

**A-SONIC AEROSPACE LIMITED**

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

**SECOND 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 second quarter and first half year ended 30 June 2015**

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2015	30 Jun 2014		30 Jun 2015	30 Jun 2014	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Turnover	50,094	60,454	(17.1)	102,312	110,728	(7.6)
Other revenue	887	986	(10.0)	1,504	1,621	(7.2)
<b>Total revenue</b>	<b>50,981</b>	<b>61,440</b>	<b>(17.0)</b>	<b>103,816</b>	<b>112,349</b>	<b>(7.6)</b>
<b>Expenses</b>						
Changes in inventories	(42)	280	N/M	(37)	467	N/M
Purchases of goods and consumables used	(326)	(1,118)	(70.8)	(618)	(1,842)	(66.4)
Freight charges	(44,460)	(53,777)	(17.3)	(91,431)	(98,092)	(6.8)
Staff costs	(4,517)	(4,871)	(7.3)	(8,962)	(9,762)	(8.2)
Depreciation of property, plant and equipment	(298)	(256)	16.4	(553)	(521)	6.1
Finance costs	(71)	(93)	(23.7)	(150)	(181)	(17.1)
Share of results of associates	28	85	(67.1)	68	158	(57.0)
Share of results of joint ventures	23	82	(72.0)	181	226	(19.9)
Other operating expenses	(2,195)	(1,868)	17.5	(4,934)	(3,647)	35.3
<b>Total costs and expenses</b>	<b>(51,858)</b>	<b>(61,536)</b>	<b>(15.7)</b>	<b>(106,436)</b>	<b>(113,194)</b>	<b>(6.0)</b>
Loss before tax	(877)	(96)	N/M	(2,620)	(845)	N/M
Taxation	(48)	(15)	N/M	(25)	(19)	31.6
<b>Loss for the period</b>	<b>(925)</b>	<b>(111)</b>	<b>N/M</b>	<b>(2,645)</b>	<b>(864)</b>	<b>N/M</b>
<b>(Loss)/profit attributable to:</b>						
Equity holders of the Company	(706)	136	N/M	(2,100)	(131)	N/M
Non-controlling interests	(219)	(247)	(11.3)	(545)	(733)	(25.6)
	<b>(925)</b>	<b>(111)</b>	<b>N/M</b>	<b>(2,645)</b>	<b>(864)</b>	<b>N/M</b>
<b>Other items :</b>						
Commission income	-	11	(100.0)	12	44	(72.7)
Interest income	120	55	N/M	209	109	91.7
Finance lease interest	249	314	(20.7)	520	658	(21.0)
Gain on disposal of an associate	33	-	N/M	33	-	N/M
Allow ance for doubtful trade receivables w ritten back	23	57	(59.6)	23	77	(70.1)
Allow ance for doubtful trade receivables	(227)	(27)	N/M	(409)	(48)	N/M
Allow ance for doubtful non-trade receivables						
- third parties	(111)	-	N/M	(170)	-	N/M
Bad trade receivables w ritten off	-	(9)	(100.0)	-	(9)	(100.0)
Exchange gain/(loss)	33	237	(86.1)	(599)	401	N/M
Gain/(loss) on disposal of property, plant and equipment	4	-	N/M	(2)	-	N/M
Rental expenses	(457)	(503)	(9.1)	(914)	(986)	(7.3)
Property, plant and equipment w ritten off	-	(1)	(100.0)	-	(67)	(100.0)
Impairment of goodw ill	-	(61)	(100.0)	-	(61)	(100.0)

N/M: Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and first half year ended 30 June 2015

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2015	30 Jun 2014		30 Jun 2015	30 Jun 2014	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Loss for the period</b>	<b>(925)</b>	(111)	N/M	<b>(2,645)</b>	(864)	206.1
<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	(106)	(13)	N/M	240	(43)	N/M
Disposal of interest in subsidiary without change in control	-	25	(100.0)	40	29	37.9
<b>Total comprehensive loss for the period</b>	<b>(1,031)</b>	(99)	N/M	<b>(2,365)</b>	(878)	N/M
Equity holders of the Company	(797)	139	N/M	(1,975)	(121)	N/M
Non-controlling interests	(234)	(238)	(1.7)	(390)	(757)	(48.5)
<b>Total comprehensive loss for the period</b>	<b>(1,031)</b>	(99)	N/M	<b>(2,365)</b>	(878)	N/M
<b>Total comprehensive (loss)/ income attributable to:</b>						
Equity holders of the Company	<b>(797)</b>	139	N/M	<b>(1,975)</b>	(121)	N/M

