

A-SONIC AEROSPACE LIMITED

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

SECOND QUARTER FINANCIAL STATEMENTS

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

CONSOLIDATED INCOME STATEMENT

For the second quarter and first half year ended 30 June 2016

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2016	30 Jun 2015		30 Jun 2016	30 Jun 2015	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Turnover	44,294	50,094	(11.6)	83,945	102,312	(18.0)
Other revenue	186	887	(79.0)	537	1,504	(64.3)
Total revenue	44,480	50,981	(12.8)	84,482	103,816	(18.6)
Expenses						
Changes in inventories	12	(42)	N/M	12	(37)	N/M
Purchases of goods and consumables used	(68)	(326)	(79.1)	(124)	(618)	(79.9)
Freight charges	(38,666)	(44,460)	(13.0)	(73,038)	(91,431)	(20.1)
Staff costs	(4,712)	(4,517)	4.3	(9,233)	(8,962)	3.0
Depreciation of property, plant and equipment	(289)	(298)	(3.0)	(581)	(553)	5.1
Finance costs	(44)	(71)	(38.0)	(89)	(150)	(40.7)
Share of results of associates	67	28	139.3	142	68	108.8
Share of results of joint ventures	-	23	(100.0)	-	181	(100.0)
Other operating expenses	(1,661)	(2,195)	(24.3)	(2,881)	(4,934)	(41.6)
Total costs and expenses	(45,361)	(51,858)	(12.5)	(85,792)	(106,436)	(19.4)
Loss before tax	(881)	(877)	0.5	(1,310)	(2,620)	(50.0)
Taxation	(29)	(48)	(39.6)	(52)	(25)	108.0
Loss for the period	(910)	(925)	(1.6)	(1,362)	(2,645)	(48.5)
Loss attributable to:						
Equity holders of the Company	(789)	(706)	11.8	(1,051)	(2,100)	(50.0)
Non-controlling interests	(121)	(219)	(44.7)	(311)	(545)	(42.9)
	(910)	(925)	(1.6)	(1,362)	(2,645)	(48.5)
Other items :						
Commission income	-	-	-	-	12	(100.0)
Interest income	23	120	(80.8)	44	209	(78.9)
Finance lease interest	103	249	(58.6)	252	520	(51.5)
Sundry income	37	458	(91.9)	141	707	(80.1)
Gain on disposal of an associate	-	33	(100.0)	-	33	(100.0)
Allow ance for doubtful trade receivables w ritten back	23	23	-	78	23	239.1
Allow ance for doubtful non-trade receivables w ritten back	-	-	-	22	-	N/M
Allow ance for doubtful trade receivables	(89)	(227)	(60.8)	(270)	(409)	(34.0)
Allow ance for doubtful non-trade receivables	-	(111)	(100.0)	-	(170)	(100.0)
Bad trade receivables w ritten off	(10)	-	N/M	(10)	-	N/M
Exchange gain/(loss)	(125)	33	N/M	597	(599)	N/M
Gain/(loss) on disposal of property, plant and equipment	-	4	(100.0)	-	(2)	(100.0)
Rental expenses	(275)	(457)	(39.8)	(616)	(914)	(32.6)
Allow ance for doubtful finance lease receivables	(103)	-	N/M	(252)	-	N/M

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and first half year ended 30 June 2016

	Group			Group		
	Second quarter ended		Change %	First half year ended		Change %
	30 Jun 2016 US\$'000	30 Jun 2015 US\$'000		30 Jun 2016 US\$'000	30 Jun 2015 US\$'000	
Loss for the period	(910)	(925)	(1.6)	(1,362)	(2,645)	(48.5)
Other comprehensive loss:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising on consolidation	(54)	(106)	(49.1)	(461)	240	N/M
Disposal of interest in subsidiary without change in control	-	-	-	-	40	(100.0)
	(54)	(106)		(461)	280	
Total comprehensive loss for the period	(964)	(1,031)	(6.5)	(1,823)	(2,365)	(22.9)
Equity holders of the Company	(852)	(797)	6.9	(1,466)	(1,975)	(25.8)
Non-controlling interests	(112)	(234)	(52.1)	(357)	(390)	(8.5)
Total comprehensive loss for the period	(964)	(1,031)	(6.5)	(1,823)	(2,365)	(22.9)
Total comprehensive loss attributable to:						
Equity holders of the Company	(852)	(797)	6.9	(1,466)	(1,975)	(25.8)

