SKY ONE HOLDINGS LIMITED

(Company Registration No : 198602949M)

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Unaudited Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 31 March 2014

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the – corresponding period of immediately preceding year

INCOME STATEMENT

	Group		Ref	
	31-Mar-2014 HK$'000	31-Mar-2013 HK$'000		Increase/ (Decrease) %
Revenue	183,592	169,656	**8.1.1**	8.21
Cost of sales	(156,968)	(146,350)	**8.1.2**	7.26
Gross profit	26,624	23,306	**8.1.3**	14.24
Other income	907	1,211	**8.1.4**	(25.10)
Vendors' compensation for unmet profit undertaking net of Purchaser's compensation for unmet profit undertaking	-	750	**8.1.5**	N.M.
Impairment of intangible assets	(103,044)	(34,132)	**8.1.6**	>100.00
Impairment of goodwill	(4,665)	(12,395)	**8.1.7**	(62.36)
Distribution and selling expenses	(8,181)	(6,027)	**8.1.8**	35.74
Administrative expenses	(25,349)	(29,089)	**8.1.9**	(12.86)
Finance costs	(1,279)	(1,019)	**8.1.10**	25.52
Loss before taxation	(114,987)	(57,395)		>100.00
Income tax credit/(expense)	1,087	(239)	**8.1.11**	N.M.
Loss after taxation	**(113,900)**	**(57,634)**		97.63
LOSS ATTRIBUTABLE TO :-				
Shareholders of the Company	(112,952)	(56,779)		
Non-controlling interests	(948)	(855)		
	(113,900)	**(57,634)**		

N.M. – Not Meaningful

EARNINGS PER SHARE

	Group	
	31-Mar-2014	**31-Mar-2013**
Loss per share attributable to shareholders of the Company (cents per share)		
Basic	(35.78)	(18.15)
Diluted	(35.78)	(18.15)

STATEMENT OF COMPREHENSIVE INCOME

	Group		
	31-Mar-2014 HK$'000	**31-Mar-2013 HK$'000**	**% Increase/ (Decrease)**
Loss after taxation	(113,900)	(57,634)	97.63
Other comprehensive losses:-			
- currency translation differences	232	(355)	N.M.
TOTAL COMPREHENSIVE LOSS	**(113,668)**	**(57,989)**	96.02
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:-			
Shareholders of the Company	(112,711)	(57,150)	
Non-controlling interests	(957)	(839)	
	(113,668)	**(57,989)**	

N.M. – Not Meaningful

1(a)(ii) Loss before taxation is stated after charging / (crediting) the following:-

	Group		Increase/ (Decrease)
	31-Mar-2014 HK$'000	**31-Mar-2013 HK$'000**	**%**
Exchange gain, net	(435)	(312)	39.42
Compensation from trade suppliers included in other income	(158)	(161)	(1.86)
Gain on disposal of property, plant and equipment	(23)	(10)	>100.00
Loss on disposal of property, plant and equipment	61	4	>100.00
Amortisation of intangible assets	3,183	3,659	(13.01)
Depreciation of property, plant and equipment included in cost of sales	3,317	1,128	>100.00
Depreciation of property, plant and equipment included in administrative expenses	2,122	2,810	(24.48)
Rental of office premises	2,009	1,873	7.26
Inventories written off	190	-	100.00
Interest income	9	23	(60.87)
Interest expenses	1,279	1,019	25.52

