

NEWS RELEASE

Vallianz Posts 12.5% Rise in Net Profit Attributable to Owners of the Company to US\$4.3 million for 1Q2017/18

- Revenue in 1Q2017/18 declined year-on-year but improved quarter-on-quarter with the start of new long term vessel charters
- Continued to deliver a profitable performance amid challenging industry conditions with an operating profit of US\$4.9 million in 1Q2017/18
- Order book of US\$990 million with charter contracts stretching up to year 2025

Singapore, 14 August 2017 – Vallianz Holdings Limited (“**Vallianz**” or “**Company**”, and together with its subsidiaries, the “**Group**”), one of the largest providers of offshore support vessels (“**OSV**”) in the Middle East, posted a 12.5% increase in net profit attributable to owners of the Company to US\$4.3 million for the first quarter ended 30 June 2017 (“**1Q2017/18**”).

Group revenue for 1Q2017/18 decreased 35.2% year-on-year to US\$41.2 million due mainly to the completion of various one-time vessel management projects in the second half of 2016. However, its revenue in 1Q2017/18 was an improvement from US\$38.7 million in the preceding quarter ended 31 March 2017, thanks to contributions from new long term charters contracts with its key National Oil Company (“**NOC**”) customer in the Middle East.

The Group’s core vessel chartering & brokerage services accounted for 94% of Group revenue in 1Q2017/18, an increase from 68% in the year-ago period. While the Group experienced lower utilisation for certain vessels outside of the Middle East region, this was mitigated by revenue contributions from ongoing long-term charters in the Middle East as well as the start of new long charter contracts during 1Q2017/18.

Gross profit margin for 1Q2017/18 edged higher to 25.9% compared with 25.0% in the year-ago period despite lower revenue. This was attributed to a shift in revenue mix away from the vessel management services which command lower margins, as well as a reduction in depreciation expenses following asset write-downs the Group made at the end of FY2017.

Notwithstanding the harsh industry conditions, the Group continued to deliver a creditable performance with an operating profit of US\$4.9 million in 1Q2017/18.

Vallianz Holdings Limited
Co Reg No. 199206945E

12 International Business Park, #03-02 Singapore 609920
Tel: +65 6505 0600 Fax: +65 6505 0601
www.vallianzholdings.com

As at 30 June 2017, the Group's shareholder equity was US\$187.0 million which represents net asset value per share of 4.17 US cents.

Said Mr Ling Yong Wah, CEO of Vallianz, "The Group continued to chalk up a profitable performance in spite of the extremely challenging business climate. The offshore support vessel sector continues to be weighed down by weak vessel utilisation and depressed charter rates in most markets.

The Group's vessel chartering business is primarily anchored on our operations in the Middle East which have remained stable and profitable due to the long term nature of our charter contracts there. The Group has therefore been able to endure the sluggish market conditions affecting other regions.

We have grown our Middle East business to transform the Group into one of the largest OSV players in that region. We continue to commence new long term charter contracts with the NOC and have deployed a total of 6 vessels during the first half of 2017. We expect to deploy more vessels for the remainder of this year. These contracts are expected to provide incremental revenue on top of the ongoing long term charters with the NOC."

As at 30 June 2017, the Group's chartering services order book was approximately US\$990 million. This comprises mainly long term charters that stretch up to 2025, including 2-year extension options.

"Following the series of cost rationalisation, operations streamlining and restructuring initiatives, as well as an asset write-down exercise undertaken in the last financial year, we believe the Group is better positioned to overcome current market challenges and focus on building our future," said Mr Ling.

With the strong support of its partner Rawabi Holding, the Group intends to keep its sights on expanding business opportunities with existing customers and increasing penetration in other target markets in the Middle East and other regions. To this end, the Group intends to leverage on its first inroads into Egypt and Turkmenistan to step up its presence in new markets.

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This news release should be read in conjunction with the Group's announcement posted on the SGX website on 14 August 2017.

About Vallianz Holdings Limited

Vallianz Holdings Limited is one of the largest providers of offshore support vessels to the oil and gas industry in the Middle East. Headquartered in Singapore, the Group also provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns and operates a young fleet of 55 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

*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.

The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899.

Telephone: (65) 6227 1580 Email: wongbe@provenancecapital.com

MEDIA AND INVESTOR RELATIONS CONTACT

OCTANT CONSULTING

phone (65) 62963583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg