ANNUAL REPORT 2014

A-Sonic aerospace

OUR
MISSION

An integrated team in diverse markets working to provide seamless aviation & logistic solutions

CONTENTS



CORPORATE **PROFILE**

OUR BUSINESS AND OPERATIONS

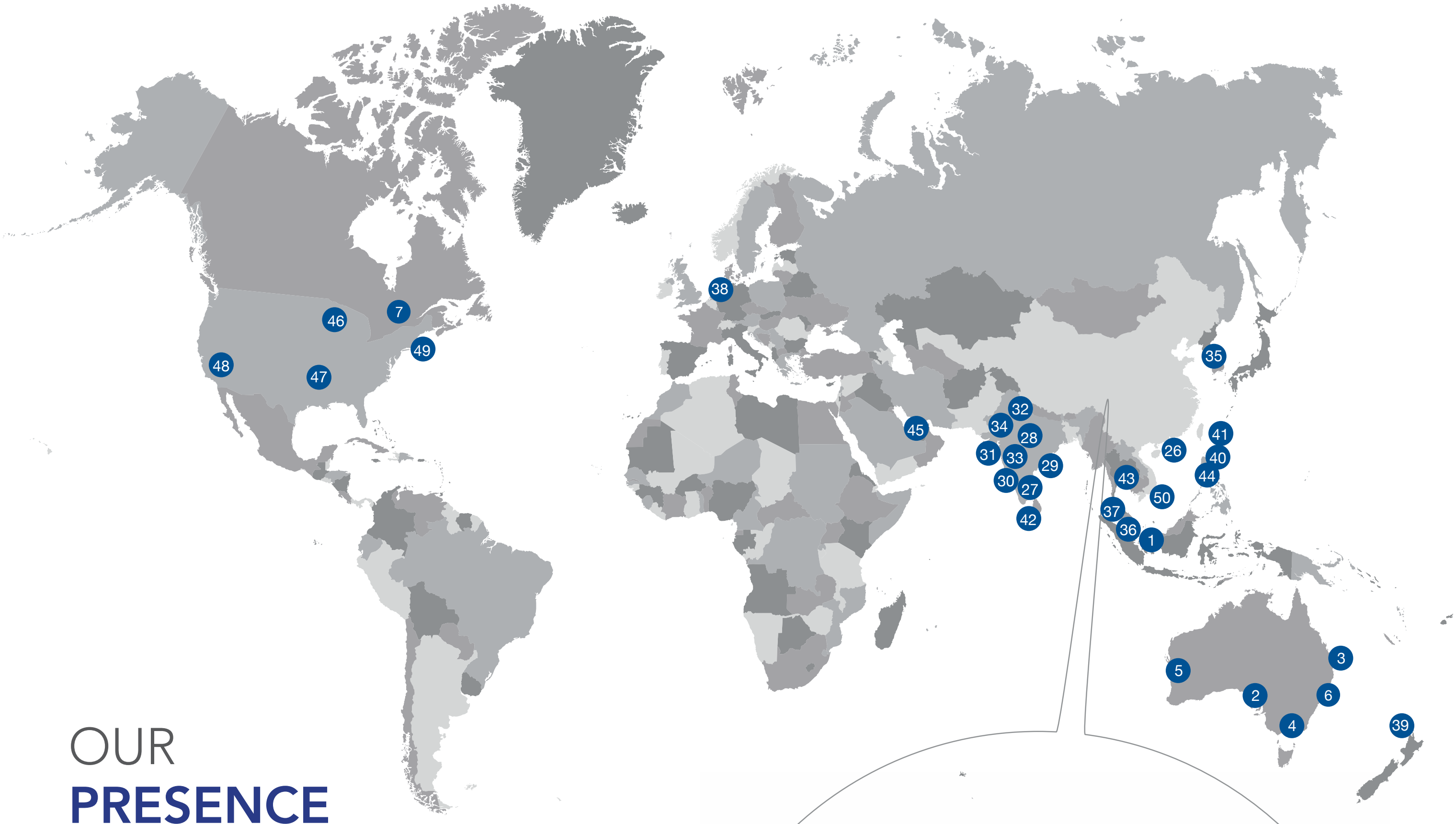
We are engaged in two areas of businesses, aviation and logistics. We operate in 50 cities in 17 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe.

AVIATION BUSINESS

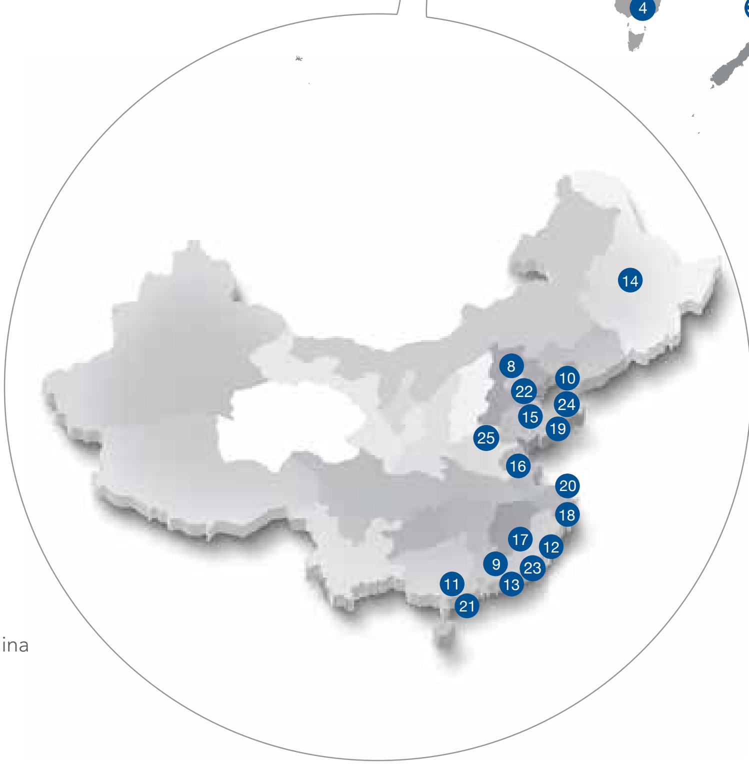
We are engaged in the sale, lease and purchase of aircraft and aircraft engines.

LOGISTICS BUSINESS

We are engaged in providing supply chain management services. We specialize in various aspects of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.



OUR
PRESENCE



1 Singapore
2 Adelaide, Australia
3 Brisbane, Australia
4 Melbourne, Australia
5 Perth, Australia
6 Sydney, Australia
7 Toronto, Canada
8 Beijing, PRC
9 Changzhou, PRC
10 Dalian, PRC
11 Foshan, PRC
12 Fuzhou, PRC
13 Guangzhou, PRC
14 Harbin, PRC
15 Jinan, PRC
16 Nanjing, PRC
17 Nantong, PRC
18 Ningbo, PRC
19 Qingdao, PRC
20 Shanghai, PRC
21 Shenzhen, PRC
22 Tianjin, PRC
23 Xiamen, PRC
24 Yantai, PRC
25 Zhengzhou, PRC
26 Hong Kong
27 Bangalore, India
28 Bhopal, India
29 Chennai, India
30 Hospet, India
31 Mumbai, India
32 New Delhi, India
33 Pune, India
34 Vapi, India
35 Seoul, Korea
36 Kuala Lumpur, Malaysia
37 Penang, Malaysia
38 Rotterdam, Netherlands
39 Auckland, New Zealand
40 Kaohsiung, Republic of China
41 Taipei, Republic of China
42 Colombo, Sri Lanka
43 Bangkok, Thailand
44 Manila, The Philippines
45 Dubai, UAE
46 Chicago, USA
47 Dallas, USA
48 Los Angeles, USA
49 New York, USA
50 Ho Chi Minh, Vietnam

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Janet LC Tan	(Chief Executive Officer)
Tan Lay Yong Jenny	(Executive Director)
Irene Tay Gek Lim	(Executive Director)
Yam Mow Lam	(Independent Director)
Choh Thian Chee Irving	(Lead Independent Director)
Dr Wang Kai Yuen	(Independent Director)

COMPANY SECRETARIES
Grace CP Chan (LLB (Hons), ACIS)
Seoh Choon Hong (CA)
Quek Ying Chui (CA)
Loo Keat Choon (CA)
Oh Ah Leng (CA)

AUDIT COMMITTEE
Yam Mow Lam (Chairman)
Choh Thian Chee Irving
Dr Wang Kai Yuen

NOMINATING COMMITTEE
Choh Thian Chee Irving (Chairman)
Janet LC Tan
Yam Mow Lam

REMUNERATION COMMITTEE
Choh Thian Chee Irving (Chairman)
Yam Mow Lam
Dr Wang Kai Yuen

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SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road #05-01
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Fax: +65 6225 1452

AUDITORS
Baker Tilly TFW LLP
Certified Accountants
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Tel: +65 6336 2828

Partner-in-charge:
Ms Tiang Yii
(with effect from financial year ended
31 December 2014)

PRINCIPAL BANKERS
United Overseas Bank Limited
Hongkong & Shanghai Banking Corporation Limited

CEO'S MESSAGE

Dear Fellow Shareowners

We live in a constantly changing world where many aspects of business are being transformed by technologies and innovative ways of thinking. The traditional business models are being challenged.

E-commerce boom increased demand for multi-channel solutions. For the internet-based economy to grow on a global basis, dramatic changes in the supply chain are needed. International trade rules must be modernized, customs procedures and clearance must be simplified and red tape eliminated.

For many enterprises, these disruptive forces require new business models, new ways of conducting activities, new alliances, new logistic solutions, and unique customer solutions to meet the surge in e-commerce business.

The pace of e-commerce growth will depend on the growth of logistics, or e-fulfilment.

With the priorities we defined in the previous year, our e-fulfilment logistics business now includes B2B, B2B4C and B2C. In 2015, we shall continue with our effort, with particular focus on certain Trans-Pacific routes.

We will focus to work with e-commerce market players, their merchandisers, and new e-enterprises. We plan to forge business alliances or collaborations with those in the e-commerce supply chain.

Another earlier priority that came to fruition is the participation in the Singapore Government tender. In 2015, we look forward to embark on a Government award relating to the provision of logistical support in the management of distribution and warehouse operations.

Yet another earlier enterprise initiative that turned out well for "A-Sonic Logistics" brand name was our aim to have more stations to operate efficiently, effectively and productively. We still have a long way to go.

In summary, we expect e-Commerce growth across all major global markets. The emerging markets will create new consumer classes, available to enter the global market for goods and services they see on display in the developed world. To capitalize on the growth of e-commerce, our network offices must work effectively with our selected service providers to jointly drive greater cost efficiency.

We will continue relentlessly to restructure our logistics business and focus on our core capabilities to streamline our logistics business model.

Our aviation business encountered slower business in the previous year. This year we shall continue to pursue potential buyers or lessees globally, for our aircraft and aircraft engines, which have been fully funded deploying our internal resources.

"E-commerce boom increased demand for multi-channel solutions.

The pace of e-commerce growth will depend on the growth of logistics, or e-fulfilment."

While we continue to work on securing more projects in 2015, we look forward to strengthen our foundation for a more sustainable long-term growth.

JANET LC TAN
Chief Executive Officer

BOARD OF DIRECTORS

MS JANET LC TAN

Ms Janet LC Tan is the promoter founder and Chief Executive Officer. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Aerospace and its subsidiaries (“A-Sonic Group”).

She has over 20 years of extensive experience in the aviation industry.

MS TAN LAY YONG JENNY

Ms Jenny Tan is the co-founder and the Executive Director. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aerospace engineering-related business. She has a Bachelor of Science degree from the National University of Singapore.

MS IRENE TAY GEK LIM

Prior to joining the group, Ms Irene Tay Gek Lim was from the financial services industry. She graduated with degrees in accounting and law from Monash University, Australia, and post-graduate studies in law and banking from the National University of Singapore and University of Southampton, United Kingdom, respectively.

MR YAM MOW LAM

Mr Yam Mow Lam is an Independent Director of A-Sonic Aerospace Limited. A Fellow of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Chartered Accountants of Singapore; With more than 37 years of public accounting practice, his knowledge and experience in various business sectors are a valuable contribution to the Group. He has an MBA (Investment & Finance) from the University of Hull, UK.

MR CHOH THIAN CHEE IRVING

Mr Choh Thian Chee Irving is a Lead Independent Director of A-Sonic Aerospace Limited. He is the managing director of Optimus Chambers LLC, a Singapore law firm, and has more than 20 years of experience in legal practice, specializing in commercial litigation and international arbitration. He has a Bachelor of Law (Honours) degree from the University of Buckingham, UK and a mediator with the Singapore Mediation Centre. He is presently also an Independent Director of Serrano Limited, which is listed on the Catalist of the Singapore Exchange.

DR WANG KAI YUEN

Dr Wang Kai Yuen retired from Fuji Xerox Singapore Software Centre in December 2009. He was the Member of Parliament for Bukit Timah Constituency from December 1984 to April 2006. He served as the Chairman of Feedback Unit, Chairman for the AIDS Business Alliance, Chairman of the Singapore Trust Council as well as the President of the Singapore Badminton Association.

Dr Wang Kai Yuen holds a PhD in system engineering from Stanford University.

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 50 cities in 17 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. We have total staff strength of approximately 720 personnel as at 31 December 2014.

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, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

Income Statement

Revenue

FY 2014 v FY 2013

The A-Sonic Group registered "Total Revenue" of US$246.828 million for the financial year ended 31 December 2014 ("FY 2014"). "Total Revenue" decreased US$27.483 million (10.0%) from US$274.311 million in FY 2013.

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

We registered a "Turnover" of US$241.867 million in FY 2014, a decrease of US$30.456 million (11.2%), compared to US$272.323 million in FY 2013. Aviation business contributed 1.2% (US$2.785 million) of the Group's "Turnover". The remaining 98.8% (US$239.082 million) was generated from logistics business.

"Turnover" from the aviation business decreased to US$2.785 million in FY 2014, compared to US$11.864 million in FY 2013. Aviation "Turnover" decreased mainly due to the absence of new aircraft lease in FY 2014. In contrast, in FY 2013, we commenced two (2) finance leases for two (2) aircrafts and two (2) aircraft engines.

"Turnover" from the logistics business decreased US$21.377 million (8.2%) to US$239.082 million in FY 2014, from US$260.459 million in FY 2013. Logistics "Turnover" in FY 2014 decreased largely due to lower business volume in North Asia and USA.

"Other Revenue" increased US$2.973 million to US$4.961 million in FY 2014, compared to US$1.988 million in FY 2013, largely due to:

(a) Higher (US$1.222 million) "Other Revenue" generated from aviation business to US$2.336 million in FY 2014. The increase of US$1.222 million was largely resulting from: (i) the early termination of aircraft leases; and (ii) write back of allowance for doubtful debts; and

(b) "Other Revenue" from the logistics business increased US$1.751 million to US$2.625 million in FY 2014 largely resulting from: (i) rebate on "Value Added Tax" which was paid in the earlier periods in The People's Republic of China; (ii) sundry income from an associate company; (iii) the write back of allowance for doubtful trade debt and restructuring provision which had either been recovered or over taken by events; and (iv) gain on disposal of properties and subsidiaries.

