

# A-SONIC AEROSPACE LIMITED

## PART I - INFORMATION REQUIRED FOR QUARTERLY AND FULL YEAR RESULTS ANNOUNCEMENTS

### FIRST QUARTER FINANCIAL STATEMENTS

- 1(a) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

### CONSOLIDATED INCOME STATEMENT For the first quarter ended 31 March 2016

	<b>Group</b>		
	<b>1<sup>st</sup> quarter ended</b>		
	31 Mar 16	31 Mar 15	Change
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Turnover	<b>39,651</b>	52,218	(24.1)
Other revenue	<b>351</b>	617	(43.1)
<b>Total revenue</b>	<b>40,002</b>	52,835	(24.3)
<b>Expenses</b>			
Changes in inventories	-	5	(100.0)
Purchases of goods and consumables used	<b>(56)</b>	(292)	(80.8)
Freight charges	<b>(34,372)</b>	(46,971)	(26.8)
Staff costs	<b>(4,521)</b>	(4,445)	1.7
Depreciation of property, plant and equipment	<b>(292)</b>	(255)	14.5
Finance costs	<b>(45)</b>	(79)	(43.0)
Share of results of associates	<b>75</b>	40	87.5
Share of results of joint ventures	-	158	(100.0)
Other operating expenses	<b>(1,220)</b>	(2,739)	(55.5)
<b>Total costs and expenses</b>	<b>(40,431)</b>	(54,578)	(25.9)
Loss before tax	<b>(429)</b>	(1,743)	(75.4)
Taxation	<b>(23)</b>	23	N/M
<b>Loss for the period</b>	<b>(452)</b>	(1,720)	(73.7)
<b>Loss attributable to:</b>			
Equity holders of the Company	<b>(262)</b>	(1,394)	(81.2)
Non-controlling interests	<b>(190)</b>	(326)	(41.7)
	<b>(452)</b>	(1,720)	(73.7)
<b>Other items :</b>			
Commission income	-	12	(100.0)
Interest income	<b>21</b>	89	(76.4)
Finance lease interest income	<b>149</b>	271	(45.0)
Allow ance for doubtful trade receivables w ritten back	<b>55</b>	-	N/M
Allow ance for doubtful trade receivables	<b>(181)</b>	(182)	(0.5)
Allow ance for doubtful non-trade receivables	-	(59)	(100.0)
Allow ance for doubtful non-trade receivables w ritten back	<b>22</b>	-	N/M
Exchange gain/(loss)	<b>722</b>	(632)	N/M
Rental expenses	<b>(341)</b>	(457)	(25.4)
Allow ance for doubtful finance lease receivables	<b>(149)</b>	-	N/M
Loss on disposal of property, plant and equipment	-	(6)	(100.0)

N/M: Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2016

	Group		
	1 <sup>st</sup> quarter ended		
	31 Mar 16	31 Mar 15	Change
	US\$'000	US\$'000	%
<b>Loss for the period</b>	<b>(452)</b>	<b>(1,720)</b>	<b>(73.7)</b>
<b>Other comprehensive loss:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	(407)	346	N/M
Disposal of interest in subsidiary without change in control	-	40	(100.0)
	(407)	386	
<b>Total comprehensive loss for the period</b>	<b>(859)</b>	<b>(1,334)</b>	<b>(35.6)</b>
Equity holders of the Company	(614)	(1,178)	(47.9)
Non-controlling interests	(245)	(156)	57.1
<b>Total comprehensive loss for the period</b>	<b>(859)</b>	<b>(1,334)</b>	<b>(35.6)</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company	(614)	(1,178)	(47.9)

