

NAVIGATOR HOLDINGS LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS TO JUNE 30, 2012 and 2013

(Unaudited)

Navigator Holdings Ltd.
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(Unaudited)

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Navigator Holdings Ltd. reports Second Quarter 2013 financial and operating results.**Second Quarter 2013 Results:**

Operating revenue for the three months ended June 30, 2013 amounted to \$60.5 million, an increase of \$23.3 million or 62.6% when compared to operating revenue of \$37.2 million for the three months ended June 30, 2012. This increase is primarily a result of additional vessels in the fleet, but also from an increase in charter rates, which is in part offset by a slight decrease in vessel utilization. During the quarter and pursuant to sales and purchase agreements dated in November 2012 between the Company and affiliates of A.P. Moller Maersk, a further four vessels were delivered, two semi-refrigerated and two fully-refrigerated vessels.

The average time charter equivalent rate for our semi-refrigerated vessels was approximately \$898,000 per calendar month (\$29,523 per day) during this quarter, compared to \$769,000 per calendar month (\$25,275 per day) for the second quarter of 2012.

The average time charter equivalent rate for the fully-refrigerated vessels was \$827,000 per calendar month (\$27,180 per day) compared to a rate of \$512,000 in the first quarter of 2013 when these vessels undertook lower paying initial positional voyages in order to be fully integrated into our fleet. The Company had no fully-refrigerated vessels during 2012.

Total fleet utilization was 95.3% for the second quarter as the four additional vessels joined the fleet and took some days to be integrated into our chartering programme. Fleet utilization was 99.6% for the full year of 2012.

Net operating revenue, which is operating revenue less voyage expenses, amounted to \$46.0 million for the three months ended June 30, 2013, up by \$17.0 million from the three months ended June 30, 2012. \$12.7 million of this increase is as a result of the additional vessels in the fleet, and \$4.3 million derived from an increase in charter rates, which is in part offset by a decrease in vessel utilization.

Vessel operating expenses increased by \$4.7 million, from \$8.6 million for the three months ended June 30, 2012 to \$13.3 million for the same period in 2013. This increase principally reflects the increased number of vessels in the fleet in 2013, with ownership days at 1,715 for the three month ended June 30, 2013 against 1,153 days for the equivalent period of 2012.

Net income rose to \$11.5 million for the three month period to June 30, 2013 or \$0.74 per share, based on an increased number of shares issued, up from \$7.1 million or \$0.55 per share for the same three months of 2012.

EBITDA for the second quarter of 2013 was \$27.0 million compared with \$15.8 million for the quarter ended June 30, 2012.

First Six Months 2013 Results:

Operating revenue for the six months ended June 30, 2013 amounted to \$102.8 million, an increase of \$35.9 million compared to operating revenue of \$66.9 million for the six months ended June 30, 2012. Net operating revenue, which is operating revenue less voyage expenses, amounted to \$80.6 million for the six months to June 30, 2013, an increase of \$27.9 million from the six months ended June 30, 2012

The Company operated 13 vessels at the beginning of 2013 and took delivery of seven vessels from affiliates of A.P. Moller Maersk since February 1, 2013, giving us a total fleet of 20 vessels at June 30, 2013. Since then, the Company has taken delivery of another vessel from A.P. Moller Maersk with the remaining three vessels expected to be delivered during the third quarter.

Nine of the 15 semi-refrigerated vessels owned at June 30 were on time charters at an average rate of \$885,000 per calendar month. The remaining semi-refrigerated vessels trading on the spot market, and those vessels operating under voyage charters during the first six month of 2013 achieved an average time charter equivalent ("TCE") rate of \$979,000 per calendar month.

With respect to the fully-refrigerated vessels, two of the current five owned vessels are on time charters and three vessels are on the spot market achieving rates varying from \$500,000 per calendar month - for an initial re-positional voyage - to \$1.3 million per calendar month. The average TCE for all charters undertaken since the vessels were first delivered in February 2013 was \$755,700.