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**  
**30 June 2015**

	Group		Company	
	30 Jun 2015 US\$'000	31 Dec 2014 US\$'000	30 Jun 2015 US\$'000	31 Dec 2014 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,363	12,056	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	264	576	-	-
Investment in joint ventures	2,322	2,683	-	-
Deferred tax assets	288	130	-	-
Finance lease receivables	949	2,176	-	-
	<b>17,186</b>	<b>17,621</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>				
Inventories	1,167	1,204	-	-
Trade and other receivables	32,787	39,725	5	5
Finance lease receivables	4,843	3,144	-	-
Due from subsidiaries	-	-	60,600	59,944
Due from associates	1,265	1,387	-	-
Due from joint ventures	3,076	3,025	-	-
Tax recoverable	9	15	-	-
Cash and cash equivalents	16,878	16,601	5,292	5,304
	<b>60,025</b>	<b>65,101</b>	<b>65,897</b>	<b>65,253</b>
<b>Total assets</b>	<b>77,211</b>	<b>82,722</b>	<b>65,897</b>	<b>65,253</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	125	-	-	-
Finance lease liabilities	1,503	125	-	-
	<b>1,628</b>	<b>125</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	30,804	35,885	189	230
Bank term loans	8,023	7,701	3,652	3,280
Provision for restructuring costs	512	521	-	-
Finance lease liabilities	310	34	-	-
Tax payable	53	36	-	-
	<b>39,702</b>	<b>44,177</b>	<b>3,841</b>	<b>3,510</b>
<b>Total liabilities</b>	<b>41,330</b>	<b>44,302</b>	<b>3,841</b>	<b>3,510</b>
<b>Net assets</b>	<b>35,881</b>	<b>38,420</b>	<b>62,056</b>	<b>61,743</b>
<b>Equity</b>				
Share capital	51,758	51,775	51,758	51,775
Accumulated (losses) / profits	(5,851)	(3,720)	10,298	9,968
Foreign currency translation reserve	(8,015)	(8,140)	-	-
Equity attributable to equity holders of the Company, total	<b>37,892</b>	<b>39,915</b>	<b>62,056</b>	<b>61,743</b>
Non-controlling interests	(2,011)	(1,495)	-	-
<b>Total equity</b>	<b>35,881</b>	<b>38,420</b>	<b>62,056</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 30 June 2015		At 31 December 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
8,333	-	7,735	-

**Amount repayable after one year**

At 30 June 2015		At 31 December 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,503	-	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 second quarter and half year ended 30 June 2015

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Loss before tax	(877)	(96)	(2,620)	(845)
<b>Adjustments for:</b>				
Interest income	(120)	(55)	(209)	(109)
Depreciation of property, plant and equipment	298	256	553	521
Finance lease interest	(249)	(314)	(520)	(658)
Interest expenses	71	93	150	181
Impairment loss on goodwill	-	61	-	61
Allowance for doubtful non-trade receivables	111	-	170	-
Gain on disposal of associate	(33)	-	(33)	-
(Gain)/loss on disposal of property, plant and equipment	(4)	-	2	-
Property, plant and equipment written off	-	1	-	67
Share of results of associates	(28)	(85)	(68)	(158)
Share of results of joint venture	(23)	(82)	(181)	(226)
Effect of foreign exchange rate changes	175	59	52	104
<b>Operating cash flows before working capital changes</b>	<b>(679)</b>	<b>(162)</b>	<b>(2,704)</b>	<b>(1,062)</b>
Inventories	42	(279)	37	(466)
Receivables	508	(3,843)	7,510	5,329
Payables	(2,285)	1,713	(5,138)	(6,415)
Finance lease receivables	(53)	349	49	157
Cash used in operations	<b>(2,467)</b>	<b>(2,222)</b>	<b>(246)</b>	<b>(2,457)</b>
Income tax paid	(31)	(50)	(44)	(185)
<b>Net cash used in operating activities</b>	<b>(2,498)</b>	<b>(2,272)</b>	<b>(290)</b>	<b>(2,642)</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary	-	(32)	-	(32)
Dividend received from associate	315	511	315	511
Effect of foreign exchange rate changes	(18)	(14)	66	(21)
Interest received	119	55	208	109
Proceed from dissolution of joint venture	5	-	5	-
Proceeds from disposal of associate	66	-	66	-
Proceeds from disposal of partial interest in subsidiary	-	21	40	25
Proceeds from disposal of property, plant and equipment	32	(1)	34	3
Purchase of property, plant and equipment <sup>(2)</sup>	1,324	(31)	(294)	(92)
Restricted cash	-	-	1	-
<b>Net cash generated from investing activities</b>	<b>1,843</b>	<b>509</b>	<b>441</b>	<b>503</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank term loans	1,008	1,606	1,008	1,853
Repayment of bank term loans	(668)	(1,563)	(668)	(2,823)
Repayment of finance lease liability	(62)	-	(81)	-
Dividend paid to minority shareholder	-	-	(126)	-
Purchase of shares for cancellation	(31)	-	(48)	-
Interest paid	(71)	(94)	(150)	(182)
Effect of foreign exchange rate changes	4	8	(18)	2
<b>Net cash generated from/(used in) financing activities</b>	<b>180</b>	<b>(43)</b>	<b>(83)</b>	<b>(1,150)</b>
<b>Net (decrease)/increase in cash and cash equivalents <sup>(1)</sup></b>	<b>(475)</b>	<b>(1,806)</b>	<b>68</b>	<b>(3,289)</b>
Cash and cash equivalents at beginning of period	17,517	19,159	16,439	20,718
Effect of foreign exchange rate changes	(325)	(75)	210	(151)
<b>Cash and cash equivalents at end of period</b>	<b>16,717</b>	<b>17,278</b>	<b>16,717</b>	<b>17,278</b>
<b>Cash and cash equivalents are represented by <sup>(1)</sup>:</b>				
Bank and cash balances	16,556	16,905	16,556	16,905
Less: Bank overdraft	-	(32)	-	(32)
Fixed deposits	161	405	161	405
	<b>16,717</b>	<b>17,278</b>	<b>16,717</b>	<b>17,278</b>

