ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of ASL Marine Holdings Ltd. (the "**Company**") wishes to announce that its independent auditor, Ernst & Young LLP, has highlighted a material uncertainty related to going concern in respect of the ability of the Group and the Company to continue as going concerns in the Independent Auditor's Report on the financial statements of the Company and its subsidiaries for the financial year ended 30 June 2019 (the "**FY2019 Financial Statements**"). The audit opinion in the Independent Auditor's Report is not modified in respect of this matter.

A copy of the Independent Auditor's Report, together with an extract of the relevant note to the FY2019 Financial Statements, are attached to this announcement for reference.

The Independent Auditor's Report and the FY2019 Financial Statements will form part of the Company's Annual Report for FY2019 (the "**FY2019 Annual Report**") which will be issued in due course. Shareholders of the Company are advised to read this announcement in conjunction with the FY2019 Annual Report.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO

10 October 2019

INDEPENDENT AUDITOR'S REPORT
to the members of ASL Marine Holdings Ltd.
For the financial year ended 30 June 2019

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ASL Marine Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statements of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements. The Group incurred loss after tax of $145,879,000 for the financial year ended 30 June 2019 and as at that date, the Group's current liabilities exceeded its current assets by $20,821,000. As at 30 June 2019, the Group's and Company's total borrowings amounted to $363,135,000 and $173,292,000 of which $46,264,000 and $11,965,000 were classified as current liabilities respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns. As disclosed further in that Note, the ability of the Group and the Company to continue as going concerns is dependent on the ability of the Group to generate sufficient cash flows from operations and to receive continued support from the lenders.

Material uncertainty related to going concern (cont'd)

In the event that the Group is unable to generate sufficient cash flows from operations or does not continue to receive support from the lenders, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. The Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of assets

The industry in which the Group operates remains weak in terms of volume and margins. There is weak demand for various classes of vessels in the chartering fleet, including offshore support vessels. This gives rise to financial statements risk such as impairment of the Group's vessels, as well as the determination of the net realisable value of finished goods, the recoverability of finance lease receivables, trade receivables and goodwill.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Impairment of vessels

Refer to Note 3.2(a) (Significant judgements and estimates), Note 2.10 (Accounting policies) and Note 4 (Property, plant and equipment).

The Group owned vessels with a carrying value of $359,385,000 as at 30 June 2019. As disclosed in Note 4, management performed an annual impairment test on the vessels due to the presence of impairment indicators on these vessels as at 30 June 2019. The impairment test was conducted by comparing the carrying amount of these vessels to their respective recoverable amounts. This area was significant to our audit as the carrying value of the vessels represented 70.2% of the Group's total non-current assets as at 30 June 2019 and there is significant judgement involved in the impairment assessment to determine the recoverable amounts of these vessels.

Management had estimated the recoverable amount of the vessels based on fair value less cost of disposal and engaged external independent valuers to perform valuations of these vessels and have considered the reasonableness of the valuation, given the industry in which the Group operates in. The valuations involve various underlying key assumptions and techniques used by the external independent valuers.

Our audit procedures included, amongst others, considering the competence and objectivity of the external independent valuation experts engaged by the management. We involved our internal valuation specialist in reviewing the appropriateness and reasonableness of the external independent valuation experts' valuation methodology, key assumptions used, inter alia the specifications and the age of the vessels and considered the appropriateness of the valuations of the vessels by comparing to comparable market data.

Net realisable value of completed vessels

Refer to Note 3.2(e) (Significant judgements and estimates), Note 2.17 (Accounting policies) and Note 10 (Inventories).

As disclosed in Note 10, included in finished goods are vessels with an aggregate carrying amount of $81,245,000 as at 30 June 2019.

