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Gulf Navigation Holding PJSC

Press Release

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Khamis Buamim – Board Member, Managing Director and Group CEO"
165 Million Dirhams the Investment of (Gulf Navigation) in Fujairah and Khorfakkan

v

<u>Dubai – Farouq Fayyad</u>

Khamis Buamim – The Board Member, Managing Director and Group CEO of the Gulf Navigation Holding Group – disclosed that the value of the Insurance Premiums of the 14 Vessels that owned by the Group or has stakes in is amounted to 6 Million Dirhams "1.6 Million USD", and the value of the Group's assets including Vessels and Ships is more than 1 Billion Dirhams "300 Million USD"

Buamim said that the "Group" is planning to enter into important agreements and partnerships with the Greek Side, which is considered the most efficient in the Maritime Transport Sector Side. In addition, the "Group" is going to have a discussion and negotiation with China and Singapore, where they have large manufacturing capabilities, and the group is dealing with these countries on the principle of reducing costs and expenses, and to let these agreements and partnerships to be the commercial gates for the company in the future.

Buamim disclosed that the "Group" is intending to rent and buy back a total of 14 large vessels and ships to support the Maritime and Marine Group's Operation across the word. Where the Group has 9 companies inside and outside the country, and the Group aims that the number of its vessels and fleets should not be less than 4 big vessels with a capacity (60-70) tons per vessels and 10 vessels to support stimulate the Maritimes' operations

Below is the Contents of Interview:

Future Plans

What is your Future Plans?

We are looking attentively to the Petrochemical Products in Arabian Gulf in general and in Abu Dhabi especially. We are trying as much as possible to present in the regions that have these products that are carried by our vessels and there are available opportunities for the growth of the other services. Abu Dhabi, Khorfakkan and Fujairah are the areas that are located among our priority area for the investments. We are looking for these area in a positively due to the expected positive income from these areas and we must find a foothold for us inside these areas.

These two areas are located on the Maritime connect with the Indian Gulf and the Arabian Sea, and they constituting an important link in the international maritime shipping. Our international relations as a Maritime's Group and our relations with the investors are also important, we must use these relations in the interest of the company, and this is pushing us to distribute our business and commensurate with the company's future plans. Our current goals are focusing on the expansions and we have a representative office in Saudi Arabia, owned by a group, we must expand its business size and improve its performance towards the optimal and best. Our office in Saudi is specialized the Petroleum and Petrochemical products shipping.

The "Group" aims to have an integrated ability to transfer, develop and increase the Maritime's fleet and investment in Abu Dhabi, Fujairah and Khorfakkan, in addition to that in all places of our presence across the world in 2018, to enable the company to the positive growth, in addition to the existence of vessels to support our Maritime's Operations.

Specialized Company

How you are looking to the "Gulf Navigation Holding" Partnerships?

We developed a new kind of long-term partnerships, we aim to be active in hedge from Risk and international variables. The most important is that the let company to be the main earner behind it - a real partnership with the partners – this will create a smooth and fast deal and will not affected with the cost or licenses and the high cost, and will not affected with any problems may occurs on the International trade aspect.

What are the agreements and partnerships that the company is distinguished on them?

We have agreements to rent specialized vessels between Jubail and Yanbu in Saudi, and East Asian Countries, these agreements are long term agreements, and distinguished as a real tributary of the company in terms of number of additions to the company fleet in the future. Also we have 4 agreements to rent vessels in Huston in USA in a partnership with "Stolt Nielsen" for Petrochemical Products and Petroleum Products shipping from Huston to the Areas in South American, these products have very special return with different cost.

We are also in process to allocate 165 Million Dirhams "45 Million USD" to support the Maritime's Operations in Khorfakkan and Fujaira and this is very important to us, and any additions to the level of operational aspect, ships and vessels in those areas will be very distinctive for "the Group", Since most of the agreements that are signed by us are international agreements to serve the global vessels.

The Debts Settlement

How did you settle the repayment of certain debts owed to you?

