GULF NAVIGATION CO. L.L.C.

DUBAI

RESTATED FINANCIAL STATEMENTS

31 DECEMBER 2004

BEHL, LAD & AL SAYEGH

CHARTERED ACCOUNTANTS

GULF NAVIGATION CO. L.L.C.

DUBAI

RESTATED FINANCIAL STATEMENTS

DECEMBER 31, 2004

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Gulf Navigation Co L.L.C.

Report of the Directors

The Directors have pleasure in submitting their report and the audited restated financial statements for the year ended 31 December 2004.

The reasons for the restatements

The Company has filed two charter income claims amounting to USD 2,910,483 (AED 10,652,368), the outcome of which is uncertain. The income arising from these claims was of contingent nature and should not have been taken to the income statement of year 2003.

The Directors have taken note of the accounting error that has occurred in the financial statements for the years ended 31 December 2003 and 31 December 2004 and have prepared restated financial statements for the year ended 31 December 2004.

The items restated are explained in note 23 of the financial statements.

The results and net worth

The net profit of the Company for year 2003 was reduced by USD 2,038,453 (AED 7,460,738) and the net worth as on 31 December 2003 and 31 December 2004 reduced by the same amount as a result of this restatement.

Signed on behalf of the Board of Directors

31 October 2005



AUDITORS' REPORT

To the Shareholders of Gulf Navigation Co. L.L.C.

We have audited the accompanying restated balance sheet of **Gulf Navigation Co. L.L.C.**, Dubai, UAE, as of **31 December 2004** and the related restated statements of income, changes in equity and cash flows for the year then ended.

Respective responsibilities of the management and the auditors
These restated financial statements set out on pages 2 to 17 are the responsibility of the Company's management. Our responsibility is to express an opinion on these restated financial statements based on our audit.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the restated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall restated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company has restated it's financial statements for years 2003 and 2004.

Opinion
In our opinion, the restated financial statements give a true and fair view of the financial position of **Gulf Navigation Co. L.L.C.** as of **31 December 2004** and of the restated results of its operations, the restated changes in its equity and its restated cash flows for the year then ended in accordance with International Accounting Standards, and comply with the UAE Commercial Companies Law No. 8 of 1984 as amended. Also in our opinion, proper books of accounts have been maintained by the Company. To the best of our knowledge and belief, no violation of the UAE Commercial Companies Law No. 8 of 1984 or the Articles of Association of the Company has occurred during the year which would have had material effect on the business of the Company or its financial position.

Behl, Lad & Sayegh

BEHL, LAD & AL SAYEGH

Dubai, United Arab Emirates

31 October 2005

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Gulf Navigation Co L.L.C.

Restated balance sheet as on December 31, 2004

ASSETS	Note	Dec-04		Dec-03	
		US $	AED	US $	AED
Current assets :					
Cash and cash equivalents	2	**3,465,525**	**12,683,821**	1,041,077	3,810,343
Short term deposits	3	**160,184**	**586,275**	-	-
Accounts receivable	4	**1,529,410**	**5,597,641**	2,215,755	8,109,663
Prepayments		**1,079,631**	**3,951,448**	403,498	1,476,801
Advances & deposits	5	**1,247,261**	**4,564,977**	193,515	708,263
Inventories		**106,236**	**388,824**	87,428	319,987
Total current assets		**7,588,247**	**27,772,985**	3,941,273	14,425,057
Non-current assets :					
Investment in associates		-	-	65,000	237,900
Capital work in progress		**493,000**	**1,804,380**		
Property, plant and equipment	1	**412,952**	**1,511,406**	93,246	341,280
Total non-current assets		**905,952**	**3,315,786**	158,246	579,180
Total assets		**8,494,200**	**31,088,771**	4,099,519	15,004,238
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accruals	6	**3,135,670**	**11,476,554**	867,159	3,173,804
Other advances		-	-	292,952	1,072,206
Total current liabilities		**3,135,670**	**11,476,554**	1,160,111	4,246,010
Non-current liabilities:					
Employees end of service benefits	7	**51,710**	**189,258**	15,662	57,321
Other payables		**60,839**	**222,669**	38,886	142,319
Total non-current liabilities		**112,549**	**411,928**	54,548	199,640
Total liabilities		**3,248,219**	**11,888,482**	1,214,659	4,445,650
SHAREHOLDERS' EQUITY					
Share capital	8	**136,612**	**500,000**	136,612	500,000
Statutory reserve	9	**68,306**	**250,000**	68,306	250,000
Retained earnings upto 2003		**922,319**	**3,375,687**	1,743,058	6,379,597
Retained earnings of 2004		**2,480,699**	**9,079,359**	-	-
Total capital and reserves		**3,607,936**	**13,205,046**	1,947,976	7,129,597
Loan from directors	10	**1,000,001**	**3,660,004**	956,284	3,500,000
Directors' current account		**638,044**	**2,335,240**	(19,400)	(71,009)
Total shareholders' equity		**5,245,981**	**19,200,290**	2,884,860	10,558,588
Total liabilities and shareholders' equity		**8,494,200**	**31,088,771**	4,099,519	15,004,238

