

**NAVIGATOR HOLDINGS LTD**

**FINANCIAL STATEMENTS FOR THE PERIOD TO**

**JUNE 30, 2012**

**Navigator Holdings Ltd**  
**Index to Financial Statements**

	Page
Second Quarter 2012 financial and operating results	1
Consolidated Balance Sheets as of June 30, 2012 (Unaudited) and December 31, 2011	2
Consolidated Statements of Operations for the three and six month periods ended June 30, 2012 and 2011 (unaudited)	3
Consolidated Statements of Stockholders' Equity for the year ended December 31, 2011 and for the six month period ending June 30, 2012 (unaudited)	4
Consolidated Statements of Comprehensive Income for the six month periods ended June 30, 2012 and 2011 (unaudited)	4
Consolidated Statements of Cash Flows for the six month periods ended June 30, 2012 and 2011 (unaudited)	5
Notes to Consolidated Financial Statements	6

**Navigator Holdings Ltd reports Second Quarter 2012 financial and operating results.****Second Quarter 2012 Results:**

Operating revenue for the three months ended June 30, 2012 amounted to \$37.2 million, an increase of \$15.8 million compared to operating revenue of \$21.4 million for the three months ended June 30, 2011. The average time charter equivalent rate was approximately \$769,000 per calendar month (\$25,275 per day) during this second quarter, compared to \$789,300 per calendar month (\$25,950 per day) a year ago. Fleet utilization for the second quarter was 99.7% compared with 94.5% for the same three month period of 2011.

Net operating revenue, which deducts voyage costs incurred during a voyage charter (bunkers, port costs and canal fees) from operating revenue, amounted to \$29.0 million for the three months ended June 30, 2012 compared to \$17.9 million for the three months ended June 30, 2011, an increase of \$11.1 million, most of which is as a result of additional vessels. The Company acquired two additional vessels to the fleet in the second quarter of 2012; Navigator Pegasus (built June 2009) delivered on April 2, 2012 and Navigator Phoenix (built August 2009), was delivered on April 30, 2012.

Vessel operating expenses increased by \$2.9 million from \$5.7 million for the three months to June 30, 2011 to \$8.6 million for the same period in 2012. This increase is primarily as a result of additional vessels in the fleet.

Net income for the three month period to June 30, 2012 was \$7.1 million or \$0.55 per share, increased from \$4.6 million or \$0.44 per share for the same three months of 2011. EBITDA for the quarter was \$15.8 million compared with \$9.7 million for the quarter ended June 30, 2011.

**First Six Months 2012 Results:**

Operating revenue for the six months ended June 30, 2012 amounted to \$67.0 million, an increase of \$24.3 million compared to operating revenue of \$42.7 million for the six months ended June 30, 2011. The average time charter equivalent rate was approximately \$763,000 per calendar month (\$25,089 per day) during the first six months, compared to \$742,900 per calendar month (\$24,423 per day) a year ago. Fleet utilization for the six months was 99.5% compared with 96.3% for the same six month period of 2011.

Net operating revenue amounted to \$52.8 million for the six months ended June 30, 2012 compared to \$34.0 million for the six months ended June 30, 2011. Of this \$18.8 million increase in net operating revenue \$17.8 million is volume related with \$1.0 million attributable to increased charter rates.

Vessel operating expenses increased by \$4.2 million from \$10.9 million for the six months to June 30, 2011, to \$15.1 million for the same six month period in 2012. This increase is primarily as a result of the additional vessels in the fleet.

Net income for the six month period to June 30, 2012 was \$13.3 million or \$1.12 per share, increased from \$8.7 million or \$0.84 per share for the same six months of 2011. EBITDA for the first six months of 2012 was \$28.6 million with cash generated from operating activities of \$26.5 million. EBITDA was \$18.9 million for the six months ended June 30, 2012.

