

Gulf Navigation Holding PJSC

Condensed consolidated interim
financial statements

30 June 2009

Gulf Navigation Holding PJSC

Condensed consolidated interim financial statements

30 June 2009

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Independent Auditors' Report on Review of Interim Financial Information

The Shareholders
Gulf Navigation Holding PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Gulf Navigation Holding PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2009, and the related consolidated interim statement of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim statement of income), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity for the six-month period then ended (the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. The condensed consolidated interim financial information of the Group as at and for the six month period ended 30 June 2008 and annual financial statements of the Group as at and for the year ended 31 December 2008 were reviewed and audited respectively by another auditor, whose report dated 17 July 2008 and 29 January 2009 expressed an unqualified conclusion and opinion thereon.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the six-month period ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendranath Malhotra
(Registration No. B 48)
Dubai, United Arab Emirates

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of income (Unaudited)

For the six months ended 30 June 2009

		Six months period from		Three months period from	
		1 January to	1 January to	1 April to	1 April to
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note	AED'000	AED'000	AED'000	AED'000
Operating revenue	4	170,102	200,883	88,230	106,047
Operating costs	5	(148,321)	(96,525)	(80,904)	(50,547)
Gross profit		21,781	104,358	7,326	55,500
Other income	6	8,178	905	7,848	561
Finance income	7	17,257	14,800	7,803	5,606
Administrative expenses	8	(13,187)	(13,039)	(6,302)	(6,749)
Finance costs		(23,852)	(14,066)	(12,874)	(6,626)
Profit / (loss) for the period		10,177	92,958	3,801	48,292
Earnings per share					
- Basic and diluted	12	AED 0.006	AED 0.056	AED 0.002	AED 0.029

The notes on pages 7 to 15 form part of these condensed consolidated interim financial statements.

The Report on Review of Interim Financial Information is set out on page 1.

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of comprehensive income (Unaudited)

For the six months ended 30 June 2009

	Six months period from		Three months period from	
	1 January to 30 June 2009 (Unaudited) AED'000	1 January to 30 June 2008 (Unaudited) AED'000	1 April to 30 June 2009 (Unaudited) AED'000	1 April to 30 June 2008 (Unaudited) AED'000
Profit / (loss) for the period	10,177	92,958	3,801	48,292
Other comprehensive income				
Net movement in fair value of cash flow hedges	20,766	(5,514)	14,584	23,924
Directors' fee	(4,910)	(4,110)	-	276
Profit of LLC transferred to PJSC	-	27,708	-	27,708
	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the period	15,856	18,084	14,584	51,908
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	26,033	111,042	18,385	100,200
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 15 form part of these condensed consolidated interim financial statements.

The Report on Review of Interim Financial Information is set out on page 1.

Gulf Navigation Holding PJSC

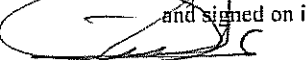
Condensed consolidated interim statement of financial position (Unaudited)

As at 30 June 2009

	Note	30 June 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
Assets			
Non-current assets			
Vessels and equipment	9	1,842,253	1,769,298
Goodwill		554,794	554,794
		<u>2,397,047</u>	<u>2,324,092</u>
Current assets			
Inventories		15,693	8,154
Trade and other receivable		92,054	56,674
Cash and cash equivalents		491,131	648,718
		<u>598,878</u>	<u>713,546</u>
Total assets		<u><u>2,995,925</u></u>	<u><u>3,037,638</u></u>
Equity and liabilities			
Equity			
Share capital		1,655,000	1,655,000
Statutory reserve		28,891	28,891
Retained earnings		40,635	85,018
		<u>1,724,526</u>	<u>1,768,909</u>
Interest rate hedging fair value		(60,192)	(80,958)
Total equity		<u>1,664,334</u>	<u>1,687,951</u>
Non-current liabilities			
Term loans	10	1,074,241	1,061,471
Employees' end of service benefits		1,054	813
		<u>1,075,295</u>	<u>1,062,284</u>
Current liabilities			
Bank overdraft		-	17,508
Interest rate hedging fair value		60,192	80,958
Current portion of term loans		116,137	112,637
Accounts payable and accruals		74,053	70,386
Amounts due to related parties		5,914	5,914
		<u>256,296</u>	<u>287,403</u>
Total liabilities		<u>1,331,591</u>	<u>1,349,687</u>
Total equity and liabilities		<u><u>2,995,925</u></u>	<u><u>3,037,638</u></u>

The notes on pages 7 to 15 form part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on
and signed on its behalf by:



Abdullah Al-Shuraim
Chairman

The Report on Review of Interim Financial Information is set out on page 1.

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of cash flows (Unaudited)

For the six months ended 30 June 2009

	2009 (Unaudited) AED'000	2008 (Unaudited) AED'000
<i>Note</i>		
Operating activities		
Profit for the period	10,177	92,958
<i>Adjustments for:</i>		
Depreciation	50,514	32,106
Provision for employees' end of service benefits	263	254
Profit on sale of vessels and equipment	-	(36)
Interest income	(17,257)	(14,800)
Finance costs	23,852	14,066
<i>Operating profit before working capital changes</i>	<u>67,549</u>	<u>124,548</u>
Change in inventories	(7,539)	(1,176)
Change in accounts receivable and prepayments	(35,380)	(3,758)
Change in accounts payable and accruals	3,667	(4,614)
Directors fees paid	(4,910)	(4,110)
Employees' end of service benefits paid	(21)	(132)
<i>Net cash from operating activities</i>	<u>23,366</u>	<u>110,758</u>
Investing activities		
Purchase of vessels and equipment	9	(132,602)
Proceeds from disposal of vessels and equipment	9	-
Interest received	17,257	14,800
<i>Net cash used in investing activities</i>	<u>(115,345)</u>	<u>(239,785)</u>
Financing activities		
Receipt of term loans	10	79,570
Repayment of term loans		(54,168)
Dividends paid		(49,650)
Interest paid		(23,852)
<i>Net cash (used in) / from financing activities</i>		<u>(48,100)</u>
Decrease in cash and cash equivalents	(140,079)	(60,378)
Cash and cash equivalents at the beginning of period (refer note (i))	631,210	736,959
Cash and cash equivalents at end of the period	<u><u>491,131</u></u>	<u><u>676,581</u></u>
(i) Cash and cash equivalents as at 31 December 2008 comprise:		
Cash at bank and in hand	648,718	
Bank overdrafts	(17,508)	
	<u>631,210</u>	

The notes on pages 7 to 15 form part of these condensed consolidated interim financial statements.

The Report on Review of Interim Financial Information is set out on page 1.

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of changes in equity (Unaudited)

For the six months ended 30 June 2009

	Share Capital AED '000	Statutory reserve AED '000	Cumulative changes in fair values AED '000	Retained earnings AED '000	Proposed dividends AED '000	Total AED '000
Balance at 1 January 2008	1,655,000	14,068	(19,918)	10,767	115,850	1,775,767
Total comprehensive (expense) / income for the period	-	-	(5,514)	116,556	-	111,042
Transferred on approval in AGM	-	-	-	-	(115,850)	(115,850)
Balance at 30 June 2008	<u>1,655,000</u>	<u>14,068</u>	<u>(25,432)</u>	<u>127,323</u>	<u>-</u>	<u>1,770,959</u>
Balance at 1 January 2009	1,655,000	28,891	(80,958)	85,018	-	1,687,951
Total comprehensive income for the period	-	-	20,766	5,267	-	26,033
Dividend for 2008 paid	-	-	-	(49,650)	-	(49,650)
Balance at 30 June 2009	<u>1,655,000</u>	<u>28,891</u>	<u>(60,192)</u>	<u>40,635</u>	<u>-</u>	<u>1,664,334</u>

The notes on pages 7 to 15 form part of these condensed consolidated interim financial statements.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

1 Reporting entity

Gulf Navigation Holding PJSC (“the Company” or “the Parent Company”) was incorporated on 30 October 2006 as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984 (as amended). The Company is primarily engaged in marine transportation of commodities, chartering vessels, ship agency, marine transport under special passenger and merchant contracts, clearing and forwarding services and container loading, unloading, discharging and packaging services through its subsidiaries as listed below. The Company is operated from 32nd Floor, Suite number 3201, Saba Tower-1, Jumeirah Lake Towers, Dubai, United Arab Emirates.