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Total Costs and expenses

FY 2014 v FY 2013

In FY 2014, the three major costs that constituted 95.6% (US$236.874 million) of our "Total costs and expenses" were as follows:

(i) Total "Freight charges" amounted to US$215.141 million (86.8%), of which US$215.042 million was related to our logistics business. "Freight charges" include payments to airline and ocean carriers, on-land transportation service providers, customs clearance fees, and direct handling charges to complete our door-to-door logistic services. The total "Freight charges" of US$215.141 million in FY 2014, declined US$22.222 million (9.4%) from US$237.363 million in FY 2013. The decline corresponded to lower (US$21.377 million) logistics "Turnover";

(ii) "Staff costs" amounted to US$19.690 million (7.9%) of "Total operating costs and expenses" in FY 2014. "Staff costs" declined US$1.081 million (5.2%) to US$19.690 million in FY 2014, compared to US$20.771 million in FY 2013. Lower "Staff costs" in FY 2014 was largely attributable to reduced head count costs in both the aviation and logistics businesses; and

(iii) "Changes in inventories" and "Purchases of goods and consumables used" aggregated US$2.043 million (0.8 %) in FY 2014, compared to US$8.098 million in FY2013. "Changes in inventories" and "Purchases of goods and consumables used" declined US$6.055 million in FY 2014 mainly attributable to lower business activity in the leasing of aircraft and aircraft engines.

"Total costs and expenses" decreased US$30.859 million (11.1%) from US$278.588 million in FY 2013 to US$247.729 million in FY 2014 largely because:

(i) Our Group's total "Freight charges" declined US$22.222 million to US$215.141 million in FY 2014, compared to US$237.363 million in FY 2013 for the reasons elaborated in the preceding paragraph (i) above;

(ii) "Staff costs" decreased US$1.081 million to US$19.690 million in FY 2014 as elaborated in the preceding paragraph (ii) above;

(iii) "Changes in inventories" and "Purchases of goods and consumables used" decreased US$6.055 million in FY 2014 as elaborated in the preceding paragraph (iii) above; and

(iv) "Other operating expenses" declined US$1.740 million to US$9.873 million in FY 2014, compared to US$11.613 million in FY 2013. In FY 2014, we incurred lower "Foreign exchange loss" of US$0.722 million, compared to US$2.540 million in FY 2013. In addition, we incurred lower (US$0.260 million) "Rental expenses" of US$1.967 million, compared to US$2.227 million in FY 2013, as we restructured our logistics business.

Gross profit

FY 2014 v FY 2013

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$2.179 million (8.1%) to US$24.683 million in FY 2014, compared to US$26.862 million in FY 2013. Of the US$24.683 million "Gross profit" in FY 2014, aviation business generated US$0.643 million (2.6%), and the balance US$24.040 million (97.4%) was generated from our logistics business.

Aviation "Gross profit" decreased US$2.701 million due to the slowdown of the leasing of aircraft and aircraft engines.

Despite a decline in logistics "Turnover" to US$239.082 million in FY 2014, compared to US$260.459 million in FY 2013, logistics "Gross profit" increased US$0.522 million (2.2%). This was largely attributable to the planned effort to gravitate towards higher yielding business.

Net Profit Attributable To Equity Holders of the Company

FY 2014 v FY 2013

We registered "Profit Attributable To Equity Holders of the Company" of US$0.107 million in FY 2014, compared to US$2.525 million in FY 2013.

In FY 2014, "Profit Attributable To Equity Holders of the Company" from continuing operations, net of tax was largely attributable to:

(i) An increase of US$2.973 million in "Other revenue" as elaborated in paragraphs 6 and 7 on page 7 in the section entitled "Revenue" "FY 2014 v FY 2013";

(ii) US$1.081 million reduction in "Staff costs" in FY 2014 as elaborated in paragraph 1(ii) on page 8 in the section entitled "Total costs and expenses"; and

(iii) US$1.740 million reduction in "Other operating expenses" in FY 2014, mainly due to lower foreign exchange loss of US$0.722 million, compared to US$2.540 million in FY 2013.

In FY 2013, "Profit from discontinuing operation, net of tax" contributed US$5.291 million, whereas this was absent in FY 2014.

The above "Profit Attributable to Equity Holders of the Company" was arrived at after excluding "Non-controlling interests". In FY 2014, the "Non-controlling interests" amounted to a negative US$1.010 million. In FY 2013, the "Non-controlling interests" amounted to a negative US$2.017 million.

"Non-controlling interest" of US$1.010 million, contributed to our Group's net loss of US$0.903 million in FY 2014. Without the "Tax expenses", we incurred a "Loss before income tax" of US$0.901 million in FY 2014.

Balance Sheet

Non-current assets

The Group's "Non-current assets" decreased US$2.727 million to US$17.621 million as at 31 December 2014 ("FY 2014"), compared to US$20.348 million as at 31 December 2013 ("FY 2013"), largely attributable to:

(i) US$1.523 million reduction in "Finance lease receivables" resulting from reclassification of the long term to short term lease receivables; and

(ii) US$1.120 million decline in "Property, plant and equipment", due to the disposal of properties in the logistics business.

Current assets

"Current assets" decreased US$4.724 million to US$65.101 million as at FY 2014, compared to US$69.825 million as at FY 2013, largely owing to US$4.117 million reduction in "Cash and cash equivalents" to US$16.601 million as at FY 2014, compared to US$20.718 million as at FY 2013. "Cash and cash equivalents" declined US$4.117 million largely due to repayment of bank loan of US$7.381 million, partially offset by the proceed from loan of US$2.696 million.

Non-current liabilities

"Non-current liabilities" stood at US$0.125 million as at FY 2014 due to a finance lease of motor vehicle during the year.

Current liabilities

"Current liabilities" decreased US$6.971 million to US$44.177 million as at FY 2014, compared to US$51.148 million as at FY 2013. The decrease in "Current liabilities" was largely due to net repayment of the bank term loan of US$4.685 million to US$7.701 million as at FY 2014, compared to US$12.407 million as at FY 2013.

Net assets

The Group's gearing based on bank borrowings to net asset value (excluding non-controlling interests) declined to 19.7% as at FY 2014, compared to 31.2% as at FY 2013.

Our Group's net asset value (excluding non-controlling interests) stood at US$39.915 million as at FY 2014, or an equivalent of US cents 5.58 per share, compared to

FINANCIAL **PERFORMANCE**

US$39.809 million as at FY 2013 or an equivalent of US cents 5.56 per share. Net asset value (excluding non-controlling interests) increased US$0.106 million resulting from the "Net Profit Attributable to Equity Holders of the Company".

Equity

The Group's "Accumulated losses" decreased US$0.143 million to US$3.720 million as at 31 December 2014, compared to US$3.863 million as at FY 2013, due to the "Net profit Attributable to Equity Holders of the Company" of US$0.107 million recorded in FY 2014.

The Group's negative "Foreign currency translation reserve" reduced US$0.010 million to a negative reserve of US$8.140 million as at FY 2014, compared to a negative reserve of US$8.150 million as at FY 2013.

Cash Flow

FY 2014 v FY 2013

"Operating cash flow before working capital changes" used in FY 2014 was US$2.159 million, compared to US$3.444 million in FY 2013. Decrease in "Operating cash flows before working capital changes" used in FY 2014 was largely owing to the "Gain on disposal of subsidiaries" of US$0.259 million in FY2014 compared to US$5.132 million in FY2013. The above was however partially off-set by:

(a) Loss before tax of US$0.901 million in FY 2014, compared to profit before tax of US$1.019 million in FY 2013;

(b) "Effect of Foreign exchange rate changes" decreased US$1.879 million; and

(c) Write back of impairment of property, plant and equipment of US$0.596 million in FY2013 which was absent in FY2014.

In FY 2014, "working capital changes" items recorded were as follows: (i) cash generated from "Receivables" and "Finance lease receivables" of US$3.452 million and US$0.739 million, respectively; and (ii) cash used in "Inventories" and "Payables" were US$0.661 million and US$2.269 million, respectively.

After income tax of US$0.117 million in FY 2014, we recorded "Net cash used in operating activities" of US$1.015 million, compared to US$0.772 million in FY 2013.

"Net cash generated from investing activities" amounted to US$1.342 million in FY 2014, compared to "Net cash used in investing activities" of US$4.529 million in FY 2013. The increase in cash generated was largely due to cash "Proceeds from disposal of property, plant and equipment" of US$1.206 million. In addition, the cash used for "Purchase of property, plant and equipment" was lower at US$0.777 million in FY2014, compared to US$6.537 million in FY2013.

"Net cash used in financing activities" amounted to US$5.097 million in FY 2014, compared to that "Net cash generated from financing activities" of US$2.918 million in FY 2013. This was largely due to "Repayment of bank term loans" of US$7.381 million partially offset by "Proceeds from short term bank loans" of US$2.696 million in FY 2014. Whilst in FY2013 "Proceeds from bank term loans" of US$6.805 million was partially offset by "Repayment of bank term loans" of US$2.677 million.

CORPORATE
GOVERNANCE STATEMENT

A-Sonic Aerospace Limited is committed to high standards of corporate governance and endorses the guidelines of the *revised Code of Corporate Governance issued on 2 May 2012 ("2012 Code")* to protect the interests of its shareholders. This report describes the Company's corporate governance processes and activities with specific reference to the 2012 Code. The Company has adhered to the principles and guidelines set out in the 2012 Code to such extent and as best as it can.

PRINCIPLE 1 : THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") oversees the overall management of the Group, approves the Group's broad policies, strategies and financial objectives. Apart from discharging their statutory and fiduciary responsibilities both individually and collectively, the other principal roles of the Board include:

a) provides entrepreneurial leadership and ensure necessary financial and human resources are in place for the Company and Group to meet its objective;
b) oversees the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework; and
c) nominates its directors for appointments to the various Board committees.

As an established practice, the matters that require the specific review and approval of the Board are:

a) material acquisition or divestment proposals;
b) matters involving conflict of interest for a substantial shareholder or a director;
c) corporate or financial restructuring; and
d) share issuances, dividend distribution, share buy-back and other returns to shareholders.

In 2014, the Board comprised three executive directors and three non-executive directors, with relevant and diverse experience to contribute effectively to the Group. All of the three non-executive directors were independent directors. The Board conducted regular scheduled meetings. Ad hoc meetings were also convened when circumstances required. To facilitate the attendance and participation of directors at Board meetings, the Company's Articles of Association provides for directors to participate in Board meetings by telephone conference or video conference.

The Board is supported by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") for effective discharge of their responsibilities. These committees were formed in August 2003 and are chaired by independent directors.

Seven Board meetings, four AC meetings, one RC meeting and one NC meeting were conducted during the 2014 financial year. The attendance of the Board members for each meeting is set out in the table below:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Board of Directors (1)				
1. Janet LC Tan	7/7			
2. Tan Lay Yong Jenny	6/7			
3. Irene Tay Gek Lim	7/7			
4. Yam Mow Lam	7/7			
5. Choh Thian Chee Irving	6/7			
6. Dr Wang Kai Yuen	7/7			
Audit Committee (2)				
1. Yam Mow Lam		4/4		
2. Choh Thian Chee Irving		3/4		
3. Dr Wang Kai Yuen		4/4		
Nominating Committee (2)				
1. Choh Thian Chee Irving			1/1	
2. Janet LC Tan			1/1	
3. Yam Mow Lam			1/1	
Remuneration Committee (2)				
1. Choh Thian Chee Irving				1/1
2. Yam Mow Lam				1/1
3. Dr Wang Kai Yuen				1/1

(1) The composition of the Board of Directors in 2014
(2) The composition of the respective committees in 2014

The Company has an orientation program in place for incoming directors to familiarize them with the Company's business and governance practices. To keep pace with regulatory changes, the directors are provided with information, updates and appropriate training from time to time including any changes in legislation and financial reporting standards, government policies, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties.

PRINCIPLE 2 : BOARD COMPOSITION AND GUIDANCE

The Board comprised three executive directors and three non-executive directors. All of the three non-executive directors were independent directors. In this regard, half of the Board is considered independent. Key information regarding the directors is given in the 'Board of Directors' section of the annual report. The independence of each Director is reviewed annually by the NC. The NC adopts the 2012 Code's definition of what constitutes an independent director in its review.

2012 Code further requires the independence of any director who has served on the Board beyond nine years from the date of first appointment to be rigorously reviewed. The basis of determination by the NC takes into account the annual confirmation of independence (the "Confirmation") completed by each independent director. Each independent director is required under the Confirmation to critically assess his independence and to confirm whether he considers himself independent.

In line with 2012 Code, the NC introduced the peer assessment of independence of each director who has served the Board beyond nine years. The peer assessments considered, amongst others, the contribution by the director, the uniqueness of his skills and participation at meetings. Having carried out their review for FY 2014 and taking into account the view of the NC, the Board determined that Mr Yam Mow Lam and Mr Choh Thian Chee Irving, who were both appointed on 29 July 2003, be considered independent notwithstanding that they have served on the Board beyond nine years. Mr Yam Mow Lam and Mr Choh Thian Chee Irving have contributed effectively by providing impartial and autonomous views, advice and judgement. They have continued to demonstrate strong independence in character and mind.

The NC is of the view that the current Board members comprise persons who have the necessary core competencies to achieve the Group's objectives. The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the directors. This is also reflected in the diversity backgrounds and competencies of the directors, whose competencies range from banking, finance, accounting and legal to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. The Board will constantly examine its size with a view to determine its impact upon its effectiveness.

PRINCIPLE 3 : CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms Janet LC Tan is both the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of the Group. The Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO given the current corporate structure and scope of the Group's operations. There is also a balance of power and authority with the various committees chaired by independent directors.

As a Chairman, Ms Janet LC Tan's responsibilities are as follows :

a) leads Board to enable the Board to discharge its duties effectively, and to maintain and enhance the Group's standards of corporate governance;

b) sets the agenda and ensure that sufficient information and time are available to discuss all items on the agenda;

c) promotes openness and debate by all directors at the Board meetings;

d) facilitates effective communication with shareholders; and

e) encourages constructive relations within Board.

The CEO is responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

Where the CEO and Chairman is the same person, the Board has appointed one of its independent directors, Mr Choh Thian Chee Irving, Chairman of the NC and RC, as the lead independent director. The lead independent director acts as the leader of the independent directors at board meetings in raising queries and pursuing matters; and leads meetings of independent directors without the presence of the executive directors. The lead independent director also acts as a bridge between independent directors and the Chairman and is also available to shareholders if they have concerns relating to matters which contact through the normal channels of Chairman/CEO or Executive directors has failed to resolve, or where such contact is inappropriate.