N/M = not meaningful

- 1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**Balance Sheets**  
**31 March 2016**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>	<b>31 Dec</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	10,666	10,793	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	519	446	-	-
Deferred tax assets	423	414	-	-
	<b>11,608</b>	<b>11,653</b>	<b>#</b>	<b>#</b>
<b>Current assets</b>				
Inventories	566	563	-	-
Trade and other receivables	25,091	29,293	15	9
Due from subsidiaries (non-trade)	-	-	49,705	49,480
Due from associates	536	561	-	-
Tax recoverable	12	9	-	-
Cash and cash equivalents	17,762	18,993	5,433	5,519
	<b>43,967</b>	<b>49,419</b>	<b>55,153</b>	<b>55,008</b>
<b>Total assets</b>	<b>55,575</b>	<b>61,072</b>	<b>55,153</b>	<b>55,008</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	1,597	1,718	-	-
<b>Current liabilities</b>				
Trade and other payables	23,673	28,181	246	204
Bank term loans	2,254	2,414	815	778
Provision for restructuring costs	510	487	-	-
Finance lease liabilities	509	482	-	-
Tax payable	68	36	-	-
	<b>27,014</b>	<b>31,600</b>	<b>1,061</b>	<b>982</b>
<b>Total liabilities</b>	<b>28,611</b>	<b>33,318</b>	<b>1,061</b>	<b>982</b>
<b>Net assets</b>	<b>26,964</b>	<b>27,754</b>	<b>54,092</b>	<b>54,026</b>
<b>Equity</b>				
Share capital	51,758	51,758	51,758	51,758
Accumulated (losses) / profits	(14,573)	(14,269)	2,334	2,268
Foreign currency translation reserve	(8,424)	(8,072)	-	-
Equity attributable to equity holders of the Company, total	<b>28,761</b>	<b>29,417</b>	<b>54,092</b>	<b>54,026</b>
Non-controlling interests	(1,797)	(1,663)	-	-
<b>Total equity</b>	<b>26,964</b>	<b>27,754</b>	<b>54,092</b>	<b>54,026</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

At 31 March 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
2,736	-	2,896	-

**Amount repayable after one year**

At 31 March 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,624	-	1,718	-

**Details of any collateral**

The Group's borrowings are secured by corporate guarantee given by the Company and a first deed of debentures incorporating a floating charge over the receivables of the logistics business and collateral on the leasehold properties of the Group. Included in the Group's borrowings is a revolving term loan secured on the personal property of a director of a subsidiary, and finance leases secured by pledges on the motor vehicles.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the first quarter ended 31 March 2016

	<b>1<sup>st</sup> quarter ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(429)	(1,743)
<b>Adjustments for:</b>		
Interest income	(21)	(89)
Depreciation of property, plant and equipment	292	255
Finance lease interest income	(149)	(271)
Interest expenses	45	79
Allowance for doubtful non-trade receivables	-	59
Allowance for doubtful non-trade receivables written back	(22)	-
Loss on disposal of property, plant and equipment	-	6
Negative goodwill written off	(15)	-
Share of results of associates	(75)	(40)
Share of results of joint ventures	-	(158)
	<b>(374)</b>	<b>(1,902)</b>
Inventories	-	(5)
Receivables	4,639	7,002
Payables	(4,487)	(2,853)
Finance lease receivables	-	102
Effect of foreign exchange rate changes	183	(314)
Cash (used in)/generated from operations	<b>(39)</b>	<b>2,030</b>
Income tax received/(paid)	5	(13)
<b>Net cash (used in)/generated from operating activities</b>	<b>(34)</b>	<b>2,017</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	2
Restricted cash	-	1
Net cash flow from acquisition of a subsidiary	(100)	-
Proceeds from disposal of partial interest in subsidiary	-	40
Interest received	21	89
Purchase of property, plant and equipment	(25)	(1,618)
Effect of foreign exchange rate changes	(194)	275
<b>Net cash used in investing activities</b>	<b>(298)</b>	<b>(1,211)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank term loans	(215)	-
Repayment of finance lease liability	(121)	(19)
Dividend paid to minority shareholder	-	(126)
Shares bought back and cancelled	(42)	(17)
Interest paid	(45)	(79)
Effect of foreign exchange rate changes	82	(22)
<b>Net cash used in financing activities</b>	<b>(341)</b>	<b>(263)</b>
<b>Net (decrease)/increase in cash and cash equivalents <sup>(1)</sup></b>	<b>(673)</b>	<b>543</b>
Cash and cash equivalents at beginning of period	18,993	16,439
Effect of foreign exchange rate changes	(558)	535
<b>Cash and cash equivalents at end of period</b>	<b>17,762</b>	<b>17,517</b>

