



Press Release

Gulf Navigation Holding announces its 3rd quarter results for the year 2011

Shipping markets continue to be challenging.

Dubai, 3 November 2011 - Gulf Navigation Holding PJSC (DFM: GULFNAV) one of the leading non-state ship owning and maritime services company in the region has announced today its consolidated financial results for the first 9 months of 2011.

During the 3rd quarter the Company registered a net loss of AED29.07M compared to a net loss of AED 15.31M for the same period of 2010. The loss for the period was again significantly impacted by both operational costs and disposal effects of the PROBOS vessels (with the last vessel being sold on 30th August) causing a loss of AED 12.06M. In addition the current weak VLCC spot market coupled with high fuel costs impacted the earnings of the first VLCC vessel (Gulf Sheba) and regulatory dry-docking of the second VLCC vessel (Gulf Eyadah) resulted in 34 days of downtime in the quarter.

During the nine month period the Company has recorded a net loss of AED 53.67M compared to a net profit of AED 8.29M for the same period of 2010 (the 2010 profit for the nine month period included exceptional finance income of AED 23.79M related to the cancellation of construction of two vessels). Net Operating Revenue was AED 154.68M compared to AED 219.60M in the prior year. Operating profit for nine months before depreciation, finance costs and non-operating items was AED53.85m compared to AED 93.21M in the same period last year.



Within the net loss for the nine month period of AED 53.67m, a total loss of AED 42.33M (79% of the overall loss) was directly attributable to the PROBOS vessels, namely further impairment on the value of the vessels (AED 5.99M), associated costs relating to the disposal of these vessels (AED 18.73M) and operating losses in the nine months of AED 17.61M.

The Company's total assets as of 30th September 2011 stood at AED 2.525 Billion compared to AED2.410 Billion at 31st December 2010.

Despite the difficult trading environment in 2011 Gulf Navigation Holding has continued to focus on its long-term strategy, positioning itself for the inevitable upturn in a cyclical industry;

- Purchasing and chartering out the "Gulf Eyadah", a 300,000 dwt Very Large Crude Carrier,
- Building 2 new 320,000 dwt VLCC carriers in China which will join the fleet in 2013 and will be immediately delivered for 10-year charter agreements worth approximately AED 1.05 Billion (US\$ 284.7 million)
- Progressing discussions with potential equity partners to invest in the specialized VLCC joint venture to be incorporated in Kingdom of Saudi Arabia and taking significant steps in incorporating this new entity
- Disposing of the PROBOS fleet
- Continuing discussions with Chinese entities relating to further opportunities in the VLCC segment in particular a further order for two additional VLCC newbuilds on the same terms as the first transaction

Gulf Navigation's strategic plan calls for further expansion of the VLCC fleet (to 9 vessels - 18 million barrels) and the chemical tanker fleet (to 12 ships) as these are the sectors where we have an established presence and several, clearly identified avenues for profitable growth.



Commenting on the results, Engineer Abdullah Al Shuraim, Chairman of Gulf Navigation described the first nine months of 2011 as “a very difficult time – but this is a challenging time for all ship-owning companies and the Board of Directors of Gulf Navigation Holding will continue to make the right strategic decisions for the long-term well being of the company”. “The removal of the PROBOS fleet although very difficult was a necessary step that the company had to take – obviously the further losses incurred in this process in the third quarter were unfortunate but are indicative of the state of play within this market segment,” he said. He continued “The Company remains focused on the key strategic targets that we have set ourselves; in particular the continued expansion of the VLCC fleet as part of a new Saudi VLCC company, and re-alignment of the organization. On behalf of the Board of Directors, I can commit again that Gulf Navigation will continue to make decisions that will position the company in the right place for when the cycle turns and the industry yet again offers attractive returns for our shareholders.”

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About Gulf Navigation Holding PJSC: Gulf Navigation Holding PJSC and its group companies own and operate crude 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 12 tankers including new buildings, with 4 VLCC’s and 8 Chemical Tankers in addition to 4 crew boats. A total carrying capacity of approximately 1.6 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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