

**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 2014**

	<b>Group</b>		
	<b>1<sup>st</sup> quarter ended</b>		
	<b>31 Mar 14</b>	<b>31 Mar 13</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Turnover	50,274	66,079	(23.9)
Other revenue	635	447	42.1
<b>Total revenue</b>	<b>50,909</b>	<b>66,526</b>	<b>(23.5)</b>
<b>Expenses</b>			
Changes in inventories	187	27	N/M
Purchases of goods and consumables used	(724)	(2,160)	(66.5)
Freight charges	(44,315)	(58,103)	(23.7)
Staff costs	(4,891)	(5,265)	(7.1)
Depreciation of property, plant and equipment	(265)	(152)	74.3
Finance costs	(88)	(52)	69.2
Share of results of associates	73	81	(9.9)
Share of results of jointly controlled entities	144	36	N/M
Other operating expenses	(1,779)	(2,310)	(23.0)
<b>Total costs and expenses</b>	<b>(51,658)</b>	<b>(67,898)</b>	<b>(23.9)</b>
Loss before tax	(749)	(1,372)	(45.4)
Taxation	(4)	(32)	(87.5)
<b>Loss for the period from continuing operation after taxation</b>	<b>(753)</b>	<b>(1,404)</b>	<b>(46.4)</b>
<b>Discontinued operation</b>			
Profit from discontinued operation, net of tax	-	2,730	N/M
<b>(Loss)/profit for the period</b>	<b>(753)</b>	<b>1,326</b>	<b>N/M</b>
<b>(Loss)/profit attributable to:</b>			
<b>Equity holders of the Company</b>			
Loss from continuing operations, net of tax	(267)	(1,045)	(74.4)
Profit from discontinued operation, net of tax	-	2,725	N/M
	<b>(267)</b>	<b>1,680</b>	
<b>Non-controlling interests</b>			
Loss from continuing operations, net of tax	(486)	(359)	35.4
Profit from discontinued operation, net of tax	-	5	N/M
	<b>(486)</b>	<b>(354)</b>	
<b>Other items :</b>			
Commission income	33	-	N/M
Interest income	54	55	(1.8)
Finance lease interest	344	81	N/M
Gain on disposal of a subsidiary	-	2,566	N/M
Allowance for doubtful trade receivables written back	20	3	N/M
Allowance for doubtful trade receivables	(21)	-	N/M
Exchange gain/(loss)	164	(72)	N/M
Loss on disposal of property, plant and equipment	-	(31)	N/M
Rental expenses	(483)	(659)	(26.7)
Property, plant and equipment written off	(66)	(1)	N/M
Impairment of property, plant and equipment	-	(4)	N/M

N/M: Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2014

	1st quarter ended		
	31 Mar 14	31 Mar 13	Change
	US\$'000	US\$'000	%
(Loss)/profit for the period	(753)	1,326	N/M
<b>Other comprehensive (loss)/income:</b>			
Currency translation differences arising on consolidation	(30)	426	N/M
<b>Total comprehensive (loss)/income for the period</b>	<b>(783)</b>	<b>1,752</b>	<b>N/M</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(260)	2,110	
Non-controlling interests	(523)	(358)	
	<b>(783)</b>	<b>1,752</b>	

