

VARD HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Registration No. 201012504K)

TAX CLAIM RECEIVED

The Board of Vard Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform that the Company has received a tax claim for FY2010 from tax authorities in Brazil, and is evaluating the need for provisions for additional tax cost.

In a matter relating to transfer pricing of goods and services delivered from the Group's Norwegian entities to Vard Niterói in FY2010, and tax treatment thereof, the Company has been notified that Brazilian authorities have concluded a tax assessment resulting in an additional tax claim of approximately NOK 200 million including penalties and interest accrued. The diverging assessment originates from conflicting Brazilian transfer pricing rules, which have only been aligned as from FY2013.

The Company will file an appeal against the ruling, and no payments are expected to be made before a final conclusion of the case, which may take several years. No provisions have previously been made for this claim as such unfavorable assessment was deemed highly unlikely, based on legal and tax advice received by the Company.

The Company is currently reassessing the probabilities for the outcome of the tax dispute, and the need for provisions in its financial accounts. Further details will be disclosed latest when the Company announces the unaudited results for the third quarter ending 30 September 2014.

BY ORDER OF THE BOARD

Roy Reite
Executive Director and Chief Executive Officer
5 August 2014