

**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 2015**

	<b>Group</b>		<i>Change</i> %
	<b>1<sup>st</sup> quarter ended</b>		
	31 Mar 15 <b>US\$'000</b>	31 Mar 14 <b>US\$'000</b>	
Turnover	<b>52,218</b>	50,274	3.9
Other revenue	<b>617</b>	635	(2.8)
<b>Total revenue</b>	<b>52,835</b>	50,909	3.8
<b>Expenses</b>			
Changes in inventories	<b>5</b>	187	(97.3)
Purchases of goods and consumables used	<b>(292)</b>	(724)	(59.7)
Freight charges	<b>(46,971)</b>	(44,315)	6.0
Staff costs	<b>(4,445)</b>	(4,891)	(9.1)
Depreciation of property, plant and equipment	<b>(255)</b>	(265)	(3.8)
Finance costs	<b>(79)</b>	(88)	(10.2)
Share of results of associates	<b>40</b>	73	(45.2)
Share of results of joint ventures	<b>158</b>	144	9.7
Other operating expenses	<b>(2,739)</b>	(1,779)	54.0
<b>Total costs and expenses</b>	<b>(54,578)</b>	(51,658)	5.7
Loss before tax	<b>(1,743)</b>	(749)	132.7
Taxation	<b>23</b>	(4)	N/M
<b>Loss for the period</b>	<b>(1,720)</b>	(753)	128.4
<b>Loss attributable to:</b>			
Equity holders of the Company	<b>(1,394)</b>	(267)	N/M
Non-controlling interests	<b>(326)</b>	(486)	(32.9)
<b>Other items :</b>			
Commission income	<b>12</b>	33	(63.6)
Interest income	<b>89</b>	54	64.8
Finance lease interest	<b>271</b>	344	(21.2)
Allow ance for doubtful trade receivables w ritten back	<b>-</b>	20	(100.0)
Allow ance for doubtful trade receivables	<b>(182)</b>	(21)	N/M
Allow ance for doubtful non-trade receivables			
- third parties	<b>(59)</b>	-	N/M
Exchange (loss)/gain	<b>(632)</b>	164	N/M
Rental expenses	<b>(457)</b>	(483)	(5.4)
Property, plant and equipment w ritten off	<b>-</b>	(66)	(100.0)
Loss on disposal of property, plant and equipment	<b>(6)</b>	-	N/M

*N/M: Not meaningful*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2015

	<b>Group</b>		<i>Change</i> %
	<b>1<sup>st</sup> quarter ended</b>		
	<b>31 Mar 15</b>	31 Mar 14	
	<b>US\$'000</b>	US\$'000	
<b>Loss for the period</b>	<b>(1,720)</b>	(753)	128.4
<b>Other comprehensive income/(loss):</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	<b>346</b>	(30)	N/M
Disposal of interest in subsidiary without change in control	<b>40</b>	4	N/M
	<b>386</b>	(26)	
<b>Total comprehensive loss for the period</b>	<b>(1,334)</b>	(779)	71.2
Equity holders of the Company	<b>(1,178)</b>	(260)	N/M
Non-controlling interests	<b>(156)</b>	(519)	(69.9)
<b>Total comprehensive loss for the period</b>	<b>(1,334)</b>	(779)	71.2
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>(1,178)</b>	(260)	

