الخليـج للملاحـة القابضـة (ش.م.ع)
Gulf Navigation Holding PJSC

Accumulated Losses Recovery Plan

First: a description of the company's status

1- Information on the main activities of the company, and related sectors.

Gulf Navigation Holding PJSC is a fully integrated and synergized organization with a multifunctional business. It is the only maritime and shipping company listed in the Dubai Financial Market since February 2007 under the symbol "GULFNAV". The company is headquartered in Dubai, with branch offices inside the port of Fujairah, Khorfakkan and an overseas office in the Kingdom of Saudi Arabia. The company has a fleet of chemical tankers, livestock transport vessels, operation support vessels, marine services, and ship repair operations. As an ISO 9001:2015 certified company accredited by Bureau Veritas, the Company is committed to adhering to the requirements of the international management code for the safe operations of vessels, pollution prevention and environmental control, including compliance with all the applicable international laws, regulations and requirements. GNH constantly works to upgrade its operations and provide high-quality services to local and international markets.

Our Business Segments:

- Ship Owning (Chemical, Crude & Products)
- Chartering/Commercial
- Maritime Services
- Ship Management & Third-Party Ship Management
- Offshore Support Services
- Shipyard & Repairs

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2- A summary of the company's financial information for the last three years.

	2020	2019	2018
	AED'000	AED'000	AED'000
Total assets	862,489	1,214,170	1,525,296
Share capital	1,019,209	1,019,209	919,209
Accumulated losses	(724,124)	(445,195)	(120,263)
Total equity	323,484	602,556	929,877
Revenue	145,852	166,261	147,077
Gross profit/(loss)	4,538	(5,556)	18,776
Total comprehensive loss for the year	(279,072)	(326,977)	(39,906)
Loss per share	(0.274)	(0.324)	(0.046)

3- Risks affecting the company and related sectors.

GNH is operating in the field of maritime transportation business therefore the company like all organizations is exposed to a number of risk factors that ought to be taken into consideration. Safety issue, convenient delivery, crew change during Covid-19, product contamination while handling.

The industry is also subject to a number of risk factors as follows: Geographical Threats and Political issues, Environmental risk, Economic risks facing shipping companies, and Cyber risk.

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4- Changes in the members of the Board of Directors, senior executives and major shareholders in the last year.

Changes in Members of the Board of Directors in 2020:

- Resignation of Chairman Mr. Saeed Mubarak Al Hajeri on August 11, 2020.
- Resignation of Vice-Chairman Mr. Ahmad Essa Al Falahi on August 11, 2020.
- Resignation of Board Member Mr. Usama Al Barwani on August 11, 2020.
- Resignation of Board Member Mr. Nureddin Sehweil on August 11, 2020.

Current Board Members:

- H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan – Chairman
- Eng. Abdulla Subhi Atatreh – Vice-Chairman
- Mr. Ahmed Kilani – Board Member
- Eng. Waleed Mohammad Mohammad – Board Member
- Dr. Abdul Rahman Al Afifi – Board Member
- Dr. Abdulaziz Fahad H. Alongary – Board Member
- Mr. Mohamed Ahmad Alhammadi – Board Member

Changes in Senior Executives:

- Resignation of Mr. Nashat Helal as CFO on Aug 5, 2020
- Appointment of Mr. Rudrik Filkweert as Group CFO on Sep 2, 2020.
- Appointment of Mr. Yazan S. Maragha as Board Secretary on Oct 28, 2020.
- Resignation of Mr. Rudrik Filkweert on Nov 30, 2020.
- Appointment of Mr. Ali Abouda as Finance Director on Dec 6, 2020. (officially appointed as CFO on Mar 30, 2021)

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Changes in Major Shareholders:

- **Top 5% and above shareholding as of 31st Dec 2019**

Individual/Group Investors (Shareholders)	Qty Owned (No.)	Qty Owned (%)
Goldilocks Investment Company Limited	133,159,470	13.07%
Ajman Bank PJSC	167,500,800	16.43%
Tabarak International Investment	87,975,975	8.63%
Wahat Al Zaweya Investment & Real Estate Development	70,000,000	6.87%
White Avenue Investment LLC	58,481,387	5.74%

