

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 2017

	Group		
	1st quarter ended		
	31 Mar 17	31 Mar 16	Change
	US\$'000	US\$'000	%
Turnover	42,491	39,651	7.2
Other revenue	251	351	(28.5)
Total revenue	42,742	40,002	6.8
Expenses			
Changes in inventories	(9)	-	N/M
Purchases of goods and consumables used	(4)	(56)	(92.9)
Freight charges	(37,143)	(34,372)	8.1
Staff costs	(4,369)	(4,521)	(3.4)
Depreciation of property, plant and equipment	(174)	(292)	(40.4)
Finance costs	(53)	(45)	17.8
Share of results of associated companies	2	75	(97.3)
Other operating expenses	(1,736)	(1,220)	42.3
Total costs and expenses	(43,486)	(40,431)	7.6
Loss before tax	(744)	(429)	73.4
Taxation	(17)	(23)	(26.1)
Loss for the period	(761)	(452)	68.4
Loss attributable to:			
Equity holders of the Company	(710)	(262)	N/M
Non-controlling interests	(51)	(190)	(73.2)
	(761)	(452)	68.4
Other items :			
Interest income	28	21	33.3
Finance lease interest income	-	149	(100.0)
Allowance for doubtful trade receivables written back	1	55	(98.2)
Allowance for doubtful trade receivables	(1)	(181)	(99.4)
Allowance for doubtful non-trade receivables written back	86	22	N/M
Foreign currency exchange (loss)/gain	(340)	722	N/M
Loss on disposal of property, plant and equipment	6	-	N/M
Rental expenses	(317)	(341)	(7.0)
Allowance for doubtful finance lease receivables	-	(149)	(100.0)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2017

	Group		
	1st quarter ended		
	31 Mar 17	31 Mar 16	Change
	US\$'000	US\$'000	%
Loss for the period	(761)	(452)	68.4
Other comprehensive income/(loss):			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	346	(407)	<i>N/M</i>
	346	(407)	
Total comprehensive loss for the period	(415)	(859)	(51.7)
Total comprehensive loss attributable to:			
Equity holders of the Company	(336)	(614)	(45.3)
Non-controlling interests	(79)	(245)	(67.8)
Total comprehensive loss for the period	(415)	(859)	(51.7)

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 2017

	Group		Company	
	31 Mar	31 Dec	31 Mar	31 Dec
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	6,399	6,258	-	-
Investment in subsidiaries ⁽¹⁾	-	-	14,663	14,663
Investment in associated companies	425	416	-	-
Deferred tax assets	288	275	-	-
	7,112	6,949	14,663	14,663
Current assets				
Inventories	4,271	4,262	-	-
Trade and other receivables	29,318	34,672	12	7
Due from subsidiaries	-	-	328	10
Due from associated companies	364	436	-	-
Tax recoverable	3	2	-	-
Cash and cash equivalents	20,029	18,354	6,166	6,225
	53,985	57,726	6,506	6,242
Total assets	61,097	64,675	21,169	20,905
Non-current liabilities				
Finance lease liabilities	1,297	1,291	-	-
	1,297	1,291	-	-
Current liabilities				
Trade and other payables	29,878	33,973	236	192
Due to subsidiaries	-	-	1,000	1,000
Bank borrowings	4,018	3,161	1,195	968
Provision for liabilities	586	579	-	-
Finance lease liabilities	562	516	-	-
Tax payable	122	122	-	-
	35,166	38,351	2,431	2,160
Total liabilities	36,463	39,642	2,431	2,160
Net assets	24,634	25,033	18,738	18,745
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated (losses) / profits	(17,510)	(16,820)	(33,020)	(33,013)
Foreign currency translation reserve	(7,745)	(8,119)	-	-
Equity attributable to equity holders of the Company	26,503	26,819	18,738	18,745
Non-controlling interests	(1,869)	(1,786)	-	-
Total equity	24,634	25,033	18,738	18,745

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

Note:

(1) As at 31 March 2017 and 31 December 2016, 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 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,580	-	3,677	-

