

A-SONIC AEROSPACE LIMITED

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

FULL YEAR 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 fourth quarter and full financial year ended 31 December 2017

	Group			Group		
	Fourth quarter ended		Change %	Full year ended		Change %
	31 Dec 2017 US\$'000	31 Dec 2016 US\$'000		31 Dec 2017 US\$'000	31 Dec 2016 US\$'000	
Turnover	58,579	54,734	7.0	207,152	184,948	12.0
Other revenue	391	683	(42.8)	974	1,364	(28.6)
Total revenue	58,970	55,417	6.4	208,126	186,312	11.7
Expenses						
Changes in inventories	(981)	91	N/M	(990)	79	N/M
Purchases of goods and consumables used	(19)	(116)	(83.6)	(32)	(292)	(89.0)
Freight charges	(51,530)	(48,666)	5.9	(183,771)	(161,916)	13.5
Staff costs	(4,539)	(4,560)	(0.5)	(17,282)	(18,421)	(6.2)
Depreciation of property, plant and equipment	(257)	49	N/M	(812)	(835)	(2.8)
Finance costs	(34)	(63)	(46.0)	(214)	(199)	7.5
Other operating expenses	(2,242)	(2,581)	(13.1)	(7,263)	(7,027)	3.4
Total costs and expenses	(59,602)	(55,846)	6.7	(210,364)	(188,611)	11.5
Share of results of associated companies	309	79	N/M	331	247	34.0
Loss before tax	(323)	(350)	(7.7)	(1,907)	(2,052)	(7.1)
Taxation	(145)	120	N/M	(216)	(265)	(18.5)
Loss for the period/year	(468)	(230)	N/M	(2,123)	(2,317)	(8.4)
Profit/(loss) attributable to:						
Equity holders of the Company	110	(650)	N/M	(1,221)	(2,465)	(50.5)
Non-controlling interests	(578)	420	N/M	(902)	148	N/M
Loss for the period/year	(468)	(230)	N/M	(2,123)	(2,317)	(8.4)
Other items :						
Commission income	4	5	(20.0)	4	5	(20.0)
Interest income	45	52	(13.5)	145	119	21.8
Finance lease interest income	-	23	(100.0)	-	329	(100.0)
Negative goodwill written off	-	-	-	-	15	(100.0)
Provision for liabilities written back	185	-	N/M	318	-	N/M
Sundry income	114	483	(76.4)	350	702	(50.1)
Provision for liabilities	(65)	(90)	(27.8)	(65)	(90)	(27.8)
Allowance for doubtful trade receivables written back	29	30	(3.3)	37	119	(68.9)
Allowance for doubtful non-trade receivables written back	12	-	N/M	113	-	N/M
Allowance for doubtful trade receivables	(1,075)	7	N/M	(1,076)	(337)	N/M
Allowance for doubtful non-trade receivables	(1)	(110)	(99.1)	(133)	(140)	(5.0)
Bad trade receivables recovered	21	11	90.9	21	-	N/M
Reversal of impairment loss on investment in associated company	107	-	N/M	-	-	-
Bad non-trade receivables written off	-	(17)	(100.0)	(35)	(17)	N/M
Foreign currency exchange gain/(loss)	10	(487)	N/M	(487)	4	N/M
Rental expenses	(309)	(320)	(3.4)	(1,284)	(1,325)	(3.1)
Gain on disposal of property, plant and equipment	-	-	-	25	-	N/M
Property, plant and equipment written off	-	(141)	(100.0)	-	(141)	(100.0)
Inventories written down	-	(79)	(100.0)	-	(79)	(100.0)
Inventories written off	-	(3)	(100.0)	-	(3)	(100.0)
Allowance for doubtful finance lease receivables	-	(23)	(100.0)	-	(329)	(100.0)

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fourth quarter and full financial year ended 31 December 2017

	Group			Group		
	Fourth quarter ended		Change %	Full year ended		Change %
	31 Dec 2017 US\$'000	31 Dec 2016 US\$'000		31 Dec 2017 US\$'000	31 Dec 2016 US\$'000	
Net Loss for the period/year	(468)	(230)	<i>N/M</i>	(2,123)	(2,317)	(8.4)
Other comprehensive income/(loss):						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising on consolidation	123	185	(33.5)	708	(134)	<i>N/M</i>
	123	185		708	(134)	
Total comprehensive loss for the period/year	(345)	(45)	<i>N/M</i>	(1,415)	(2,451)	(42.3)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	209	(451)	<i>N/M</i>	(521)	(2,512)	(79.3)
Non-controlling interests	(554)	406	<i>N/M</i>	(894)	61	<i>N/M</i>
Total comprehensive loss for the period/year	(345)	(45)	<i>N/M</i>	(1,415)	(2,451)	(42.3)