Note: (1) As at 31 March 2016, Cash and cash equivalents balances held by the Group amounting to US\$0.152 million are not available for use.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Consolidated Statement of Changes in Equity

For the first quarter ended 31 March 2016

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2016	51,758	(14,269)	(8,072)	29,417	(1,663)	27,754
<b>Comprehensive income</b>						
Loss for the period	-	(262)	-	(262)	(190)	(452)
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	-	(352)	(352)	(55)	(407)
Other comprehensive income for the period	-	-	(352)	(352)	(55)	(407)
Total comprehensive loss for the period	-	(262)	(352)	(614)	(245)	(859)
<b>Transaction with owners recorded directly in equity</b>						
Cancellation of shares bought back	-	(42)	-	(42)	-	(42)
<b>Changes in ownership interests in subsidiaries</b>						
Acquisition of subsidiary	-	-	-	-	111	111
<b>At 31 March 2016</b>	<b>51,758</b>	<b>(14,573)</b>	<b>(8,424)</b>	<b>28,761</b>	<b>(1,797)</b>	<b>26,964</b>

For the first quarter ended 31 March 2015

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2015	51,775	(3,720)	(8,140)	39,915	(1,495)	38,420
<b>Comprehensive income</b>						
Loss for the period	-	(1,394)	-	(1,394)	(326)	(1,720)
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	-	216	216	130	346
Disposal of interest in a subsidiary without change in control	-	-	-	-	40	40
Other comprehensive income for the period	-	-	216	216	170	386
Total comprehensive (loss)/income for the period	-	(1,394)	216	(1,178)	(156)	(1,334)
<b>Transaction with owners recorded directly in equity</b>						
Dividend paid	-	-	-	-	(126)	(126)
Cancellation of shares bought back	(17)	-	-	(17)	-	(17)
	(17)	-	-	(17)	(126)	(143)
<b>At 31 March 2015</b>	<b>51,758</b>	<b>(5,114)</b>	<b>(7,924)</b>	<b>38,720</b>	<b>(1,777)</b>	<b>36,943</b>

## Statement of Changes in Equity

For the first quarter ended 31 March 2016

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2016	51,758	2,268	54,026
<b>Comprehensive income</b>			
Profit and total comprehensive profit for the period	-	108	108
<b>Transaction with owners recorded directly in equity</b>			
Cancellation of shares bought back		(42)	(42)
<b>At 31 March 2016</b>	<b>51,758</b>	<b>2,334</b>	<b>54,092</b>

For the first quarter ended 31 March 2015

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2015	51,775	9,968	61,743
<b>Comprehensive income</b>			
Profit and total comprehensive income for the period	-	209	209
<b>Transaction with owners recorded directly in equity</b>			
Cancellation of shares bought back	(17)	-	(17)
<b>At 31 March 2015</b>	<b>51,758</b>	<b>10,177</b>	<b>61,935</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The following table shows movements in the issued ordinary shares of the Company :

	<b>First quarter ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
Balance at beginning of period #	175,651,370	715,903,629
Shares bought back and cancelled	(207,500)	(326,300)
Balance at end of period	<u>175,443,870</u>	<u>715,577,329</u>

# On 13 May 2015, the Company completed the Share Consolidation of every four shares into one consolidated share.

The Company has no outstanding employee share options as at 31 March 2016 and 31 December 2015.

- 1d(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares (excluding treasury shares) as at 31 March 2016 and 31 December 2015 were 175,443,870 and 175,651,370 respectively.

- 1d(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as there were no treasury shares issued by the Company.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

- 5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well the reasons for, and the effect of, the change.**

In the current period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and the Interpretations of FRS that are relevant to its operations and effective for the current period. The adoption of these new/revised FRSs has no material effect on the financial statements.



