

A-SONIC AEROSPACE LIMITED

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

SECOND QUARTER FINANCIAL STATEMENTS

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

**CONSOLIDATED INCOME STATEMENT**

For the second quarter and first half year ended 30 June 2017

	Group			Group		
	Second quarter ended		Change %	First half year ended		Change %
	30 Jun 2017	30 Jun 2016		30 Jun 2017	30 Jun 2016	
	US\$'000	US\$'000		US\$'000	US\$'000	
Turnover	52,944	44,294	19.5	95,435	83,945	13.7
Other revenue	118	186	(36.6)	369	537	(31.3)
<b>Total revenue</b>	<b>53,062</b>	<b>44,480</b>	<b>19.3</b>	<b>95,804</b>	<b>84,482</b>	<b>13.4</b>
<b>Expenses</b>						
Changes in inventories	-	12	(100.0)	(9)	12	NM
Purchases of goods and consumables used	-	(68)	(100.0)	(4)	(124)	(96.8)
Freight charges	(47,499)	(38,666)	22.8	(84,642)	(73,038)	15.9
Staff costs	(4,192)	(4,712)	(11.0)	(8,561)	(9,233)	(7.3)
Depreciation of property, plant and equipment	(183)	(289)	(36.7)	(357)	(581)	(38.6)
Finance costs	(61)	(44)	38.6	(114)	(89)	28.1
Share of results of associated companies	19	67	(71.6)	21	142	(85.2)
Other operating expenses	(1,655)	(1,661)	(0.4)	(3,391)	(2,881)	17.7
<b>Total costs and expenses</b>	<b>(53,571)</b>	<b>(45,361)</b>	<b>18.1</b>	<b>(97,057)</b>	<b>(85,792)</b>	<b>13.1</b>
Loss before tax	(509)	(881)	(42.2)	(1,253)	(1,310)	(4.4)
Taxation	(41)	(29)	41.4	(58)	(52)	11.5
<b>Loss for the period</b>	<b>(550)</b>	<b>(910)</b>	<b>(39.6)</b>	<b>(1,311)</b>	<b>(1,362)</b>	<b>(3.7)</b>
<b>Loss attributable to:</b>						
Equity holders of the Company	(394)	(789)	(50.1)	(1,104)	(1,051)	5.0
Non-controlling interests	(156)	(121)	28.9	(207)	(311)	(33.4)
	<b>(550)</b>	<b>(910)</b>	<b>(39.6)</b>	<b>(1,311)</b>	<b>(1,362)</b>	<b>(3.7)</b>
<b>Other items :</b>						
Interest income	41	23	78.3	69	44	56.8
Finance lease interest	-	103	(100.0)	-	252	(100.0)
Sundry income	62	37	67.6	188	141	33.3
Allowance for doubtful trade receivables written back	7	23	(69.6)	8	78	(89.7)
Allowance for doubtful non-trade receivables written back	7	-	NM	93	22	NM
Allowance for doubtful trade receivables	(6)	(89)	(93.3)	(7)	(270)	(97.4)
Allowance for doubtful non-trade receivables	(113)	-	NM	(113)	-	NM
Bad trade receivables written off	-	(10)	(100.0)	-	(10)	(100.0)
Exchange (loss)/gain	(113)	(125)	(9.6)	(453)	597	NM
Rental expenses	(320)	(275)	16.4	(637)	(616)	3.4
Allowance for doubtful finance lease receivables	-	(103)	(100.0)	-	(252)	(100.0)

NM: Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and first half year ended 30 June 2017

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2017	30 Jun 2016		30 Jun 2017	30 Jun 2016	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Loss for the period</b>	<b>(550)</b>	(910)	(39.6)	<b>(1,311)</b>	(1,362)	(3.7)
<b>Other comprehensive income/(loss):</b>	<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Currency translation differences arising on consolidation	<b>206</b>	(54)	<i>N/M</i>	<b>552</b>	(461)	<i>N/M</i>
	<b>206</b>	(54)		<b>552</b>	(461)	
<b>Total comprehensive loss for the period</b>	<b>(344)</b>	(964)	(64.3)	<b>(759)</b>	(1,823)	(58.4)
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	<b>(209)</b>	(852)	(75.5)	<b>(545)</b>	(1,466)	(62.8)
Non-controlling interests	<b>(135)</b>	(112)	20.5	<b>(214)</b>	(357)	(40.1)
<b>Total comprehensive loss for the period</b>	<b>(344)</b>	(964)	(64.3)	<b>(759)</b>	(1,823)	(58.4)

