

**A-SONIC AEROSPACE LIMITED**

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

**SECOND QUARTER AND HALF YEAR 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 2014**

	Group			Group		
	Second quarter ended		Change %	First half year ended		Change %
	30 Jun 14 US\$'000	30 Jun 13 US\$'000		30 Jun 14 US\$'000	30 Jun 13 US\$'000	
Turnover	60,454	74,276	(18.6)	110,728	140,355	(21.1)
Other revenue	986	363	171.6	1,621	810	100.1
<b>Total revenue</b>	<b>61,440</b>	<b>74,639</b>	<b>(17.7)</b>	<b>112,349</b>	<b>141,165</b>	<b>(20.4)</b>
<b>Cost and expenses</b>						
Changes in inventories	280	6	N/M	467	33	N/M
Purchases of goods and consumables used	(1,118)	(2,554)	(56.2)	(1,842)	(4,714)	(60.9)
Freight charges	(53,777)	(64,845)	(17.1)	(98,092)	(122,948)	(20.2)
Staff costs	(4,871)	(5,319)	(8.4)	(9,762)	(10,584)	(7.8)
Depreciation of property, plant and equipment	(256)	(215)	19.1	(521)	(367)	42.0
Finance costs	(93)	(44)	111.4	(181)	(96)	88.5
Share of profits of associates	85	142	(40.1)	158	223	(29.1)
Share of result of joint venture	82	2	N/M	226	38	N/M
Other operating expenses	(1,868)	(2,195)	(14.9)	(3,647)	(4,505)	(19.0)
<b>Total costs and expenses</b>	<b>(61,536)</b>	<b>(75,022)</b>	<b>(18.0)</b>	<b>(113,194)</b>	<b>(142,920)</b>	<b>(20.8)</b>
Loss before tax	(96)	(383)	(74.9)	(845)	(1,755)	(51.9)
Tax expense	(15)	(167)	(91.0)	(19)	(199)	(90.5)
<b>Net loss for the period</b>	<b>(111)</b>	<b>(550)</b>	<b>(79.8)</b>	<b>(864)</b>	<b>(1,954)</b>	<b>(55.8)</b>
<b>Discontinued operation</b>						
Profit from discontinued operation, net of tax	-	-	N/M	-	2,730	(100.0)
<b>(Loss)/ profit for the period</b>	<b>(111)</b>	<b>(550)</b>	<b>(79.8)</b>	<b>(864)</b>	<b>776</b>	<b>N/M</b>
<b>Profit/(loss) attributable to:</b>						
<b>Equity holders of the Company</b>						
Profit/(loss) from continuing operations, net of tax	136	(151)	N/M	(131)	(1,196)	N/M
Profit from discontinued operation, net of tax	-	-	N/M	-	2,725	(100.0)
	<b>136</b>	<b>(151)</b>		<b>(131)</b>	<b>1,529</b>	
<b>Non-controlling interests</b>						
Loss from continuing operations, net of tax	(247)	(399)	(38.1)	(733)	(758)	(3.3)
Profit from discontinued operation, net of tax	-	-	N/M	-	5	(100.0)
	<b>(247)</b>	<b>(399)</b>		<b>(733)</b>	<b>(753)</b>	
<b>Other items :</b>						
Commission income	11	-	N/M	44	-	N/M
Interest income	55	55	-	109	110	(0.9)
Finance lease interest	314	226	38.9	658	307	114.3
Gain/(loss) on sale of property, plant and equipment	-	1	(100.0)	-	(30)	(100.0)
Gain on disposal of a subsidiary <sup>(1)</sup>	-	-	-	-	2,566	(100.0)
Foreign exchange gain/(loss)	237	(161)	N/M	401	(233)	N/M
Allowance for doubtful trade receivables	(27)	-	N/M	(48)	-	N/M
Allowance for doubtful trade receivables written back	57	4	N/M	77	7	N/M
Bad debts written off	(9)	-	N/M	(9)	-	N/M
Property, plant and equipment written off	(1)	-	N/M	(67)	(1)	N/M
Impairment of goodwill	(61)	-	N/M	(61)	-	N/M
Rental expense	(503)	(537)	(6.3)	(986)	(1,196)	(17.6)
Reversal of Impairment of property, plant and equipment	-	600	(100.0)	-	596	(100.0)

Note (1) : See footnote (A) on page 6

N/M : Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the second quarter and first half year ended 30 June 2014**