The accounting policies and notes 1 to 23 form an integral part of these restated financial statements.

The report of the auditors is on page 2.

The restated financial statements were approved by the Board of Directors on 20th October, 2005.

BEHLAD & AL SAYEGH DUBAI

Gulf Navigation Co L.L.C.

Restated statement of income
for the year ended December 31, 2004

	Note	Dec-04 (12 months)		Dec-03 (9 months)	
		US $	AED	US $	AED
Operating revenue	12	**13,630,301**	**49,886,901**	12,294,622	44,998,315
Operating expenses	13	**(9,593,637)**	**(35,112,711)**	(9,672,684)	(35,402,020)
Gross operating profit		**4,036,664**	**14,774,191**	2,621,938	9,596,295
General and administration expenses	14	**(1,617,214)**	**(5,919,004)**	(747,561)	(2,736,073)
Operating profit		**2,419,450**	**8,855,187**	1,874,377	6,860,222
Other operating income	15	**54,310**	**198,774**	71,450	261,508
Other operating expenses	16	-	-	(55,550)	(203,312)
Finance income (expenses)	17	**6,939**	**25,398**	(78,913)	(288,821)
Profit for the year		**2,480,699**	**9,079,359**	1,811,364	6,629,597

The accounting policies and notes 1 to 23 form an integral part of these restated financial statements.

The report of the auditors is on page 2.

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Gulf Navigation Co L.L.C.

Restated statement of changes in equity for the year ended December 31, 2004

	Share capital		Statutory reserve		Retained earnings		Total	
	US $	AED	US $	AED	US $	AED	US $	AED
Period ended 31 December 2003								
Capital contribution	136,612	500,000	-	-	-	-	136,612	500,000
Profit for the period								
As previously reported	-	-	-	-	3,849,817	14,090,335	3,849,817	14,090,335
Less:Rectification of error					(2,038,453)	(7,460,738)	(2,038,453)	(7,460,738)
Net profit as re-stated					1,811,364	6,629,597	1,811,364	6,629,597
Statutory reserve appropriation	-	-	68,306	250,000	(68,306)	(250,000)	-	-
Balance at 31 December 2003	136,612	500,000	68,306	250,000	1,743,058	6,379,597	1,947,976	7,129,597
Year ended 31 December 2004								
Balance at 1 January 2004								
- as previously reported	**136,612**	**500,000**	**68,306**	**250,000**	**1,743,058**	**6,379,597**	**1,947,976**	**7,129,597**
- prior period adjustments	-	-	-	-	**(137,679)**	**(503,911)**	**(137,679)**	**(503,911)**
- as restated	**136,612**	**500,000**	**68,306**	**250,000**	**1,605,379**	**5,875,686**	**1,810,297**	**6,625,686**
Dividend paid	-	-	-	-	**(683,060)**	**(2,500,000)**	**(683,060)**	**(2,500,000)**
Net profit for the year	-	-	-	-	**2,480,699**	**9,079,359**	**2,480,699**	**9,079,359**
Balance at 31 December 2004	**136,612**	**500,000**	**68,306**	**250,000**	**3,403,018**	**12,455,046**	**3,607,936**	**13,205,046**

The accounting policies and notes 1 to 23 form an integral part of these restated financial statements.

The report of the auditors is on page 2.

Gulf Navigation Co L.L.C.

