

A-SONIC AEROSPACE LIMITED

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

THIRD 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 third quarter and nine months period ended 30 September 2016

	Group			Group		
	Third quarter ended		Change	9 months period ended		Change
	30 Sep 16	30 Sep 15		30 Sep 16	30 Sep 15	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Turnover	46,269	47,699	(3.0)	130,214	150,011	(13.2)
Other revenue	144	2,516	(94.3)	681	4,020	(83.1)
Total revenue	46,413	50,215	(7.6)	130,895	154,031	(15.0)
Expenses						
Changes in inventories	-	(10)	(100.0)	12	(47)	NM
Purchases of goods and consumables used	(76)	(950)	(92.0)	(200)	(1,568)	(87.2)
Freight charges	(40,212)	(41,389)	(2.8)	(113,250)	(132,820)	(14.7)
Staff costs	(4,628)	(4,308)	7.4	(13,861)	(13,270)	4.5
Depreciation of property, plant and equipment	(303)	(291)	4.1	(884)	(844)	4.7
Finance costs	(47)	(70)	(32.9)	(136)	(220)	(38.2)
Share of results of associates	26	68	(61.8)	168	136	23.5
Share of results of joint venture	-	3	(100.0)	-	184	(100.0)
Other operating expenses	(1,565)	(2,825)	(44.6)	(4,446)	(7,759)	(42.7)
Total costs and expenses	(46,805)	(49,772)	(6.0)	(132,597)	(156,208)	(15.1)
(Loss)/profit before tax	(392)	443	NM	(1,702)	(2,177)	(21.8)
Taxation	(333)	57	NM	(385)	32	NM
(Loss)/profit for the period	(725)	500	NM	(2,087)	(2,145)	(2.7)
(Loss)/profit attributable to:						
Equity holders of the Company	(764)	598	NM	(1,815)	(1,502)	20.8
Non-controlling interests	39	(98)	NM	(272)	(643)	(57.7)
	(725)	500	NM	(2,087)	(2,145)	(2.7)
Other items :						
Commission income	-	-	-	-	12	(100.0)
Interest income	23	(154)	NM	67	55	21.8
Finance lease interest	54	222	(75.7)	306	742	(58.8)
Sundry income	78	180	(56.7)	219	1,053	(79.2)
Loss on disposal of property, plant and equipment	-	(1)	(100.0)	-	(3)	(100.0)
Gain on disposal of a joint venture	-	2,089	(100.0)	-	2,089	(100.0)
Allowance for doubtful trade receivables written back	11	9	22.2	89	32	178.1
Allowance for doubtful non-trade receivables written back	-	170	(100.0)	-	-	-
Allowance for doubtful trade receivables	(74)	(252)	(70.6)	(344)	(661)	(48.0)
Allowance for doubtful non-trade receivables	(52)	-	NM	(30)	-	NM
Bad trade receivables written off	(1)	-	NM	(11)	-	NM
Exchange (loss)/gain	(106)	(820)	(87.1)	491	(1,419)	NM
Loss on disposal of an associate	-	-	-	-	(33)	(100.0)
Rental expenses	(389)	(341)	14.1	(1,005)	(1,255)	(19.9)
Allowance for doubtful finance lease receivables	(54)	-	NM	(306)	-	NM

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the third quarter and nine months period ended 30 September 2016

	Group			Group		
	Third quarter ended		Change	9 months period ended		Change
	30 Sep 16	30 Sep 15		30 Sep 16	30 Sep 15	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/profit for the period	(725)	500	<i>NM</i>	(2,087)	(2,145)	(2.7)
Other comprehensive (loss)/income:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising on consolidation	142	42	<i>NM</i>	(319)	282	<i>NM</i>
Disposal of interest in subsidiary without change in control	-	-	-	-	40	(100.0)
	142	42		(319)	322	
Total comprehensive (loss)/Income for the period	(583)	542	<i>NM</i>	(2,406)	(1,823)	32.0
Equity holders of the Company	(595)	557	<i>NM</i>	(2,061)	(1,418)	45.3
Non-controlling interests	12	(15)	<i>NM</i>	(345)	(405)	(14.8)
Total comprehensive (loss)/Income for the period	(583)	542	<i>NM</i>	(2,406)	(1,823)	32.0
Total comprehensive (loss)/Income attributable to:						
Equity holders of the Company	(595)	557	<i>NM</i>	(2,061)	(1,418)	45.3