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

	Group		Ref	Company	
	As at 31-Mar-14 HK$'000	As at 31-Mar-13 HK$'000		As at 31-Mar-14 HK$'000	As at 31-Mar-13 HK$'000
Non-current assets					
Property, plant and equipment	22,185	16,487	**8.2.1**	-	-
Goodwill	-	4,665	**8.2.2**	-	-
Other intangible assets	49,482	155,709	**8.2.3**	-	-
Investments in subsidiaries	-	-		39,783	39,783
Deferred tax assets	1,889	279	**8.2.4**	-	-
	73,556	177,140		39,783	39,783
Current assets					
Inventories	109	-	**8.2.5**	-	-
Trade and other receivables	25,325	35,235	**8.2.6**	137	135
Due from subsidiaries	-	-		2,629	2,629
Tax recoverable	22	17		-	-
Pledged bank deposit	-	1,034	**8.2.7**	-	-
Cash and bank balances	11,449	9,978	**8.2.8**	79	170
	36,905	46,264		2,845	2,934
Total assets	**110,461**	**223,404**		**42,628**	**42,717**
Equity					
Share capital	87,285	85,991	**8.2.9**	87,285	85,991
Reserves	(50,559)	(50,682)		(1,289)	(1,426)
Accumulated profits/(losses)	30,001	142,950		(63,753)	(61,014)
Equity attributable to shareholders of the Company	66,727	178,259		22,243	23,551
Non-controlling interests	483	1,440	**8.2.10**	-	-
Total equity	67,210	179,699		22,243	23,551
Non-current liabilities					
Borrowings	7,699	4,244	**8.2.11**	-	-
Current liabilities					
Borrowings	3,833	9,161	**8.2.11**	-	-
Trade and other payables	31,081	29,903	**8.2.12**	1,787	1,853
Current tax payable	638	397		-	-
Due to subsidiaries	-	-		18,598	17,313
	35,552	39,461		20,385	19,166
Total liabilities	43,251	43,705		20,385	19,166
Total equity and liabilities	**110,461**	**223,404**		**42,628**	**42,717**

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

(a) Amount repayable in one year or less, or on demand

As at 31 Mar 2014		As at 31 Mar 2013	
HK$'000	HK$'000	HK$'000	HK$'000
Secured	Unsecured	Secured	Unsecured
3,833	-	9,161	-

(b) Amount repayable after one year

As at 31 Mar 2014		As at 31 Mar 2013	
HK$'000	HK$'000	HK$'000	HK$'000
Secured	Unsecured	Secured	Unsecured
7,699	-	4,244	-

(c) Details of any collateral

Certain plant and equipment with an aggregate carrying amount of HK$18,480,000 as at 31 March 2014 (31 Mar 2013: HK$11,663,000) are pledged under existing finance lease arrangements.

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

	Group	
	31-Mar-2014 HK$'000	**31-Mar-2013 HK$'000**
Cash flows from operating activities		
Loss before taxation	(114,987)	(57,395)
Adjustments for:-		
Impairment of goodwill	4,665	12,395
Impairment of intangible assets	103,044	34,132
Amortisation of intangible assets	3,183	3,659
Depreciation of property, plant and equipment	5,439	3,938
Gain on disposal of property, plant and equipment	(23)	(10)
Loss of disposal of property, plant and equipment	61	4
Inventories written off	190	-
Interest expenses	1,279	1,019
Interest income	(9)	(23)
Unrealised exchange gain	(53)	(386)
Operating profit/(loss) before working capital changes	2,789	(2,667)
Inventories	(299)	-
Trade and other receivables	13,518	(9,810)
Trade and other payables	(2,391)	11,515
Cash generated from/(used in) operations	13,617	(962)
Interest paid	(1,279)	(794)
Interest received	9	23
Income tax paid	(287)	(57)
Net cash generated from/(used in) operating activities	**12,060**	**(1,790)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	227	10
Purchases of property, plant and equipment	(1,133)	(3,851)
Net cash used in investing activities	**(906)**	**(3,841)**
Cash flows from financing activities		
Issue of new ordinary shares upon exercise of employee share options	1,176	-
Forfeiture of unclaimed dividends	3	-
Movement in bank deposits pledged	1,034	(400)
Proceeds from bank loans	4,000	10,000
Repayment of bank loans	(9,574)	(9,536)
Repayment of obligations under finance leases	(6,512)	(2,567)
Net cash used in financing activities	**(9,873)**	**(2,503)**
Net increase/(decrease) in cash and cash equivalents	1,281	(8,134)
Cash and cash equivalents at beginning of year	9,978	18,046
Effect of exchange rate changes on cash and cash equivalents	190	66
Cash and cash equivalents at end of year	11,449	**9,978**

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

	<----------Attributable to shareholders of the Company ---------->							
Group	Share capital **HK$'000**	Share option reserve **HK$'000**	Capital reserve **HK$'000**	Currency translation reserve **HK$'000**	Accumulated profits **HK$'000**	**Equity attributable to shareholders of the Company HK$'000**	Non-controlling interests **HK$'000**	**Total equity HK$'000**
At 1 April 2012	85,991	236	(48,891)	(1,656)	199,729	235,409	2,279	237,688
Loss for the year	-	-	-	-	(56,779)	(56,779)	(855)	(57,634)
Other comprehensive loss:								
Foreign currency translation differences	-	-	-	(371)	-	(371)	16	(355)
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**(371)**	**(56,779)**	**(57,150)**	**(839)**	**(57,989)**
At 31 March 2013	85,991	236	(48,891)	(2,027)	142,950	178,259	1,440	179,699