PRINCIPLE 4 : BOARD MEMBERSHIP

The Company's Articles of Association requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting (AGM). Every director must retire from office and may submit himself for re-nomination and re-election at least once every three years.

In 2014, the NC comprised three members, two of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving who is the lead independent director. Other members of the NC are Mr Yam Mow Lam and Ms Janet LC Tan. The terms of reference of the NC include:

(a) to make recommendations to the Board on the re-nomination and re-election of directors, having regard to each Director's contribution and performance;
(b) to review on an annual basis whether a director is independent;
(c) to review whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company; and
(d) to make recommendations to the Board on new appointments to the Board.

The NC will review the range of skills, expertise, attributes and composition of the Board. It is the responsibility of the NC to identify whether there is a need for an additional director to join the Board or an existing director is required to retire from office. The NC will shortlist candidates with the appropriate profile for nomination or re-nomination. In the evaluation of the performance and contribution of a director, the NC will consider factors such as attendance, participation, requisite skills, and related knowledge of the director.

Key information regarding the directors is disclosed on page 3: "Corporate Information" and 6: "Board of Directors" of this annual report, respectively.

2012 Code requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual reports. The NC has set the guidelines on the maximum number of board appointment in listed companies that a director can hold to ensure that directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each director cannot have more than nine listed board representations including the Company. Nevertheless, as the number of board representations should not be the only measure of a director's commitment and ability to contribute effectively, the NC takes the view that if a director wishes to hold board representations which is more than the maximum stated per the guidelines, the request must be made to the Chairman of the Board for approval.

List of directorships or chairmanships held as at date of this annual report or the past 3 years in other listed companies

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Dr Wang Kai Yuen	Ezion Holdings Ltd	20 July 2000	-
	COSCO Corporation (Singapore) Ltd	2 May 2001	-
	ComfortDelGro Corporation Limited	18 February 2003	-
	Matex International Ltd	11 July 2003	-
	HLH Group Ltd	1 May 2006	-
	EOC Ltd	11 July 2007	-
	China Aviation Oil (Singapore) Corporation Ltd	28 April 2008	-
	SuperBowl Holdings Limited	1 August 1994	3 July 2014
Choh Thian Chee Irving	Serrano Limited	28 October 2014	-

PRINCIPLE 5 : BOARD PERFORMANCE

The NC will review and evaluate the performance of the Board as a whole once a year, taking into consideration attendance record at meetings of the Board and Board committees and the contribution of each individual director to the effectiveness of the Board. The assessment criteria covers areas such as board composition, information management, board processes, shareholder management, managing board's performance, effectiveness of board committees, director development and management, and risk management.

PRINCIPLE 6 : ACCESS TO INFORMATION

In order to fulfill their responsibilities, Board members are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable the Board to make informed decisions to discharge their duties and responsibilities. Board members have separate and independent access to the management team and company secretary. The Board may seek and obtain independent professional advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively at the Company's expense. A company secretary attends all board meetings, ensuring Board procedures are complied with. The appointment and removal of company secretary is subject to approval of the Board.

PRINCIPLE 7 : PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC makes recommendation to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries. Separate service agreements have been established for the executive directors.

In 2014, the RC comprised three members, all of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving. Other members of the RC are Mr Yam Mow Lam and Dr Wang Kai Yuen.

The terms of reference of the RC include:

(a) to make recommendations to the Board on the framework of remuneration for the directors and key executives;
(b) to review remuneration packages of group employees who are immediate family members of any of the directors or substantial shareholders of the Company; and
(c) to administer the Company's Employee Share Option Scheme.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC ensures the level and structure of remuneration is aligned with the long-term interest of the Company and the Group, and is appropriate to attract, retain and motivate the directors to provide good stewardship of and to run the Company successfully. Remuneration for executive directors comprises a base salary, and performance bonus tied to the Group's and individual's performance.

The Company's remuneration framework for its key executives comprises fixed pay and short-term and long-term incentives. The Company advocates performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the country/station's and individual key executive's performance.

Disclosure on Directors' Remuneration

The following table shows the composition (in percentage terms) of the remuneration of directors of the Company for the financial year ended 31 December 2014:

Directors	Remuneration band S$	Fees %	Salaries %	Provident fund %	Bonus %	Allowances/ Benefits %	Total %
Chief Executive Officer (1)	*above 500,000*	6.0%	82.7%	3.3%	6.4%	1.6%	100.0%
Executive Director (2)	*250,000 to 500,000*	8.7%	69.9%	3.8%	5.8%	11.8%	100.0%
Executive Director (3)	*250,000 to 500,000*	5.0%	77.0%	4.3%	6.4%	7.3%	100.0%
Independent Director (4)	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director (5)	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director (6)	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Disclosure on five top-earning key executives' remuneration

The bonuses for the Group's senior management were determined after taking into account the achievement of specified individual and organizational keys performance index set for FY 2014.

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 31 December 2014:

Key Executives	Remuneration band S$	Salaries %	Commission/ bonus %	Defined contribution plan %	Allowances/ benefits %	Total %
Executive (1)	above 500,000	81.0%	0.0%	0.0%	19.0%	100.0%
Executive (2)	above 500,000	39.0%	61.0%	0.0%	0.0%	100.0%
Executive (3)	250,000 to 500,000	100.0%	0.0%	0.0%	0.0%	100.0%
Executive (4)	250,000 to 500,000	61.2%	38.8%	0.0%	0.0%	100.0%
Executive (5)	below 250,000	96.9%	2.0%	1.1%	0.0%	100.0%

Notes:

Directors
(1) Janet LC Tan; (2) Tan Lay Yong Jenny; (3) Irene Tay Gek Lim; (4) Yam Mow Lam; (5) Choh Thian Chee Irving; (6) Dr Wang Kai Yuen

Key executives
(1) Zhao Xiwang; (2) Bob D. Arifin; (3) Yung Chi Shing Ken; (4) Hunter Wang Chao Jun; (5) Sullivan Cliff Augustine

During 2014, none of the Directors had immediate family members not disclosed above who were employees of the Company and the Group, and whose personal annual remuneration exceeded S$50,000.

The Company implemented the Employee Share Option Scheme ("ESOS") on 29 July 2003 and since the commencement of the ESOS, no options were granted to directors or the key executives of the Company. For details of the Company's ESOS, please refer to the "Directors' report on pages 24 to 25 of this annual report.

PRINCIPLE 10: ACCOUNTABILITY

The management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's attention.

It is the Board's responsibility to provide timely and full disclosure of material information to shareholders in compliance with statutory requirements. The Group's quarterly and full year financial results are announced within legally prescribed periods. In communicating and disseminating the Group's results, the Company aims to present a balanced and understandable assessment of the Group's performance, position and prospects.

PRINCIPLE 11 : RISK MANAGEMENT AND INTERNAL CONTROLS

The Company's internal controls structure consists of the policies and procedures established to provide reasonable assurance to safeguard the assets of the Group against material misstatement, risks or loss. The Company's internal controls extends beyond the accounting and finance function - its scope addresses the financial, operational, compliance and information technology risks.

The Company has instituted an internal control framework covering financial, operational, compliance and information technology, as well as risk management policies and systems. The framework defines the roles and responsibilities of both business and support units. The design and implementation of risk management and internal control system are managed and reviewed by senior management. Key documentation, including delegation of authority, control process and operational procedures are disseminated to staff.

In addition, the Company appoints independent audit firms during the financial year to conduct internal audit on its subsidiaries. The independent audit firms' scope of audit includes: (i) evaluating the adequacy and effectiveness of the subsidiaries' risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets; and (ii) reviewing whether the subsidiaries comply with laws and regulations and adhere to established policies. The internal audit reports of the independent party are submitted directly to the AC (reference also made to Principle 13: Internal Audit). The external auditors of the Company also have access to the internal audit reports.

To complement our internal control process, the Company has established procedures for the staff of the Company and its subsidiaries to report possible improprieties, unethical practices, etc. in good faith and confidence without fear of reprisals or concerns (reference also made to the last paragraph on Whistle Blowing in Principle 12: Audit Committee).

The CEO and senior management has provided representation to the external auditors and the Board that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2014 give a true and fair view of the Group's operations and finances; and the system of risk management and internal controls in place were adequate and effective as at 31 December 2014 to address the financial, operational, compliance and information technology risks of the Company.

The AC reviews the adequacy of the Company's internal financial controls, operational and compliance controls, the risk management policies and systems established by the Company. Having regard to the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing the financial, operational, compliance and information technology risks of the Company, were adequate as at 31 December 2014, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Company; the regular reviews performed by management; and the work performed by the internal and external auditors.

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

PRINCIPLE 12 : AUDIT COMMITTEE

In 2014, the AC comprised three members, all of whom were independent and non-executive directors. The Chairman is Mr Yam Mow Lam. Other members of the AC are Mr Choh Thian Chee Irving and Dr Wang Kai Yuen. With their collective wealth of experience and expertise on accounting and financial management, the members of the AC are appropriately qualified to discharge their responsibilities competently. The terms of reference of the AC include:

(a) to review the financial statements and recommend to the Board for approval;
(b) to review the scope and results of the external audits and the independence and objectivity of the external auditors;
(c) to review the audit plans of the external auditors;
(d) to review the external auditors' reports;
(e) to nominate the external auditors for re-appointment;
(f) to review interested person transactions;
(g) to review financial results before announcements;
(h) to review effectiveness of the internal audit function; and
(i) to review adequacy of risk management policies and internal control systems established by the Company.

The external auditors update the AC at its quarterly meeting on the changes to accounting standards and developments in issues with a direct impact on financial statements. The AC meets with the external auditors without the presence of the Management, once a year.

The AC oversees the scope and results of external audit, and the independence and objectivity of the external auditors annually. For the financial year under review, the AC has reviewed all non-audit services provided by the Company's external auditors and is satisfied with their independence and objectivity. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements on page 57 in this annual report.

The Company's external auditors, Baker Tilly TFW LLP, is registered with and regulated by the Accounting and Corporate Regulatory Authority. The AC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM.

Having regard to the above, the Company has complied with Listing Manual Rule 712 in relation to the appointment of its external auditors.

The Company has also complied with Listing Manual Rule 715 (1) and (2); and Rule 716 (1) and (2) with regard to the appointment of auditors for its Singapore incorporated subsidiaries and associated companies; and in the appointment of auditors for its significant foreign-incorporated subsidiaries and associated companies.

The AC has established procedures for the staff of the Company and its subsidiaries to raise any improprieties of any employee, or any improprieties in matters relating to financial or corporate affairs, or any other matters of the Company or its subsidiaries to the AC directly. These procedures are implemented to ensure that an independent investigation of such matters will be conducted, and that appropriate remedial action be taken. Details of the Whistle-blowing Policy can be found in the Staff Handbook.

CORPORATE
GOVERNANCE STATEMENT

PRINCIPLE 13 : INTERNAL AUDIT

The Board ensures that the management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Company's internal audit function was carried out by external independent audit firms during the financial year ended 31 December 2014. During the financial year, the internal auditors conducted an audit on a subsidiary engaged in the aerospace engineering-related business and another audit on a subsidiary engaged in the logistics business. One audit report was issued in relation to the aviation subsidiary, and one audit report was issued to our logistics subsidiary. The detailed reports on the summary of the internal audit findings were issued to the AC and sent directly to the Chairman of the AC.

The internal auditors' duties encompass reviewing the Company's material internal controls consisting of financial, operational and compliance controls as well as risk management. The internal audit reviews all areas of operations.

PRINCIPLE 14 : SHAREHOLDERS' RIGHTS

In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Company's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant, rules and procedures governing such meetings, for instance, how to vote, are clearly communicated.

The Articles of Association of the Company permits a shareholder to appoint not more than two proxies to attend and vote at general meetings in his stead.

PRINCIPLE 15 : COMMUNICATION WITH SHAREHOLDERS

In 2014, the Company reported its financial results quarterly and these results were published via SGXNET. It is the policy of the Company to disclose all price-sensitive information promptly and adequately, and release all price sensitive information through SGXNET. In addition to these quarterly events, the Company also publishes the Group's major and important corporate developments via SGXNET.

During the year, the senior management team conducted briefings including roadshows, where appropriate, to keep investors apprised of the Company and the Group's corporate developments and financial performance. The aim of such engagements is to provide shareholders and investors relevant information to enable them to have a better understanding of the Company and the Group's businesses and performance.

For the financial year ended 2014, the Company had not declared any dividend. In the event there is a declaration of dividends, details of dividend payment will be disclosed via the release of the announcement through SGXNET.

PRINCIPLE 16 : CONDUCT OF SHAREHOLDERS MEETINGS

A copy of the Company's annual report and notice of annual general meeting ("AGM") is sent to all shareholders. To encourage more shareholder participation, the Company's AGMs are held in locations that are easily accessible to shareholders.

The external auditors and members of the AC, NC and RC are present at the AGM to address any questions raised by the shareholders.

Separate resolutions are proposed on each substantially separate issue at the AGM. Shareholders are given the opportunity to raise questions and clarify any issue before the resolutions are to be passed.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the financial year ended 31 December 2014 are as follows:-

Name of interest person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
Janet LC Tan	S$448,918	Not applicable - the Company does not have a shareholders' mandate under Rule 920

DEALINGS IN SECURITIES

The Group has procedures in place prohibiting dealings in the shares of the Company by its officers while in possession of price sensitive information. The Company and its subsidiaries' officers are not allowed to deal in the shares of the Company during the period commencing two weeks prior to the announcement of the Company's quarterly results; and a period of one month prior to the announcement of full year results. The Company's Directors and its officers, and of its subsidiaries are prohibited from dealing with the Company's securities on short-term considerations. Directors and officers are also expected to observe insider-trading laws at all times.

FINANCIAL **CONTENTS**

The directors are pleased to present their report to the members together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1 Directors

The directors in office at the date of this report are:

Janet LC Tan
Tan Lay Yong Jenny
Irene Tay Gek Lim
Yam Mow Lam
Choh Thian Chee Irving
Dr Wang Kai Yuen

2 Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3 Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act Cap. 50 except as follows:

	Ordinary shares		
	Shareholdings registered in name of director or nominee		
The Company	**At**	**At**	**At**
Name of Directors	**1.1.2014**	**31.12.2014**	**21.01.2015**
Janet LC Tan	368,618,368	370,272,368	371,309,368
Tan Lay Yong Jenny	4,320,840	4,320,840	4,320,840
Irene Tay Gek Lim	3,459,602	3,659,602	4,456,602
Yam Mow Lam	285,000	285,000	285,000
Choh Thian Chee Irving	90,000	90,000	90,000

By virtue of Section 7(4) of the Companies Act Cap. 50, the director, Janet LC Tan is deemed to have an interest in the shares held by the Company in its subsidiaries.