N/M = not meaningful

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

Balance Sheets
30 June 2016

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	10,386	10,793	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	591	446	-	-
Deferred tax assets	420	414	-	-
	11,397	11,653	-	-
Current assets				
Inventories	575	563	-	-
Trade and other receivables	30,147	29,293	15	9
Due from subsidiaries	-	-	50,279	49,480
Due from associates	611	561	-	-
Tax recoverable	13	9	-	-
Cash and cash equivalents	16,123	18,993	5,326	5,519
	47,469	49,419	55,620	55,008
Total assets	58,866	61,072	55,620	55,008
Non-current liabilities				
Finance lease liabilities	1,471	1,718	-	-
	1,471	1,718	-	-
Current liabilities				
Trade and other payables	27,657	28,181	159	204
Bank term loans	2,658	2,414	1,245	778
Provision for restructuring costs	510	487	-	-
Finance lease liabilities	509	482	-	-
Tax payable	60	36	-	-
	31,394	31,600	1,404	982
Total liabilities	32,865	33,318	1,404	982
Net assets	26,001	27,754	54,216	54,026
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated (losses) / profits	(15,373)	(14,269)	2,458	2,268
Foreign currency translation reserve	(8,475)	(8,072)	-	-
Equity attributable to equity holders of the Company, total	27,910	29,417	54,216	54,026
Non-controlling interests	(1,909)	(1,663)	-	-
Total equity	26,001	27,754	54,216	54,026

#: represents amount less than US\$1,000

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

Amount repayable in one year or less, or on demand

At 30 June 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
3,167	-	2,896	-

Amount repayable after one year

At 30 June 2016		At 31 December 2015	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,471	-	1,718	-

Details of any collateral

The Group's borrowings are secured by corporate guarantee given by the Company and a first deed of debentures incorporating a floating charge over the receivables of the logistics business and collateral on the leasehold properties of the Group. Included in the Group's borrowings is a revolving term loan secured on the personal property of a director of a subsidiary, and finance leases secured by pledges on the motor vehicles.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the second quarter and half year ended 30 June 2016

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss before tax	(881)	(877)	(1,310)	(2,620)
Adjustments for:				
Interest income	(23)	(120)	(44)	(209)
Depreciation of property, plant and equipment	289	298	581	553
Finance lease interest	(103)	(249)	(252)	(520)
Interest expenses	44	71	89	150
Negative goodwill written off	-	-	(15)	-
Allowance/(Write back) for doubtful non-trade receivables	-	111	(22)	170
Gain on disposal of associate	-	(33)	-	(33)
(Gain)/loss on disposal of property, plant and equipment	-	(4)	-	2
Share of results of associates	(67)	(28)	(142)	(68)
Share of results of joint venture	-	(23)	-	(181)
Effect of foreign exchange rate changes	(78)	175	105	52
	(819)	(679)	(1,010)	(2,704)
Inventories	(12)	42	(12)	37
Receivables	(5,007)	508	(368)	7,510
Payables	3,959	(2,285)	(528)	(5,138)
Finance lease receivables	-	(53)	-	49
Cash used in operations	(1,879)	(2,467)	(1,918)	(246)
Income tax paid	(37)	(31)	(32)	(44)
Net cash used in operating activities	(1,916)	(2,498)	(1,950)	(290)
Cash flows from investing activities				
Net cash flow from acquisition of a subsidiary	-	-	(100)	-
Dividend received from associate	-	315	-	315
Interest received	23	119	44	208
Proceed from dissolution of joint venture	-	5	-	5
Proceeds from disposal of associate	-	66	-	66
Proceeds from disposal of partial interest in subsidiary	-	-	-	40
Proceeds from disposal of property, plant and equipment	2	32	2	34
Purchase of property, plant and equipment	(23)	1,324	(48)	(294)
Restricted cash	-	-	-	1
Effect of foreign exchange rate changes	11	(18)	(183)	66
Net cash generated from/(used in) investing activities	13	1,843	(285)	441
Cash flows from financing activities				
Proceeds from bank term loans	426	1,008	426	1,008
Repayment of bank term loans	-	(668)	(215)	(668)
Repayment of finance lease liability	(125)	(62)	(246)	(81)
Dividend paid to minority shareholder	-	-	-	(126)
Shares bought back and cancelled	-	(31)	(42)	(48)
Interest paid	(44)	(71)	(89)	(150)
Effect of foreign exchange rate changes	(21)	4	61	(18)
Net cash generated from/(used in) financing activities	236	180	(105)	(83)
Net (decrease)/increase in cash and cash equivalents ⁽¹⁾	(1,667)	(475)	(2,340)	68
Cash and cash equivalents at beginning of period	17,762	17,517	18,993	16,439
Effect of foreign exchange rate changes	28	(325)	(530)	210
Cash and cash equivalents at end of period	16,123	16,717	16,123	16,717
Cash and cash equivalents are represented by ⁽¹⁾:				
Bank and cash balances	15,962	16,556	15,962	16,556
Fixed deposits	161	161	161	161
	16,123	16,717	16,123	16,717