	<---------- Attributable to shareholders of the Company ---------->							
Group	Share capital **HK$'000**	Share option reserve **HK$'000**	Capital reserve **HK$'000**	Currency translation reserve **HK$'000**	Accumulated profits **HK$'000**	**Equity attributable to shareholders of the Company HK$'000**	Non-controlling interests **HK$'000**	**Total equity HK$'000**
At 1 April 2013	85,991	236	(48,891)	(2,027)	142,950	178,259	1,440	179,699
Loss for the year	-	-	-	-	(112,952)	(112,952)	(948)	(113,900)
Other comprehensive loss:								
Foreign currency translation differences	-	-	-	241	-	241	(9)	232
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**241**	**(112,952)**	**(112,711)**	**(957)**	**(113,668)**
Contributions by and distributions to shareholders								
Employee share options exercised	1,294	(118)	-	-	-	1,176	-	1,176
Forfeiture of unclaimed dividends	-	-	-	-	3	3	-	3
Total contributions by and distributions to shareholders	**1,294**	**(118)**	**-**	**-**	**3**	**1,179**	**-**	**1,179**
At 31 March 2014	87,285	118	(48,891)	(1,786)	30,001	66,727	483	67,210

Statement of Changes in Equity

Company	Share capital HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Accumulated losses HK$'000	**Equity attributable to shareholders of the Company HK$'000**
At 1 April 2012	**85,991**	**236**	**(1,480)**	**(40,868)**	**43,879**
Loss for the year	-	-	-	(20,146)	(20,146)
Other comprehensive loss:-					
Foreign currency translation differences	-	-	(182)	-	(182)
Total comprehensive loss for the year	**-**	**-**	**(182)**	**(20,146)**	**(20,328)**
At 31 March 2013 and at 1 April 2013	**85,991**	**236**	**(1,662)**	**(61,014)**	**23,551**
Loss for the year	-	-	-	(2,742)	(2,742)
Other comprehensive loss:-					
Foreign currency translation differences	-	-	255	-	255
Total comprehensive loss for the year			**255**	**(2,742)**	**(2,487)**
Contributions by and distributions to shareholders of the Company					
Employee share options exercised	1,294	(118)	-	-	**1,176**
Forfeiture of unclaimed dividends	-	-	-	3	**3**
Total transactions with shareholders in their capacity as shareholders	1,294	(118)	-	3	**1,179**
At 31 March 2014	**87,285**	**118**	**(1,407)**	**(63,753)**	**22,243**

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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 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.

	No. of Ordinary Shares
At 1 April 2013	312,799,998
Exercise of share options	3,600,000
At 31 December 2013	**316,399,998**
At 31 March 2014	**316,399,998**

On 11 October 2011 (the "grant date"), the Company granted 7,200,000 share options under the Sky One Holdings Limited Employee Share Option Scheme (the "Scheme") which were vested immediately. 3,600,000 share options under the Scheme were exercised in June 2013 and the balance of 3,600,000 share options remain outstanding.

The Company has no other outstanding convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

1(d)(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.

Please see information disclosed in item 1(d)(ii) above.

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

As at 31 March 2014, the Company did not have any sales, transfers, disposal, cancellation and/or use of treasury shares.

There are no treasury shares as at 31 March 2014 and 31 March 2013.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard or practice.

The figures 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 matter).

Not applicable.

