

Gulf Navigation Holding PJSC

Condensed consolidated interim
financial statements

30 September 2009

Gulf Navigation Holding PJSC

Condensed consolidated interim financial statements 30 September 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 September 2009, and the related condensed 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 nine-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 nine month period ended 30 September 2008 and annual consolidated 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 18 October 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 nine-month period ended 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

27 OCT 2009

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

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of income (Unaudited)

For the nine months ended 30 September 2009

		Nine months period from		Three months period from	
		1 January to	1 January to	1 July to	1 July to
		30 September	30 September	30 September	30 September
		2009	2008	2009	2008
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note	AED'000	AED'000	AED'000	AED'000
Operating revenue	4	255,461	306,452	85,359	105,569
Operating costs	5	(223,213)	(150,034)	(74,892)	(53,509)
Gross profit		32,248	156,418	10,467	52,060
Other income	6	8,626	1,437	448	532
Finance income	7	24,179	20,432	6,922	5,632
Administrative expenses	8	(17,523)	(18,727)	(4,336)	(5,688)
Finance costs		(35,913)	(22,656)	(12,061)	(8,590)
Profit for the period		11,617	136,904	1,440	43,946
Earnings per share					
- Basic and diluted	12	<u>AED 0.007</u>	<u>AED 0.083</u>	<u>AED 0.001</u>	<u>AED 0.027</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 comprehensive income (Unaudited)
For the nine months ended 30 September 2009

	Nine months period from		Three months period from	
	1 January to 30 September 2009 (Unaudited) <i>Note</i> AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2009 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Profit for the period	11,617	136,904	1,440	43,946
Other comprehensive income				
Net movement in fair value of cash flow hedges	16,361	(14,956)	(4,405)	(9,442)
Directors' fee	(4,910)	(4,110)	-	-
Profit of LLC transferred to PJSC	-	27,708	-	-
Other comprehensive income / (loss) for the period	<u>11,451</u>	<u>8,642</u>	<u>(4,405)</u>	<u>(9,442)</u>
Total comprehensive income / (loss) for the period	<u><u>23,068</u></u>	<u><u>145,546</u></u>	<u><u>(2,965)</u></u>	<u><u>34,504</u></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 financial position (Unaudited)

As at 30 September 2009

		30 September 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
Assets			
Non-current assets			
Vessels and equipment	9	1,821,740	1,769,298
Goodwill		554,794	554,794
		<u>2,376,534</u>	<u>2,324,092</u>
Current assets			
Inventories		13,974	8,154
Trade and other receivable		95,892	56,674
Cash and cash equivalents		467,536	648,718
		<u>577,402</u>	<u>713,546</u>
Total assets		<u>2,953,936</u>	<u>3,037,638</u>
Equity and liabilities			
Equity			
Share capital		1,655,000	1,655,000
Statutory reserve		28,891	28,891
Retained earnings		42,075	85,018
		<u>1,725,966</u>	<u>1,768,909</u>
Interest rate hedging fair value		(64,597)	(80,958)
Total equity		<u>1,661,369</u>	<u>1,687,951</u>
Non-current liabilities			
Term loans	10	1,040,211	1,061,471
Employees' end of service benefits		1,145	813
		<u>1,041,356</u>	<u>1,062,284</u>
Current liabilities			
Bank overdraft		-	17,508
Interest rate hedging fair value		64,597	80,958
Current portion of term loans		116,682	112,637
Accounts payable and accruals		64,018	70,386
Amounts due to related parties		5,914	5,914
		<u>251,211</u>	<u>287,403</u>
Total liabilities		<u>1,292,567</u>	<u>1,349,687</u>
Total equity and liabilities		<u>2,953,936</u>	<u>3,037,638</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 Chairman on behalf of the Board of Directors on _____ and signed on its behalf by:


Abdullah Al-Shuraim
Chairman

27 OCT 2009

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 nine months ended 30 September 2009

	Note	2009 (Unaudited) AED'000	2008 (Unaudited) AED'000
Operating activities			
Profit for the period		11,617	136,904
<i>Adjustments for:</i>			
Depreciation		77,892	50,409
Provision for employees' end of service benefits		373	362
Profit on sale of vessels and equipment		-	(47)
Interest income		(24,179)	(20,432)
Finance costs		35,913	22,656
<i>Operating profit before working capital changes</i>		<u>101,616</u>	<u>189,852</u>
Change in inventories		(5,820)	(2,009)
Change in trade and other receivable		(39,218)	(3,914)
Change in accounts payable and accruals		(6,368)	2,541
Directors fees paid		(4,910)	(4,110)
Employees' end of service benefits paid		(40)	(152)
<i>Net cash from operating activities</i>		<u>45,260</u>	<u>182,208</u>
Investing activities			
Purchase of vessels and equipment	9	(139,188)	(351,943)
Proceeds from disposal of vessels and equipment	9	-	108
Interest received		24,179	20,432
<i>Net cash used in investing activities</i>		<u>(115,009)</u>	<u>(331,403)</u>
Financing activities			
Receipt of term loans	10	79,570	321,531
Repayment of term loans		(87,932)	(69,727)
Dividends paid		(49,650)	(115,850)
Interest paid		(35,913)	(22,656)
<i>Net cash (used in) / from financing activities</i>		<u>(93,925)</u>	<u>113,298</u>
Decrease in cash and cash equivalents		<u>(163,674)</u>	<u>(35,897)</u>
Cash and cash equivalents at the beginning of period (refer note (i))		<u>631,210</u>	<u>736,959</u>
Cash and cash equivalents at end of the period		<u>467,536</u>	<u>701,062</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.