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 December 2017

	Group		Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	6,118	6,258	-	-
Investment in subsidiaries ⁽¹⁾	-	-	14,663	14,663
Investment in associated companies	752	416	-	-
Investment securities	3	-	-	-
Deferred tax assets	336	275	-	-
	7,209	6,949	14,663	14,663
Current assets				
Inventories	3,272	4,262	-	-
Trade and other receivables	40,365	34,672	5	7
Due from subsidiaries	-	-	247	10
Due from associated companies	600	436	-	-
Tax recoverable	18	2	-	-
Cash and cash equivalents	23,782	18,354	7,545	6,225
	68,037	57,726	7,797	6,242
Total assets	75,246	64,675	22,460	20,905
Non-current liabilities				
Finance lease liabilities	952	1,291	-	-
	952	1,291	-	-
Current liabilities				
Trade and other payables	45,237	33,973	220	192
Due to subsidiary	-	-	1,493	1,000
Bank borrowings	4,298	3,161	1,975	968
Provision for liabilities	270	579	-	-
Finance lease liabilities	607	516	-	-
Tax payable	248	122	-	-
	50,660	38,351	3,688	2,160
Total liabilities	51,612	39,642	3,688	2,160
Net assets	23,634	25,033	18,772	18,745
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(18,021)	(16,820)	(32,986)	(33,013)
Foreign currency translation reserve	(7,419)	(8,119)	-	-
Equity attributable to equity holders of the Company	26,318	26,819	18,772	18,745
Non-controlling interests	(2,684)	(1,786)	-	-
Total equity	23,634	25,033	18,772	18,745

Note:

(1) As at 31 December 2017 and 31 December 2016, the investment in subsidiaries comprises the cost of investment of US\$10,000,001, and an amount due from a subsidiary of US\$4,663,000, which is quasi-equity in nature.

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

Amount repayable in one year or less, or on demand

At 31 December 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,905	-	3,677	-

Amount repayable repayable after one year

At 31 December 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
952	-	1,291	-

Details of any collateral

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US\$4.905 million as at 31 December 2017. Of the US\$4.905 million, secured bank borrowings amounted to US\$4.298 million, and the remaining US\$0.607 million are obligations from finance leases secured against motor vehicles deployed for the logistics business.

The bank borrowings of US\$4.298 million were secured by: (i) corporate guarantee and a floating charge over the logistics receivables (US\$2.323 million) and (ii) US\$1.975 million was secured on a leasehold property of the Group.

The Group's borrowings repayable after one year of US\$0.952 million are finance leases obligations secured by pledges on the motor vehicles deployed for the logistics business.

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 fourth quarter and full financial year ended 31 December 2017

	Group			
	Fourth quarter ended		Full year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss before tax	(323)	(350)	(1,907)	(2,052)
Adjustments for:				
Interest income	(45)	(52)	(145)	(119)
Reversal of impairment loss on investment in associated Company	(107)	-	-	-
Depreciation of property, plant and equipment	257	(49)	812	835
Finance lease interest income	-	(23)	-	(329)
Interest expenses	34	63	214	199
Allowance for doubtful non-trade receivables written back	(12)	-	(113)	-
Allowance for doubtful non-trade receivables	1	110	133	140
Bad non-trade receivable written off	-	17	35	17
Negative goodwill written off	-	-	-	(15)
Inventories written off	-	3	-	3
Gain on disposal of property, plant and equipment	-	-	(25)	-
Property, plant and equipment written off	-	141	-	141
Provision for liabilities	65	90	65	90
Provision for liabilities written back	(185)	-	(318)	-
Share of results of associated companies	(309)	(79)	(331)	(247)
Operating cash flow before working capital changes	(624)	(129)	(1,580)	(1,337)
Inventories	981	91	990	79
Receivables	(2,965)	(2,794)	(5,910)	(5,027)
Payables	5,607	5,017	11,205	5,771
Effect of foreign exchange rate changes	(14)	28	413	46
Cash generated from/(used in) operations	2,985	2,213	5,118	(468)
Income tax (paid)/refund	(31)	10	(159)	(36)
Net cash from/(used in) operating activities	2,954	2,213	4,959	(504)
Cash flows from investing activities				
Acquisition of non-controlling interest	-	-	(45)	-
Acquisition of a subsidiary, net of cash acquired	-	-	-	(61)
Dividend received from an associated company	-	-	-	258
Proceeds from disposal of property, plant and equipment	3	1	90	3
Proceeds from disposal of a subsidiary	-	43	-	43
Proceeds from disposal of partial interest in subsidiaries	-	(17)	-	(17)
Payment to non-controlling interest upon dissolution of a subsidiary	-	(219)	-	(219)
Interest received	45	52	145	119
Restricted cash	(312)	7	(312)	7
Purchase of property, plant and equipment ⁽¹⁾	(158)	(8)	(375)	(93)
Net cash (used in)/ generated from investing activities	(422)	(141)	(497)	40
Cash flows from financing activities				
Contribution from non-controlling interest for incorporation of subsidiary	-	-	61	-
Dividend unclaimed by shareholders	-	1	-	1
Proceeds from bank borrowings	418	2,118	1,939	3,130
Repayment of bank borrowings	-	(877)	(991)	(2,277)
Repayment of finance lease liabilities	(148)	(142)	(575)	(513)
Shares bought back	-	-	-	(42)
Interest paid	(34)	(63)	(214)	(199)
Net cash generated from financing activities	236	1,037	220	100