Restated statement of cash flows for the year ended December 31, 2004

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Cash flows from operating activities :				
Profit for the year	**2,480,699**	**9,079,359**	1,811,364	6,629,597
Adjustments to reconcile net income to net cash provided by operating activities :				
Depreciation on property, plant and equipment	**33,671**	**123,235**	13,863	50,738
Prior period adjustments	**(137,679)**	**(503,911)**	-	-
Changes in operating assets and liabilities :				
Accounts receivable	**686,345**	**2,512,023**	(2,215,755)	(8,109,664)
Prepayments	**(676,133)**	**(2,474,647)**	(403,498)	(1,476,801)
Inventories	**(18,808)**	**(68,837)**	(87,428)	(319,987)
Advances & deposits	**(1,053,746)**	**(3,856,714)**	(193,515)	(708,262)
Accounts payable and accruals	**2,268,511**	**8,302,750**	867,159	3,173,802
Other advances	**(292,952)**	**(1,072,206)**	292,954	1,072,206
Employees end of service benefits	**36,048**	**131,937**	15,662	57,321
Net cash provided by operating activities	**3,325,955**	**12,172,989**	100,806	368,950
Cash flow from investing activities :				
Investment in associates	**65,000**	**237,900**	(65,000)	(237,900)
Other payables	**21,953**	**80,351**	38,885	142,319
Short term deposits	**(160,184)**	**(586,275)**	-	-
Capital work in progress	**(493,000)**	**(1,804,380)**	-	-
Purchase of property, plant and equipment	**(353,378)**	**(1,293,363)**	(107,109)	(392,019)
Net cash used in investing activities	**(919,610)**	**(3,365,766)**	(133,224)	(487,600)
Cash flow from financing activities :				
Capital introduced	-	-	136,612	500,000
Dividend paid	**(683,060)**	**(2,500,000)**	-	-
Loan from directors	**43,717**	**160,004**	956,284	3,500,000
Funds introduces / (withdrawn) by directors	**657,444**	**2,406,249**	(19,401)	(71,009)
Net cash from financing activities	**18,101**	**66,254**	1,073,495	3,928,991
Net increase in cash and cash equivalent	**2,424,448**	**8,873,477**	1,041,077	3,810,341
Cash and cash equivalent at beginning of the year	**1,041,077**	**3,810,343**	-	-
Cash and cash equivalent at the end of the year	**3,465,525**	**12,683,820**	1,041,077	3,810,341

The accounting policies and notes 1 to 23 form an integral part of these restated financial statements.

The report of the auditors is on page 2.

Gulf Navigation Co. L.L.C.

Legal status and principal accounting policies
Year ended 31 December 2004

A. Legal status and principal activities

Gulf Navigation Co. L.L.C. (the Company) is a limited liability Company registered in Dubai, United Arab Emirates in accordance with the provisions of the UAE Commercial Companies Law No. 8 of 1984 (as amended).

The Company is primarily engaged in shipping lines for marine transportation of passengers and commodities, chartering vessels, marine transport under special passenger and merchant contracts clearing and forwarding services, loading, discharging and packaging services commodity marine shipping and containers loading and discharging services.

The restated financial statements include the assets, liabilities and operational results of Gulf Navigation Co. L.L.C. and its branch in Fujairah.

B. Principal accounting policies

The principal accounting policies adopted in the preparation of these restated financial statements are set out below:

Basis of preparation
The Company has prepared re-stated financial statements in order to rectify an accounting error whereby a contingent asset was recognised in the financial statements for the period ended 31 December 2003.

The restated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the Standing Interpretations Committee of the IASB and applicable requirements of UAE Laws.

Accounting convention
The financial statements are prepared on the historical cost convention using the accrual basis of accounting and the going concern concept.

Revenue recognition
The Company adopts the completed voyage policy for charter hire to determine the revenue and expenses of the voyages for the period. As on the balance sheet date there are no incomplete voyages.

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Ship management, ship agency and supplies income, consists of invoiced value of goods supplied and services rendered during the year, net of discounts and returns.

Brokerage income represents the Company's entitlement in its capacity as agent for services rendered directly to customers. Other incomes are recorded when recognized.

Fixed assets
Fixed assets are recorded at cost and depreciation is provided by using the straight line method. The annul rates used for depreciation are:

Communication system	20 % - 50 %
Computers	20 %
Furniture & fixtures	20 %
Office equipment	20 %
Leasehold improvement	20 %
Vehicles	20 %
Machinery	20 %
Warehouse	20 %

Accounts receivable
Trade receivables are carried at invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the period-end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and current accounts with banks.