	<u>Group</u>			<u>Group</u>		
	<u>Second quarter ended</u>		Change	<u>First half year ended</u>		Change
	<u>30 Jun 14</u>	<u>30 Jun 13</u>		<u>30 Jun 14</u>	<u>30 Jun 13</u>	
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Net (loss)/profit for the period	(111)	(550)	(79.8)	(864)	776	N/M
<b>Other comprehensive income</b>						
Currency translation differences arising on consolidation	(13)	98	113.3	(43)	524	N/M
<b>Total comprehensive (loss) / income for the period</b>	<b>(124)</b>	<b>(452)</b>	<b>(72.6)</b>	<b>(907)</b>	<b>1,300</b>	<b>N/M</b>
<b>Total comprehensive income / (loss) attributable to:</b>						
Equity holders of the Company	139	(106)	N/M	(121)	2,004	N/M
Non-controlling interests	(263)	(346)	(24.0)	(786)	(704)	11.6
	<b>(124)</b>	<b>(452)</b>	<b>(72.6)</b>	<b>(907)</b>	<b>1,300</b>	<b>N/M</b>

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**  
**At 30 June 2014**

	Group		Company	
	30 Jun 2014 US\$'000	31 Dec 2013 US\$'000	30 Jun 2014 US\$'000	31 Dec 2013 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	12,693	13,176	-	-
Investment in subsidiaries	-	-	#	#
Investment in associates	402	754	-	-
Investment in joint ventures	2,836	2,587	-	-
Deferred tax assets	135	132	-	-
Finance lease receivables	3,085	3,699	-	-
	<b>19,151</b>	<b>20,348</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>				
Inventories	1,010	543	-	-
Trade and other receivables	39,571	43,756	3	5
Finance lease receivables	986	1,114	-	-
Due from subsidiaries	-	-	57,040	59,815
Due from associates	1,169	1,167	-	-
Due from joint ventures	2,555	2,439	-	-
Tax recoverable	65	88	-	-
Cash and cash equivalents	17,278	20,718	7,396	5,427
	<b>62,634</b>	<b>69,825</b>	<b>64,439</b>	<b>65,247</b>
<b>Total assets</b>	<b>81,785</b>	<b>90,173</b>	<b>64,439</b>	<b>65,247</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	31,594	37,919	158	237
Due to subsidiaries	-	-	1,493	1,447
Bank term loans	11,439	12,407	1,280	2,540
Provision for restructuring costs	617	603	-	-
Tax payable	31	219	-	-
	<b>43,681</b>	<b>51,148</b>	<b>2,931</b>	<b>4,224</b>
<b>Total liabilities</b>	<b>43,681</b>	<b>51,148</b>	<b>2,931</b>	<b>4,224</b>
<b>Net assets</b>	<b>38,104</b>	<b>39,025</b>	<b>61,508</b>	<b>61,023</b>
<b>Equity</b>				
Share capital	51,775	51,775	51,775	51,775
Accumulated (losses) / profits	(3,947)	(3,863)	9,733	9,201
Share option reserve	-	47	-	47
Foreign currency translation reserve	(8,140)	(8,150)	-	-
<b>Attributable to:</b>				
Equity attributable to equity holders of the Company, total	39,688	39,809	61,508	61,023
Non-controlling interests	(1,584)	(784)	-	-
<b>Total equity</b>	<b>38,104</b>	<b>39,025</b>	<b>61,508</b>	<b>61,023</b>

#: 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 2014		At 31 December 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
11,439	-	12,407	-

**Amount repayable after one year**

At 30 June 2014		At 31 December 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	-	-	-

**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.

- 1(c) A statement of cash flows (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 2014