We were able of settlement and payment more than 14 Million USD due to the the company "Nordic American Tankers" by cash payment, through the "Group's" Investors, and we have reconsidered its debts, where we have balancing our dealings from the legal perspective, and the perspective of the discussions and settlements, and we managed through a simple period to change some legal issues in the favor of the "Group" which led to the debts reduction, either in London's Courts or Local Courts.

The first step was carried out by us is to rework on the concept of indebtedness, and finding ways to enable us to re-open the old files owed to the "Group" and use these files in the favor of the company through international and regional discussions, that we are doing, this would reduce the amount of the debts until it is paid completely.

Currently the Debts value that has been adjudicated is 21 Million USD, the most remaining issues in the Debts matter is the case of the two vessels which were purchased from “Jin Hai” Pool – China Maritime with a value of 19 Million USD, because it is a very tricky and complex issue, where the company paid the value of the two vessels and after the purchasing, the company terminated the contract, Since the penalty clauses and the contract terms were not in the favor of the company, we are in continuous communication with the Chinese side to find a settlement for this issue.

And nevertheless we must manage our business through a new concept (Comprehensive Strategic Approach), and we need to reconsider the future, more importantly, we have been able to Put an end for the loss and the Financial’s Bleeding, we worked in preparing the company for growth and success, there are encouraging additions in the business and services’ growth. What is important is that there is a real optimism with new facts and opportunities for the company and its future

Also the “Integrated Capital” exit with its stake of 5%, and the company was able fill the gap quickly

Financial Performance:
How you are evaluating your Financial Performance?
The group owns more than 500 Million shares in the “Group” and the share’s prices increased very fast to 1.19 Dirhams currently. After reaching a value of one dirham, and the share’s price became Much higher than the nominal value, and the Investors began trading a wide range of shares, this is a benevolence source for us, and we achieved positive results in the first half of 2016.

Do you have any future intention of Shipping Maritime Container?
We don’t have any intention to transfer the typical container through our vessels in the future, Due to its specialization in Petroleum and petrochemical products shipping, it is expected the specialized Maritime Shipping Sector “example – Oil Shipping” will maintain its activity in front of the drop of the Containers, Goods and other services shipping.

Business Compliant with the Islamic Shariaa
You decided to transfer your business to be compliant with Islamic Shariaa, how this will be in line with the direction of Dubai to be the capital of Islamic economics?
No doubt that the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai “May Allah protect him”, is the right thing, and it has an active and positive Resonance locally and internationally on Business and Finance, We are an integral part of the economic system, In order to change and renewal in the economies and funding opportunities We believe that the Islamic Shariaa is an essential Basic to the operations and future plans.

1-5 Billion Dirhams
Why you did not approve to raise the Group’s Capital to 5 Billion Dirhams?
Practically the General Assembly approved to add an item regarding the increasing of the authorized capital to 5 Billion Dirhams, but we have to comply with the laws and rules of the Authority and capital markets, which allows the raising of the authorized capital in stages and according to the systems. Accordingly, the General Assembly approved to raise the authorized capital to one billion dirhams and there are ideas and a creative opportunities and we look forward to the development of the company's capabilities and to stimulate business as soon as possible.

New Approaches

How you are evaluating the intention of the Federal Transport Authority – Land and Maritime – to develop Marine and maritime transport infrastructure?

By virtue that I am one of the members of the Technical Council of Maritime Transport which is emanating from the Federal Transport Authority – Land and Maritime – and I am chairing the Review and Update Maritime Commercial Law Committee, this endeavor will not only service the Maritime Navigational Shipping, It will set a new trend in capabilities' investment and diversification of the National Economy, We want an economy based on maritime manufacturing base as part of the equation, the fastest growing and most influential of the future.

Restructuring

What is your plans regarding the Restructuring of the "Group"?

There are many important challenges including Financial, Economic, Knowledge, Capabilities, Skills Competencies, changing in the Management Patterns and the limitation of the opportunities, and after evaluating the facts the determining the goals for the future, we put a Strategic Action Plan for the next ten years depending on the Comprehensive Strategic Approach under the name of "A Broad Vision for the New Horizon" from the perspective of reaching to a range of integrated business and harmonized with the business sector and multi-functional.

