 to $0.01 million at March 31, 2010. This amount concerns payables mainly for professional fees, legal fees, filing expenses and fees charged by bank for services provided relating to U.S. Treasury Bills.

Cash provided by (used in) investing activities for the three-month period ended March 31, 2010 as compared to the three-month period ended March 31, 2009.

Net cash provided by investing activities increased by $0.2 million to $0.6 million at March 31, 2010 from $0.4 million at March 31, 2009.

Restricted cash held in the trust account, including short-term investments, had a balance of $250.8 million and $251.5 million as of March 31, 2010 and December 31, 2009, respectively. Out of this amount, cash held in the trust account amounted to $0 as of March 31, 2010, and December 31, 2009, respectively, and the balance amount is related to U.S. Treasury Bills. Following the completion of the initial public offering, at least 99.1% of the gross proceeds, after payment of certain amounts to the underwriters, were held in the trust account and invested in U.S. Treasury Bills. Our agreement with the trustee required that the trustee invest and reinvest the proceeds in the trust account only in United States government debt securities within the meaning of Section 2(a) (16) of the Investment Company Act having a maturity of 180 days or less, or in money market funds meeting the conditions under Rule 2a-7 promulgated under the Investment Company Act. As of

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March 31, 2010 and March 31, 2009, the amount of $1.8 million and $0.5 million, respectively, was released to us out of the interest income earned, with the purpose to fund working capital requirements.

Cash provided by financing activities for the three-month period ended March 31, 2010 as compared to the three-month period ended March 31, 2009.

During the three-month periods ended March 31, 2010 and 2009, we did not have any investing activities.

Related Party Transactions

On March 18, 2008, Navios Acquisition issued 8,625,000 sponsor units, or the Sponsor Units, to its sponsor, Navios Holdings, for $25,000 in cash, at a purchase price of approximately $0.003 per unit. Each Sponsor Unit consists of one share of common stock and one warrant.

On June 11, 2008, Navios Holdings transferred an aggregate of 290,000 Sponsor Units to our officers and directors.

On June 16, 2008, Navios Holdings returned to us an aggregate of 2,300,000 Sponsor Units, which we have cancelled. Accordingly, our initial stockholders own 6,325,000 Sponsor Units.

On July 1, 2008, we closed our initial public offering of 25,300,000 units, including 3,300,000 units issued upon the full exercise of the underwriters over-allotment option. Each unit consists of one share of common stock and one warrant that entitles the holder to purchase one share of common stock. The units were sold at an offering price of $10.00 per unit, generating gross proceeds to us of $253.0 million. Simultaneously with the closing of the initial public offering, we consummated a private placement of 7,600,000 warrants at a purchase price of $1.00 per warrant to our sponsor, Navios Holdings. The initial public offering and the private placement generated gross proceeds to us in an aggregate amount of $260.6 million.

Navios Holdings loaned us a total of $0.5 million for the payment of offering expenses. This loan was payable on the earlier of March 31, 2009 or the completion of our initial public offering. On March 31, 2009, the balance of the loan was zero, as we fully repaid the loan in November 2008.

We presently occupy office space provided by Navios Holdings. Navios Holdings has agreed that it will make such office space, as well as certain office and secretarial services, available to us, as may be required by us from time to time. We have agreed to pay Navios Holdings $10,000 per month for such services. As of March 31, 2010 and December 31, 2009, we accrued $60,000 and $30,000, respectively, for administrative services rendered by Navios Holdings. These amounts are included under amounts due to related parties in the balance sheet together with offering costs amounting to $89,993 and $30,118 as of March 31, 2010 and December 31, 2009, respectively, paid by Navios Holdings.

We have also agreed to pay each of the independent directors $50,000 in cash per year for their board service, accruing from the respective start of their service on the board of directors and payable upon the successful consummation of a business combination. As of March 31, 2010 and December 31, 2009, there were three independent directors appointed and the total amounts accrued were $273,390 and $235,890, respectively.

On January 12, 2010, we announced the appointment of Leonidas Korres as our Senior Vice President Business Development. Pursuant to an agreement between us and Navios Holdings, the compensation of Mr. Korres up to the amount of 65,000 was to be paid by Navios Holdings. Compensation to be reimbursed in the amount of 21,435 is included in the amounts due to related parties.

Quantitative and Qualitative Disclosures about Market Risks

Foreign Exchange Risk

Our reporting currency is the U.S. dollar. Although we maintain a cash account with a foreign bank, its expenditures to date have been and are expected to continue to be denominated in U.S. dollars. Accordingly, we have designated our functional currency as the U.S. dollar.

According to guidance issued by the FASB for Foreign Currency Translation, foreign currency balance sheets will be translated into U.S. dollars using the exchange rate in effect rate in effect as of the balance sheet date and the statements of operations will be translated at the average exchange rates for each period. The resulting translation adjustments to the balance sheet will be recorded in accumulated other comprehensive income (loss) within stockholder s equity.

Foreign currency transaction gains and losses will be included in the statement of operations as they occur.

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Concentration of Credit Risk

As at March 31, 2010, financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of U.S. Treasury Bills. As of May 28, 2010, the amount of $250.8 million was released from the trust account following the consummation of our business combination.

Inflation

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

Recent Accounting Pronouncements

Transfers of Financial Assets

In June 2009, the FASB issued new guidance concerning the transfer of financial assets. This guidance amends the criteria for a transfer of a financial asset to be accounted for as a sale, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, changes the initial measurement of a transferor s interest in transferred financial assets, eliminates the qualifying special-purpose entity concept and provides for new disclosures. This new guidance was effective for Navios Acquisition for transfers of financial assets beginning in its first quarter of fiscal 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows.

Determining the Primary Beneficiary of a Variable Interest Entity

In June 2009, the FASB issued new guidance concerning the determination of the primary beneficiary of a variable interest entity (VIE). This new guidance amends current U.S. GAAP by: requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE; amending the quantitative approach previously required for determining the primary beneficiary of the VIE; modifying the guidance used to determine whether an equity is a VIE; adding an additional reconsideration event (troubled debt restructurings) for determining whether an entity is a VIE; and requiring enhanced disclosures regarding an entity s involvement with a VIE.

This new guidance was effective for Navios Acquisition beginning in its first quarter of fiscal 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows. Navios Acquisition will continue to consider the impacts of this new guidance on an on-going basis.

Measuring Liabilities at Fair Value

In August 2009, the FASB released new guidance concerning measuring liabilities at fair value. The new guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain valuation techniques. Additionally, it clarifies that a reporting entity is not required to adjust the fair value of a liability for the existence of a restriction that prevents the transfer of the liability. This new guidance is effective for the first reporting period after its issuance, however earlier application is permitted. The application of this new guidance did not have a significant impact on Navios Acquisition s consolidated financial statements.

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 Acquisition adopted the new guidance in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which will be effective for Navios Acquisition beginning in the first quarter of fiscal 2012. The adoption of the new standards has not had and is not expected to have a significant impact on Navios Acquisition s consolidated financial statements.

Subsequent Events

In February 2010, the FASB issued amended guidance on subsequent events. Securities and Exchange Commission filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and Navios Acquisition adopted these new requirements in the first quarter of fiscal 2010.

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Recently adopted accounting standards:

Business Combinations

In December 2007, the FASB issued guidance which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed any non controlling interest in the acquiree and the goodwill acquired. The guidance also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. The guidance was effective for Navios Acquisition for business combinations after January 1, 2009 and it did not have a material effect on our financial statements.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued guidance which states that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. The guidance also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. Guidance applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. The guidance was effective as of January 1, 2009 and the financial statements were updated to reflect the reporting and disclosure requirements.

Nonfinancial Assets and Nonfinancial Liabilities

In February 2008, the FASB issued guidance which delays the effective date of the guidance application for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). For purposes of applying this guidance, nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other that those meeting the definition of a financial asset or financial liability as defined in guidance The Fair Value Option for Financial Assets and Financial Liabilities. This guidance defers the effective date of relative guidance to fiscal years beginning after November 15, 2008, and the interim periods within those fiscal years for items within the scope of this guidance. The application of this guidance did not have a material effect on our financial statements.

In May 2009, the FASB updated its guidance in ASC 855 (formerly SFAS No. 165) regarding subsequent events, establishing principles and requirements for subsequent events. In particular, ASC 855 sets forth the period after the balance sheet date during which management shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. This updated guidance is effective for interim periods ending after June 15, 2009. The adoption of ASC 855 did not have a material impact on our financial condition or results of operation.

In June 2009, the FASB approved the FASB Accounting Standards Codification (Codification) as the single source of authoritative, nongovernmental, U.S. GAAP to be launched on July 1, 2009. The Codification does not change current U.S. GAAP or how we account for our transactions or the nature of related disclosures made; instead it is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded, and all other accounting literature not included in the Codification will be considered non-authoritative. The Codification is effective for interim and annual periods ending after September 15, 2009. The Codification is effective for us beginning with the year ended December 31, 2009 and did not have an impact on our financial condition or results of operations.

