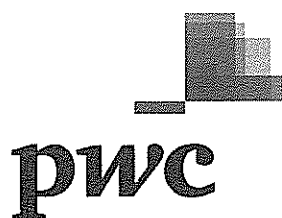


Gulf Navigation Holding PJSC

**Condensed consolidated interim financial information
for the nine month period ended 30 September 2012**



Gulf Navigation Holding PJSC

Condensed consolidated interim financial information for the nine month period ended 30 September 2012

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Report on review of condensed consolidated interim financial information to the shareholders of Gulf Navigation Holding PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Gulf Navigation Holding PJSC (“the Company”) and its subsidiaries (collectively referred to as ‘the Group’) as at 30 September 2012 and the related condensed consolidated interim income statement and condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (“IAS”) 34 ‘Interim financial reporting’. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 is not prepared, in all material respects, in accordance with IAS 34: ‘Interim financial reporting’.

Emphases of matter

We draw attention to Note 2 to the condensed consolidated interim financial information. As described in Note 2, the Group incurred a loss of AED 28,685 thousand during the nine month period ended 30 September 2012 (2011: AED 53,672 thousand) and, as of that date, the Group had accumulated losses of AED 358,523 thousand (31 December 2011: AED 303,502 thousand). At 30 September 2012, the Group is in breach of the terms of an agreement with its lenders, which was drawn up to reset the Group’s debt and cash covenants for the period from 24 November 2011 to 31 March 2013 (Note 6). The breach has given the lenders the right to call an event of default and by further notice, declare that all the loans are payable on demand. Accordingly, the Group’s bank borrowings are classified as current liabilities at 30 September 2012. This resulted in the Group having a net current liability position at 30 September 2012 of AED 854,690 thousand (31 December 2011: AED 931,876 thousand).



Report on review of condensed consolidated interim financial information to the shareholders of Gulf Navigation Holding PJSC (continued)

Emphases of matter (continued)

The conditions stated above, along with other matters set forth in Note 2 to the condensed consolidated interim financial information, indicate the existence of material uncertainty, which may cast significant doubt on the ability of the Group to continue as a going concern such that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group continues to be in discussion with the lenders to eliminate the breach to remove the possibility that the notice will be given that the loans are payable on demand. As of the date of authorisation of this condensed consolidated interim financial information, the discussions with the lenders are in progress with the expectation that agreement will be reached with the lenders in the 4th quarter of 2012. Our conclusion is not qualified in respect of this matter.

We also draw attention to Note 4 to the condensed consolidated interim financial information. As described in Note 4, the management had previously contracted with a shipyard ("the Contractor") for the construction of two new vessels. The carrying amount of advances recorded as part of capital-work-in-progress as of 30 September 2012 is AED 106,506 thousand (31 December 2011: AED 106,506 thousand). Discussions have been continuing with the Contractor in relation to a complete re-design of these vessels which will ultimately be reflected in new contractual terms. The Company is confident that these discussions will be completed in the 4th quarter of 2012. However, alongside these discussions the Contractor has issued Notices of Termination for the two contracts and filed a claim to retain the first instalments and/or damages for any loss suffered. The Group has responded with its own legal action in response and preparations have been made for a potential arbitration hearing in London. The Company has received a legal opinion on this issue and it believes that there are good technical arguments why the Notices of Termination were wrongful and were sent by the Contractor in repudiatory breach of the Shipbuilding Contracts. Based on this, the Company is confident that the advance given by the Group to the Contractor is recoverable. Following finalisation of the commercial discussions in relation to the revised vessel design, the Company expects all legal actions in respect of this matter to be cancelled. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers

11. November 2012

Paul Suddaby

Registered Auditor Number 309

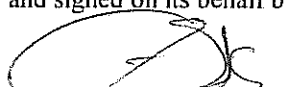
Dubai, United Arab Emirates

Gulf Navigation Holding PJSC

Condensed consolidated interim balance sheet

	Note	As at 30 Sep 12 (Unaudited) AED'000	As at 31 Dec 11 (Audited) AED'000
Assets			
Non-current assets			
Vessels, property and equipment	4	1,516,966	1,559,695
Goodwill		518,550	518,550
Investment in jointly controlled entities		122,917	135,609
Trade receivable	5	-	29,907
Due from a related party	7	25,631	25,631
		<u>2,184,064</u>	<u>2,269,392</u>
Current assets			
Inventories		9,252	20,864
Due from a related party	7	1,916	2,677
Trade and other receivables	5	87,009	58,278
Term deposits		25,927	116,900
Cash and cash equivalents		57,323	42,174
		<u>181,427</u>	<u>240,893</u>
Total assets		<u><u>2,365,491</u></u>	<u><u>2,510,285</u></u>
Equity and liabilities			
Equity attributable to equity holders of the Group			
Share capital		1,655,000	1,655,000
Statutory reserve		31,546	31,546
Reserve for own shares		-	(46,706)
Accumulated losses		(358,523)	(303,502)
		<u>1,328,023</u>	<u>1,336,338</u>
Hedging reserve for interest rate swaps		(41,063)	(47,804)
Total equity		<u><u>1,286,960</u></u>	<u><u>1,288,534</u></u>
Non-current liabilities			
Provision for employees' end of service benefits		1,351	1,178
Interest rate swap liabilities		41,063	47,804
		<u>42,414</u>	<u>48,982</u>
Current liabilities			
Trade and other payables		59,698	77,185
Due to related parties	7	10,016	8,703
Borrowings	6	966,403	1,024,729
Bank overdraft		-	62,152
		<u>1,036,117</u>	<u>1,172,769</u>
Total liabilities		<u><u>1,078,531</u></u>	<u><u>1,221,751</u></u>
Total equity and liabilities		<u><u>2,365,491</u></u>	<u><u>2,510,285</u></u>

The condensed consolidated interim financial information was approved by the Board of Directors on 11 November 2012 and signed on its behalf by:


Abdullah Al-Shuraim

Gulf Navigation Holding PJSC

Condensed consolidated interim income statement for the nine month period ended 30 September 2012

	Note	<u>Nine months ended</u>		<u>Three months ended</u>	
		30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000
Operating revenue	8	153,009	199,401	46,061	52,159
Voyage related direct costs	9	(9,342)	(44,717)	(568)	(14,943)
Other operating costs	10	(101,908)	(126,111)	(32,249)	(39,024)
Gross profit/(loss)		<u>41,759</u>	<u>28,573</u>	<u>13,244</u>	<u>(1,808)</u>
Other income		1,361	1,468	379	337
Administrative expenses	11	(16,204)	(20,169)	(6,226)	(9,363)
Expenses relating to assets classified as held for sale / disposed of	12	-	(24,720)	-	(2,861)
Operating profit / (loss) for the period		<u>26,916</u>	<u>(14,848)</u>	<u>7,397</u>	<u>(13,695)</u>
Finance income		1,712	2,667	521	487
Finance costs		(44,621)	(39,145)	(15,484)	(14,678)
Finance costs – net		<u>(42,909)</u>	<u>(36,478)</u>	<u>(14,963)</u>	<u>(14,191)</u>
Share of loss in jointly controlled entities		(12,692)	(2,346)	(8,753)	(1,180)
Loss for the period		<u>(28,685)</u>	<u>(53,672)</u>	<u>(16,319)</u>	<u>(29,066)</u>
Loss per share					
- Basic and diluted (AED)	13	<u>(0.018)</u>	<u>(0.0341)</u>	<u>(0.010)</u>	<u>(0.0185)</u>

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of comprehensive income for the nine month period ended 30 September 2012

	<u>Nine months ended</u>		<u>Three months ended</u>	
	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000
Loss for the period	(28,685)	(53,672)	(16,319)	(29,066)
Other comprehensive income / (loss):				
Effective portion of change in fair value of interest rate swap hedges	25,574	25,661	4,545	9,284
Interest rate swap hedge reserve recycled to the income statement	(18,833)	(21,953)	(6,170)	(7,730)
Other comprehensive income / (loss) for the period	<u>6,741</u>	<u>3,708</u>	<u>(1,625)</u>	<u>1,554</u>
Total comprehensive loss for the period	<u>(21,944)</u>	<u>(49,964)</u>	<u>(17,944)</u>	<u>(27,512)</u>