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Loss before tax from continuing operations	(96)	(383)	(845)	(1,755)
Profit before tax from discontinued operation	-	-	-	2,754
	<b>(96)</b>	<b>(383)</b>	<b>(845)</b>	<b>999</b>
<b>Adjustments for:</b>				
Interest income	(55)	(55)	(109)	(110)
Bad non-trade receivables written-off	-	-	-	8
Depreciation of property, plant and equipment	256	215	521	370
Reversal of impairment of property, plant and equipment	-	(600)	-	(596)
Interest expenses	93	44	181	96
(Gain)/loss on disposal of property, plant and equipment	-	(1)	-	30
Property, plant and equipment written off	1	-	67	1
Gain on disposal of subsidiary	-	-	-	(2,566)
Impairment loss on goodwill	61	-	61	-
Share of results of associates	(85)	(142)	(158)	(229)
Share of results of joint venture	(82)	(2)	(226)	(38)
Effect of foreign exchange rate changes	59	(16)	104	(35)
<b>Operating cash flows before changes in working capital</b>				
	<b>152</b>	<b>(940)</b>	<b>(404)</b>	<b>(2,070)</b>
Inventories	(279)	(6)	(466)	(33)
Receivables	(4,004)	(4,873)	4,086	(1,203)
Finance lease receivables	196	(337)	742	(136)
Payables	1,713	3,181	(6,415)	1,521
Cash used in operations	<b>(2,222)</b>	<b>(2,975)</b>	<b>(2,457)</b>	<b>(1,921)</b>
Income tax paid	(50)	(219)	(185)	(322)
<b>Net cash used in operating activities</b>	<b>(2,272)</b>	<b>(3,194)</b>	<b>(2,642)</b>	<b>(2,243)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	(1)	137	3	174
Net cash flow from disposal of a subsidiary <sup>(A)</sup>	-	-	-	1,074
Proceeds from disposal of interest in subsidiary/subsidiaries without loss of control	21	-	25	118
Acquisition of subsidiary	(32)	-	(32)	-
Interest received	55	55	109	110
Purchase of property, plant and equipment	(31)	(2,524)	(92)	(3,494)
Purchase of shares in associated company	-	(38)	-	(38)
Dividend from associates	511	-	511	0
Effect of foreign exchange rate changes	(14)	(147)	(21)	(167)
<b>Net cash from/(used in) investing activities</b>	<b>509</b>	<b>(2,517)</b>	<b>503</b>	<b>(2,223)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank term loans	1,606	2,636	1,853	2,731
Repayment of bank term loans	(1,563)	(2,693)	(2,823)	(2,693)
Interest paid	(94)	(44)	(182)	(96)
Effect of foreign exchange rate changes	8	42	2	(66)
<b>Net cash used in financing activities</b>	<b>(43)</b>	<b>(59)</b>	<b>(1,150)</b>	<b>(124)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,806)</b>	<b>(5,770)</b>	<b>(3,289)</b>	<b>(4,590)</b>
Cash and cash equivalents at beginning of period	19,159	24,054	20,718	22,716
Effect of foreign exchange rate changes	(75)	146	(151)	304
<b>Cash and cash equivalents at end of period</b>	<b>17,278</b>	<b>18,430</b>	<b>17,278</b>	<b>18,430</b>
<b>Cash and cash equivalents are represented by:</b>				
Bank and cash balances	16,905	12,695	16,905	12,695
Less : Bank overdraft	(32)	-	(32)	-
Fixed deposits	405	5,735	405	5,735
	<b>17,278</b>	<b>18,430</b>	<b>17,278</b>	<b>18,430</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the second quarter and half year ended 30 June 2014 (cont'd)**

**Note A :**

	<u>Group</u>
(A) <b>Net cash flow from disposal of a subsidiary</b>	<b>First half year ended</b>
	30 Jun 2013
	<u>US\$'000</u>
Cash and cash equivalent	(1,603)
Property plant and equipment	(27)
Investment in associated companies	(10)
Trade and other receivables	<u>(5,314)</u>
	(6,954)
Trade and other payables	6,016
Tax payables	35
	<u>6,051</u>
Net asset derecognised	(903)
Less: Non-controlling interest	110
Net asset disposed	<u>(793)</u>
Reclassification of currency translation reserve	571
	<u>(222)</u>
Equity interest disposed off	50%
Net asset disposed	111
Gain on disposal of subsidiaries	<u>2,566</u>
Proceed from disposal	2,677
Less: cash and cash equivalent	<u>1,603</u>
Net cash flow from disposal of a subsidiary	<u><u>1,074</u></u>

- 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 2014**

**THE GROUP**

	Share capital US\$'000	Accumulated losses US\$'000	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2014	51,775	(3,863)	47	(8,150)	39,809	(784)	39,025
Loss for the period	-	(267)	-	-	(267)	(486)	(753)
<b>Other comprehensive (loss)/income</b>							
Currency translation difference on consolidation	-	-	-	7	7	(37)	(30)
Total comprehensive (loss)/income for the period	-	(267)	-	7	(260)	(523)	(783)
Disposal of interests in subsidiary without loss of control	-	-	-	-	-	4	4
At 31 March 2014	51,775	(4,130)	47	(8,143)	39,549	(1,303)	38,246
Profit/(loss) for the period	-	136	-	-	136	(247)	(111)
<b>Other comprehensive income</b>							
Currency translation difference on consolidation	-	-	-	3	3	(16)	(13)
Total comprehensive income/(loss) for the period	-	136	-	3	139	(263)	(124)
Acquisition of interests in subsidiary	-	-	-	-	-	(43)	(43)
Disposal of interests in subsidiary without loss of control	-	-	-	-	-	25	25
Expiry of employees share options	-	47	(47)	-	-	-	-
<b>At 30 June 2014</b>	<b>51,775</b>	<b>(3,947)</b>	<b>-</b>	<b>(8,140)</b>	<b>39,688</b>	<b>(1,584)</b>	<b>38,104</b>

