

**A-SONIC AEROSPACE LIMITED**

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

**FIRST QUARTER FINANCIAL STATEMENTS**

- 1(a) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED INCOME STATEMENT**  
For the first quarter ended 31 March 2018

	<b>Group</b>		<i>Change %</i>
	<b>1<sup>st</sup> quarter ended 31 Mar 18 US\$'000</b>	<b>31 Mar 17 US\$'000</b>	
Turnover	<b>48,673</b>	42,491	14.5
Other income	<b>303</b>	251	20.7
<b>Total revenue</b>	<b>48,976</b>	42,742	14.6
<b>Expenses</b>			
Changes in inventories	<b>(2,000)</b>	(9)	<i>N/M</i>
Purchases of goods and consumables used	<b>(287)</b>	(4)	<i>N/M</i>
Freight charges	<b>(39,820)</b>	(37,143)	7.2
Staff costs	<b>(4,708)</b>	(4,369)	7.8
Depreciation of property, plant and equipment	<b>(193)</b>	(174)	10.9
Finance costs	<b>(59)</b>	(53)	11.3
Other operating expenses	<b>(1,460)</b>	(1,736)	(15.9)
<b>Total costs and expenses</b>	<b>(48,527)</b>	(43,488)	11.6
Share of results of associated companies	<b>240</b>	2	<i>N/M</i>
Profit/(loss) before tax	<b>689</b>	(744)	<i>N/M</i>
Taxation	<b>(1)</b>	(17)	(94.1)
<b>Profit/(loss) for the period</b>	<b>688</b>	(761)	<i>N/M</i>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company	<b>675</b>	(710)	<i>N/M</i>
Non-controlling interests	<b>13</b>	(51)	<i>N/M</i>
	<b>688</b>	(761)	<i>N/M</i>
<b>Other items :</b>			
Interest income	<b>49</b>	28	75.0
Allowance for doubtful trade receivables written back	<b>2</b>	1	100.0
Allowance for doubtful trade receivables	<b>-</b>	(1)	(100.0)
Allowance for doubtful non-trade receivables written back	<b>11</b>	86	(87.2)
Foreign currency exchange gain/(loss)	<b>18</b>	(340)	<i>N/M</i>
Loss on disposal of property, plant and equipment	<b>-</b>	6	(100.0)
Sundry income	<b>235</b>	126	86.5
Rental expenses	<b>(351)</b>	(317)	10.7

*N/M: Not meaningful*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2018

	<b>Group</b>		<i>Change %</i>
	<b>1<sup>st</sup> quarter ended</b>		
	<b>31 Mar 18</b>	31 Mar 17	
	<b>US\$'000</b>	US\$'000	
<b>Profit/(loss) for the period</b>	<b>688</b>	(761)	<i>N/M</i>
<b>Other comprehensive income/(loss):</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	<b>325</b>	346	<i>(6.1)</i>
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,013</b>	(415)	<i>N/M</i>
<b>Total comprehensive profit/(loss) attributable to:</b>			
Equity holders of the Company	<b>924</b>	(336)	<i>N/M</i>
Non-controlling interests	<b>89</b>	(79)	<i>N/M</i>
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,013</b>	(415)	<i>N/M</i>

*N/M = not meaningful*

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**Balance Sheets**  
**31 March 2018**

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	6,014	6,118	-	-
Investment in subsidiaries <sup>(1)</sup>	-	-	14,663	14,663
Investment in associated companies	986	752	-	-
Available-for-sale financial asset	3	3	-	-
Deferred tax assets	333	336	-	-
	<b>7,336</b>	<b>7,209</b>	<b>14,663</b>	<b>14,663</b>
<b>Current assets</b>				
Inventories	1,272	3,272	-	-
Trade and other receivables	29,582	40,365	11	5
Due from subsidiaries	-	-	1,318	247
Due from associated companies	596	600	-	-
Tax recoverable	17	18	-	-
Cash and cash equivalents	23,169	23,782	8,910	7,545
	<b>54,636</b>	<b>68,037</b>	<b>10,239</b>	<b>7,797</b>
<b>Total assets</b>	<b>61,972</b>	<b>75,246</b>	<b>24,902</b>	<b>22,460</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	813	952	-	-
	<b>813</b>	<b>952</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	30,860	45,237	265	220
Due to subsidiaries	-	-	3,512	1,493
Bank borrowings	4,656	4,298	2,340	1,975
Provision for liabilities	270	270	-	-
Finance lease liabilities	623	607	-	-
Tax payable	103	248	-	-
	<b>36,512</b>	<b>50,660</b>	<b>6,117</b>	<b>3,688</b>
<b>Total liabilities</b>	<b>37,325</b>	<b>51,612</b>	<b>6,117</b>	<b>3,688</b>
<b>Net assets</b>	<b>24,647</b>	<b>23,634</b>	<b>18,785</b>	<b>18,772</b>
<b>Equity</b>				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(17,346)	(18,021)	(32,973)	(32,986)
Foreign currency translation reserve	(7,170)	(7,419)	-	-
Equity attributable to equity holders of the Company	27,242	26,318	18,785	18,772
Non-controlling interests	(2,595)	(2,684)	-	-
<b>Total equity</b>	<b>24,647</b>	<b>23,634</b>	<b>18,785</b>	<b>18,772</b>