Fleet utilization was 95.9% for the first six months of 2013 compared to 99.6% for the full year of 2012.

Vessel operating expenses were \$22.9 million for the six months ended June 30, 2013 up from \$15.1 million for the same period in 2012. This increase principally reflects the increased number of vessels in the fleet in 2013, with ownership days rising to 3,016 for the six month ended June 30, 2013 from 2,114 days for the equivalent period of 2012.

Net income rose to \$19.1 million for the six month period to June 30, 2013 or \$1.30 per share, based on a weighted average number of 14.7 million shares in issue, compared to \$13.3 million or \$1.12 per share for the same six month period of 2012, based on a weighted average number of 12.0 million shares in issue.

EBITDA for the first six months of 2013 was \$47.7 million compared with \$28.6 million for the same period in 2013.

Navigator Holdings Ltd.
Consolidated Balance Sheets
(Unaudited)

	December 31, <u>2012</u>	June 30, <u>2013</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 140,870,317	\$ 86,912,732
Short-term investments	10,000,000	10,000,000
Accounts receivable, net	3,873,849	6,073,375
Accrued income	6,729,551	9,707,098
Prepaid expenses and other current assets	5,079,652	5,645,475
Inventories	4,821,346	8,360,956
Total current assets	<u>171,374,715</u>	<u>126,699,636</u>
Vessels in operation, net	586,660,699	875,663,592
Deposit on vessel acquisitions	47,000,000	16,850,000
Vessels under construction	20,110,888	30,667,352
Property, plant and equipment, net	497,362	448,812
Deferred finance costs, net	6,610,820	12,463,763
Total assets	<u>\$ 832,254,484</u>	<u>\$1,062,793,155</u>
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt	\$ 26,842,508	\$ 47,798,076
Accounts payable	7,943,797	8,358,727
Accrued expenses and other liabilities	5,368,092	8,650,890
Deferred income	2,883,352	1,641,805
Total current liabilities	<u>43,037,749</u>	<u>66,449,498</u>
Non-current liabilities		
Secured term loan facilities, net of current portion	216,393,245	329,166,423
Senior unsecured bond	125,000,000	125,000,000
Total non-current liabilities	<u>341,393,245</u>	<u>454,166,423</u>
Commitments and contingencies		
Stockholders' equity		
Common stock – \$.01 par value; 100,000,000 shares authorized; 15,432,254 shares issued and outstanding, (2012: 12,898,216)	128,982	154,322
Additional paid-in capital	352,636,997	427,981,790
Accumulated other comprehensive loss	(114,507)	(210,830)
Retained earnings	95,172,018	114,251,952
Total stockholders' equity	<u>447,823,490</u>	<u>542,177,234</u>
Total liabilities and stockholders' equity	<u>\$ 832,254,484</u>	<u>\$1,062,793,155</u>

See accompanying notes to condensed consolidated financial statements.

Navigator Holdings Ltd.
Consolidated Statements of Income
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2013	2012	2013
Revenues				
Operating revenue	\$ 37,219,448	\$ 60,503,439	\$ 66,916,740	\$ 102,816,337
Expenses				
Address and brokerage commissions	1,131,770	1,454,912	2,023,423	2,574,834
Voyage expenses	8,205,538	14,536,713	14,161,583	22,260,159
Charter-in cost	1,800,000	1,800,000	3,600,000	3,174,718
Vessel operating expenses	8,560,883	13,342,764	15,104,473	22,933,154
Depreciation and amortization	6,206,132	8,536,163	11,506,089	15,682,539
General and administrative costs	1,194,908	1,796,382	2,535,966	3,194,643
Other corporate expenses	507,761	553,862	849,978	999,183
Total operating expenses	27,606,992	42,020,796	49,781,512	70,819,230
Operating income	9,612,456	18,482,643	17,135,228	31,997,107
Other income / (expense)				
Interest expense	(2,433,793)	(6,942,558)	(3,561,173)	(12,739,434)
Interest income	7,476	12,651	9,192	46,179
Income before income taxes	7,186,139	11,552,736	13,583,247	19,303,852
Income taxes	(121,350)	(91,118)	(245,611)	(223,918)
Net income	\$ 7,064,789	\$ 11,461,618	\$ 13,337,636	\$ 19,079,934
Earnings per share:				
Basic and diluted	\$ 0.55	\$ 0.74	\$ 1.12	\$ 1.30
Weighted average number of shares outstanding:				
Basic and diluted	12,895,689	15,431,109	11,959,964	14,655,195