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2012

	Share capital AED'000	Statutory reserve AED'000	Reserve for own shares AED'000	Accumulated losses AED'000	Hedging reserve for interest rate swaps AED'000	Total AED'000
Balance at 1 January 2011	1,655,000	31,546	(46,706)	(230,807)	(59,062)	1,349,971
Comprehensive income						
Loss for the period	-	-	-	(53,672)	-	(53,672)
<i>Other comprehensive income</i>						
Hedge reserve	-	-	-	-	3,708	3,708
Total comprehensive (loss) / income for the period	-	-	-	(53,672)	3,708	(49,964)
Balance at 30 Sep 2011 (unaudited)	<u>1,655,000</u>	<u>31,546</u>	<u>(46,706)</u>	<u>(284,479)</u>	<u>(55,354)</u>	<u>1,300,007</u>
Balance at 1 January 2012	1,655,000	31,546	(46,706)	(303,502)	(47,804)	1,288,534
Comprehensive income						
Loss for the period	-	-	-	(28,685)	-	(28,685)
<i>Other comprehensive income</i>						
Hedge reserve	-	-	-	-	6,741	6,741
Total comprehensive (loss) / income for the period	-	-	-	(28,685)	6,741	(21,944)
Transactions with owners						
Sale of treasury shares	-	-	-	20,370	-	20,370
Transfer of reserve to accumulated losses on sale of treasury shares	-	-	46,706	(46,706)	-	-
Balance at 30 Sep 2012 (unaudited)	<u>1,655,000</u>	<u>31,546</u>	<u>-</u>	<u>(358,523)</u>	<u>(41,063)</u>	<u>1,286,960</u>

The notes on pages 8 to 19 are an integral part of these condensed consolidated interim financial information.

Gulf Navigation Holding PJSC

Condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2012

	Note	Nine months ended	
		30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000
Operating activities			
Loss for the period		(28,685)	(53,672)
Adjustments for:			
Depreciation		48,433	47,019
Share of loss in jointly controlled entities		12,692	2,346
Provision for employees' end of service benefits		306	402
Finance income		(1,712)	(2,667)
Finance costs		44,621	39,145
Provision for impairment of trade receivables		-	5,187
Brokerage expense netted off with assets of a disposal group classified as held for sale	12	-	2,972
Loss on sale of assets of a disposal group classified as held for sale	12	-	1,278
Impairment in the value of assets of a disposal group classified as held for sale	12	-	4,714
Write-off of inventory aboard vessels classified as held for sale / disposed of	12	-	10,099
		<hr/>	<hr/>
Operating cash flows before working capital changes and payment of employees' end of service benefits		75,655	56,823
Payment for employees' end of service benefits		(133)	(336)
Changes in working capital:			
Inventories		11,612	(2,004)
Trade and other receivables		1,176	(6,382)
Due from a related party (excluding interest receivable)		2,054	-
Trade and other payables		(17,487)	11,066
Due to related parties		1,313	3,098
		<hr/>	<hr/>
Net cash generated from operating activities		74,190	62,265
Investing activities			
Purchase of vessels and equipment	4	(5,704)	(451,925)
Proceeds from disposal of vessels and equipment		-	4
Proceeds from sale of assets classified as held for sale		-	166,717
Interest received		419	2,667
Loan provided to a related party		-	(20,496)
Withdrawal of term deposits		90,973	43,100
		<hr/>	<hr/>
Net cash provided by / (used in) investing activities		85,688	(259,933)
Financing activities			
Borrowings availed		-	234,817
Repayment of borrowings		(58,326)	(126,452)
Interest paid		(44,621)	(39,145)
Proceeds from sale of shares		20,370	-
		<hr/>	<hr/>
Net cash (used in) / provided by financing activities		(82,577)	69,220
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		77,301	(128,448)
Cash and cash equivalents at beginning of the period		(19,978)	118,555
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		57,323	(9,893)
		<hr/>	<hr/>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012

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 information:

<i>Subsidiaries</i>	<i>Country of incorporation</i>
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 Eyada Corporation	Panama
Gulf Sieb Shipping Inc	Panama
Gulf Jash Shipping Inc	Panama
Gulf Huwaylat Corporation	Panama
Gulf Deffi Corporation	Panama
Gulf Jalmuda Corporation	Panama
Gulf Fanatir Corporation	Panama
Gulf Ahmadi Shipping Inc	Marshal Islands
Gulf Mishref Shipping Inc	Marshal Islands
Gulf Mizwar Shipping Inc	Marshal Islands
Gulf Shagra Shipping Inc	Marshal Islands
Gulf Riyad Shipping Inc	Marshal Islands
Gulf Safwa Shipping Inc	Marshal Islands
Gulf Sheba Shipping Limited	Hong Kong
Gulf Navigation Holding PJSC(Br)	Kingdom of Saudi Arabia