4 Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than disclosed in the consolidated financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5 Share options

A-Sonic Aerospace Employee Share Option Scheme ("ESOS")

The Company implemented the ESOS in 2004 in accordance with the scheme approved by the shareholders on 29 July 2003. The purpose of the ESOS is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Details of the options granted previously under the ESOS have been disclosed in the Report of the Directors for the respective financial years.

The ESOS is administered by the Remuneration Committee comprising Choh Thian Chee Irving, Yam Mow Lam and Dr Wang Kai Yuen.

At the end of the financial year, the unissued ordinary shares of the Company under options granted pursuant to the ESOS are as follows:

Option	Total*	Offer date	Balance as at 1.1.2014	Proportion of options offered	Options expired	Balance as at 31.12.2014	Exercise price	Exercise period
2004	101,000	3/6/04	61,000	48.8%	(61,000)	–	S$0.349	3/6/05-2/6/2014
2004	108,000	3/6/04	64,000	51.2%	(64,000)	–	S$0.314	3/6/06-2/6/2014
	209,000		125,000	100.0%	(125,000)	–		

* Aggregate options granted since commencement of scheme to end of financial year under review.

On 2 June 2014, the ESOS had lapsed and options had expired.

Since the commencement of the ESOS, no options were granted to directors and controlling shareholders of the Company or their associates and no participant has received 5% or more of the total options available under the ESOS.

Since the commencement of the ESOS, no employee of the Company or any corporations in the Group has received 5% or more of the total options available to the employees of the Company or any corporations in the Group under the ESOS.

There were no option to take up unissued shares of the Company or its subsidiaries was granted during the financial year or outstanding at the end of the financial year.

6 Board's Opinion on the Adequacy of Internal Controls Addressing Financial, Operational and Compliance Risks

The Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls, addressing the financial, operational and compliance risks of the Company, were adequate as at 31 December 2014, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Group; the regular reviews performed by management; and the work performed by the internal and external auditors.

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

7 Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are:

Yam Mow Lam
Choh Thian Chee Irving
Dr Wang Kai Yuen

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Listing Manual. Their functions are detailed in the Report on Corporate Governance.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has nominated Baker Tilly TFW LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

8 Material contracts

There are no material contracts of the Group and of the Company, involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

9 Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

JANET LC TAN
Director

TAN LAY YONG JENNY
Director

26 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors:

i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company as set out on pages 30 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and

ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

JANET LC TAN
Director

TAN LAY YONG JENNY
Director

26 March 2015

INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 94, which comprise the balance sheets of the Group and the Company as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity for the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

26 March 2015

CONSOLIDATED
INCOME STATEMENT

For the financial year ended 31 December 2014

	Notes	Group 2014 US$'000	Group 2013 US$'000
Revenue - continuing operations			
Turnover	4	**241,867**	272,323
Other revenue	5	**4,961**	1,988
		246,828	274,311
Gain from discontinued operation	10	**–**	5,296
		246,828	279,607
Expenses - continuing operations			
Changes in inventories		**(661)**	20
Purchases of goods and consumables used		**2,704**	8,078
Freight charges		**215,141**	237,363
Staff costs	6	**19,690**	20,771
Depreciation of property, plant and equipment	12	**1,073**	872
Finance costs	7	**375**	211
Share of results of associates		**(270)**	(449)
Share of results of joint ventures		**(196)**	109
Other operating expenses		**9,873**	11,613
Total costs and expenses		**247,729**	278,588
(Loss)/profit before tax	8	**(901)**	1,019
Taxation - continuing operations	9	**(2)**	(511)
(Loss)/profit for the year		**(903)**	508
Profit attributable to:			
Equity holders of the Company			
Profit/(loss) from continuing operations, net of tax		**107**	(2,766)
Profit from discontinued operation, net of tax		**–**	5,291
Profit for the year attributable to equity holders of the Company		**107**	2,525
Non-controlling interests			
Loss from continuing operations, net of tax		**(1,010)**	(2,022)
Profit from discontinued operation, net of tax		**–**	5
Loss for the year attributable to non-controlling interests		**(1,010)**	(2,017)
Earnings per share (US cents per share)			
Basic from continuing operations	11	**0.01**	(0.39)
Basic	11	**0.01**	0.35

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Group	
	2014	2013
	US$'000	US$'000
(Loss)/profit for the year	**(903)**	508
Other comprehensive (loss)/income:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**198**	1,894
Disposal of interest in subsidiaries without change in control	**39**	292
Reclassification of non-controlling interest on disposal of a subsidiary	**–**	(109)
Reclassification of translation reserve to profit or loss on disposal of a subsidiary	**–**	(571)
	237	1,506
Total comprehensive (loss)/income for the year	**(666)**	2,014
Equity holders of the Company	**105**	4,059
Non-controlling interests	**(771)**	(2,045)
Total comprehensive (loss)/income for the year	**(666)**	2,014
Total comprehensive income attributable to:		
Equity holders of the Company		
Total comprehensive income/(loss) from continuing operations, net of tax	**105**	(1,232)
Total comprehensive income from discontinued operation, net of tax	**–**	5,291
Total comprehensive income for the year attributable to equity holders of the Company	**105**	4,059

The accompanying notes form an integral part of these financial statements.

BALANCE
SHEETS
As at 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**US$'000**	US$'000	**US$'000**	US$'000
Non-current assets					
Property, plant and equipment	12	**12,056**	13,176	**–**	–
Investment in subsidiaries	13	**–**	–	**#**	#
Investment in associates	14	**576**	754	**–**	–
Investment in joint ventures	15	**2,683**	2,587	**–**	–
Deferred tax assets	16	**130**	132	**–**	–
Finance lease receivables	18	**2,176**	3,699	**–**	–
Total non-current assets		**17,621**	20,348	**#**	#
Current assets					
Inventories		**1,204**	543	**–**	–
Trade and other receivables	17	**39,725**	43,756	**5**	5
Finance lease receivables	18	**3,144**	1,114	**–**	–
Due from subsidiaries	19	**–**	–	**59,944**	59,815
Due from associates	20	**1,387**	1,167	**–**	–
Due from joint ventures	21	**3,025**	2,439	**–**	–
Tax recoverable		**15**	88	**–**	–
Cash and cash equivalents	22	**16,601**	20,718	**5,304**	5,427
Total current assets		**65,101**	69,825	**65,253**	65,247
Total assets		**82,722**	90,173	**65,253**	65,247
Non-current liabilities					
Finance lease liabilities	23	**125**	–	**–**	–

#: represents amount less than US$1,000

The accompanying notes form an integral part of these financial statements.

BALANCE **SHEETS**

As at 31 December 2014

	Notes	Group		Company	
		2014	2013	**2014**	2013
		US$'000	US$'000	**US$'000**	US$'000
Current liabilities					
Trade and other payables	24	**35,885**	37,919	**230**	237
Due to subsidiaries	19	**–**	–	**–**	1,447
Bank term loans	25	**7,701**	12,407	**3,280**	2,540
Provision for restructuring costs	26	**521**	603	**–**	–
Finance lease liabilities	23	**34**	–	**–**	–
Tax payable		**36**	219	**–**	–
Total current liabilities		**44,177**	51,148	**3,510**	4,224
Total liabilities		**44,302**	51,148	**3,510**	4,224
Net assets		**38,420**	39,025	**61,743**	61,023
Equity					
Share capital	27	**51,775**	51,775	**51,775**	51,775
Accumulated (losses)/profits		**(3,720)**	(3,863)	**9,968**	9,201
Share option reserve		**–**	47	**–**	47
Foreign currency translation reserve		**(8,140)**	(8,150)	**–**	–
Equity attributable to equity holders of the Company, total		**39,915**	39,809	**61,743**	61,023
Non-controlling interests		**(1,495)**	(784)	**–**	–
Total equity		**38,420**	39,025	**61,743**	61,023

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group	Share capital US$'000	Accumulated losses US$'000	Share option reserve US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2014	51,775	(3,863)	47	(8,150)	39,809	(784)	39,025
Comprehensive income							
Profit/(loss) for the year	–	107	–	–	107	(1,010)	(903)
Other comprehensive income							
Currency translation differences on consolidation	–	–	–	30	30	168	198
Disposal of interest in subsidiaries without change in control	–	(12)	–	(20)	(32)	71	39
Other comprehensive (loss)/income for the year	–	(12)	–	10	(2)	239	237
Total comprehensive income/(loss) for the year	–	95	–	10	105	(771)	(666)
Transaction with owners recorded directly in equity							
Refund of dividend to the Company	–	1	–	–	1	–	1
	–	1	–	–	1	–	1
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest without change in control	–	–	–	–	–	(30)	(30)
Acquisition of a subsidiary	–	–	–	–	–	(42)	(42)
Incorporation of a subsidiary	–	–	–	–	–	103	103
Disposal of a subsidiary	–	–	–	–	–	44	44
Deregistration of a subsidiary	–	–	–	–	–	(15)	(15)
	–	–	–	–	–	60	60
Others							
Expired employee share options	–	47	(47)	–	–	–	–
	–	47	(47)	–	–	–	–
At 31 December 2014	**51,775**	**(3,720)**	**–**	**(8,140)**	**39,915**	**(1,495)**	**38,420**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2014

Group	Share capital US$'000	Accumulated losses US$'000	Share option reserve US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2013	51,775	(5,682)	47	(9,432)	36,708	1,261	37,969
Comprehensive income							
Profit/(loss) for the year	–	2,525	–	–	2,525	(2,017)	508
Other comprehensive income							
Currency translation differences on consolidation	–	–	–	1,820	1,820	74	1,894
Disposal of interest in subsidiaries without change in control	–	252	–	33	285	7	292
Reclassification on disposal of a subsidiary (Note 10(iii))	–	–	–	–	–	(109)	(109)
Reclassification on disposal of a subsidiary (Note 10(iii))	–	–	–	(571)	(571)	–	(571)
	–	252	–	1,282	1,534	(28)	1,506
Total comprehensive income/(loss) for the year	–	2,777	–	1,282	4,059	(2,045)	2,014
Transaction with owners recorded directly in equity							
Dividend paid (Note 30)	–	(959)	–	–	(959)	–	(959)
Refund of dividend to the Company	–	1	–	–	1	–	1
	–	(958)	–	–	(958)	–	(958)
At 31 December 2013	51,775	(3,863)	47	(8,150)	39,809	(784)	39,025

The accompanying notes form an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 31 December 2014

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
Comprehensive income				
Profit and total comprehensive income for the year	–	719	–	719
Transaction with owners recorded directly in equity				
Refund of dividend to the Company	–	1	–	1
Others				
Expiry of employee share options	–	47	(47)	–
At 31 December 2014	**51,775**	**9,968**	**–**	**61,743**
At 1 January 2013	51,775	9,412	47	61,234
Comprehensive income				
Profit and total comprehensive income for the year	–	747	–	747
Transaction with owners recorded directly in equity				
Dividend (Note 30)	–	(959)	–	(959)
Refund of dividend to the Company	–	1	–	1
At 31 December 2013	51,775	9,201	47	61,023

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2014

	Note	**2014** **US$'000**	2013 US$'000
Cash flows from operating activities			
(Loss)/profit before tax		**(901)**	1,019
Adjustments for:			
Interest income		**(254)**	(213)
Interest income from finance lease		**(1,246)**	(1,020)
Allowance for doubtful non-trade receivables		**–**	91
Depreciation of property, plant and equipment		**1,073**	875
Impairment of property, plant and equipment written back		**–**	(596)
Bad non-trade receivables written off		**–**	8
Interest expenses		**375**	211
(Gain)/loss on disposal of property, plant and equipment		**(372)**	30
Property, plant and equipment written off		**107**	1
Gain on disposal of subsidiaries		**(259)**	(5,132)
Impairment of goodwill		**92**	–
Provision for restructuring costs		**(57)**	–
Share of results of associates		**(270)**	(455)
Share of results of joint ventures		**(196)**	109
Effect of foreign exchange rate changes		**(251)**	1,628
Operating cash flows before working capital changes		**(2,159)**	(3,444)
Inventories		**(661)**	20
Receivables		**3,452**	1,465
Payables		**(2,269)**	1,280
Finance lease receivables		**739**	257
Cash used in operations		**(898)**	(422)
Income tax paid		**(117)**	(350)
Net cash used in operating activities		**(1,015)**	(772)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**1,206**	78
Proceeds from disposal of partial interest in subsidiaries		**60**	244
Net cash flow from disposal of subsidiary - discontinued operation	10	**–**	1,074
Net cash flow from disposal of subsidiary	13	**174**	–
Net cash flow from acquisition of a subsidiary	13	**(31)**	–
Capital contribution for non-controlling interest		**101**	–
Restricted cash		**(162)**	–
Acquisition of non-controlling interest		**(44)**	–
Interest received		**254**	213
Purchase of shares in associate		**–**	(79)
Purchase of property, plant and equipment	A	**(777)**	(6,537)
Dividend received from associate		**511**	520
Effect of foreign exchange rate changes		**50**	(42)
Net cash generated from/(used in) investing activities		**1,342**	(4,529)
Cash flows from financing activities			
Proceeds from short term bank loans		**2,696**	6,805
Dividend paid by the Company		**–**	(959)
Repayment of bank term loans		**(7,381)**	(2,677)
Repayment of finance lease liabilities		**(17)**	–
Refund of unclaimed dividend to the Company		**1**	1
Interest paid		**(375)**	(211)
Effect of foreign exchange rate changes		**(21)**	(41)
Net cash (used in)/generated from financing activities		**(5,097)**	2,918
Net decrease in cash and cash equivalents		**(4,770)**	(2,383)
Cash and cash equivalents at beginning of financial year		**20,718**	22,716
Effect of foreign exchange rate changes		**491**	385
Cash and cash equivalents at end of financial year	B	**16,439**	20,718

Note A

The Group acquired property, plant and equipment with an aggregate cost of US$944,000 (2013: US$6,537,000) of which US$167,000 (2013: US$Nil) was financed by means of finance lease.

Note B

As at 31 December 2014, cash and cash equivalent balances held by the Group amounting to US$162,000 (2013: NIL) are not available for use.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 200301838G) is incorporated and domiciled in Singapore. The address of its registered office is at 10 Anson Road, #24-07 International Plaza, Singapore 079903.

The principal activities of the Company are that of investment holding and providing management services. The principal activities of the subsidiaries are described in Note 13.

There have been no significant changes in the nature of these activities during the financial year.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amount of cash and cash equivalents and trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the statement of financial position date but are not yet effective for the financial year ended 31 December 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed as follows:

New or revised FRS and INT FRS issued at balance sheet date but not effective

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2017. The Group will reassess its contracts with customers in accordance with FRS 115.

<u>FRS 109 Financial Instruments</u>

FRS 109 includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will review the requirements of FRS 109 and re-assess the classification and measurement of its financial assets and financial liabilities in accordance with this standard.