<b>Navigator Holdings Ltd</b>		
<b>Consolidated Balance Sheets</b>		
<b>(Unaudited)</b>		
	June 30, <u>2012</u>	December 31, <u>2011</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 41,782,796	\$ 26,734,435
Accounts receivable, net	4,422,261	1,303,445
Prepaid expenses and other current assets	5,868,141	5,427,643
Inventories	4,107,679	4,448,830
	<hr/>	<hr/>
Total current assets	56,180,877	37,914,353
Vessels in operation, net	599,294,973	455,268,366
Vessels under construction	10,036,845	30,183,159
Other fixed assets, net	240,610	202,881
Deferred finance costs, net	3,330,729	1,224,375
	<hr/>	<hr/>
Total assets	\$ 669,084,034	\$ 524,793,134
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Current portion of long term debt	\$ 26,842,508	\$ 14,827,696
Accounts payable	4,429,887	4,351,463
Accrued expenses and other liabilities	4,680,777	2,087,847
Deferred income	3,160,246	1,968,225
	<hr/>	<hr/>
Total current liabilities	39,113,418	23,235,231
	<hr/>	<hr/>
<b>Non - current liabilities</b>		
Long term debt, net of current portion	199,814,499	129,529,712
	<hr/>	<hr/>
<b>Stockholders' equity</b>		
Common stock – \$.01 par value; 20,000,000 shares authorized; 12,898,216 shares issued and outstanding (2011: 10,996,450)	128,982	109,965
Additional paid-in capital	352,176,704	305,009,507
Accumulated other comprehensive loss	(123,378)	(146,673)
Retained earnings	77,973,809	67,055,392
	<hr/>	<hr/>
Total stockholders' equity	430,156,117	372,028,191
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 669,084,034	\$ 524,793,134
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to consolidated financial statements.

**Navigator Holdings Ltd**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
<b>Revenues</b>				
Operating revenue	\$ 37,219,448	\$ 21,374,570	\$ 66,916,740	\$ 42,672,860
<b>Expenses</b>				
Address and brokerage commissions	1,131,770	680,517	2,023,423	1,358,011
Voyage expenses	8,205,538	3,518,455	14,161,583	8,625,983
Charter in cost	1,800,000	-	3,600,000	-
Vessel operating expenses	8,560,883	5,713,059	15,104,473	10,915,835
Depreciation and amortization	6,206,132	4,558,377	11,506,089	9,114,836
General and administrative costs	1,194,908	1,316,407	2,535,966	2,263,998
Other corporate expenses	507,761	477,286	849,978	647,305
	<u>27,606,992</u>	<u>16,264,101</u>	<u>49,781,512</u>	<u>32,925,968</u>
<b>Operating income</b>	9,612,456	5,110,469	17,135,228	9,746,892
<b>Other income/(expense)</b>				
Interest expense	(2,433,793)	(518,767)	(3,561,173)	(1,025,375)
Interest income	7,476	1,721	9,192	3,668
<b>Income before income taxes</b>	<u>7,186,139</u>	<u>4,593,423</u>	<u>13,583,247</u>	<u>8,725,185</u>
Income taxes	(121,350)	(30,623)	(245,611)	(46,001)
<b>Net income</b>	<u>\$ 7,064,789</u>	<u>\$ 4,562,800</u>	<u>\$ 13,337,636</u>	<u>\$ 8,679,184</u>
Earnings per share:				
Basic and diluted	<u>\$ 0.55</u>	<u>\$ 0.44</u>	<u>\$ 1.12</u>	<u>\$ 0.84</u>
Weighted average number of shares outstanding:				
Basic and diluted	<u>12,895,689</u>	<u>10,369,947</u>	<u>11,959,964</u>	<u>10,360,555</u>

See accompanying notes to consolidated financial statements.

**Navigator Holdings Ltd**

**Consolidated Statements of Stockholders' Equity  
(Unaudited)**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>January 1, 2011</b>	\$ 103,510	\$ 288,905,478	\$ (138,521)	\$ 58,045,449	\$ 346,915,916
Issuance of common stock	6,250	15,262,200	-	-	15,268,450
Restricted shares issued on:					
March 31, 2011	53	-	-	-	53
April 10, 2011	152	-	-	-	152
Net income	-	-	-	18,650,279	18,650,279
Dividends paid	-	-	-	(9,640,336)	(9,640,336)
Foreign currency translation	-	-	(8,152)	-	(8,152)
Share based compensation plan	-	841,829	-	-	841,829
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>December 31, 2011</b>	109,965	305,009,507	(146,673)	67,055,392	372,028,191
Issuance of common stock	18,750	46,833,623	-	-	46,852,373
Restricted shares issued on:					
February 22, 2012	167	-	-	-	167
April 24, 2012	100	-	-	-	100
Net income	-	-	-	13,337,636	13,337,636
Dividends paid	-	-	-	(2,419,219)	(2,419,219)
Foreign currency translation	-	-	23,295	-	23,295
Share based compensation plan	-	333,574	-	-	333,574
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>June 30, 2012</b>	\$ 128,982	\$ 352,176,704	\$ (123,378)	\$ 77,973,809	\$ 430,156,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Statements of Comprehensive Income**

	Six months ended June 30, 2012	Six months ended June 30, 2011
Net income	\$ 13,337,636	\$ 8,679,184
<b>Comprehensive Income / (loss):</b>		
Foreign currency translation gain	23,295	(1,059)
<b>Total Comprehensive Income</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 13,360,931	\$ 8,678,125

See accompanying notes to consolidated financial statements.