NM = 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
At 30 September 2016

	Group		Company	
	30 Sep 2016 US\$'000	31 Dec 2015 US\$'000	30 Sep 2016 US\$'000	31 Dec 2015 US\$'000
Non-current assets				
Property, plant and equipment	10,301	10,793	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	359	446	-	-
Deferred tax assets	95	414	-	-
	10,755	11,653	-	-
Current assets				
Inventories	575	563	-	-
Trade and other receivables	32,051	29,293	21	9
Due from subsidiaries	-	-	50,708	49,480
Due from associates	523	561	-	-
Tax recoverable	15	9	-	-
Cash and cash equivalents	15,100	18,993	5,176	5,519
	48,264	49,419	55,905	55,008
Total assets	59,019	61,072	55,905	55,008
Non-current liabilities				
Finance lease liabilities	1,500	1,718	-	-
	1,500	1,718	-	-
Current liabilities				
Trade and other payables	28,947	28,181	160	204
Bank term loans	2,051	2,414	1,392	778
Provision for restructuring costs	504	487	-	-
Finance lease liabilities	540	482	-	-
Tax payable	59	36	-	-
	32,101	31,600	1,552	982
Total liabilities	33,601	33,318	1,552	982
Net assets	25,418	27,754	54,353	54,026
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated (losses) / profits	(16,137)	(14,269)	2,595	2,268
Foreign currency translation reserve	(8,306)	(8,072)	-	-
Equity attributable to equity holders of the Company, total	27,315	29,417	54,353	54,026
Non-controlling interests	(1,897)	(1,663)	-	-
Total equity	25,418	27,754	54,353	54,026

#: represents amount less than US\$1,000

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

Amount repayable in one year or less, or on demand

At 30 September 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
2,591	-	2,896	-

Amount repayable after one year

At 30 September 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,500	-	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 pledge 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 third quarter and nine months period ended 30 September 2016

	Group			
	Third quarter ended		9 months period ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(392)	443	(1,702)	(2,177)
Adjustments for:				
Interest income	(23)	154	(67)	(55)
Depreciation of property, plant and equipment	303	291	884	844
Finance lease interest	(54)	(222)	(306)	(742)
Interest expenses	47	70	136	220
(Write back)/allowance for doubtful non-trade receivables	52	(170)	30	-
Negative goodwill written off	-	-	(15)	-
Gain on disposal of an associate	-	-	-	(33)
Loss on disposal of property, plant and equipment	-	1	-	3
Gain on disposal of a joint venture	-	(2,089)	-	(2,089)
Share of results of associates	(26)	(68)	(168)	(136)
Share of results of joint venture	-	(3)	-	(184)
Effect of foreign exchange rate changes	67	(134)	172	(82)
	(26)	(1,727)	(1,036)	(4,431)
Inventories	-	10	(12)	47
Receivables	(1,865)	4,557	(2,233)	12,067
Payables	1,282	52	754	(5,086)
Finance lease receivable	-	11	-	60
Cash (used in)/generated from operations	(609)	2,903	(2,527)	2,657
Income tax (paid)/refund	(14)	61	(46)	17
Net cash (used in)/generated from operating activities	(623)	2,964	(2,573)	2,674
Cash flows from investing activities				
Acquisition of subsidiary ^(A)	39	-	(61)	-
Dividend received from associate	258	-	258	315
Interest received	23	(154)	67	55
Proceed from disposal of a joint venture	-	4,593	-	4,593
Proceed from dissolution of joint venture	-	-	-	5
Proceeds from disposal of associate	-	-	-	66
Proceeds from disposal of partial interest in subsidiary without loss of control	-	-	-	40
Proceeds from disposal of property, plant and equipment	-	-	2	34
Purchase of property, plant and equipment	(37)	(225)	(85)	(519)
Dividend received from joint venture	-	252	-	252
Restricted cash	-	(1)	-	-
Effect of foreign exchange rate changes	9	47	(174)	112
Net cash generated from investing activities	292	4,512	7	4,953
Cash flows from financing activities				
Proceeds from bank term loans	586	209	1,012	1,217
Repayment of bank term loans	(1,185)	(5,976)	(1,400)	(6,644)
Repayment of finance lease liabilities	(125)	(383)	(371)	(464)
Dividend paid to minority shareholder	-	-	-	(126)
Purchase of shares for cancellation	-	(59)	(42)	(108)
Interest paid	(47)	(70)	(136)	(220)
Effect of foreign exchange rate changes	(41)	162	20	145
Net cash used in financing activities	(812)	(6,117)	(917)	(6,200)
Net (decrease)/increase in cash and cash equivalents ^(B)	(1,143)	1,359	(3,483)	1,427
Cash and cash equivalents at beginning of period	16,123	16,717	18,993	16,439
Effect of foreign exchange rate changes	120	365	(410)	575
Cash and cash equivalents at end of period	15,100	18,441	15,100	18,441
Cash and cash equivalents are represented by ^(B):				
Bank and cash balances	14,938	18,279	14,938	18,279
Fixed deposits	162	162	162	162
	15,100	18,441	15,100	18,441