6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>1<sup>st</sup> quarter ended</b>	
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
Loss after tax attributable to equity holders of the Company (US\$'000)	<b>(262)</b>	<b>(1,394)</b>
Weighted average number of ordinary shares (in '000)	<b>175,467</b>	<b>178,955</b>
Earnings per share (US cents):		
Basic <sup>(1)</sup>	<b>(0.15)</b>	<b>(0.78)</b>
Diluted <sup>(1)</sup>	<b>(0.15)</b>	<b>(0.78)</b>

Note:

<sup>(1)</sup> Computed based on weighted average number of ordinary shares, adjusting for the effect of share consolidation.

7. **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:-**

(a) **current financial period reported on; and**

(b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	<b>16.39</b>	<b>16.75</b>	<b>30.83</b>	<b>30.76</b>

Notes:

<sup>(1)</sup> The above computation of net asset value per share excludes non-controlling interests. Including non-controlling interests, the net asset value per share for the Group as at 31 March 2016 and 31 December 2015 would have been 15.37 US cents and 15.80 US cents per share respectively.

<sup>(2)</sup> Computed based on 175,443,870 and 175,651,370 ordinary shares in issue for 31 March 2016 and 31 December 2015 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(b) **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

## FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the “**A-Sonic Group**” or the “**Group**”) are engaged in two areas of businesses, aviation and logistics. We operate in 37 cities in 17 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. We have a staff strength of approximately 683 personnel as at 31 March 2016.

Our aviation business relates to the sale, lease and purchase of aircraft and aircraft engines.

Our logistics business relates to supply chain management services, including logistics solutions; international and domestic multi-modal transportation; warehousing and distribution; customs clearance; and airport ground services.

### Income Statement

#### Revenue

##### 1<sup>st</sup> Qtr 2016 vs 1<sup>st</sup> Qtr 2015

Our “Total Revenue” decreased US\$12.833 million (24.3%) to US\$40.002 million in the first quarter ended 31 March 2016 (“1Q 2016”), compared to US\$52.835 million in the corresponding first quarter ended 31 March 2015 (“1Q 2015”).

Our “Total Revenue” comprised two components, namely, “Turnover” and “Other Revenue”.

In 1Q 2016, “Turnover” decreased US\$12.567 million (24.1%) to US\$39.651 million, compared to US\$52.218 million in 1Q 2015. The aviation business contributed to 0.16% of our “Turnover” in 1Q 2016. The remaining 99.84% of “Turnover” was generated from our logistics business.

“Turnover” of the aviation business decreased US\$0.290 million (82.4%) from US\$0.352 million in 1Q 2015 to US\$0.062 million in 1Q 2016, mainly due to lower business volume.

“Turnover” of the logistics business decreased US\$12.277 million (23.7%) to US\$39.589 million in 1Q 2016, compared to US\$51.866 million in 1Q 2015. Lower “Turnover” was mainly due to the global economic slowdown and stagnating trade. The volume of business contracted, and freight rates were lower. The contraction was felt greatest in The People’s Republic of China, Australia and the United States.

“Other Revenue” decreased US\$0.266 million (43.1%) to US\$0.351 million in 1Q 2016, compared to US\$0.617 million in 1Q 2015. The decrease was mainly due to lower (US\$0.122m) “Finance lease interest” and reduced (US\$0.141m) “Sundry income”.

##### 1<sup>st</sup> Qtr 2016 vs 4<sup>th</sup> Qtr 2015

We recorded a “Total Revenue” of US\$40.002 million in 1Q 2016, US\$8.606 million (17.7%) lower, compared to US\$48.608 million in the fourth quarter ended 31 December 2015 (“4Q 2015”).

Aviation “Turnover” decreased US\$0.535 million to US\$0.062 million in 1Q 2016, compared to US\$0.597 million in 4Q 2015. The decrease was mainly due to lower business volume.

Logistics “Turnover” was US\$39.589 million in 1Q 2016, compared to US\$47.774 million in 4Q 2015. The lower “Turnover” of US\$8.185 million (17.1%) was mainly due to the seasonal fluctuation in the logistics business. The closure of factories in The People’s Republic of China in February during the Chinese Lunar New Year reduced the manufacturing output, hence lower volume and cargo traffic generated in 1Q 2016. In contrast, the higher turnover of the logistics business in 4Q 2015 was due to the cargo traffic for festive seasons such as Thanksgiving, Christmas and New Year that occurred in the fourth quarter of the calendar year.