Note:

(1) As at 31 March 2018 and 31 December 2017, the investment in subsidiaries comprises the cost of investment of US\$10,000,001, and an amount due from a subsidiary of US\$4,663,000, which is quasi-equity in nature.

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

**Amount repayable in one year or less, or on demand**

At 31 March 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
5,279	-	4,905	-

**Amount repayable after one year**

At 31 March 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
813	-	952	-

**Details of any collateral**

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US\$5.279 million as at 31 March 2018. Of the US\$5.279 million, secured bank borrowings amounted to US\$4.656 million, and the remaining US\$0.623 million are obligations from finance leases secured against motor vehicles deployed for the logistics business.

The bank borrowings of: (i) US\$2.316 million was secured by corporate guarantee and a floating charge over the logistics receivables and (ii) US\$2.340 million was secured on a leasehold property of the Group.

The Group's borrowings repayable after one year of US\$0.813 million are finance leases obligations secured by pledges on the motor vehicles deployed for the logistics business.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the first quarter ended 31 March 2018

	<b>Group</b>	
	<b>1st Quarter Ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	689	(744)
<b>Adjustments for:</b>		
Interest income	(49)	(28)
Depreciation of property, plant and equipment	193	174
Interest expenses	59	53
Allowance for doubtful non-trade receivables written back	(11)	(86)
Loss on disposal of property, plant and equipment	-	6
Share of results of associated companies	(240)	(2)
Operating cash flow before working capital changes	641	(627)
Inventories	2,000	(9)
Receivables	10,797	5,515
Payables	(14,376)	(4,090)
Effect of foreign exchange rate changes	171	298
Cash (used in)/generated from operations	(767)	1,087
Income tax paid	(152)	(19)
<b>Net cash (used in)/generated from operating activities</b>	<b>(919)</b>	<b>1,068</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	18
Acquisition of non-controlling interest	-	(45)
Interest received	49	28
Purchase of property, plant and equipment	(23)	(121)
<b>Net cash generated from/(used in) investing activities</b>	<b>26</b>	<b>(120)</b>
<b>Cash flows from financing activities</b>		
Contribution from non-controlling interest for incorporation of subsidiary	-	61
Proceeds from bank borrowings	321	758
Repayment of bank borrowings	(39)	(3)
Repayment of finance lease liabilities	(153)	(139)
Interest paid	(59)	(53)
<b>Net cash generated from financing activities</b>	<b>70</b>	<b>624</b>
<b>Net (decrease)/increase in cash and cash equivalents <sup>(1)</sup></b>	<b>(823)</b>	<b>1,572</b>
Cash and cash equivalents at beginning of period	23,315	18,199
Effect of foreign exchange rate changes	210	103
<b>Cash and cash equivalents at end of period</b>	<b>22,702</b>	<b>19,874</b>

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the followings:

Cash and cash equivalents:		
- Bank and cash balances	22,215	19,375
- Fixed deposits	954	654
	23,169	20,029
Less: Fixed deposits restricted for use	(467)	(155)
Cash and cash equivalents per consolidated statement of cash flows	22,702	19,874

Note:

- (1) As at 31 March 2018, Cash and cash equivalents balances held by the Group amounting to US\$0.467 million are not available for use.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Consolidated Statement of Changes in Equity