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Gulf Navigation Holding PJSC

Condensed consolidated interim statement of changes in equity (Unaudited)

For the nine months ended 30 September 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	-	-	(14,956)	160,502	-	145,546
Dividend for 2007 paid	-	-	-	-	(115,850)	(115,850)
Balance at 30 September 2008	<u>1,655,000</u>	<u>14,068</u>	<u>(34,874)</u>	<u>171,269</u>	<u>-</u>	<u>1,805,463</u>
Balance at 1 January 2009	1,655,000	28,891	(80,958)	85,018	-	1,687,951
Total comprehensive income for the period	-	-	16,361	6,707	-	23,068
Dividend for 2008 paid	-	-	-	(49,650)	-	(49,650)
Balance at 30 September 2009	<u><u>1,655,000</u></u>	<u><u>28,891</u></u>	<u><u>(64,597)</u></u>	<u><u>42,075</u></u>	<u><u>-</u></u>	<u><u>1,661,369</u></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 nine months ended 30 September 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	Marshal Islands
Gulf Jash Shipping Inc	Panama
Gulf Mishref Shipping Inc	Marshal Islands
Gulf Mizwar Shipping Inc	Marshal Islands
Gulf Shagra Shipping Inc	Marshal Islands
Gulf Sieb Shipping Inc	Panama
Gulf Riyadh Shipping Inc	Marshal Islands
Gulf Safwa Shipping Inc	Marshal 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 nine months ended 30 September 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim 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 nine months ended 30 September 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 ("AED") 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2009

3 Operating segments (continued)

Information about reportable segments

	For the nine months period from 1 January to 30 September 2009					For the nine months period from 1 January to 30 September 2008						
	Vessel owning & chartering	Commercial Agency	Ship Management	Other	Inter- segment elimination	Total	Vessel owning & chartering	Commercial Agency	Ship Management	Other	Inter- segment elimination	Total
Total revenues	244,487	2,595	8,379	2,811	-	255,461	290,985	13,183	3,484	-	(3,484)	306,452
Finance income	111	-	1	5	-	24,179	1,393	1	15	19,022	-	20,432
Other income	7,659	552	43	74	298	8,626	511	73	46	145	-	1,437
Operating costs	(218,499)	(2,246)	(5,043)	-	-	(223,213)	(141,972)	(8,979)	-	-	2,898	(150,034)
Finance costs	(35,473)	(12)	(18)	(35)	(375)	(35,913)	(22,617)	(12)	(6)	(16)	-	(22,656)
Depreciation Other administrative expenses	(7)	(27)	(144)	(24)	(571)	(773)	-	(135)	(28)	(580)	-	(763)
Reportable segment profit	-	(749)	(3,060)	(3,746)	(9,195)	(16,750)	(3,680)	(2,740)	(3,338)	(7,401)	-	(17,964)
	(1,722)	113	158	(915)	14,219	11,617	124,620	1,391	173	11,170	(586)	136,904

Reportable segment assets

As at 30 September 2009 (Unaudited)

As at 31 December 2008 (Audited)

Reportable segment assets	3,063,662	9,023	29,012	356,574	2,301,997	2,953,936	2,129,699	6,800	25,748	242,969	2,466,439	1,834,017	3,037,638
Reportable segment liabilities	3,060,480	9,690	14,895	355,075	621,407	1,292,567	1,969,021	7,425	9,959	240,555	919,629	(1,796,902)	1,349,687

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)
For the nine months ended 30 September 2009

3 Operating segments (continued)

Information about reportable segments

	For the three months period from 1 July to 30 September 2009						For the three months period from 1 July to 30 September 2008							
	Vessel owning & chartering	Commercial	Agency	Ship Management	Other	Inter- segment elimination	Total	Vessel owning & chartering	Commercial	Agency	Ship Management	Other	Inter- segment elimination	Total
Total revenues	82,374	554	2,431	-	-	-	85,359	99,916	714	4,939	1,230	-	(1,230)	105,569
Finance income	9	-	-	1	6,912	-	6,922	535	-	1	6	5,090	-	5,632
Other income	54	169	20	4	201	-	448	185	271	28	14	34	-	532
Operating costs	(73,025)	(457)	(1,420)	-	-	10	(74,892)	(50,676)	(647)	(3,235)	-	-	1,049	(53,509)
Finance costs	(11,978)	(5)	(5)	(2)	(71)	-	(12,061)	(8,580)	-	(3)	(2)	(5)	-	(8,590)
Depreciation Other administrative expenses	(3)	(8)	(48)	-	(191)	-	(250)	-	(7)	(46)	(11)	(189)	-	(253)
Reportable segment profit	(2,569)	(241)	(968)	(88)	(2,789)	-	(4,086)	(953)	(269)	(875)	(1,175)	(2,163)	-	(5,435)
		12	10	(85)	4,062	10	1,440	40,427	62	809	62	2,767	(181)	43,946

