

NAVIGATOR HOLDINGS LTD

FINANCIAL STATEMENTS FOR THE PERIOD TO

SEPTEMBER 30, 2012

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

Operating revenue for the three months ended September 30, 2012 amounted to \$39.6 million, an increase of \$18.1 million compared to operating revenue of \$21.5 million for the three months ended September 30, 2011. The average time charter equivalent rate was approximately \$788,000 per calendar month (\$25,915 per day) during this third quarter, compared to \$760,000 per calendar month (\$24,986 per day) a year ago. Fleet utilization for the third quarter was 99.2% compared with 98.1% 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 \$32.4 million for the three months ended September 30, 2012 compared to \$18.0 million for the three months ended September 30, 2011, an increase of \$14.4 million, most of which is as a result of additional vessels being added to the fleet. Since the third quarter of last year the Company has taken delivery of two new builds; Navigator Leo delivered on September 27, 2011 and Navigator Libra delivered on February 9, 2012. The Company also acquired two additional vessels from the existing tonnage in our sector during 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 \$3.5 million from \$5.7 million for the three months to September 30, 2011 to \$9.2 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 September 30, 2012 was \$8.4 million or \$0.65 per share, increased from \$5.4 million or \$0.52 per share for the same three months of 2011. EBITDA for the quarter was \$17.2 million compared with \$10.5 million for the quarter ended September 30, 2011.

First Nine Months 2012 Results:

Operating revenue for the nine months ended September 30, 2012 amounted to \$106.5 million, an increase of \$42.3 million compared to operating revenue of \$64.2 million for the nine months ended September 30, 2011. The average time charter equivalent rate was approximately \$772,500 per calendar month (\$25,397 per day) during the first nine months, compared to \$748,700 per calendar month (\$24,615 per day) a year ago. Fleet utilization for the nine months was 99.4% compared with 97.0% for the same nine month period of 2011.

Net operating revenue amounted to \$85.2 million for the nine months ended September 30, 2012 compared to \$52.1 million for the nine months ended September 30, 2011. Of this \$33.1 million increase in net operating revenue \$31.4 million is volume related with \$1.7 million attributable to increased charter rates.

Vessel operating expenses increased by \$7.7 million from \$16.6 million for the nine months to September 30, 2011, to \$24.3 million for the same nine month period in 2012. This increase is primarily as a result of the additional vessels in the fleet.

Net income for the nine month period to September 30, 2012 was \$21.7 million or \$1.77 per share, increased from \$14.0 million or \$1.35 per share for the same nine months of 2011. EBITDA for the first nine months of 2012 was \$45.8 million with cash generated from operating activities of \$38.6 million. EBITDA was \$29.3 million for the nine months ended September 30, 2011.

Navigator Holdings Ltd		
Consolidated Balance Sheets		
(Unaudited)		
	September 30, <u>2012</u>	December 31, <u>2011</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 37,172,573	\$ 26,734,435
Accounts receivable, net	5,213,987	1,303,445
Prepaid expenses and other current assets	8,711,126	5,427,643
Inventories	4,102,443	4,448,830
Total current assets	<u>55,200,129</u>	<u>37,914,353</u>
Vessels in operation, net	592,966,559	455,268,366
Vessels under construction	20,099,413	30,183,159
Other fixed assets, net	233,370	202,881
Deferred finance costs, net	3,147,947	1,224,375
Total assets	<u>\$ 671,647,418</u>	<u>\$ 524,793,134</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long term debt	\$ 26,842,508	\$ 14,827,696
Accounts payable	5,086,864	4,351,463
Accrued expenses and other liabilities	4,683,610	2,087,847
Deferred income	3,193,897	1,968,225
Total current liabilities	<u>39,806,879</u>	<u>23,235,231</u>
Non - current liabilities		
Long term debt, net of current portion	<u>193,103,872</u>	<u>129,529,712</u>
Stockholders' equity		
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	352,357,132	305,009,507
Accumulated other comprehensive loss	(100,102)	(146,673)
Retained earnings	86,350,655	67,055,392
Total stockholders' equity	<u>438,736,667</u>	<u>372,028,191</u>
Total liabilities and stockholders' equity	<u>\$ 671,647,418</u>	<u>\$ 524,793,134</u>