*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 2015**

	Group		Company	
	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,350	12,056	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	615	576	-	-
Investment in joint ventures	2,758	2,683	-	-
Deferred tax assets	290	130	-	-
Finance lease receivables	1,585	2,176	-	-
	<b>18,598</b>	<b>17,621</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>				
Inventories	1,209	1,204	-	-
Trade and other receivables	32,878	39,725	13	5
Finance lease receivables	3,904	3,144	-	-
Due from subsidiaries	-	-	60,188	59,944
Due from associates	1,394	1,387	-	-
Due from joint ventures	2,853	3,025	-	-
Tax recoverable	9	15	-	-
Cash and cash equivalents	17,678	16,601	5,286	5,304
	<b>59,925</b>	<b>65,101</b>	<b>65,487</b>	<b>65,253</b>
<b>Total assets</b>	<b>78,523</b>	<b>82,722</b>	<b>65,487</b>	<b>65,253</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	125	-	-	-
Finance lease liabilities	114	125	-	-
	<b>239</b>	<b>125</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	33,094	35,885	272	230
Bank term loans	7,679	7,701	3,280	3,280
Provision for restructuring costs	501	521	-	-
Finance lease liabilities	31	34	-	-
Tax payable	36	36	-	-
	<b>41,341</b>	<b>44,177</b>	<b>3,552</b>	<b>3,510</b>
<b>Total liabilities</b>	<b>41,580</b>	<b>44,302</b>	<b>3,552</b>	<b>3,510</b>
<b>Net assets</b>	<b>36,943</b>	<b>38,420</b>	<b>61,935</b>	<b>61,743</b>
<b>Equity</b>				
Share capital	51,758	51,775	51,758	51,775
Accumulated (losses) / profits	(5,114)	(3,720)	10,177	9,968
Foreign currency translation reserve	(7,924)	(8,140)	-	-
Equity attributable to equity holders of the Company, total	<b>38,720</b>	<b>39,915</b>	<b>61,935</b>	<b>61,743</b>
Non-controlling interests	(1,777)	(1,495)	-	-
<b>Total equity</b>	<b>36,943</b>	<b>38,420</b>	<b>61,935</b>	<b>61,743</b>

#: 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 31 March 2015		At 31 December 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
7,710	-	7,735	-

**Amount repayable after one year**

At 31 March 2015		At 31 December 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
114	-	125	-

**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 are 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 first quarter ended 31 March 2015

	1 <sup>st</sup> quarter ended	
	31 Mar 2015 US\$'000	31 Mar 2014 US\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(1,743)	(749)
<b>Adjustments for:</b>		
Interest income	(89)	(54)
Depreciation of property, plant and equipment	255	265
Finance lease interest	(271)	(344)
Interest expenses	79	88
Allowance for doubtful non-trade receivables	59	-
Loss on disposal of property, plant and equipment	6	-
Property, plant and equipment written off	-	66
Share of results of associates	(40)	(73)
Share of results of joint ventures	(158)	(144)
Effect of foreign exchange rate changes	(123)	45
<b>Operating cash flows before working capital changes</b>	<b>(2,025)</b>	<b>(900)</b>
Inventories	(5)	(187)
Receivables	7,002	8,090
Payables	(2,853)	(8,128)
Finance lease receivables	102	890
Cash from operations	<b>2,221</b>	<b>(235)</b>
Income tax paid	(13)	(135)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,208</b>	<b>(370)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	2	4
Restricted cash	1	-
Proceeds from disposal of partial interest in subsidiary	40	4
Interest received	89	54
Purchase of property, plant and equipment	(1,618)	(61)
Effect of foreign exchange rate changes	84	(7)
<b>Net cash used in investing activities</b>	<b>(1,402)</b>	<b>(6)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank term loans	-	247
Repayment of bank term loans	-	(1,260)
Repayment of finance lease liability	(19)	-
Dividend paid to minority shareholder	(126)	-
Purchase of shares for cancellation	(17)	-
Interest paid	(79)	(88)
Effect of foreign exchange rate changes	(22)	(6)
<b>Net cash used in financing activities</b>	<b>(263)</b>	<b>(1,107)</b>
<b>Net increase/(decrease) in cash and cash equivalents <sup>(1)</sup></b>	<b>543</b>	<b>(1,483)</b>
Cash and cash equivalents at beginning of period	16,439	20,718
Effect of foreign exchange rate changes	535	(76)
<b>Cash and cash equivalents at end of period</b>	<b>17,517</b>	<b>19,159</b>

Note: (1) As at 31 March 2015, Cash and cash equivalents balances held by the Group amounting to US\$0.161 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 2015

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Share option reserve 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>-</b>	<b>(7,924)</b>	<b>38,720</b>	<b>(1,777)</b>	<b>36,943</b>