- **Top 5% and above shareholding as of 31st Dec 2020**

Individual/Group Investors (Shareholders)	Qty Owned (No.)	Qty Owned (%)
White Avenue Investment LLC	60,177,387	5.90 %
Wahat Al Zaweya Investment & Real Estate Development	70,000,000	6.87 %
Tabarak International Investment	86,319,689	8.47 %
Ajman Bank PJSC	137,660,270	13.51 %

*above data has been obtained from DFM

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5- A summary of the company's commitment to corporate governance during the past three years.

Gulf Navigation Holding PJSC (The "Company") has fully adopted and implemented the relevant corporate governance rules as set out by Securities and Commodities Authority (SCA), i.e., 7 R.M of 2016 concerning the standards of institutional discipline and governance of Public Shareholding Companies.

The Company is committed to the highest level of corporate governance and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working ethos of the company, its management and Board of Directors.

The Corporate Governance framework takes into account the principles espoused and standards set by the Securities & Commodities Authority (SCA), Dubai Financial Market (DFM) and Commercial Companies Law Federal Law No (2) of 2015 in setting the direction and requirements for the Company. In accordance with these laws and regulations, the company issues Annual Corporate Governance Reports. Hence, it has disclosed these reports for the last 3 years.

Second: Detailed information about the causes of the company's accumulated losses

1- A detailed explanation of the reasons for the accumulated losses reaching the declared rate, including operational, financial and other reasons.

	AED'000	
Accumulated losses as of 31 December 2020	**(724,124)**	
Loss on disposal of a vessel	(272,271)	from 2013 - 2020
Write-off of a vessel	(197,541)	from 2013 - 2020
Provision for impairment of vessels	(298,911)	from 2013 - 2020
Provision for impairment of goodwill	(369,253)	from 2013 - 2020
Profit from regular operation	**413,852**	

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The main reason for the accumulated losses is contributed to the following:

Impairment of assets and goodwill in 2019. Write off of GL1 vessel in 2020 in compliance with IFRS as the claim was admitted subsequently in the 2021. Covid -19 impact resulted in higher OPEX in 2020 mainly for crew coupled with lower activities.

2- An explanation of the measures taken by the company to address or deal with the accumulated losses.

The Group proposes the following as measures to address the accumulated losses:

- The Group is stabilizing the vessels performance by taking the necessary measures to overcome the Covid-19 pandemic challenges.
- The Group is negotiating refinancing the vessels with a lower finance rate.
- The Group is going to recover the insurance proceeds with regards to the lost vessel in Q1 and Q2 2021.
- The Group is also chartering the vessels with reliable clients on a long-term basis and divesting non-profitable business segments.
- The group is also focusing on cost rationalization plan to reduce OPEX and overheads.
- Appointed new executive management (including Group CFO)
- Appointed legal and financial advisors.
- Developed a 3-year Business Plan.

Third: A detailed explanation of the plan

1- Detailed information about the committee formed to implement the plan.

The Board formed the following committee:

1. Mr. Ahmad Kilani – independent Board Member
2. Dr. Abdulrahman Al Afify – Independent Board Member
3. Mr. Ali Abouda – Group CFO

This committee will follow up on the plan's developments and implementation results with financial and legal advisors.

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2- A detailed explanation of the changes in each of the following:

- Company strategies and directions.

Our strategy emphasizes the future of Gulf Navigation Holding and leads its growth to keep up with continuous development and innovation. Gulf Navigation Holding has established its strategic objectives and programs in line with its vision, "A Broad Vision to a New Horizon" The company implements its vision by creating initiatives and setting action plans that support its long term growth objectives and the regional and global changes in the shipping industry and the offshore projects. As an integral part of its national role as a public shareholding company, Gulf Navigation Holding and its subsidiaries are looking forward to achieving their objectives and to take a leading role in the maritime operations and related fields. We will continue to attract more local, regional and international partnerships, as well as keeping up with innovation and development by applying integrated policies that will contribute to the development of our business, which in turn will guarantee the proper environment that will encourage our employees to further innovate and achieve excellent performance. Our new strategy contains pillars that aim at developing business and companies, as well as leading Gulf Navigation Holding to a new horizon where it will maintain sustainable growth and innovative development This will enhance the company's presence in the shipping and maritime services, promote advanced maritime business concepts and empower employees through the company's values of "winning culture"

- Company policies and operating procedures.