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

(i) Sale of goods

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

(ii) Rendering of services

Revenue from services is recognised during the financial year in which the services are rendered.

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition (cont'd)

(iii) Commission income

Commission income is recognised when received as management is not certain whether the economic benefits associated with the transaction will flow to the Group until it is received.

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(v) Management fee income

Management fee income is recognised when services are rendered.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners) and therefore, no gain or loss is recognised in profit or loss.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

e) Associates and joint ventures

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

2 Summary of significant accounting policies (cont'd)

e) Associates and joint ventures (cont'd)

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associates and joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

Upon loss of significant influence over the associate/joint control over the joint venture, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence/joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investments in associates/joint ventures are carried at cost less accumulated impairment loss. On disposal of investment in associates or joint ventures, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2 Summary of significant accounting policies (cont'd)

f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating units is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, an associate or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates is described in Note 2(e).

g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2 Summary of significant accounting policies (cont'd)

g) Property, plant and equipment (cont'd)

Depreciation
No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Aircrafts	8-9
Aircraft components	1-5
Building on freehold land	20-30
Freehold service apartment	30
Leasehold office units	50
Electrical equipment, tools and machinery	5
Computer equipment	1-5
Furniture, fixtures and fittings	3-5
Motor vehicles	3-8

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

h) Impairment of non-financial assets excluding goodwill

At each balance sheet date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2 Summary of significant accounting policies (cont'd)

h) Impairment of non-financial assets excluding goodwill (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

i) Inventories

Inventories comprising aerospace components for sale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

j) Discontinued operation

The discontinued operation in 2013 was a component of the Group that was disposed of and represented a separate major line of business.

In the consolidated income statement of the current reporting period, and of the comparative period, all income and expenses from the discontinued operation were reported separately from income and expenses from continuing operations.

k) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

2 Summary of significant accounting policies (cont'd)

k) Leases (cont'd)

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

Finance leases

Leases of property, plant and equipment where the Group entity has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases.

Where assets are leased out under a finance lease, the leased asset is derecognised and the present value of the lease payments (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

l) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2 Summary of significant accounting policies (cont'd)

l) Income tax (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

m) Financial assets

(i) Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and classified within "trade and other receivables", "finance lease receivables", "due from subsidiaries", "due from associates", "due from joint ventures", and "cash and cash equivalents" on the balance sheet.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

(iii) Initial and subsequent measurement

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less impairment.

2 Summary of significant accounting policies (cont'd)

m) Financial assets (cont'd)

(iv) Impairment

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

n) Financial liabilities

Financial liabilities are included in "trade and other payables", "due to subsidiaries", "bank term loans" and "finance lease liabilities". Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

o) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

2 Summary of significant accounting policies (cont'd)

p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

q) Employee benefits

(i) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(iii) Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account if new ordinary shares are issued, or credited to the "treasury shares" account if treasury shares are re-issued to the employees. Upon expiry of the options, the balance in the share option reserve is transferred to retained earnings.

2 Summary of significant accounting policies (cont'd)

r) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is the Company's functional currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

c) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2 Summary of significant accounting policies (cont'd)

s) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

t) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

u) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise bank and cash balances and fixed deposits that form an integral part of the Group's cash management and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

w) Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or

b) a present obligation that arises from past events but is not recognised because:

  i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Group and the Company.

2 Summary of significant accounting policies (cont'd)

x) Maintenance reserve

Maintenance reserve relates to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve. At the expiry of the lease term, excess maintenance reserve is recognised in the profit or loss.

3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of amounts due from subsidiaries - Company

Determining whether amounts due from subsidiaries are impaired involves the consideration of the market condition in which the subsidiaries operate, estimates, assumptions and judgments based upon available information and the directors' knowledge of the industries and performance of the subsidiaries.

The carrying amounts due from subsidiaries are US$59,944,000 (2013: US$59,815,000).

(ii) Provision of taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

At the balance sheet date, the Group has the following carrying amounts in the balance sheets:

	Group	
	2014	2013
	US$'000	US$'000
Deferred tax assets	**130**	132
Tax recoverable	**15**	88
Tax payable	**36**	219

At the balance sheet date, the Company has no tax assets or liabilities.

3 Key sources of estimation uncertainty (cont'd)

(iii) Recoverability of trade and other receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's trade and other receivables at the balance sheet date was US$39,725,000 (2013: US$43,756,000).

(iv) Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(g). The estimation of the useful lives and residual amount involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment at 31 December 2014 and the annual depreciation charge for the financial year ended 31 December 2014 are disclosed in Note 12.

Any changes in the expected useful lives of these assets would affect the carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

4 Turnover

	Group	
	2014	2013
	US$'000	US$'000
Lease rental	**1,320**	1,483
Sale of goods	**2,356**	11,118
Services rendered	**238,191**	259,722
	241,867	272,323

5 Other revenue

	Group	
	2014	2013
	US$'000	US$'000
Commission income	**44**	21
Gain/(loss) on disposal of property, plant and equipment	**372**	(30)
Finance lease interest	**1,246**	1,020
Interest income		
- bank deposits	**56**	45
- fixed deposits	**–**	22
- third parties	**8**	4
- associates	**19**	7
- joint venture	**171**	135
Management and administrative fees		
- associates	**25**	31
Shared service fee		
- joint venture	**114**	96
Other income		
- jobs credit government grant received	**640**	24
- miscellaneous	**1,341**	512
Forfeiture of rental deposit	**167**	–
Write-off of maintenance reserve	**203**	–
Late interest charges	**240**	–
Gain on disposal of subsidiaries	**259**	–
Corporate guarantee charges		
- associates	**1**	–
- joint venture	**55**	101
	4,961	1,988

6 Staff costs

	Group	
	2014	2013
	US$'000	US$'000
Key management personnel		
Directors of the Company:		
- Remuneration and related costs	**1,058**	1,071
- Fees	**134**	136
- Defined contribution plan	**43**	48
Other key management personnel:		
- Remuneration and related costs	**1,761**	1,592
- Defined contribution plan	**2**	2
Other staff:		
- Remuneration and related costs	**15,985**	17,199
- Defined contribution plan	**707**	723
	19,690	20,771

7 Finance costs

	Group	
	2014	2013
	US$'000	US$'000
Interest on bank term loans	**375**	211

8 (Loss)/profit before tax

(Loss)/profit before tax is determined after charging/(crediting) the following:

	Group	
	2014	2013
	US$'000	US$'000
Auditors' remuneration		
- Auditors of the Company		
- current year	**109**	112
- under provision in prior year	**2**	–
- Other auditors		
- current year	**193**	105
- under provision in prior year	**60**	93
Fees for non-audit services paid to:		
- Auditors of the Company		
- current year	**16**	25
- under provision in prior year	**–**	1
- Other auditors		
- current year	**2**	2
Allowance for doubtful trade receivables - third parties (Note 17a)	**1,088**	550
Allowance for doubtful trade receivables written back (Note 17a)	**(403)**	(86)
Allowance for doubtful non-trade receivables - third parties (Note 17b)	**–**	91
Bad trade receivables written off	**20**	32
Cost of inventories recognised as an expense	**2,043**	8,098
Exchange loss	**722**	2,540
Impairment of goodwill	**92**	–
Impairment of property, plant and equipment written back (Note 12)	**–**	(596)
Property, plant and equipment written off	**107**	1
Provision for restructuring costs written back (Note 26)	**(57)**	–

9 Taxation

Tax expense attributable to (loss)/profit is made up of:

	Group	
	2014	2013
	US$'000	US$'000
From continuing operations		
Current income tax provision		
- Foreign	**26**	52
Deferred tax (Note 16)	**(7)**	171
	19	223
(Over)/under provision in respect of previous financial years		
- current income tax	**(17)**	357
- deferred tax (Note 16)	**–**	(69)
	2	511
From discontinued operation		
Current income tax	**–**	24
	2	535

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rates applicable to (loss)/profit before tax due to the following factors:

	Group	
	2014	2013
	US$'000	US$'000
(Loss)/profit before tax	**(901)**	1,019
Tax calculated at a tax rate of 17%	**(153)**	173
Effect of different tax rates in other countries	**(167)**	(453)
Expenses not deductible for tax purposes	**661**	158
Income not subject to tax	**(494)**	(814)
Deferred tax assets not recognised	**672**	1,414
Utilisation of deferred tax asset previously not recognised	**(481)**	(328)
(Over)/under provision of tax in prior years	**(17)**	288
Others	**(19)**	97
	2	535

9 Taxation (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014	2013
	US$'000	US$'000
Tax losses and capital allowances carry forward	**24,097**	23,383

As 31 December 2014, the Group had unutilised tax losses and unabsorbed capital allowances of approximately US$23,538,000 (2013: US$23,148,000) and US$559,000 (2013: US$235,000) respectively, available for carry-forward to set-off against future taxable income, subject to compliance with relevant provisions of the tax legislation of the respective countries in which the Group operates. The potential deferred tax assets of US$4,096,000 (2013: US$3,975,000) arising from these unutilised losses and unabsorbed capital allowances have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow to related tax benefits to be realised.

10 Discontinued operation

	Group	
	2014	2013
	US$'000	US$'000
Profit from discontinued operation	–	164
Gain on disposal of discontinued operation	–	5,132
	–	5,296

In February 2013, the Group disposed 50% of its equity interest in Worldwide GSA Pte Ltd and its subsidiaries which were collectively referred to as the air cargo management services ("GSA") business. The financial results for GSA business in the financial year 2013 covered the first two months ended 28 February 2013.

10 Discontinued operation (cont'd)

i) *Income statement disclosures*

The results of the discontinued operation for the financial year were as follows:

	Group	
	2014	2013
	US$'000	US$'000
Revenue	–	5,718
Other income	–	15
Expenses	–	(5,551)
Profit from discontinued operations	–	182
Finance cost	–	–
Share of result of associates	–	6
Profit before tax	–	188
Taxation (Note 9)	–	(24)
	–	164

(ii) *Cash flow statement disclosures*

The cash flow attributable to the discontinued operation for the year ended 31 December was as follows:

	Group	
	2014	2013
	US$'000	US$'000
Operating cash outflows	–	(181)
Investing cash inflows	–	3
Financing cash outflows	–	(94)
Net cash outflows	–	(272)

10 Discontinued operation (cont'd)

(iii) The effect of the disposal on the cash flow of the Group was as follows:

Identifiable assets and liabilities of the disposed subsidiary:

	2013 US$'000
Cash and cash equivalent	(1,603)
Property, plant and equipment	(27)
Investment in associates	(10)
Trade and other receivables	(5,313)
Total assets	(6,953)
Trade and other payables	6,016
Tax payable	35
Total liabilities	6,051
Net asset of subsidiary derecognised	902
Less: Non-controlling interests	(109)
Net asset disposed	793
Reclassification of foreign currency translation reserve	(571)
	222
Gain on disposal of subsidiary	5,132
Proceed from disposal	5,354
Less: Fair value of residual interest retained in former subsidiary accounted for as investment in joint venture	(2,677)
Proceed from disposal in cash	2,677
Less: Cash and cash equivalents of subsidiary disposed	(1,603)
Net cash flow from disposal of a subsidiary	1,074

11 Earnings per share

	Group 2014	Group 2013
Profit/(loss) after tax from continuing operations attributable to equity holders of the Company (US$'000)	**107**	(2,766)
Profit from discontinued operation, net of tax (US$'000)	**–**	5,291
Profit after tax attributable to equity holders of the Company (US$'000)	**107**	2,525
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**715,904**	715,904
Basic earnings/(loss) per share from continuing operations (US cents)	**0.01**	(0.39)
Basic earnings per share from discontinued operation (US cents)	**–**	0.74
Basic earnings per share (US cents)	**0.01**	0.35

Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company by the number of ordinary shares in issue of 715,903,629 shares.

12 Property, plant and equipment

	Aircrafts	Aircraft components	Freehold land	Building on freehold land	Freehold service apartment	Leasehold office units	Electrical equipment, tools & machinery	Computer equipment	Furniture, fixtures & fittings	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
2014											
Cost											
At 1.1.2014	7,185	747	926	1,160	355	3,057	99	2,238	2,151	3,534	21,452
Additions	–	41	–	–	–	–	7	114	270	512	944
Disposals	(15)	(8)	–	–	(353)	(721)	–	(14)	(2)	(97)	(1,210)
Attributable to acquisition of subsidiary	–	–	–	–	–	–	–	7	10	–	17
Attributable to disposal of subsidiaries	–	–	–	–	–	–	–	(19)	(53)	–	(72)
Written off	–	–	–	–	–	–	–	(91)	(74)	–	(165)
Currency realignment	–	–	–	–	(2)	3	–	(55)	(54)	(142)	(250)
At 31.12.2014	**7,170**	**780**	**926**	**1,160**	–	**2,339**	**106**	**2,180**	**2,248**	**3,807**	**20,716**
Accumulated depreciation and impairment losses											
At 1.1.2014	662	194	–	84	198	876	98	1,886	1,669	2,609	8,276
Depreciation charge	193	168	–	41	12	89	1	163	170	236	1,073
Disposals	–	(2)	–	–	(209)	(96)	–	(14)	(2)	(53)	(376)
Attributable to acquisition of subsidiary	–	–	–	–	–	–	–	7	5	–	12
Attributable to disposal of subsidiaries	–	–	–	–	–	–	–	(19)	(51)	–	(70)
Written off	–	–	–	–	–	–	–	(25)	(33)	–	(58)
Currency realignment	–	–	–	–	(1)	(3)	1	(52)	(32)	(110)	(197)
At 31.12.2014	**855**	**360**	–	**125**	–	**866**	**100**	**1,946**	**1,726**	**2,682**	**8,660**
Net carrying value											
At 31.12.2014	**6,315**	**420**	**926**	**1,035**	–	**1,473**	**6**	**234**	**522**	**1,125**	**12,056**

12 Property, plant and equipment (cont'd)

	Aircrafts	Aircraft components	Freehold land	Building on freehold land	Freehold service apartment	Leasehold office units	Electrical equipment, tools & machinery	Computer equipment	Furniture, fixtures & fittings	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
2013											
Cost											
At 1.1.2013	6,163	412	926	1,160	368	3,036	166	2,440	2,197	3,179	20,047
Additions	4,857	561	–	–	–	–	–	146	348	625	6,537
Disposals	–	–	–	–	–	–	(65)	(50)	(147)	(63)	(325)
Transfer to inventories	(3,835)	(226)	–	–	–	–	–	–	–	–	(4,061)
Attributable to disposal group	–	–	–	–	–	–	–	(241)	(224)	(133)	(598)
Written off	–	–	–	–	–	–	–	–	(3)	–	(3)
Currency realignment	–	–	–	–	(13)	21	(2)	(57)	(20)	(74)	(145)
At 31.12.2013	7,185	747	926	1,160	355	3,057	99	2,238	2,151	3,534	21,452
Accumulated depreciation and impairment losses											
At 1.1.2013	1,249	57	–	43	193	771	158	1,957	1,783	2,699	8,910
Depreciation charge	13	147	–	41	12	94	4	244	177	143	875
Disposals	–	–	–	–	–	–	(62)	(48)	(76)	(30)	(216)
Transfer to inventories	–	(10)	–	–	–	–	–	–	–	–	(10)
Attributable to disposal group	–	–	–	–	–	–	–	(232)	(205)	(132)	(569)
Written off	–	–	–	–	–	–	–	–	(2)	–	(2)
Impairment written back	(600)	–	–	–	–	–	–	2	2	–	(596)
Currency realignment	–	–	–	–	(7)	11	(2)	(37)	(10)	(71)	(116)
At 31.12.2013	662	194	–	84	198	876	98	1,886	1,669	2,609	8,276
Net carrying value											
At 31.12.2013	6,523	553	926	1,076	157	2,181	1	352	482	925	13,176

(a) At the balance sheet date, the net carrying value of motor vehicles of the Group acquired under finance lease agreements amounted to US$142,000 (2013: US$Nil) (Note 23).