*N/M = not meaningful*

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

**Balance Sheets**  
**30 June 2017**

	Group		Company	
	30 Jun 2017 US\$'000	31 Dec 2016 US\$'000	30 Jun 2017 US\$'000	31 Dec 2016 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	6,317	6,258	-	-
Investment in subsidiaries <sup>(1)</sup>	-	-	14,663	14,663
Investment in associated companies	441	416	-	-
Deferred tax assets	290	275	-	-
	<b>7,048</b>	<b>6,949</b>	<b>14,663</b>	<b>14,663</b>
<b>Current assets</b>				
Inventories	4,271	4,262	-	-
Trade and other receivables	36,738	34,672	5	7
Due from subsidiaries	-	-	297	10
Due from associated companies	339	436	-	-
Tax recoverable	4	2	-	-
Cash and cash equivalents	19,069	18,354	6,411	6,225
	<b>60,421</b>	<b>57,726</b>	<b>6,713</b>	<b>6,242</b>
<b>Total assets</b>	<b>67,469</b>	<b>64,675</b>	<b>21,376</b>	<b>20,905</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	1,170	1,291	-	-
	<b>1,170</b>	<b>1,291</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	36,698	33,973	176	192
Due to subsidiary	-	-	1,000	1,000
Bank borrowings	4,244	3,161	1,453	968
Provision for liabilities	404	579	-	-
Finance lease liabilities	575	516	-	-
Tax payable	88	122	-	-
	<b>42,009</b>	<b>38,351</b>	<b>2,629</b>	<b>2,160</b>
<b>Total liabilities</b>	<b>43,179</b>	<b>39,642</b>	<b>2,629</b>	<b>2,160</b>
<b>Net assets</b>	<b>24,290</b>	<b>25,033</b>	<b>18,747</b>	<b>18,745</b>
<b>Equity</b>				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(17,904)	(16,820)	(33,011)	(33,013)
Foreign currency translation reserve	(7,560)	(8,119)	-	-
Equity attributable to equity holders of the Company	<b>26,294</b>	<b>26,819</b>	<b>18,747</b>	<b>18,745</b>
Non-controlling interests	(2,004)	(1,786)	-	-
<b>Total equity</b>	<b>24,290</b>	<b>25,033</b>	<b>18,747</b>	<b>18,745</b>

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

Note:

(1) As at 30 June 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 30 June 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,819	-	3,677	-

**Amount repayable after one year**

At 30 June 2017		At 31 December 2016	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
1,170	-	1,291	-

**Details of any collateral**

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US\$4.819 million as at 30 June 2017. Of the US\$4,819 million, secured bank borrowings amounted to US\$4.244 million, and the remaining US\$0.575 million resulted from finance lease secured against motor vehicles deployed for the logistics business.

The bank borrowings of US\$4.244 million was secured by: (i) corporate guarantee and a floating charge over the logistic receivables (US\$2.067 million); (ii) US\$1.453 million was secured on a leasehold property of the Group; and the remaining US\$0.724 million was secured on a property of a director of an overseas subsidiary.

The Group's borrowings repayable after one year of US\$1.170 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 second quarter and half year ended 30 June 2017