Note: (1) As at 30 June 2015, Cash and cash equivalents balances held by the Group amounting to US\$0.161 million are not available for use.

Note: (2) During the second quarter ended 30 June 2015, the Group acquired property, plant and equipment with an aggregate cost of US\$0.405 million of which US\$0.253 million was financed by means of finance lease. In addition, purchase of property, plant and equipment of US\$1.476 million in first quarter ended 31 March 2015 was financed by means of finance lease in second quarter ended 30 June 2015. During the first half year ended 30 June 2015, the group acquired property plant and equipment with an aggregate cost of US\$2.023 million, of which US\$1.729 million was financed by means of finance lease and US\$0.294 million was by cash.

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 second quarter and first half year ended 30 June 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 loss</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>
<b>Comprehensive loss</b>							
Loss for the period	-	(706)	-	-	(706)	(219)	(925)
<b>Other comprehensive loss</b>							
Currency translation differences on consolidation	-	-	-	(91)	(91)	(15)	(106)
Other comprehensive loss for the period	-	-	-	(91)	(91)	(15)	(106)
Total comprehensive loss for the period	-	(706)	-	(91)	(797)	(234)	(1,031)
<b>Transaction with owners recorded directly in equity</b>							
Cancellation of shares bought back	-	(31)	-	-	(31)	-	(31)
	-	(31)	-	-	(31)	-	(31)
<b>At 30 June 2015</b>	<b>51,758</b>	<b>(5,851)</b>	<b>-</b>	<b>(8,015)</b>	<b>37,892</b>	<b>(2,011)</b>	<b>35,881</b>

## Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2015 (cont'd)

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Share option reserve US\$'000	currency translation reserve US\$'000	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 loss</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 subsidiary 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)
At 31 March 2014	51,775	(4,130)	47	(8,143)	39,549	(1,303)	38,246
<b>Comprehensive income/(loss)</b>							
Profit/(loss) for the period	-	136	-	-	136	(247)	(111)
<b>Other comprehensive income/(loss)</b>							
Currency translation difference on consolidation	-	-	-	3	3	(16)	(13)
Disposal of interests in subsidiary without change in control	-	-	-	-	-	25	25
Other comprehensive income for the period	-	-	-	3	3	9	12
Total comprehensive income/(loss) for the period	-	136	-	3	139	(238)	(99)
<b>Changes in ownership interests in subsidiary</b>							
Acquisition of a subsidiary	-	-	-	-	-	(43)	(43)
	-	-	-	-	-	(43)	(43)
<b>Others</b>							
Expired employee share options	-	47	(47)	-	-	-	-
	-	47	(47)	-	-	-	-
<b>At 30 June 2014</b>	<b>51,775</b>	<b>(3,947)</b>	<b>-</b>	<b>(8,140)</b>	<b>39,688</b>	<b>(1,584)</b>	<b>38,104</b>