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd
Consolidated Statements of Operations
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Revenues				
Operating revenue	\$ 39,571,570	\$ 21,489,029	\$ 106,488,310	\$ 64,161,889
Expenses				
Address and brokerage commissions	1,137,636	641,745	3,161,059	1,999,756
Voyage expenses	7,152,534	3,446,545	21,314,117	12,072,528
Charter in cost	3,495,331	-	7,095,331	-
Vessel operating expenses	9,165,211	5,691,679	24,269,684	16,607,513
Depreciation and amortization	6,338,986	4,557,936	17,845,075	13,672,772
General and administrative costs	1,180,946	921,817	3,716,912	3,185,816
Other corporate expenses	234,470	301,101	1,084,448	948,406
	28,705,114	15,560,823	78,486,626	48,486,791
Operating income	10,866,456	5,928,206	28,001,684	15,675,098
Other income/(expense)				
Interest expense	(2,384,960)	(536,299)	(5,946,133)	(1,561,674)
Interest income	26,444	2,647	35,636	6,315
Income before income taxes	8,507,940	5,394,554	22,091,187	14,119,739
Income taxes	(131,094)	(33,825)	(376,705)	(79,826)
Net income	\$ 8,376,846	\$ 5,360,729	\$ 21,714,482	\$ 14,039,913
Earnings per share:				
Basic and diluted	\$ 0.65	\$ 0.52	\$ 1.77	\$ 1.35
Weighted average number of shares outstanding:				
Basic and diluted	12,898,216	10,371,450	12,274,998	10,364,226

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>
January 1, 2011	\$ 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
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December 31, 2011	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	-	-	-	21,714,482	21,714,482
Dividends paid	-	-	-	(2,419,219)	(2,419,219)
Foreign currency translation	-	-	46,571	-	46,571
Share based compensation plan	-	514,002	-	-	514,002
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
September 30, 2012	\$ 128,982	\$ 352,357,132	\$ (100,102)	\$ 86,350,655	\$ 438,736,667
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Consolidated Statements of Comprehensive Income

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net income	\$ 21,714,482	\$ 14,039,913
Comprehensive Income / (loss):		
Foreign currency translation gain	46,571	(9,750)
Total Comprehensive Income	<hr/> <hr/>	<hr/> <hr/>
	\$ 21,761,053	\$ 14,030,163

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30, <u>2012</u>	Nine months ended September 30, <u>2011</u>
Cash flows from operating activities		
Net income	\$ 21,714,482	\$ 14,039,913
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	17,845,075	13,672,772
Stock based compensation	514,269	632,025
Amortization of direct financing costs	776,428	194,087
Unrealized foreign exchange	41,819	(13,194)
Changes in operating assets and liabilities		
Accounts receivable	(3,910,542)	2,163,055
Prepaid expenses and other current assets	(3,283,483)	3,798,772
Accounts payable and other liabilities	4,556,835	2,262,803
Inventories	346,386	(196,762)
Net cash provided by operating activities	<u>38,601,269</u>	<u>36,553,471</u>
Cash flows from investing activities		
Payment to acquire vessels	(100,538,753)	(68,704,887)
Payment for vessels under construction	(44,832,038)	-
Payment of dry docking costs	-	(6,779)
Purchase of other fixed assets	(114,466)	(50,728)
Net cash used in investing activities	<u>(145,485,257)</u>	<u>(68,762,394)</u>
Cash flows from financing activities		
Proceeds from long term debt, net of direct financing costs	173,828,261	47,100,000
Repayment of long term debt	(100,939,289)	(3,740,741)
Proceeds from issuance of stock, net of issuance costs	46,852,373	-
Dividends paid	(2,419,219)	(6,943,759)
Net cash provided by financing activities	<u>117,322,126</u>	<u>36,415,500</u>
Net increase in cash and cash equivalents	<u>10,438,138</u>	<u>4,206,577</u>
Cash and cash equivalents at beginning of period	26,734,435	16,243,112
Cash and cash equivalents at end of period	<u>\$ 37,172,573</u>	<u>\$ 20,449,689</u>
Supplemental Information		
Total interest paid during the period excluding capitalized interest	<u>\$ 3,997,792</u>	<u>\$ 1,556,251</u>
Total tax paid during the period	<u>\$ 100,598</u>	<u>\$ 59,247</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 September 30, 2012; the results of its operations for the three and nine months ended September 30, 2012 and 2011; statement of stockholders equity for the nine months ended September 30, 2012; and cash flows for the nine months ended September 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 September 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 with the lease being renewed during the year and paying approximately \$231,990 per year. The new 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 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 four of the new build vessels. 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.