For the first quarter ended 31 March 2018

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2018	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634
<b>Comprehensive income</b>						
Profit for the period	-	675	-	675	13	688
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	-	249	249	76	325
Other comprehensive income for the period	-	-	249	249	76	325
Total comprehensive income for the period	-	675	249	924	89	1,013
<b>At 31 March 2018</b>	<b>51,758</b>	<b>(17,346)</b>	<b>(7,170)</b>	<b>27,242</b>	<b>(2,595)</b>	<b>24,647</b>

## Consolidated Statement of Changes in Equity

For the first quarter ended 31 March 2017

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033
<b>Comprehensive loss</b>						
Loss for the period	-	(710)	-	(710)	(51)	(761)
<b>Other comprehensive income/(loss)</b>						
Currency translation differences on consolidation	-	-	374	374	(28)	346
Other comprehensive income/(loss) for the period	-	-	374	374	(28)	346
Total comprehensive (loss)/income for the period	-	(710)	374	(336)	(79)	(415)
<b>Changes in ownership interests in subsidiaries</b>						
Acquisition of interest in subsidiary without change in control	-	20	-	20	(65)	(45)
Incorporation of subsidiary	-	-	-	-	61	61
	-	20	-	20	(4)	16
<b>At 31 March 2017</b>	<b>51,758</b>	<b>(17,510)</b>	<b>(7,745)</b>	<b>26,503</b>	<b>(1,869)</b>	<b>24,634</b>

## Statement of Changes in Equity

For the first quarter ended 31 March 2018

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2018	51,758	(32,986)	18,772
<b><i>Comprehensive income</i></b>			
Profit and total comprehensive profit for the period	-	13	13
<b>At 31 March 2018</b>	<b>51,758</b>	<b>(32,973)</b>	<b>18,785</b>

For the first quarter ended 31 March 2017

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(33,013)	18,745
<b><i>Comprehensive loss</i></b>			
Loss and total comprehensive loss for the period	-	(7)	(7)
<b>At 31 March 2017</b>	<b>51,758</b>	<b>(33,020)</b>	<b>18,738</b>



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

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

	First quarter ended	
	31 Mar 2018	31 Mar 2017
Balance at beginning of period	58,479,296	58,479,296
Balance at end of period	58,479,296	58,479,296

- 1d(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares (excluding treasury shares) as at 31 March 2018 and 31 December 2017 were 58,479,296.

- 1d(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as there were no treasury shares issued by the Company.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below regarding the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2017.

**5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well the reasons for, and the effect of, the change.**

Application of SFRS(I) 1 and convergence with IFRS

On 29 December 2017, the Accounting Standards Council has issued Singapore Financial Reporting Standards (International) (“SFRS(I)”), Singapore’s equivalent of the International Financial Reporting Standards (“IFRS”). The new financial reporting framework is available for application by Singapore-incorporated companies listed on the Singapore Exchange for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) on 1 January 2018.

Application of SFRS(I) 1

The Group has adopted the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 “*First-time Adoption of International Financial Reporting Standards*”.

The Group has undertaken an impact assessment of SFRS(I) 1 “*First-time Adoption of International Financial Reporting Standards*”. We have considered the available transition optional exemptions, and have determined that there is no change to the Group’s current accounting policies, and no material adjustment is required on the initial transition to the new framework.

Application of SFRS(I) 9, 15, and 16

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I), amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 9 – Financial Instruments
- SFRS(I) 15 – Revenue from Contracts with Customers
- SFRS(I) 16 – Leases

The adoption of these SFRS(I), amendments to and interpretations of SFRS(I) did not have a material impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>1<sup>st</sup> quarter ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
Profit/(loss) after tax attributable to equity holders of the Company (US\$'000)	<b>675</b>	<b>(710)</b>
Weighted average number of ordinary shares (in '000)	<b>58,479</b>	<b>58,479</b>
Earnings per share (US cents):		
Basic	<b>1.15</b>	<b>(1.21)</b>
Diluted	<b>1.15</b>	<b>(1.21)</b>

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

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

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>	<b>31 Mar 2018</b>	<b>31 Dec 2017</b>
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	<b>46.58</b>	<b>45.00</b>	<b>32.12</b>	<b>32.10</b>

Notes:

- (1) The above computation of net asset value per share excludes non-controlling interests. Including non-controlling interests, the net asset value per share for the Group as at 31 March 2018 and 31 December 2017 would have been 42.15 US cents and 40.41 US cents per share respectively.
- (2) Computed based on 58,479,296 ordinary shares in issue for 31 March 2018 and 31 December 2017.