“Other Revenue” increased US\$0.114 million to US\$0.351 million in 1Q 2016, compared to US\$0.237 million in 4Q 2015, largely due to an increase in sundry income.

## **Total Costs and Expenses**

### **1<sup>st</sup> Qtr 2016 vs 1<sup>st</sup> Qtr 2015**

Our “Total costs and expenses” decreased US\$14.147 (25.9%) million from US\$54.578 million in 1Q 2015 to US\$40.431 million in 1Q 2016, largely due to two factors:

- (i) Firstly, “Freight charges”, relating to the logistics business constituted 85.01% of our “Total costs and expenses”, decreased US\$12.599 million (26.8%) to US\$34.370 million in 1Q 2016, compared to US\$46.969 million in 1Q 2015. The decrease in “Freight charges” was in line with corresponding reduction of US\$12.277 million (23.7%) in logistics “Turnover” in 1Q 2016; and
- (ii) Secondly, “Other operating expenses” decreased US\$1.519 million to US\$1.220 million in 1Q 2016, compared to US\$2.739 million in 1Q 2015. The lower “Other operating expenses” of US\$1.519 million was mainly due to: (i) a foreign exchange gain of US\$0.722 million in 1Q 2016 in contrast to a foreign exchange loss of US\$0.632 million in 1Q 2015; and (ii) a decrease of US\$0.116 million in rental expenses.

Our “Staff costs” increased US\$0.076 million to US\$4.521 million in 1Q 2016, compared to US\$4.445 million in 1Q 2015, largely attributable to an increase in headcount in the logistics business.

### **1<sup>st</sup> Qtr 2016 vs 4<sup>th</sup> Qtr 2015**

“Total costs and expenses” decreased US\$16.496 million (29.0%) to US\$40.431 million in 1Q 2016, compared to US\$56.927 million in 4Q 2015, largely due to the following three factors:

- (i) “Freight charges” decreased US\$6.308 million to US\$34.372 million in 1Q 2016, compared to US\$40.680 million in 4Q 2015. The reduction in “Freight charges” corresponded to the lower logistics “Turnover” of US\$8.185 million in 1Q 2016 compared to 4Q 2015. The reduction in “Turnover” in 1Q 2016 compared to 4Q 2015 as elaborated on page 10, in the third paragraph of the section titled “Revenue” for “1<sup>st</sup> Qtr 2016 vs 4<sup>th</sup> Qtr 2015”;
- (ii) “Other operating expenses” decreased US\$9.231 million to US\$1.220 million in 1Q 2016, compared to US\$10.451 million in 4Q 2015. The decrease in “Other operating expenses” was mainly due to one-off events that incurred in 4Q 2015, but did not recur in 1Q 2016. The one-off events that occurred in 4Q 2015 included, “Allowance for doubtful finance lease receivables” of US\$6.092 million, “Impairment of property, plant and equipment” of US\$1.366 million, “Allowance for doubtful non-trade receivables” of US\$0.597 million, “Inventory written off” of US\$0.274 million, and “Allowance for stock obsolescence” of US\$0.293 million; and
- (iii) “Staff costs” decreased to US\$4.521 million in 1Q 2016, from US\$5.163 million in 4Q 2015. The decrease of US\$0.642 million was mainly due to a reduction in staff head count, particularly in The People’s Republic of China.

## **Gross profit**

### **1<sup>st</sup> Qtr 2016 vs 1<sup>st</sup> Qtr 2015**

“Gross profit” increased US\$0.263 million (5.3%) to US\$5.223 million in 1Q 2016, compared to US\$4.960 million in 1Q 2015. “Gross profit” was calculated as “Turnover” less “Changes in inventories”, “Purchases of goods and consumables used” and “Freight charges”. Of the US\$5.223 million “Gross profit”, the aviation business recorded a “Gross profit” of US\$0.004 million in 1Q 2016, whilst logistics business contributed a “Gross profit” of US\$5.219 million. The increase of US\$0.263 million in “Gross profit” was mainly due to increase of US\$0.322 million in the logistics “Gross profit” in 1Q 2016, compared to 1Q 2015. The improvement was partially due to a higher “Gross profit” margin recorded in relation to the logistics business in 1Q 2016.