**Navigator Holdings Ltd**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Six months ended June 30, <u>2012</u>	Six months ended June 30, <u>2011</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 13,337,636	\$ 8,679,184
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization	11,506,089	9,114,836
Stock based compensation	333,841	417,208
Amortization of direct financing costs	593,646	120,000
Unrealized foreign exchange	20,922	(7,226)
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(3,118,816)	2,227,307
Prepaid expenses and other current assets	(440,498)	4,035,720
Accounts payable and other liabilities	3,863,374	548,892
Inventories	341,151	720,557
<b>Net cash provided by operating activities</b>	<u>26,437,345</u>	<u>25,856,478</u>
<b>Cash flows from investing activities</b>		
Payment to acquire vessels	(100,522,771)	-
Payment for vessels under construction	(34,797,711)	(35,493,675)
Payment of dry docking costs	-	(6,779)
Purchase of other fixed assets	(101,255)	(52,004)
<b>Net cash used in investing activities</b>	<u>(135,421,737)</u>	<u>(35,552,458)</u>
<b>Cash flows from financing activities</b>		
Proceeds from long term debt, net of direct financing costs	173,828,261	15,100,000
Repayment of long term debt	(94,228,662)	(1,333,333)
Proceeds from issuance of stock, net of issuance costs	46,852,373	-
Dividends paid	(2,419,219)	(4,662,040)
<b>Net cash provided by financing activities</b>	<u>124,032,753</u>	<u>9,104,627</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>15,048,361</u>	<u>(591,353)</u>
<b>Cash and cash equivalents at beginning of period</b>	26,734,435	16,243,112
<b>Cash and cash equivalents at end of period</b>	<u>\$ 41,782,796</u>	<u>\$ 15,651,759</u>
<b>Supplemental Information</b>		
Total interest paid during the period excluding capitalized interest	<u>\$ 2,271,162</u>	<u>\$ 948,803</u>
Total tax paid during the period	<u>\$ 58,745</u>	<u>\$ 35,545</u>

See accompanying notes to consolidated financial statements.

**Navigator Holdings Ltd****Notes to the unaudited Consolidated Financial Statements****1. Basis of Presentation**

In the opinion of the management of Navigator Holdings Ltd (the "Company") the accompanying unaudited financial statements reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position of the Company and its subsidiaries as of June 30, 2012; the results of its operations for the three and six months ended June 30, 2012 and 2011; statement of stockholders equity for the six months ended June 30, 2012; and cash flows for the six months ended June 30, 2012 and 2011.

These condensed consolidated financial statements of the Company and its subsidiaries have been prepared without an audit in accordance with generally accepted accounting principles in the United States of America. Also, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The results for the period ended June 30, 2012 are not necessarily indicative of results for the full 2012 fiscal year or any other future periods. It is recommended that these financial statements be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2011.

**2. Commitments and Contingencies**

The Company occupies office space in London, the lease for which was renegotiated and commenced on March 30, 2012 for a period of ten years, with a tenant break clause after five years, and paying approximately \$515,000 (£321,850) per calendar year.

The Company also occupies property in New York paying approximately \$133,500 per year. The lease is for a period of three years ending August 30, 2012.

On December 14, 2011 the Company time chartered in a vessel for a period of two years at a fixed monthly rate commensurate with the market rate at the time of fixing the charter.

The Company entered into an agreement on April 25, 2012 to construct up to six 21,000 cubic meter, semi refrigerated ethylene gas carriers from Jiangnan Shipyard (Group) Co. Ltd in China for a contract price of approximately \$300 million. At the balance sheet date the Company was committed to the purchase of two of the new build vessels with the commitment to purchase a further two exercised in July 2012. A further option on the remaining two vessels is exercisable before the end of the year. The first vessel is scheduled to be delivered in April 2014 followed by a vessel delivery each two months thereafter.