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the third quarter and nine months period ended 30 September 2016

Note (A):

Net cash flow from acquisition of a subsidiary	Group
	9 months period ended 30 September 2016 US\$'000
Property plant and equipment	5
Trade and other receivables	209
Cash and cash equivalents	39
Total assets	<u>253</u>
Trade and other payables	<u>(27)</u>
Total liabilities	<u>(27)</u>
Total identifiable net assets acquired	226
Less: Non-controlling interests	<u>(111)</u>
Net assets acquired	115
Less: Goodwill	<u>(15)</u>
	100
Less: cash and cash equivalents of subsidiary acquired #	<u>(39)</u>
Net cash outflow from acquisition a subsidiary	<u><u>61</u></u>

Cash and cash equivalents of subsidiary acquired amounted to US\$39,000 was reflected in 3Q 2016.

Note (B): As at 30 September 2016, Cash and cash equivalents balances held by the Group amounting to US\$0.162 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 third quarter and nine months period ended 30 September 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
Comprehensive loss						
Loss for the period	-	(262)	-	(262)	(190)	(452)
Other comprehensive loss						
Currency translation differences on consolidation	-	-	(352)	(352)	(55)	(407)
Other comprehensive loss for the period	-	-	(352)	(352)	(55)	(407)
Total comprehensive loss for the period	-	(262)	(352)	(614)	(245)	(859)
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(42)	-	(42)	-	(42)
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary	-	-	-	-	111	111
At 31 March 2016	51,758	(14,573)	(8,424)	28,761	(1,797)	26,964
Comprehensive loss						
Loss for the period	-	(789)	-	(789)	(121)	(910)
Other comprehensive (loss)/income						
Currency translation differences on consolidation	-	-	(51)	(51)	(3)	(54)
Acquisition of interest in subsidiary without change in control	-	(12)	-	(12)	12	-
Other comprehensive (loss)/income for the period	-	(12)	(51)	(63)	9	(54)
Total comprehensive loss for the period	-	(801)	(51)	(852)	(112)	(964)
Transaction with owners recorded directly in equity						
Refund of dividend to the Company	-	1	-	1	-	1
	-	1	-	1	-	1
At 30 June 2016	51,758	(15,373)	(8,475)	27,910	(1,909)	26,001
Comprehensive (loss)/Income						
(Loss)/profit for the period	-	(764)	-	(764)	39	(725)
Other comprehensive profit/(loss)						
Currency translation differences on consolidation	-	-	169	169	(27)	142
Other comprehensive profit/(loss) for the period	-	-	169	169	(27)	142
Total comprehensive (loss)/profit for the period	-	(764)	169	(595)	12	(583)
At 30 September 2016	51,758	(16,137)	(8,306)	27,315	(1,897)	25,418

Consolidated Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 2016 (cont'd)

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
Comprehensive loss						
Loss for the period	-	(1,394)	-	(1,394)	(326)	(1,720)
Other comprehensive income						
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)
Transaction with owners recorded directly in equity						
Dividend paid	-	-	-	-	(126)	(126)
Cancellation of shares bought back	(17)	-	-	(17)	-	(17)
	(17)	-	-	(17)	(126)	(143)
At 31 March 2015	51,758	(5,114)	(7,924)	38,720	(1,777)	36,943
Comprehensive loss						
Loss for the period	-	(706)	-	(706)	(219)	(925)
Other comprehensive loss						
Currency translation differences on consolidation	-	-	(91)	(91)	(15)	(106)
Other comprehensive loss for the period	-	-	(91)	(91)	(15)	(106)
Total comprehensive loss for the period	-	(706)	(91)	(797)	(234)	(1,031)
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(31)	-	(31)	-	(31)
	-	(31)	-	(31)	-	(31)
At 30 June 2015	51,758	(5,851)	(8,015)	37,892	(2,011)	35,881
Comprehensive Income/(loss)						
Profit/(loss) for the period	-	598	-	598	(98)	500
Other comprehensive (loss)/profit						
Currency translation differences on consolidation	-	-	(41)	(41)	83	42
Other comprehensive (loss)/profit for the period	-	-	(41)	(41)	83	42
Total comprehensive profit/(loss) for the period	-	598	(41)	557	(15)	542
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(59)	-	(59)	-	(59)
	-	(59)	-	(59)	-	(59)
At 30 September 2015	51,758	(5,312)	(8,056)	38,390	(2,026)	36,364

Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 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
Comprehensive income			
Profit and total comprehensive income for the period	-	108	108
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(42)	(42)
At 31 March 2016	51,758	2,334	54,092
Comprehensive income			
Profit and total comprehensive income for the period	-	123	123
Transaction with owners recorded directly in equity			
Refund of unclaimed dividend	-	1	1
At 30 June 2016	51,758	2,458	54,216
Comprehensive income			
Profit and total comprehensive income for the period	-	137	137
At 30 September 2016	51,758	2,595	54,353

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2015	51,775	9,968	61,743
Comprehensive income			
Profit and total comprehensive income for the period	-	209	209
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	(17)	-	(17)
At 31 March 2015	51,758	10,177	61,935
Comprehensive income			
Profit and total comprehensive income for the period	-	152	152
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(31)	(31)
At 30 June 2015	51,758	10,298	62,056
Comprehensive income			
Profit and total comprehensive income for the period	-	31	31
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(59)	(59)
At 30 September 2015	51,758	10,270	62,028

- 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 :

	Third quarter ended	
	30 Sep 2016	30 Sep 2015
Balance at beginning of period ⁽¹⁾⁽²⁾	58,479,296	178,721,070
Shares bought back and cancelled	-	(462,000)
Balance at end of period	<u>58,479,296</u>	<u>178,259,070</u>

⁽¹⁾ On 16 May 2016, the Company completed the Share Consolidation of every three shares into one consolidated share.

⁽²⁾ On 13 May 2015, the Company completed the Share Consolidation of every four shares into one consolidated share.

- 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 30 September 2016 and 31 December 2015 were 58,479,296 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.

	Group		Group	
	Third quarter ended	9 months period ended	Third quarter ended	9 months period ended
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
(Loss)/profit after tax attributable to equity holders of the Company (US\$'000)	(764)	598	(1,815)	(1,502)
Weighted average number of ordinary shares (in '000)	58,482	59,602	58,482	59,602
Earnings per share (US\$ cents):				
Basic ⁽¹⁾	(1.31)	1.00	(3.10)	(2.52)
Diluted ⁽¹⁾	(1.31)	1.00	(3.10)	(2.52)

Note:

- (1) Computed based on weighted average number of ordinary shares, adjusting for the effect of Share consolidation of every three shares into one consolidation share, completed on 16 May 2016.

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.

	Group		Company	
	30 Sep	31 Dec	30 Sep	31 Dec
	2016	2015	2016	2015
Net asset value per share based on existing issued share capital at the end of period/year (US\$ cents) ⁽¹⁾⁽²⁾	46.71	50.24	92.94	92.28

Notes:

- (1) 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 30 September 2016 and 31 December 2015 would have been 43.46 US\$ cents and 47.40 US\$ cents per share respectively.
- (2) Computed based on 58,479,296 and 58,548,463 ordinary shares in issue for 30 September 2016 and 31 December 2015 respectively, adjusting for the effect of Share consolidation.

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. As at the date of this announcement, we operate in 32 cities, and in 15 countries, spanning across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength is approximately 700 personnel as at 31 October 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 logistic solutions; international and domestic multi-modal transportation; warehousing and distribution; customs clearance; and airport ground services.

INCOME STATEMENT

Revenue

9M 2016 vs 9M 2015

Our “Total revenue” comprises “Turnover” and “Other revenue”. We recorded a “Total revenue” of US\$130.895 million in the nine months ended 30 September 2016 (“9M 2016”), compared to US\$154.031 million in the corresponding period in 2015 (“9M 2015”). The decline of US\$23.136 million in “Total revenue” in 9M 2016 was due to both a decline in “Turnover” and “Other revenue”. In 9M 2016, “Turnover” decreased US\$19.797 million, and a “Other revenue” decreased of US\$3.339 million.

“Turnover” decreased US\$19.797 million (13.2%) to US\$130.214 million in 9M 2016, compared to US\$150.011 million in 9M 2015, owing to:

- (i) a reduction of US\$1.589 million (88.7%) in the aviation “Turnover” to US\$0.203 million in 9M 2016, compared to US\$1.792 million in 9M 2015. The decline in the aviation “Turnover” was due to lower business volume; and
- (ii) a reduction of US\$18.208 million (12.3%) in the logistics “Turnover” to US\$130.011 million in 9M 2016, compared to US\$148.219 million in 9M 2015. The decline in the logistics “Turnover” was mainly due to the global economic slowdown, and lower freight rates.