### **1st Qtr 2016 vs 4th Qtr 2015**

We recorded a “Gross profit” of US\$5.223 million in 1Q 2016, a decrease of US\$2.054 million (28.2%) from US\$7.277 million in 4Q 2015. The decline in our “Gross profit” was largely due to the reduction in “Turnover” in 1Q 2016, compared to 4Q 2015, as elaborated on page 10 in the section entitled “Revenue” for “1<sup>st</sup> Qtr 2016 vs 4<sup>th</sup> Qtr 2015”.

## **Net Profit Attributable to Equity Holders of the Company**

### **1<sup>st</sup> Qtr 2016 vs 1<sup>st</sup> Qtr 2015**

We recorded "Loss attributable to Equity Holders of the Company" of US\$0.262 million in 1Q 2016, compared to "Loss Attributable to Equity Holders of the Company" of US\$1.394 million in 1Q 2015. This was largely due to foreign exchange gain of US\$0.722 million in 1Q 2016, in contrast to a foreign exchange loss of US\$0.632 million in 1Q 2015.

### **1<sup>st</sup> Qtr 2016 vs 4<sup>th</sup> Qtr 2015**

We registered "Loss Attributable to Equity Holders of the Company" of US\$0.262 million in 1Q 2016, compared to "Loss Attributable to Equity Holders of the Company" of US\$8.492 million in 4Q 2015. The "Loss Attributable to Equity Holders of the Company" in 4Q 2015 was largely due to one-off events that incurred in 4Q 2015, but did not recur in 1Q 2016. These included "Allowance for doubtful finance lease receivables" of US\$6.092 million, "Impairment of property, plant and equipment" of US\$1.366 million, "Allowance for doubtful non-trade receivables" of US\$0.597 million, "Inventory written off" of US\$0.274 million, and "Allowance for stock obsolescence" of US\$0.293 million.

## **Balance Sheet**

### **Non-current assets**

The Group's "Non-current assets" decreased US\$0.045 million to US\$11.608 million as at 31 March 2016, compared to US\$11.653 million as at 31 December 2015 ("FY 2015"). The decrease was attributable to a reduction of US\$0.127 million in "Property, plant and equipment", which was largely due to the "Depreciation for Property, plant and equipment". However, the decrease in "Non-current assets" was partially offset by increases in "Investment in associates" and "Deferred tax assets" of US\$0.073 million and US\$0.009 million, respectively.

### **Current assets**

"Current assets" decreased US\$5.452 million to US\$43.967 million as at 31 March 2016, compared to US\$49.419 million as at the end of FY 2015. The decrease in "Current assets" was largely owing to: (i) a decrease of US\$4.202 million in "Trade and other receivables" to US\$25.091 million as at 31 March 2016, compared to US\$29.293 million as at the end of FY 2015, in line with the decrease in "Turnover"; and (ii) a reduction of "cash and cash equivalents" of US\$1.231 million, which was partially utilized to repay bank term loan of US\$0.215 million.

### **Non-current liabilities**

"Non-current liabilities" decreased US\$0.121 million to US\$1.597 million as at 31 March 2016 as a result of the partial repayment of the finance lease liabilities during the period.

### **Current liabilities**

"Current liabilities" declined US\$4.586 million to US\$27.014 million as at 31 March 2016, compared to US\$31.600 million as at the end of FY 2015, largely due to:

- (i) A reduction of US\$4.508 million in "Trade and other payables" to US\$23.673 million as at 31 March 2016, compared to US\$28.181 million as at the end of FY 2015, in line with the decline in our "Freight charges"; and;
- (ii) A reduction of "Bank term loans" of US\$0.160 million to US\$2.254 million as at 31 March 2016, compared to US\$2.414 million as at the end of FY2015, mainly due to the partial bank loan repayment during the period.