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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 item 5 below, the Group has applied the same accounting policies and methods of computation for the current reporting period compared with the audited financial statements of the preceding financial year.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group and the Company have adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:-

	Description	*Effective for annual periods commencing on*
FRS 27	*Separate Financial Statements*	1 January 2014
FRS 28	*Investments in Associates and Joint Ventures*	1 January 2014
FRS 110	*Consolidated Financial Statements*	1 January 2014
FRS 111	*Joint Arrangements*	1 January 2014
FRS 112	*Disclosure of Interests in Other Entities*	1 January 2014
FRS 32	*Amendments to FRS 32: Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	*Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date*	1 January 2014
FRS 110, FRS 111 & FRS 112	*Amendments to FRS 110, FRS 111 and FRS 112: Transition Guidance*	1 January 2014
FRS 110, FRS 112 & FRS 27	*Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities*	1 January 2014
FRS 36	*Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
FRS 39	*Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
INT FRS 121	*Levies*	1 January 2014
FRS 19	*Amendments to FRS 19: Defined benefit plans: Employee contributions*	1 July 2014
Improvements to FRS (January 2014)		1 July 2014
Improvements to FRS (February 2014)		1 July 2014

The initial application of those standards and interpretations are not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the reporting date.

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

	Group	
	31-Mar-2014 HK cents	**31-Mar-2013 HK cents**
Loss per ordinary share of the Group for the year based on total loss attributable to shareholders of the Company:-		
Basic loss per share: Based on weighted average 315,689,861 ordinary shares (31 March 2013: 312,799,998)	(35.78)	(18.15)
Diluted loss per share: Based on weighted average 315,689,861 ordinary shares (31 March 2013: 312,799,998)	(35.78)	(18.15)

The Company has 3,600,000 and 7,200,000 share options outstanding as at 31 March 2014 and 31 March 2013 respectively. Although these outstanding share options were dilutive in nature, they were excluded from the calculation of the diluted weighted average number of ordinary shares as their effect would have been anti-dilutive as a result of the Group making losses in both financial years.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31-Mar-14 HK cents	**31-Mar-13 HK cents**	**31-Mar-14 HK cents**	**31-Mar-13 HK cents**
Net Asset Value per ordinary share based on issued share capital of 316,399,998 (31 March 2013: 312,799,998)	21.24	57.45	7.03	7.53

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INCOME STATEMENT

8.1.1 Revenue

					Variance	
	31-Mar-14		31-Mar-13			
Revenue by division	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Express Land Transport	88,661	48.29	62,534	36.86	26,127	41.78
Airfreight	81,490	44.39	102,340	60.32	(20,850)	(20.37)
Coal Logistics	13,441	7.32	4,782	2.82	8,659	>100.00
Total	**183,592**	**100.00**	**169,656**	**100.00**	**13,936**	**8.21**

Total revenue for the financial year ended 31 March 2014 ("FY2014") as compared to the corresponding financial year ended 31 March 2013 ("FY2013") increased by HK$13.94 million or 8.21% mainly due to an increase in revenue from the Express Land Transport division and the Coal Logistics division of HK$26.13 million and HK$8.66 million respectively. These were partially offset by a decrease in revenue from the Airfreight division of HK$20.85 million.

The increase in revenue from the Express Land Transport division for FY2014 was the result of an increase in the unit price and volume transported.

The Airfreight division also saw an increase in volume handled but faced lower market prices in FY2014 which resulted in a decrease in revenue by 20.37%.

Revenue from the Coal Logistics division increased in FY2014 due to an upward adjustment in prices of logistics services during the year. The volume of coal hauled in FY2014 also increased to approximately 432,000 metric tonnes ("MT") as compared to approximately 308,000MT in FY2013. The Coal Logistics division currently has a service contract with a newly operational mine concessionaire, PT Rinjani Kartanegara. (PT Rinjani Kartanegara is the subject of the proposed acquisition by the Company, as disclosed in the Company's announcement dated 28 September 2012.)

8.1.2 Cost of Sales

					Variance	
	31-Mar-2014		31-Mar-2013			
Cost of sales by nature	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Customs declaration and handling costs	*18,090*	*11.52*	*12,809*	*8.75*	*5,281*	*41.23*
Transportation costs	*52,488*	*33.44*	*37,210*	*25.43*	*15,278*	*41.06*
Packing materials	*158*	*0.10*	*56*	*0.04*	*102*	*>100.00*
Total Express Land Transport costs	**70,736**	**45.06**	**50,075**	**34.22**	**20,661**	**41.26**
Airfreight transportation costs	**74,351**	**47.37**	**95,147**	**65.01**	**(20,796)**	**(21.86)**
Vehicle depreciation	*3,317*	*2.11*	*1,128*	*0.77*	*2,189*	*>100.00*
Fuel	*4,890*	*3.12*	*-*	*-*	*4,890*	*100.00*
Manpower	*1,959*	*1.25*	*-*	*-*	*1,959*	*100.00*
Others	*1,715*	*1.09*	*-*	*-*	*1,715*	*100.00*
Total Coal Logistics costs	**11,881**	**7.57**	**1,128**	**0.77**	**10,753**	**>100.00**
Total	**156,968**	**100.00**	**146,350**	**100.00**	**10,618**	**7.26**

The cost of sales of the Express Land Transport division increased by HK$20.66 million in FY2014 largely in line with the increase in revenue.