Amount repayable after one year

At 31 March 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,297	-	1,291	-

Details of any collateral

The Group's borrowings which were repayable in one year or less, on demand, of US\$4.580 million comprised: (i) "Bank borrowings" of US\$4.018 million, of which US\$2.113 million was secured by corporate guarantee and a floating charge over the receivables of the logistics business. The balance of US\$1.195 million was secured on a leasehold property of the Group. The remaining US\$0.710 million was secured on a personal property of a director of an overseas subsidiary; and (ii) "Finance lease liabilities" of US\$0.562 million was pledged on the motor vehicles deployed for the logistics business. The Group's borrowings repayable after one year of US\$1.297 million were 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 STATEMENTS OF CASH FLOWS
For the first quarter ended 31 March 2017

	1st Quarter Ended	
	31 Mar 2017	31 Mar 2016
	US\$'000	US\$'000
Cash flows from operating activities		
Loss before tax	(744)	(429)
Adjustments for:		
Interest income	(28)	(21)
Depreciation of property, plant and equipment	174	292
Finance lease interest income	-	(149)
Interest expenses	53	45
Allowance for doubtful non-trade receivables written back	(86)	(22)
Loss on disposal of property, plant and equipment	6	-
Negative goodwill written off	-	(15)
Share of results of associated companies	(2)	(75)
Operating cash flow before working capital changes	(627)	(374)
Inventories	(9)	-
Receivables	5,515	4,639
Payables	(4,090)	(4,487)
Effect of foreign exchange rate changes	298	71
Cash generated from/(used in) operations	1,087	(151)
Income tax (paid)/refunded	(19)	5
Net cash generated from/(used in) operating activities	1,068	(146)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	18	-
Acquisition of non-controlling interest	(45)	-
Acquisition of a subsidiary, net cash acquired	-	(100)
Interest received	28	21
Purchase of property, plant and equipment	(121)	(25)
Net cash used in investing activities	(120)	(104)
Cash flows from financing activities		
Contribution from non-controlling interest for incorporation of subsidiary	61	-
Proceeds from bank borrowings	758	-
Repayment of bank borrowings	(3)	(215)
Repayment of finance lease liabilities	(139)	(121)
Shares bought back	-	(42)
Interest paid	(53)	(45)
Net cash generated from/(used in) financing activities	624	(423)
Net increase/(decrease) in cash and cash equivalents ⁽¹⁾	1,572	(673)
Cash and cash equivalents at beginning of period	18,199	18,993
Effect of foreign exchange rate changes	103	(558)
Cash and cash equivalents at end of period	19,874	17,762

Note:

- (1) As at 31 March 2017, Cash and cash equivalents balances held by the Group amounting to US\$0.155 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 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
Comprehensive income						
Loss for the period	-	(710)	-	(710)	(51)	(761)
Other comprehensive income						
Currency translation differences on consolidation	-	-	374	374	(28)	346
Other comprehensive income for the period	-	-	374	374	(28)	346
Total comprehensive (loss)/income for the period	-	(710)	374	(336)	(79)	(415)
Changes in ownership interests in subsidiaries						
Acquisition of interest in subsidiary without change in control	-	20	-	20	(65)	(45)
Incorporation of subsidiary	-	-	-	-	61	61
	-	20	-	20	(4)	16
At 31 March 2017	51,758	(17,510)	(7,745)	26,503	(1,869)	24,634

For the first quarter ended 31 March 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 income						
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

Statement of Changes in Equity

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
Comprehensive income			
Loss and total comprehensive loss for the period	-	(7)	(7)
At 31 March 2017	51,758	(33,020)	18,738

For the first quarter ended 31 March 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 income 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

- 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 2017	31 Mar 2016
Balance at beginning of period ⁽¹⁾	58,479,296	175,651,370
Shares bought back and cancelled	-	(207,500)
Balance at end of period	<u>58,479,296</u>	<u>175,443,870</u>

Note:

(1) On 16 May 2016, the Company completed the Share Consolidation of every three 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 31 March 2017 and 31 December 2016 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.**

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 2016.

- 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	
	1st quarter ended	
	31 Mar 2017	31 Mar 2016
Loss after tax attributable to equity holders of the Company (US\$'000)	(710)	(262)
Weighted average number of ordinary shares (in '000)	58,479	58,488
Earnings per share (US cents):		
Basic ⁽¹⁾	(1.21)	(0.45)
Diluted ⁽¹⁾	(1.21)	(0.45)

Note:

- (1) Computed based on weighted average number of ordinary shares, adjusting for the effect of share consolidation of every three shares into one consolidated 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	
	31 Mar 2016	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per share based on existing issued share capital at the end of period/year (US cents) ^{(1) (2)}	45.32	45.86	32.04	32.05

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 2017 and 31 December 2016 would have been 42.12 US cents and 42.81 US cents per share respectively.
- (2) Computed based on 58,479,296 ordinary shares in issue for 31 March 2017 and 31 December 2016.