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Loss before tax	(509)	(881)	(1,253)	(1,310)
<b>Adjustments for:</b>				
Interest income	(41)	(23)	(69)	(44)
Depreciation of property, plant and equipment	183	289	357	581
Finance lease interest income	-	(103)	-	(252)
Interest expenses	61	44	114	89
Negative goodwill written off	-	-	-	(15)
Allowance for doubtful non-trade receivables written back	(7)	-	(93)	(22)
Gain on disposal of property, plant and equipment	(32)	-	(26)	-
Share of results of associated companies	(19)	(67)	(21)	(142)
Operating cash flow before working capital changes	(364)	(741)	(991)	(1,115)
Inventories	-	(12)	(9)	(12)
Receivables	(7,388)	(5,007)	(1,873)	(368)
Payables	6,641	3,959	2,551	(528)
Effect of foreign exchange rate changes	139	(88)	437	(17)
Cash (used in)/generated from operations	(972)	(1,889)	115	(2,040)
Income tax paid	(78)	(37)	(97)	(32)
<b>Net cash used in operating activities</b>	<b>(1,050)</b>	<b>(1,926)</b>	<b>18</b>	<b>(2,072)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	33	2	51	2
Acquisition of non-controlling interest	-	-	(45)	-
Acquisition of a subsidiary, net cash acquired	-	-	-	(100)
Interest received	41	23	69	44
Purchase of property, plant and equipment	(52)	(23)	(173)	(48)
<b>Net cash generated from/(used in) investing activities</b>	<b>22</b>	<b>2</b>	<b>(98)</b>	<b>(102)</b>
<b>Cash flows from financing activities</b>				
Contribution from non-controlling interest for incorporation of subsidiary	-	-	61	-
Proceeds from bank borrowings	366	426	1,124	426
Repayment of bank borrowings	(193)	-	(196)	(215)
Repayment of finance lease liabilities	(144)	(125)	(283)	(246)
Shares bought back	-	-	-	(42)
Interest paid	(61)	(44)	(114)	(89)
<b>Net cash (used in)/generated from financing activities</b>	<b>(32)</b>	<b>257</b>	<b>592</b>	<b>(166)</b>
<b>Net (decrease)/increase in cash and cash equivalents <sup>(1)</sup></b>	<b>(1,060)</b>	<b>(1,667)</b>	<b>512</b>	<b>(2,340)</b>
Cash and cash equivalents at beginning of period	19,874	17,762	18,199	18,993
Effect of foreign exchange rate changes	101	28	204	(530)
<b>Cash and cash equivalents at end of period</b>	<b>18,915</b>	<b>16,123</b>	<b>18,915</b>	<b>16,123</b>

**Note:**

- (1) As at 30 June 2017, Cash and cash equivalents balances held by the Group amounting to US\$0.154 million are not available for use.

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

### Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2017

THE GROUP	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Equity attributable to holders of the Company US\$'000	Non - controlling interests US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033
<b>Comprehensive loss</b>						
Loss for the period	-	(710)	-	(710)	(51)	(761)
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	-	374	374	(28)	346
Other comprehensive income/(loss) for the period	-	-	374	374	(28)	346
Total comprehensive (loss)/income for the period	-	(710)	374	(336)	(79)	(415)
<b>Changes in ownership interests in subsidiaries</b>						
Acquisition of interest in subsidiary without change in control	-	20	-	20	(65)	(45)
Incorporation of subsidiary	-	-	-	-	61	61
	-	20	-	20	(4)	16
<b>At 31 March 2017</b>	<b>51,758</b>	<b>(17,510)</b>	<b>(7,745)</b>	<b>26,503</b>	<b>(1,869)</b>	<b>24,634</b>
<b>Comprehensive loss</b>						
Loss for the period	-	(394)	-	(394)	(156)	(550)
<b>Other comprehensive loss</b>						
Currency translation differences on consolidation	-	-	185	185	21	206
Other comprehensive (loss)/income for the period	-	-	185	185	21	206
Total comprehensive loss for the period	-	(394)	185	(209)	(135)	(344)
<b>At 30 June 2017</b>	<b>51,758</b>	<b>(17,904)</b>	<b>(7,560)</b>	<b>26,294</b>	<b>(2,004)</b>	<b>24,290</b>

## Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2017 (cont'd)

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
<b>Comprehensive loss</b>						
Loss for the period	-	(262)	-	(262)	(190)	(452)
<b>Other comprehensive income</b>						
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)
<b>Transaction with owners recorded directly in equity</b>						
Cancellation of shares bought back	-	(42)	-	(42)	-	(42)
<b>Changes in ownership interests in subsidiaries</b>						
Acquisition of subsidiary	-	-	-	-	111	111
<b>At 31 March 2016</b>	<b>51,758</b>	<b>(14,573)</b>	<b>(8,424)</b>	<b>28,761</b>	<b>(1,797)</b>	<b>26,964</b>
<b>Comprehensive loss</b>						
Loss for the period	-	(789)	-	(789)	(121)	(910)
<b>Other comprehensive loss</b>						
Currency translation differences on consolidation	-	-	(51)	(51)	(3)	(54)
Acquisition of interest in subsidiary without change in control	-	(12)	-	(12)	12	-
Other comprehensive (loss)/income for the period	-	(12)	(51)	(63)	9	(54)
Total comprehensive loss for the period	-	(801)	(51)	(852)	(112)	(964)
<b>Transaction with owners recorded directly in equity</b>						
Refund of dividend to the Company	-	1	-	1	-	1
	-	1	-	1	-	1
<b>At 30 June 2016</b>	<b>51,758</b>	<b>(15,373)</b>	<b>(8,475)</b>	<b>27,910</b>	<b>(1,909)</b>	<b>26,001</b>

## Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2017

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(33,013)	18,745
<b>Comprehensive income</b>			
Loss and total comprehensive loss for the period	-	(7)	(7)
At 31 March 2017	51,758	(33,020)	18,738
<b>Comprehensive income</b>			
Profit and total comprehensive income for the period	-	9	9
<b>At 30 June 2017</b>	<b>51,758</b>	<b>(33,011)</b>	<b>18,747</b>

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



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

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

	<b>Second quarter ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
Balance at beginning of period	58,479,296	175,443,870
Shares bought back and cancelled	-	-
Balance before Share Consolidation	<u>58,479,296</u>	<u>175,443,870</u>
Share Consolidation <sup>(1)</sup>		<u>(116,964,574)</u>
Balance after Share Consolidation	<u>58,479,296</u>	<u>58,479,296</u>
Shares bought back and cancelled	-	-
Balance at end of period	<u>58,479,296</u>	<u>58,479,296</u>

Notes:

- (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 30 June 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		Group	
	Second quarter ended 30 Jun 2017	30 Jun 2016	First half year ended 30 Jun 2017	30 Jun 2016
Loss after tax attributable to equity holders of the Company (US\$'000)	<b>(394)</b>	(789)	<b>(1,104)</b>	(1,051)
Weighted average number of ordinary shares (in '000)	<b>58,479</b>	58,483	<b>58,479</b>	58,483
Earnings per share (US cents):				
Basic <sup>(1)</sup>	<b>(0.67)</b>	(1.35)	<b>(1.89)</b>	(1.80)
Diluted <sup>(1)</sup>	<b>(0.67)</b>	(1.35)	<b>(1.89)</b>	(1.80)

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	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	<b>44.96</b>	45.86	<b>32.06</b>	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 30 June 2017 and 31 December 2016 would have been 41.54 US cents and 42.81 US cents per share respectively.

(2) Computed based on 58,479,296 ordinary shares in issue for 30 June 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 across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 30 June 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

#### 1H 2017 vs 1H 2016

Our “Total revenue” comprises “Turnover” and “Other revenue”. Our Group’s “Total Revenue” increased US\$11.322 million (13.4%) to US\$95.804 million in the first six months ended 30 June 2017 (“1H 2017”), compared to US\$84.482 million in the corresponding period in 2016 (“1H 2016”).

Our Group “Turnover” in 1H 2017 increased US\$11.490 million (13.7%) to US\$95.435 million compared to US\$83.945 million in 1H 2016 as a result of an increase of US\$11.553 million in the logistics “Turnover”. Our logistics business accounted for 99.9% of the Group “Turnover”. The logistics “Turnover” increased US\$11.553 million to US\$95.366 million in 1H 2017, compared to US\$83.813 million in 1H 2016. The increase in logistics business volume was mainly attributable to higher sales activities, especially in The People’s Republic of China (including Hong Kong S.A.R) and Australia.

“Turnover” of the aviation business decreased US\$0.063 million (47.7%) from US\$0.132 million in 1H 2016 to US\$0.069 million in 1H 2017, which contributed to 0.1% of the Group “Turnover” in 1H 2017.

“Other revenue” decreased US\$0.168 million (31.3%) to US\$0.369 million in 1H 2017, compared to US\$0.537 million in 1H 2016. The decline in “Other revenue” was mainly due to the absence of “Finance lease interest income” of US\$0.252 million in 1H 2017 from the aviation business.

#### 2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016

Our “Total Revenue” increased US\$8.582 million (19.3%) to US\$53.062 million in the second quarter ended 30 June 2017 (“2Q 2017”), compared to US\$44.480 million in the corresponding period in 2016 (“2Q 2016”). The higher “Total Revenue” in 2Q 2017 was largely attributable to an increase of US\$8.704 million in the logistics “Turnover”. Higher “Turnover” was mainly due to higher sales activities, especially in The People’s Republic of China (including Hong Kong S.A.R) and Australia.