See accompanying notes to condensed consolidated financial statements.

Navigator Holdings Ltd.

Consolidated Statements of Comprehensive Income
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2013	2012	2013
Net income	\$ 7,064,789	\$ 11,461,618	\$ 13,337,636	\$ 19,079,934
Other Comprehensive Income / (Loss):				
Foreign currency translation (loss) / gain	(31,877)	(8,329)	23,295	(96,323)
Total Comprehensive Income	\$ 7,032,912	\$ 11,453,289	\$ 13,360,931	\$ 18,983,611

Consolidated Statements of Stockholders' Equity
(Unaudited)

	<u>Common Stock at 0.01 par value</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Retained Earnings</u>	<u>Total</u>
January 1, 2012	\$ 109,965	\$ 305,009,507	\$ (146,673)	\$ 67,055,392	\$ 372,028,191
Issuance of common stock	18,750	46,830,997	-	-	46,849,747
Restricted shares issued					
February 22, 2012	167	-	-	-	167
Restricted shares issued					
April 24, 2012	100	-	-	-	100
Net income	-	-	-	30,535,845	30,535,845
Dividends paid	-	-	-	(2,419,219)	(2,419,219)
Foreign currency translation	-	-	32,166	-	32,166
Share-based compensation plan	-	796,493	-	-	796,493
December 31, 2012	128,982	352,636,997	(114,507)	95,172,018	447,823,490
Issuance of common stock	25,000	74,955,022	-	-	74,980,022
Restricted shares issued					
March 31, 2013	200	-	-	-	200
Restricted shares issued					
April 7, 2013	90	-	-	-	90
Restricted shares issued					
April 11, 2013	50	-	-	-	50
Net income	-	-	-	19,079,934	19,079,934
Foreign currency translation	-	-	(96,323)	-	(96,323)
Share-based compensation plan	-	389,771	-	-	389,771
June 30, 2013	\$ 154,322	\$ 427,981,790	\$ (210,830)	\$ 114,251,952	\$ 542,177,234

See accompanying notes to condensed consolidated financial statements.

Navigator Holdings Ltd.

Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30, 2012	Six months ended June 30, 2013
Cash flows from operating activities		
Net income	\$ 13,337,636	\$ 19,079,934
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	11,506,089	15,682,539
Share-based compensation	333,841	390,111
Amortization of deferred financing costs	593,646	842,108
Unrealized foreign exchange	20,922	(70,656)
Changes in operating assets and liabilities		
Accounts receivable	(3,118,816)	(2,199,526)
Inventories	341,151	(3,539,610)
Accrued income and prepaid expenses and other current assets	(440,498)	(3,543,370)
Accounts payable and other liabilities	3,863,374	2,456,179
Net cash provided by operating activities	<u>26,437,345</u>	<u>29,097,709</u>
Cash flows from investing activities		
Payment to acquire vessels	(100,522,771)	(273,072,920)
Payment for vessels under construction	(34,797,711)	(10,556,464)
Payment of drydocking costs	-	(1,392,598)
Purchase of other property, plant and equipment	(101,255)	(47,030)
Release of short-term investments	-	10,000,000
Placement of short-term investments	-	(10,000,000)
Net cash used in investing activities	<u>(135,421,737)</u>	<u>(285,069,012)</u>
Cash flows from financing activities		
Proceeds from secured term loan facilities	176,528,261	147,150,000
Direct financing costs of secured term loan facilities	(2,700,000)	(6,669,871)
Repayment of secured term loan facilities	(94,228,662)	(13,421,254)
Issuance costs of 9% senior unsecured bond	-	(25,179)
Proceeds from issuance of stock	46,875,000	75,000,000
Issuance costs of stock	(22,627)	(19,978)
Dividends paid	(2,419,219)	-
Net cash provided by financing activities	<u>124,032,753</u>	<u>202,013,718</u>
Net increase (decrease) in cash and cash equivalents	<u>15,048,361</u>	<u>(53,957,585)</u>
Cash and cash equivalents at beginning of period	26,734,435	140,870,317
Cash and cash equivalents at end of period	<u>\$ 41,782,796</u>	<u>\$ 86,912,732</u>
Supplemental Information		
Total interest paid during the year, net of amounts capitalized	\$ 2,271,162	\$ 10,786,776
Total tax paid during the year	\$ 58,745	\$ 32,496