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 2014**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar</b>	31 Dec	<b>31 Mar</b>	31 Dec
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	12,902	13,176	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	827	754	-	-
Investment in jointly controlled entities	2,737	2,587	-	-
Deferred tax assets	133	132	-	-
Finance lease receivables	3,430	3,699	-	-
	<b>20,029</b>	20,348	-	-
<b>Current assets</b>				
Inventories	731	543	-	-
Trade and other receivables	35,642	43,756	12	5
Finance lease receivables	837	1,114	-	-
Due from subsidiaries	-	-	56,176	59,815
Due from associates	1,104	1,167	-	-
Due from jointly controlled entities	2,537	2,439	-	-
Tax recoverable	90	88	-	-
Cash and cash equivalents	19,159	20,718	8,116	5,427
	<b>60,100</b>	69,825	<b>64,304</b>	65,247
<b>Total assets</b>	<b>80,129</b>	90,173	<b>64,304</b>	65,247
<b>Non-current liabilities</b>				
Deferred tax liabilities	#	-	-	-
	-	-	-	-
<b>Current liabilities</b>				
Trade and other payables	29,798	37,919	268	237
Due to subsidiaries	-	-	1,493	1,447
Bank term loans	11,388	12,407	1,280	2,540
Provision for restructuring costs	608	603	-	-
Tax payable	89	219	-	-
	<b>41,883</b>	51,148	<b>3,041</b>	4,224
<b>Total liabilities</b>	<b>41,883</b>	51,148	<b>3,041</b>	4,224
<b>Net assets</b>	<b>38,246</b>	39,025	<b>61,263</b>	61,023
<b>Equity</b>				
Share capital	51,775	51,775	51,775	51,775
Accumulated (losses) / profits	(4,130)	(3,863)	9,441	9,201
Share option reserve	47	47	47	47
Foreign currency translation reserve	(8,143)	(8,150)	-	-
Equity attributable to equity holders of the Company, total	<b>39,549</b>	39,809	<b>61,263</b>	61,023
Non-controlling interests	(1,303)	(784)	-	-
<b>Total equity</b>	<b>38,246</b>	39,025	<b>61,263</b>	61,023

#: 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 2014		At 31 December 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
11,388	-	12,407	-

**Amount repayable after one year**

At 31 March 2014		At 31 December 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	-	-	-

**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.

- 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 2014

	<b>1<sup>st</sup> quarter ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(749)	(1,372)
Profit before tax from discontinued operation	-	2,754
	<b>(749)</b>	<b>1,382</b>
<b>Adjustments for:</b>		
Interest income	(54)	(136)
Bad non-trade receivables written-off	-	8
Depreciation of property, plant and equipment	265	155
Impairment of property, plant and equipment	-	4
Interest expenses	88	52
Loss on disposal of property, plant and equipment	-	31
Property, plant and equipment written off	66	1
Gain on disposal of subsidiary	-	(2,566)
Share of results of associates	(73)	(87)
Share of results of joint controlled entities	(144)	(36)
Effect of foreign exchange rate changes	45	325
<b>Operating cash flows before changes in working capital</b>	<b>(556)</b>	<b>(867)</b>
Inventories	(187)	(27)
Receivables	8,090	2,138
Payables	(8,128)	(1,660)
Finance lease receivables	546	-
Cash from operations	<b>(235)</b>	<b>(416)</b>
Income tax paid	(135)	(103)
<b>Net cash used in operating activities</b>	<b>(370)</b>	<b>(519)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	4	1,769
Net cash flow from disposal of a subsidiary	-	1,074
Proceeds from disposal of partial interest in subsidiaries	4	118
Interest received	54	136
Purchase of property, plant and equipment	(61)	(970)
Purchase of shares in joint controlled entity	-	(456)
Effect of foreign exchange rate changes	(7)	93
<b>Net cash (used in)/from investing activities</b>	<b>(6)</b>	<b>1,764</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank term loans	247	95
Repayment of bank term loans	(1,260)	-
Interest paid	(88)	(52)
Effect of foreign exchange rate changes	(6)	(108)
<b>Net cash used in financing activities</b>	<b>(1,107)</b>	<b>(65)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,483)</b>	<b>1,180</b>
Cash and cash equivalents at beginning of period	20,718	22,716
Effect of foreign exchange rate changes	(76)	158
<b>Cash and cash equivalents at end of period</b>	<b>19,159</b>	<b>24,054</b>
<b>Cash and cash equivalents are represented by:</b>		
Bank and cash balances	18,399	12,311
Fixed deposits	760	11,743
	<b>19,159</b>	<b>24,054</b>