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. We have a staff strength of approximately 700 personnel as at 31 March 2017.

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.

Income Statement

Revenue

1st Qtr 2017 vs 1st Qtr 2016

Our “Total revenue” comprises “Turnover” and “Other revenue”. Our Group’s “Total revenue” increased US\$2.740 million to US\$42.742 million in the first quarter ended 31 March 2017 (“1Q 2017”), compared to US\$40.002 million in the corresponding first quarter ended 31 March 2016 (“1Q 2016”).

Our Group “Turnover” in 1Q 2017 increased US\$2.840 million (7.2%) as a result of an increase of US\$2.849 million in the logistics “Turnover”. Our logistics business accounted for 99.9% of the Group “Turnover”. The logistics “Turnover” increased US\$2.849 million to US\$42.438 million in 1Q 2017, compared to US\$39.589 million in 1Q 2016. The increase in the logistics business volume was mainly attributable to higher sales activities in North Asia.

Our aviation business contributed to 0.1% (US\$0.053 million) of the Group “Turnover” in 1Q 2017.

“Other revenue” decreased US\$0.100 million (28.5%) to US\$0.251 million in 1Q 2017, compared to US\$0.351 million in 1Q 2016. The decrease was mainly due to the absence of “Finance lease interest income” of US\$0.149 million in 1Q 2017 from the aviation business.

1st Qtr 2017 vs 4th Qtr 2016

“Total revenue” decreased US\$12.675 million to US\$42.742 million in 1Q 2017, compared to US\$55.417 million in the fourth quarter ended 31 December 2016 (“4Q 2016”), as a result of a decrease of US\$12.243 million in the logistics “Turnover”.

The lower logistics “Turnover” of US\$12.243 million (22.4%) in 1Q 2017 was mainly due to lower cargo traffic after the festive seasons, such as Thanksgiving, Christmas and New Year that occurred in the fourth quarter of the calendar year.

“Other Revenue” decreased US\$0.432 million to US\$0.251 million in 1Q 2017, compared to US\$0.683 million in 4Q 2016, largely due to a decline of US\$0.347 million in “Sundry income”.

Total Costs and Expenses

1st Qtr 2017 vs 1st Qtr 2016

Our "Total costs and expenses" increased US\$3.055 million (7.6%) to US\$43.486 million in 1Q 2017 compared to US\$40.431 million in 1Q 2016, mainly due to:

- (i) Higher "Freight charges" relating to the logistics business "Freight charges" increased US\$2.771 million (8.1%) to US\$37.141 million in 1Q 2017, compared to US\$34.370 million in 1Q 2016. The higher (US\$2.771 million) "Freight charges" relating to the logistics business corresponded to an increase of US\$2.849 million in the logistics "Turnover" in 1Q 2017, compared to 1Q 2016; and
- (ii) An increase of US\$0.516 million in "Other operating expenses" in 1Q 2017 to US\$1.736 million, compared to US\$1.220 million in 1Q 2016. An increase of US\$0.516 million in "Other operating expenses" in 1Q 2017 was largely due to the "Foreign currency exchange loss" of US\$0.340 million incurred in 1Q 2017, compared to a "Foreign currency exchange gain" of US\$0.722 million recorded in 1Q 2016.

The above increases in "Total costs and expenses" were partially offset by (i) a reduction of US\$0.152 million in "Staff costs" to US\$4.369 million in 1Q 2017; and (ii) a reduction in "Allowance for doubtful trade receivables" of US\$0.180 million in 1Q 2017. The lower "Staff costs" in 1Q 2017, compared to 1Q 2016 was due to reduction in head count costs of the logistics business.