Similarly, the cost of sales of the Airfreight division decreased by HK$20.80 million in FY2014 largely in line with the decrease in revenue.

Cost of sales for the Coal Logistics division previously comprised only depreciation of vehicles which are rented to our customer. However, due to the price increase mentioned in item **8.1.1** above, our Group's Coal Logistics division had agreed to absorb certain costs previously borne by the customer such as fuel, driver remuneration as well as repair and maintenance of vehicles. As such, there was a significant increase in the cost of sales for the Coal Logistics division in FY2014.

8.1.3 Gross Profit

					Variance	
	31-Mar-2014		31-Mar-2013			
Gross Profit by division	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Express Land Transport	17,925	67.33	12,459	53.46	5,466	43.87
Airfreight	7,139	26.81	7,193	30.86	(54)	(0.75)
Coal Logistics	1,560	5.86	3,654	15.68	(2,094)	(57.31)
Total	**26,624**	**100.00**	**23,306**	**100.00**	**3,318**	**14.24**

Gross Profit Margin by division	**FY2014 %**	**FY2013 %**	**Variance Percentage points**
Express Land Transport	20.22	19.92	0.30
Airfreight	8.76	7.03	1.73
Coal Logistics	11.61	76.41	(64.80)
Total	**14.40**	**13.74**	**0.66**

Gross profit of the Express Land Transport division increased by HK$5.47 million in FY2014 due to the increase in revenue.

Gross profit of the Airfreight division decreased marginally in FY2014 by HK$0.05 million due to the decrease in revenue which was partially offset by the increase in value-added services such as packaging provided by the Airfreight division in the three-month period ended 31 December 2014 which yielded a higher profit margin.

Gross profit for the Coal Logistics division in FY2014 decreased due to the significant increase in cost of sales as mentioned in item **8.1.2** above which resulted in the decrease in gross profit margin.

8.1.4 Other income

Other income for FY2013 was HK$0.30 million higher compared to FY2014 mainly due to the receipt from the non-controlling interest holders of their share of net loss recorded by Sky One International Freight Limited (after offsetting the amounts due from the Group to the non-controlling interests).

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8.1.5 Vendors' compensation for unmet profit undertaking (net of Purchaser's compensation for unmet profit undertaking)

This was in relation to profit undertakings by (i) Sky One Network (Holding) Ltd in respect of the financial performance of Sky One International Freight Limited; and (ii) non-controlling interest holders of Sky One International Freight Limited ("SOIFL Minority Shareholders") in respect of the financial performance of Sky One SSI Logistics Limited.

In FY2013, as both Sky One SSI Logistics Limited and Sky One International Freight Limited incurred losses during the prescribed period, the SOIFL Minority Shareholders had compensated Sky One Network (Holding) Ltd an amount of HK$3.22 million and Sky One Network (Holding) Ltd had compensated the SOIFL Minority Shareholders an amount of HK$2.47 million.

There were no compensations made by both SOIFL Minority Shareholders and Sky One Network (Holding) Ltd in FY2014 as the profit undertakings were in relation to the financial performances of Sky One International Freight Limited and Sky One SSI Logistics Limited for the twelve-month period commencing 1 April 2011 and the compensations were fully settled in FY2013.

8.1.6 Impairment of intangible assets

In FY2014, HK$103.04 million was charged to the income statement as an impairment loss on the Group's coal logistics contract. After taking into account amortisation of HK$3.18 million, this represented a 67.60% decrease in the carrying value of the asset. The decrease primarily arose due to the drop in the gross profit margin of 64.80 percentage points arising from this contract from 76.41% in FY2013 to 11.61% in FY2014 (see also **8.1.2** and **8.1.3** above). The decrease in the gross profit margin had affected the Group's internal discounted cash flow projections on which the carrying value of the coal logistics contract was based.