In 2Q 2017, “Turnover” increased US\$8.650 million (19.5%) to US\$52.944 million, compared to US\$44.294 million in 2Q 2016. The aviation business contributed to 0.03% of our “Turnover” in 2Q 2017. The remaining 99.97% of “Turnover” was generated from our logistics business.

“Turnover” of the aviation business decreased US\$0.054 million (77.1%) from US\$0.070 million in 2Q 2016 to US\$0.016 million in 2Q 2017, mainly due to lower business volume.

#### 2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017

“Total revenue” increased US\$10.320 million to US\$53.062 million in 2Q 2017, compared to US\$42.742 million in the first quarter ended 31 March 2017 (“1Q 2017”), largely due to higher “Turnover” generated from the logistics business.

“Turnover” increased US\$10.453 million to US\$52.944 million in 2Q 2017, compared to US\$42.491 million in 1Q 2017. The “Turnover” improved mainly due to an increase of US\$10.490 million in the logistics “Turnover”. The logistics business was subject to seasonal fluctuation. The first quarter tends to be a slower season because, by then, the orders for the festive seasons such as Christmas, New Year and Chinese New Year would have been over.

“Other revenue” decreased US\$0.133 million to US\$0.118 million in 2Q 2017 compared to US\$ 0.251 million in 1Q 2017, mainly owing to lower “Sundry income” and “Allowance for doubtful non-trade receivables written back” of US\$0.064 million and US\$0.079 million, respectively.

## **Total Costs and Expenses**

### **1H 2017 vs 1H 2016**

Our "Total costs and expenses" increased US\$11.253 million to US\$97.057 million in 1H 2017, compared to US\$85.804 million in 1H 2016, largely due to two factors:

- (i) Higher "Freight charges" relating to the logistics business "Freight charges" increased US\$11.600 million (15.9%) to US\$84.634 million in 1H 2017, compared to US\$73.034 million in 1H 2016. The higher "Freight charges" relating to the logistics business corresponded to an increase of US\$11.553 million in the logistics "Turnover" in 1H 2017, compared to 1H 2016; and
- (ii) "Other operating expenses" increased US\$0.510 million to US\$3.391 million in 1H 2017, compared to US\$2.881 million in 1H 2016. "Other operating expenses" increased mainly due to: (i) foreign currency exchange loss of US\$0.453 million in 1H 2017 compared to a foreign currency exchange gain of US\$0.597 million in 1H 2016.

The above increases in "Total costs and expenses" were partially offset by: (i) a decrease in "Staff costs" of US\$0.672 million to US\$8.561 million in 1H 2017, compared to US\$9.233 million in 1H 2016. The lower "Staff costs" in 1H 2017, compared to 1H 2016 was due to a reduction in head count costs of the logistics business; and (ii) a reduction in "Depreciation" of US\$0.224 million.

### **2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016**

"Total costs and expenses" increased US\$8.210 million to US\$53.571 million in 2Q 2017, compared to US\$45.361 million in 2Q 2016, substantially due to "Freight charges" increased US\$8.833 million to US\$47.499 million in 2Q 2017, compared to US\$38.666 million in 2Q 2016. The increase in "Freight charges" was due to the higher logistics "Turnover" of US\$8.704 million in 2Q 2017 compared to 2Q 2016, for the same reasons as elaborated on page 11, in the first paragraph of the section titled "**Revenue**" for "**2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016**";

The above increase in "Total costs and expenses" was, however, partially offset by:

- (i) a reduction of US\$0.520 million in "Staff costs" to US\$4.192 million in 2Q 2017; and
- (ii) a lower "Depreciation" of US\$0.106 million in 2Q 2017.

### **2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017**

We recorded "Total costs and expenses" of US\$53.571 million in 2Q 2017, an increase of US\$10.085 million (23.2%) from US\$43.486 million in 1Q 2017, due to higher "Freight charges" of US\$10.356 million to US\$47.499 million in 2Q 2017, compared to US\$37.143 million in 1Q 2017. The increase in "Freight charges" was due to the higher logistics "Turnover" of US\$10.490 million in 2Q 2017 compared to 1Q 2017, as elaborated on page 11, in the second paragraph of the section entitled "**Revenue**" for "**2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017**";

However, the above increase in "Total costs and expenses" was partially offset by:

- (i) a reduction in foreign currency exchange loss of US\$0.113 million in 2Q 2017, compared to a foreign currency exchange loss of US\$0.340 million in 1Q 2017; and
- (ii) a lower staff costs of US\$0.177 million in 2Q 2017 compared to 1Q 2017, which resulted from a reduction in head count costs of the logistics business.

