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NEWS RELEASE

Vallianz Records Operating Profit of US$20.3 M* for FY2017

- Generated revenue of US$247.8 million in FY2017
- Reported net loss[#] of US$158.4 million in FY2017 after accounting for Exceptional Expenses
- Vessel chartering business remained profitable in FY2017 excluding Exceptional Expenses
- Order book of US$1.03 billion with charter contracts stretching up to year 2025

Singapore, 22 May 2017 – Vallianz Holdings Limited ("**Vallianz**" or "**Company**", and together with its subsidiaries, the "**Group**"), an established provider of offshore support vessels and integrated marine solutions to the oil and gas industry, today reported its financial results for the 15 months ended 31 March 2017 ("**FY2017**"). The Group's financial year-end has been changed to 31 March from 31 December previously.

The Group recorded an operating profit before tax of US$20.3 million* on revenue of US$247.8 million in FY2017. Around 84% of the Group's revenue was generated by its vessel chartering and brokerage business which is buoyed primarily by long-term charter contracts in the Middle East. This contribution was higher compared to 64% for the 12 months ended 31 December 2015 ("**FY2015**"), which is in line with the Group's strategy to focus on its core vessel chartering and brokerage business. Correspondingly, vessel management services accounted for a lower 15% of Group revenue in FY2017.

Gross profit margin in FY2017 was slightly softer at 25.2% compared to 27.9% in FY2015. This was due mainly to the renewal of certain existing contracts at a lower average charter rate (as announced on 20 July 2015), which was partially cushioned by the Group's proactive management of operating costs.

As a result of the business slowdown in the offshore oil and gas industry, the Group had to record non-cash net impairment expenses totaling US$214.6 million, including impairment expenses of US$22.3 million attributable to non-controlling interests, for certain of its assets in FY2017 ("**Exceptional Expenses**"). These Exceptional Expenses caused the Group to slip into the red in FY2017 with a net loss of US$158.4 million.

Excluding the Exceptional Expenses, the Group's business operations remained profitable in FY2017 despite the tough operating environment in the offshore support vessels sector.

**Operating profit before tax and Exceptional Expenses*
[#]Net loss attributable to owners and capital securities holder of the Company

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Said Mr Ling Yong Wah, CEO of Vallianz, "The industry conditions continue to be extremely challenging amid intense competition in the offshore support vessel market. Although sluggish demand has placed significant pressure on vessel utilisation and charter rates in most markets, Vallianz's vessel chartering business remains operationally profitable. This is because most of our vessel charters are long term in nature and based primarily in the Middle East region where there are sustained oil production activities.

Together with our strategic shareholder and partner Rawabi Holding, we have been focusing our efforts on strengthening customer relationships to sustain our leading market position in Middle East. Since the beginning of 2017, the Group has commenced charters for 5 new vessels which are expected to contribute to our revenue in the new financial year ending 31 March 2018."

As at 31 March 2017, the Group had an outstanding chartering services order book valued at approximately US$1.03 billion in aggregate, comprising primarily long term charters which include 2-year extension options stretching up to 2025. These charter contracts are mainly with a national oil company in the Middle East.

During the current industry slowdown, the Group executed initiatives to streamline its cost structure and operations to better align itself to the present operating environment. These initiatives will enable the Group to concentrate its resources on the core vessel chartering operations.

With a sharpened focus on the vessel chartering business, the Group is building on its strengths to solidify customer relationships, expand business opportunities with existing customers and increase penetration in other potential markets, particularly in the Middle East region where it has an established market position.

In partnership with Rawabi Holding, the Group will continue to enhance its operational capabilities and service quality to remain ahead of competition, and expand its fleet as appropriate to meet customers' requirements. The Group will also focus on ensuring cost efficiencies and adopt a cautious and prudent approach in the execution of its business plans.

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This news release should be read in conjunction with the Group's results announcement as at 31 March 2017 posted on the SGX website on 22 May 2017.

About Vallianz Holdings Limited

Vallianz Holdings Limited is an established provider of offshore support vessels and integrated offshore marine solutions to the oil and gas industry. Headquartered in Singapore, the Group provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns and operates a young fleet of 52 offshore support vessels and covers markets in the Middle East, Asia Pacific and Latin America.

To strengthen its foundation for growth, the Group is currently executing initiatives to expand its geographical reach, as well as broaden its range of marine assets and solutions. The Group also continues to seek opportunities and strategic alliances to increase its penetration in the major and emerging offshore oil and gas markets. Listed on SGX-Catalist, Vallianz is helmed by an experienced management team.

For more details, please refer to www.vallianzholdings.com

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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