Gulf Navigation Holding reports its 2012 Financial Results

Gulf Nav focused on stability as conditions within the shipping sector continue to be challenging

- 2012 continued to be a challenging year within the shipping industry
- Difficult trading conditions lead to trading loss
- Overall loss negatively affected by impairment of goodwill
- The Company focused on stability whilst we wait for the upturn in the shipping cycle

Thursday, 28th March 2013: Gulf Navigation Holding PJSC (DFM: GULFNAV), one of the leading Maritime and Shipping companies in the region, announces today its financial results for 2012.

Due to the difficult trading conditions within the shipping industry and the significant impact of a AED89.75 million impairment of goodwill, the Company realized a Net Loss of AED 147.83 million in 2012. The net loss before the impairment of goodwill charge was AED 58.09 million. This compares to a Net Loss of AED 72.695 million in 2011.

Gulf Navigation's operating cash flow remained positive in 2012 with Operating Profits before depreciation and interest of AED 98.235 million, compared to AED 67.34 million in 2011.

Net Operating Revenue (Operating Revenue less voyage related direct costs) stood at AED 191.14 million in 2012, compared to AED 194.50 million in 2011. Gross Profit for 2012 of AED53.72 million was significantly higher than 2011 (AED 30.278 million).

The net loss before the impairment of goodwill charge (AED58.09 million) was attributable to several main factors; difficult trading conditions within the VLCC sector, technical issues with the vessels operating within the Gulf Stolt Tankers joint-venture and increased finance costs due the current lending situation.

The impairment of goodwill of AED 89.75 million is an accounting adjustment in line with the treatment set out in the International Accounting Standard (IAS 36) relating to 'Impairment of assets'.

Engineer Abdullah Al Shuraim, Chairman of Gulf Navigation, commenting on the results acknowledged that 2012 had been a further difficult year in the shipping sector "it is clear that the shipping sector is now witnessing one of the most difficult trading periods in recent memory. It has once again been a very difficult and challenging year for all sectors of the shipping industry. In 2012 we have seen many large and small ship owners worldwide struggling with the market conditions. The Board of Directors of Gulf Navigation is focused on the stability of the company in the short-term but also continues to consider the strategic, long-term well being of the company".

In relation to the impairment of the Goodwill, Engineer Abdullah Al-Shuraim added, "as a Board we fully recognize that we need to follow the International Accounting Standards and it is clear that after considering current conditions in the overall shipping industry we need to accept an impairment of our carrying goodwill"

Commenting on the situation with the Lenders Engineer Abdullah Al-Shuraim noted "the Company continues to work very closely with our Lenders to ensure that a new agreement can be reached to remedy the breach of its covenants within its current lending agreements. These discussions are continuing in an open and frank way and we expect progress to be made in the 2nd quarter of 2013". Engineer Abdullah Al Shuraim also added "it is again important to state that all due loan installments and interest payments are being made on a timely basis and there is no expectation that this will change in the future"

In relation to other specific issues Engineer Abdullah Al-Shuraim also went on to clarify the current situation in relation to the two China Newbuild vessels. "Discussions have been continuing with the Shipyard in China in relation to new contractual terms". "However, it is clear that the legal action in response to the Notices of Termination received from the shipyard may have to progress before a final solution is agreed. Based on further legal advice received by the Board we continue to believe that these Notices of Termination were wrongful and were sent by the Shipyard in repudiatory breach of the Shipbuilding Contracts and further that the advance sums paid to the Shipyard would be recoverable".

-ends-

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 10 tankers, with 2 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

Paul Garwood

Tel: +971-4-4270104

paul@gulfnav.com

www.gulfnav.com