Note: (1) As at 30 June 2016, Cash and cash equivalents balances held by the Group amounting to US\$0.161 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 second quarter and first half year ended 30 June 2016

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2016	51,758	(14,269)	(8,072)	29,417	(1,663)	27,754
Comprehensive loss						
Loss for the period	-	(262)	-	(262)	(190)	(452)
Other comprehensive income						
Currency translation differences on consolidation	-	-	(352)	(352)	(55)	(407)
Other comprehensive loss for the period	-	-	(352)	(352)	(55)	(407)
Total comprehensive loss for the period	-	(262)	(352)	(614)	(245)	(859)
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(42)	-	(42)	-	(42)
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary	-	-	-	-	111	111
At 31 March 2016	51,758	(14,573)	(8,424)	28,761	(1,797)	26,964
Comprehensive loss						
Loss for the period	-	(789)	-	(789)	(121)	(910)
Other comprehensive loss						
Currency translation differences on consolidation	-	-	(51)	(51)	(3)	(54)
Acquisition of interest in subsidiary without change in control	-	(12)	-	(12)	12	-
Other comprehensive (loss)/income for the period	-	(12)	(51)	(63)	9	(54)
Total comprehensive loss for the period	-	(801)	(51)	(852)	(112)	(964)
Transaction with owners recorded directly in equity						
Refund of dividend to the Company	-	1	-	1	-	1
	-	1	-	1	-	1
At 30 June 2016	51,758	(15,373)	(8,475)	27,910	(1,909)	26,001

Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2016 (cont'd)

THE GROUP	Share	Accumulated	Foreign	Equity	Non -	Total
	capital	losses	currency	attributable to	controlling	equity
	US\$'000	US\$'000	translation	equity holders	interests	US\$'000
	US\$'000	US\$'000	reserve	of the Company	US\$'000	US\$'000
At 1 January 2015	51,775	(3,720)	(8,140)	39,915	(1,495)	38,420
Comprehensive loss						
Loss for the period	-	(1,394)	-	(1,394)	(326)	(1,720)
Other comprehensive income						
Currency translation differences on consolidation	-	-	216	216	130	346
Disposal of interest in a subsidiary without change in control	-	-	-	-	40	40
Other comprehensive income for the period	-	-	216	216	170	386
Total comprehensive (loss)/income for the period	-	(1,394)	216	(1,178)	(156)	(1,334)
Transaction with owners recorded directly in equity						
Dividend paid	-	-	-	-	(126)	(126)
Cancellation of shares bought back	(17)	-	-	(17)	-	(17)
	(17)	-	-	(17)	(126)	(143)
At 31 March 2015	51,758	(5,114)	(7,924)	38,720	(1,777)	36,943
Comprehensive loss						
Loss for the period	-	(706)	-	(706)	(219)	(925)
Other comprehensive loss						
Currency translation differences on consolidation	-	-	(91)	(91)	(15)	(106)
Other comprehensive loss for the period	-	-	(91)	(91)	(15)	(106)
Total comprehensive loss for the period	-	(706)	(91)	(797)	(234)	(1,031)
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(31)	-	(31)	-	(31)
	-	(31)	-	(31)	-	(31)
At 30 June 2015	51,758	(5,851)	(8,015)	37,892	(2,011)	35,881

Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2016

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2016	51,758	2,268	54,026
Comprehensive income			
Profit and total comprehensive profit for the period	-	108	108
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(42)	(42)
At 31 March 2016	51,758	2,334	54,092
Comprehensive income			
Profit and total comprehensive income for the period	-	123	123
Transaction with owners recorded directly in equity			
Refund of unclaimed dividend	-	1	1
At 30 June 2016	51,758	2,458	54,216

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2015	51,775	9,968	61,743
Comprehensive income			
Profit and total comprehensive income for the period	-	209	209
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	(17)	-	(17)
At 31 March 2015	51,758	10,177	61,935
Comprehensive income			
Profit and total comprehensive income for the period	-	152	152
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(31)	(31)
At 31 June 2015	51,758	10,298	62,056