## Statement of Changes in Equity

For the second quarter and first half year ended 30 June 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)
At 31 March 2015	51,758	10,177	-	61,935
<b>Comprehensive income</b>				
Profit and total comprehensive income for the period	-	152	-	152
<b>Transaction with owners recorded directly in equity</b>				
Cancellation of shares bought back	-	(31)	-	(31)
<b>At 30 June 2015</b>	<b>51,758</b>	<b>10,298</b>	<b>-</b>	<b>62,056</b>

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
At 31 March 2014	51,775	9,441	47	61,263
<b>Comprehensive income</b>				
Profit and total comprehensive income for the period	-	245	-	245
<b>Others</b>				
Expired employees share options	-	47	(47)	-
<b>At 30 June 2014</b>	<b>51,775</b>	<b>9,733</b>	<b>-</b>	<b>61,508</b>



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

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

	<b>Second quarter ended</b>	
	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>
Balance at beginning of period	715,577,329	715,903,629
Shares bought back and cancelled	(499,300)	-
Balance before Share Consolidation #	715,078,029	715,903,629
Share Consolidation #	(536,309,959)	-
Balance after Share Consolidation #	178,768,070	715,903,629
Shares bought back and cancelled	(47,000)	-
Balance at end of period	178,721,070	715,903,629

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

The Company has no outstanding employee share options as at 30 June 2015 since the expiration of the employee share options on 2 June 2014. As at 30 June 2014, the Company has no outstanding employee share options.

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at</u> <u>01.04.2014</u>	<u>Expired</u>	<u>Balance at</u> <u>30.06.2014</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)	-

Note:

<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 30 June 2015 and 31 December 2014 were 178,721,070 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.**

	Group		Group	
	Second quarter ended 30 Jun 2015	30 Jun 2014	First half year ended 30 Jun 2015	30 Jun 2014
Loss after tax attributable to equity holders of the Company (US\$'000)	(706)	136	(2,100)	(131)
Weighted average number of ordinary shares (in '000)	178,858	178,974	178,858	178,974
Earnings per share (US cents):				
Basic <sup>(1)</sup>	(0.39)	0.08	(1.17)	(0.07)
Diluted <sup>(1)</sup>	(0.39)	0.08	(1.17)	(0.07)

Note:

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

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

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	21.20	22.30	34.72	34.50

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 30 June 2015 and 31 December 2014 would have been 20.08 US cents and 21.47 US cents per share respectively.

<sup>(2)</sup> Computed based on 178,721,070 and 178,974,470 ordinary shares in issue for 30 June 2015 and 31 December 2014 respectively, adjusting for the effect of Share consolidation.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

## **FINANCIAL PERFORMANCE**

A-Sonic Aerospace Limited, 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 30 June 2015.

### **Revenue** **1H 2015 vs 1H 2014**

Our "Total revenue" comprises "Turnover" and "Other revenue". We recorded a "Total revenue" of US\$103.816 million in the first six months ended 30 June 2015 ("1H 2015"), compared to US\$112.349 million in the corresponding period in 2014 ("1H 2014"). The decline of US\$8.533 million in "Total revenue" was mainly due to lower "Turnover" in 1H 2015.

"Turnover" decreased US\$8.416 million (7.6%) in 1H 2015 owing to:

- (i) a decline of US\$1.224 million in the aviation "Turnover" to US\$0.789 million in 1H 2015, compared to US\$2.013 million in 1H 2014. Lower aviation "Turnover" in 1H 2015 was mainly due to lower business volume and the absence of aircraft operating lease income; and
- (ii) a decline of US\$7.192 million in the logistics "Turnover" to US\$101.523 million in 1H 2015, compared to US\$108.715 million in 1H 2014. The decline in the logistics "Turnover" was largely due to a combination of two factors: (a) the reduction of the wholesale freight business by one of our subsidiaries in The People's Republic of China; and (b) the lower business volume, especially in Asia and the United States.

"Other revenue" decreased US\$0.117 million to US\$1.504 million in 1H 2015, compared to US\$1.621 million in 1H 2014, largely due to lower aircraft lease income.

### **2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014**

"Total revenue" decreased US\$10.459 million to US\$50.981 million in the second quarter ended 30 June 2015 ("2Q 2015"), compared to US\$61.440 million in the corresponding quarter in 2014 ("2Q 2014"). The reduction in "Total revenue" in 2Q 2015 was due to the contraction in "Turnover".

