



Gulf Navigation Holding reports its 2010 Financial Results

Gulfnav to replace Probo ships with VLCC Tankers in a new 1.6 Billion Saudi Company

- 3 Additional Very Large Crude Carriers (VLCC) chartered upto 10 years for more than AED 1.14 Billion (US\$ 310.25 million)
- Specialized VLCC Company to be set-up in Saudi Arabia of SAR 1.66 Billion Capital with GCC Partners
- Company realizes AED 103.1 Million Operating Profits in 2010
- PROBO Ships' adjusted value and performance turn the company's profits into a net loss of AED 236.77 Million
- Sale of PROBOS due to poor earnings forecast

Sunday, 14th Feb 2011: Gulf Navigation Holding PJSC (DFM: GULFNAV), one of the leading Maritime and Shipping companies in the region, announces today its new 5-Year Plan which calls for the addition of 3 Very Large Crude Carriers (VLCC) of 2 Million barrels each in a new company in Saudi Arabia capitalized at SAR 1.66 Billion. The Company adjusted the book values of its 6 PROBOS in preparation for sale, and, as a result, realized a net loss of AED 236.77 Million in 2010.

Two of the new VLCC tankers, which will be delivered in 2012 and 2013, have 10-year charter contracts worth AED 1.05 Billion (US\$ 284.7 million). The third ship, named Gulf Eyadah, was delivered to Gulf Navigation on January 26, 2011 and started its 2-year contract worth AED 93.8 million (US\$ 25.6 million) last month.

The 3 Very Large Crude Carriers, in addition to a fourth already operated by the Company, will form the fleet of a new Gulf Navigation subsidiary in Riyadh. The Saudi company, which is under processing, is majority owned and controlled by Gulf Navigation with the remaining for Gulf shareholders. Capital of the company will be SAR 1.66 Billion (US\$ 443.2 million) and is intended to go public when authorized. The Kingdom was selected due to its stature in the crude oil market as the world's biggest exporter and user of VLCC tankers.

Gulf Navigation will sell the 6 Probo ships to avoid future losses, as indicated by its own studies. The decision resulted in accounting for a book loss of AED 248.94 million for the year ending December 31, 2010. The figure includes a market value loss of AED 174.5 million, Goodwill write-down of AED 36.24 million and operating losses of AED 38.2 million.

The Probo ships contributed to the Company's profitability until 2009 with AED 645.37 million in revenue and 14.22% in average annual return.

Other business units have generated a net profit of AED 12.17 Million during the year 2010.

Gulf Navigation's cash flow remained strong in 2010 with Operating Profits before depreciation and interest of AED 103.1 million, compared to AED 147.18 million in 2009. Revenue stood at AED 312.98 million in 2010, compared to AED 338.16 million in 2009 due to low freight rates during the year. Company's Net Profit in 2009 was AED 26.55 Million.

Commenting on the results, Eng. Abdullah Al Shuraim, Chairman of Gulf Navigation Holding said " Our 5-Year Plan reflects a forward-thinking strategy that will take Gulf Navigation Holdings to a heightened level of global competitiveness. We have multiplied our crude carrying capacity four times to equal

the crude export of Saudi Arabia for one day. We also plan to increase the VLCC fleet to 9 ships by the year 2015, a capacity of 18 Million barrels.”

Eng. Al Shuraim added:”The decision to impair the Probo ships was difficult for the Board since we and our shareholders are used to profit figures since inception. But we unanimously decided to be proactive in exchange for future profitability beginning 2011, healthier cash flow to support our growth in crude and liquid chemical transport, and modernizing our fleet.”

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About Gulf Navigation Holding PJSC: Gulf Navigation Holding PJSC and its group companies own and operate crude, PROBOS and chemical tankers. It is an ISO 9001:2000 certified, Dubai-based and United Arab Emirates Holding Entity with operations worldwide. It leads the shipping and marine services industry in the region. It has 11 specialized subsidiaries and owns 15 tankers including new buildings and charters VLCC, Suezmax, Chemical and Product Tankers in addition to 4 crew boats. A total carrying capacity of approximately 1.3 million dwt. It is also the sole agency for a number of global marine manufacturers and the only maritime and shipping company listed on the Dubai Financial Market

For more information

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