



MANAGEMENT REPLIES TO ONLINE Q&A

25 February 2011

Dear Investors,

Thank you very much for the questions and the opportunities to clarify them. Your questions are reposted in *blue* followed by our replies in black.

Through this online exchange, we hope you have a better understanding of our businesses and strategies.

Regards,

The Management Team
ASL Marine Holdings Ltd.

Dear PH LEE, you wrote:

Thank you for inviting question to management of ASL.

1. I understand that the company is more into the tugs/barges for the Offshore Sector, would it be right to say that the business is in the easy waters than harsh ones?

The fleet of vessels under the Group's shipchartering operations consisting mainly barges, towing tugs, anchor handling tugs and other vessels. The Group charters its fleet to customers from diverse industries including offshore oil and gas, marine infrastructure, dredging, land reclamation and marine construction works, marine transportation of cargoes such as coal, aggregates and heavy equipment.

The Group's shipchartering revenue declined by 6.1% for the six months ended 31 December 2010 ("1HFY2011") mainly attributed to weak demand for towing jobs. Moving forward, the Group expects the operating environment for its shipchartering business to remain competitive.

2. At a glimpse, the company seems to be trading in the S&P of barges/tugs which could have contribute to the bottom line – a progressive company may want to show periodical "steel" valuation as a pro forma to financial statements.

The Group remains strategically committed to maximizing deployment, enhancing and renewing its fleet to better meet customers' needs. Apart from adding new vessels to the fleet, the renewal and upgrading process also involves the sale of existing older vessels taking into consideration the market demand and the selling price offered by customers. During 1HFY2011, the Group recorded gain on disposal of \$5.7 million from sale of vessels including vessel held for sale.

3. Since S&P and ops contribute to bottom line, a pro forma EBITDA numbers over the years may show where the company resilience are. Obviously, I am looking the dismay ROA of 5% as no-baiter for investors.

The Group recorded lower ROA of approximately 5% (annualised return on total assets) in FY2010 and 1HFY2011 attributed to reduced earnings. The lower earnings were attributed to the weak global economic conditions with subdued demand for new building orders and reduced pricing encountered by the Group's shiprepair and shipchartering operations due to pricing pressure.

4. Why don't the company use a revolver to reduce assets deployed? The net borrowings and substantial cash, although fashionable in many companies (for various tax reasons), don't seem right?

Thank you again.

The Group constantly evaluates the longer term funding options for assets deployed particularly the capital expenditure requirement for its shipchartering operations due to renewal and upgrading of its fleet.

The Group has been funding its capital expenditure in vessels and shipyards development mainly through operating cashflows, external borrowings and proceeds from sale of vessels. Management constantly reviews and monitors the Group's cash position to ensure sufficient cash and credit facilities to meet operational and capital expenditure requirements.

Dear Jayster, you wrote:

I've noticed the company is building ships to lease out on long-term charter. This helps to utilise the shipbuilding production capacity while the shipbuilding order books aren't what it used to. Any other plans to improve this declining segment of your business?

The Group would continue its strategy to expand its shiprepair, conversion and shipchartering operations to cushion against the impact on earnings caused by weak demand encountered by the shipbuilding segment. Amidst the competitive operating environment, the Group remains positive on the outlook for the shiprepair, conversion and shipchartering operations in view of the healthy demand in the region particularly within Indonesia.

For the shipbuilding segment, despite general over-supply situation in the shipping industry, there are encouraging signs of activity levels picking up in various segments particularly the offshore oil and gas sector. The Group would continue to actively seeking out and pursues opportunities for new building orders.

Dear Ah Huat, you wrote:

Do you build rigs like Keppel and Semb Marine? If not, are you considering acquiring capability or forming joint venture to do so? I figured the types of vessel you build have lower margins compared to a drilling rig.

The Group currently does not build rigs and has no immediate plans to move its focus to rig building.

The Group's shipbuilding operations specialize in building technically sophisticated offshore support vessels such as platform supply vessel, heavy lift and pipe-lay vessel, subsea operation vessel, Anchor Handling Towing & Supply vessel and other specialized vessels such as Azimuth Stern Drive Tugs and dredgers.

Dear Jeremy Tan, you wrote:

Your shiprepair and conversion business is very strong, what sort of repair or conversion is the most popular? Have any party contacted you to convert the use of fuel for ships from bunker fuel to LNG? I saw it on the news recently.

The Group recorded higher shiprepair and conversion revenue in 1HFY2011 mainly attributed to larger shiprepair jobs undertaken. The Group undertakes general repair, maintenance and conversion for all types of vessels including floating storage and offloading vessels, tankers, offshore support vessels, bulk carriers and container vessels.

The Group has not received enquiry on conversion jobs to convert the fuel power of a vessel to that of LNG power.

Dear Anthony Phua, you wrote:

Oil prices doesn't seem to be rising. USD is depreciating like banana notes. What is the impact of your business when oil price stays low and USD keep dropping?

The Group envisages that a lower oil price may generally have a positive impact on the operating costs of businesses.

For receivables and payables denominated in foreign currencies, the Group enters into "plan vanilla" forward contracts to hedge against exposures in foreign currency fluctuations. The relative decline in United States dollars generally translates into increased purchasing power in terms of Singapore dollars. However, stronger Singapore dollars may affect the price competitiveness of the Group when tendering for new shipbuilding orders in comparison with foreign market players.

Dear Investors,

Thank you for all your questions and the interest in ASL Marine Holdings Ltd. We have come to the end of this Q&A session.

We have enjoyed and learnt much from your questions and we hope that you have a better insight of our Group and its operations.

Regards,

**The Management Team
ASL Marine Holdings Ltd.**