"Turnover" declined US\$10.360 million (17.1%) to US\$50.094 million in 2Q 2015, compared to US\$60.454 million in 2Q 2014, largely due to:

- (i) a decline of US\$0.594 million in the aviation "Turnover", as a result of the lack of new aircraft operating lease income in 2Q 2015; and
- (ii) a decline of US\$9.766 million in the logistics "Turnover", largely due to a combination of two factors: (a) the reduction of the wholesale freight business by one of our subsidiaries in The People's Republic of China; and (ii) the lower business volume especially in Asia and the United States.

"Other revenue" decreased US\$0.099 million to US\$0.887 million in 2Q 2015, compared to US\$0.986 million in 2Q 2014. The decrease was mainly due to the lower aircraft lease income.

### **2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015**

"Total revenue" decreased US\$1.854 million to US\$50.981 million in 2Q 2015, compared to US\$52.835 million in the first quarter ended 31 March 2015 ("1Q 2015"), largely due to the lower "Turnover".

"Turnover" decreased US\$2.124 million to US\$50.094 million in 2Q 2015, compared to US\$52.218 million in 1Q 2015. The "Turnover" contracted mainly due to a decrease of US\$2.209 million in the logistics in "Turnover".

"Other revenue" increased US\$0.270 million to US\$0.887 million in 2Q 2015 compared to US\$ 0.617 million, mainly owing to a higher sundry income of US\$0.213 million, and a gain on disposal of associate of US\$0.033 million.

## **Total Costs and Expenses**

### **1H 2015 vs 1H 2014**

Compared to the same corresponding period last year, "Total costs and expenses" decreased US\$6.758 million to US\$106.436 million in 1H 2015, compared to US\$113.194 million in 1H 2014. The reduction was mainly owing to:

- (i) "Freight charges" declined US\$6.661 million to US\$91.431 million in 1H 2015, compared to US\$98.092 million in 1H 2014. The reduction in "Freight charges" corresponded to the lower logistics "Turnover" as elaborated in the section entitled "*Revenue*" "*1H 2015 vs 1H 2014*" on page 11;
- (ii) "Changes in inventories" and "Purchases of goods and consumables" aggregated to US\$0.655 million in 1H 2015, a reduction of US\$0.720 million, compared to the aggregate of US\$1.375 million in 1H 2014. The reduction in "Changes in inventories" and "Purchases of goods and consumables" is aligned with the lower aviation "Turnover" as elaborated in the section entitled "*Revenue*" "*1H 2015 vs 1H 2014*" on page 11; and
- (iii) "Staff costs" declined US\$0.800 million to US\$8.962 million in 1H 2015, compared to US\$9.762 million in 1H 2014, largely due to a reduction in the staff headcount in North Asia.

The above decreases were, however, partially offset by an increase of "Other operating expenses". "Other operating expenses" increased US\$1.287 million to US\$4.934 million in 1H 2015, compared to US\$3.647 million in 1H 2014. The increase was mainly attributable to higher foreign exchange losses. We incurred a foreign exchange loss of US\$0.599 million in 1H 2015, compared to foreign exchange gain of US\$0.401 million in 1H 2014.

### **2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014**

"Total costs and expenses" decreased US\$9.678 million to US\$51.858 million in 2Q 2015, compared to US\$61.536 million in 2Q 2014, mainly due to:

- (i) "Freight costs" which is a major cost for logistics business, decreased US\$9.317 million to US\$44.460 million in 2Q 2015, compared to US\$53.777 million in 2Q 2014, in line with the reduction in the logistics "Turnover" as elaborated in the section entitled "*Revenue*" "*1H 2015 vs 1H 2014*" on page 11;
- (ii) "Changes in inventories" and "Purchases of goods and consumables used" declined an aggregate of US\$0.470 million to US\$0.368 million in 2Q 2015, compared to US\$0.838 million in 2Q 2014. The reason for the decline has been elaborated in the section entitled "*Revenue*" "*1H 2015 vs 1H 2014*" on page 11; and
- (iii) "Staff costs" decreased US\$0.354 million to US\$4.517 million in 2Q 2015, largely due to a reduction in the staff headcount in North Asia.

### **2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015**

"Total costs and expenses" decreased US\$2.720 million to US\$51.858 million in 2Q 2015, due to:

- (i) a decrease of US\$2.511 million in "Freight charges" to US\$44.460 million in 2Q 2015, in line with the decrease in logistics "Turnover"; and
- (ii) a decrease of US\$0.544 million in "Other operating expenses" due to the gain in foreign exchange of US\$0.033 million in 2Q 2015, compared to foreign exchange loss of US\$0.632 million in 1Q 2015.