For the first quarter ended 31 March 2014

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Share option reserve 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 2014	51,775	(3,863)	47	(8,150)	39,809	(784)	39,025
<b>Comprehensive income</b>							
Loss for the period	-	(267)	-	-	(267)	(486)	(753)
<b>Other comprehensive income/(loss)</b>							
Currency translation difference on consolidation	-	-	-	7	7	(37)	(30)
Disposal of interests in subsidiaries without change in control	-	-	-	-	-	4	4
Other comprehensive income/(loss) for the period	-	-	-	7	7	(33)	(26)
Total comprehensive (loss)/income for the period	-	(267)	-	7	(260)	(519)	(779)
<b>At 31 March 2014</b>	<b>51,775</b>	<b>(4,130)</b>	<b>47</b>	<b>(8,143)</b>	<b>39,549</b>	<b>(1,303)</b>	<b>38,246</b>

## Statement of Changes in Equity

### For the first quarter ended 31 March 2015

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Share option reserve 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>-</b>	<b>61,935</b>

### For the first quarter ended 31 March 2014

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Share option reserve US\$'000	Total equity US\$'000
At 1 January 2014	51,775	9,201	47	61,023
<b>Comprehensive income</b>				
Profit and total comprehensive income for the period	-	240	-	240
<b>At 31 March 2014</b>	<b>51,775</b>	<b>9,441</b>	<b>47</b>	<b>61,263</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.**

As at 31 March 2015 and 31 December 2014, the issued and fully paid up ordinary shares of the Company were 715,577,329 and 715,903,629 respectively. A total of 326,300 issued and fully paid up ordinary shares of the Company was bought back and cancelled during the period ended 31 March 2015.

The Company has no outstanding employee share options as at 31 March 2015 since the expiration of the employee share options on 2 June 2014.

As at 31 March 2014, the Company has the following outstanding share options:

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at 01.01.2014</u>	<u>Balance at 31.03.2014</u>
Employee Share Option			
(a) Incentive Option <sup>(1)</sup>	S\$0.314	64,000	64,000
(b) Market Option <sup>(2)</sup>	S\$0.349	61,000	61,000
		125,000	125,000

<sup>(1)</sup> The Incentive Options were issued at a discount of 10% of the market price\* prevailing at the date of the grant of the options.

<sup>(2)</sup> The Market Options were issued at the market price\* prevailing at the date of the grant of the options.

Sub-note:

\* A price equal to the average of the last dealt price for the share of the Company on the Singapore Exchange Securities Trading Limited over the five (5) consecutive trading days immediately preceding the date of the grant.

- 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 2015 and 31 December 2014 were 715,577,329 and 715,903,629 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 2014.

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 2015</b>	<b>31 Mar 2014</b>
Loss after tax attributable to equity holders of the Company (US\$'000)	<b>(1,394)</b>	(267)
Weighted average number of ordinary shares (in '000)	<b>715,824</b>	715,904
Earnings per share (US cents):		
Basic <sup>(1)</sup>	<b>(0.19)</b>	(0.04)
Diluted <sup>(1)</sup>	<b>(0.19)</b>	(0.04)

Note:

<sup>(1)</sup> Computed based on weighted average number of ordinary shares.

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</b>	31 Dec	<b>31 Mar</b>	31 Dec
	<b>2015</b>	2014	<b>2015</b>	2014
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	<b>5.41</b>	5.58	<b>8.66</b>	8.62

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 2015 and 31 December 2014 would have been 5.16 US cents and 5.37 US cents per share respectively.

<sup>(2)</sup> Computed based on 715,577,329 and 715,903,629 ordinary shares in issue for 31 March 2015 and 31 December 2014 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, its subsidiaries, and associates (the "A-Sonic Group" or the "Group") are engaged in two areas of businesses, aviation and logistics. Currently, we operate in 50 cities and 17 countries, spanning across four continents in Asia, Sub-Continent India, Europe and North America. Our total staff strength is approximately 800 personnel as at 31 March 2015.

### **Income Statement**

#### **Revenue**

##### **1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014**

Our "Total Revenue" increased US\$1.926 million (3.8%) to US\$52.835 million in the first quarter ended 31 March 2015 ("1Q 2015"), compared to US\$50.909 million in the corresponding first quarter ended 31 March 2014 ("1Q 2014").