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 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
Loss for the period	-	(267)	-	-	(267)	(486)	(753)
<b>Other comprehensive income/(loss)</b>							
Currency translation difference on consolidation	-	-	-	7	7	(37)	(30)
Total comprehensive (loss)/income for the period	-	(267)	-	7	(260)	(523)	(783)
Disposal of interests in subsidiaries without change in control	-	-	-	-	-	4	4
<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>

#### For the first quarter ended 31 March 2013

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 2013	51,775	(5,682)	47	(9,432)	36,708	1,261	37,969
Profit/(loss) for the period	-	1,680	-	-	1,680	(354)	1,326
<b>Other comprehensive income/(loss)</b>							
Currency translation difference on consolidation	-	-	-	430	430	(4)	426
Total comprehensive income/(loss) for the period	-	1,680	-	430	2,110	(358)	1,752
Disposal of interests in subsidiaries without change in control	-	126	-	15	141	(20)	121
Disposal of a subsidiary	-	-	-	-	-	(109)	(109)
Reclassification on disposal of a subsidiary	-	-	-	(571)	(571)	-	(571)
<b>At 31 March 2013</b>	<b>51,775</b>	<b>(3,876)</b>	<b>47</b>	<b>(9,558)</b>	<b>38,388</b>	<b>774</b>	<b>39,162</b>

## Statement of Changes in Equity

### 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
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>

### For the first quarter ended 31 March 2013

#### THE COMPANY

	Share capital US\$'000	Accumulated profits US\$'000	Share option reserve US\$'000	Total equity US\$'000
At 1 January 2013	51,775	9,412	47	61,234
Profit and total comprehensive income for the period		139		139
<b>At 31 March 2013</b>	<b>51,775</b>	<b>9,551</b>	<b>47</b>	<b>61,373</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 2014 and 31 December 2013, there were 715,903,629 issued and fully paid up ordinary shares of the Company. There has been no change in the issued and fully paid up ordinary shares of the Company as at 31 March 2014.

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

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at</u> <u>01.01.2014</u>	<u>Balance at</u> <u>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
		<u>125,000</u>	<u>125,000</u>

As at 31 March 2013, the Company has the following outstanding share options:

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at</u> <u>01.01.2013</u>	<u>Balance at</u> <u>31.03.2013</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
		<u>125,000</u>	<u>125,000</u>

<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 2014 and 31 December 2013 were 715,903,629.

- 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 2013.

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 2014</b>	<b>31 Mar 2013</b>
Loss after tax from continuing operations attributable to equity holders of the Company (US\$'000)	(267)	(1,045)
Profit from discontinued operation, net of tax (US\$'000)	-	2,725
(Loss)/profit after tax attributable to equity holders of the Company (US\$'000)	<b>(267)</b>	<b>1,680</b>
Number of ordinary shares in issue for basic earnings per share (in '000)	<b>715,904</b>	<b>715,904</b>
Basic earnings per share from continuing operations (US cents)	<b>(0.04)</b>	<b>(0.15)</b>
Basic earnings per share from discontinued operation (US cents)	-	0.38
Basic earnings per share (US cents)	<b>(0.04)</b>	<b>0.23</b>

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>	<b>31 Dec</b>	<b>31 Mar</b>	<b>31 Dec</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</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>5.34</b>	5.45	<b>8.56</b>	8.52

**Notes:**

<sup>(1)</sup> The above computation of net asset value per share includes non-controlling interests. Excluding non-controlling interests, the net asset value per share for the Group as at 31 March 2014 and 31 December 2013 would have been 5.52 US cents and 5.56 US cents per share respectively.

<sup>(2)</sup> Computed based on 715,903,629 ordinary shares in issue.

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 and associated companies (the "A-Sonic Group" or the "Group") are engaged in two areas of businesses, aerospace engineering-related business and logistics. Currently, we operate in 50 cities and 17 countries, spanning across four continents in Asia, Sub-Continent India, Europe and North America. We have a total staff strength of over 800 personnel as at 31 March 2014.