1st Qtr 2017 vs 4th Qtr 2016

"Total costs and expenses" decreased US\$12.281 million (22.0%) to US\$43.486 million in 1Q 2017, compared to US\$55.767 million in 4Q 2016, largely due to:

- (i) Lower (US\$11.523 million) "Freight charges" to US\$37.143 million in 1Q 2017, compared to US\$48.666 million in 4Q 2016. The reduction in "Freight charges" corresponded to the lower logistics "Turnover" of US\$12.243 million in 1Q 2017, compared to 4Q 2016. The reduction in "Turnover" in 1Q 2017 compared to 4Q 2016 is elaborated on page 10, in the second paragraph of the section titled "**Revenue**" for "**1st Qtr 2017 vs 4th Qtr 2016**";
- (ii) A decrease of US\$0.845 million in "Other operating expenses" to US\$1.736 million in 1Q 2017, compared to US\$2.581 million in 4Q 2016. The decrease of US\$0.845 million in "Other operating expenses" was mainly due to:
 - (a) Lower (US\$0.147 million) "Foreign currency exchange loss" of US\$0.340 million in 1Q 2017, compared to US\$0.487 million in 4Q 2016;
 - (b) A reduction of "Legal and professional fees" of US\$0.300 million to US\$0.157 million in 1Q 2017, compared to US\$0.457 million in 4Q 2016;
 - (c) The absence of "Allowance for doubtful non-trade receivables", and the reduction in "Property, plant and equipment written off" of US\$0.110 million and US\$0.141 million respectively in 1Q 2017, compared to 4Q 2016.

Gross profit

1st Qtr 2017 vs 1st Qtr 2016

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\$0.112 million (2.1%) to US\$5.335 million in 1Q 2017, compared to US\$5.223 million in 1Q 2016. The higher gross profit in 1Q 2017 compared to 1Q 2016 was due to an increase of US\$0.034 million in the aviation gross profit to US\$0.038 million; and an increase of US\$0.078 million in the logistics gross profit to US\$5.297 million.

1st Qtr 2017 vs 4th Qtr 2016

We recorded a “Gross profit” of US\$5.335 million in 1Q 2017, a decrease of US\$0.708 million (11.7%) compared to US\$6.043 million in 4Q 2016. The decline in our “Gross profit” was largely due to the reduction in “Turnover” in 1Q 2017, compared to 4Q 2016, as elaborated on page 10 in the section entitled “Revenue” for “1st Qtr 2017 vs 4th Qtr 2016”.

Loss for the period

1st Qtr 2017 vs 1st Qtr 2016

Excluding the “Foreign currency exchange loss” of US\$0.340 million, of which US\$0.300 million were unrealized foreign currency exchange losses, our “Loss for the period” would have been US\$0.421 million, instead of US\$0.761 million in 1Q 2017.

In contrast, excluding the “Foreign currency exchange gain” of US\$0.722 million in 1Q 2016, our “Loss for the period” would have been US\$1.174 million, instead of US\$0.452 million in 1Q 2016.

Excluding the foreign currency exchange fluctuations, much of which were unrealized foreign currency exchange impact, our “Loss for the period” in 1Q 2017 would have narrowed compared to 1Q 2016, as elaborated in the two preceding paragraphs.

While our aviation business continued to encounter headwind in 1Q 2017, the operating performance (excluding foreign currency exchange fluctuations) of our logistics business improved in 1Q 2017, compared to 1Q 2016.

Excluding the “Foreign currency exchange loss” of US\$0.302 million resulting from the logistics business, of which US\$0.300 million are unrealized foreign currency exchange loss, our logistics business would have been profitable in 1Q 2017, compared to 1Q 2016. However, we would like to caution that this is not an indication of a turnaround for the logistics business. There is no assurance of the sustainability in the improvement in the performance of the logistics business. Nonetheless, we strive to maintain this positive momentum, barring unforeseen circumstances, or unexpected circumstances beyond our control, and given the multitude of challenges ahead in the uncertain global market environment.

1st Qtr 2017 vs 4th Qtr 2016

In 1Q 2017, we incurred a “Loss for the period” of US\$0.761 million, of which “Foreign currency exchange loss” constituted US\$0.340 million.

In contrast, in 4Q 2016, we incurred a “Loss for the period” of US\$0.230 million, of which “Foreign currency exchange loss” constituted US\$0.487 million.