(b) Bank term loans are secured on the leasehold properties of the Group with a net carrying value of US$1,232,000 (2013: US$1,265,000) (Note 25).

13 Investment in subsidiaries

	Company 2014 US$'000	Company 2013 US$'000
Unquoted equity shares, at cost	#	#

#: represents amount less than US$1,000

(a) Details of subsidiaries are:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2014 %	Group's effective equity holding 2013 %
Held by the Company					
*	A-Sonic Aviation Solutions Pte. Ltd.	Providing retrofit solutions and the supply of aircraft systems and/or aerospace components.	Singapore	**100**	100
*	A-Sonic Logistic Solutions Pte. Ltd.	Investment holding company.	Singapore	**100**	100
Held by A-Sonic Aviation Solutions Pte. Ltd.					
*	A-Sonic Aviation Pte. Ltd.	Under liquidation.	Singapore	–	100
#	A-Sonic Aviation Training Private Limited	Struck off.	Singapore	–	100
*	SWIFT AirCargo Private Limited	Aircraft ownership and lease/ sales of aircraft.	Singapore	**100**	100
Held by A-Sonic Logistic Solutions Pte. Ltd.					
*	Airocean Group Pte. Ltd.	Regional head office activities and providing services to land transportation.	Singapore	**100**	100
#	A-Sonic Logistic Hub Pte. Ltd.	Struck off.	Singapore	–	100
*	Sterling Campus Private Limited(a)	Providing education and training.	Singapore	–	100

13 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries are (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
				2014	2013
				%	%
Held by Airocean Group Pte. Ltd.					
*	A-Sonic SCM Private Limited	Investment holding company.	Singapore	**100**	100
*	A-Sonic Logistics Pte. Ltd.	Logistics.	Singapore	**100**	100
**	Cargoworks (Malaysia) Sdn. Bhd.	Dormant.	Malaysia	**100**	100
#	International GSA Sdn. Bhd.	Struck off.	Malaysia	**–**	70
Held by A-Sonic SCM Private Limited					
*	A-Sonic Cargoplus Private Limited	Transportation and airport ground services.	Singapore	**100**	100
**	A-Sonic Cargoplus (Malaysia) Sdn. Bhd.	Logistics.	Malaysia	**100**	100
Held by A-Sonic Logistics Pte. Ltd.					
***	A-Sonic Logistics (Korea) Co., Ltd	Logistics.	Korea	**60**	100
***	Express Customs Clearance (USA), Inc.	Customs clearance.	USA	**100**	100
**	A-Sonic Logistics (Netherlands) B.V.	Logistics.	Netherlands	**100**	100
***	A-Sonic Logistics (Australia) Pty Ltd	Logistics.	Australia	**80**	80

13 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries are (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
				2014	2013
				%	%
Held by A-Sonic Logistics Pte. Ltd. (cont'd)					
***	A-Sonic Logistics (Vietnam) Company Limited	Logistics.	Vietnam	**95**	51
***	A-Sonic Express Logistics (India) Private Limited	Logistics.	India	**90**	95
**	A-Sonic Logistics (Malaysia) Sdn. Bhd.	Logistics.	Malaysia	**100**	100
**	A-Sonic Logistics (H.K.) Limited	Logistics.	Hong Kong	**100**	100
**	A-Sonic Marine (H.K.) Limited	Logistics.	Hong Kong	**100**	100
***	A-Sonic Logistics (USA), Inc.	Logistics.	USA	**100**	100
#	Cinosa Air (HK) Limited	Struck off.	Hong Kong	**–**	100
#	A-Sonic Logistics (ROC) Co Ltd	Logistics.	Republic of China	**60**	–
#	e2-Solutions Pte Ltd	Dormant.	Singapore	**100**	–
Held by A-Sonic Logistics (H.K.) Limited					
**	UBI Logistics Limited	Investment holding company.	Hong Kong	**72**	72
***	A-Sonic Logistics (China) Company Limited	Logistics.	The People's Republic of China	**100**	100

13 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries are (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
				2014	2013
				%	%
	Held by UBI Logistics Limited				
**	UBI Logistics (China) Limited	Freight forwarding.	The People's Republic of China	**51**	51
***	UBI (HK) International Limited	Investment holding company.	Hong Kong	**51**	51
	Held by UBI (HK) International Limited				
***	UBI Logistics (HK) Limited	Logistics.	Hong Kong	**51**	51
***	UBI Logistics (Australia) Pty Ltd	Logistics.	Australia	**38**	38
***	Star Rich Logistics Limited	Logistics.	Hong Kong	**26**	26
***	CALS Logistics, Inc.	Logistics.	Canada	**51**	51
***	Ultra Air Cargo Inc.	Logistics.	USA	**51**	51
	Held by CALS Logistics, Inc.				
#	CALS Logistics USA, Inc.	Logistics.	USA	**51**	51

Notes:

(a) During the financial year, the Group disposed its interest in Sterling Campus Private Limited to a third party by selling off 80% of its interest for a cash consideration of US$280,000 (Note13(d)). As a result, the subsidiary become an associate (Note14). The disposal resulted in a gain of US$192,000.

Not required to be audited for the financial year ended 31 December 2014 by law of country of incorporation.

* Audited by Baker Tilly TFW LLP.

** Audited by member firms of Baker Tilly International in their respective countries.

13 Investment in subsidiaries (cont'd)

(a) Details of subsidiaries are (cont'd):

*** Audited by other professional firms as follows:

Name of subsidiary	Name of auditors
A-Sonic Logistics (Korea) Co., Ltd	Seolin Accounting Corp
Express Customs Clearance (USA), Inc.	Miu & Co.
A-Sonic Logistics (Australia) Pty Ltd	W.L. Browne & Associates
A-Sonic Logistics (Vietnam) Company Limited	U & I Auditing Company Limited
A-Sonic Express Logistics (India) Private Limited	Essveeyar Chartered Accountants
A-Sonic Logistics (USA), Inc.	Marks Paneth & Shron LLP
A-Sonic Logistics (China) Company Limited	Fan, Chan & Co
UBI (HK) International Limited	Vision A.S. Limited, CPA
UBI Logistics (HK) Limited	Vision A.S. Limited, CPA
UBI Logistics (Australia) Pty Ltd	W.L. Browne & Associates
Star Rich Logistics Limited	Vision A.S Limited, CPA
CALS Logistics, Inc.	Turner Moore LLP
Ultra Air Cargo Inc.	Hsu, Yao, Thuang & Chiang CPAs, LLP

(b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/country of incorporation	Effective ownership interest held by NCI	
		2014	2013
		%	%
UBI Logistics (China) Limited	The People's Republic of China	**49**	49
UBI Logistics (Australia) Pty Ltd	Australia	**62**	62

13 Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Balance Sheets

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets	**623**	789	**20**	150
Current assets	**33,598**	33,483	**4,196**	5,234
Current liabilities	**(31,698)**	(32,774)	**(6,427)**	(6,885)
Net assets/(liabilities)	**2,523**	1,498	**(2,211)**	(1,501)
Net assets/(liabilities) attributable to NCI	**1,236**	734	**(1,365)**	(927)

Summarised Income Statements

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**124,796**	137,371	**29,082**	36,208
Profit/(loss) before tax	**1,028**	(933)	**(917)**	(1,083)
Income tax expense	**–**	–	**–**	(177)
Profit/(loss) after tax from continuing operations	**1,028**	(933)	**(917)**	(1,260)
Total comprehensive income/(loss)	**1,028**	(933)	**(917)**	(1,260)
Profit/(loss) allocated to NCI	**504**	(457)	**(566)**	(778)

13 Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

Summarised Cash Flows

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating activities	**1,657**	230	**512**	4
Cash flows from/ (used in) investing activities	**1**	(149)	**(17)**	(46)
Cash flows (used in)/from financing activities	**(1,821)**	1,484	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(163)**	1,565	**495**	(42)

(c) Acquisition of a subsidiary

In March 2014, the Group acquired 60% of the issued share capital of GV Network Logistics Private Limited ("GV") for US$402. The Group has acquired GV in order to complement the Group's principal activities and strengthen its presence in India.

Fair value of identifiable assets and liabilities of subsidiary at acquisition date:

	Group
	US$'000
Property, plant and equipment	**(5)**
Trade and other receivables	**(14)**
Total assets	**(19)**
Trade and other payables	**92**
Bank overdraft	**31**
Total liabilities	**123**
Total identifiable net liabilities	**104**
Less: Non-controlling interest	**(42)**
Net identifiable liabilities acquired	**62**
Goodwill	**(62)**
	#
Add: Bank overdraft	**31**
Net cash outflow from acquisition of a subsidiary	**31**

#: represents amount less than US$1,000

13 Investment in subsidiaries (cont'd)

(d) Disposal of subsidiaries

In October and December 2014, the Group disposed 80% and 60% of its equity interest in Sterling Campus Private Limited and GV Network Logistics Private Limited respectively.

Effect of the disposals on the cash flow of the subsidiaries were as follows:

Identifiable assets and liabilities of the disposed subsidiaries:

	US$'000
Property, plant and equipment	(2)
Trade and other receivables	(42)
Cash and cash equivalent	(137)
Total assets	(181)
Trade and other payables	128
Bank overdraft	31
Total liabilities	159
Net asset of subsidiaries derecognised	22
Add: Non-controlling interests	44
Net asset disposed	66
Reclassification of foreign currency translation reserve	(5)
	61
Gain on disposal of subsidiaries	259
Proceed from disposal	320
Less: Fair value of residual interest retained in former subsidiaries accounted for as investment in joint venture	(40)
Proceed from disposal in cash	280
Less: Cash and cash equivalents of subsidiaries disposed	(137)
Add: Bank overdraft	31
Net cash flow from disposal of subsidiaries	174

14 Investment in associates - Group

The Group's investment in associates are summarised below:

	Group	
	2014	2013
	US$'000	US$'000
Carrying amounts:		
Silver Express International Ltd (material to the Group)	**445**	690
Other associates	**131**	64
	576	754

Details of associates are:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2014 %	Group's effective equity holding 2013 %
	Held by A-Sonic Logistic Solutions Pte Ltd				
*	Sterling Campus Private Limited[(a)]	Providing education and training.	Singapore	**20**	–
	Held by A-Sonic SCM Private Limited				
***	Silver Express International Ltd	Ground cargo handling agents.	Hong Kong	**40**	40
	Held by A-Sonic Logistics Pte. Ltd.				
***	A-Sonic Logistics (Thailand) Co., Ltd	Logistics.	Thailand	**49**	49
#	A-Sonic Logistics (Philippines) Inc.	Dormant.	Philippines	**40**	40
**	A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	Freight forwarding and general trading.	Malaysia	**49**	49
**	A-Sonic Logistics Lanka (Private) Limited.	Freight forwarding and general trading.	Sri Lanka	**40**	40
**	A-Sonic Logistics Middle East LLC	Freight forwarding and general trading.	United Arab Emirates	**49**	49

14 Investment in associates - Group (cont'd)

Notes:

(1) During the financial year, the Group reduced its interest in Sterling Campus Private Limited to 20%. (Note 13(d)).

Not required to be audited for the financial year ended 31 December 2014 by law of country of incorporation.

* Audited by Baker Tilly TFW LLP.

** Audited by member firms of Baker Tilly International in their respective countries.

*** Audited by other professional firms as follows:

Name of associates	Name of auditors
Silver Express International Ltd	Deloitte Touche Tohmatsu
A-Sonic Logistics (Thailand) Co., Ltd	NC Advanced Consulting Co., Ltd

The activities of the associates are strategic to the Group's activities.

Summarised financial information for Silver Express International Ltd based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	2014	2013
	US$'000	US$'000
Revenue	**5,347**	6,249
Profit after tax from continuing operations	**669**	1,321
Total comprehensive income	**669**	1,321
Dividend received from associate	**511**	520
Non-current assets	**216**	388
Current assets	**2,003**	2,598
Non-current liabilities	**(30)**	(35)
Current liabilities	**(1,076)**	(1,225)
Net assets	**1,113**	1,726
Group's share of net assets based on proportion of ownership interest	**445**	690
Carrying amount of investment	**445**	690

14 Investment in associates - Group (cont'd)

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2014	2013
	US$'000	US$'000
Loss after tax from continuing operations	**(218)**	(369)
Total comprehensive loss	**(218)**	(369)

The Group has not recognised its share of losses of A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd. and A-Sonic Logistics Middle East LLC amounting to US$31,000 and US$70,000 (2013: US$32,000 and US$107,000) respectively because the Group's cumulative share of losses has exceeded its interest in those associates and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were US$537,000 (2013: US$436,000).

15 Investment in joint ventures - Group

The Group's investment in joint ventures are summarised below:

	Group	
	2014	2013
	US$'000	US$'000
Carrying amounts:		
Worldwide GSA Pte Ltd (material to the Group)	**2,678**	2,580
Other joint venture	**5**	7
	2,683	2,587

15 Investment in joint ventures - Group (cont'd)

Details of joint ventures are:

Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
			2014	2013
			%	%
Held by Airocean Group Pte Ltd				
* Worldwide GSA Pte Ltd	Air cargo management services.	Singapore	**50**	50
Held by A-Sonic Logistics (H.K.) Limited				
** Maltacourt Asia Limited	Logistics.	In the process of striking off.	**50**	50

* Audited by Baker Tilly TFW LLP.

** Audited by member firms of Baker Tilly International in their respective countries.

The activities of the joint ventures are strategic to the Group's activities.