Maritime's Insurance

How you are dealing with the Maritime's Insurance in your Vessels and Ships? And how you are affected by the fluctuation of the Currencies' Rate regarding to your business?

We are Gulf National Establishment, but by the virtue of our business which reaches from the China to the United State, we adopt a common insurance plans between national and international companies for the requirements of risk, the environment and business.

Practically, we are well observant from the International Currency fluctuation in general, any such changes like this may be in our favor, we must be clear the International Variables and the repercussions in 2008 still and will remain

The Recovery of Petrochemical Products Transportation by 2020

Khamis Buamim – Board Member, Managing Director and Group CEO of "Gulf Navigation Holding" said that as a part of our next Strategic Plan for the next ten years we should remember that the most important issues that server the Maritime Shipping Sector is the expectations that indicate Shipment of Chemical Products Transportation will reach to 268.42 Tons by 2020, and there is an increment compound annual rate of 4.3% to 2020, and the GCC jointly will produce approximately 150.8 Million Tons. And it is expected that these countries will increase its International Shares with a continuation growth with adjusted ascending for the cost of production and shipping. Also the expectation shows that the GCC Under the drop in oil prices contributing in the recovery and competitive price especially in the Petrochemical sector.

United Gulf Navigation Company

The Board Member, Managing Director and Group CEO of "Gulf Navigation Holding" said that the existence of GCC on the Navigational Line or Lines is a secondary matter and not important. What is important is that the GCC, the largest producer of oil, gas and petrochemicals in the world and it has an urgent need to connect the its National product to the world.

It is better that we do this work, which constitute a huge return either from the product shipping of by creating new jobs' opportunities for the youth generation. Accordingly, many talk about the establishment of United Gulf Navigation Company but as I said we are still discussing.

And the existence of this matter is required and we aspire to have with our partner a strategy to provide our country with the latest vessels at competitive prices. Being a National Company depends on it on this field, which will lead to achieve and increasing the economic growth and create new jobs' opportunities.

TAWTEEN in the "Group"

Khamis Buamim – Board Member, Managing Director and Group CEO of "Gulf Navigation Holding" said that "One of our priorities during the next phase The existence of distinct and precise of human element who is qualified from the intellectual and knowledge and competence and ability side, we don't believe on anyone has a specialization in itself, the requirements are variables not, we don't want to involve the company in administrative costs, the Board is interesting in the Quality not in the Quantity".

Also he said, "the United Arab Emirates has many components, raw material and trained and qualified human resources in the Marine and Maritime's sectors, and it is able to find and educate its citizen how to improve the Maritime Reality, the company has approximately 40 qualified human elements and the group is going to implement TAWTEEN in positions in the next period. We studied many options to implement TAWTEEN in the Group"

He said, "Our strategy is based on several hubs, the direct hub which includes the Middle East and North Africa, the Secondary Hub which includes North Europe, East Asia and India, and the cross hub to the continentals toward America, Australia, Pacific and Brazil, this strategy need a certain kind of staff and citizens Who are able to deal with those internationally hubs and regions and to be the core of the future Maritime Business.

The Network Lines

Buamim said that the company's fleet consists of 4 Chemical Tankers and it is totally owned by the company and 4 vessels equally joint with "Stolt Nielsen" and 4 vessels to support the Maritime Operations owned 100% by the "Group" and there are many vessels owned by other under the "Group's" Management.

Also he said the sector which is the specialized by "Group" is commodity's sector, it is specialized itself in Petroleum and Petrochemical Products Shipping, we aim from our work to transfer of local and regional product to various regions of the world, for example we have send strategic sites and areas in China where we are transferring our Petrochemical Products (Dongguan, Ningbo, Tai Sang, Chang and Choi Hae, Quanzhou, Shanghai) in addition to that we have foothold for us in South Korea (Ulsan, Byung Taek), Vietnam, Singapore and Taiwan (Keelung, Kaohsiung, and Miley, Taichung)