## **Gross Profit**

### **1H 2017 vs 1H 2016**

Despite an increase of US\$11.490 million "Turnover" in 1H 2017 compared to 1H 2016, "Gross profit" decreased US\$0.015 million to US\$10.780 million in 1H 2017, compared to US\$10.795 million in 1H 2016. "Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". Of the US\$10.780 million "Gross profit" registered in 1H 2017, the aviation business recorded a "Gross profit" of US\$0.048 million in 1H 2017. The logistics business contributed a "Gross profit" of US\$10.732 million. The decline in "Gross profit" in the logistics business was mainly due to lower gross profit margin resulting from competitive market environment in 1H 2017. In addition, the "Gross margin" compression resulted for several reasons, including: (i) various supply chain disruptions, such as a severe lack of equipment and containers at certain container yards; (ii) inability to optimize the cargo mix loading to waive volume charge, and having to co-load out; and (iii) carriers cut back on volume incentives.

### 2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016

Despite an increase in “Turnover” of US\$8.650 million in 2Q 2017 compared to 2Q 2016, our “Gross profit” decreased US\$0.127 million to US\$5.445 million in 2Q 2017, compared to US\$5.572 million in 2Q 2016. The decline was attributable to the lower logistics “Gross profit” generated from the logistics business. The decline in “Gross profit” in logistics business was mainly due to lower gross profit margin resulting from fierce pricing competition.

### 2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017

“Gross profit” increased only US\$0.110 million to US\$5.445 million in 2Q 2017, compared to US\$5.335 million in 1Q 2017. The increase in our “Gross profit” was largely due to the increase in “Turnover” in 2Q 2017, compared to 1Q 2017, as elaborated on page11 in the section entitled “Revenue” for “2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017”.

### Loss for the period

#### 1H 2017 vs 1H 2016

- (a) We incurred a smaller “Loss before tax” of US\$1.253 million in 1H 2017, compared to US\$1.310 million in 1H 2016.
- (b) *Excluding foreign currency exchange impact (gain or loss) (“Forex Impact”), our “Loss before tax” would have been US\$0.800 million in 1H 2017, compared to US\$1.907 million in 1H 2016.*
- (c) We incurred a smaller “Loss for the period” of US\$1.311 million in 1H 2017, compared to US\$1.362 million in 1H 2016.
- (d) At “Loss attributable to Equity holders of the Company”, which excludes “Non-controlling interests”, we incurred a loss of US\$1.104 million in 1H 2017, compared to US\$1.051 million in 1H 2016.

#### Forex Impact

Forex Impact had significant impact on our Group’s results. In 1H 2017, we incurred forex loss of US\$0.453 million. In contrast, in 1H 2016, we recorded a forex gain of US\$0.597 million.

#### Summary of Forex Impact

The table summarizes the Forex Impact in 1H 2017 versus 1H 2016.

	1H 2017	1H 2016
(i) Loss Before Tax	(US\$1.253m)	(US\$1.310m)
(ii) Forex gain/(loss)	(US\$0.453m)	US\$0.597m
(iii) Loss Before Tax (Exclude Forex Impact)	(US\$0.800m)	(US\$1.907m)

Of the “Loss before tax” of US\$1.253 million in 1H 2017, our aviation business unit contributed to a “Loss before tax” of US\$0.710 million, and logistics business unit contributed to a “Loss before tax” of US\$0.543 million.

Of the “Loss before tax” (excluding Forex Impact) of US\$0.800 million in 1H 2017, our aviation business unit contributed to a “Loss before tax” (exclude Forex Impact) of US\$0.645 million, and logistics business unit contributed to a “Loss before tax” (exclude Forex Impact) of US\$0.155 million.

### Breakdown of Losses by Business Units

The "Loss before tax" of US\$0.710 million incurred by the aviation business unit in 1H 2017 was largely due to "Total Operating Costs" exceeding "Revenue".