“Other revenue” decreased US\$3.339 million (83.1%) to US\$0.681 million in 9M 2016, compared to US\$4.020 million in 9M 2015, mainly attribute to:

- (i) the absence of a one-off gain in 9M 2016, which was present in 9M 2015 as a result of the disposal of a joint venture which amounted to US\$2.089 million;
- (ii) a decrease of US\$0.834 million in “Sundry income”; and
- (iii) a decline of US\$0.436 million in the aviation “Finance lease interest”.

3rd Qtr 2016 vs 3rd Qtr 2015

Our “Total revenue” decreased US\$3.802 million to US\$46.413 million in the third quarter ended 30 September 2016 (“3Q 2016”), compared to US\$50.215 million in the corresponding quarter in 2015 (“3Q 2015”). Our “Total revenue” decreased US\$3.802 million owing to both a reduction in “Turnover” and “Other revenue”. In 3Q 2016, “Turnover” decreased US\$1.430 million, and “Other revenue” decreased US\$2.372 million.

“Turnover” decreased US\$1.430 million (3.0%) in 3Q 2016 owing to:

- (i) a reduction of US\$0.932 million (92.9%) in the aviation “Turnover” to US\$0.071 million in 3Q 2016, compared to US\$1.003 million in 3Q 2015. The decline in the aviation “Turnover” was due to lower business volume; and
- (ii) a reduction of US\$0.498 million (1.1%) in the logistics “Turnover” to US\$46.198 million in 3Q 2016, compared to US\$46.696 million in 3Q 2015. The decline in the logistics “Turnover” was due to lower freight rates as a result of global slowdown and stagnating growth in trade.

"Other revenue" in 3Q 2016 decreased US\$2.372 million (94.3%) to US\$0.144 million, compared to US\$2.516 million in 3Q 2015, mainly attributable to:

- (i) the absence of a one-off gain in 3Q 2016, which was present in 3Q 2015 as a result of the disposal of a joint venture which amounted to US\$2.089 million;
- (ii) a decline of US\$0.168 million in the aviation "Finance lease interest"; and
- (iii) a decrease of US\$0.102 million in "Sundry income".

3rd Qtr 2016 vs 2nd Qtr 2016

"Total revenue" increased US\$1.933 million to US\$46.413 million in 3Q 2016, compared to US\$44.480 million in the second quarter ended 30 June 2016 ("2Q 2016"), as a result of an increase of US\$1.974 million in the logistics "Turnover".

"Turnover" increased US\$1.975 million to US\$46.269 million in 3Q 2016, compared to US\$44.294 million in 2Q 2016. The increase in "Turnover" was substantially due to a US\$1.974 million increase in the logistics "Turnover" to US\$46.198 million in 3Q 2016, compared to US\$44.224 million in 2Q 2016.

"Other revenue" decreased US\$0.042 million to US\$0.144 million in 3Q 2016 compared to US\$0.186 million in 2Q 2016, the decrease was largely due to a US\$0.049 million reduction in the aviation "Finance lease interest".

Total Costs and Expenses

9M 2016 vs 9M 2015

Our "Total costs and expenses" decreased US\$23.611 million (15.1%) to US\$132.597 million in 9M 2016, compared to US\$156.208 million in 9M 2015. The decline of US\$23.611 million in "Total costs and expenses" was primarily owing to:

- (i) "Freight charges" relating to our logistics business, and "Purchases of goods and consumables used" relating to our aviation business. These two items comprised approximately 85.6% of our "Total costs and expenses" in 9M 2016.

"Freight charges" decreased US\$19.570 million (14.7%) to US\$113.250 million in 9M 2016, compared to US\$132.820 million in 9M 2015. The reduction was in line with a decline of US\$18.208 million (12.3%) in the logistics "Turnover" in 9M 2016.

"Purchases of goods and consumables used" decreased US\$1.368 million to US\$0.200 million in 9M 2016, compared to US\$1.568 million in 9M 2015. The reduction was in line with a decline of US\$1.589 million (88.7%) in the aviation "Turnover" in 9M 2016; and

- (ii) "Other operating expenses" decreased US\$3.313 million to US\$4.446 million in 9M 2016, compared to US\$7.759 million in 9M 2015. The reduction of US\$3.313 million in "Other operating expenses" in 9M 2016 was primarily attributable to the following factors:

- (a) We registered an "Exchange gain" of US\$0.491 million in 9M 2016, compared to an "Exchange loss" of US\$1.419 million in 9M 2015;
- (b) "Allowance for doubtful trade receivables" reduced US\$0.317 million to US\$0.344 million in 9M 2016, compared US\$0.661 million in 9M 2015; and
- (c) "Rental expenses" reduced US\$0.250 million to US\$1.005 million in 9M 2016, compared to US\$1.255 million in 9M 2015.