The initiatives and policies in our strategy prioritize empowering capabilities and qualifications in the maritime sector that will ensure the success of our future choices throughout our pillars, we aim to develop integrated and innovative business operations, as well as improving and utilizing resources in a sustainable manner We want to maintain high excellence standards through absolute transparency, constructive cooperation, and coping with the latest technology and innovation to ensure industry best practice.

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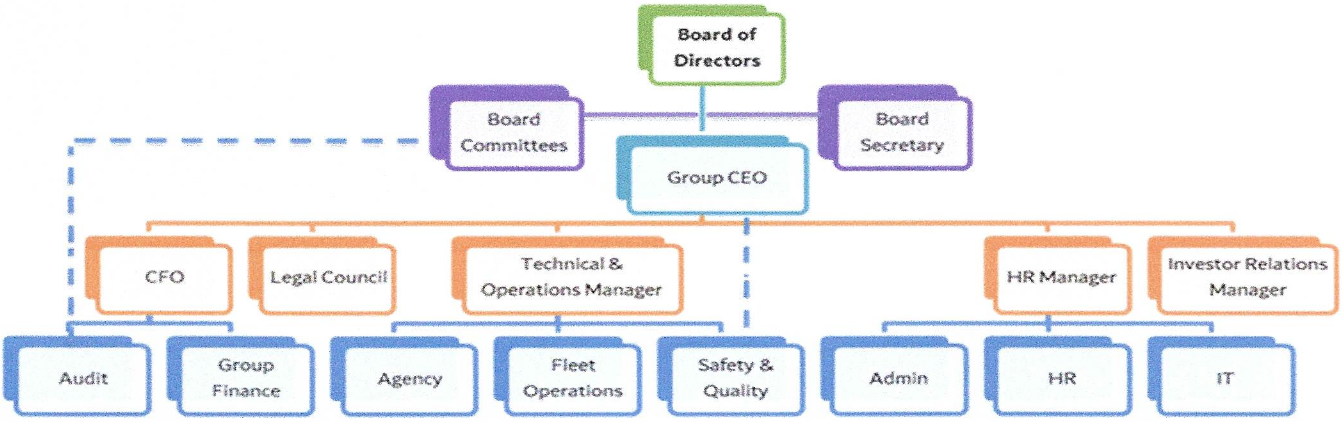
- The organizational structure of the company.



The organizational structure was optimized and modified to be more "flat" and combined duties in order to minimize cost without impacting the quality and efficiency of the operations.

- The company's financial position.

The Company will receive an insurance claim of $22.5m during the second quarter of 2021 and plans to refinance the debts and Sale & Lease Back (SLB) facilities. This plan will stabilize the group's cash position and allow it to invest the excess cash in CAPEX to cover the dry dock cost of one Tanker and use the excess cash to unwind accounts payable.

- The company's assets.

The Group will still own the same fleet as the main assets and upon the necessary approvals, the group is planning to progress the vessels merger transaction with Empire Navigation as soon as possible.

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- Future expectations for the financial statements for the next three years.