- 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 :

	Second quarter ended	
	30 Jun 2016	30 Jun 2015
Balance at beginning of period	175,443,870	715,577,329
Shares bought back and cancelled	-	(499,300)
Balance before Share Consolidation	175,443,870	715,078,029
Share Consolidation ⁽¹⁾⁽²⁾	(116,964,574)	(536,309,959)
Balance after Share Consolidation	58,479,296	178,768,070
Shares bought back and cancelled	-	(47,000)
Balance at end of period	58,479,296	178,721,070

Notes:

- ⁽¹⁾ On 16 May 2016, the Company completed the Share Consolidation of every three shares into one consolidated share.
- ⁽²⁾ On 13 May 2015, the Company completed the Share Consolidation of every four shares into one consolidated share.

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

The total number of issued shares (excluding treasury shares) as at 30 June 2016 and 31 December 2015 were 58,479,296 and 175,651,370 respectively.

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

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

In the current period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and the Interpretations of FRS that are relevant to its operations and effective for the current period. The adoption of these new/revised FRSs has no material effect on the financial statements.

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

	Group		Group	
	Second quarter ended 30 Jun 2016	30 Jun 2015	First half year ended 30 Jun 2016	30 Jun 2015
Loss after tax attributable to equity holders of the Company (US\$'000)	(789)	(706)	(1,051)	(2,100)
Weighted average number of ordinary shares (in '000)	58,483	59,617	58,483	59,617
Earnings per share (US cents):				
Basic ⁽¹⁾	(1.35)	(1.18)	(1.80)	(3.52)
Diluted ⁽¹⁾	(1.35)	(1.18)	(1.80)	(3.52)

Note:

⁽¹⁾ Computed based on weighted average number of ordinary shares, adjusting for the effect of Share consolidation of every three shares into one consolidation share, completed on 16 May 2016.

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

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

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Net asset value per share based on existing issued share capital at the end of period/year (US cents) ^{(1) (2)}	47.73	50.24	92.71	92.28

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 30 June 2016 and 31 December 2015 would have been 44.46 US cents and 47.40 US cents per share respectively.

⁽²⁾ Computed based on 58,479,296 and 58,548,463 ordinary shares in issue for 30 June 2016 and 31 December 2015 respectively, adjusting for the effect of Share consolidation.

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

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

FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the “**A-Sonic Group**” or the “**Group**”) are engaged in two areas of businesses, aviation and logistics. We operate in 35 cities in 16 countries, spanning across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 707 personnel as at 30 June 2016.

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

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

INCOME STATEMENT

Revenue

1H 2016 vs 1H 2015

Our “Total Revenue” decreased US\$19.334 million (18.6%) to US\$84.482 million in the first six months ended 30 June 2016 (“1H 2016”), compared to US\$103.816 million in the corresponding period in 2015 (“1H 2015”).

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

In 1H 2016, “Turnover” decreased US\$18.367 million (18.0%) to US\$83.945 million in 1H 2016, compared to US\$102.312 million in 1H 2015. The aviation business contributed to 0.16% of our “Turnover” in 1H 2016. The remaining 99.84% of “Turnover” was generated from our logistics business.

“Turnover” of the aviation business decreased US\$0.657 million (83.3%) from US\$0.789 million in 1H 2015 to US\$0.132 million in 1H 2016, mainly due to lower business volume.

“Turnover” of the logistics business decreased US\$17.710 million (17.4%) to US\$83.813 million in 1H 2016, compared to US\$101.523 million in 1H 2015. “Turnover” declined mainly due to lower freight rates. Global freight rates were lower owing to two factors: (i) a weak world economy; and (ii) a slack in trade growth. This led to lower freight rates, and resulted in lower “Turnover” in our logistics business. The impact was largely from the Trans-Pacific trade lanes, intra-Asia and the European routes.

“Other Revenue” decreased US\$0.967 million (64.3%) to US\$0.537 million in 1H 2016, compared to US\$1.504 million in 1H 2015. The decline in “Other revenue” was mainly due to lower (US\$0.268 million) “Finance lease interest”, contraction (US\$0.165 million) in “Interest income”, and reduced (US\$0.566 million) “Sundry income”.