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

In 1Q 2015, "Turnover" increased US\$1.944 million (3.9%) to US\$52.218 million, compared to US\$50.274 million in 1Q 2014. The aviation business contributed to 0.7% of our "Turnover" in 1Q 2015. The remaining 99.3% of "Turnover" was generated from our logistics business.

"Turnover" of the aviation business decreased 64.2% (US\$0.630 million) from US\$0.982 million in 1Q 2014 to US\$0.352 million in 1Q 2015, mainly due to lower business volume and the absence of aircraft operating lease income.

"Turnover" of the logistics business increased US\$2.574 million (5.2%) to US\$51.866 million in 1Q 2015, compared to US\$49.292 million in 1Q 2014. Higher "Turnover" was mainly due to an increase in business volume, mainly in The People's Republic of China and Australia.

"Other Revenue" decreased US\$0.018 million (2.8%) to US\$0.617 million in 1Q 2015, compared to US\$0.635 million in 1Q 2014, largely due to a decrease of US\$0.021 million in commission income.

##### **1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014**

The Group recorded "Total Revenue" of US\$52.835 million in 1Q 2015, US\$14.242 million (21.2%) lower compared to US\$67.077 million in the fourth quarter ended 31 December 2014 ("4Q 2014").

Aviation "Turnover" increased US\$0.042 million to US\$0.352 million in 1Q 2015, compared to US\$0.310 million in 4Q 2014.

Logistics "Turnover" was US\$51.866 million in 1Q 2015, compared to US\$64.840 million in 4Q 2014. The lower "Turnover" of US\$12.974 million (20.0%) 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 2015. In contrast, the higher turnover of the logistics business in 4Q 2014 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" decreased US\$1.310 million to US\$0.617 million in 1Q 2015, compared to US\$1.927 million in 4Q 2014, largely due to one-off gain of US\$0.584 million for the disposal of subsidiaries and properties, and US\$0.587 million for rebate on "Value added Tax".

## **Total Costs and Expenses**

### **1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014**

Our "Total costs and expenses" increased US\$2.920 million from US\$51.658 million in 1Q 2014 to US\$54.578 million in 1Q 2015.

The three main costs that constituted 94.7% (US\$51.703 million) of our "Total Costs and Expenses" in 1Q 2015 were:

- (i) "Freight charges" relating to the logistics business constituted 86.1% of our "Total costs and expenses". Our "Freight Charges" amounted to US\$46.969 million in 1Q 2015, an increase of US\$2.701 million (6.1%) compared to US\$44.268 million in 1Q 2014. Higher "Freight Charges" was largely due to an increase of US\$2.574 million (5.2%) in logistics "Turnover" in 1Q 2015;
- (ii) "Staff costs" amounted to US\$4.445 million in 1Q 2015 which constituted 8.1% of "Total costs and expenses". Our "Staff costs" decreased US\$0.446 million to US\$4.445 million in 1Q 2015, compared to US\$4.891 million in 1Q 2014. The decrease in "Staff costs" was largely attributable to lower headcount in the logistics business; and
- (iii) "Changes in inventories" and "Purchases of goods and materials consumed" relating to aviation business constituted 0.5% of "Total costs and expenses in 1Q 2015. "Changes in inventories" and "Purchases of goods and materials consumed" aggregated US\$0.287 million in 1Q 2015, compared to US\$0.537 million in 1Q 2014. The decrease of US\$0.250 million was in line with the lower aviation activities in 1Q 2015.

"Other operating expenses" increased US\$0.960 million to US\$2.739 million in 1Q 2015, compared to US\$1.779 million in 1Q 2014. The higher "Other operating expenses" of US\$0.960 million was mainly due to: (i) a foreign exchange loss of US\$0.632 million in 1Q 2015 in contrast to a foreign exchange gain of US\$0.164 million in 1Q 2014; and (ii) US\$0.161 million higher allowance for bad debts in 1Q 2015, compared to 1Q 2014.