**Consolidated Statement of Changes in Equity  
For the second quarter and first half year ended 30 June 2014 (cont'd)**

	Share capital US\$'000	Accumulated losses US\$'000	option reserve US\$'000	translation reserve US\$'000	equity holders of the Company US\$'000	controlling interests US\$'000	Total equity US\$'000
At 1 January 2013	51,775	(5,682)	47	(9,432)	36,708	1,261	37,969
Profit/(loss) for the period	-	1,680	-	-	1,680	(354)	1,326
<b>Other comprehensive (loss)/income</b>							
Currency translation difference on consolidation	-	-	-	430	430	(4)	426
Total comprehensive income/(loss) for the period	-	1,680	-	430	2,110	(358)	1,752
Disposal of interests in subsidiaries without loss of control	-	126	-	15	141	(20)	121
Disposal of a subsidiary	-	-	-	-	-	(109)	(109)
Reclassification on disposal of a subsidiary <sup>(1)</sup>	-	-	-	(571)	(571)	-	(571)
At 31 March 2013	51,775	(3,876)	47	(9,558)	38,388	774	39,162
Loss for the period	-	(151)	-	-	(151)	(399)	(550)
<b>Other comprehensive income</b>							
Currency translation difference on consolidation	-	-	-	45	45	53	98
Total comprehensive (loss)/income for the period	-	(151)	-	45	(106)	(346)	(452)
At 30 June 2013	51,775	(4,027)	47	(9,513)	38,282	428	38,710

Note :

- (1) Fifty per cent of US\$0.571 million was recorded in "Investment in joint ventures" in the balance sheet whilst the balance was recorded in comprehensive income as part of the "Gain on disposal of a subsidiary".



**Statement of Changes in Equity**  
**For the second quarter and first half year ended 30 June 2014**

**THE COMPANY**

	Share capital US\$'000	Accumulated profits US\$'000	Share option reserve US\$'000	Total equity US\$'000
At 1 January 2014	51,775	9,201	47	61,023
Profit and total comprehensive income for the period	-	240	-	240
At 31 March 2014	51,775	9,441	47	61,263
Profit and total comprehensive income for the period	-	245	-	245
Expiry of employees share options	-	47	(47)	-
<b>At 30 June 2014</b>	<b>51,775</b>	<b>9,733</b>	<b>-</b>	<b>61,508</b>

**THE COMPANY**

	Share capital US\$'000	Accumulated profits US\$'000	Share option reserve US\$'000	Total equity US\$'000
At 1 January 2013	51,775	9,412	47	61,234
Profit and total comprehensive income for the period	-	139	-	139
At 31 March 2013	51,775	9,551	47	61,373
Profit and total comprehensive income for the period	-	127	-	127
At 30 June 2013	51,775	9,678	47	61,500

- 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.

As at 31 March 2014 and 30 June 2014, there were 715,903,629 issued and fully paid up ordinary shares of the Company. There has been no change in the issued and fully paid up ordinary shares of the Company as at 30 June 2014.

On 2 June 2014, the employee share options expired. As at 30 June 2014, the Company has no outstanding employee share options.

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at 01.04.2014</u>	<u>Expired</u>	<u>Balance at 30.06.2014</u>
Employee Share Option				
(a) Incentive Option <sup>(1)</sup>	S\$0.314	64,000	(64,000)	-
(b) Market Option <sup>(2)</sup>	S\$0.349	61,000	(61,000)	-
		125,000	(125,000)	-

<u>Security</u>	<u>Exercise Price</u>	<u>Balance at 01.04.2013</u>	<u>Expired</u>	<u>Balance at 30.06.2013</u>
Employee Share Option				
(a) Incentive Option <sup>(1)</sup>	S\$0.314	64,000	-	64,000
(b) Market Option <sup>(2)</sup>	S\$0.349	61,000	-	61,000
		125,000	-	125,000

Note :

- (1) The Incentive Options were issued at a discount of 10% of the market price\* prevailing at the date of the grant of the options.
- (2) The Market Options were issued at the market price\* prevailing at the date of the grant of the options.

Sub-note:

\* A price equal to the average of the last dealt price for the share of the Company on the Singapore Exchange Securities Trading Limited over the five (5) consecutive trading days immediately preceding the date of the grant.

- 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 2014 and 31 December 2013 were 715,903,629.

- 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 2013.