2nd Qtr 2016 vs 2nd Qtr 2015

Our “Total Revenue” decreased US\$6.501 million (12.8%) to US\$44.480 million in the second quarter ended 30 June 2016 (“2Q 2016”), compared to US\$50.981 million in the corresponding period in 2015 (“2Q 2015”).

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

In 2Q 2016, “Turnover” decreased US\$5.800 million (11.6%) to US\$44.294 million, compared to US\$50.094 million in 2Q 2015. The aviation business contributed to 0.16% of our “Turnover” in 2Q 2016. The remaining 99.84% of “Turnover” was generated from our logistics business.

“Turnover” of the aviation business decreased US\$0.367 million (84.0%) from US\$0.437 million in 2Q 2015 to US\$0.070 million in 2Q 2016, mainly due to lower business volume.

“Turnover” of the logistics business decreased US\$5.433 million (10.9%) to US\$44.224 million in 2Q 2016, compared to US\$49.657 million in 2Q 2015. Lower “Turnover” was mainly due to lower freight rates, as a result of further weakening of the global economy and stagnating trade.

“Other Revenue” decreased US\$0.701 million (79.0%) to US\$0.186 million in 2Q 2016, compared to US\$0.887 million in 2Q 2015. The decrease was mainly due to lower (US\$0.146 million) “Finance lease interest”, decline (US\$0.097 million) in “Interest income”, and reduced (US\$0.421 million) “Sundry income”.

2nd Qtr 2016 vs 1st Qtr 2016

“Total revenue” increased US\$4.478 million to US\$44.480 million in 2Q 2016, compared to US\$40.002 million in the first quarter ended 31 March 2016 (“1Q 2016”), largely due to higher “Turnover” generated from the logistics business.

“Turnover” increased US\$4.643 million to US\$44.294 million in 2Q 2016, compared to US\$39.651 million in 1Q 2016. The “Turnover” improved mainly due to an increase of US\$4.635 million in the logistics “Turnover”. The logistics business was subject to seasonal fluctuation. The first quarter tended to be a low season because, by then, the orders for the festive seasons such as Christmas, New Year and Chinese New Year would have been over.

“Other revenue” decreased US\$0.165 million to US\$0.186 million in 2Q 2016 compared to US\$ 0.351 million in 1Q 2016, mainly owing to lower “Sundry income” and “Finance lease interest” of US\$0.067 million and US\$0.046 million, respectively.

Total Costs and Expenses

1H 2016 vs 1H 2015

Compared to the same corresponding period last year, “Total costs and expenses” decreased US\$20.644 million to US\$85.792 million in 1H 2016, compared to US\$106.436 million in 1H 2015, largely due to two factors:

- (i) Logistics “Freight changes” decreased US\$18.393 million (20.1%) to US\$73.038 million in 1H 2016, compared to US\$91.431 million in 1H 2015. The reduction in “Freight charges” in 1H 2016 was largely in line with the corresponding decline of US\$17.710 million (17.4%) in the logistics “Turnover” in 1H 2016; and
- (ii) “Other operating expenses” decreased US\$2.053 million to US\$2.881 million in 1H 2016, compared to US\$4.934 million in 1H 2015. “Other operating expenses” decreased mainly due to: (i) foreign currency exchange gain of US\$0.597 million in 1H 2016, compared to a foreign currency exchange loss of US\$0.599 million registered in 1H 2015; (ii) reduction in “Rental expenses” of US\$0.298 million; (iii) lower “Allowance for doubtful trade receivable” of US\$0.139 million; and (iv) lower “Allowance for doubtful non-trade receivables” of US\$0.170 million.

The above cost reductions were, however, partially offset by an increase in “Staff costs” of US\$0.271 million to US\$9.233 million in 1H 2016, compared to US\$8.962 million in 1H 2015. “Staff costs” increased largely due to higher staff headcount, particularly in Singapore. The additional staff headcount was required to undertake a newly secured project.

2nd Qtr 2016 vs 2nd Qtr 2015

“Total costs and expenses” decreased US\$6.497 million to US\$45.361 million in 2Q 2016, compared to US\$51.858 million in 2Q 2015, mainly due to:

- (i) “Freight charges” decreased US\$5.794 million to US\$38.666 million in 2Q 2016, compared to US\$44.460 million in 2Q 2015. The reduction in “Freight charges” corresponded to the lower logistics “Turnover” of US\$5.433 million in 2Q 2016 compared to 2Q 2015, for the same reasons as elaborated on page 11, in the fifth paragraph of the section titled “Revenue” for “2nd Qtr 2016 vs 2nd Qtr 2015”; and
- (ii) “Other operating expenses” decreased US\$0.534 million to US\$1.661 million in 2Q 2016, compared to US\$2.195 million in 2Q 2015. The decrease in “Other operating expenses” was mainly due to: (i) a reduction in “Rental expenses” of US\$0.182 million; (ii) lower “Allowance for doubtful trade receivables” of US\$0.138 million; and (iii) a reduction in “Allowance for doubtful non-trade receivables” of US\$0.111 million.