In FY2013, revisions to cash flow projections based on the management's latest estimates led to impairment provisions for (i) coal logistics contracts amounting to HK$33.80 million; and (ii) non-compete agreements and customer base of Skyone SSI Logistics (HK) Limited and its subsidiary, Sky One SSI Logistics Limited, amounting to HK$0.07 million and HK$0.26 million respectively.

8.1.7 Impairment of goodwill

In FY2014, impairment amounting to HK$4.67 million was made on the Airfreight division's portion of goodwill in relation to the reverse business acquisition completed on 28 January 2008. The impairment arose mainly due to the drop in revenue and projected persistent lacklustre market growth of the Airfreight division.

In FY2013, operational losses incurred by Skyone SSI Logistics (HK) Limited and its subsidiary, Sky One SSI Logistics Limited, led to an impairment on the associated goodwill amounting to HK$12.40 million.

8.1.8 Distribution and selling expenses

Distribution and selling expenses increased mainly due to increased sales efforts to increase the Group's revenue.

8.1.9 Administrative expenses

Administrative expenses decreased by HK$3.74 million mainly due to cost rationalisation efforts in the Express Land Transport and Airfreight divisions in view of persistently low revenues.

8.1.10 Finance costs

Finance costs increased by HK$0.26 million in FY2014 due to additional finance leases obtained for the vehicles purchased by the Coal Logistics division.

8.1.11 Income tax expense

There was a tax credit for FY2014 mainly due to the recognition of unutilised tax losses in some of the Group's Hong Kong and Indonesian subsidiaries.

ASSETS, LIABILITES AND RESERVES

8.2.1 Property, plant and equipment

Due to expectation of higher volume of coal to be hauled, the Coal Logistics division purchased additional hauling trucks for approximately HK$10.45 million to increase haulage capacity. A further HK$0.90 million purchase of other equipment and vehicles by other divisions of the Group was also made in FY2014. There were also disposals of vehicles with a net book value of HK$0.27 million during the year. Depreciation charges for property, plant and equipment during FY2014 were HK$5.43 million.

8.2.4 Goodwill

Goodwill comprised:

	←----------Goodwill arising from---------->			
	2008 reverse acquisition		Skyone SSI Logistics (HK) Limited	**TOTAL**
Group	Express land transport segment **HK$'000**	Airfreight segment **HK$'000**	Airfreight segment **HK$'000**	**HK$'000**
Cost				
At 1 April 2013	**7,213**	**15,280**	**12,395**	**34,888**
Accumulated impairment b/f	(7,213)	(10,615)	(12,395)	**(30,223)**
Current year impairment	-	*(4,665)*	-	***(4,665)***
Accumulated impairment c/f	(7,213)	(15,280)	(12,395)	**(34,888)**
At 31 March 2014	**-**	**-**	**-**	**-**

Impairments

Please see item **8.1.7** for commentary on impairment provisions made.

8.2.3 Other intangible assets

Intangible assets comprised:

Group	Coal logistics contracts **HK$'000**	Non-compete agreements **HK$'000**	Customer base **HK$'000**	**TOTAL HK$'000**
Cost				
At 1 April 2012	**192,755**	**120**	**693**	**193,568**
Accumulated amortisation	(3,244)	(50)	(433)	**(3,727)**
Current year impairment	(33,802)	(70)	(260)	**(34,132)**
At 31 March 2013	**155,709**	**-**	**-**	**155,709**
Current year amortisation	(3,183)	-	-	**(3,183)**
Current year impairment	(103,044)	-	-	**(103,044)**
At 31 March 2014	**49,482**	**-**	**-**	**49,482**

Impairments

Please see item **8.1.6** for commentary on impairment provisions made.

8.2.4 Deferred tax assets

Deferred tax assets recognised in FY2014 arose from recognition of unutilised tax losses available for future offset and differences between book and tax depreciation values.

8.2.5 Inventories

Inventories comprised vehicle spare parts used by the Coal Logistics division.

8.2.6 Trade and other receivables

The decrease in trade and other receivables was mainly due to improved collections during the year.

8.2.7 Pledged bank deposit

Pledged bank deposit decreased to nil as the loan for which the deposit was pledged was fully repaid during the year.