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the fourth quarter and full financial year ended 31 December 2017

	Group			
	Fourth quarter ended		Full year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Net increase/(decrease) in cash and cash equivalents⁽²⁾	2,768	3,119	4,682	(364)
Cash and cash equivalents at beginning of period/year	20,433	14,938	18,199	18,831
Effect of foreign exchange rate changes	114	142	434	(268)
Cash and cash equivalents at end of period/year	23,315	18,199	23,315	18,199
Cash and cash equivalents are represented by:				
Bank and cash balances	23,528	17,699	23,528	17,699
Fixed deposits	254	655	254	655
	23,782	18,354	23,782	18,354
Less: Cash and cash equivalents not available for use	(467)	(155)	(467)	(155)
	23,315	18,199	23,315	18,199

Note:

(1) During the year ended 31 December 2017, the group acquired property, plant and equipment with an aggregate cost of US\$0.504 million of which US\$0.129 million was financed by means of finance lease.

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 fourth quarter and full financial year ended 31 December 2017

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 2017	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033
Loss for the period	-	(710)	-	(710)	(51)	(761)
Other comprehensive Income/(loss)						
Currency translation differences on consolidation	-	-	374	374	(28)	346
Other comprehensive income/(loss) for the period	-	-	374	374	(28)	346
Total comprehensive (loss)/income for the period	-	(710)	374	(336)	(79)	(415)
Changes in ownership interests in subsidiaries						
Acquisition of interest in subsidiary without change in control	-	20	-	20	(65)	(45)
Incorporation of subsidiary	-	-	-	-	61	61
	-	20	-	20	(4)	16
At 31 March 2017	51,758	(17,510)	(7,745)	26,503	(1,869)	24,634
Loss for the period	-	(394)	-	(394)	(156)	(550)
Other comprehensive (loss)/income						
Currency translation differences on consolidation	-	-	185	185	21	206
Other comprehensive income for the period	-	-	185	185	21	206
Total comprehensive (loss)/income for the period	-	(394)	185	(209)	(135)	(344)
At 30 June 2017	51,758	(17,904)	(7,560)	26,294	(2,004)	24,290

Consolidated Statement of Changes in Equity

For the fourth quarter and full financial year ended 31 December 2017 (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 30 June 2017	51,758	(17,904)	(7,560)	26,294	(2,004)	24,290
Loss for the period	-	(227)	-	(227)	(117)	(344)
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	42	42	(9)	33
Other comprehensive income/(loss) for the period	-	-	42	42	(9)	33
Total comprehensive (loss)/income for the period	-	(227)	42	(185)	(126)	(311)
At 30 September 2017	51,758	(18,131)	(7,518)	26,109	(2,130)	23,979
Loss for the period	-	110	-	110	(578)	(468)
Other comprehensive income						
Currency translation differences on consolidation	-	-	99	99	24	123
Other comprehensive income/(loss) for the period	-	-	99	99	24	123
Total comprehensive (loss)/income for the period	-	110	99	209	(554)	(345)
At 31 December 2017	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634

Consolidated Statement of Changes in Equity

For the fourth quarter and full financial year ended 31 December 2017 (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 2016	51,758	(14,269)	(8,072)	29,417	(1,663)	27,754
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
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
At 30 June 2016	51,758	(15,373)	(8,475)	27,910	(1,909)	26,001

Consolidated Statement of Changes in Equity

For the fourth quarter and full financial ended 31 December 2017 (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 30 June 2016	51,758	(15,373)	(8,475)	27,910	(1,909)	26,001
(Loss)/profit for the period	-	(764)	-	(764)	39	(725)
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	169	169	(27)	142
Other comprehensive income/(loss) for the period	-	-	169	169	(27)	142
Total comprehensive (loss)/Income for the period	-	(764)	169	(595)	12	(583)
At 30 September 2016	51,758	(16,137)	(8,306)	27,315	(1,897)	25,418
(Loss)/profit for the period	-	(650)	-	(650)	420	(230)
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	187	187	(2)	185
Acquisition of interest in subsidiaries without change in control	-	(33)	-	(33)	33	-
Other comprehensive (loss)/income for the period	-	(33)	187	154	31	185
Total comprehensive (loss)/Income for the period	-	(683)	187	(496)	451	(45)
Changes in ownership interests in subsidiaries						
Disposal/dissolution of subsidiaries	-	-	-	-	(340)	(340)
At 31 December 2016	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033