The above cost reductions were, however, partially offset by: (i) an increase of “Staff costs” of US\$0.195 million to US\$4.712 million in 2Q 2016, compared to US\$4.517 million in 2Q 2015; and (ii) a foreign currency exchange loss of US\$0.125 million in 2Q 2016, compared to foreign currency exchange gain of US\$0.033 million in 2Q 2015. “Staff costs” increased US\$0.195 million largely due to an increase in the staff headcount, particular in Singapore resulting from a newly secured project in 2Q 2016.

2nd Qtr 2016 vs 1st Qtr 2016

We recorded "Total costs and expenses" of US\$45.361 million in 2Q 2016, an increase of US\$4.930 million (12.2%) from US\$40.431 million in 1Q 2016, mainly due to the following three factors:

- (i) "Freight charges" increased US\$4.294 million to US\$38.666 million in 2Q 2016, compared to US\$34.372 million in 1Q 2016. The increase in "Freight charges" corresponded to the higher logistics "Turnover" of US\$4.634 million in 2Q 2016 compared to 1Q 2016, as elaborated on page 12, in the second paragraph of the section entitled "Revenue" for "2nd Qtr 2016 vs 1st Qtr 2016";
- (ii) We incurred foreign currency exchange loss of US\$0.125 million in 2Q 2016, compared to a foreign currency exchange gain of US\$0.722 million in 1Q 2016; and
- (iii) Higher staff costs of US\$0.191 million in 2Q 2016, resulted from additional staff headcount.

Gross Profit

1H 2016 vs 1H 2015

"Gross profit" increased US\$0.569 million (5.6%) to US\$10.795 million in 1H 2016, compared to US\$10.226 million in 1H 2015. "Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". Of the US\$10.795 million "Gross profit" registered in 1H 2016, the aviation business recorded a "Gross profit" of US\$0.008 million in 1H 2016. The logistics business contributed a "Gross profit" of US\$10.787 million. The increase of US\$0.569 million in "Gross profit" was mainly due to an increase of US\$0.695 million in logistics "Gross profit" in 1H 2016, compared to 1H 2015. The "Gross profit" increased in 1H 2016 largely due to certain costs being presented in "Staff costs".

2nd Qtr 2016 vs 2nd Qtr 2015

"Gross Profit" increased US\$0.306 million to US\$5.572 million in 2Q 2016, compared to US\$5.266 million in 2Q 2015. The increase was attributable to the higher logistics "Gross profit" generated from the logistics business, in part due to certain costs being presented in "Staff costs".

2nd Qtr 2016 vs 1st Qtr 2016

We recorded a "Gross profit" of US\$5.572 million in 2Q 2016, an increase of US\$0.349 million (6.7%) from US\$5.223 million in 1Q 2016. The increase in our "Gross profit" was largely due to the increase in "Turnover" in 2Q 2016, compared to 1Q 2016, as elaborated on page 12 in the section entitled "Revenue" for "2nd Qtr 2016 vs 1st Qtr 2016".

Loss attributable to Equity Holders of the Company

1H 2016 vs 1H 2015

We reduced our "Loss before tax" by US\$1.310 million to US\$1.310 million in 1H 2016, compared to US\$2.620 million in 1H 2015 largely because:

- (i) We recorded foreign currency exchange gain of US\$0.597 million in 1H 2016, in contrast to a foreign currency exchange loss of US\$0.599 million in 1H 2015;
- (ii) We had lower (US\$0.139 million) "Allowance for doubtful trade receivables" to US\$0.270 million in 1H 2016, compared to US\$0.409 million in 1H 2015; and
- (iii) Our "Rental expenses" reduced (US\$0.298 million) to US\$0.616 million in 1H 2016, compared to US\$0.914 million in 1H 2015.

The above costs reductions were, however, not adequate to offset the decline of US\$0.967 million in "Other revenue" to US\$0.537 million in 1H 2016. The decline in "Other revenue" was mainly due to reduction (US\$0.268 million) in "Finance lease interest", a contraction (US\$0.165 million) in "Interest income", and reduced (US\$0.566 million) "Sundry income".