Summarised financial information for Worldwide GSA Pte Ltd based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	2014	2013
	US$'000	US$'000
Revenue	**42,602**	38,542
Profit after tax from continuing operations	**446**	5
- Depeciation	**26**	23
- Interest expense	**172**	135
- Income tax expense	**65**	351
Other comprehensive (loss)/income	**(8)**	150
Total comprehensive income	**438**	155
Dividend payment to non-controlling interest	**(51)**	(61)
Non-current assets	**337**	80
Current assets	**8,380**	7,518
- Cash and cash equivalents	**1,564**	2,212
Current liabilities	**(7,491)**	(6,757)
- Due to joint venture party	**(3,212)**	(2,865)
- Due to related parties	**#**	(7)
Net assets	**1,227**	841
Non controlling interest	**(101)**	(111)
	1,126	730
Group's share of net assets based on proportion of ownership interest	**563**	365
Fair value of residual interest in former subsidiary (Note 10)	**2,115**	2,215
Carrying amount of investment	**2,678**	2,580

#: represents amount less than US$1,000

15 Investment in joint ventures - Group (cont'd)

Aggregate information about the Group's investment in the other joint venture that is not individually material are as follows:

	2014	2013
	US$'000	US$'000
(Loss)/profit after tax from continuing operations	**(3)**	2
Total comprehensive (loss)/income	**(3)**	2

16 Deferred tax

Movements in deferred tax (assets) and liabilities of the Group during the year are as follows:

	At 1.1.2013 US$'000	Additions/ (reversals) US$'000	Currency realignment US$'000	At 31.12.2013 US$'000	**Additions/ (reversals) US$'000**	**Currency realignment US$'000**	**At 31.12.2014 US$'000**
Deferred tax liabilities							
Property, plant and equipment	6	(6)	–	–	**–**	**–**	**–**
Other items	86	(83)	(3)	–	**–**	**–**	**–**
	92	(89)	(3)	–	**–**	**–**	**–**

	At 1.1.2013 US$'000	(Additions)/ reversals US$'000	Currency realignment US$'000	At 31.12.2013 US$'000	**(Additions)/ reversals US$'000**	**Currency realignment US$'000**	**At 31.12.2014 US$'000**
Deferred tax assets							
Employees' benefits	(26)	24	2	–	**–**	**–**	**–**
Other items	(323)	167	24	(132)	**(7)**	**9**	**(130)**
	(349)	191	26	(132)	**(7)**	**9**	**(130)**
Amount recognised in consolidated income statement (Note 9)		102			**(7)**		

16 Deferred tax (cont'd)

The Group's provision for deferred tax has been computed based on the corporate tax rate and tax laws prevailing at the reporting date.

17 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**34,048**	35,762	**–**	–
Payment of custom duties and freight recoverable from customers	**307**	2,798	**–**	–
Advance payment to suppliers	**984**	979	**–**	–
Deposits	**2,564**	2,293	**–**	–
Prepayment	**790**	1,184	**5**	5
Other receivables	**1,032**	740	**–**	–
	39,725	43,756	**5**	5

a) Trade receivables are stated after making the following allowance for doubtful receivables:

	Group	
	2014	2013
	US$'000	US$'000
At beginning of financial year	**2,536**	2,335
Additions (Note 8)	**1,088**	550
Write back (Note 8)	**(403)**	(86)
Bad receivables written off	**(268)**	(2)
Attributable to discontinued operation	**–**	(122)
Attributable to disposal of subsidiary	**(4)**	–
Currency realignment	**(75)**	(139)
	2,874	2,536

17 Trade and other receivables (cont'd)

b) Other receivables are stated after making the following allowance for doubtful receivables:

	Group	
	2014	2013
	US$'000	US$'000
At beginning of financial year	**378**	401
Additions (Note 8)	**–**	91
Bad debts written off	**(4)**	–
Attributable to discontinued operation	**–**	(130)
Currency realignment	**(2)**	16
At end of financial year	**372**	378

c) Included in deposits are amounts placed with airlines and agents amounting to US$1,844,000 (2013: US$1,647,000) as security for services rendered.

18 Finance lease receivables - Group

	2014		2013	
	Minimum lease payments US$'000	**Present value of lease payments US$'000**	Minimum lease payments US$'000	Present value of lease payments US$'000
Not more than one year	**4,077**	**3,144**	2,361	1,114
Later than one year but not later than five years	**2,505**	**2,176**	4,960	3,699
	6,582	**5,320**	7,321	4,813
Less: Unearned finance income	**(1,262)**	**–**	(2,508)	–
Net finance lease receivables	**5,320**	**5,320**	4,813	4,813

The finance lease receivables are analysed as follows:

	2014	2013
Not more than one year	**3,144**	1,114
Later than one year but not later than five years	**2,176**	3,699
	5,320	4,813

The Group enters into finance leasing arrangements for certain of its aircrafts. All leases are denominated in United States dollar. The average term of finance leases entered into is 3 (2013: 3) years.

The finance lease receivables are secured by a charge on the lessee's leased assets.

19 Due from and due to subsidiaries

	Company	
	2014	2013
	US$'000	US$'000
Due from:		
Trade	**1,623**	1,353
Non-trade	**58,321**	58,462
	59,944	59,815
Due to:		
Trade	**–**	(46)
Non-trade	**–**	1,493
	–	1,447

Amount due from subsidiaries are stated after making the following allowance for doubtful receivables:

	2014	2013
	US$'000	US$'000
At beginning and end of financial year	**25,577**	25,577

Non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand except for amounts of US$18,869,000 (2013: US$19,196,000) which bears interest at USD LIBOR plus 1.50% (2013: USD SIBOR plus 1.50%) per annum, US$6,580,000 (2013: US$Nil) which bears interest USD LIBOR plus 1.35% (2013: Nil) and US$312,000 (2013: US$Nil) bears interest at SGD SIBOR plus 1.50% (2013: Nil). The weighted average interest rate as at balance sheet date is 1.52% (2013: 1.68%) per annum.

The Company acts as central treasury for the Group which practices global settlement of inter-company balances at regular intervals. The Company also tracks the multi currency transactions it has with its respective subsidiaries and at the reporting date, the Company has a foreign currency assets exposure mainly to Singapore dollar amounting to US$2,548,000 (2013: US$2,780,000).

20 Due from associates - Group

Amounts due from associates are unsecured, non-trade in nature, interest free and repayable on demand except for an amount of US$363,000 (2013: US$363,000) which bears interest rates ranging from 4% to 5% (2013: 4% to 5%) per annum.

21 Due from joint ventures - Group

Amounts due from joint ventures are unsecured, non-trade in nature, interest free and repayable on demand except for an amount of US$2,774,000 (2013: US$2,609,000) which bears an interest rate at 5.50% (2013: 5.50%) per annum.

22 Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Bank and cash balances (a)	**16,439**	17,462	**5,304**	5,427
Fixed deposits (b)	**162**	3,256	**–**	–
	16,601	20,718	**5,304**	5,427

(a) Bank deposits of the Group amounting to US$5,996,000 (2013: US$5,659,000) and of the Company amounting to US$5,269,000 (2013: US$5,400,000) earn interest at variable rates ranging from 0.01% to 2.35% (2013: 0.01% to 2.50%) per annum, and 0.02% to 0.61% (2013: 0.01% to 0.33%) per annum respectively.

(b) The fixed deposits of the Group were placed with reputable banks and mature within 12 months from year end with fixed interest rates ranging between 0.20% to 4.50% (2013: 0.25% and 4.50%) per annum.

23 Finance lease liabilities

The Group has entered into finance leases on certain of its commercial motor vehicles with 5 years lease term expiring in the financial year ended 31 December 2019. During the year, the effective interest rate per annum on the finance leases is 3.56% (2013: Nil).

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:-

	2014	
	Minimum lease payments US$'000	**Present value of lease payments US$'000**
Not more than one year	**37**	**34**
Later than one year but not later than five years	**136**	**125**
	173	**159**
Less: Future finance charges	**(14)**	**–**
Present value of finance lease liabilities	**159**	**159**

The finance lease liabilities are analysed as follows:

Not more than one year	**34**
Later than one year but not later than five years	**125**
	159

The net carrying value of motor vehicles acquired under finance lease agreement is disclosed in Note 12.

24 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**21,185**	21,746	**–**	–
Other payables	**2,816**	2,342	**10**	30
Accrued operating expenses	**2,709**	2,600	**220**	207
Custom duties and freight received in advance from customers	**2,988**	5,360	**–**	–
Advance from a director/shareholder of a subsidiary*	**6,187**	5,769	**–**	–
Maintenance reserve	**–**	102	**–**	–
	35,885	37,919	**230**	237

* The advance from a director/shareholder of a subsidiary is unsecured, interest-free and is repayable on demand.

25 Bank term loans

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Secured				
Money market loans	**4,421**	6,793	**–**	–
Revolving term loans	**3,280**	4,040	**3,280**	2,540
Unsecured				
Revolving term loan	**–**	1,574	**–**	–
	7,701	12,407	**3,280**	2,540

Money market loans of US$4,421,000 (2013: Money market loans and revolving term loans of US$8,293,000) for the Group are covered by corporate guarantee given by the Company.

The money market loans of US$4,421,000 (2013: US$6,793,000) are also secured by a first deed of debenture incorporating a floating charge over receivables of the logistics services of the Group amounting to US$44,577,000 (2013: US$47,718,000).

The revolving term loan of the Group and Company amounting to US$3,280,000 (2013: US$2,540,000) is secured on the leasehold properties of the Group and Company (Note 12).

25 Bank term loans (cont'd)

The weighted average interest rates per annum for the loans as at year end are as follows:

a) Money market loans - 3.43 % (2013: 1.69%)

b) Revolving term loans - 1.51% (2013: 2.82%)

The loans are at variables rates except for the revolving term loan of US$1,574,000 in 2013 which is at fixed rate and has been repaid in 2014.

26 Provision for restructuring costs

	Group	
	2014	2013
	US$'000	US$'000
At beginning of financial year	**603**	639
Written back (Note 8)	**(57)**	–
Currency realignment	**(25)**	(36)
At end of financial year	**521**	603

The provision for restructuring costs represent legal and other fees to be incurred for the liquidation of certain subsidiaries which have ceased operations and other costs for the reorganisation of manpower.

27 Share capital

	Group and Company			
	2014		2013	
	No. of shares	**US$'000**	No. of shares	US$'000
Issued and fully paid capital at beginning and end of financial year - as reported	**715,903,629**	**51,775**	715,903,629	51,775

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

A-Sonic Aerospace Employee Share Option Scheme ("ESOS")

(i) In 2004, the Company implemented the ESOS in accordance with the scheme approved by the shareholders on 29 July 2003. The purpose of the ESOS is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

27 Share capital (cont'd)

(ii) The options that are granted under the ESOS may have exercise prices that are, at the Remuneration Committee's discretion, set at a price equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option of a share or at a discount to the above-mentioned price (subject to a maximum discount of 20%). Options granted under the ESOS will have a life span of 10 years.

(iii) The size of the ESOS shall not exceed 5% of the total issued shares of the Company. Executive directors and employees of the Group, who are not controlling shareholders, are eligible to participate in the ESOS. Participation in the ESOS by the associates of controlling shareholders must be approved by the independent shareholders of the Company.

(iv) On 3 June 2004, the Company offered to the employees of the Group 101,000 share options at an exercise price of S$0.349 per ordinary share, which is the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately preceding the date of grant of the option, and 108,000 share options at an exercise price of S$0.314 per ordinary share. No options were exercised during the year and the remaining unissued shares under ESOS expired in June 2014.

(v) As at the balance sheet date, there were no unissued shares under ESOS.

28 Contingent liabilities

As at balance sheet date:

a) corporate guarantees issued for bank facilities by the Company to certain of its subsidiaries amounted to US$27,000,000 (2013: US$30,000,000).

b) usage by a joint venture of the Group's bank facility (bankers' guarantees) amounted to US$1,902,000 (2013: US$3,284,000).

29 Commitments

Lease commitments - where the Group is the lessee

Commitments in relation to non-cancellable operating leases for office premises, office equipment and machinery contracted for but not recognised as liabilities, are payable as follows:

	Group	
	2014	2013
	US$'000	US$'000
Not later than one financial year	**1,971**	2,088
Later than one financial year but not later than five financial years	**2,197**	2,958
	4,168	5,046

At the balance sheet date, the leases for rental of office premises, office equipment and machinery have remaining unexpired terms between 3 months to 59 months (2013: between 2 months to 56 months). All leases include options for renewal.

30 Dividend

	Group and Company	
	2014	2013
	US$'000	US$'000
Interim tax exempt (one-tier) dividend of 0.134 US cents per share for the financial year ended 31 December 2013	**–**	959

The directors do not propose a final dividend to be paid for the financial year ended 31 December 2014.

31 Related parties transaction

In addition to related party transactions disclosed elsewhere in the financial statements, the Group had significant transactions with related parties during the financial year on terms mutually agreed by the parties concerned:

	2014	2013
	US$	US$
With associates		
- Services rendered	**333**	166
- Interest income	**18**	7
- Rental income	**16**	31
- Management fees income	**25**	31
- Freight charges	**(470)**	(193)
With a joint venture and its related corporations		
- Services rendered	**11**	53
- Interest income	**171**	135
- Sundry income	**307**	218
- Corporate guarantee charges income	**55**	101
- Share of service/ IT licence fee income	**114**	96
- Freight charges	**(312)**	(469)
- Management fee	**(5)**	(14)
With corporations in which certain directors of the Company have significant influence and substantial financial interest		
- Sales of goods	**11**	91
- Services rendered	**8**	5
- Lease rental income	**336**	375
- Rental expenses	**(45)**	(59)
With key management personnel and corporations in which they have significant influence and substantial financial interests		
- Rental expenses	**–**	(47)

32 Financial instruments

a) *Categories of financial instruments*

Financial instruments as at balance sheet date are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Loans and receivables	**64,190**	70,557	**65,248**	65,242
Financial liabilities				
Total financial liabilities at amortised cost	**43,076**	49,796	**3,510**	4,224

b) *Financial risk management*

The Group and the Company's overall risk management framework is set by the Board of Directors of the Company which sets out the Group and the Company's overall business strategies and its risk management philosophy. The Group and the Company's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

(i) *Foreign exchange risk*

The Group does not have significant foreign exchange risk exposures arising from sales, purchases and borrowings that are denominated in currency other than the respective functional currencies of Group entities. The Company's currency exposure is mainly to the Singapore dollar ("SGD").

At the balance sheet date, the Company has the following significant financial assets and financial liabilities denominated in SGD:

	2014	2013
	US$'000	US$'000
Financial assets		
Cash and cash equivalents	**59**	544
Due from subsidiaries	**2,548**	2,780
	2,607	3,324
Financial liabilities		
Other payables	**230**	237
	230	237
Net financial assets denominated in foreign currency	**2,377**	3,087

32 Financial instruments (cont'd)

b) Financial risk management (cont'd)

(i) Foreign exchange risk (cont'd)

If the SGD strengthen and weaken against the USD by 5% (2013: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) in profit after tax	
	2014	2013
	US$'000	US$'000
Company		
SGD/USD		
- strengthened 5% (2013:5%)	**121**	156
- weakened 5% (2013:5%)	**(121)**	(156)

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's debt obligations disclosed in Note 25. The Group maintains its borrowings in both variable and fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase in interest rates by 50 basis points for variable rate borrowings is not expected to have a significant impact on the Group's profit after tax.