Statement of Changes in Equity

For the fourth quarter and full financial year ended 31 December 2017

THE COMPANY	Share capital US\$'000	Accumulated (losses)/profits US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(33,013)	18,745
Loss and total comprehensive loss for the period	-	(7)	(7)
At 31 March 2017	51,758	(33,020)	18,738
Profit and total comprehensive income for the period	-	9	9
At 30 June 2017	51,758	(33,011)	18,747
Profit and total comprehensive income for the period	-	12	12
At 30 September 2017	51,758	(32,999)	18,759
Profit and total comprehensive income for the period	-	13	13
At 31 December 2017	51,758	(32,986)	18,772

THE COMPANY	Share capital US\$'000	Accumulated profits/(losses) US\$'000	Total equity US\$'000
At 1 January 2016	51,758	2,268	54,026
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
Profit and total comprehensive income for the period	-	123	123
Transaction with owners recorded directly in equity			
Write back of unclaimed dividend	-	1	1
At 30 June 2016	51,758	2,458	54,216
Profit and total comprehensive income for the period	-	137	137
At 30 September 2016	51,758	2,595	54,353
Loss and total comprehensive loss for the period	-	(35,608)	(35,608)
At 31 December 2016	51,758	(33,013)	18,745

- 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:

	Fourth quarter ended	
	31 Dec 2017	31 Dec 2016
Balance at beginning of period	58,479,296	58,479,296
Balance at end of period	58,479,296	58,479,296

- 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 December 2017 and 31 December 2016 were 58,479,296.

- 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 2016.

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	
	Fourth quarter ended		Full year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Loss after tax attributable to equity holders of the Company (US\$'000)	110	(650)	(1,221)	(2,465)
Weighted average number of ordinary shares (in '000)	58,479	58,481	58,479	58,481
Earnings per share (US cents):				
Basic ⁽¹⁾	0.19	(1.11)	(2.09)	(4.22)
Diluted ⁽¹⁾	0.19	(1.11)	(2.09)	(4.22)

Note:

- (1) Computed based on weighted average number of ordinary shares, adjusting for the effect of share consolidation of every three shares into one consolidated 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	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	Net asset value per share based on existing issued share capital at the end of period/year (US cents) ^{(1) (2)}	45.00	45.86	32.10

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 31 December 2017 and 31 December 2016 would have been 40.41 US cents and 42.81 US cents per share respectively.

- (2) Computed based on 58,479,296 ordinary shares in issue for 31 December 2017 and 31 December 2016.

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

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the “**A-Sonic Group**” or the “**Group**”) are engaged in two areas of businesses, aviation and logistics. We operate in 31 cities in 16 countries, spanning across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 31 December 2017.

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

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

Highlights

We are at the dawn of an unprecedented era of dramatic changes in the supply chain. Multi-channel solutions are in demand with the e-commerce boom. International trade rules must be modernized. Customs procedures and clearance must be simplified and red tape eliminated.

As the pace of change accelerates and the world shrinks even further, many aspects of the supply chain are being transformed. To stand still is to go backwards. To meet the new surge in the increasingly digital-based economy, we are continuously reinventing new ways of conducting activities, new alliances, new logistic solutions, and unique customer-orientated solutions.

We remained focus to streamline our logistics business. The logistics sub-business unit operating under “A-Sonic Logistics” brand achieved a turnaround position, and recorded “Profit attributable to equity holders of the Company” of US\$1.029 million for the financial year ended 31 December 2017 (“FY 2017”). This gain was offset by another sub-business unit operating under “UBI Logistics” brand, which incurred a “Loss attributable to equity holders of the Company” of US\$0.841 million. As a result, the combined logistics business unit registered a “Profit attributable to equity holders of the Company” of US\$0.188 million in FY 2017.

The “A-Sonic Logistics” sub-business unit has come a long way from where we were in the past. We are not resting on our laurels. There is still a lot of work to be done. With the storied previous two (2) financial years, in FY 2017 and FY 2016, as inspiration for the future, “A-Sonic Logistics” sub-business unit is driven to strive even harder now.

Our aviation business unit continued to encounter strong headwind in FY 2017. We will continue to pursue potential global buyers for our aircraft and aircraft engines.

INCOME STATEMENT

Revenue

FY 2017 vs FY 2016

Our “Total revenue” comprises “Turnover” and “Other revenue”. We recorded “Total revenue” of US\$208.126 million in FY 2017, compared to US\$186.312 million in FY 2016. The increase of US\$21.814 million in “Total revenue” in FY 2017 was due to higher “Turnover” of US\$22.204 million to US\$207.152 million.

In FY 2017, the aviation business contributed 0.6% (US\$1.162 million) of the Group’s “Turnover”. The remaining 99.4% (US\$205.990 million) of “Turnover” was generated from the logistics business. The Group’s “Turnover” increased US\$22.204 million (12.0%) to US\$207.152 million in FY 2017, compared to US\$184.948 million in FY 2016, largely due to:

- (i) An increase of US\$21.298 million (11.5%) in the logistics “Turnover” to US\$205.990 million. The increase in logistics “Turnover” was largely due to higher business volume and higher freight rates generated in North Asia; and
- (ii) An increase of US\$0.906 million in the aviation “Turnover” to US\$1.162 million, compared to US\$0.256 million in FY 2016.