## **Gross Profit**

### **1H 2015 vs 1H 2014**

Our Group's "Gross Profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges".

"Gross Profit" declined US\$1.035 million to US\$10.226 million in 1H 2015, compared to US\$11.261 million in 1H 2014 due to:

- (i) a decrease of US\$0.615 million in the logistics "Gross Profit" to US\$10.092 million in 1H 2015, compared to US\$10.707 million in 1H 2014. The reduction in the logistics "Gross Profit" was largely in line with the contraction of US\$7.192 million in the logistics "Turnover", as explained in the earlier section entitled "*Revenue*" "*1H 2015 vs 1H 2014*" on page 11; and
- (ii) a decrease of US\$0.420 million in the aviation "Gross Profit" to US\$0.134 million in 1H 2015, compared to US\$0.554 million in 1H 2014. The reduction in the aviation "Gross Profit" corresponded to the lower aviation "Turnover" in 1H 2015.

### **2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014**

“Gross Profit” decreased US\$0.573 million to US\$5.266 million in 2Q 2015, compared to US\$5.839 million in 2Q 2014, attributable to:

- (i) the lower aviation “Gross Profit” of US\$0.085 million to US\$0.071 million in 2Q 2015, compared to US\$0.156 million in 2Q 2014; and
- (ii) the lower logistics “Gross Profit” of US\$0.488 million to US\$5.195 million in 2Q 2015, compared to US\$5.683 million in 2Q 2014. The lower logistics “Gross Profit” was in line with the lower logistics “Turnover” as elaborated in the section entitled “*Revenue*” “2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014” on page 11.

### **2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015**

“Gross Profit” increased US\$0.306 million to US\$5.266 million in 2Q 2015, compared to US\$4.960 million in 1Q 2015. The increase was attributable to the higher logistics “Gross Profit” margin, which improved 1.1% to 10.5% in 2Q 2015, compared to 9.4% in 1Q 2015.

### **Profit attributable to Equity Holders of the Company**

#### **1H 2015 vs 1H 2014**

The Group recorded a larger “Loss attributable to the equity holder of the Company” of US\$2.100 million in 1H 2015, compared to US\$0.131 million in 1H 2014. The larger “Loss attributable to the equity holder of the Company” was due to two folds:

- (i) Firstly, lower “Turnover”, which resulted in a decline in “Gross Profit”. We recorded US\$8.416 million lower “Turnover” in 1H 2015, for the reasons elaborated in the earlier section entitled “*Revenue*” “1H 2015 vs 1H 2014” on page 11. The contraction in “Turnover” resulted in US\$1.035 million lower “Gross Profit”; and
- (ii) Secondly, higher “Other operating expenses”. We incurred US\$1.287 million higher “Other operating expenses” as a result of:
  - (a) US\$0.599 million foreign exchange loss in 1H 2015, compared to a US\$0.401 million foreign exchange gain 1H 2014;
  - (b) US\$0.361 million higher “Allowance for doubtful trade receivables” of US\$0.409 million in 1H 2015, compared to US\$0.048 million in 1H 2014; and
  - (c) US\$0.170 million “Allowance for doubtful non-trade receivables” in 1H 2015, compared to its non-existence in 1H 2014.

“Tax expenses” in 1H 2015 was US\$0.025 million compared to US\$0.019 million in 1H 2014.

### **2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014**

We registered a “Loss attributable to equity holder of the Company” of US\$0.706 million in 2Q 2015, compared to a “Profit attributable to equity holder of the Company” of US\$0.136 million in 2Q 2014. The “Loss attributable to equity holder of the Company” in 1H 2015 was due to two folds:

- (i) Firstly, lower “Turnover”, which resulted in a decline in “Gross Profit”. We recorded US\$10.360 million decline in “Turnover” as explained in the earlier section entitled “*Revenue*” on page 11. The decline in “Turnover” resulted in US\$0.573 million lower “Gross Profit”;
- (ii) Secondly, we incurred US\$0.327 million higher “Other operating expenses”:
  - (a) “Allowance for doubtful trade receivables” was US\$0.200 million higher at US\$0.227 million in 2Q 2015, compared to US\$0.027 million in 2Q 2014; and
  - (b) “Allowance for doubtful non-trade receivables” of US\$0.111 million was made in 2Q 2015. In contrast, there was no such provision in 1Q 2015.