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 14	30 Jun 13	First half year ended 30 Jun 14	30 Jun 13
Profit/(Loss) after tax attributable from continuing operations attributable to equity holders of the Company (US\$'000)	136	(151)	(131)	(1,196)
Profit from discontinued operation, net of tax (US\$'000)	-	-	-	2,725
Profit/(Loss) after tax attributable to equity holders of the Company (US\$'000)	136	(151)	(131)	1,529
Number of ordinary shares in issue for basic earnings per share (in '000)	715,904	715,904	715,904	715,904
Basic earnings per share from continuing operations (US cents)	0.02	(0.02)	(0.02)	(0.17)
Basic earnings per share from discontinued operations (US cents)	-	-	-	0.38
Basis earnings per share (US cents)	0.02	(0.02)	(0.02)	0.21

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 2014	31-Dec 2013	30-Jun 2014	31-Dec 2013
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	5.32	5.45	8.59	8.52

Notes:

- (1) The above computation of net asset value per share includes non-controlling interests. Excluding non-controlling interests, the net asset value per share for the Group as at 30 June 2014 and 31 December 2013 would have been 5.54 US cents and 5.56 US cents per share respectively.
- (2) Computed based on 715,903,629 ordinary shares in issue.

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, aerospace engineering-related business and logistics. Currently, we operate in 50 cities and 17 countries, spanning across four continents in Asia, Sub-Continent India, Europe and North America. We have a total staff strength of over 800 personnel as at 30 June 2014.

**Income Statement**

Revenue

1H 2014 vs 1H 2013

Our "Total revenue" comprises "Turnover" and "Other revenue". We recorded a "Total revenue" of US\$112.349 million in the first six months ended 30 June 2014 ("1H 2014"), compared to US\$141.165 million in the corresponding period in 2013 ("1H 2013"). The decline of US\$28.816 million in "Total revenue" was due to lower "Turnover" in 1H 2014.

"Turnover" decreased US\$29.627 million (21.1%) in 1H 2014 owing to:

- (i) a decline of US\$4.264 million in the "Turnover" from the aerospace engineering related business to US\$2.013 million in 1H 2014, compared to US\$6.277 million in 1H 2013. "Turnover" was lower in 1H 2014 because there was no new finance lease in 1H 2014, whereas in 1H 2013, we commenced the finance lease for one aircraft and two aircraft engines; and
- (ii) a decline of US\$25.363 million in the logistics "Turnover" to US\$108.715 million in 1H 2014 compared to US\$134.078 million in 1H 2013. The reduction in the logistics "Turnover" was aimed to focus on yield.

“Other revenue” increased US\$0.811 million to US\$1.621 million in 1H 2014, compared to US\$0.810 million in 1H 2013. The higher “Other revenue” was mainly attributable to:

- (i) an increase of US\$0.351 million in the finance lease interest income to US\$0.658 million in 1H 2014 compared to US\$0.307 million in 1H 2013; and
- (ii) Aerospace engineering related business also recorded other income of US\$0.370 million in 1H 2014 due to the early termination of the aircraft lease whereas such event did not occur in 1H 2013.

#### **2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013**

“Total revenue” decreased US\$13.199 million to US\$61.440 million in the second quarter ended 30 June 2014 (“2Q 2014”), compared to US\$74.639 million in the corresponding quarter in 2013 (“2Q 2013”). The reduction in “Total revenue” in 2Q 2014 was due to the contraction in “Turnover”.

“Turnover” declined US\$13.822 million (18.6%) to US\$60.454 million in 2Q 2014, compared to US\$74.276 million in 2Q 2013, largely due to:

- (i) a decline of US\$2.661 million in the aerospace engineering related business mainly because there was no additional new finance lease in 2Q 2014; and
- (ii) a decline of US\$11.161 million in the contraction in the logistics “Turnover” to focus on yield.

“Other revenue” increased US\$0.623 million to US\$0.986 million in 2Q 2014, compared to US\$0.363 million in 2Q 2013, mainly due to:

- (i) the increase in finance lease interest income of US\$0.088 million;
- (ii) other income of US\$0.370 million resulting from the early termination of the aircraft lease; and
- (iii) an increase in sundry income from logistic business of US\$0.112 million.

#### **2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014**

“Total revenue” increased US\$10.531 million to US\$61.440 million in 2Q 2014, compared to US\$50.909 million in 1Q 2014, largely due to the higher “Turnover”.

“Turnover” increased US\$10.180 million to US\$60.454 million in 2Q 2014, compared to US\$50.274 million in 1Q 2014. Logistics “Turnover” increased US\$10.131 million in 2Q 2014 resulting from higher business volume. The first quarter of the calendar year tends to be the lull period in the logistics industry, with lower production after the New Year and Chinese New Year festive seasons.

