



MANAGEMENT REPLIES TO ONLINE Q&A

24 February 2012

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.

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

Regards,

The Management Team
ASL Marine Holdings Ltd.

Dear Leonard, you wrote:

- 1. Shiprepair has traditionally been a strong division of ASL. Even after stripping out the \$10.1 million FPSO conversion job, there was a drop of \$12.7m (-58%) compared to Q2-2011. What steps are being taken to re-gain market share for shiprepair?*

ASL: The Management expects the shiprepair market to remain competitive, the long-term demand is however expected to be supported by a larger world fleet and mandatory requirements for ship owners to maintain sea worthiness of their vessels.

The Group is currently setting up an Offshore Services Division targeting on higher value offshore oil and gas related repair and conversion jobs, such as repair of oil rigs, FSO and FPSO as well as offshore topside fabrication works.

- 2. Now that the Batam extended dock and China yard are fully operational, what is the utilisation rate of all the 4 yards within the group?*

ASL: The Group's docking facilities in Batam have been operating near full capacity. The Group is currently building additional workshops at both its Batam and China yards to accommodate more shipbuilding activities.

- 3. The proposed Offshore Services Division looks interesting - as it will put more focus on the Oil n Gas sector. Any good news so far?*

ASL: Please refer to our reply to question 1 above.

4. *With the Indonesian cabotage rule in full implementation, how did it benefit ASL, if at all?*

ASL: Under the Indonesian cabotage rule, all ships plying Indonesia water must fly the Indonesian flag. In view of that there is a potential increased demand in the Indonesia domestic shipping industry, especially for vessels which are used in the offshore exploration and production activities. Currently the Group has a fleet of 60 vessels flying Indonesian flag ready for deployment to meet the transportation demand in Indonesia.

Dear KC, you wrote:

1. *Other than shipbuilding, shipchartering, is the company thinking of venturing into other alternative revenue source (e.g. rig building)?*

ASL: The Group currently does not build rigs and it is a different industry compared to ship building. The Group is specializes in building offshore support vessels such as platform supply vessel, heavy lift and pipe-lay vessel, subsea operation vessel, Anchor Handling Towing & Supply vessel and other specialised vessels such as Azimuth Stern Drive Tugs and dredgers.

Currently the Group has no plans to venture into other alternative revenue source.

2. *The company had get quite a huge order book up to 1Q 2014. Do you foresee more orders in the future considering the huge supply of ships?*

ASL: As at 31 December 2011, the Group has a total outstanding shipbuilding order book from external customers of approximately \$553 million for 39 vessels with progressive deliveries up to first quarter of 2014. Against the backdrop of over-supply in some important sub-sectors of the shipping industry, demand for new shipbuilding orders are expected to remain subdued. The Group will continue to actively seeking out and pursuing opportunities for new building orders amidst weak demand and intense competition within the marine industry.

3. *In the past, the company has given \$0.04 of dividend. Do you foresee more dividends been given for FY12 considering the huge order book that you have?*

ASL: The Group constantly reviews its dividend policy. The amount of dividend to be declared at the financial year end will depend on the Group's performance and foreseeable future funding requirements including the availability of external financing for working capital and capital expenditure requirements.

4. *Do you see ASL Marine as undervalue at the moment considering its book value is approximately 0.8?*

ASL: There are many complex factors (such as economic outlook, market sentiment etc) affecting movement in the share price and market valuation of the Group which are subject to fluctuations from time to time.

Dear Frank Tay, you wrote:

The Baltic Dry Bulk Index has crashed. Do you think there is an over-supply of vessels? What's your outlook for the rest of FY2012?

ASL: Commercial vessels like containerships and bulk carriers continue to be affected by depressed BDI index and global trade uncertainties; whereas smaller vessel class like tugs, barges and offshore support vessels appears to be on the recovery trend. These vessel classes (tugs, barges and OSV) are where ASL Marine niche lies.

There is no index monitoring the likely charter rates of the Group's chartering business. The Group currently operates a fleet of more than 190 tugs, Anchor Handling Tugs and barges, servicing customers from various industries including offshore oil & gas, marine infrastructure, dredging, land reclamation, marine construction works and cargoes transportation. This diversified strategy will cushion the Group against any downturn in a particular sector, as ASL Marine has the flexibility and versatility to re-deploy its vessels.

In view of the Group's vertically-integrated operations in shipbuilding, shiprepair and shipchartering, the over-supply situation in the containerships and bulk carriers may affects the shipbuilding segment however the impact on the offshore sector is insignificant and demand in the offshore support vessels such as AHTS, PSV heavy lift vessel, FSO and FPSO remains positive which will continue to support the demand in shiprepair segment.

The overall operating environment are expected to remain challenging for shipbuilding, competitive for shiprepair and the Group's shipchartering division will continue to tap on demand streaming from both Australia and Indonesia.

Dear Kelvin Ho, you wrote:

Your company got lease ship to PT Berlian Laju? They have no money to pay because bankrupt. How much bad debt do ASL expect to write off given the difficult situation in the shipping industry?

ASL: As mentioned in the announcement released by PT Berlian Laju on 26 January 2012, it will give its highest priority to servicing its obligations to its suppliers and trade creditors and has appointed FTI Consulting ("FTI") as its financial advisor to assess and assist in determining its financial position. The Group had several dealings with PT Berlian Laju group of companies in the past and is currently waiting for the submission of a comprehensive plan to settle the outstanding balance by FTI.

Dear Jayster, you wrote:

Do you have a share buy-back program? I see your cash has increased to S\$90.9M. What are you going to do with it? Special dividend?

ASL: Yes the Company does have a share buy-back mandate in place.

It is the Group's policy to fund its working capital including debts servicing and capital expenditure for its shipchartering operations via internal source of funds. The Group is currently undergoing an exercise to renew and upgrade its fleet, through its operating cash flows, external borrowings and possibly 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.

As at 31 December 2011, the Group's shipchartering operations have an outstanding delivery order of 11 vessels worth approximately \$35 million comprising Anchor Handling Tugs and barges.

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.**