“Other revenue” decreased US\$0.390 million to US\$0.974 million in FY 2017, mainly attributable to the absence of “Finance lease interest income” from the aviation business, compared to a corresponding “Finance lease interest income” of US\$0.329 million in FY 2016. There was no “Finance lease interest income” because the aviation business ceased leasing aircraft to third parties in FY 2017. In addition, “Sundry income” declined US\$0.352 million to US\$0.350 million in FY 2017.

4th Qtr 2017 vs 4th Qtr 2016

Our “Total revenue” increased US\$3.553 million to US\$58.970 million in the fourth quarter ended 31 December 2017 (“4Q 2017”), compared to US\$55.417 million in the fourth quarter ended 31 December 2016 (“4Q 2016”). In 4Q 2017, “Turnover” increased US\$3.845 million (7.0%) to US\$58.579 million. “Turnover” in 4Q 2017 increased largely due to higher business volume in North Asia, compared to 4Q 2016. The higher business volume in 4Q 2017 was due to the new logistics businesses secured.

“Other revenue” in 4Q 2017 decreased US\$0.292 million to US\$0.391 million, compared to US\$0.683 million in 4Q 2016.

4th Qtr 2017 vs 3rd Qtr 2017

“Total revenue” increased US\$5.618 million to US\$58.970 million in 4Q 2017, compared to US\$53.352 million in the third quarter ended 30 September 2017 (“3Q 2017”). The increase was largely due to higher aviation “Turnover” of US\$1.067 million, and higher logistics “Turnover” of US\$4.374 million.

Aviation “Turnover” increased US\$1.067 million to US\$1.080 million in 4Q 2017, compared to US\$0.013 million in 3Q 2017 largely due to the sale of an aircraft. Logistics “Turnover” increased US\$4.374 million to US\$57.499 million in 4Q 2017 due to higher business volume. The 4Q 2017 logistics cargo traffic volume increased due to the festive seasons, such as Thanksgiving, Christmas, and New Year.

“Other revenue” increased US\$0.177 million to US\$0.391 million in 4Q 2017, compared to US\$0.214 million in 3Q 2017. The increase was largely due to the “Provision for liabilities written back” of US\$0.185 million in 4Q 2017, compared to the absence of this in 3Q 2017.

Total Costs and Expenses

FY 2017 vs FY 2016

Our “Total costs and expenses” increased US\$21.753 million (11.5%) to US\$210.364 million in FY 2017, compared to US\$188.611 million in FY 2016. The increase of US\$21.573 million in “Total costs and expenses” was due to higher “Freight charges” relating to our logistics business.

“Freight charges” increased US\$21.855 million (13.5%) to US\$183.771 million in FY 2017, compared to US\$161.916 million in FY 2016. The increase in “Freight charges” was in line with an increase of US\$21.298 million (11.5%) in the logistics “Turnover” in FY 2017, as elaborated in the section entitled “Revenue” for “FY 2017 vs FY 2016” on page 14.

4th Qtr 2017 vs 4th Qtr 2016

“Total costs and expenses” increased US\$3.756 million (6.7%) to US\$59.602 million in 4Q 2017, compared to US\$55.846 million in 4Q 2016, mainly due to higher “Changes in inventories” to US\$0.981 million in 4Q 2017.

4th Qtr 2017 vs 3rd Qtr 2017

We recorded “Total costs and expenses” of US\$59.602 million in 4Q 2017, an increase of US\$5.918 million (11.0%) compared to US\$53.684 million in 3Q 2017. The increase of US\$5.918 million in “Total costs and expenses” was largely due to:

- (i) US\$0.981 million higher “Changes in inventories” to US\$0.981 million in 4Q 2017, compared to the absence of such an item in 3Q 2017. This is in line with the higher aviation “Turnover” in 4Q 2017, compared to 3Q 2017 as elaborated in the earlier section entitled “Revenue” for “4th Qtr 2017 vs 3rd Qtr 2017” on page 15;
- (ii) US\$0.612 million higher “Other operating expenses” to US\$2.242 million in 4Q 2017, compared to US\$1.630 million in 3Q 2017. The increase in “Other operating expenses” was largely attributable to higher “Allowance for doubtful trade debt” to US\$1.075 million by UBI Logistics sub-business unit in 4Q 2017;
- (iii) US\$3.931 million (8.3%) higher “Freight charges” to US\$51.530 million in 4Q 2017, compared to US\$47.599 million in 3Q 2017. This corresponds to the higher logistics “Turnover” achieved in 4Q 2017 compared to 3Q 2017 as elaborated in the section entitled “Revenue” for “4th Qtr 2017 vs 3rd Qtr 2017” on page 15; and
- (iv) US\$0.357 million higher “Staff costs” to US\$4.539 million in 4Q 2017, compared to US\$4.182 million in 3Q 2017. The increase in staff costs in 4Q 2017 was largely due to a portion of staff bonuses and incentives paid in 4Q 2017.