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place to ensure that sale of products are made to customers with appropriate credit histories and the exposure to credit risk is monitored on an ongoing basis by the directors. Credit evaluations are performed on all customers requiring credit extension or credit limit.

The maximum exposure to credit risk is the carrying amounts of trade and other receivables, finance lease receivables and amounts due from associates and joint ventures and deposits placed with banks as presented on the balance sheet. The charge on the lessee's leased assets as collateral for finance lease receivables is prudently assumed not to mitigate credit risk significantly because of the nature of the assets sold which comprise aircrafts and aircraft engines. Deposits are placed with reputable banks.

32 Financial instruments (cont'd)

b) *Financial risk management (cont'd)*

(iii) Credit risk (cont'd)

The credit risk concentration profile of the Group's trade receivables based on the information provided by key management is as follows:

	Group	
	2014	2013
	US$'000	US$'000
By geographical areas		
Asia	**28,470**	27,768
Others	**5,578**	7,994
	34,048	35,762

There are no significant concentrations of credit risks other than finance lease receivables (Note 18) and amounts due from associates (Note 20) and joint ventures (Note 21).

<u>Financial assets that are neither past due nor impaired</u>

The Group's trade receivables that are neither past due nor impaired include amounts of US$18,397,000 (2013: US$19,429,000). These receivables are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable banks.

<u>Financial assets that are past due but not impaired</u>

	Group	
	2014	2013
	US$'000	US$'000
Past due 0 to two months	**14,145**	14,602
Past due two to four months	**1,088**	1,212
Past due over four months	**418**	519
Total	**15,651**	16,333

<u>Financial assets that are past due and impaired</u>

Allowances for doubtful receivables had been made for debts that are past due and impaired in trade and other receivables (Note 17) and amounts due from associates (Note 20).

The Company does not have any significant credit risk exposure other than the amounts due from subsidiaries as disclosed in Note 19.

32 Financial instruments (cont'd)

b) *Financial risk management (cont'd)*

(iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company managed the liquidity risk by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group ensures the availability of bank credit lines to address any short term funding requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
2014			
Financial liabilities			
Trade and other payables	**35,216**	**–**	**35,216**
Finance lease liabilities	**37**	**136**	**173**
Interest-bearing bank borrowings	**7,902**	**–**	**7,902**
2013			
Financial liabilities			
Trade and other payables	37,389	–	37,389
Interest-bearing bank borrowings	12,683	–	12,683
Company			
2014			
Financial liabilities			
Trade and other payables	**230**	**–**	**230**
Interest-bearing bank borrowings	**3,330**	**–**	**3,330**
2013			
Financial liabilities			
Trade and other payables	237	–	237
Due to subsidiaries	1,447	–	1,447
Interest-bearing bank borrowings	2,578	–	2,578

32 Financial instruments (cont'd)

b) *Financial risk management (cont'd)*

(iv) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

	Group		Company	
	One year or less		One year or less	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Financial guarantee contracts	**1,902**	3,284	**27,000**	30,000

(v) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment and return capital to the shareholders. The directors of the Company consider that the capital structure of the Group and the Company comprises only of share capital and reserves. The Group's overall strategy remains unchanged from 2013.

c) *Fair value of assets and liabilities*

i) *Fair value hierarchy*

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and

c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32 Financial instruments (cont'd)

c) *Fair value of assets and liabilities (cont'd)*

ii) *Financial instruments that are carried at fair value*

The Group does not have any Level 1 or Level 2 financial assets or liabilities. However, the Group's finance lease receivables (Note 18) fair value measurement is categorised in Level 3 of the fair value hierarchy and the fair value is determined by discounting cash flows at rates based on the market interest rates adjusted for risk premiums specific to the country of operations of the lessee. The rates used is 30% (2013: 30%) per annum. Changes in the rate used would result in higher or lower fair value measurement.

iii) *Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.*

Other than finance lease receivables, the carrying amounts of the financial assets and financial liabilities recorded in the financial statements of the Group and the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

The Group and Company have no other financial instruments.

33 Segment information

For management purpose, the Group is organised into 3 business segments based on their products and services as follows:

i) Aviation

ii) Logistics

iii) Air cargo management services

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment of each segment. Sales between operating segments are at arm's-length basis in a manner similar to transactions with third parties. Reportable segments' turnover, profit/(loss) before tax, interest income and finance costs are measured in a manner consistent with that in the consolidated statement of comprehensive income. The amounts provided to the management with respect to reportable segments' assets and liabilities are measured in a manner consistent with that of the financial statements.

33 Segment information (cont'd)

Business segments - Group

The segment information provided to management for the reportable segments are as follows:

	Aviation		Logistics		Air cargo management services (Discontinued operation)[1]		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Turnover from reportable segments	**2,785**	11,864	**255,472**	277,200	**–**	5,728	**258,257**	294,792
Interest income	**387**	398	**217**	159	**–**	–	**604**	557
Finance lease interest	**1,247**	1,020	**–**	–	**–**	–	**1,247**	1,020
Finance costs	**45**	26	**1,686**	1,603	**–**	–	**1,731**	1,629
Depreciation of property, plant and equipment	**431**	205	**642**	667	**–**	3	**1,073**	875
Reportable segment profit/(loss)	**599**	2,579	**(1,500)**	(1,724)	**–**	164	**(901)**	1,019
<u>Other material non-cash items</u>								
Allowance for doubtful trade receivables	**241**	39	**847**	511	**–**	–	**1,088**	550
Allowance for doubtful trade receivables written back	**(39)**	–	**(364)**	(86)	**–**	–	**(403)**	(86)
Allowance for doubtful non-trade receivables	**–**	–	**–**	91	**–**	–	–	91
Write-back of impairment of property, plant and equipment	**–**	(600)	**–**	4	**–**	–	**–**	(596)
Impairment of goodwill	**–**	–	**92**	–	**–**	–	**92**	–
Provision for restructuring costs written back	**–**	–	**(57)**	–	**–**	–	**(57)**	–
Segment assets	**98,873**	106,698	**196,679**	208,144	**–**	–	**295,552**	314,842
Expenditure in non-current assets								
Property, plant and equipment	**388**	5,437	**556**	1,100	**–**	–	**944**	6,537
Investment in associates (unallocated)							**–**	79
Segment liabilities	**39,880**	48,285	**182,414**	193,568	**–**	–	**222,294**	241,853

Note:

[1] Resulting from partial divestment of the GSA business. As a result, the GSA business unit was reflected as a "Discontinued operation" (Note 10).

33 Segment information (cont'd)

Business segments - Group

Reconciliation of reportable segments' turnover, depreciation of property, plant and equipment, assets, liabilities, and other material items:

		2014 US$'000	2013 US$'000
a)	***Turnover***		
	Total turnover for reportable segments	**258,257**	294,792
	Eliminations of intrasegments turnover	**(16,304)**	(16,292)
	Eliminations of intersegments turnover	**(86)**	(459)
	Eliminations of discontinued operation	**–**	(5,718)
	Total group's turnover	**241,867**	272,323
b)	***Depreciation of property, plant and equipment***		
	Total assets for reportable segments	**1,073**	875
	Eliminations of discontinued operation	**–**	(3)
		1,073	872
c)	***Assets***		
	Total assets for reportable segments	**295,552**	314,842
	Consolidation eliminations	**(212,830)**	(224,669)
	Total group's assets	**82,722**	90,173
d)	***Liabilities***		
	Total liabilities for reportable segments	**222,294**	241,853
	Consolidation eliminations	**(177,992)**	(190,705)
	Total group's liabilities	**44,302**	51,148
e)	***Other material items***		
	i) Interest income and finance lease interest		
	Total for reportable segments	**1,851**	1,577
	Consolidation eliminations	**(351)**	(345)
		1,500	1,232
	ii) Finance costs		
	Total for reportable segments	**1,731**	1,629
	Consolidation eliminations	**(2,106)**	(1,840)
		(375)	(211)

33 Segment information (cont'd)

Geographical information - Group

Revenue information is derived based on the country of domicile of the member entities of the Group, whereas non-current assets information is based on the geographical location of the assets.

The geographical information derived using the above basis is as follows:

	Turnover for reportable segments	
	2014	2013
	US$'000	US$'000
The People's Republic of China	**129,086**	141,434
Australia	**31,129**	37,940
USA	**27,319**	33,719
Hong Kong	**25,638**	23,291
Other countries	**28,695**	35,939
	241,867	**272,323**

	Non-current assets for reportable segments	
	2014	2013
	US$'000	US$'000
Singapore	**7,436**	8,425
USA	**4,365**	5,209
Georgia	**-**	3,832
Romania	**4,341**	-
Other countries	**1,349**	2,750
	17,491	**20,216**

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding deferred tax assets.

Information about major customer

There was no single external customer that had contributed more than 10 percent to the revenue of the Group for the financial years 2014 and 2013.

34 Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors dated 26 March 2015.

ANALYSIS OF **SHAREHOLDINGS**

as at 17 March 2015

Share Capital

Issued and Fully Paid-Up Capital	:	S$72,451,650.41
Class of shares	:	Ordinary shares
Voting rights	:	On a show of hands - 1 vote for each member
	:	On poll – 1 vote for each ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 999	1,165	18.08	646,296	0.09
1,000 - 10,000	2,193	34.03	10,711,063	1.50
10,001 - 1,000,000	3,052	47.35	195,236,019	27.28
1,000,001 AND ABOVE	35	0.54	508,983,951	71.13
TOTAL	**6,445**	**100.00**	**715,577,329**	**100.00**

PUBLIC FLOAT

The Company has complied with Rule 723 of the Listing Manual issued by SGX-ST. As at 17 March 2015, approximately 45.65% of the Company's ordinary shares listed on the SGX-ST were held in the hands of the public.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JANET LC TAN	365,175,368	51.03
2	DBS NOMINEES PTE LTD	27,721,460	3.87
3	CITIBANK NOMINEES SINGAPORE PTE LTD	26,776,553	3.74
4	MAYBANK KIM ENG SECURITIES PTE LTD	12,523,210	1.75
5	UOB KAY HIAN PTE LTD	10,293,958	1.44
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,051,489	1.27
7	DBS VICKERS SECURITIES (S) PTE LTD	4,724,148	0.66
8	IRENE TAY GEK LIM	4,561,602	0.64
9	OCBC SECURITIES PRIVATE LTD	4,071,544	0.57
10	RAFFLES NOMINEES (PTE) LTD	3,597,078	0.50
11	PHILLIP SECURITIES PTE LTD	3,293,722	0.46
12	KOH PECK HOON	3,110,045	0.43
13	OCBC NOMINEES SINGAPORE PTE LTD	2,688,122	0.38
14	CHIAN SHIAN ANN @ CHIAM YEOW ANN	2,471,500	0.35
15	CITIBANK CONSUMER NOMINEES PTE LTD	2,451,200	0.34
16	NG SER MIANG	2,118,547	0.30
17	WONG POH HWA @ KWAI SENG	1,860,000	0.26
18	TEO CHOR KOK	1,700,000	0.24
19	NG CHZE KEONG RICHARD	1,561,405	0.22
20	RAJENDRAM SO C MAHALINGAM	1,458,000	0.20
	TOTAL	491,208,951	68.65

SUBSTANTIAL SHAREHOLDER

	Direct interest		Deemed interest		Total	
Name of shareholder	No. of shares	%	No. of shares	%	No. of shares	%
Janet LC Tan	365,175,368	51.03	6,345,000	0.89	371,520,368	51.92

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 168 Robinson Road, Capital Tower, Level 9 FTSE Room, Singapore 068912 on Thursday, 30 April 2015 at 10.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and consider the audited accounts of the Company for the financial year ended 31 December 2014 and the reports of the Directors and Auditors thereon.

2. To approve directors' fees of S$170,000.00 for the financial year ended 31 December 2014 (2013: S$170,000.00).

3. To re-elect Ms Tan Lay Yong Jenny, who is retiring by rotation in accordance with Article 91 of the Company's Articles of Association, as a Director of the Company.

4. To re-elect Mr Choh Thian Chee Irving, who is retiring by rotation in accordance with Article 91 of the Company's Articles of Association, as a Director of the Company. *[see Explanatory Note (a)]*

5. To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:-

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, PROVIDED THAT :-

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this resolution;

   (ii) for the purpose of this resolution, the issued share capital shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares); and

   (iii) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. *[See Explanatory Note (b)]*

7. That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore ("Companies Act"), the exercise by the directors of the Company ("Directors") of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) market purchase(s) ("Market Purchase") on the SGX-ST; and/or

(ii) off-market purchase(s) ("Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) unless varied or revoked by the shareholders of the Company (the "Shareholders") in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Highest Last Dealt Price;

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares of the Company as at the date of the passing of this Resolution;

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"day of making of the offer" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading of securities.

(d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

8. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

GRACE CP CHAN
COMPANY SECRETARY

Singapore,
13 April 2015

Proxies :-

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

An instrument appointing a proxy must be deposited at the Company's registered office at 10 Anson Road #24-07 International Plaza Singapore 079903 not less than 48 hours before the time appointed for holding the Meeting.

Explanatory Notes :-

(a) Mr Choh Thian Chee Irving, if re-elected as a Director, will remain as a Lead Independent Director and Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered an Independent Director.

(b) The ordinary resolution set out in item 6 above, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities which the Directors may issue under this resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed.

(c) The ordinary resolution in item 7 is to renew the Share Buyback Mandate which was approved by shareholders on 26 January 2015. Please refer to letter to this Notice of Annual General Meeting for details.

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A-SONIC AEROSPACE LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 200301838G

IMPORTANT

1. For investors who have used their CPF monies to buy A-Sonic Aerospace Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of A-Sonic Aerospace Limited not less than 48 hours before the time appointed for holding the meeting.

PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Registration No. ____________________

of ____

being a member/members of **A-SONIC AEROSPACE LIMITED** hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Thursday, 30 April 2015 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No	Resolutions	For	Against
ORDINARY BUSINESS			
1	To adopt the Accounts and Reports		
2	To approve Directors' fees		
3	To re-elect Ms Tan Lay Yong Jenny as Director		
4	To re-elect Mr Choh Thian Chee Irving as Director		
5	To re-appoint Auditors and to fix their remuneration		
SPECIAL BUSINESS			
6	To authorise the Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
7	To approve the Renewal of the Share Buyback Mandate.		

Dated this __________ day of ________________ 2015.

Total Number of Shares Held

____

Signature(s) of Member(s) or Common Seal of Corporate Member

IMPORTANT

PLEASE READ NOTES OVERLEAF

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2 A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

4 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Anson Road #24-07, International Plaza, Singapore 079903 not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

5 The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

A-SONIC AEROSPACE LIMITED

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