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)

For the nine months ended 30 September 2009

4 Operating revenue

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Vessel chartering	244,487	290,984	82,374	99,916
Ship agency	8,379	13,184	2,431	4,939
Commercial agency	2,595	2,284	554	714
	<u>255,461</u>	<u>306,452</u>	<u>85,359</u>	<u>105,569</u>

5 Operating cost

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Vessel chartering				
Ship running	81,372	54,152	25,226	20,308
Vessel depreciation	56,440	39,376	19,784	14,601
Bareboat hire	17,311	17,375	5,834	5,834
Commission on freight	6,101	9,986	1,798	3,176
Dry docking write off	16,755	8,449	5,508	2,790
Charter hire	-	5,665	-	1,556
Bunker expense	27,246	261	11,148	-
Port disbursement expenses	7,209	-	2,315	-
Other miscellaneous expenses	3,534	3,877	1,402	1,386
Ship agency				
Operating cost	4,601	8,512	1,286	3,077
Vessel depreciation	399	400	134	134
Commercial agency	2,245	1,981	457	647
	<u>223,213</u>	<u>150,034</u>	<u>74,892</u>	<u>53,509</u>

6 Other income

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Write back of excess provision of bad and doubtful debts	7,423	-	-	-
Miscellaneous income	1,203	1,437	448	532
	<u>8,626</u>	<u>1,437</u>	<u>448</u>	<u>532</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)
For the nine months ended 30 September 2009

7 Finance income

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Finance income (i)	23,964	18,658	6,898	5,078
Other finance income	215	1,774	24	554
	<u>24,179</u>	<u>20,432</u>	<u>6,922</u>	<u>5,632</u>

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

8 Administrative expenses

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Staff salaries and benefits	10,831	9,055	2,689	2,909
Other administrative expenses	6,692	9,672	1,647	2,779
	<u>17,523</u>	<u>18,727</u>	<u>4,336</u>	<u>5,688</u>

9 Vessels and equipment

Vessels and equipment include AED 189,052 thousand (31 December 2008: AED 529,499 thousand) in respect of vessels under construction.

During the nine months ended 30 September 2009, the Group acquired assets with a cost of AED 139,188 thousand (nine months ended 30 September 2008: AED 351,943 thousand). The amount of borrowing costs included in the additions during the period is AED 4,237 thousand (nine months ended 30 September 2008: AED 11,603 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 (nine months ended 30 September 2008: AED 61 thousand) were disposed by the Group during the nine months ended 30 September 2009, resulting in a net gain on disposal of AED Nil (nine months ended 30 September 2008: AED 47 thousand).

Vessels having net book value of AED 1,553,339 thousand (31 December 2008: AED 1,186,851 thousand) and vessels under construction at 30 September 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 1,165,747 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 construction 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 nine months ended 30 September 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:

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Short-term benefits	1,240	1,007	246	28
Employees end of service benefits	37	14	11	-
	<u>1,277</u>	<u>1,021</u>	<u>257</u>	<u>28</u>

12 Earnings per share

	Nine months period from 1 January to 30 September 2009 (Unaudited) AED'000		Three months period from 1 July to 30 September 2009 (Unaudited) AED'000	
	1 January to 30 September 2008 (Unaudited) AED'000	1 January to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000	1 July to 30 September 2008 (Unaudited) AED'000
Profit for the period	11,617	136,904	1,440	43,946
Add: Directors' fees waived	-	276	-	-
	<u>11,617</u>	<u>137,180</u>	<u>1,440</u>	<u>43,946</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 0.007</u>	<u>AED 0.083</u>	<u>AED 0.001</u>	<u>AED 0.027</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial statements (Unaudited)
For the nine months ended 30 September 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 September 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
Within one year	23,378	23,380
After one year but not more than five years	25,364	60,463
	<u> </u>	<u> </u>
Lease expenditure contracted for at the balance sheet date	48,742	83,843
	<u> </u>	<u> </u>

Capital expenditure commitments

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

	30 September 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
Vessels being bought for future use	258,250	258,250
Other vessels	1,581	1,581
	<u> </u>	<u> </u>

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 23.29 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 September 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 23.29 million which represents approximately 10% of the total claim, is highly probable and accordingly no provision is considered necessary. As at 30 September 2009, the Group has recorded a provision of AED Nil (31 December 2008: AED 7.42 million) against the outstanding receivables of AED 23.29 million (31 December 2008: AED 11.29 million).