The Company and its following directly or indirectly wholly owned subsidiaries are referred to as “the Group” in the condensed consolidated interim financial statements.

<i>Subsidiaries</i>	<i>Country of incorporation</i>
Gulf Navigation Holding PJSC	United Arab Emirates
Gulf Navigation Group FZCO	United Arab Emirates
Gulf Navigation Ship Management FZE	United Arab Emirates
Gulf Ship FZE	United Arab Emirates
Gulf Crude Carriers LLC	United Arab Emirates
Gulf Chemical Carriers LLC	United Arab Emirates
Lam Gulf Maritime Co LLC	United Arab Emirates
Gulf Navigation and Brokerage LLC	Oman
Gulf Huwaylat Corporation	Panama
Gulf Deffi Corporation	Panama
Gulf Jalmuda Corporation	Panama
Gulf Fanatir Corporation	Panama
Gulf Ahmadi Shipping Inc	Marshall Islands
Gulf Jash Shipping Inc	Panama
Gulf Mishref Shipping Inc	Marshall Islands
Gulf Mizwar Shipping Inc	Marshall Islands
Gulf Shagra Shipping Inc	Marshall Islands
Gulf Sieb Shipping Inc	Panama
Gulf Riyadh Shipping Inc	Marshall Islands
Gulf Safwa Shipping Inc	Marshall Islands
Gulf Sheba Shipping Limited	Hong Kong

2 Basis of preparation and accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. These financial statements do not include all the information required for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2008.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

2 Basis of preparation and accounting policies (continued)

Basis of preparation (continued)

The functional currency of the Group is US Dollars. However, the condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams being the domicile currency. Amounts in US Dollars have been translated into United Arab Emirates Dirhams at the rate of USD 1 = AED 3.66.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for derivative financial instruments.

Basis of consolidation

The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as "the Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Significant accounting policies

The Group has consistently applied the accounting policies and methods of computation used for the preparation of last published annual consolidated financial statements for the year ended 31 December 2008. However, the Group has adopted IAS 1 'Presentation of financial statements' (Revised 2007) and IFRS 8 'Operating segments' for the first time in preparation of these condensed consolidated interim financial statements. These new and revised IASs, which became applicable for annual periods beginning on or after 1 January 2009, affects the presentation and disclosure of these condensed consolidated interim financial statements and does not affect the Group's reported profit or loss or equity.

IAS 1 - Presentation of financial statements (Revised 2007)

The revised IAS introduces the term 'total comprehensive income' which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The Group has applied the revised IAS 1 retrospectively and has adopted two statement approach to present comprehensive income i.e. income statement and a separate statement of comprehensive income. Further the revised IAS 1 has also changed the title of 'balance sheet' to 'statement of financial position'.

IFRS 8 - Operating segments

The Group has presented the segment information in respect of its business segments.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

2 Basis of preparation and accounting policies (continued)

Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

3 Operating segments

Business segments

The Group comprises the following main business segments:

- *Vessel owning & chartering*: The chartering of the vessels to the customers.
- *Commercial*: The trading of goods such as supplies, chemicals, gases required for ships.
- *Agency*: Providing agency services to the ships calling at the ports.
- *Ship management*: Providing ship handling, maintenance and repairs, technical support services.
- *Other*: Includes management of all the divisions and administrative activities.

Geographical segments

The chief operating decision maker of the Group does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

3 Operating segments (continued)

Information about reportable segments

	For the three months period from 1 April to 30 June 2009						For the three months period from 1 April to 30 June 2008					
	Vessel owning & chartering	Commercial	Agency	Ship Management	Other segment elimination	Total	Vessel owning & chartering	Commercial	Agency	Ship Management	Other segment elimination	Total
Total revenues	84,175	1,187	2,868	1406	-	88,230	100,605	877	4,565	1,172	-	106,047
Interest income	29	-	1	2	7,771	7,803	465	-	1	3	-	5,006
Other misc. income	7,554	186	10	36	62	7,848	236	224	20	14	67	561
Operating cost	(79,519)	(1,037)	(1,699)	-	-	(80,904)	(47,607)	(735)	(3,155)	-	950	(50,547)
Interest expense	(12,740)	(5)	(5)	(22)	(103)	(12,875)	(6,611)	(2)	(4)	(3)	(6)	(6,626)
Depreciation Other administrative expenses	(2)	(9)	(49)	(10)	(190)	(260)	-	(7)	(44)	(9)	(191)	(251)
Reportable segment profit	-	(276)	(1,038)	(1,848)	(2,879)	(6,041)	(1,336)	(309)	(920)	(1,144)	(2,789)	(6,498)
	(503)	46	88	(436)	4,661	3,801	45,752	48	463	33	2,218	48,292

