ASL MARINE HOLDINGS LTD. (CO. REG. NO. 200008542N)

EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 and Young LLP, has included an emphasis of matter 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 2016 (the “FY2016 Financial Statements”). The audit opinion in the Independent Auditor’s Report however remains unqualified.

A copy of the Independent Auditor’s Report, together with an extract of the relevant note to the FY2016 Financial Statements, are attached to this announcement for reference.

The Independent Auditor’s Report and the FY2016 Financial Statements will form part of the Company’s Annual Report for FY2016 which has been released on SGXNET and will be dispatched to its Shareholders in due course. Shareholders of the Company are advised to read this announcement in conjunction with the FY2016 Annual Report.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director

11 November 2016

INDEPENDENT AUDITOR'S REPORT

To the members of ASL Marine Holdings Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of ASL Marine Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 64 to 165, which comprise the statements of financial position of the Group and the Company as at 30 June 2016, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 2.1 to the financial statements. As at 30 June 2016, the Group's and Company's total borrowings amounted to $592,186,000 and $150,000,000 of which $362,920,000 and $100,000,000 were classified as current. As disclosed in that Note, the Group's loans and borrowings that are due for repayment in the next 12 months exceed its cash and bank balances of $24,710,000 as at 30 June 2016. This factor together with the others disclosed in that Note indicates 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 successful completion of the renounceable non-underwritten rights issue, successful completion of the club term loan facility and the ability of the Group to generate sufficient cash flows from operations as forecasted.

If the Group and Company are unable to continue in operational existence for the foreseeable future, 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 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 balance sheets. In addition, 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 qualified in respect of this matter.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
4 November 2016

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 ("FRS").

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.

As at 30 June 2016, the Group's and Company's total borrowings amounted to $592,186,000 and $150,000,000 (2015: $543,483,000 and $150,000,000) of which $362,920,000 and $100,000,000 (2015: $220,408,000 and $Nil) were classified as current. Included in this balance is an amount of $100,000,000 (2015: $Nil) in relation to the Multicurrency Debt Issuance Programme comprising fixed rate notes which is due for repayment in March 2017 (Note 19). The Group's loans and borrowings that are due for repayment in the next 12 months exceed its cash and bank balances as at 30 June 2016 of $24,710,000 (2015: $77,919,000).

Given the persistently low oil prices, companies in the offshore marine sector including oil and gas companies may continue to cut back on their capital expenditure and delay expansion and exploration activities. This may result in decreased activities and contracts for yards and vessel owners. Combined with over supply of vessels in the industry, the impact of lower vessel utilisation, downward pressures on charter rates and slower repayment from customers have brought greater uncertainties to the Group and other similar companies in the offshore marine sector. The continuing weak market conditions will continue to present challenges and greater uncertainties to the Group's operations.

The matters set out in the paragraphs 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)

Subsequent to the financial year ended 30 June 2016 and up to the date of this report, the Group had undertaken the following measures to continue to strengthen the Group's financial position to fund the operations:

(a) The Company has signed a commitment letter with various lenders for a 5 year club term loan facility amounting to $99,900,000. The availability of the club term loan facility is subject to the completion of satisfactory documentation and due diligence. The management is not aware of any reasons that the necessary documentation and due diligence cannot be completed. In connection with the club term loan facility, the Company is required to undertake and successfully conclude on a consent solicitation exercise to extend the tenor of the full principal amount of the fixed rate notes by 3 years or more and seek any other waivers required for the extension of the fixed rate notes amounting to $100,000,000 maturing on 28 March 2017 and $50,000,000 maturing on 1 October 2018 prior to the first drawdown of the club term loan facility. The Company has appointed a solicitation agent, and intends to engage the noteholders in discussions prior to the launch of the consent solicitation exercise. The Company believes that it will have a reasonably good chance of obtaining the required approvals from noteholders so that it can access new monies by drawing down from the club term loan facility.

(b) The Company has also announced on 29 August 2016 that they will undertake a renounceable non-underwritten rights issue of up to 209,755,647 new ordinary shares at an issue price of $0.12 for each rights share on the basis of 1 rights share for every 2 existing ordinary shares. As an indication of their support and commitment to the Company, each of Mr. Ang Kok Tian, Mr. Ang Ah Nui, Mr. Ang Kok Eng, Mr. Ang Kok Leong, Mr. Ang Sin Liu and Ms. Ang Swee Kuan (each an "undertaking shareholder" and collectively, the "undertaking shareholders") have provided irrevocable undertakings to the Company that each of them shall subscribe and pay according to their respective shareholdings. The net proceeds from the minimum subscription scenario would approximate $16,800,000.

Having given consideration to the above measures, the Directors are of the view that it is appropriate to prepare these financial statements on a going concern assumption as they believe that they will be able to secure sufficient funding through the renounceable non-underwritten rights issue as well as obtain the required approvals from the fixed rate noteholders so as to secure the availability of the club term loan facility. In addition, the Directors believe that the Group will be able to generate sufficient operating cash flows to meet their working capital needs.

If the Group and Company is unable to continue in operational existence for the foreseeable future, the Group 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 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 balance sheets. In addition, under such circumstances 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.