NAVIOS MARITIME ACQUISITION CORPORATION
(a corporation in the development stage)

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NAVIOS MARITIME ACQUISITION CORPORATION
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BALANCE SHEETS

	March 31, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash	$ 430,510	$ 87,099
Prepaid expenses	27,017	55,295
Total current assets	457,527	142,394
Other assets		
Investment in trust account, including restricted cash	250,771,756	251,493,295
Deferred Acquisition Costs	50,204	
Total other assets	250,821,960	251,493,295
Total Assets	$ 251,279,487	$ 251,635,689
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 12,023	$ 56,479
Accrued expenses	339,793	414,215
Amount due to related parties	89,993	30,119
Total current liabilities	441,809	500,813
Long-term liabilities, deferred underwriter s fees	8,855,000	8,855,000
Common stock subject to redemption, 10,119,999 shares at redemption value, $9.91 per share	100,289,190	100,289,190
Commitments		
Stockholders equity		
Preferred stock, $.0001 par value; 1,000,000 shares authorized; none issued		
Ordinary common stock, $.0001 par value, authorized 100,000,000 shares; 31,625,000 shares issued and outstanding (includes the	3,163	3,163

10,119,999 shares subject to redemption)				
Additional paid-in capital		141,588,151		141,588,151
Earnings accumulated during the development stage		102,174		399,372
Total stockholders equity		141,693,488		141,990,686
Total liabilities and stockholders equity	$	251,279,487	$	251,635,689

The accompanying notes are an integral part of these financial statements.

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NAVIOS MARITIME ACQUISITION CORPORATION
(a corporation in the development stage)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months ended March 31, 2010	Three Months ended March 31, 2009	Period from March 14, 2008 (date of inception) to March 31, 2010
Revenue	$	$	$
Expenses			
General and administrative expenses	(30,000)	(30,000)	(210,000)
Formation and operating costs	(312,126)	(241,859.00)	(1,519,274)
Loss from operations	(342,126)	(271,859)	(1,729,274)
Interest income from trust account	31,284	56,381	1,798,490
Other interest	13,643	10,085	32,957
Net income/(loss) applicable to common stockholders	$ (297,199)	$ (205,393)	$ 102,174
Net income/(loss) per ordinary share (excluding shares subject to possible redemption), basic	$ (0.01)	$ (0.01)	$ 0.01
Weighted average number of ordinary shares (excluding shares subject to possible redemption), basic	21,505,001	21,505,001	26,552,575
Net income/(loss) per ordinary share (excluding shares subject to possible redemption), diluted	$ (0.01)	$ (0.01)	$ 0.00
Weighted average number of ordinary shares (excluding shares subject to possible redemption), diluted	21,505,001	21,505,001	26,552,575
Net income/(loss) per ordinary share for shares subject to possible redemption	$ (0.03)	$ (0.02)	$ 0.01
	10,119,999	10,119,999	10,119,999

Weighted average number of ordinary shares subject to possible redemption

The accompanying notes are an integral part of these financial statements.

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NAVIOS MARITIME ACQUISITION CORPORATION
(a corporation in the development stage)
STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Common Shares	Amount	Additional Paid-in Capital	Earnings Accumulated During the Development Stage	Total Stockholders Equity
Sale of units issued to the sponsor at approximately $0.003 per unit on March 18, 2008	8,625,000	$ 863	$ 24,137	$	$ 25,000
Forfeiture of units issued to the sponsor on June 16, 2008	(2,300,000)	(230)	230		
Sale of 25,300,000 units on July 1, 2008 at a price of $10 per unit (including 10,119,999 shares of common stock subject to possible redemption)	25,300,000	2,530	252,997,470		253,000,000
Proceeds from public offering subject to redemption (10,119,999 shares at redemption value) redemption value, $9.91 per share			(100,289,190)		(100,289,190)
Underwriters discount and offering costs related to the public offering			(18,744,496)		(18,744,496)
Sale of 7,600,000 warrants on July 1, 2008 at a price of $1 per warrant to the sponsors			7,600,000		7,600,000
Net income for the period from March 14, 2008 (date of inception) to December 31, 2008				1,047,184	1,047,184
Balance December 31, 2008	**31,625,000**	**$ 3,163**	**$ 141,588,151**	**$ 1,047,184**	**$ 142,638,498**
Net loss for the year				(647,811)	(647,811)
Balance December 31, 2009	**31,625,000**	**$ 3,163**	**$ 141,588,151**	**$ 399,373**	**$ 141,990,687**
Net loss for the year				(297,199)	(297,199)

Balance March 31, 2010 (unaudited)	**31,625,000**	**$ 3,163**	**$ 141,588,151**	**$ 102,174**	**$ 141,693,488**

The accompanying notes are an integral part of these financial statements.

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NAVIOS MARITIME ACQUISITION CORPORATION
(a corporation in the development stage)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three-month period ended March 31, 2010	For the three-month period ended March 31, 2009	For the period from March 14, 2008 (date of inception) to March 31, 2010
Cash flows from operating activities			
Net income (loss)	$ (297,199)	$ (205,393)	$ 102,174
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Change in operating assets and liabilities:			
Prepaid expenses	28,279	28,355	(27,017)
Accrued expenses	(74,422)	40,800	339,793
Amounts due to related parties	59,874	(30,162)	89,993
Accounts payable	(44,456)	131,707	12,023