The Group also has interest in the following jointly controlled entities:

<i>Jointly controlled entities</i>	<i>Country of incorporation</i>	<i>Percentage of shareholding</i>
Gulf Stolt Ship Management JLT	United Arab Emirates	50%
Gulf Stolt Tankers DMCCO	United Arab Emirates	50%

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

2 Basis of preparation and accounting policies

Basis of preparation

The condensed consolidated interim financial information for the nine month period ended 30 September 2012 has been prepared in accordance with IAS 34 'Interim Financial Reporting'. This condensed consolidated interim financial information does not include all the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group at and for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed consolidated interim financial information has been prepared under the historical cost convention, except for derivative financial instruments which are stated at fair value.

Going concern

The Group's condensed consolidated interim financial information have been prepared on a going concern basis, however, given the conditions and events described below there exists a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Group incurred a loss of AED 28,685 thousand during the nine month period ended 30 September 2012 (2011: AED 53,672 thousand) and, as of that date, the Group had accumulated losses of AED 358,523 thousand (31 December 2011: AED 303,502 thousand). At 30 September 2012, the Group is in breach of an agreement with its lenders, which was drawn up to reset the Group's debt and cash covenants for the period from 24 November 2011 to 31 March 2013. This breach mainly occurred due to the delay in receiving a significant element of the dues from the Estate of Atlas Shipping A/S (Note 5) which was expected to be received prior to 30 June 2012 but is received in the 4th quarter of 2012. This breach has given the lenders the right to call an event of default and by further notice, declare that all the loans are payable on demand. Accordingly, the Group's bank borrowings are classified as current liabilities at 30 September 2012. This resulted in the Group having a net current liability position of AED 854,690 thousand (31 December 2011: AED 931,876 thousand).

The Group continues to be in discussions with the lenders to eliminate the breach to remove the possibility that the notice will be given that the loans are payable on demand. As of the date of authorisation of this condensed consolidated interim financial information, discussions with the lenders are in progress with the expectation that an agreement will be reached with the lenders in the 4th quarter of 2012. These conditions indicate the existence of a material uncertainty, which may cast significant doubt on the ability of the Group to continue as a going concern such that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board of Directors of the Group expects that the Group will be successful in reaching agreement with the lenders. Therefore, the Board of Directors believes, despite the material uncertainty, it is reasonable to continue to adopt the going concern basis in preparing this condensed consolidated interim financial information. Accordingly, this condensed consolidated interim financial information has been prepared on a going concern basis.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

2 Basis of preparation and accounting policies (continued)

New standards, amendments to published standards and interpretations

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted by the Group

- IAS 1, 'Financial statement presentation' (effective 1 July 2012);
- IAS 19, 'Employee Benefits' (effective 1 January 2013);
- IFRS 9, 'Financial instruments' (effective 1 January 2015);
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013);
- IFRS 11, 'Joint arrangements' (effective 1 January 2013)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013);
- IFRS 13, 'Fair value measurement' (effective 1 January 2013);
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013); and
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group is assessing the impact of the above standards, amendments and interpretations to published standards on the Group's consolidated financial statements.

Functional and presentation currency

Items included in the interim financial information of each of the Group's subsidiaries and jointly controlled entities (together, "entities") are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). Since most of the transactions of the entities are denominated in US Dollar ("USD") or currencies pegged to the USD, the functional currency of the entities is US Dollars. However, the condensed consolidated interim financial information of the Group is presented in United Arab Emirates Dirhams ("AED"), which is the presentation currency of the Group. Amounts in US Dollars have been translated into United Arab Emirates Dirhams at the rate of USD 1 = AED 3.66 as there is a constant peg between USD and AED.

Basis of consolidation

The condensed consolidated interim financial information at and for the nine month period ended 30 September 2012 comprises results of the Company and its subsidiaries (together referred to as "the Group"). The condensed interim financial information of the subsidiaries are prepared for the same reporting period as the 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

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

2 Basis of preparation and accounting policies (continued)

Significant accounting policies

The Group has consistently applied the accounting policies and methods of computation used in the preparation of the last published annual consolidated financial statements for the year ended 31 December 2011.

Estimates and judgements

The preparation of interim financial information 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 this condensed consolidated interim financial information, 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 at and for the year ended 31 December 2011.

Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements at and for the year ended 31 December 2011.

3 Operating segments

Business segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group's Executive Committee who makes strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group comprises the following main business segments:

- *Vessel owning & chartering*: Chartering of vessels to customers;
- *Commercial*: Trading of goods such as supplies, chemicals and gases required for ships;
- *Agency*: Providing agency services to ships calling at ports; and
- *Other*: Includes management of all divisions and administrative activities.

Vessel owning and chartering, commercial and agency meet criteria required by IFRS 8, 'Operating Segments' and reported as separate operating segments. Other does not meet the quantitative thresholds required by IFRS 8, and the results of these operations are included in the 'other' column.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

3 Operating segments (continued)

Geographical segments

The Group's Executive Committee 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.

All operating segments' results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

3 Operating segments (continued)

Information about reportable segments All figures in AED '000

	Vessel owning and chartering		Commercial		Agency		Other		Inter segment elimination		Total	
	Vessel owning and chartering	Commercial	Agency	Other	Inter segment elimination	Total	Vessel owning and chartering	Commercial	Agency	Other		Inter segment elimination
	For the nine month period ended 30 Sep 2012 (Unaudited)											
Operating revenue	136,763	1,704	14,542	-	-	153,009	184,630	1,480	13,291	-	-	199,401
Finance income	13	-	-	1,699	-	1,712	10	-	-	-	-	2,667
Other income	184	473	50	654	-	1,361	89	376	17	2,657	-	1,468
Operating costs	(102,049)	(1,261)	(7,982)	-	42	(111,250)	(161,874)	(1,165)	(7,830)	-	41	(170,828)
Finance costs	(44,475)	(1)	(24)	(121)	-	(44,621)	(37,819)	(2)	(19)	(1,305)	-	(39,145)
Administrative expenses	(2,638)	(650)	(2,697)	(10,219)	-	(16,204)	(5,226)	(762)	(2,489)	(11,692)	-	(20,169)
Expenses relating to assets classified as held for sale / disposed of	-	-	-	-	-	-	(24,720)	-	-	-	-	(24,720)
Share of loss in jointly controlled entities	-	-	-	(12,692)	-	(12,692)	-	-	-	(2,346)	-	(2,346)
Reportable segment (loss) / profit	(12,202)	265	3,889	(20,679)	42	(28,685)	(44,910)	(73)	2,970	(11,700)	41	(53,672)
	At 30 September 2012 (Unaudited)											
Reportable segment assets	4,248,792	11,734	55,315	3,613,817	(5,564,167)	2,365,491	4,240,613	10,391	47,216	3,617,692	(5,405,627)	2,510,285
Reportable segment liabilities	4,317,242	12,279	33,515	2,242,728	(5,527,233)	1,078,531	4,296,862	11,200	29,304	2,253,036	(5,368,651)	1,221,751
	At 31 December 2011 (Audited)											

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

3 Operating segments (continued)

Information about reportable segments

All figures in AED '000

	Vessel owning and chartering		Commercial		Agency		Other elimination		Inter segment elimination		Total	
	For the three month period ended 30 Sep 2012 (Unaudited)		For the three month period ended 30 Sep 2012 (Unaudited)		For the three month period ended 30 Sep 2012 (Unaudited)		For the three month period ended 30 Sep 2012 (Unaudited)		For the three month period ended 30 Sep 2012 (Unaudited)			
	Vessel owning and chartering	Commercial	Agency	Other elimination	Inter segment elimination	Total	Vessel owning and chartering	Commercial	Agency	Other elimination		Inter segment elimination
Operating revenue	40,584	572	4,905	-	-	46,061	46,503	565	5,091	-	-	52,159
Finance income	3	-	-	518	-	521	3	-	-	484	-	487
Other income	1	142	18	218	14	379	-	110	7	220	13	337
Operating costs	(29,795)	(404)	(2,632)	-	-	(32,817)	(50,498)	(459)	(3,023)	-	-	(53,967)
Finance costs	(15,411)	-	(8)	(65)	-	(15,484)	(14,338)	(1)	(8)	(331)	-	(14,678)
Administrative expenses	(1,806)	(213)	(901)	(3,306)	-	(6,226)	(4,545)	(274)	(865)	(3,679)	-	(9,363)
Expenses relating to assets classified as held for sale / disposed of	-	-	-	-	-	-	(2,861)	-	-	-	-	(2,861)
Share of loss in jointly controlled entities	-	-	-	(8,753)	-	(8,753)	-	-	-	(1,180)	-	(1,180)
Reportable segment (loss) / profit	(6,424)	97	1,382	(11,388)	14	(16,319)	(25,736)	(59)	1,202	(4,486)	13	(29,066)

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

4 Vessels, property and equipment

During the nine month period ended 30 September 2012, the Group acquired assets with a cost of AED 5,704 thousand (30 Sep 2011: AED 451,925 thousand). The amount of borrowing costs included in the additions during the period is AED 61 thousand (30 Sep 2011: Nil).