### **1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014**

"Total costs and expenses" decreased 18.6% (US\$12.445 million) to US\$54.578 million in 1Q 2015, compared to US\$67.023 million in 4Q 2014. The US\$12.445 million decrease in our "Total costs and expenses" was mainly attributable to the following:

- (i) "Freight Charges" decreased US\$10.896 million to US\$46.971 million in 1Q 2015, compared to US\$57.867 million in 4Q 2014. The reduction in "Freight Charges" was due to lower logistics' "Turnover" of US\$12.974 million in 1Q 2015 compared to 4Q 2014. The reduction in "Turnover" in 1Q 2015 compared to 4Q 2014 was elaborated in the third paragraph of the section titled "Revenue" for period "1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014"; and
- (ii) "Other operating expenses" decreased US\$0.867 million to US\$2.739 million in 1Q 2015, compared to US\$3.606 million in 4Q 2014. The decrease in "Other operating expenses" was largely attributable to: (a) US\$0.773 million lower "Allowance for trade doubtful debts" in 1Q 2015; and (b) US\$0.036 million lower rental expenses.

## **Gross profit**

### **1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014**

"Gross profit" decreased US\$0.462 million (8.5%) to US\$4.960 million in 1Q 2015, compared to US\$5.422 million in 1Q 2014. "Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". Of the US\$4.960 million gross profit, the aviation business recorded US\$0.063 million gross profit in 1Q 2015, whilst logistics business contributed US\$4.897 million gross profit.

The decline of US\$0.462 million in our group gross profit was due to:

- (i) lower (US\$0.335 million) gross profit contribution from the aviation business to US\$0.063 million in 1Q 2015, compared to US\$0.398 million in 1Q 2014. The lower gross profit margin from the aviation business is largely due to the reasons elaborated in the section entitled "Revenue" for period "1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014"; and
- (ii) lower (US\$0.127 million) gross profit contribution from our logistics business.

### 1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014

We recorded gross profit of US\$4.960 million in 1Q 2015, a decrease of US\$2.049 million (29.2%) from US\$7.009 million gross profit in 4Q 2014. Of the US\$4.960 million gross profit, aviation business contributed US\$0.063 million gross profit, whilst logistics business contributed US\$4.897 million gross profit. Logistics business' gross profit decreased US\$2.078 million from US\$6.975 million gross profit in 4Q 2014 to US\$4.897 million in 1Q 2015. The decline in the logistics' "Gross profit" in 1Q 2015 was largely due to the US\$12.974 million decline in logistics' "Turnover" in 1Q 2015 compared to 4Q 2014.

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

#### 1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014

We recorded a net loss attributable to equity holders of the Company of US\$1.394 million in 1Q 2015, compared to net loss attributable to equity holders of the Company of US\$0.267 million in 1Q 2014. This was largely due to foreign exchange loss of US\$0.632 million in 1Q 2015 in contrast to foreign exchange gain of US\$0.164 million in 1Q 2014.

#### 1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014

We recorded a net loss attributable to equity holders of the Company of US\$1.394 million in 1Q 2015, compared to net profit attributable to equity holders of the Company of US\$0.103 million in 4Q 2014. This was largely attributable to lower turnover and gross profit compared to 4Q 2014. The reduction in "Turnover" and "Gross Profit" in 1Q 2015 compared to 4Q 2014 was elaborated in the section titled "*Revenue*" and "*Gross Profit*" for period "1<sup>st</sup> Qtr 2015 vs 4<sup>th</sup> Qtr 2014" respectively.

## **Balance Sheet**

### Non-current assets

The Group's "Non-current assets" increased US\$0.977 million to US\$18.598 million as at 31 March 2015, compared to US\$17.621 million as at 31 December 2014 ("FY 2014"). The increase was largely due to an increase of US\$1.294 million to US\$13.350 million in "*Property, plant and equipment*" as at 31 March 2015. The increase was largely owing to the additional new motor vehicles deployed in our logistics business.

The increase in "property, plant and equipment" was partially offset by US\$0.591 million reduction in "Finance lease receivables" resulting from reclassification of long term and short term lease receivable.