US Dollars	Forecast 31-Dec-2021 USD'000	Forecast 31-Dec-2022 USD'000	Forecast 31-Dec-2023 USD'000
Revenues			
Total Revenues	**37,778**	**44,231**	**46,370**
Costs & Expenses			
Chemical Tankers - SABIC Charter	(8,760)	(8,760)	(8,760)
Chemical Tankers - Gulf Mishref	(2,190)	(2,190)	(2,190)
GNM - Crew Boats & GSM - Management	(1,600)	(1,600)	(1,600)
Allianz Project	(1,059)	(1,059)	(1,059)
New Project	(1,067)	(3,176)	(4,234)
Other Operating Expenses	0	0	0
Total Costs & Expenses	**(14,676)**	**(16,784)**	**(17,843)**
Selling, General and Administrative Expenses			
Total Selling, General and Administrative Expenses	**(5,236)**	**(2,236)**	**(2,236)**
Operating Profit	**17,866**	**25,211**	**26,291**
Depreciation			
Total Depreciation	**(10,959)**	**(12,563)**	**(13,690)**
Other Income & Losses			
Other Income/Charges	33,579	0	0
Total Selling, General and Administrative Expenses	**33,579**	**0**	**0**
Total Interest Expenses	**(12,957)**	**(7,337)**	**(7,377)**
Income Tax	**(500)**	**(500)**	**(500)**
Profit & Loss	**27,029**	**4,811**	**4,724**
Non Controlling Interest	**(501)**	**(501)**	**(501)**
Net Income - equity holders of the company	**27,531**	**5,312**	**5,226**

Balance Sheet	Forecast 31-Dec-2021 USD'000	Forecast 31-Dec-2022 USD'000	Forecast 31-Dec-2023 USD'000
Assets	31-Dec-2021	31-Dec-2022	31-Dec-2023
Non-Current Assets			
Total Tangible Assets	**201,460**	**205,224**	**210,860**
Total Intangible Assets	39,198	39,198	39,198
Total non-current assets	**240,658**	**244,422**	**250,058**
Current Assets			
Unrestricted Cash	8,254	14,933	20,071

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Restricted Cash	4,050	6,175	4,738
Receivables	10,334	10,852	11,297
Inventories	1,571	1,677	1,783
Total Current Assets	**24,210**	**33,638**	**37,890**
Total Assets	264,868	278,060	287,948
Shareholders' Equity and Liabilities	31-Dec-2021	31-Dec-2022	31-Dec-2023
Equity			
Retained Earnings	**(147,817)**	**(142,505)**	**(137,279)**
Noncontrolling Interest			
Closing Balance	**2,607**	**2,106**	**1,604**
Total Equity	**197,102**	**218,239**	**239,290**
Liabilities			
Total non-current liabilities	**47,975**	**41,054**	**30,720**
Current Liabilities	**19,791**	**18,766**	**17,938**
Total Liabilities	**67,767**	**59,821**	**48,658**
Total Equity & Liabilities	264,868	278,060	287,948

- Suggested solutions to avoid market risks, operational risks, and other risks that may affect the plan.

The group has a risk management program in place for all its operations and assesses it regularly. It has also tailored an insurance plan in place to secure and cover all risk associated with the operation. This has been finalized with the technical managers for competence.

The group has also changed commercial policy to ensure all vessels secure long-term contracts with reliable clients rather than operating in the spot volatile market. It has also divested all business that are of high risk and costs and maintained only business with less vulnerability to the market.

3- Information regarding Schedule or Time frame for implementing and completing the Recovery Plan.

The Company intends to implement the Recovery Plan at the earliest within the time scale of 3-6 months.

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Fourth: Ratifications

We, the members of the company's board of directors and executive management, acknowledge that this plan contains information presented according to the procedures and instructions of the companies whose shares are listed in the market and whose accumulated losses reached (20%) or more of its capital, issued by the Securities and Commodities Authority (SCA). Collectively and individually, we bear full responsibility for the accuracy of the contents of this plan and the information contained therein. The SCA or Market does not bear any responsibility for the contents of this plan, nor does it give any assurances regarding its accuracy or completeness.

The name of the chairman of the company or the authorized signatory	AHMAD AL KILANI
Signature and Date	25/04/2021
Company's Seal	الخليـج للملاحـة القابضـة (ش.م.ع) Gulf Navigation Holding PJSC P.O Box 49651, Dubai - U.A.E.

Names and approvals of the expert entity(ies) or technical or financial institution(s) that have prepared or approved the Recovery Plan to address the accumulated losses:

1- Al Tamimi Co. (Legal Advisors)
2- StormHorbour (Financial Advisors)
3- Deloitte – Group Auditor

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