Gross Profit

FY 2017 vs FY 2016

Our "Gross profit" was computed based on "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". "Gross profit" decreased US\$0.460 million (2.0%) to US\$22.359 million in FY 2017, compared to US\$22.819 million in FY 2016. The logistics "Gross profit" decreased US\$0.557 million in FY 2017 largely due to the decline in "Gross profit" contribution by the "UBI logistics" sub-business unit. This contraction in "Gross profit" was due to the low yield co-loading business of "UBI logistics" sub-business unit.

4th Qtr 2017 vs 4th Qtr 2016

"Gross profit" increased US\$0.006 million to US\$6.049 million in 4Q 2017, compared to US\$6.043 million in 4Q 2016.

4th Qtr 2017 vs 3rd Qtr 2017

We recorded a "Gross profit" of US\$6.049 million in 4Q 2017, an increase of US\$0.519 million (9.4%) from US\$5.530 million in 3Q 2017. Our higher "Gross profit" in 4Q 2017 was largely due to an increase in the logistics "Turnover" in 4Q 2017, compared to 3Q 2017 as elaborated in the section entitled "Revenue" for "4th Qtr 2017 vs 3rd Qtr 2017" on page 15.

Net Profit / (Loss) attributable to equity holder of the Company

FY 2017 vs FY 2016

In FY 2017, our "Loss attributable to equity holders of the Company" narrowed to US\$1.221 million, compared to US\$2.465 million in FY 2016. The improvement was attributable to the turnaround of the sub-business unit operating under "A-Sonic Logistics" brand, from a "Loss attributable to equity holders of the Company" of US\$1.046 million in FY 2016 to a "Profit attributable to equity holders of the Company" US\$1.029 million in FY 2017. The turnaround of the sub-business unit operating under "A-Sonic Logistics" brand was largely attributable to an increase of US\$4.905 million in "Total revenue", and a reduction of US\$0.398 million in "Other operating expenses" in FY2017.

The gain achieved by the sub-business unit operating under "A-Sonic Logistics" brand, was offset by the "Loss attributable to equity holders of the Company" incurred by UBI Logistics sub-business unit which amounted to US\$0.841 million, and the aviation business unit which amounted to US\$1.409 million in FY 2017.

The loss incurred by UBI Logistics sub-business unit was largely due to a reduction of 16.4% in "Gross profit" margin, and 13.1% higher "Total operating costs and expenses" in FY 2017.

The loss incurred by the aviation business unit was largely due to inadequate earnings to cover the "Total costs and expenses" of US\$1.576 million (excluding "Changes in inventories" of US\$0.990 million and "Foreign exchange loss" of US\$0.119 million in FY 2017).

4th Qtr 2017 vs 4th Qtr 2016

We recorded "Profit attributable to equity holders of the Company" of US\$0.110 million in 4Q 2017, compared to a "Loss attributable to equity holders of the Company" of US\$0.650 million in 4Q 2016, mainly due to the turnaround of the sub-business unit operating under the "A-Sonic Logistics" brand, from a loss in 4Q 2016 to a profit position in 4Q 2017.

4th Qtr 2017 vs 3rd Qtr 2017

In 4Q 2017, we recorded "Profit attributable to equity holders of the Company" of US\$0.110 million, compared to "Loss attributable to equity holders of the Company" of US\$0.227 million in 3Q 2017. Our Group's registered profit because our sub-business unit operating under "A-Sonic Logistics" brand, achieved higher profit in 4Q 2017, compared to 3Q 2017. The stronger performance of "A-Sonic Logistics" brand in 4Q 2017 was primarily due to the year-end peak season for cargo traffic.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased US\$0.260 million to US\$7.209 million as at 31 December 2017, compared to US\$6.949 million as at 31 December 2016 ("FY2016"). The increase was attributable to an increase in "Investment in associated companies" of US\$0.336 million resulting from higher profit generated from the associated company.

Current assets

"Current assets" increased US\$10.311 million to US\$68.037 million as at 31 December 2017, compared to US\$57.726 million as at the end of FY 2016. The increase in "Current assets" was due to: (i) an increase of US\$5.428 million in "Cash and cash equivalents" to US\$23.782 million, and (ii) an increase of US\$5.693 million in "Trade and other receivables" to US\$40.365 million as at 31 December 2017, compared to US\$34.672 million as at the end of FY 2016. The increase in "Trade and other receivables" was in tandem with the increase in "Turnover" as elaborated in the section entitled "Revenue" for "FY 2017 vs FY 2016" on page 14.