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

## FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the "A-Sonic Group" or the "Group") are engaged in two areas of businesses, aviation and logistics. We operate in 31 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 31 March 2018.

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

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

### Highlights

In the first quarter of 2018 ("1Q 2018"), all three (3) business units recorded profit:

Business Units	Profit Attributable to Equity Holders for 3 months ended 31 March 2018 ("1Q 2018")
(i) Aviation	US\$0.526 million
(ii) Logistics sub-unit operating under "A-Sonic Logistics" brand	US\$0.146 million <sup>(1)</sup>
(iii) Logistics sub-unit operating under "UBI Logistics" brand	US\$0.003 million <sup>(2)</sup>
Consolidated A-Sonic Group	<u>US\$0.675 million</u>

#### Notes:

(1) Includes "Foreign currency exchange loss" of US\$0.091 million in 1Q 2018

(2) Includes "Foreign currency exchange gain" of US\$0.148 million in 1Q 2018

There is still a lot of work to be done to achieve longer-term sustainability for each of the business unit. "A-Sonic Logistics" brand will remain focus to streamline our logistics business to solidify our foundation. We shall relentlessly:

- (i) Continue to build strength-on-strength to execute our enterprise initiative. Each "A-Sonic Logistics" office must operate efficiently, effectively and productively, or otherwise risk of being restructured; and
- (ii) We aim to reduce our operating costs and increase productivity, leveraging on the qualitative sources of growth with investment in technology.

## Income Statement

### Revenue

#### 1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017

Our “Total revenue” comprises (i) “Turnover”; and (ii) “Other income”. Our Group’s “Total revenue” increased US\$6.234 million to US\$48.976 million in the first quarter ended 31 March 2018 (“1Q 2018”), compared to US\$42.742 million in the corresponding first quarter ended 31 March 2017 (“1Q 2017”).

Our Group “Turnover” increased US\$6.182 million (14.5%) to US\$48.673 million in 1Q 2018, compared to US\$42.491 million in 1Q 2017, largely due to

- (i) An increase of US\$3.102 million in the aviation “Turnover” to US\$3.155 million in 1Q 2018, compared to US\$0.053 million in 1Q 2017, resulting largely from the sale of aircraft. Our aviation business contributed 6.5% (US\$3.155 million) to our Group “Turnover” in 1Q 2018; and
- (ii) An increase of US\$3.080 million in the logistics “Turnover” to US\$45.518 million in 1Q 2018, compared to US\$42.438 million in 1Q 2017. Logistics “Turnover” increased primarily due to higher sales activities in North Asia. Our logistics business unit contributed 93.5% (US\$45.518 million) of our Group “Turnover” in 1Q 2018.

“Other income” increased US\$0.052 million (20.7%) to US\$0.303 million in 1Q 2018, compared to US\$0.251 million in 1Q 2017. The increase was mainly due to an increase of US\$0.109 million in “Sundry income” in 1Q 2018, compared to 1Q 2017.

#### 1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017

“Total revenue” decreased US\$9.994 million to US\$48.976 million in 1Q 2018, compared to US\$58.970 million in the fourth quarter ended 31 December 2017 (“4Q 2017”), as a result of a decrease of US\$11.981 million in the logistics “Turnover”.

The lower logistics “Turnover” of US\$11.981 million (20.8%) in 1Q 2018 was mainly due to lower cargo traffic after the festive seasons, such as Thanksgiving, Christmas and New Year, that occurred in the fourth (4<sup>th</sup>) quarter of the calendar year. The decline in the logistics “Turnover” was, however, partially offset by an increase of US\$2.075 million in the aviation “Turnover” in 1Q 2018.

“Other income” declined US\$0.088 million to US\$0.303 million in 1Q 2018, compared to US\$0.391 million in 4Q 2017.

## **Total Costs and Expenses**

### **1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017**

Our “Total costs and expenses” increased US\$5.039 million (11.6%) to US\$48.527 million in 1Q 2018 compared to US\$43.488 million in 1Q 2017, mainly due to:

- (i) An increase of US\$1.991 million in “Changes in inventories” in 1Q 2018 to US\$2.000 million, compared to US\$0.009 million in 1Q 2017. This is in line with higher aviation “Turnover” in 1Q 2018 compared to 1Q 2017, as elaborated in the earlier section entitled “Revenue” for 1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017; and
- (ii) “Freight charges increased US\$2.677 million (7.2%) to US\$39.820 million in 1Q 2018, compared to US\$37.143 million in 1Q 2017. The increase of US\$2.677 million in “Freight charges” was related to the logistics business, and corresponded to higher (US\$3.080 million) logistics “Turnover” in 1Q 2018, compared to 1Q 2017.