Vessels with a net book value of AED 1,364,444 thousand (31 December 2011: AED 1,409,133 thousand) are mortgaged as security for borrowings (Note 6).

The management had previously contracted with a shipyard ("the Contractor") for the construction of two new vessels. The carrying amount of advances recorded as part of capital-work-in-progress as of 30 September 2012 is AED 106,506 thousand (31 December 2011: AED 106,506 thousand). Discussions have been continuing with the Contractor in relation to a complete re-design of these vessels which will ultimately be reflected in new contractual terms. The Company is confident that these discussions will be completed in the 4th quarter of 2012. However, alongside this discussion the Contractor has issued Notices of Termination for these two contracts and filed a claim to retain the first instalments and/or damages for any loss suffered. The Group has responded with its own legal action in response and preparations have been made for a potential Arbitration hearing in London. The Company has received a legal opinion on this issue and it believes that there are good technical arguments why the Notices of Termination were wrongful and were sent by the Contractor in repudiatory breach of the Shipbuilding Contracts. Based on this, the Company is confident that the advance given by the Group to the Contractor is recoverable. Following finalisation of the commercial discussions in relation to the revised vessel design, the Company expects all legal actions in relation to this matter to be cancelled.

5 Trade and other receivables

	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
Non-current		
Trade receivable (i)	-	29,907
Current		
Trade receivables (i)	64,307	38,145
Less: provision for impairment of trade receivables	(10,172)	(15,372)
	54,135	22,773
Awards receivable	5,914	5,914
Advances to suppliers	5,127	6,713
Prepayments	2,870	1,555
Other receivables	18,963	21,323
	87,009	58,278

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

5 Trade and other receivables (continued)

- (i) An amount of AED 32,652 thousand is receivable from the Estate of Atlas Shipping A/S. This receivable is stated at its net present value, net off discount, amounting to AED 2,745 thousand. In October 2012, an amount of AED 23,323 thousand was collected by the Group and the balance is expected to be collected in the 4th quarter of 2012.

6 Borrowings

The Group has outstanding loans amounting to AED 966,403 thousand (31 December 2011: AED 1,024,729 thousand) from commercial banks to acquire ships. These loans are secured against the assignment of vessels mortgage and the pledge of shares of the subsidiaries owning these vessels.

At 30 September 2012, the Group is in breach of the terms of an agreement with its lenders, which was drawn up to reset the Group's debt and cash covenants for the period from 24 November 2011 to 31 March 2013. The breach has given the lenders the right to call an event of default and by further notice, declare that all the loans are payable on demand. Accordingly, the Group's bank borrowings are classified as current liabilities at 30 September 2012. The Group is currently negotiating with its lenders and is confident that a decision will be reached with the lenders which will avoid a demand for immediate repayment of the loans and ensure compliance with the reset agreement (Note 2).

7 Related party transactions and balances

Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities. Pricing policies and terms of these transactions are approved by the Group's management.

Significant related party transactions primarily include management fees charged by the jointly controlled entity amounting to AED 2,959 thousand (2011: AED 5,996 thousand) for managing the Group's vessels.

The outstanding balances of amounts due to related parties are given below:

	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
Due from a related party		
Non-current		
Gulf Stolt Tankers DMCCO (Joint venture) (i)	25,631	25,631
Current		
Gulf Stolt Tankers DMCCO (Joint venture) (i)	1,916	2,677
Due to related parties		
Shareholders of Gulf Navigation LLC (ii)	5,914	5,914
Gulf Stolt Ship Management Group JLT (Joint venture)	3,932	2,661
Due to Directors for directors fee	170	128
	10,016	8,703

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

7 Related party transactions and balances (continued)

- (i) The Group has provided a loan to Gulf Stolt Tankers DMCCO (GST). It carries interest at a rate of 6.63% per annum and will be received after twelve months. However, interest is receivable quarterly. Therefore, the loan is classified as a non-current asset, whereas, interest receivable of AED 1,698 (2011: AED 405) is classified as a current asset.
- (ii) Amounts due to the shareholders of Gulf Navigation LLC represent a payable in respect of an amount of AED 5,914 thousand (2011: AED 5,914 thousand) retained to cover the extent of awards receivables guaranteed by them. Awards receivables of AED 5,914 thousand included in trade receivables, represent amounts awarded by the arbitrators for claims filed by 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.