Non-current liabilities

"Non-current liabilities" decreased US\$0.339 million to US\$0.952 million as at 31 December 2017 as a result of the partial repayment of the finance lease liabilities, which relate to motor vehicles deployed for our logistics business.

Current liabilities

"Current liabilities" increased US\$12.309 million to US\$50.660 million as at 31 December 2017, compared to US\$38.351 million as at end of FY2016, largely due to: (i) an increase of US\$11.264 million in "Trade and other payables" to US\$45.237 million as at 31 December 2017; and (ii) an increase of US\$1.137 million in "Bank borrowings" to US\$4.298 million.

Net assets and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US\$26.318 million as at end of 31 December 2017, compared to US\$26.819 million as at end of FY 2016. The decline of US\$0.501 million in "Equity attributable to equity holders of the Company" was largely due to the Group's "Accumulated losses" increased US\$1.201 million to US\$18.021 million as at 31 December 2017, compared to US\$16.820 million as at end of FY 2016.

However, the increase in the Group's "Accumulated Losses" was partially offset by the US\$0.700 million reduction in the negative "Foreign currency translation reserve" to US\$7.419 million as at 31 December 2017, compared to negative reserve of US\$8.119 million as at end of FY 2016.

The Group's gearing based on total "Bank borrowings" and "Finance lease liabilities", to net asset value (excluding non-controlling interests) stood at 22.3% as at 31 December 2017, compared to 18.5% as at the end of FY 2016.

CASH FLOW

FY 2017 vs FY 2016

“Net cash generated from operating activities” was US\$4.959 million in FY 2017, compared to “Net cash used in operating activities” of US\$0.504 million in FY 2016 largely due to:

- (i) The “Loss before tax” after including “Adjustments for” amounted to US\$1.580 million in FY 2017, compared to US\$1.337 million in FY 2016;
- (ii) Cash generated from “Payables” of US\$11.205 million in FY 2017, compared to US\$5.771 million generated from “Payables” in FY 2016;
- (iii) Cash used in “Receivables” of US\$5.910 million in FY 2017, while US\$5.027 million was generated from “Receivables” in FY 2016;
- (iv) “Income tax paid” in FY 2017 was US\$0.159 million.

“Net cash used in investing activities” amounted to US\$0.497 million in FY 2017, compared to “Net cash generated from investing activities” of US\$0.040 million in FY 2016. The “Net cash used in investing activities” in FY 2017 mainly comprised of cash used in “Purchase of property, plant and equipment” of US\$0.375 million and “Restricted cash” of US\$0.312 million. However, the cash used in investing activities was partially offset by cash generated from (i) “Proceed from disposal of property, plant and equipment” of US\$0.090 million and (ii) “Interest received” of US\$0.145 million.

Whilst in FY 2016, the “Net cash generated from investing activities” were mainly from “Dividend received from an associated company” of US\$0.258 million and “Interest received” of US\$0.119 million. However the cash generated from investing activities was partially offset by (i) “Payment to non-controlling interest upon dissolution of a subsidiary” of US\$0.219 million and (ii) “Purchase of property, plant and equipment” of US\$0.093 million.

“Net cash generated from financing activities” in FY 2017 was US\$0.220 million, compared to “Net cash generated from financing activities of US\$0.100 million in FY 2016. In FY2017, “Net cash generating from financing activities” was largely attributable to “Proceeds from bank borrowings” of US\$1.939 million, partially offset by “Repayment of finance lease liabilities” of US\$0.575 million, “Repayment of bank borrowings” of US\$0.991 million and “Interest paid” of US\$0.214 million. In FY2016, “Net cash generated from financing activities” was US\$0.100 million which was largely attributable to “Proceeds from bank borrowings” of US\$3.130 million partially offset by “Repayment of finance lease liabilities” of US\$0.513 million, “Repayment of bank borrowings” of US\$2.277 million and “Interest paid” of US\$0.199 million.

4th Qtr 2017 vs 4th Qtr 2016

We recorded “Net cash generated from operating activities” of US\$2.954 million including the tax paid of US\$0.031 million in 4Q 2017, compared to “Net cash generated from operating activities” of US\$2.213 million after the tax refund of US\$0.010 million in 4Q 2016. The “Net cash generated from operating activities” in 4Q 2017 was largely due to cash generated from “Payables” of US\$5.607 million, partially offset by “Loss before tax” of US\$0.323 million and cash used in “Receivables” of US\$2.965 million. In 4Q 2016, “Net cash generated from operating activities” comprised of cash generated from “Payables” of US\$5.017 million, and offset by cash used in “Receivables” of US\$2.794 million and “Loss before tax” of US\$0.350 million.

“Net cash used in investing activities” in 4Q 2017 was US\$0.422 million, mainly comprised of “Purchase of property, plant and equipment” of US\$0.158 million and “Restricted cash” of US\$0.312 million. However it was partially offset by “Interest received” of US\$0.045 million. “Net cash used in investing activities” in 4Q 2016 was US\$0.141 million, mainly due to “Payment to non-controlling interest upon dissolution of a subsidiary” of US\$0.219 million partially offset by “Interest received” of US\$0.052 million and “Proceeds from disposal of subsidiary” of US\$0.043 million.