The "Loss before tax" of the logistics business unit in 1H 2017 was US\$0.543 million in 1H 2017, compared to US\$0.367 million in 1H 2016. However, excluding Forex Impact, "Loss before tax" of the logistics business would have narrowed to US\$0.155 million in 1H 2017, compared to US\$0.991 million in 1H 2016. The losses (excluding Forex Impact) of the logistics business narrowed because the logistics sub-unit under the branding "A-Sonic Logistics" registered a turnaround and recorded a profit (exclude Forex Impact) of US\$0.271 million in 1H 2017, compared to a "Loss before tax" (exclude Forex Impact) of US\$0.619 million in 1H 2016.

### Action Plan

In light of the above, we are taking steps and measures to reduce the Group's losses, and to achieve a turnaround. In this regards:

- (a) the aviation business unit is attempting to generate revenue from the sale of aircraft, and to collect third-party debts;
- (b)(i) the logistics business unit operating under the branding "A-Sonic Logistics" is undertaking a review in an attempt to restructure and reduce Forex Impact on its business, where commercially feasible; and
- (ii) the logistics business unit operating under the branding "A-Sonic Logistics" is also undergoing internal review in an attempt to restructure the operations/business of its subsidiaries or associated companies that are incurring losses.

### 2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016

"Loss before tax" of US\$0.509 million in 2Q 2017 narrowed, compared to a "Loss before tax" of US\$0.881 million in 2Q 2016 largely due to:

- (i) a reduction of US\$0.520 million in "Staff costs" to US\$4.192 million in 2Q 2017. The lower "Staff costs" in 2Q 2017 was largely attributable to the reduction in headcount in the logistics business unit; and
- (ii) a reduction of US\$0.106 million in "Depreciation of property, plant and equipment" to US\$0.183 million in 2Q 2017. Approximately 80% of the reduction in "Depreciation of property, plant and equipment" was attributable to the aviation unit, and 20% was due to the logistics business unit.

Excluding "Non-controlling interests", our "Loss attributable to Equity holders of the Company" was US\$0.394 million in 2Q 2017, compared to US\$0.789 million in 2Q 2016.

### 2<sup>nd</sup> Qtr 2017 vs 1<sup>st</sup> Qtr 2017

"Loss before tax" of US\$0.509 million in 2Q 2017 was lower than "Loss before tax" of US\$0.744 million in 1Q 2017, largely owing to higher foreign currency exchange loss of US\$0.340 million in 1Q 2017.

Excluding "Non-controlling interest", our "Loss attributable to Equity holders of the Company" was US\$0.509 million in 2Q 2017, compared to US\$0.744 million in 1Q 2017.

## **BALANCE SHEET**

### Non-current assets

The Group's "Non-current assets" increased US\$0.099 million to US\$7.048 million as at 30 June 2017, compared to US\$6.949 million as at 31 December 2016 ("FY2016"). The increase was attributable to: (i) an additional of US\$0.059 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) a higher "Investment in associated companies" and "Deferred tax assets" of US\$0.025 million and US\$0.015 million, respectively.

### Current assets

"Current assets" increased US\$2.695 million to US\$60.421 million as at 30 June 2017, compared to US\$ 57.726 million as at the end of FY 2016. The increase in "Current asset" was due to: (i) an increase in "Cash and cash equivalents" of US\$0.715 million, and (ii) an increase of US\$2.066 million in "Trade and other receivables" to US\$36.738 million as at 30 June 2017, compared to US\$34.672 million as at the end of FY 2016.

### Non-current liabilities

"Non-current liabilities" decreased US\$0.121 million to US\$1.170 million as at 30 June 2017 as a result of the partial repayment of the finance lease liabilities, which relate to motor vehicles deployed for our logistics business.

### Current liabilities

"Current liabilities" increased US\$3.658 million to US\$42.009 million as at 30 June 2017, compared to US\$38.351 million as at end of FY2016, largely due to: (i) an increase of US\$2.725 million in "Trade and other payables" to US\$36.698 million as at 30 June 2017; (ii) an increase of US\$1.083 million in "Bank borrowings" to US\$4.244 million.

### Net assets and Equity

Our Group's net asset value stood at US\$24.290 million as at 30 June 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\$26.294 million as at end of 30 June 2017, compared to US\$26.819 million as at end of FY 2016. The decline of US\$0.525 million in "Equity attributable to equity holder of the Company" was largely due to the Group's "Accumulated losses" increased US\$1.084 million to US\$17.904 million as at 30 June 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\$1.104 million.