See accompanying notes to condensed consolidated financial statements.

Navigator Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements
(Unaudited)****1. Basis of Presentation**

In the opinion of the management of Navigator Holdings Ltd. (the "Company"), the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments, necessary for a fair presentation of the financial position of the Company and its subsidiaries as of June 30, 2013; the results of operations for the three and six months ended June 30, 2013 and 2012; statement of stockholders equity for the six months ended June 30, 2013 and 2012; and cash flows for the six months ended June 30, 2013 and 2012.

These condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America for interim reporting. 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, 2013 are not necessarily indicative of results for the full 2013 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, 2012.

2. Summary of Significant Accounting Policies**(l) Revenue Recognition**

The Company employs its vessels on time charters or voyage charters. With time charters, the Company receives a fixed charter hire per on-hire day, and revenue is recognized on an accrual basis and is recorded over the term of the charter as service is provided. In the case of voyage charters, the vessel is contracted for a voyage between two or more ports and the Company is paid for the cargo transported.

On April 1, 2013, the Company changed its method of accounting for revenue recognition on voyage charters. Previously, the Company determined that a voyage commenced with loading and completed at the point of discharge. The Company now recognizes revenue on a discharge-to-discharge basis in determining percentage of completion for all voyage charters, but does not begin recognizing revenue until a charter has been agreed to by the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port for its next voyage. The Company has adopted this new policy as it considers the decision to undertake a specific voyage is highly dependent on the location of the vessel's prior discharge port and the part of the voyage to the load port is a necessary part of the overall profitability of that voyage. Management believes that given the significant increase in the number of vessels in operation and consequently the number of voyage charters undertaken, the results of the Company could be materially distorted by excluding the proportion of the revenue in sailing to the next load port. The effect of this new accounting policy, since its adoption on April 1, 2013, has not been considered material. Its adoption has not resulted in a retrospective adjustment as of or for the years ended December 31, 2011 or 2012, or for the six months ended June 30, 2012 or 2013, or for the three months ended June 30, 2012, as the impact is not considered material.

Navigator Holdings Ltd.

Notes to the Condensed Consolidated Financial Statements (Continued)
(Unaudited)

3. Vessels in Operation

	<u>Vessel</u>	<u>Drydocking</u>	<u>Total</u>
Cost			
December 31, 2012	\$ 677,418,054	\$ 10,364,236	\$ 687,782,290
Additions	301,131,254	3,484,264	304,615,518
Disposals	-	(801,794)	(801,794)
June 30, 2013	<u>\$ 978,549,308</u>	<u>\$ 13,046,706</u>	<u>\$ 991,596,014</u>
Accumulated Depreciation			
December 31, 2012	\$ 95,425,485	\$ 5,696,106	\$ 101,121,591
Charge for the period	14,171,710	1,440,915	15,612,625
Disposals	-	(801,794)	(801,794)
June 30, 2013	<u>\$ 109,597,195</u>	<u>\$ 6,335,227</u>	<u>\$ 115,932,422</u>
Net Book Value			
June 30, 2013	<u>\$ 868,952,113</u>	<u>\$ 6,711,479</u>	<u>\$ 875,663,592</u>
December 31, 2012	<u>\$ 581,992,569</u>	<u>\$ 4,668,130</u>	<u>\$ 586,660,699</u>

The net book value of vessels that serve as collateral for the Company's bank loans was \$733,442,093 at June 30, 2013.