Trade payable and accruals
Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Employees' end of service benefits
End of service benefits is accrued in accordance with the terms of employment of the Company's employees at the balance sheet date, having regard to the requirements of the UAE Labour Law.

Foreign currency translation

Foreign currency transactions are translated into UAE Dirhams (AED) at the exchange rate prevailing on the transaction date. Foreign currency monetary assets and liabilities are translated into UAE Dirhams at the exchange rate prevailing at the balance sheet date. Differences on exchange are dealt with in the income statements as they arise.

Financial instruments

Financial instruments carried on the balance sheet include bank and cash balances, accounts receivables, dues from related concern, deposits, accounts payable, accruals and other payables. Disclosures about significant financial instruments to which the Company is a party, including the recognition methods adopted are disclosed in the individual policy statements associated with each item.



Notes to restated financial statements for the year ended December 31, 2004

1. Property, plant and equipment

Description	Gross book value						Accumulated depreciation						Net Book value			
	Balance at 1.1.04		Additions during the year		Balance at 31.12.2004		Balance at 1.1.04		For the year		Balance at 31.12.2004		As on 31.12.2004		As on 31.12.2003	
	US $	AED	US $	AED	US $	AED	US $	AED	US $	AED	US $	AED	US $	AED	US $	AED
Communication system	5,880	21,521	10,107	36,993	**15,987**	**58,514**	792	2,899	1,885	6,900	**2,677**	**9,799**	**13,310**	**48,715**	5,088	18,622
Computers	33,988	124,396	14,300	52,339	**48,288**	**176,735**	4,393	16,078	9,406	34,427	**13,799**	**50,506**	**34,489**	**126,229**	29,595	108,318
Furniture & fixtures	22,963	84,045	5,713	20,911	**28,676**	**104,956**	3,336	12,210	5,252	19,220	**8,588**	**31,431**	**20,089**	**73,525**	19,627	71,835
Office equipment	7,735	28,310	8,699	31,839	**16,434**	**60,150**	1,160	4,246	2,206	8,074	**3,366**	**12,320**	**13,068**	**47,830**	6,575	24,065
Leasehold improvements	23,715	86,797	3,490	12,775	**27,205**	**99,572**	3,327	12,177	5,207	19,057	**8,534**	**31,235**	**18,671**	**68,337**	20,388	74,620
Vehicles	2,049	7,499	33,579	122,901	**35,628**	**130,400**	137	501	4,710	17,239	**4,847**	**17,740**	**30,781**	**112,660**	1,912	6,998
Machinery & Equipments	1,025	3,752	-	-	**1,025**	**3,752**	68	249	369	1,352	**437**	**1,601**	**588**	**2,151**	957	3,503
Warehouse	9,754	35,700	-	-	**9,754**	**35,700**	650	2,379	1,951	7,141	**2,601**	**9,520**	**7,153**	**26,180**	9,104	33,321
Office building - Fujairah	-	-	116,310	425,694	**116,310**	**425,694**	-	-	969	3,547	**969**	**3,547**	**115,341**	**422,147**	-	-
Warehouse - Fujairah	-	-	116,507	426,414	**116,507**	**426,414**	-	-	971	3,553	**971**	**3,553**	**115,536**	**422,861**	-	-
Office equipments-Fujairah	-	-	22,691	83,049	**22,691**	**83,049**	-	-	378	1,384	**378**	**1,384**	**22,313**	**81,665**	-	-
Office furniture-Fujairah	-	-	21,980	80,448	**21,980**	**80,448**	-	-	366	1,341	**366**	**1,341**	**21,614**	**79,106**	-	-
Total	107,109	392,019	353,378	1,293,363	**460,487**	**1,685,384**	13,863	50,739	33,671	123,235	**47,535**	**173,977**	**412,952**	**1,511,406**	93,246	341,280

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2. Cash and cash equivalents

	Dec-04		Dec-03	
	US $	AED	US $	AED
Cash on hand	**22,917**	**83,875**	2,015	7,377
Cash at bank in current accounts	**152,619**	**558,586**	1,039,062	3,802,966
Short term call deposits	**3,289,989**	**12,041,360**	-	-
	3,465,525	**12,683,821**	1,041,077	3,810,343

Short term deposits includes USD 2,048 held in the name of a third party.