### Income Statement

#### Revenue

##### 1<sup>st</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2013

Our "Total Revenue" decreased US\$15.617 million (23.5%) to US\$50.909 million in the first quarter ended 31 March 2014 ("1Q 2014"), compared to US\$66.526 million in the corresponding first quarter ended 31 March 2013 ("1Q 2013").

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

In 1Q 2014, "Turnover" decreased US\$15.805 million (23.9%) to US\$50.274 million, compared to US\$66.079 million in 1Q 2013. The aerospace engineering-related business contributed to 2.0% of our "Turnover". The remaining 98.0% of "Turnover" was generated from our logistics business.

"Turnover" of the aerospace engineering-related business decreased 62.0% (US\$1.603 million) from US\$2.585 million in 1Q 2013 to US\$0.982 million in 1Q 2014, mainly as a result of the non-existence of the finance lease in 1Q 2014, whilst in 1Q 2013 finance lease income recorded was US\$1.995 million which attributed to approximately 77.2% of the aerospace engineering-related business' "Turnover" in 1Q 2013.

"Turnover" of the logistics business decreased US\$14.202 million (22.4%) to US\$49.292 million in 1Q 2014, compared to US\$63.494 million in 1Q 2013. Lower "Turnover" was mainly due to the decrease in business volume from our logistics business, mainly in The People's Republic of China, Australia and the United States ("USA").

"Other Revenue" increased US\$0.188 million (42.1%) to US\$0.635 million in 1Q 2014, compared to US\$0.447 million in 1Q 2013, largely due to the finance lease interest income of US\$0.344 million from our aircraft and aircraft engines leasing business.

Our aerospace engineering-related business was earnings accretive with an aggregate of US\$0.742 million in 1Q 2014, comprising the above finance lease interest income of US\$0.344 million in 1Q 2014, and a gross profit of US\$0.398 million in 1Q 2014 as described below in the section entitled "*Gross profit – 1<sup>st</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2013*".

##### 1<sup>st</sup> Qtr 2014 vs 4<sup>th</sup> Qtr 2013

The Group recorded "Total Revenue" of US\$50.909 million in 1Q 2014, US\$11.685 million lower (18.7%) compared to US\$62.594 million in the fourth quarter ended 31 December 2013 ("4Q 2013").

"Total Revenue" was US\$11.685 million lower in 1Q 2014 compared to 4Q 2013, due in part to the seasonal fluctuation in the logistics business. The closure of factories in The People's Republic of China in January during the Chinese Lunar New Year reduced the manufacturing output, hence lower volume and cargo traffic generated in 1Q 2014. In contrast, the higher turnover of the logistics business in 4Q 2013 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.

"Turnover" generated from the aerospace engineering-related business was US\$0.982 million in 1Q 2014, compared to US\$1.395 million in 4Q 2013. The decrease of US\$0.413 million in turnover was mainly due to decrease in volume of sale of aircraft parts and components.

Logistics business' "Turnover" was US\$49.292 million in 1Q 2014, compared to US\$60.457 million in 4Q 2013. The lower "Turnover" of US\$11.165 million (18.5%) was mainly due to the reasons elaborated above in the second paragraph of this section.

"Other Revenue" decreased US\$0.107 million to US\$0.635 million in 1Q 2014, compared to US\$0.742 million in 4Q 2013, largely due to lower finance lease interest income.

### **Total Costs and Expenses**

#### **1<sup>st</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2013**

Our "Total costs and expenses" decreased US\$16.240 million from US\$67.898 million in 1Q 2013 to US\$51.658 million in 1Q 2014.

