



A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

A-Sonic Aerospace Limited (the "**Company**") was placed on the watch-list on 5 June 2017 as the Company recorded:

- (i) pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts and an average daily market capitalization of less than S\$40 million over the last 6 months ("**Financial Entry Criteria**"); and
- (ii) a volume weighted average price of less than S\$0.20 and an average daily market capitalization of less than S\$40 million over the last 6 months ("**MTP Entry Criteria**").

In accordance with Rule 1313(2) of the SGX Listing Manual, the Board of Directors of the Company wishes to provide the following update for the second quarter ended 30 June 2017, and first six months ended 30 June 2017.

Update on Financial and Action Taken

- (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.
- (e) We incurred a smaller "*Loss attributable to Equity holders of the Company*" of US\$0.394 million in 2Q 2017, compared to US\$0.789 million in 2Q 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.

Further Material Development

The Company will make immediate announcement in the event there is any material development.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

11 August 2017