



## Detailed analysis of accumulated losses

<b>Date</b>	25 March 2020
<b>Name of the Listed Company</b>	Gulf Navigation Holding PJSC
<b>Define the period of the financial statements</b>	For the year ended 31 December 2019
<b>Value of the Accumulated losses</b>	AED 445,195,000
<b>Accumulated losses to capital ratio</b>	44%
<b>The main reasons leading to these accumulated losses and their history</b>	<ul style="list-style-type: none"><li>- Decrease in the Group's chemical tankers fleet revenue due to the drydocking work carried on 4 vessels which led the vessels to be of-hire for more than 4 months in the last two years.</li><li>- Decrease in other two chemical tankers revenue due to spot market volatility which resulted in tankers being off-hire or earning low charter hire.</li><li>- Increase in ship running cost primarily due to increase in cost of bunker especially in the year 2019.</li><li>- Increase in the Group depreciation expense due to acquisition of livestock vessels during the second half of 2018 and capitalization of a well stimulation vessel in May 2019.</li><li>- Increase in amortization expense for all the drydocking work carried on 4 chemical tankers last year.</li><li>- The increase in net finance cost.</li></ul>
<b>Measures to be taken to address accumulated losses:</b>	<ul style="list-style-type: none"><li>- The Group is in the process of issuing an Islamic non-convertible sukuk amounting to AED 125m by way of a private placement. The proceeds from issuance of the Islamic non-convertible sukuk will be utilized to settle</li></ul>



الخليج للملاحة القابضة (ش.م.ع)  
Gulf Navigation Holding PJSC

	<p>overdue liabilities, repayment of overdue debt, and meet working capital requirements.</p> <ul style="list-style-type: none"><li>- The Group is also working to get all its vessels employed at profitable rates to improve profitability and reduce the accumulated losses.</li><li>- The recent decline in oil prices will reduce the bunker cost on certain vessels where the cost is borne by the Group, and is expected to lead to higher profitability.</li></ul>
--	--

The Name of the Authorized Signatory	Mr. Saeed Mubarak Rashed Al Hajeri
Designation	Chairman
Signature and Date	25 March 2020 
Company's Seal	 <p>الخليج للملاحة القابضة (ش.م.ع) Gulf Navigation Holding PJSC P.O Box 49651, Dubai - U.A.E.</p>