The Group recognised the completed vessels at the lower of cost and net realisable value. Management engaged external independent valuers to determine the net realisable values of these vessels and have considered the reasonableness of the valuations, given the current market conditions. The determination of net realisable values of these vessels was significant to our audit as the total carrying value of completed vessels amounted to 34.7% of the Group's total current assets as at 30 June 2019. The determination of the net realisable value is complex and involves management exercising significant judgement and use of assumptions and estimates.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Net realisable value of completed vessels (cont'd)

Our audit procedures included, amongst others, considering the competence and objectivity of the external independent valuers engaged by management. We involved our internal valuation specialist in reviewing the appropriateness, reasonableness and consistency of the external independent valuation experts' valuation methodology, key assumptions used, inter alia the specifications of the vessels and considered the appropriateness of the valuations of the vessels by checking to comparable market data.

Recoverability of finance lease receivables and trade receivables

Refer to Note 3.2(c) (Significant judgements and estimates), Notes 2.14 and 2.21 (Accounting policies) and Notes 9 and 12 (Finance lease receivables and trade and other receivables).

Finance lease receivables and trade receivable balances were significant to the Group as they represent 8.3% of the total assets on the statements of financial position. There is possibility of delays in ship building projects arising from changes in capital investments, cancellation of orders and risks of customers renegotiating for lower charter rates. The collectability of finance lease receivables and trade receivables are key elements of the Group's working capital management, which is managed on an ongoing basis by management. The Group determines impairment of finance lease receivables and trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime expected credit losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed in accordance to days past due by grouping customers based on customer profiles, adjusted for current and forward-looking information. Finance lease receivables and trade receivables impairment assessment requires significant management judgment hence we determined that this is a key audit matter.

As part of the audit, we assessed the Group's processes and key controls relating to the monitoring of finance lease receivables and trade receivables including the process in determining whether a debtor is credit impaired and the Group's processes on the implementation of SFRS(I) 9 expected credit loss model. We reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor. We considered the age of the debts as well as the trend of collections to identify the collection risks. We obtained finance lease receivables and trade receivable confirmations and reviewed for collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to the year end. We had discussions with management and the Board of Directors on the recoverability of long outstanding debts, analysed the Group's trend of collections for long outstanding trade debtors and reviewed legal case files.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Impairment assessment of goodwill and other intangible assets

Refer to Note 3.2(b) (Significant judgement and estimates), Note 2.11 (Accounting policies) and Note 8 (Intangible assets).

Goodwill and other intangible assets amounting to $5,865,000 which represents 1.1% of total non-current assets and 3.8% of total equity as at 30 June 2019 is subject to impairment testing.

We considered the audit of management's impairment test of goodwill and other intangible assets to be significant because the assessment process is subjective and involves significant judgement. This assessment requires management to make significant judgement on the selection of various key assumptions that are affected by future market and economic conditions.

As disclosed in Note 8, the Group's goodwill and other intangible assets is allocated to one cash generating unit (CGU). Management made key assumptions in respect of future market and economic conditions such as revenue and margin development, discount rates and economic growth when performing the assessment.

We evaluated management's methodology used to assess the recoverable amount of goodwill and other intangible assets. We reviewed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets. Furthermore, we assessed whether these future cash flows were based on the budget approved by the Board of Directors. We assessed and tested the assumptions which the outcome of the impairment test is most sensitive to. We corroborated whether the revenue forecast is supported by customer orders secured to date.

Together with our internal valuation specialists, we assessed the appropriateness of the key assumptions used, notably the discount rate and long-term growth rate. This included an assessment of the specific inputs, inter alia, the discount rate, the risk-free rate, the equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific international markets in which the Group operates or equivalent data for peer companies.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Impairment of investments in subsidiaries and amounts due from subsidiaries at the Company level

Refer to Note 3.2(d) (Significant judgement and estimates), Notes 2.7 and 2.14 (Accounting policies) and Notes 6 and 12 (Investments in subsidiaries and trade and other receivables).

Investments in subsidiaries and amounts due from subsidiaries were $40,723,000 and $259,333,000 respectively as at 30 June 2019. The principal activities of these subsidiaries include vessel owning and intermediate investment holding companies. We considered the audit of management's impairment test of investments in subsidiaries and amounts due from subsidiaries to be significant because their carrying amounts represented 98.8% of the Company's total assets as at 30 June 2019 and the impairment assessment involves significant management's judgement.