8.2.8 Cash and cash equivalents/ cash and bank balances

	Group 31-Mar-14 HK$'000
Cash and cash equivalents at 31-Mar-13	9,978
Cash flows from Operating Activities	12,060
Cash flows used in Investing Activities	(906)
Cash flows used in Financing Activities	(9,873)
Net increase in cash and cash equivalents	1,281
Effect of exchange rate changes on cash and cash equivalents	190
Cash and cash equivalents at 31-Mar-14	11,449

Cash flows from operating activities

The Group generated cash from operations of HK$13.62 million due mainly to a decrease in trade and other receivables of HK$13.52 million and an increase in trade and other payables of HK$2.39 million. After interest received and paying interest and taxes totaling HK$1.57 million, net cash generated from operating activities was HK$12.06 million.

Cash flows from investing activities

In FY2014, the Group paid cash for equipment purchases of HK$1.13 million, mainly arising from the purchase of hauling trucks and vehicles by the Coal Logistics division of HK$10.45 million and HK$0.90 million of other vehicle and equipment by the other divisions. The hire purchase leasing on these items were HK$9.66 million and HK$0.56 million respectively. Proceeds from disposal of vehicles were HK$0.23 million. Hence, net cash used in investing activities in FY2014 amounted to HK$0.91 million.

Cash flows from financing activities

During FY2014, the Group received proceeds of approximately HK$1.18 million as a result of the allotment and issuance of new shares in the Company pursuant to the exercise of employee share options. The Group also obtained HK$4.00 million in short-term financing and repaid HK$16.08 million in bank loans and hire purchase principal. HK$1.03 million cash previously pledged to the banks was recovered due to repayment of the loans.

8.2.9 Share capital

Share capital increased by HK$1.29 million due to the allotment and issuance of new shares in the Company pursuant to the exercise of employee share options. The increase represented the amount of HK$1.18 million received in cash and transferred from the share option reserve of HK$0.11 million.

8.2.10 Non-controlling interests

Non-controlling interests decreased by HK$0.96 million due to losses incurred at the related subsidiaries.

8.2.11 Borrowings

Borrowings decreased by HK$1.87 million due to repayments of the principal amounts amounting to HK$16.08 million and foreign currency gains of HK$0.01 million. These were partially offset by new bank loans of HK$4.00 million and new finance leases of HK$10.22 million.

8.2.12 Trade and other payables

Trade and other payables increased mainly due to the purchase of services to cope with the increase in revenue in FY2014.

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 has been previously disclosed to shareholders.

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

Proposed Acquisition of an Indonesian Coal Mining Business

The due diligence in relation to the acquisition of Energy Prima Pte Ltd and its subsidiaries (the "Proposed Acquisition") is in progress. Reports on the coal reserves, value, financials and other material matters are being prepared and reviewed with a view to be tabled at an extraordinary general meeting of the Company for approval by the Company's shareholders, subject to, *inter alia*, obtaining regulatory approvals and satisfactory due diligence.

A condition precedent for the completion of the Proposed Acquisition is the proposed disposal of the Company's existing business (excluding PT Energy Indonesia Resources and any shares in it held by Sky One Network (Holding) Ltd) to Dicky Suen Yiu Chung, a controlling shareholder and Chief Executive Officer of the Company (the "Proposed Disposal").

Please refer to the Company's announcements on 28 September 2012, 10 October 2012 and 25 September 2013 for more details on the Proposed Acquisition and Proposed Disposal.

The Company will update its shareholders as and when there are material developments to the Proposed Acquisition and the Proposed Disposal.

The Group's Current Operations and Businesses

The Group's Coal Logistics division provides mining support services such as coal hauling. It commenced business in October 2012. From October 2012 to 31 March 2014, the division has hauled approximately 740,000MT of coal. Notwithstanding the higher revenue recorded in FY2014, gross profit for the Coal Logistics division was lower due to the reasons set out in item **8.1.2** above. In view of the high demand for energy and coal resources, the Group remains cautiously optimistic about the performance of the Coal Logistics division, barring any unforeseen circumstances.