### **Total Costs and Expenses**

#### **1H 2014 vs 1H 2013**

Compared to the same corresponding period last year, “Total costs and expenses” decreased US\$29.726 million to US\$113.194 million in 1H 2014, compared to US\$142.920 million in 1H 2013. The reduction was mainly owing to:

- (i) “Freight charges” declined US\$24.856 million to US\$98.092 million in 1H 2014, compared to US\$122.948 million in 1H 2013 in tandem with the lower in turnover in logistics business;
- (ii) “Changes in inventories” and “Purchases of goods and consumables” aggregated to US\$1.375 million in 1H 2014, a reduction of US\$3.306 million compared to the aggregate of US\$4.681 million in 1H 2013;
- (iii) “Staff costs” declined US\$0.822 million to US\$9.762 million in 1H 2014, compared to US\$10.584 million in 1H 2013; and
- (iv) “Other operating expenses” decreased US\$0.858 million to US\$3.647 million in 1H 2014, compared to US\$4.505 million in 1H 2013 due to reduction in foreign exchange loss of US\$0.634 million; and lower rental expenses of US\$0.210 million.

### **2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013**

“Total costs and expenses” decreased US\$13.486 million to US\$61.536 million in 2Q 2014, compared to US\$75.022 million in 2Q 2013, mainly due to:

- (i) “Changes in inventories” and “Purchases of goods and consumables used” declined an aggregate of US\$1.710 million to US\$0.838 million in 2Q 2014, compared to US\$2.548 million in 2Q 2013;
- (ii) “Freight costs” which is a major cost for logistics business, decreased US\$11.068 million to US\$53.777 million in 2Q 2014, compared to US\$64.845 million in 2Q 2013, which corresponded to the reduction in the logistics “Turnover”;
- (iii) “Other operating expenses” declined US\$0.327 million to US\$1.868 million in 2Q 2014, compared to US\$2.195 million in 2Q 2013, due to foreign exchange gain of US\$0.237 million in 2Q 2014 whereas we incurred foreign exchange loss of US\$0.161 million in 2Q 2013; and
- (iv) “Staff costs” decreased US\$0.448 million to US\$4.871 million in 2Q 2014.

### **2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014**

“Total costs and expenses” increased US\$9.878 million to US\$61.536 million in 2Q 2014, due to:

- (i) an increase of US\$9.462 million “Freight charges” to US\$53.777 million in 2Q 2014, in line with the increase in logistics “Turnover”; and
- (ii) an increase of US\$0.299 million in “Changes in inventories” and “Purchases of goods and consumables used” in the aerospace engineering related business aggregated to US\$0.838 million in 2Q 2014, compared to an aggregate of US\$0.537 million in 1Q 2014.

### **Gross Profit**

#### **1H 2014 vs 1H 2013**

Our Group’s “Gross Profit” was calculated as “Turnover” less “Changes in inventories”, “Purchases of goods and consumables used” and “Freight charges”.

“Gross Profit” declined US\$1.465 million to US\$11.261 million in 1H 2014, compared to US\$12.726 million in 1H 2013. The decrease was attributable to:

- (i) a decrease of US\$0.744 million to US\$10.707 million in 1H 2014 compared to US\$11.451 million in 1H 2013 from the logistics business. The reduction was largely in line with the contraction of US\$25.363 million in logistics “Turnover” during this comparative period as explained in the earlier section entitled “Revenue” “1H 2014 vs 1H 2013” on page 12; and
- (ii) a decrease of US\$0.721 million to US\$0.554 million in 1H 2014 compared to US\$1.275 million in 1H 2013 from the aerospace engineering related business. The reduction largely corresponds with the explanation stated in the earlier section entitled “Revenue” “1H 2014 vs 1H 2013” on page 12.

### **2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013**

“Gross Profit” decreased US\$1.044 million to US\$5.839 million in 2Q 2014, compared to US\$6.883 million in 2Q 2013. The reduction was due to:

- (i) the lower “Gross Profit” of US\$0.840 million from the aerospace engineering related business to US\$0.156 million in 2Q 2014, compared to US\$0.996 million in 2Q 2013; and
- (ii) “Gross Profit” from the logistics business decreased US\$0.204 million to US\$5.683 million in 2Q 2014, compared to US\$5.887 million in 2Q 2013. This was largely attributable to the lower “Turnover” as explained earlier in the section entitled “Revenue” “2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013” on page 13.

### **2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014**

“Gross Profit” increased US\$0.417 million to US\$5.839 million in 2Q 2014, compared to US\$5.422 million in 1Q 2014. “Gross Profit” for the aerospace engineering related business declined in 2Q 2014 to US\$0.156 million from US\$0.398 million in 1Q 2014. For the logistics business, “Gross Profit” in 2Q 2014 increased US\$0.659 million to US\$5.683 million from US\$5.024 million in 1Q 2014. This was largely due to the increase in “Turnover” in 2Q 2014.