Our higher “Total costs and expenses” was partially offset by “Foreign currency exchange gain” of US\$0.018 million in 1Q 2018. In contrast, we incurred “Foreign currency exchange loss” of US\$0.340 million in 1Q 2017.

### **1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017**

“Total costs and expenses” decreased US\$11.075 million (18.6%) to US\$48.527 million in 1Q 2018, compared to US\$59.602 million in 4Q 2017, largely due to:

- (i) Lower (US\$11.710 million) “Freight charges” to US\$39.820 million in 1Q 2018, compared to US\$51.530 million in 4Q 2017. The reduction in “Freight charges” corresponded to the lower logistics “Turnover” of US\$11.981 million in 1Q 2018, compared to 4Q 2017. The reduction in logistics “Turnover” in 1Q 2018 compared to 4Q 2017 is elaborated on page 12, in the second paragraph of the section titled “Revenue” for “1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017”; and
- (ii) Lower (US\$0.782 million) “Other operating expenses” to US\$1.460 million in 1Q 2018, compared to US\$2.242 million in 4Q 2017. The reduction (US\$0.782 million) in “Other operating expenses” was mainly due to the absence of “Allowance for doubtful trade receivables” of US\$1.075 million in 1Q 2018, which existed in 4Q 2017.

## **Gross profit**

### **1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017**

Our “Gross profit” was computed based on “Turnover” less “Changes in inventories”, “Purchases of goods and consumables used” and “Freight charges”. “Gross profit” increased US\$1.231 million (23.1%) to US\$6.566 million in 1Q 2018, compared to US\$5.335 million in 1Q 2017. The higher gross profit in 1Q 2018 compared to 1Q 2017 was largely due to (i) an increase of US\$0.828 million in aviation gross profit to US\$0.866 million; and (ii) an increase of US\$0.403 million in the logistics’ gross profit to US\$5.700 million.

### **1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017**

We recorded a “Gross profit” of US\$6.566 million in 1Q 2018, an increase of US\$0.517 million (8.5%) compared to US\$6.049 million in 4Q 2017. Our higher “Gross profit” in 1Q 2018 was largely due to an increase in the aviation “Turnover” in 1Q 2018, compared to 4Q 2017 as elaborated on page 12 in the section entitled “Revenue” for “1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017”.

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

**1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017**

In 1Q 2018, our Group achieved a turnaround position to achieve:

- (i) “Profit before tax” of US\$0.689 million compared to “Loss before tax” of US\$0.744 million in 1Q 2017; and
- (ii) “Profit attributable to equity holders of the Company” of US\$0.675 million compared to “Loss attributable to equity holders of the Company” of US\$0.710 million in 1Q 2017.

The recovery in 1Q 2018 was due to the turnover of each of the three (3) business units as tabulated below:

<b>Business Units</b>	<b>(Loss)/Profit attributable to equity holders of the Company</b>	
	<b>1Q 2017</b>	<b>1Q 2018</b>
(i) Aviation	: (US\$0.486 million)	US\$0.526 million
(ii) Logistics sub-unit operating under “A-Sonic Logistics” brand	: (US\$0.159 million)	US\$0.146 million
(iii) Logistics sub-unit operating under “UBI Logistics” brand	: (US\$0.065 million)	US\$0.003 million
Consolidated A-Sonic Group	: <u>(US\$0.710 million)</u>	<u>US\$0.675 million</u>

**1<sup>st</sup> Qtr 2018 vs 4<sup>th</sup> Qtr 2017**

We achieved “Profit attributable to equity holders of the Company” of US\$0.675 million in 1Q 2018, compared to US\$0.110 million in 4Q 2017. The higher “Profit attributable to equity holders of the Company” in 1Q 2018 was largely due to stronger performance of the aviation business in 1Q 2018 resulting from the sale of aircraft.

## **Balance Sheet**

### Non-current assets

The Group's "Non-current assets" increased 1.8% (US\$0.127 million) to US\$7.336 million as at 31 March 2018, compared to US\$7.209 million as at 31 December 2017 ("FY 2017").