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

4 Operating revenue

	Six months period from		Three months period from	
	1 January to 30 June 2009 (Unaudited) AED'000	1 January to 30 June 2008 (Unaudited) AED'000	1 April to 30 June 2009 (Unaudited) AED'000	1 April to 30 June 2008 (Unaudited) AED'000
Vessel chartering	162,114	191,068	84,175	100,605
Ship agency	5,949	8,245	2,868	4,565
Commercial agency	2,039	1,570	1,187	877
	<u>170,102</u>	<u>200,883</u>	<u>88,230</u>	<u>106,047</u>

5 Operating cost

	Six months period from		Three months period from	
	1 January to 30 June 2009 (Unaudited) AED'000	1 January to 30 June 2008 (Unaudited) AED'000	1 April to 30 June 2009 (Unaudited) AED'000	1 April to 30 June 2008 (Unaudited) AED'000
Vessel chartering				
Ship running	56,146	33,844	27,577	18,221
Vessel depreciation	36,656	24,775	19,570	12,799
Bareboat hire	11,477	11,541	5,770	5,771
Commission on Freight	4,303	6,810	2,391	3,389
Dry docking write off	11,247	5,659	5,838	2,828
Charter hire	-	4,109	-	2,054
Bunker expense	16,098	261	11,593	105
Port Disbursement Expenses	4,885		4,038	
Other Miscellaneous	2,141	2,491	1,413	1,513
Ship agency				
Operating cost	3,315	5,435	1,544	2,999
Vessel depreciation	265	266	133	133
Commercial agency	1,788	1,334	1,037	735
	<u>148,321</u>	<u>96,525</u>	<u>80,904</u>	<u>50,547</u>

6 Other income

	Six months period from		Three months period from	
	1 January to 30 June 2009 (Unaudited) AED'000	1 January to 30 June 2008 (Unaudited) AED'000	1 April to 30 June 2009 (Unaudited) AED'000	1 April to 30 June 2008 (Unaudited) AED'000
Write back of excess provision of bad and doubtful debts	7,423	-	7,423	-
Miscellaneous income	755	905	425	561
	<u>8,178</u>	<u>905</u>	<u>7,848</u>	<u>561</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

7 Finance income

	Six months period from		Three months period from	
	1 January to	1 January to	1 April to	1 April to
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Finance income (i)	17,066	13,580	7,741	5,110
Other finance income	191	1,220	62	496
	<u>17,257</u>	<u>14,800</u>	<u>7,803</u>	<u>5,606</u>

(i) Finance income mainly represents profit earned on funds placed with Sharia compliant financial institutions.

8 Administrative expenses

	Six months period from		Three months period from	
	1 January to	1 January to	1 April to	1 April to
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Staff salaries and benefits	8,142	6,146	4,167	3,215
Other administrative expenses	5,045	6,893	2,135	3,534
	<u>13,187</u>	<u>13,039</u>	<u>6,302</u>	<u>6,749</u>

9 Vessels and equipment

Vessels and equipment include AED 188,557 thousand (31 December 2008: AED 529,499 thousand) in respect of vessels under construction.

During the six months ended 30 June 2009, the Group acquired assets with a cost of AED 132,602 thousand (six months ended 30 June 2008: AED 254,672 thousand). The amount of borrowing costs included in the additions during the period is AED 3,948 thousand (six months ended 30 June 2008: AED 7,654 thousand). During the period, the Group received 2 new vessels from MIPCO yard (Korea) which are chartered for 15 years.

Assets with a net book value of AED Nil (six months ended 30 June 2008: AED 51 thousand) were disposed by the Group during the six months ended 30 June 2009, resulting in a net gain on disposal of AED Nil (six months ended 30 June 2008: AED 36 thousand).