In 1Q 2014, the three main costs that constituted 96.3% (US\$49.743 million) of our "Total Costs and Expenses" in 1Q 2014 were:

- (i) "Freight charges" relating to the logistics business constituted 85.8% of our "Total costs and expenses". Our "Freight Charges" amounted to US\$44.315 million in 1Q 2014, US\$13.788 million lower compared to US\$58.103 million in 1Q 2013. The decrease in "Freight Charges" was largely due to the US\$14.202 million (22.4%) decrease in logistics business "Turnover" in 1Q 2014;
- (ii) "Staff costs" amounted US\$4.891 million in 1Q 2014 which constituted 9.5% of "Total costs and expenses". Our "Staff costs" decreased US\$0.374 million to US\$4.891 million in 1Q 2014, compared to US\$5.265 million in 1Q 2013. The decrease in "Staff costs" was largely attributable to lower headcount in the logistics business, substantially in our offices in North Asia; and
- (iii) "Changes in inventories" and "Purchases of goods and materials consumed" relating to aerospace engineering-related business constituted 1.0% of "Total costs and expenses" in 1Q 2014. "Changes in inventories" and "Purchases of goods and materials consumed" aggregated US\$0.537 million in 1Q 2014, compared to US\$2.133 million in 1Q 2013. The US\$1.596 million decrease was in line with the US\$1.603 million lower turnover of aerospace engineering-related business in 1Q 2014.

"Other operating expenses" decreased US\$0.531 million to US\$1.779 million in 1Q 2014, compared to US\$2.310 million in 1Q 2013. The lower "Other operating expenses" of US\$0.531 million was mainly due to: (i) the foreign exchange gain of US\$0.164 million in 1Q 2014 in contrast to a foreign exchange loss of US\$0.072 million in 1Q 2013; and (ii) US\$0.176 million lower in rental expenses in 1Q 2014, compared to 1Q 2013.

#### **1<sup>st</sup> Qtr 2014 vs 4<sup>th</sup> Qtr 2013**

"Total costs and expenses" decreased 21.0% (US\$13.767 million) to US\$51.658 million in 1Q 2014, compared to US\$65.425 million in 4Q 2013. The US\$13.767 million decrease in our "Total costs and expenses" was mainly attributable to the following:

- (i) "Freight Charges" decreased US\$10.003 million to US\$44.315 million in 1Q 2014, compared to US\$54.318 million in 4Q 2013. The reduction in "Freight Charges" was due to lower logistics' "Turnover" of US\$11.165 million in 1Q 2014 compared to 4Q 2013. The reduction in "Turnover" in 1Q 2014 compared to 4Q 2013 was elaborated in the second paragraph of the section titled "*Revenue*" for period "*1<sup>st</sup> Qtr 2014 vs 4<sup>th</sup> Qtr 2013*"; and
- (ii) "Other operating expenses" decreased US\$2.792 million to US\$1.779 million in 1Q 2014, compared to US\$4.571 million in 4Q 2013. The decrease in "Other operating expenses" was largely attributable to: (a) foreign exchange gain of US\$0.164 in 1Q 2014 in contrast to foreign exchange loss of US\$1.931 million 4Q 2013; and (b) US\$0.492 million lower in "Allowance for doubtful trade receivables" in 1Q 2014.

### **Gross profit**

#### **1<sup>st</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2013**

"Gross profit" decreased US\$0.421 million (7.2%) to US\$5.422 million in 1Q 2014, compared to US\$5.843 million in 1Q 2013. "Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". Of the US\$5.422 million gross profit, the aerospace engineering-related business recorded US\$0.398 million gross profit in 1Q 2014 whilst logistics business contributed US\$5.024 million gross profit. Logistics business' gross profit decreased US\$0.540 million to US\$5.024 million in 1Q 2014, compared to US\$5.564 million gross profit in 1Q 2013. The decrease in logistics business gross profit was largely attributable to the US\$14.202 million lower "Turnover" in 1Q 2014 compared to 1Q 2013.