“Tax expenses” increased US\$0.033 million from US\$0.015 million in 2Q 2014, compared to US\$0.048 million in 2Q 2015.

## 2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015

We reduced our "Loss attributable to equity holder of the Company" to US\$0.706 million in 2Q 2015, compared to US\$1.394 million in 1Q 2015. Our performance in 2Q 2015 was better than 1Q 2015 largely due to:

- (i) an increase of US\$0.306 million in "Gross Profit" as explained in the section entitled "Gross Profit" "2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015" on page 13; and
- (ii) a reduction of US\$0.544 million in "Other operating expenses" as explained in the section entitled "Total Cost and Expenses" "2<sup>nd</sup> Qtr 2015 vs 1<sup>st</sup> Qtr 2015" on page 12.

"Tax expenses" of US\$0.048 million in 2Q 2015 compared to "tax income" of US\$0.023 million in 1Q 2015.

## **Balance Sheet**

### Non-current assets

"Non-current assets" decreased US\$0.435 million to US\$17.186 million as at 30 June 2015 ("1H 2015"), compared to US\$17.621 million as at 31 December 2014 ("FY 2014"), largely attributable to:

- (i) US\$1.227 million reduction in "Finance lease receivables" as a result of the reclassification of the long-term "Finance lease receivables" to short-term "Finance lease receivables" which would be due within 1 year;
- (ii) US\$0.312 million reduction in "Investment in associates" as a result of a dividend payout by an associate; and
- (iii) US\$0.361 million reduction in "Investment in joint venture" as a result of a dividend payout by a joint venture.

However, the above decreases were partially offset by the following:-

- (i) An increase in "Property, plant and equipment" of US\$1.307 million from US\$12.056 million to US\$13.363 million, due to the purchase of motor vehicles which were deployed in the transportation segment for a term logistics project; and
- (ii) An increase of "Deferred tax assets" of US\$0.158 million from US\$0.130 million to US\$0.288 million.

### Current assets

"Current assets" decreased US\$5.076 million to US\$60.025 million as at 1H 2015 from US\$65.101 million as at end FY 2014, largely attributable to:

- (i) US\$6.938 million decline in "Trade and other receivables" to US\$32.787 million as at end 1H 2015, compared to US\$39.725 million as at end FY 2014. The reduction for "Trade and other receivables" was in tandem with an overall contraction in our "Total revenue"; and
- (ii) US\$0.122 million decline in the amount "Due from associates" to US\$1.265 million as at end 1H 2015.

However, the above decreases were partially offset by the following:

- (i) An increase in "Finance lease receivables" of US\$1.699 million to US\$4.843 million as at end 1H 2015 due to the reclassification of long-term "Finance lease receivables" to short-term "Finance lease receivables" which would be due within 1 year; and
- (iii) An increase in "Cash and cash equivalent" of US\$0.277 million from US\$ 16.878 million to US\$16.601 million.

### Non-current liabilities

"Non-current liabilities" increased US\$1.503 million to US\$1.628 million as at end 1H 2015, compared to US\$0.125 million as at end FY 2014. The increase was attributable to:-

- (i) The increase of "Finance lease liabilities" of US\$1.378 million mainly as a result of the purchase of motor vehicles which were deployed in the transportation segment for a term logistics project; and
- (ii) The increase of deferred tax liability of US\$0.125 million, mainly due to the temporary difference between tax base and net book value of the "Property, plant and equipment".

### Current liabilities

“Current liabilities” declined US\$4.475 million from US\$44.177 million at end of FY 2014 to US\$39.702 million as at end 1H 2015 due to the decrease of US\$5.081 million in “Trade and other payables” to US\$30.804 million as at end 1H 2015. The decline was in line with the overall contraction in business volume.

The above decline in “Current liabilities” was partially offset by:-

- (i) An increase of US\$0.322 million in “Bank term loans” to US\$8.023 million as at end 1H 2015; and
- (ii) An increase of US\$0.276 million in “Finance lease liability” to US\$0.310 million as at end 1H 2015. The increase was in line with the purchase of motor vehicles which were deployed in the transportation segment for a term logistics project.

### Net assets

Our Group’s “Net assets” contracted US\$2.539 million to US\$35.881 million as at end 1H 2015, compared to US\$38.420 million as at 1H 2014. The contraction in “Net assets” was because the decline in “Total assets” was much sharper at US\$5.511 million as at end 1H 2015, compared to the decline in “Total liabilities” of US\$2.972 million.

“Total assets” declined sharply owing to a decrease of US\$6.938 million in “Trade and other receivables” to US\$32.787 million as at end 1H 2015.