## **Profit before tax & Net Profit**

### **1H 2014 vs 1H 2013**

The Group recorded a lower "Loss before tax" of US\$0.845 million in 1H 2014, compared to a "loss before tax" of US\$1.755 million in 1H 2013. The better performance in 1H 2014 compared to 1H 2013 was largely attributable to the increase of US\$0.811 million in "Other revenue" to US\$1.621 million in 1H 2014 compared to US\$0.810 million in 1H 2013, as explained in the earlier section entitled "*Revenue*" "*1H 2014 vs 1H 2013*" on page 13.

"Tax expenses" in 1H 2014 was US\$0.019 million compared to US\$0.199 million in 1H 2013.

After taking into account the "Profit from discontinued operation, net of tax" of US\$2.730 million in 1H 2013, "net profit" was US\$0.776 million. "Net loss" of US\$0.864 million was recorded in 1H 2014.

In 1H 2014, we incurred "Loss attributable to equity holders" of US\$0.131 million, whereas in 1H 2013, we registered "Profit attributable to equity holders" of US\$1.529 million.

### **2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013**

We narrowed our "Net loss before tax" to US\$0.096 million in 2Q 2014, compared to a "Net loss before tax" of US\$0.383 million in 2Q 2013. Our losses narrowed largely due to the increase of US\$0.623 million in "Other revenue" to US\$0.986 million in 2Q 2014. Higher "Other revenue" was largely resulting from the aerospace engineering related business as explained in the section entitled "*Revenue*" "*2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013*" on page 13.

"Tax expenses" decreased US\$0.152 million from US\$0.167 million in 2Q 2013, compared to US\$0.015 million in 2Q 2014.

We registered "Profit attributable to equity holders of the company" of US\$0.136 million in 2Q 2014, in contrast to a "loss attributable to equity holder of the company" of US\$0.151 million in 2Q 2013.

### **2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014**

We reduced our "Net loss before tax" to US\$0.096 million in 2Q 2014, in contrast to the "Net loss before tax" of US\$0.749 million in 1Q 2014. Our performance in 2Q 2014 was better than 1Q 2014 due to:

- (i) an increase in "Turnover" as explained in the section entitled "*Revenue*" "*2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014*" on page 13.; and
- (ii) the higher gross profit in line with our higher "Turnover", as explained in the section entitled "*Gross Profit*" "*2<sup>nd</sup> Qtr 2014 vs 1<sup>st</sup> Qtr 2014*" on page 14.

"Tax expenses" increased US\$0.011 million to US\$0.015 million in 2Q 2014.

We registered "Net profit attributable to equity holders" of US\$0.136 million in 2Q 2014, in contrast to a "Net loss attributable to equity holders" of US\$0.267 million in 1Q 2014.

## **Balance Sheet**

### **Non-current assets**

Our Group's "Non-current assets" decreased US\$1.197 million to US\$19.151 million as at 30 June 2014, compared to US\$20.348 million as at 31 December 2013 ("FY 2013"). The decrease arose due to the following :

- (i) "Property, plant and equipment" decreased US\$0.483 million mainly due to depreciation charge;
- (ii) "Investment in associates" decreased US\$0.352 million to US\$0.402 million due to dividend income received from associates; and
- (iii) "Finance lease receivables" decreased US\$0.614 million to US\$3.085 million as at 30 June 2014, upon receipt of the receivables.

### **Current assets**

Our Group's "Current assets" decreased US\$7.191 million to US\$62.634 million as at 30 June 2014 from US\$69.825 million as at end of FY 2013 as a result of:

- (i) "Trade and other receivables" decreased US\$4.185 million from US\$43.756 million to US\$39.571 million as at 30 June 2014;

- (ii) "Finance lease receivables" decreased US\$0.128 million from US\$1.114 million to US\$0.986 million as receipt was received; and
- (iii) "Cash and cash equivalents" which comprised cash and bank balances, bank overdrafts and fixed deposits, decreased US\$3.440 million to US\$17.278 million as at 30 June 2014 from US\$20.718 million as at end of FY 2013.

#### Current liabilities

Our Group's "Current liabilities" declined US\$7.467 million from US\$51.148 million at end of FY 2013 to US\$43.681 million as at 30 June 2014, mainly due to the following:

- (i) "Trade and other payables" decreased US\$6.325 million from US\$37.919 million to US\$31.594 million as at 30 June 2014;
- (ii) Repayment of bank loan of US\$0.968 million reduced "Bank term loans" from US\$12.407 million to US\$11.439 million as at 30 June 2014; and
- (iii) Payment for tax had reduced the "Tax payable" from US\$0.219 million at end of FY 2013 to US\$0.031 million as at 30 June 2014.

#### Net asset

Our Group's net assets stood at US\$38.104 million as at 30 June 2014, compared to US\$39.025 million as at 31 December 2013. The decline of US\$0.921 million in net assets as at 30 June 2014, was due to a greater decline of US\$8.388 million in total assets, compared to a decline of US\$7.467 million in total liabilities during the periods in comparison.