However, the increase in the Group's "Accumulated Losses" was partially pared by the reduction of US\$0.559 million in the negative "Foreign currency translation reserve" to US\$7.560 million as at 30 June 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 lease liabilities, to net asset value (excluding non-controlling interests) stood at 22.8% as at 30 June 2017, compared to 18.5% as at the end of FY 2016.



## CASH FLOW

### 1H 2017 vs 1H 2016

"Net cash generated from operating activities" was US\$0.018 million in 1H 2017, compared to "Net cash used in operating activities" of US\$2.072 million in 1H 2016 largely due to:

- (i) The "Operating cash flow before working capital changes" amounted to US\$0.991 million in 1H 2017, compared to US\$1.115 million in 1H 2016;
- (ii) US\$1.873 million was used in "Receivables" in 1H 2017, while US\$0.368 million was used in "Receivables" in 1H 2016;
- (iii) "Income tax paid" in 1H 2017 was US\$0.097 million.

However, "Net cash used in operating activities" was partially offset by US\$2.551 million generated from "Payables" in 1H 2017.

"Net cash used in investing activities" amounted to US\$0.098 million in 1H 2017, compared to "Net cash used in investing activities" of US\$0.102 million in 1H 2016. The "Net cash used in investing activities" in 1H 2017 mainly comprised of cash used in (i) "Acquisition of non-controlling interest" of US\$0.045 million and (ii) "Purchase of property, plant and equipment" of US\$0.173 million. Whilst in 1H 2016, the "Net cash used in investing activities" were mainly from "Acquisition of a subsidiary, net cash acquired" of US\$0.100 million and "Purchase of property, plant and equipment" of US\$0.048 million.

"Net cash generated from financing activities" amounted to US\$0.592 million in 1H 2017, compared to "Net cash used in financing activities" US\$0.166 million in 1H 2016. The "Net cash generated from financing activities" was largely attributable to "Proceeds from bank borrowings" amounting to US\$1.124 million in 1H 2017. However, "Net cash generated from financing activities" was partially offset by the "Repayment of bank borrowings", "Repayment of finance lease liabilities" and "Interest paid" of US\$0.196 million, US\$0.283 million and US\$0.114 million respectively in 1H 2017. Whilst in 1H 2016, the "Net cash used in financing activities" were mainly from "Repayment of bank borrowings" and "Repayment of finance lease liabilities" of US\$0.215 million and US\$0.246 million respectively and partially offset by cash generated from "Proceeds from bank borrowings" of 0.426 million.

### 2<sup>nd</sup> Qtr 2017 vs 2<sup>nd</sup> Qtr 2016

The "Net cash used in operating activities" in 2Q 2017 of US\$1.050 million was largely due to cash used in "Receivables" of US\$7.388 million and cash generated from "Payables" and "Effect of foreign exchange rate changes" of US\$6.641 million and US\$0.139 million respectively. In 2Q 2016, "Net cash used in operating activities" of US\$1.926 million comprised of "Receivables" of US\$5.007 million, "Effect of foreign exchange rate changes" of US\$0.088 and "Loss before tax" of US\$0.881 million, however it was partially offset by cash generated from "Payables" of US\$3.959 million.

"Net cash generated from investing activities" in 2Q 2017 was US\$0.022 million, mainly due to "Proceeds from disposal of property, plant and equipment" of US\$0.033 million. In 2Q 2016, "Net cash generated from investing activities" was US\$0.002 million due to "Proceed from disposal of property, plant and equipment" of US\$0.002 million.

"Net cash used in financing activities" in 2Q 2017 was US\$0.032 million, compared to "Net cash generated from financing activities" of US\$0.257 million in 2Q 2016. The "Net cash used in financing activities" was largely attributed to "Proceeds from bank borrowings" of US\$0.193 million and "Repayment of finance lease liabilities" of US\$0.144 million in 2Q 2017.

**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 5 August 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 on securing sale, or new leases of aircraft, and aircraft engines. Meanwhile, the performance of the logistics business is highly correlated to the global trade and freight rates. We remain cautious on the outlook.



**11. Dividend**

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

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

11 August 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 second quarter period ended 30 June 2017 and first half year ended 30 June 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