Key management remuneration

	Nine months ended		Three months ended	
	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000
Salaries and benefits	1,471	1,718	436	410
End of service benefits	49	62	16	20
	<u>1,520</u>	<u>1,780</u>	<u>452</u>	<u>430</u>

8 Operating revenue

Vessel chartering	136,763	184,630	40,584	46,503
Ship agency	14,542	13,291	4,905	5,091
Commercial agency	1,704	1,480	572	565
	<u>153,009</u>	<u>199,401</u>	<u>46,061</u>	<u>52,159</u>

9 Voyage related direct costs

Vessel chartering:

Bunkering	8,052	32,310	107	11,024
Commission on freight	377	3,647	134	747
Cargo related survey, hold cleaning charges etc	913	3,605	327	1,538
Port disbursement expenses	-	5,155	-	1,634
	<u>9,342</u>	<u>44,717</u>	<u>568</u>	<u>14,943</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

	<u>Nine months ended</u>		<u>Three months ended</u>	
	30 Sep 12	30 Sep 11	30 Sep 12	30 Sep 11
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
10 Other operating costs				
Vessel chartering:				
Ship running	44,114	68,761	13,121	18,857
Vessel depreciation	44,689	43,519	15,006	15,005
Ship repair	2,865	4,666	599	1,502
Dry docking write-off	1,008	181	490	181
Ship agency:				
Operating cost	7,436	7,285	2,449	2,840
Vessel depreciation	535	534	180	180
Commercial agency	1,261	1,165	404	459
	<u>101,908</u>	<u>126,111</u>	<u>32,249</u>	<u>39,024</u>

11 Administrative expenses

Staff salaries and benefits	8,291	10,056	2,600	3,200
Other administrative expenses	7,913	10,113	3,626	6,163
	<u>16,204</u>	<u>20,169</u>	<u>6,226</u>	<u>9,363</u>

12 Expenses relating to assets classified as held for sale / disposed of

	<u>Nine months ended</u>		<u>Three months ended</u>	
	30 Sep 12	30 Sep 11	30 Sep 12	30 Sep 11
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Write-off of inventory aboard vessels	-	10,099	-	-
Impairment in the value of assets	-	4,714	-	-
Brokerage expenses	-	4,794	-	-
Loss on sale of assets	-	1,278	-	-
Bunkering expenses	-	3,835	-	2,861
	<u>-</u>	<u>24,720</u>	<u>-</u>	<u>2,861</u>

Gulf Navigation Holding PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2012 (continued)

13 Loss per share

	<u>Nine months ended</u>		<u>Three months ended</u>	
	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000	30 Sep 12 (Unaudited) AED'000	30 Sep 11 (Unaudited) AED'000
Loss for the period	<u>(28,685)</u>	<u>(53,672)</u>	<u>(16,319)</u>	<u>(29,066)</u>
Weighted average number of shares	<u>1,583,022,010</u>	<u>1,572,575,917</u>	<u>1,601,543,650</u>	<u>1,572,575,917</u>
Basic and diluted loss per share	<u>(AED 0.018)</u>	<u>(AED 0.0341)</u>	<u>(AED 0.010)</u>	<u>(AED 0.0185)</u>

14 Operating leases as a lessor

The Group leases its marine vessels under operating leases (time charters). Time charters run for periods ranging from one month to fifteen years. The lease rental is usually negotiated to reflect market rentals upon entering into/renewal of the charter. Future minimum lease rentals receivables under the non-cancellable operating leases are as follows:

	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
Not later than one year	116,388	148,285
Between one year and five years	406,114	409,316
Beyond five years	617,932	694,148
	<u>1,140,434</u>	<u>1,251,749</u>

15 Commitments

Capital expenditure contracted for at the period end date but not provided for:

	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
Acquisition of vessels	<u>603,534</u>	<u>603,534</u>