The Group expects continued weak demand for the businesses of its Express Land Transport division and Airfreight division in their key markets in Hong Kong and the People's Republic of China amid the present global economic uncertainties. Cargo volume and/or unit price are expected to decrease due to weakened demand which may lead to a decrease in gross profit margins, despite the better performance for the Express Land Transport division.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period/year reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period/year of the immediately preceding financial year?

No.

(c*) Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 March 2014.

[This section is intentionally left blank]

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

13(a) Business segments

	Coal Logistics		Corporate		Express Land Transport		Airfreight		TOTAL	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue (External)	**13,441**	**4,782**	**-**	**-**	**88,661**	**62,534**	**81,490**	**102,340**	**183,592**	**169,656**
Results:										
Segment results	1,560	3,654	-	-	17,925	12,459	7,139	7,193	26,624	23,306
Interest income	3	23	-	-	-	-	6	-	9	23
Other income	-	-	-	421	581	731	317	36	898	1,188
Vendors' compensation for unmet profit undertaking net of Purchasers' compensation for unmet profit undertaking	-	-	-	-	-	-	-	750	-	750
Impairment of intangible assets	(103,044)	(33,802)	-	-	-	-	-	(330)	(103,044)	(34,132)
Impairment of goodwill	-	-	-	-	-	-	(4,665)	(12,395)	(4,665)	(12,395)
Amortisation of intangible assets	(3,183)	(3,244)	-	-	-	-	-	(415)	(3,183)	(3,659)
Selling and Distribution expenses	-	-	-	-	(4,638)	(2,687)	(3,543)	(3,340)	(8,181)	(6,027)
Depreciation	(85)	(646)	-	-	(1,912)	(2,050)	(125)	(114)	(2,122)	(2,810)
Exchange rate gains/ (losses)	757	240	(232)	187	(95)	(35)	5	(80)	435	312
Other administrative expenses	(1,202)	(1,110)	(2,521)	(3,145)	(10,305)	(14,479)	(6,451)	(4,198)	(20,479)	(22,932)
Finance costs	(1,008)	(616)	-	-	(44)	(53)	(227)	(350)	(1,279)	(1,019)
Taxation	(107)	(231)		-	1,162	-	32	(8)	1,087	(239)
Loss after taxation	**(106,309)**	**(35,732)**	**(2,753)**	**(2,537)**	**2,674**	**(6,114)**	**(7,512)**	**(13,251)**	**(113,900)**	**(57,634)**

13(a) Business segments (continued)

	Coal Logistics		Corporate		Express Land Transport		Airfreight		TOTAL	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets:										
Segment assets	71,959	171,520	282	365	21,443	19,977	16,777	31,542	110,461	223,404
Liabilities:										
Segment liabilities	15,045	8,292	1,795	1,856	14,353	8,861	12,058	24,696	43,251	43,705
Other information:										
Additions to non-current assets	10,452	12,782	-	-	830	532	72	54	11,354	13,368

13(b) Geographical segments

	Revenue		Non-current Assets[#]	
	FY2014 HK$'000	FY2013 HK$'000	FY2014 HK$'000	FY2013 HK$'000
Hong Kong	145,419	119,208	2,061	8,077
PRC	24,732	45,666	80	128
Indonesia	13,441	4,782	69,526	168,656
	183,592	169,656	71,667	176,861

[#]Non-current assets do not include deferred tax assets.

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

Please see information disclosed in item 8.

15. A breakdown of sales.

	Group		
	FY2014 HK$'000	**FY2013 HK$'000**	**Increase/ (Decrease) %**
(a) Revenue for first half of the financial year	79,797	76,328	4.54
(b) Loss after tax for first half of the financial year	(1,372)	(3,279)	(58.16)
(c) Revenue for second half of the financial year	103,795	93,328	11.22
(d) Loss after tax for second half of the financial year	(112,528)	(54,355)	>100.00

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual Dividend – Ordinary shares:-

	Latest Financial Year 2014	Previous Financial Year 2013
	HK$'000	**HK$'000**
Interim	-	-
Total	-	-

17. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules"). Excluding transactions less than S$100,000, there were no interested person transactions entered into during the financial year ended 31 March 2014.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules.

None of the persons occupying managerial positions in the Company and its principal subsidiaries is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company pursuant to Rule 704(10) of the Catalist Rules during the financial year ended 31 March 2014.

By Order of the Board

Dicky Suen Yiu Chung
Chief Executive Officer
26 May 2014