“Total liabilities” declined less at US\$2.972 million, largely owing to an offsetting increase in current and non-current “Finance lease liabilities” as at end 1H 2015.

### Equity

Our “Share capital” stood at US\$51.758 million as at end 1H 2015, compared to US\$51.775 million as at end FY 2014. The decline was due to the buy-back of shares, and the consequential cancellation of the shares repurchased.

The Group’s “Equity” attributable to equity holders of the Company (excluding non-controlling interest) stood at US\$37.892 million as at end 1H 2015, a decrease of US\$2.023 million compared to US\$39.915 million as at FY 2014. The reduction of US\$2.023 million was mainly due to the net loss attributable to the equity holders of the Company (excluding non-controlling interest) of US\$2.100 million recorded in 1H 2015.

Our Group’s net assets value (excluding non-controlling interests) as at end 1H 2015, stood at US\$37.892 million or equivalent to US cents of 21.2 per share, compared to US\$39.915 million or equivalent to US cents of 22.3 per share as at end FY 2014.

Our Group’s gearing based on total bank borrowings and finance leases liabilities to net asset value (excluding non-controlling interests) was 26.0% as at end 1H 2015, compared to 19.7% as at the end of FY 2014.

### Cash Flow

#### 1H 2015 vs 1H 2014

“Operating cash flows before working capital changes” used in 1H 2015 was US\$2.704 million, compared to US\$1.062 million used in 1H 2014. The higher “Operating cash flows before working capital changes” used was largely due to loss before tax of US\$2.620 million in 1H 2015, compared to US\$0.845 million in 1H 2014.

“Working capital changes” in 1H 2015 were recorded as follows : (i) cash used in “Payables” of US\$5.138 million ; and (ii) cash generated from “Inventories”, “Receivables” and “Finance lease receivables” of US\$0.037 million, US\$7.510 million and US\$0.049 million respectively.

In 1H 2015, “Net cash used in operating activities” was US\$0.290 million including the tax paid of US\$0.044 million.

“Net cash generated from investing activities” was US\$0.441 million, mainly comprised of “Dividend received from associate” of US\$0.315 million and “Interest received” of US\$0.208 million, partially mitigated by the “Purchase of property, plant and equipment” of US\$0.294 million. In 1H 2014, “Net cash generated from investing activities” mainly comprised of “Dividend from associate” of US\$0.511 million.

“Net cash used in financing activities” in 1H 2015 was US\$0.083 million, which comprised of bank loans of US\$1.008 million mainly used for “Repayment of bank term loans” of US\$0.668 million, “Dividend paid to minority shareholder” of US\$0.126 million and “Interest paid” of US\$0.150 million. Whilst “Net cash used in financing activities” in 1H 2014 was US\$1.150 million, which comprised of bank loans of US\$1.853 million mainly used for “Repayment bank term loans” of US\$2.823 million and “Interest paid” of US\$0.182 million.

## 2<sup>nd</sup> Qtr 2015 vs 2<sup>nd</sup> Qtr 2014

“Operating cash flows before working capital changes” used in 2Q 2015 was US\$0.679 million compared to US\$0.162 million used in 2Q 2014.

“Working capital changes” in 2Q 2015 were recorded as follows : (i) cash used in “Payables” and “Finance lease receivables” of US\$2.285 million and US\$0.053 million, respectively; and (ii) cash generated from “Inventories” and “Receivables” of US\$0.042 million and US\$0.508 million, respectively.

After paying for income tax of US\$0.031 million, “Net cash used in operating activities” in 2Q 2015 was US\$2.498 million, compared to US\$2.272 million in 2Q 2014.

“Net cash generated from investing activities” in 2Q 2015 was US\$1.843 million, mainly due to the financing of “Purchase of property plant and equipment” of US\$1.701 million under finance lease. In 2Q 2014, “Net cash generated from investing activities” of US\$0.509 million, which was mainly from “Dividend received from associate” of US\$0.511 million.

“Net cash generated in financing activities” in 2Q 2015 was US\$0.180 million, compared to “Net cash used in financing activities” US\$0.043 million used in 2Q 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 8 August 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.**

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. With the uncertain and volatile business environment, we continue to maintain a cautious outlook.

**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 second quarter and first half year ended 30 June 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 second quarter ended 30 June 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

12 August 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 second quarter period ended 30 June 2015 and first half year ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet LC Tan  
Chief Executive Officer



Tan Lay Yong Jenny  
Executive Director