Group's net assets value (excluding non-controlling interests) as at 30 June 2014, stood at US\$39.688 million, or an equivalent of US cents of 5.54 per share, compared to US\$39.809 million as at the end of FY2013, or an equivalent of US cents of 5.56 per share.

Our Group's gearing based on bank borrowings to net asset value (excluding non-controlling interests) was 28.8% as at 30 June 2014, compared to 31.2% as at the end of FY 2013.

#### Equity

The Group's "Equity" attributable to equity holders of the Company (excluding non-controlling interest) stood at US\$39.688 million as at 30 June 2014, down US\$0.121 million compared to US\$39.809 million as at 31 December 2013. The reduction of US\$0.121 million was mainly due to the net loss attributable to the equity holders of the Company (excluding non-controlling interest) of US\$0.131 million recorded in 1H 2014.

### Cash Flow

#### 1H 2014 vs 1H 2013

"Operating cash flows before changes in working capital" used in 1H 2014 was US\$0.404 million, lower than US\$2.070 million used in 1H 2013. The lower "Operating cash flows before changes in working capital" was mainly due to the absence of the gain on disposal of subsidiaries of US\$2.566 million in 1H 2014.

"Changes in working capital" in 1H 2014 were recorded as follows : (i) cash used in "Inventories" and "Payables" of US\$0.466 million and US\$6.415 million respectively; and (ii) cash generated from "Receivables" and "Finance lease receivables" of US\$4.086 million and US\$0.742 million respectively.

In 1H 2014, "Net cash used in operating activities" was US\$2.642 million including the tax paid of US\$0.185 million.

"Net cash generated from investing activities" was US\$0.503 million, mainly comprised of "Dividend from associates" of US\$0.511 million and "Interest received" of US\$0.109 million, partially mitigated by the "Purchase of property, plant and equipment" of US\$0.092 million and "Acquisition of subsidiary" of US\$0.032 million. On the other hand, "Net cash used in investing activities" in 1H 2013 was mainly the "Purchase of property, plant and equipment" of US\$3.494 million, partially offset by the "Net cash flow from disposal of a subsidiary" of US\$1.074 million.



“Net cash used in financing activities” in 1H 2014 was US\$1.150 million, mainly used for “Repayment bank term loans” of US\$2.823 million. In 1H 2013, bank loans were drawn for US\$2.731 million which was used to repay bank loans of US\$2.693 million, leaving “Net cash used in financing activities” of US\$0.124 million.

### 2<sup>nd</sup> Qtr 2014 vs 2<sup>nd</sup> Qtr 2013

“Operating cash flows before changes in working capital generated” in 2Q 2014 was US\$0.152 million whereas “Operating cash flows before changes in working capital used” in 2Q 2013 was US\$0.940 million.

“Changes in working capital” in 2Q 2014 were recorded as follows : (i) cash used in “Inventories” and “Receivables” of US\$0.279 million and US\$4.004 million respectively; and (ii) cash generated from “Finance lease receivables” and “Payables” of US\$0.196 million and US\$1.713 million respectively.

After paying for income tax of US\$0.050 million, “Net cash used in operating activities” in 2Q 2014 was US\$2.272 million, compared to US\$3.194 million in 2Q 2013.

“Net cash generated from investing activities” in 2Q 2014 was US\$0.509 million, mainly from the “Dividend from associates” whereas “Net cash used in investing activities” in 2Q 2013 was US\$2.517 million which was mainly for the “Purchase of property, plant and equipment”.

“Net cash used in financing activities” in 2Q 2014 was US\$0.043 million, compared to US\$0.059 million used in 2Q 2013.

**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 announcement made on 5 August 2014, 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 aerospace engineering-related business depends largely on the continuance, and the additional new leases, of aircraft and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global economy. We, therefore, remain vigilant and cautious of the uncertain environment ahead.

**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 ended 30 June 2014.

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

None.

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

An interim dividend of 0.17 Singapore cents per ordinary share was declared for the first quarter ended 31 March 2013.

**(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 2014.

**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.

**BY ORDER OF THE BOARD**

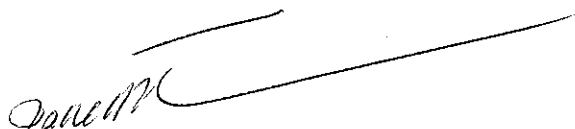
Seoh Choon Hong  
Joint Company Secretary

13 Aug 2014

**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 ended 30 June 2014 and first half year ended 30 June 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet Tan  
Chief Executive Officer



Jenny Tan  
Executive Director