Excluding "Non-controlling interest" of US\$0.311 million in 1H 2016, our "Loss attributable to equity holder of the Company" was US\$1.051 million in 1H 2016, compared to "Loss attributable to equity holder of the Company" of US\$2.100 million in 1H 2015.

2nd Qtr 2016 vs 2nd Qtr 2015

We incurred a “Loss before tax” of US\$0.881 million in 2Q 2016, compared to a “Loss before tax” of US\$0.877 million in 2Q 2015, mainly due to lower (US\$0.701 million) in “Other revenue” in 2Q 2016. “Other revenue” declined to US\$0.186 million in 2Q 2016, compared to US\$0.887 million in 2Q 2015 mainly attributable to: (i) lower (US\$0.146 million) “Finance lease interest”, (ii) decline (US\$0.097 million) in “Interest income”, and reduced (US\$0.421 million) “Sundry income”.

Excluding “Non-controlling interest” of US\$0.121 million in 2Q 2016, our “Loss attributable to equity holder of the Company” was US\$0.789 million in 2Q 2016, compared to “Loss attributable to equity holder of the Company” of US\$0.706 million in 2Q 2015.

2nd Qtr 2016 vs 1st Qtr 2016

“Loss before tax” of US\$0.881 million in 2Q 2016, compared to US\$0.429 million in 1Q 2016 was largely attributable to a foreign currency exchange loss of US\$ 0.125 million in 2Q 2016 compared to a foreign currency exchange gain of US\$0.722 million in 1Q 2016.

Excluding “Non-controlling interest” of US\$0.121 million in 2Q 2016, our “Loss attributable to equity holder of the Company” was US\$0.789 million in 2Q 2016, compared to “Loss attributable to equity holder of the Company” of US\$0.262 million in 1Q 2016.

BALANCE SHEET

Non-current assets

The Group’s “Non-current assets” decreased US\$0.256 million to US\$11.397 million as at 30 June 2016, compared to US\$11.653 million as at 31 December 2015 (“FY2015”). The decrease was attributable to a reduction of US\$0.407 million in “Property, plant and equipment”, which was largely due to the “Depreciation for property, plant and equipment”. However, the decrease in “Non-current assets” was partially offset by increases in “Investment in associates” and “Deferred tax assets” of US\$0.145 million and US\$0.006 million, respectively.

Current assets

“Current assets” decreased US\$1.950 million to US\$47.469 million as at 30 June 2016, compared to US\$ 49.419 million as at the end of FY 2015. The decrease in “Current asset” was due to a reduction in “Cash and cash equivalents” of US\$2.870 million, which was partly due to (i) slower collection of “Trade and other receivables”, and (ii) repayment of “Finance lease liabilities” relating to the logistics motor vehicles during the period. However, the decrease in “Current assets” was partially offset by an increase in “Trade and other receivables” of US\$0.854 million.

Non-current liabilities

“Non-current liabilities” decreased US\$0.247 million to US\$1.471 million as at 30 June 2016 as a result of the partial repayment of the finance lease liabilities.

Current liabilities

“Current liabilities” declined US\$0.206 million to US\$31.394 million as at 30 June 2016, compared to US\$31.600 million as at end of FY2015, largely due a reduction of US\$0.524 million in “Trade and other payables” to US\$27.657 million as at 30 June 2016, compared to US\$28.181 million as at the end of FY 2015. However, the decrease in “Current liabilities” was partially offset by an increase in “Bank Term loan” of US\$0.244 million.

Net assets

Our Group’s net asset value (excluding non-controlling interests) stood at US\$27.910 million as at 30 June 2016, compared to US\$29.417 million as at end of FY 2015. Net asset value (excluding non-controlling interests) decreased US\$1.507 million, mainly as a result of “Net loss attributable to equity holders of the Company” and “Foreign currency translation reserve differences as a result of consolidation” for the financial period ended 30 June 2016.

The Group’s gearing based on total bank borrowings and finance lease liabilities, to net asset value (excluding non-controlling interests) stood at 16.6% as at 30 June 2016, compared to 15.7% as at the end of FY 2015.