### Current assets

"Current assets" decreased US\$5.176 million to US\$59.925 million as at 31 March 2015, compared to US\$65.101 million as at the end of FY 2014. The decrease in "Current assets" was largely owing to US\$6.847 million decrease in "Trade and other receivables" to US\$32.878 million as at 31 March 2015, compared to US\$39.725 million as at the end of FY 2014.

The above decreases were partially off-set by US\$1.077 million increase in "Cash and cash equivalents" (comprised of cash and bank balances and fixed deposits) to US\$17.678 million as at 31 March 2015, compared to US\$16.601 million as at the end of FY 2014.

### Current liabilities

"Current liabilities" declined US\$2.836 million to US\$41.341 million as at 31 March 2015, compared to US\$44.177 million as at the end of FY 2014. The decrease in "Current liabilities" was largely due to a decrease of US\$2.791 million in "Trade and other payables" to US\$33.094 million as at 31 March 2015, compared to US\$35.885 million as at the end of FY 2014.

### Net asset

Our Group's net asset value (excluding non-controlling interests) stood at US\$38.720 million as at 31 March 2015, or an equivalent of US cents of 5.41 per share, compared to US\$39.915 million as at the end of FY 2014, or an equivalent of US cents 5.58 per share.

Net asset value (excluding non-controlling interests) decreased US\$1.195 million, largely owing to the net loss attributable to the equity holders of the Company (excluding non-controlling interests) of US\$1.394 million recorded in 1Q 2015.

The Group's gearing based on total bank borrowings and finance leases liabilities to net asset value (excluding non-controlling interests) stood at 20.2% as at 31 March 2015, compared to 19.7% as at the end of FY 2014.

### Equity

The Group's "Accumulated losses" increased US\$1.394 million to US\$5.114 million as at 31 March 2015, compared to US\$3.720 million as at the end of FY 2014, due to the "net loss attributable to equity holders of the Company" of US\$1.394 million recorded in 1Q 2015.

The Group's negative "Foreign currency translation reserve" reduced US\$0.216 million to a negative reserve of US\$7.924 million as at the end of 31 March 2015, compared to a negative reserve of US\$8.140 million as at end of FY 2014. The reduction was largely due to appreciation of United States dollar against the currencies in Asia.

### Cash Flow

#### 1<sup>st</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2014

"Operating cash flows before working capital changes" used in 1Q 2015 was US\$2.025 million, compared to US\$0.900 million in 1Q 2014. The higher "Operating cash flows before working capital changes" used was largely due to loss before tax of US\$1.743 million in 1Q 2015, compared to a loss before tax of US\$0.749 million in 1Q 2014.

In 1Q 2015, "working capital changes" items recorded were as follows: (i) cash used in "Inventories" and "Payables" of US\$0.005 million and US\$2.853 million respectively; and (ii) cash generated from "Receivables" and "Finance lease receivables" of US\$7.002 million and US\$0.102 million, respectively.

After income tax of US\$0.013 million in 1Q 2015, we recorded net cash generated from operating activities of US\$2.208 million, compared to net cash used in operating activities of US\$0.370 million in 1Q 2014.

"Net cash used in investing activities" amounted to US\$1.402 million in 1Q 2015, compared to US\$0.006 million in 1Q 2014. This was largely due to US\$1.557 million increase in "Purchase of property, plant and equipment" in 1Q 2015 compared to 1Q 2014.

"Net cash used in financing activities" amounted to US\$0.263 million in 1Q 2015, compared to US\$1.107 million in 1Q 2014. The decrease in "Net cash used in financing activities" was largely attributable to absence of repayment of bank term loans in 1Q 2015 whilst in 1Q 2014, US\$1.260 million was used to repay bank term loans.

**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 2 May 2015, 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 remain cautious of the uncertain environment ahead. 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 2015.

- (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 first quarter ended 31 March 2015.

**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.

**BY ORDER OF THE BOARD**

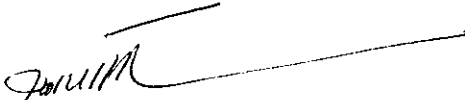
Quek Ying Chui  
Joint Company Secretary

13 May 2015

**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 2015 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