The above reduction in "Total costs and expenses" was partially offset by an increase of US\$0.591 million in "Staff costs" to US\$13.861 million in 9M 2016. The higher "Staff costs" in 9M 2016, compared to 9M 2015 was due to an increase in the number of head count in Singapore. The additional head count was required to undertake a project secured in 9M 2016.

3rd Qtr 2016 vs 3rd Qtr 2015

"Total costs and expenses" decreased US\$2.967 million to US\$46.805 million in 3Q 2016, compared to US\$49.772 million in 3Q 2015, mainly due to:

- (i) A decline of US\$1.170 million (2.8%) in the logistics "Freight charges" to US\$40.210 million in 9M 2016, compared to US\$41.380 million in 9M 2015. The reduction in "Freight charges" corresponded to the lower logistics "Turnover" of US\$0.498 million in 9M 2016 compared to 9M 2015, for the same reasons as elaborated on page 12, part (ii) second paragraph of the section titled "Revenue" for "3rd Qtr 2016 vs 3rd Qtr 2015";
- (ii) A decrease of US\$0.874 million in the "Purchase of goods and consumables used" to US\$0.076 million in 3Q 2016, compared to US\$0.950 million 3Q 2015; and
- (iii) A reduction of US\$1.260 million in "Other operating expenses" in 3Q 2016 to US\$1.565 million, compared to US\$2.825 million in 3Q 2015. The reduction in "Other operating expenses" in 3Q 2016 was largely due to:
 - (a) a reduction of US\$0.714 million "Exchange loss" to US\$0.106 million in 3Q 2016, compared to an "Exchange loss" of US\$0.820 million in 3Q 2015; and
 - (b) a reduction of US\$0.178 million in "Allowance for doubtful trade receivables" to US\$0.074 million in 3Q 2016, compared to US\$0.252 million in 3Q 2015.

The above reduction in "Total costs and expenses" was partially offset by an increase of US\$0.320 million in "Staff costs" to US\$4.628 million in 3Q 2016. The increase in "Staff costs" in 3Q 2016 was due to a higher number of head count in Singapore. The additional head count was required to undertake a project which we had earlier secured.

3rd Qtr 2016 vs 2nd Qtr 2016

We recorded "Total costs and expenses" of US\$46.805 million in 3Q 2016, an increase of US\$1.444 million (3.2%) from US\$45.361 million in 2Q 2016. The increase in "Total costs and expenses" was largely due to US\$1.546 million higher logistics "Freight charges" to US\$40.210 million in 3Q 2016. The increase in "Freight charges" corresponded to the higher logistics "Turnover" of US\$1.974 million in 3Q 2016 compared to 2Q 2016, as elaborated on page 13, in the second paragraph of the section entitled "Revenue" for "3rd Qtr 2016 vs 2nd Qtr 2016".

Gross Profit

9M 2016 vs 9M 2015

"Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges".

The logistics business contributed to 99.8% of our "Gross profit" in 9M 2016. "Gross profit" increased US\$1.200 million to US\$16.776 million in 9M 2016, compared to US\$15.576 million in 9M 2015. The logistics "Gross profit" grew US\$1.337 million in 9M 2016 compared to 9M 2015, as a result of the planned focus on higher yield businesses. The increase in the logistics "Gross profit" was, however, offset by a reduction of US\$0.137 million in the aviation "Gross profit".

3rd Qtr 2016 vs 3rd Qtr 2015

"Gross profit" increased US\$0.631 million to US\$5.981 million in 3Q 2016, compared to US\$5.350 million in 3Q 2015. The increase was attributable to an increase of US\$0.642 million in the logistics "Gross profit". The logistics "Gross profit" increased mainly as a result of the planned focus on higher yield businesses.

3rd Qtr 2016 vs 2nd Qtr 2016

We recorded a "Gross profit" of US\$5.981 million in 3Q 2016, an increase of US\$0.409 million (7.3%) from US\$5.572 million in 2Q 2016. The increase in our "Gross profit" was largely due to an increase of US\$1.974 million in the logistics "Turnover" in 3Q 2016, compared to 2Q 2016, as elaborated on page 13 in the section entitled "Revenue" for "3rd Qtr 2016 vs 2nd Qtr 2016".

Loss attributable to Equity Holders of the Company

9M 2016 vs 9M 2015

We lowered our “Loss before tax” by US\$0.475 million to US\$1.702 million in 9M 2016, compared to US\$2.177 million in 9M 2015. “Loss before tax” reduced mainly attributable to a decline of US\$3.313 million in “Other operating expenses” to US\$4.446 million in 9M 2016, compared to US\$7.759 million in 9M 2015.