Vessels having net book value of AED 1,573,123 thousand (31 December 2008: AED 1,186,851 thousand) and vessels under construction at 30 June 2009 are mortgaged as security for term loan (note 10).

10 Term loans

The Group has obtained loans from three commercial banks for acquiring ships amounting to AED 1,199,510 thousand (31 December 2008: AED 1,174,108 thousand). These loans are secured against assignment of vessels mortgage and pledge of shares of subsidiaries owning these vessels.

The vessel which are under constructions are secured against assignment of vessels building contract from ship yard, assignment of refund guarantee and pledge of shares of subsidiaries owning the vessel.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

11 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

There were no transactions with related parties included in the consolidated interim income statement.

Amounts due to related parties at the balance sheet date represent amounts payable to the shareholders of Gulf Navigation Holding LLC (the LLC) in respect of an amount of AED 5,914 thousand retained to cover the amounts of awards receivables guaranteed by them. Awards receivables of AED 5,914 included in trade receivables, represents amounts awarded by the arbitrators for claims filed by formerly Gulf Navigation Holding LLC against certain third parties. In accordance with an undertaking given by certain shareholders of Gulf Navigation Holding LLC, any un-recovered amount will be set-off against amounts payable to them.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months period from		Three months period from	
	1 January to	1 January to	1 April to	1 April to
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Short-term benefits	994	979	616	557
Employees end of service benefits	26	14	17	-
	<u>1,020</u>	<u>993</u>	<u>633</u>	<u>557</u>

12 Earnings per share

	Six months period from		Three months period from	
	1 January to	1 January to	1 April to	1 April to
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Profit for the period (in thousands)	10,177	92,958	3,801	48,292
Add: Directors' fees waived (in thousand)	-	276	-	276
	<u>10,177</u>	<u>93,234</u>	<u>3,801</u>	<u>48,568</u>
Weighted average number of shares outstanding during the period (in thousand)	<u>1,655,000</u>	<u>1,655,000</u>	<u>1,655,000</u>	<u>1,655,000</u>
Basic and diluted earnings per share	<u>AED 0.006</u>	<u>AED 0.056</u>	<u>AED 0.002</u>	<u>AED 0.029</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the six months ended 30 June 2009

13 Commitments

Lease commitments

The Group has obtained a vessel under a bareboat charter for a period of seven years to October 2011. The charter hire is payable as follows:

	30 June 2009 AED'000	31 December 2008 AED'000
Within one year	23,378	23,380
After one year but not more than five years	31,256	60,463
	<hr/>	<hr/>
Lease expenditure contracted for at the balance sheet date	54,634	83,843
	<hr/>	<hr/>

Capital expenditure commitments

Estimated capital expenditure contracted for at the balance sheet date but not provided for:

	30 June 2009 AED'000	31 December 2008 AED'000
Vessels being bought for future use	258,250	258,250
Other vessels	1,581	1,581
	<hr/>	<hr/>

14 Contingencies

- (i) An arbitrator awarded an amount of AED 13,960 thousand on 9 May 2006 in respect of a claim filed by Gulf Navigation Holding LLC (the LLC) against a third party. The management considers that the arbitration award is a positive step towards recovering the amount through a court of law. Accordingly, the lawyers representing the Group have started proceeding to locate the assets of the third party. Although management believes that the amount will eventually be collected, in order to comply with International Financial Reporting Standards, management has decided not to record the award as an asset until the collection is virtually certain.
- (ii) During the period the Group has submitted a claim of AED 22.12 million plus potential loss of future earnings for recovery of outstanding dues against a customer which had filed for bankruptcy in December 2008. As at 30 June 2009, based on the discussion between the management and the lawyers representing the Group, the management believes that although the recovery of the total claim is contingent on the conclusion of the liquidation of the customer, the outstanding receivable amounting to AED 22.12 million which represents approximately 10% of the total claim, is highly probable and accordingly no provision is considered necessary. As at 30 June 2009, the Group has recorded a provision of AED Nil (31 December 2008: AED 7.42 million) against the outstanding receivables of AED 22.12 million (31 December 2008: AED 11.29 million).