Equity

Excluding “Non-controlling interest” of US\$1.909 million as at 30 June 2016, “Equity attributable to equity holders of the Company” declined to US\$27.910 million as at 30 June 2016, compared to US\$29.417 million as at end FY 2015. The decline in “Equity attributable to equity holder of the Company” was largely attributable to:

- (i) The Group’s “Accumulated losses” increased US\$1.104 million to US\$15.373 million as at 30 June 2016, compared to US\$14.269 million as at the end of FY 2015, largely due to the “Net loss attributable to equity holders of the Company” of US\$1.051 million; and
- (ii) The Group’s negative “Foreign currency translation reserve” increased US\$0.403 million to a negative reserve of US\$8.475 million as at the end of 30 June 2016, compared to negative reserve of US\$8.072 million as at end of FY 2015. The increase was largely due to the depreciation of United States dollars against Asian currencies.

CASH FLOW

1H 2016 vs 1H 2015

“Net cash used in operating activities” was US\$1.950 million in 1H 2016, compared to “Net cash used in operating activities” of US\$0.290 million in 1H 2015 largely due to :

- (i) The “Loss before tax” after including “Adjustments for” amounted to US\$1.010 million in 1H 2016, compared to US\$2.704 million in 1H 2015;
- (ii) US\$0.368 million was used in “Receivables” in 1H 2016, while US\$7.510 million was generated from “Receivables” in 1H 2015;
- (iii) Cash used in “Payables” of US\$0.528 million in 1H 2016, compared to US\$5.138 million in 1H 2015; and
- (iv) “Income tax paid” in 1H 2016 was US\$0.032 million.

“Net cash used in investing activities” amounted to US\$0.285 million in 1H 2016, compared to “Net cash generated from investing activities” of US\$0.441 million in 1H 2015. The “Net cash used in investing activities” in 1H 2016 mainly comprised of cash used in (i) “Net cash flow from acquisition of a subsidiary” of US\$0.100 million and (ii) “Effect of foreign exchange rate changes” of US\$0.183 million. Whilst in 1H 2015, the “Net cash generated from investing activities” were mainly from “Dividend received from associate” of US\$0.315 million and “Interest received” of US\$0.208 million.

“Net cash used in financing activities” amounted to US\$0.105 million in 1H 2016, compared to US\$0.083 million in 1H 2015. The increase in “Net cash used in financing activities” was largely attributable to “Repayment of bank term loans” and “Repayment of finance lease liability” amounting to US\$0.215 million and US\$0.246 million respectively in 1H 2016. However, the increase was partially offset by the “Proceed from bank term loans” of US\$0.426 million in 1H 2016. In 1H 2015, the “Net cash used in financing activities” included “Dividend paid to minority shareholder” by one of our subsidiary of US\$0.126 million.

2nd Qtr 2016 vs 2nd Qtr 2015

We recorded “Net cash used in operating activities” of US\$1.916 million including the tax paid of US\$0.037 million in 2Q 2016, compared to US\$2.498 million after the tax paid of US\$0.031 million in 2Q 2015. The “Net cash used in operating activities” in 2Q 2016 was largely due to “Loss before tax” of US\$0.881 million, cash used in “Receivables” of US\$5.007 million and cash generated from “Payables” of US\$3.959 million. In 2Q 2015, “Net cash used in operating activities” comprised of cash used in “Payables” of US\$2.285 million, “Loss before tax” of US\$0.877 million and cash from “Receivables” of US\$0.508 million.

“Net cash generated from investing activities” in 2Q 2016 was US\$0.013 million, mainly due to “Effect of foreign exchange rate changes” of US\$0.011 million and “Proceeds from disposal of property, plant and equipment” of US\$0.002 million. In 2Q 2015, “Net cash generated from investing activities” was US\$1.843 million which included the financing of “Purchase of property, plant and equipment” of US\$1.729 million under finance lease and US\$0.405 million by cash.

“Net cash generated from financing activities” in 2Q 2016 was US\$0.236 million, compared to US\$0.180 million in 2Q 2015. The increase in “Net cash generated from financing activities” was largely attributable to “Proceeds from bank term loans” of US\$0.426 million in 2Q 2016.

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.**

The performance of the aviation business depends on securing a sale, or new leases of aircraft, and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global trade and freight rates. With the weak business environment, we continue to maintain a cautious outlook.

11. **Dividend**

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

No dividend has been declared or recommended for the second quarter and first half year ended 30 June 2016.

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

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the second quarter ended 30 June 2016.

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 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

12 August 2016

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

To the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial results of the Group and the Company for the second quarter period ended 30 June 2016 and first half year ended 30 June 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet LC Tan
Chief Executive Officer



Tan Lay Yong Jenny
Executive Director