“Other operating expenses” decreased in 9M 2016, largely owing to the following factors:

- (i) We had an “Exchange gain” of US\$0.491 million in 9M 2016, compared to an “Exchange loss” of US\$1.419 million in 9M 2015;
- (ii) “Allowance for doubtful trade receivables” was reduced by US\$0.317 million to US\$0.344 million in 9M 2016, compared to US\$0.661 million in 9M 2015; and
- (iii) “Rental expenses” was reduced by US\$0.250 million to US\$1.005 million in 9M 2016, compared to US\$1.255 million in 9M 2015.

After accounting for “Taxation” amounting to US\$0.385 million, and excluding “Loss attributable to Non-controlling interests” of US\$0.272 million, we incurred “Loss attributable to Equity holders of the Company” of US\$1.815 million in 9M 2016. In contrast, after accounting for “Taxation” and “Non-controlling interests”, we incurred “Loss attributable to Equity holders of the Company” of US\$1.502 million in 9M 2015.

3rd Qtr 2016 vs 3rd Qtr 2015

We incurred a “Loss before tax” of US\$0.392 million in 3Q 2016, compared to a “Profit before tax” of US\$0.443 million in 3Q 2015, mainly due to lower (US\$2.372 million) “Other revenue” in 3Q 2016.

“Other revenue” declined to US\$0.144 million in 3Q 2016, compared to US\$2.516 million in 3Q 2015 mainly attributable to:

- (i) the absence of a one-off gain in 3Q 2016, compared to a one-off gain of US\$2.089 million on disposal of a joint venture in 3Q 2015;
- (ii) lower (US\$0.168 million) aviation “Finance lease interest” to US\$0.054 million in 3Q 2016; and
- (iii) reduced (US\$0.102 million) “Sundry income” in 3Q 2016.

After accounting for “Taxation” and “Non-controlling interest”, our “Loss attributable to equity holder of the Company” was US\$0.764 million in 3Q 2016, compared to “Profit attributable to equity holder of the Company” of US\$0.598 million in 3Q 2015.

3rd Qtr 2016 vs 2nd Qtr 2016

“Loss before tax” of US\$0.392 million in 3Q 2016, compared to “Loss before tax” of US\$0.881 million in 2Q 2016 was largely attributable to higher logistics “Turnover” of US\$1.974 million in 3Q 2016 compared to 2Q 2016, as elaborated on page 13, in the second paragraph of the section entitled “Revenue” for “3rd Qtr 2016 vs 2nd Qtr 2016”;

After accounting for “Taxation” and “Non-controlling interest”, our “Loss attributable to equity holder of the Company” was US\$0.764 million in 3Q 2016, compared to “Loss attributable to equity holder of the Company” of US\$0.789 million in 2Q 2016.

Balance Sheet

Non-current assets

The Group’s “Non-current assets” decreased US\$0.898 million to US\$10.755 million as at 30 September 2016, compared to US\$11.653 million as at 31 December 2015 (“FY2015”). The decrease in “Non-current assets” was attributable to: (i) a reduction of US\$0.492 million in “Property, plant and equipment”; (ii) a decline of US\$0.087 million in “Investment in associates”; and (iii) a reduction of US\$0.319 million in “Deferred tax assets”.

Current assets

“Current assets” decreased US\$1.155 million to US\$48.264 million as at 30 September 2016, compared to US\$ 49.419 million as at the end of FY 2015. The decrease in “Current asset” was mainly due to a reduction of US\$3.893 million in “Cash and cash equivalents”. The reduction in “Cash and cash equivalent” was partly due to: (i) slower collection of “Trade and other receivables”, and (ii) partial repayment of “Bank term loans”.

Non-current liabilities

"Non-current liabilities" decreased US\$0.218 million to US\$1.500 million as at 30 September 2016 as a result of the partial repayment of the finance lease liabilities relating to the motor vehicles, which were used in our logistics business.

Current liabilities

"Current liabilities" increased US\$0.501 million to US\$32.101 million as at 30 September 2016, compared to US\$31.600 million as at end of FY2015, largely due an increase of US\$0.766 million in "Trade and other payables" to US\$28.947 million as at 30 September 2016.

Net assets

Our Group's net asset value stood at US\$25.418 million as at 30 September 2016, compared to US\$27.754 million as at end of FY 2015. Net asset value decreased US\$2.336 million, mainly as a result of:

- (i) a reduction of US\$0.898 million in "Non-current assets" as elaborated in the preceding paragraphs on page 15 of this section;
- (ii) a reduction of US\$1.155 million in "Current assets" as elaborated in the preceding paragraphs on page 15 of this section; and
- (iii) higher "Current liabilities" of US\$0.501 million mainly due to larger (US\$0.766 million) "Trade and other payables".