Bank balances include USD 14,414 held in the name of a third party

Short term deposits are placed with commercial banks at current prevailing rates of interest and have maturities ranging from one to three months from the date of placement.

3. Short term deposits

	Dec-04		Dec-03	
	US $	AED	US $	AED
Margin deposits	**160,184**	**586,275**	-	-

Margin deposits are kept with banks against the guarantees issued.

4. Accounts receivable

	Dec-04		Dec-03	
	US $	AED	US $	AED
Accounts receivable - net	**1,529,410**	**5,597,641**	2,215,755	8,109,663

5. Advances and deposits

	Dec-04		Dec-03	
	US $	AED	US $	AED
Staff advances	**28,379**	**103,867**	32,881	120,343
Deposits	**17,965**	**65,751**	30,560	111,850
Advances to vendors	**223**	**816**	123,850	453,294
Due from related concern	**12,221**	**44,730**	-	-
Other advances	**74,824**	**273,854**	6,224	22,776
Other deposit	**1,113,650**	**4,075,959**	-	-
	1,247,261	**4,564,977**	193,515	708,263

Other deposit represents an amount deposited with a third party as security against bank guarantee obtained by that party on the Company's behalf.

6. Accounts payable and accruals

	Dec-04		Dec-03	
	US $	AED	US $	AED
Accounts payable	**1,591,452**	**5,824,715**	363,571	1,330,669
Notes payable	**10,610**	**38,834**	-	-
Accruals and provisions	**177,608**	**650,045**	419,463	1,535,237
Advances received	-	-	84,125	307,898
Income received in advance	**1,356,000**	**4,962,960**	-	-
	3,135,670	**11,476,554**	867,159	3,173,804

7. Staff end of service benefits

	Dec-04		Dec-03	
	US $	AED	US $	AED
Opening balance	**15,662**	**57,321**	-	-
Paid during the year	**(1,438)**	**(5,263)**	-	-
Provision for the year	**37,486**	**137,199**	15,662	57,321
	51,710	**189,257**	15,662	57,321

8. Share capital

The share capital of the Company is AED 500,000 divided into 500 (31 December 2003 : 500) shares of AED 1,000 each.

9. Statutory reserve

In accordance with the UAE Commercial Companies Law No. 8 of 1984 (as amended), 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations are ceased when the statutory reserve becomes equal to half of the of the share capital. Since the reserve has already reached to 50% of the capital, further allocation to the statutory reserve has been discontinued.

10. Loan from directors

Loan from directors is long term, interest free loan without any fixed repayment schedule.

11. Staff costs

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	**AED**	**US $**	**AED**
Wages and salaries	**990,570**	**3,625,484**	538,751	1,971,829
Terminal benefits	**36,048**	**131,937**	15,662	57,321
	1,026,618	**3,757,422**	554,413	2,029,150

12. Operating revenue

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	**AED**	**US $**	**AED**
Charter hire income	**10,786,749**	**39,479,501**	11,220,070	41,065,456
Demurrage income	**788,073**	**2,884,346**	769,464	2,816,238
LPG consultancy	**75,000**	**274,500**	15,027	55,000
Charter commission	**110,626**	**404,890**	-	-
Ship agency & supplies income	**942,172**	**3,448,351**	225,770	826,317
Brokerage income	**186,428**	**682,327**	64,291	235,304
Ship management income	**740,496**	**2,710,215**	-	-
Handling charges	**757**	**2,770**	-	-
	13,630,301	**49,886,901**	12,294,622	44,998,315

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13. Operating expenses

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Charter hire	**5,196,486**	**19,019,140**	6,153,469	22,521,698
Port disbursement	**1,028,331**	**3,763,693**	869,093	3,180,881
Bunker expenses	**954,950**	**3,495,116**	1,640,403	6,003,874
Charter commission	**125,369**	**458,850**	429,159	1,570,721
Marine insurance	**14,551**	**53,257**	33,047	120,950
Ship management cost	**611,364**	**2,237,592**	-	-
Legal expenses	**6,205**	**22,709**	42,363	155,048
Broker commission	**955,215**	**3,496,088**	320,432	1,172,781
Ship agency & supplies cost	**700,202**	**2,562,740**	176,171	644,785
Miscellaneous expenses	**964**	**3,527**	8,547	31,282
	9,593,637	**35,112,711**	9,672,684	35,402,020