### **Net asset**

Our Group's net asset value (excluding non-controlling interests) stood at US\$28.761 million as at 31 March 2016, (or an equivalent of US cents of 16.39 per share), compared to US\$29.417 million as at the end of FY 2015, (or an equivalent of US cents 16.75 per share). Net asset value (excluding non-controlling interests) decreased US\$0.656 million mainly resulting from "Net Loss Attributable to Equity Holders of the Company" and "Currency translation differences on consolidation" as at 31 March 2016.

The Group's gearing based on, total bank borrowings and finance leases liabilities, to net asset value (excluding non-controlling interests) stood at 15.2% as at 31 March 2016, compared to 15.7% as at the end of FY 2015.

## Equity

The Group's "Accumulated losses" increased US\$0.304 million to US\$14.573 million as at 31 March 2016, compared to US\$14.269 million as at the end of FY 2015, largely due to the "Net loss attributable to equity holders of the Company" of US\$0.262 million.

The Group's negative "Foreign currency translation reserve" increased US\$0.352 million to a negative reserve of US\$8.424 million as at the end of 31 March 2016, compared to a negative reserve of US\$8.072 million as at end of FY 2015.

As a result, the "Equity Attributable to Equity Holders of the Company" declined to US\$28.761 million as at 31 March 2016, compared to US\$29.417 million as at end FY 2015.

## Cash Flow

### 1<sup>st</sup> Qtr 2016 vs 1<sup>st</sup> Qtr 2015

"Net cash used in operating activities" was US\$0.034 million in 1Q 2016, compared to "Net cash generated from operating activities" amounting to US\$2.017 million in 1Q 2015, largely owing to (i) loss before tax of US\$0.429 million in 1Q 2016, compared to a loss before tax of US\$1.743 million in 1Q 2015; and (ii) cash used in "Payables" of US\$4.487 million.

"Net cash used in investing activities" amounted to US\$0.298 million in 1Q 2016, compared to US\$1.211 million in 1Q 2015. This was largely due to US\$1.593 million decrease in "Purchase of property, plant and equipment" in 1Q 2016 compared to 1Q 2015. The "Purchase of property, plant and equipment" of US\$1.618 million in 1Q 2015 was substantially related to the purchase of trucks for our logistic business. However, the abovesaid decrease was partially offset by the "Effect of foreign exchange rate changes" which resulted from the depreciation of United States currency against most of Asian currencies in Asia.

"Net cash used in financing activities" amounted to US\$0.341 million in 1Q 2016, compared to US\$0.263 million in 1Q 2015. The increase in "Net cash used in financing activities" was largely attributable to "Repayment of bank term loans" and "Repayment of finance lease liability" amounting to US\$0.215 million and US\$0.121 million, respectively. In 1Q 2015, the "Net cash used in financing activities" included "Dividend paid to Minority shareholder" by one of our subsidiaries of US\$0.126 million, whereas this does not exist in 1Q 2016.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Save for the public announcement made on 6 May 2016, no forecast or prospect statement had previously been disclosed to the shareholders.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months.**

A global economic slowdown and stagnating trade are becoming more evident. We remain cautious. The performance of the aviation business depends largely on the sale or new leases of aircraft and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global economy.

11. **Dividend**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended) in the current financial period reported on:**

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

- (b) i) **Amount per share (in cents)**

None.

- ii) **Previous corresponding period (in cents)**

None.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

As at the date of this Announcement, the Group has not obtained a general mandate from shareholders for IPTs.

- 14. Negative confirmation pursuant to Rule 705(5).**

See enclosed on last page.

- 15. Confirmation by Board pursuant to rule 720(1) of the Listing Manual**

The Board had received undertakings from all its directors in the format as set out in Appendix 7.7 in pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

#### **BY ORDER OF THE BOARD**

Loo Keat Choon  
Joint Company Secretary

12 May 2016


**Directors' Negative Assurance on Interim Financial Results under Rule 705(5)**

To the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial results of the Group and the Company for the first quarter period ended 31 March 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet LC Tan  
Chief Executive Officer



Jenny Tan  
Executive Director