The Group's gearing based on total bank borrowings and finance lease liabilities, to net asset value excluding "Non-controlling interest" stood at 15.0% as at 30 September 2016, compared to 15.7% as at the end of FY 2015.

Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US\$27.315 million as at 30 September 2016, compared to US\$29.417 million as at end FY 2015. The decline of US\$2.102 million in "Equity attributable to equity holder of the Company" was largely attributable to:

- (i) The Group's "Accumulated losses" increased US\$1.868 million to US\$16.137 million as at 30 September 2016, compared to US\$14.269 million as at the end of FY 2015. This was due to the "Loss attributable to equity holders of the Company" of US\$1.815 million in 9M 2016; and
- (ii) The Group's negative "Foreign currency translation reserve" increased US\$0.234 million to a negative reserve of US\$8.306 million as at the end of 30 September 2016, compared to negative reserve of US\$8.072 million as at end of FY 2015.

Cash Flow

9M 2016 vs 9M 2015

"Net cash used in operating activities" was US\$2.573 million in 9M 2016, compared to "Net cash generated from operating activities" of US\$2.674 million in 9M 2015 largely due to :

- (i) The "Loss before tax" after including "Adjustments for" amounted to US\$1.036 million in 9M 2016, compared to US\$4.431 million in 9M 2015;
- (ii) US\$2.233 million was used in "Receivables" in 9M 2016, while US\$12.067 million was generated from "Receivables" in 9M 2015;
- (iii) Cash generated from "Payables" of US\$0.754 million in 9M 2016, compared to US\$5.086 million used in "Payables" in 9M 2015; and
- (iv) "Income tax paid" in 9M 2016 was US\$0.046 million.

"Net cash generated from investing activities" amounted to US\$0.007 million in 9M 2016, compared to "Net cash generated from investing activities" of US\$4.953 million in 9M 2015. The "Net cash used in investing activities" in 9M 2016 mainly comprised of cash used in (i) "Acquisition of a subsidiary" of US\$0.061 million and (ii) "Effect of foreign exchange rate changes" of US\$0.174 million. However, the cash used was partially offset by "Dividend received from associate" of US\$ 0.258 million. Whilst in 9M 2015, the "Net cash generated from investing activities" were mainly from "Proceed from disposal of a joint venture" of US\$4.593 million and "Dividend received from associate" of US\$0.315 million.

“Net cash used in financing activities” amounted to US\$0.917 million in 9M 2016, compared to US\$6.200 million in 9M 2015. The decrease in “Net cash used in financing activities” was largely attributable to lower US\$1.400 million “Repayment of bank term loans” in 9M 2016 compared to US\$6.644 million cash used “Repayment of bank term loans” in 9M 2015.

3rd Qtr 2016 vs 3rd Qtr 2015

We recorded “Net cash used in operating activities” of US\$0.623 million including the tax paid of US\$0.014 million in 3Q 2016, compared to “Net cash generated from operating activities” of US\$2.964 million after the tax refund of US\$0.061 million in 3Q 2015. The “Net cash used in operating activities” in 3Q 2016 was largely due to “Loss before tax” of US\$0.392 million, cash used in “Receivables” of US\$1.865 million and cash generated from “Payables” of US\$1.282 million. In 3Q 2015, “Net cash generated from operating activities” comprised of “Profit before tax” of US\$0.443 million, “Adjustments for” “Gain on disposal of a joint venture” of US\$2.089 million and cash generated from “Receivables” of US\$4.557 million.

“Net cash generated from investing activities” in 3Q 2016 was US\$0.292 million, mainly due to “Dividend received from associate” of US\$0.258 million. In 3Q 2015, “Net cash generated from investing activities” was US\$4.512 million mainly due to “Proceed from disposal of a joint venture” of US\$4.593 million.

“Net cash used in financing activities” in 3Q 2016 was US\$0.812 million, compared to US\$6.117 million in 3Q 2015. The decrease in “Net cash used in financing activities” was largely attributable to lower “Repayment of bank term loans” of US\$1.185 million in 3Q 2016 compared to US\$5.976 million in 3Q 2015.

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 7 November 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.

We are in an era of uncertainty amid fundamental shifts in investment and trade patterns. Investment is weak. Global trade is growing slower. Hence, we remain cautious on the outlook for the next 12 months.

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 third quarter and nine months period ended 30 September 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/recommended, a statement to that effect.

No dividend has been declared or recommended for the third quarter ended 30 September 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 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

11 November 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 third quarter ended 30 September 2016 and nine months period ended 30 September 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet LC Tan
Chief Executive Officer



Tan Lay Yong Jenny
Executive Director