Balance Sheet

Non-current assets

The Group's "Non-current assets" increased US\$0.163 million to US\$7.112 million as at 31 March 2017, compared to US\$6.949 million as at 31 December 2016 ("FY 2016"). The increase was attributable to: (i) an additional of US\$0.141 million in "Property, plant and equipment", which was largely due to purchase of new motor vehicles used for our logistics business in 1Q 2017, and (ii) higher "Investment in associated companies" and "Deferred tax assets" of US\$0.009 million and US\$0.013 million, respectively.

Current assets

"Current assets" decreased US\$3.741 million to US\$53.985 million as at 31 March 2017, compared to US\$57.726 million as at the end of FY 2016. "Current assets" declined largely owing to: (i) a decrease of US\$5.354 million in "Trade and other receivables" to US\$29.318 million as at 31 March 2017, compared to US\$34.672 million as at the end of FY 2016. This was in line with the decrease in "Turnover" in 1Q 2017, compared to 4Q 2016.

Non-current liabilities

"Non-current liabilities" remained relatively constant at US\$1.297 million as at 31 March 2017, compared to US\$1.291 million as at end of FY 2016.

Current liabilities

"Current liabilities" declined US\$3.185 million to US\$35.166 million as at 31 March 2017, compared to US\$38.351 million as at the end of FY 2016, largely due to a reduction of US\$4.095 million in "Trade and other payables" to US\$29.878 million as at 31 March 2017.

Net asset and Equity

Our Group's net asset value stood at US\$24.634 million as at 31 March 2017, compared to US\$25.033 million as at end of FY 2016.

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US\$26.503 million as at end of 31 March 2017, compared to US\$26.819 million as at end of FY 2016. The decline of US\$0.316 million in "Equity attributable to equity holder of the Company" was largely due to:

- (i) The Group's "Accumulated losses" increased US\$0.690 million to US\$17.510 million as at 31 March 2017, compared to US\$16.820 million as at end of FY 2016, largely due to the "Loss attributable to equity holders of the Company" of US\$0.710 million.
- (ii) The Group's negative "Foreign currency translation reserve" decreased US\$0.374 million to a negative reserve of US\$7.745 million as at 31 March 2017, compared to negative reserve of US\$8.119 million as at end of FY 2016.

The Group's gearing based on, total bank borrowings and finance leases liabilities, to "Equity attributable to equity holders of the Company" stood at 22.2% as at 31 March 2017, compared to 18.5% as at the end of FY 2016.

Cash Flow

1st Qtr 2017 vs 1st Qtr 2016

“Operating cash flows before working capital changes” used in 1Q 2017 was US\$0.627 million, compared to US\$0.374 million in 1Q 2016. The higher “Operating cash flows before working capital changes” used was largely due to “Loss before tax” of US\$0.744 million in 1Q 2017, compared to a “Loss before tax” of US\$0.429 million in 1Q 2016.

In 1Q 2017, “working capital changes” items recorded were as follows: (i) cash generated from “Receivables” of US\$5.515 million (ii) cash used in “Inventories” and “Payables” of US\$0.009 million and US\$4.090 million respectively.

After income tax of US\$0.019 million in 1Q 2017, we recorded “Net cash generated from operating activities” of US\$1.068 million, compared to “Net cash used in operating activities” of US\$0.146 million in 1Q 2016.

“Net cash used in investing activities” amounted to US\$0.120 million in 1Q 2017, compared to US\$0.104 million in 1Q 2016. This was largely due to US\$0.121 million used in “Purchase of property, plant and equipment” in 1Q 2017. In 1Q 2016, “Net cash used in investing activities” was mainly due to “Acquisition of a subsidiary, net cash acquired” of US\$0.100 million.

“Net cash generated from financing activities” amounted to US\$0.624 million in 1Q 2017, compared “Net cash used in financing activities” of US\$0.423 million in 1Q 2016. The increase in “Net cash generated from financing activities” was largely attributable to “Proceeds from bank borrowings” of US\$0.758 million in 1Q 2017 and partially offset by the “Repayment of finance lease liabilities” of US\$0.139 million.

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

Save for the public announcements made on 26 April 2017 and 5 May 2017, no forecast or prospect statement had previously been disclosed to the shareholders.

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

The performance of the aviation business depends largely on the sale or new leases of aircraft and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global economy. We remain cautious on the outlook for the next 12 months.

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 2017.

- (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 2017.

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

12 May 2017


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 period ended 31 March 2017 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