### 1<sup>st</sup> Qtr 2014 vs 4<sup>th</sup> Qtr 2013

We recorded gross profit of US\$5.422 million in 1Q 2014, a decrease of US\$1.198 million (18.1%) from US\$6.620 million gross profit in 4Q 2013. Of the US\$5.422 million gross profit, aerospace engineering-related business contributed US\$0.398 million gross profit, whilst logistics business contributed US\$5.024 million gross profit. Logistics business' gross profit decreased US\$1.157 million from US\$6.181 million gross profit in 4Q 2013 to US\$5.024 million in 1Q 2014. The decline in the logistics' "Gross profit" in 1Q 2014 was largely due to the US\$11.165 million decline in logistics' "Turnover" in 1Q 2014 compared to 4Q 2013.

### Profit before tax & Net profit

#### 1<sup>st</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2013

We registered a loss before tax of US\$0.749 million in 1Q 2014, compared to US\$1.372 million in 1Q 2013.

The loss before tax of US\$0.749 million in 1Q 2014 was largely due to the loss incurred by our logistics subsidiaries operating under a different banner from "A-Sonic Logistics" brand, which incurred loss before tax of US\$0.947 million. Excluding the non-controlling interests, the loss attributable to equity holders of the Company was US\$0.462 million in 1Q 2014. Therefore, had it not been for this loss, we would have recorded a profit before tax of US\$0.198 million in 1Q 2014.

With a tax expense of US\$0.004 million in 1Q 2014, we recorded a net loss attributable to equity holders of the Company (excluding non-controlling interests) of US\$0.267 million, compared to net profit attributable to equity holders of the Company (excluding non-controlling interests) of US\$1.680 million in 1Q 2013.

#### 1<sup>st</sup> Qtr 2014 vs 4<sup>th</sup> Qtr 2013

We registered loss before tax of US\$0.749 million in 1Q 2014, compared to US\$2.831 million in 4Q 2013. The lower loss before tax in 1Q 2014 was largely attributable to the foreign exchange gain of US\$0.164 million in 1Q 2014, in contrast to the foreign exchange loss of US\$1.931 million in 4Q 2013.

With a tax expense of US\$0.004 million in 1Q 2014, we recorded a net loss attributable to equity holders of the Company (excluding non-controlling interests) of US\$0.267 million, compared to net profit attributable to equity holders of the Company (excluding non-controlling interests) of US\$0.212 million in 4Q 2013.

## **Balance Sheet**

### Non-current assets

The Group's "Non-current assets" decreased US\$0.319 million to US\$20.029 million as at 31 March 2014, compared to US\$20.348 million as at 31 December 2013 ("FY 2013"). The decreases are mainly attributable to the following:

- (i) "Property, plant and equipment" decreased US\$0.274 million to US\$12.902 million as at 31 March 2014, compared to US\$13.176 million as at the end of FY 2013, largely owing to the charge out of depreciation of US\$0.265 million;
- (ii) Decrease in "Finance lease receivables" of US\$0.269 million to US\$3.430 million as at 31 March 2014, compared to US\$3.699 million as at the end of FY2013; and

The above decreases were however partially off-set by US\$0.223 million increase in "Investment in associates" and "Investment in jointly controlled entities" which was largely attributable to the share of their results in 1Q 2014.

### Current assets

"Current assets" decreased US\$9.725 million to US\$60.100 million as at 31 March 2014, compared to US\$69.825 million as at the end of FY 2013. The decrease in "Current assets" was largely owing to:

- (i) US\$8.114 million decrease in "Trade and other receivables" to US\$35.642 million as at 31 March 2014, compared to US\$43.756 million as at the end of FY 2013. The decrease in "Trade and other receivables" was largely due to lower volume of logistics business in the first quarter of the year, notably a weak period.
- (ii) US\$1.559 million decrease in "Cash and cash equivalents" (comprised of cash and bank balances and fixed deposits) to US\$19.159 million as at 31 March 2014, compared to US\$20.718 million as at the end of FY 2013.