The audit procedures discussed in the preceding paragraphs relating to impairment of vessels and impairment assessment of intangible assets and other factors such as the various subsidiaries historical and current performances and financial position are taken into consideration when assessing the impairment of investments in subsidiaries and amounts due from subsidiaries.

Impairment of amounts due from joint ventures and associates

Refer to Note 3.2(f) (Significant judgement and estimates), Notes 2.9 and 2.14 (Accounting policies) and Note 12 (Trade and other receivables).

Amounts due from joint ventures and associates was $5,058,000 as at 30 June 2019. The principal activities of these joint ventures and associates include investment holding companies, manufacture of reinforced concrete piles and precast components as well as metal galvanising, coating and protecting operations. We considered the audit of management's impairment test of amounts due from joint venture and associates to be significant because their carrying amounts represented 2.2% of the Group's total current assets as at 30 June 2019. Amounts due from joint ventures and associates impairment assessment requires significant management's judgement hence we determine this to be a key audit matter.

As part of the audit, we assessed the Group's processes and key controls relating to the monitoring of amounts due from joint ventures and associates including the process in determining whether a joint venture or associate is credit impaired and the Group's processes on the implementation of SFRS(I) 9 expected credit loss model. We reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor. We considered the age of the debts as well as the trend of collections to identify the collection risks. We also had discussions with management and the Board of Directors on the recoverability of long outstanding debts, analysed the Group's trend of collections for long outstanding amounts due from joint ventures and associates.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh Hian Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
8 October 2019

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2019

1. CORPORATE INFORMATION

ASL Marine Holdings Ltd. (the "Company"), incorporated in the Republic of Singapore, is a public limited company listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at No. 19 Pandan Road, Singapore 609271.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the financial year ended 30 June 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("SFRS"). These financial statements for the financial year ended 30 June 2019 are the first set of financial statements the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on the Group's adoption of SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

The Group incurred loss after tax of $145,879,000 (2018: $$72,786,000) for the financial year ended 30 June 2019 and as at that date, the Group's current liabilities exceeded its current assets by $20,821,000 (2018: Net current asset position of $105,286,000). As at 30 June 2019, the Group's and Company's total borrowings amounted to $363,135,000 and $173,292,000 (2018: $502,108,000 and $234,155,000) of which $46,264,000 and $11,965,000 (2018: $113,394,000 and $14,893,000) were classified as current liabilities respectively.

The matters set out in the paragraph above indicates the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The management and directors of the Company, having assessed the available sources of liquidity and funding, believe that the Group and the Company can continue as a going concern for the foreseeable future. In analysing the validity of the going concern basis applied in the preparation of the financial statements of the Group and the Company, the following factors were considered:

(i) The principal lenders and certain secured lenders of the Group have given their approvals on the re-scheduling (extending loans tenure thereby reducing monthly instalment) of its existing term loans which include its club term loan facility amounting to a face value of approximately $267,837,000 as at 30 June 2019, substantially based on a 10 year profile for repayment by monthly instalments over 8 years from loan restructured date. In addition, the principal lenders have granted revolving project financing and trade lines of $114,000,000 subsequent to the financial year under review;

(ii) The Group has received consent from its noteholders on 30 January 2019 to extend the tenure of its Series 006 Notes and Series 007 Notes with outstanding nominal value of $92,000,000 and $46,000,000 as at 30 January 2019 respectively by an another five years to 28 March 2025 for Series 006 Notes and 1 October 2026 for Series 007 Notes with reduced coupon rate of a base rate of 3% per annum and a mandatory redemption rate of 1% per annum, payable semi-annually; and

(iii) The Group expects that it will generate adequate cash flows from operations to meet working capital needs and to receive continued financial support from the lenders.

In the event that the Group is unable to generate sufficient cash flows from operations or does not continue to receive support from the lenders, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. The Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities at net realisation value. No such adjustments have been made to these financial statements.