4. Vessels Under Construction

	<u>December 31</u> <u>2012</u>	<u>June 30</u> <u>2013</u>
Vessels under construction at January 1	\$ 30,183,159	\$ 20,110,888
Payments to shipyard	43,850,300	9,970,000
Other payments including initial stores, capitalized interest and site costs	1,080,801	586,464
Transfer to vessels in operation	(55,003,372)	-
Vessels under construction period end	<u>\$ 20,110,888</u>	<u>\$ 30,667,352</u>

Navigator Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements (Continued)
(Unaudited)****5. Common Stock**

An investment agreement with affiliates of WL Ross & Co. LLC, Mr. David Butters and a third party was entered into on February 15, 2013, to subscribe for shares of common stock with a value of \$75,000,000. These shares were issued, and funds received by the Company, on February 25, 2013.

6. Commitments and Contingencies

The Company occupies office space in London with a lease commencing in March 2012, for a period of ten years, with a mutual break clause after five years, and is paying approximately \$515,000 (£321,850) per calendar year.

The Company also occupies property in New York paying approximately \$231,990 per year. The lease is for a period of five years ending June 30, 2017.

The Company has chartered-in a vessel for a period ending in December 2014 at a fixed monthly rate commensurate with the market rate at the time of fixing the charter.

The Company entered into agreements during April 2012 to purchase up to four 21,000 cbm, semi-refrigerated ethylene-capable liquefied gas carriers which will be built at Jiangnan Shipyard (Group) Co. Ltd in China for an aggregate price of approximately \$200,000,000. The first vessel is scheduled to be delivered in April 2014 followed by a vessel delivery each two months thereafter.

The Company signed an agreement to purchase a fleet of eleven semi-refrigerated and fully-refrigerated handysize vessels from affiliates of A.P. Moller Maersk on November 14, 2012, for a total purchase price of \$470,000,000, at which time the Company paid a 10% deposit. Three vessels were delivered in February 2013 with a further four during the second quarter. An additional vessel was delivered in July, and the remaining three vessels are contracted to be delivered prior to the end of 2013.

A loan facility agreement for \$270,000,000 was entered into on February 12, 2013, between Navigator Gas L.L.C. and Nordea Bank Finland Plc London Branch, Skandinaviska Enskilda Banken AB, DVB Bank SE Nordic Branch, ABN Amro bank N.V. and HSH Nordbank AG, to assist with the financing of the acquisition of the A.P. Moller Maersk vessels. The Company drew down \$147,150,000 from this facility during the second quarter of 2013.

A loan facility agreement for \$120,000,000 was entered into on April 11, 2013, between Navigator Gas L.L.C. and Credit Agricole Corporate and Investment Bank, The Export-Import Bank of China, HSH Nordbank AG and NIBC Bank N.V. to assist with the financing of the four newbuild vessels being built in China.

On July 18, 2013, the Company entered into agreements to construct one 21,000 cubic meter semi-refrigerated ethylene capable gas carrier and two 22,000 cubic meter semi-refrigerated liquefied gas carriers for a combined price of approximately \$138 million. In addition, the Company has options to construct a further two 22,000 cubic meter semi-refrigerated liquefied gas carriers, exercisable by October 2013. All vessels will be constructed by Jiangnan Shipyard (Group) Co Ltd. in China, and are scheduled for delivery during 2015.