### Current liabilities

"Current liabilities" declined US\$9.265 million to US\$41.883 million as at 31 March 2014, compared to US\$51.148 million as at the end of FY 2013. The decrease in "Current liabilities" was largely due to: (a) US\$8.121 million decrease in "Trade and other payables" to US\$29.798 million as at 31 March 2014, compared to US\$37.919 million as at the end of FY 2013; and (b) US\$1.019 million reduction in "Bank term loans" from US\$12.407 million at the end of FY2013 to US\$11.388 million as at 31 March 2014.

### Net asset

The Group's gearing based on bank borrowings to net asset value (excluding non-controlling interests) stood at 28.8% as at 31 March 2014, compared to 31.2% as at the end of FY 2013.

Our Group's net asset value (excluding non-controlling interests) stood at US\$39.549 million as at 31 March 2014, or an equivalent of US cents of 5.52 per share, compared to US\$39.809 million as at the end of FY 2013, or an equivalent of US cents 5.56 per share.

Net asset value (excluding non-controlling interests) decreased US\$0.260 million, largely owing to the net loss attributable to the equity holders of the Company (excluding non-controlling interests) of US\$0.267 million recorded in 1Q 2014.

### Equity

The Group's "Accumulated losses" increased US\$0.267 million to US\$4.130 million as at 31 March 2014, compared to US\$3.863 million as at the end of FY 2013, due to the "net loss attributable to equity holders of the Company" of US\$0.267 million recorded in 1Q 2014.

Our "Share option reserve" remained unchanged at US\$0.047 million as at 31 March 2014.

The Group's negative "Foreign currency translation reserve" remained relatively unchanged at US\$8.143 million as at the end of 31 March 2014, compared to US\$8.150 million as at the end FY 2013.

### Cash Flow

"Operating cash flows before movements in working capital" used in 1Q 2014 was US\$0.556 million, compared to US\$0.867 million in 1Q 2013. The lower "Operating cash flows before movements in working capital" used was largely due to the absence of the gain on disposal of subsidiaries of US\$2.655 million in 1Q 2014. This was however partially offset by the loss before tax of US\$0.749 million in 1Q 2013, compared to a profit before tax of US\$1.382 million in 1Q 2013.

In 1Q 2014, movements in working capital items recorded were as follows: (i) cash used in "Inventories" and "Payables" of US\$0.187 million and US\$8.128 million respectively, and cash generated from "Receivables" and "Finance lease receivables" of US\$8.090 million and US\$0.546 million, respectively.

After income tax paid of US\$0.135 million in 1Q 2014, we recorded net cash used in operating activities of US\$0.370 million, compared to US\$0.519 million in 1Q 2013.

"Net cash used in investing activities" amounted to US\$0.006 million in 1Q 2014, compared to that generated of US\$1.764 million in 1Q 2013. The US\$1.770 million decrease in "net cash from investing activities" was largely due to: (i) US\$1.769 million lower in "Proceeds from disposal of property, plant and equipment" in 1Q 2014; and (ii) the absence of US\$1.074 million in "Net cash flows from disposal of a subsidiary" in 1Q 2013, whilst there was none in 1Q 2014. The net cash used was however partially off-set by: (i) US\$0.909 million lower in "Purchase of property, plant and equipment" in 1Q 2014 compared to 1Q 2013; and (ii) US\$0.456 million in "Purchase of shares in jointly controlled entity" in 1Q 2013, whilst there was none in 1Q 2014.

"Net cash used in financing activities" amounted to US\$1.107 million in 1Q 2014, compared to US\$0.065 million in 1Q 2013. The increase was largely attributable to net repayment of bank term loans of US\$1.013 million in 1Q 2014.

## **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 13 May 2014, 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.**

The performance of the aerospace engineering-related business depends largely on the continuance, and the additional new leases, of aircraft and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global economy. We, therefore, remain vigilant and cautious of the uncertain environment ahead.

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 2014.

- (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 2014.

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**

Oh Seok Boon  
Joint Company Secretary

14 May 2014

**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 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet Tan  
Chief Executive Officer



Irene Tay  
Executive Director