### Current assets

"Current assets" decreased US\$13.401 million to US\$54.636 million as at 31 March 2018, compared to US\$68.037 million as at the end of FY 2017. "Current assets" declined largely owing to: (i) a decrease of US\$10.783 million in "Trade and other receivables" to US\$29.582 million as at 31 March 2018, compared to US\$40.365 million as at the end of FY 2017. This was largely in line with the decrease in "Turnover" in 1Q 2018, compared to 4Q 2017.

### Non-current liabilities

"Non-current liabilities" decreased 14.6% (US\$0.139 million) to US\$0.813 million as at 31 March 2018 as a result of the partial repayment of the finance lease liabilities, which was related to motor vehicles deployed for our logistics business.

### Current liabilities

"Current liabilities" declined US\$14.148 million to US\$36.512 million as at 31 March 2018, compared to US\$50.660 million as at the end of FY 2017, largely due to (i) a reduction of US\$14.377 million in "Trade and other payables" to US\$30.860 million as at 31 March 2018.

### Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US\$27.242 million as at end of 31 March 2018, compared to US\$26.318 million as at end of FY 2017. The increase of US\$0.924 million in "Equity attributable to equity holders of the Company" was largely due to:

- (i) The Group's "Profit attributable to equity holders of the Company" of US\$0.675 million in 1Q 2018; and
- (ii) An increase in the Group's "Foreign currency translation reserve" of US\$0.249 million in 1Q 2018.

The Group's gearing based on, total bank borrowings and finance leases liabilities, to "Equity attributable to equity holders of the Company" stood at 22.4% as at 31 March 2018, compared to 22.3% as at the end of FY 2017.



## Cash Flow

### 1<sup>st</sup> Qtr 2018 vs 1<sup>st</sup> Qtr 2017

“Operating cash flows before working capital changes” generated in 1Q 2018 was US\$0.641 million, compared to “Operating cash flows before working capital changes” used in 1Q 2017 of US\$0.627 million. The improvement for “Operating cash flows before working capital changes” was largely due to “Profit before tax” of US\$0.689 million in 1Q 2018, compared to a “Loss before tax” of US\$0.744 million in 1Q 2017.

In 1Q 2018, “Working capital changes” items recorded were as follows: (i) cash generated from “Receivables” and “Inventories” of US\$10.797 million and US\$2.000 million respectively and (ii) cash used in “Payables” of US\$14.376 million.

After payment for income tax of US\$0.152 million in 1Q 2018, we recorded “Net cash used in operating activities” of US\$0.919 million, compared to “Net cash generated from operating activities” of US\$1.068 million in 1Q 2017.

“Net cash generated from investing activities” amounted to US\$0.026 million in 1Q 2018, compared to “Net cash used in investing activities” of US\$0.120 million in 1Q 2017. This was largely due to US\$0.049 million generated from “Interest received” in 1Q 2018. In 1Q 2017, “Net cash used in investing activities” was mainly due to “Purchase of property, plant and equipment” of US\$0.121 million and “Acquisition of non-controlling interest” of US\$0.045 million.

“Net cash generated from financing activities” amounted to US\$0.070 million in 1Q 2018, compared to US\$0.624 million in 1Q 2017. The decrease in “Net cash generated from financing activities” was largely attributed to lower “Proceeds from bank borrowings” of US\$0.321 million in 1Q 2018 compared to US\$0.758 in 1Q2017.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement had previously been disclosed to the shareholders.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months.**

We remain cautiously optimistic on the business outlook for our logistics and aviation business in 2018, barring unforeseen circumstances.

11. **Dividend**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended) in the current financial period reported on:**

No dividend has been declared or recommended for the first quarter ended 31 March 2018.

- (b) i) **Amount per share (in cents)**

None.

- ii) **Previous corresponding period (in cents)**

None.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2018.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

As at the date of this Announcement, the Group has not obtained a general mandate from shareholders for IPTs.

- 14. Negative confirmation pursuant to Rule 705(5).**

See enclosed on last page.

- 15. Confirmation by Board pursuant to rule 720(1) of the Listing Manual**

The Board had received undertakings from all its directors in the format as set out in Appendix 7.7 in pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

## **BY ORDER OF THE BOARD**

Loo Keat Choon  
Joint Company Secretary

13 May 2018

**Directors' Negative Assurance on Interim Financial Results under Rule 705(5)**

To the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial results of the Group and the Company for the first quarter ended 31 March 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet Tan  
Chief Executive Officer



Jenny Tan  
Executive Director