“Net cash generated from financing activities” in 4Q 2017 was US\$0.236 million, compared to “Net cash generated from financing activities” of US\$1.037 million in 4Q 2016. “Net cash generating from financing activities” was largely attributable to “Proceeds from bank borrowings” of US\$0.418 million in 4Q 2017 partially offset by “Repayment of finance lease liabilities” of US\$0.148 million and “Interest paid” of US\$0.034 million. “Net cash generated from financing activities” in 4Q 2016 was US\$1.037 million, largely attributable to “Proceeds from bank borrowings” of US\$2.118 million, partially offset by “Repayment of finance lease liabilities” of US\$0.142 million, “Repayment of bank borrowings” of US\$0.877 million and “Interest paid” of US\$0.063 million.

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 26 February 2018, 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.**

Barring a significant shock, the global economic activity in 2017 is expected to continue to firm up this year. Expected rising fuel costs may have an offsetting impact. We therefore remain cautiously optimistic on the business outlook for our logistics and aviation businesses in 2018.

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 fourth quarter and full financial year ended 31 December 2017.

- (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 fourth quarter ended 31 December 2017.

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).**

Not required for announcement on full year results.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. **Segmental revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments - Group

	Aviation		Logistics		Consolidated	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Turnover from reportable segments	1,162	256	205,990	184,692	207,152	184,948
Interest income	98	48	47	71	145	119
Finance lease interests income	-	329	-	-	-	329
Finance costs	(33)	(24)	(181)	(175)	(214)	(199)
Depreciation of property, plant and equipment	(105)	(108)	(707)	(727)	(812)	(835)
Share of results of associated company	-	-	331	247	331	247
Taxation expense	(2)	-	(214)	(265)	(216)	(265)
Reportable segment loss	(1,409)	(1,518)	(714)	(799)	(2,123)	(2,317)
Other material non-cash items:						
Allowance for doubtful trade receivables	-	-	1,076	337	1,076	337
Allowance for doubtful trade receivables written back	-	-	(37)	(119)	(37)	(119)
Allowance for doubtful non-trade receivables	-	-	133	140	133	140
Allowance for doubtful non-trade receivables written back	-	-	(113)	-	(113)	-
Bad non-trade receivables written off	-	-	35	17	35	17
Bad trade receivables recovered	-	-	(21)	-	(21)	-
Inventories written down	-	79	-	-	-	79
Allowance for doubtful finance lease receivables	-	329	-	-	-	329
Inventories written off	-	3	-	-	-	3
Provision for liabilities written back	-	-	(318)	-	(318)	-
Provision for liabilities	-	-	65	90	65	90
Property, plant and equipment written off	-	-	-	141	-	141
Segment assets	12,784	12,790	62,462	51,885	75,246	64,675
Segment liabilities	3,928	2,659	47,684	36,983	51,612	39,642
Expenditure in non-current assets						
Property, plant and equipment	9	-	495	309	504	309

Geographical Segments – Group

	Turnover for reportable segments	
	FY 2016	FY 2016
	US\$'000	US\$'000
The People Republic of China (including Hong Kong S.A.R)	122,617	112,642
Australia	43,684	29,936
Other countries	40,851	42,370
Total	207,152	184,948

	Non-current assets for reportable segments	
	FY 2017	FY 2016
	US\$'000	US\$'000
Singapore	3,485	3,650
USA	1,842	1,885
Other countries	1,546	1,139
Total	6,873	6,674

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

The aviation business contributed to approximately 0.6% of our Group's turnover, and logistics business contributed to the balance 99.4% of the total reportable segment turnover.

18. **A breakdown of sales as follows:-**

	Full year ended 31 Dec 2017 US\$'000	Full year ended 31 Dec 2016 US\$'000	% <i>increase</i>
a) Sales reported for the first half year	95,435	83,945	13.7%
b) Operating loss after tax before deducting non-controlling interest for first half year	(1,311)	(1,362)	(3.7%)
c) Sales reported for the second half year	111,717	101,003	10.6%
d) Operating profit/(loss) after tax before deducting non-controlling interest for second half year	(812)	(955)	(15.0%)

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

No annual dividend was recommended, declared, or paid, on the latest full year and in the previous full year.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Janet LC Tan	57	Sibling of Jenny Tan, who is a Director of the Company.	Chairman and Chief Executive Officer since 2003. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for A-Sonic Aerospace and its subsidiaries.	No changes in duties.
Tan Lay Yong Jenny	51	Sibling of Janet Tan, who is the Chairman, Chief Executive Officer and substantial shareholder of the Company.	Executive Director of the Company since 2003. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aviation business.	No changes in duties.

BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

28 February 2018