14. General and Administrative expenses

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Staff salaries and benefits	**1,026,618**	**3,757,422**	554,413	2,029,151
Business travel & entertainment	**187,969**	**687,968**	85,085	311,410
Depreciation	**33,671**	**123,235**	13,863	50,738
Rent	**121,553**	**444,884**	27,678	101,301
Other administrative expenses	**247,403**	**905,495**	66,522	243,473
	1,617,214	**5,919,004**	747,561	2,736,073

15. Other operating income

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Foreign exchange gain	-	-	335	1,227
Other income	**54,310**	**198,774**	71,115	260,281
	54,310	**198,774**	71,450	261,508

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16. Other operating expenses

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Due from associates written off	-	-	55,550	203,312

17. Finance income (cost)

	Dec-04 (12 months)		Dec-03 (9 months)	
	US $	AED	US $	AED
Interest income	6,939	25,398	-	-
Interest expense				
- on loan from others	-	-	(78,913)	(288,821)
	6,939	25,398	(78,913)	(288,821)

18. Financial instruments : credit, interest rate and exchange rate risk exposures

(i) Credit risk

The financial assets which potentially expose the Company to concentrations of credit risk comprise principally bank balances and deposits, accounts receivable, other deposits, advances and deposits.

The Company's bank accounts and deposits are placed with substantial financial institutions.

At the balance sheet date, there is concentration of credit risk to the extent that out of total trade receivables, 41% (2003: 28%) are due from one party.

However, there is no geographical concentration of credit risk as the Company's customers are spread across various countries and regions.

(ii) Exchange rate risk

There is no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED or US Dollars with which the UAE Dirham rate is fixed.

19. Financial instruments : fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. At the balance sheet date the fair value of the Company's financial instruments approximate their carrying amounts.

20. Contingent liabilities

At 31 December 2004, the Company had contingent liabilities in respect of bank guarantees entered into the normal course of business from which it is anticipated that no material liabilities will arise. The Company has given guarantees amounting to AED 4,662,232 (USD 1,273,834) (31 December 2003: AED 50,000).

21. Commitments

Capital commitment

At 31 December 2004 the Company had total outstanding capital commitments amounting to AED 4,087,334 (US $1,116,758) mainly relating to a contract entered into with a third party for construction of ships (31 December 2003 : AED 5,891,714 (US $1,609,758)).

Purchase commitments

At 31 December 2004 the Company had no outstanding purchase commitments (31 December 2003 : nil).

22. Related party transactions

The Company enters into transaction with parties that fall within the definition of a related party as contained in IAS 24: Related Party disclosures. These transactions are entered into on terms which the management consider correspond to terms on normal arm's length transactions with third parties.

The Company receives interest free funds from related parties as and when required as working capital facilities.

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At 31 December 2004, outstanding balances with related parties were as follows:

	Dec-04		Dec-03	
	US $	AED	US $	AED
Amount due from related concerns	**12,221**	**44,730**	-	-

23. Restatements and comparative figures

Comparative figures have been reclassified and restated, wherever necessary to conform to the presentation adopted in these restated financial statements.

The restated items are as follows:

	Dec-04		Dec-03	
	US $	AED	US $	AED
Accounts receivable				
Previously reported	**3,567,863**	**13,058,379**	4,254,208	15,570,402
Restated	**1,529,410**	**5,597,641**	2,215,755	8,109,663

The claims receivable (net-off brokerage payable) amounting to USD 2,038,453 (AED 7,460,738) was reduced from the accounts receivable as at 31 December 2003 and 31 December 2004.

Operating revenue				
Previously reported	**13,630,301**	**49,886,901**	15,205,105	55,650,686
Restated	**13,630,301**	**49,886,901**	12,294,622	44,998,315

The gross amount of claims receivable of USD 2,910,483 (AED 10,652,368) was reduced from the "charter hire income" under the operating revenue.

Operating expenses				
Previously reported	**9,593,637**	**35,112,711**	10,544,714	38,593,653
Restated	**9,593,637**	**35,112,711**	9,672,684	35,402,020

The broker commission of USD 872,030 (AED 3,191.630) payable on the claims income which is conditional to the receipt of the claims amount has been reduced from the "broker commission" under operating expenses.

Previous period figures are not strictly comparable because the current year figures are for 12 months of operations as compared to pervious period figures of 9 months

For preparation of financials the exchange rate used is AED 3.66 = US $1.