

## 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 2019

	Group		Change %
	1 <sup>st</sup> quarter ended		
	31 Mar 19 US\$'000	31 Mar 18 US\$'000	
Turnover	53,750	48,673	10.4
Other income	509	303	68.0
<b>Total revenue</b>	<b>54,259</b>	<b>48,976</b>	<b>10.8</b>
<b>Expenses</b>			
Changes in inventories	26	(2,000)	N/M
Purchases of goods and consumables used	(307)	(287)	7.0
Freight charges	(47,699)	(39,820)	19.8
Staff costs	(4,558)	(4,708)	(3.2)
Depreciation of property, plant and equipment and right-of-use assets	(473)	(193)	N/M
Finance costs	(82)	(59)	39.0
Other operating expenses	(896)	(1,460)	(38.6)
<b>Total costs and expenses</b>	<b>(53,989)</b>	<b>(48,527)</b>	<b>11.3</b>
Share of results of associated companies	(7)	240	N/M
Profit before tax	263	689	(61.8)
Taxation	(13)	(1)	N/M
<b>Profit for the period</b>	<b>250</b>	<b>688</b>	<b>(63.7)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	431	675	(36.1)
Non-controlling interests	(181)	13	N/M
	<b>250</b>	<b>688</b>	<b>(63.7)</b>
<b>Other items :</b>			
Interest income	101	49	N/M
Impairment allowance for trade receivables written back	-	2	N/M
Impairment allowance for non-trade receivables written back	4	11	(63.6)
Foreign currency exchange gain	152	18	N/M
Sundry income	399	235	69.8
Rental expenses	(77)	(351)	(78.1)

N/M: Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 31 March 2019

	<b>Group</b>		<i>Change %</i>
	<b>1<sup>st</sup> quarter ended</b>		
	<b>31 Mar 19</b>	<b>31 Mar 18</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
<b>Profit for the period</b>	<b>250</b>	688	(63.7)
<b>Other comprehensive income:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	<b>68</b>	325	(79.1)
	<b>68</b>	325	
<b>Total comprehensive income for the period</b>	<b>318</b>	1,013	(68.6)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company	<b>497</b>	924	(46.2)
Non-controlling interests	<b>(179)</b>	89	N/M
<b>Total comprehensive income for the period</b>	<b>318</b>	1,013	(68.6)

*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 2019**

	Group		Company	
	31 Mar 2019 US\$'000	31 Dec 2018 US\$'000	31 Mar 2019 US\$'000	31 Dec 2018 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	5,700	5,849	-	-
Right-of-use assets	2,235	-	-	-
Investment in subsidiaries <sup>(1)</sup>	-	-	14,663	14,663
Investment in associated companies	1,524	1,527	-	-
Fair value through other comprehensive income	98	98	-	-
Deferred tax assets	278	277	-	-
	<b>9,835</b>	<b>7,751</b>	<b>14,663</b>	<b>14,663</b>
<b>Current assets</b>				
Inventories	1,563	1,537	-	-
Trade and other receivables	27,814	39,536	13	6
Due from subsidiaries	-	-	2,836	2,362
Due from associated companies	188	258	-	-
Tax recoverable	36	39	-	-
Cash and cash equivalents	24,306	24,473	11,234	11,278
	<b>53,907</b>	<b>65,843</b>	<b>14,083</b>	<b>13,646</b>
<b>Total assets</b>	<b>63,742</b>	<b>73,594</b>	<b>28,746</b>	<b>28,309</b>
<b>Non-current liabilities</b>				
Lease liabilities	1,698	578	-	-
	<b>1,698</b>	<b>578</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	31,184	43,420	233	278
Due to subsidiaries	-	-	6,623	6,194
Bank borrowings	4,202	4,174	2,266	2,250
Provision for liabilities	265	265	-	-
Lease liabilities	1,701	659	-	-
Tax payable	136	185	9	48
	<b>37,488</b>	<b>48,703</b>	<b>9,131</b>	<b>8,770</b>
<b>Total liabilities</b>	<b>39,186</b>	<b>49,281</b>	<b>9,131</b>	<b>8,770</b>
<b>Net assets</b>	<b>24,556</b>	<b>24,313</b>	<b>19,615</b>	<b>19,539</b>
<b>Equity</b>				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(16,134)	(16,519)	(32,143)	(32,219)
Foreign currency translation reserve	(7,497)	(7,563)	-	-
Equity attributable to equity holders of the Company	28,127	27,676	19,615	19,539
Non-controlling interests	(3,571)	(3,363)	-	-
<b>Total equity</b>	<b>24,556</b>	<b>24,313</b>	<b>19,615</b>	<b>19,539</b>
	-	-	-	-

**Note 1**

As at 31 March 2019 and 31 December 2018, 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**

<b>At 31 March 2019</b>		<b>At 31 December 2018</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>5,903</b>	<b>1,042</b>	<b>4,833</b>	<b>-</b>

**Amount repayable after one year**

<b>At 31 March 2019</b>		<b>At 31 December 2018</b>	
<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>1,698</b>	<b>1,279</b>	<b>578</b>	<b>-</b>

**Details of any collateral**

The group's aggregate bank borrowings and lease liabilities which were repayable in one year or less, or on demand, amounted to US\$4.861 million as at 31 March 2019. Of the US\$4.861 million, secured bank borrowings amounted to US\$4.202 million, and the remaining US\$0.659 million are obligations from lease liabilities secured against motor vehicles deployed for the logistics business.

The bank borrowings of: (i) US\$1.936 million was secured by corporate guarantee and a floating charge over the logistics receivables and (ii) US\$2.266 million was secured on a leasehold property of the Group.

The Group's secured borrowings repayable after one year of US\$0.419 million are leases obligations 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 STATEMENT OF CASH FLOWS**  
For the first quarter ended 31 March 2019

	<b>Group</b>	
	<b>1st Quarter Ended</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	263	689
<b>Adjustments for:</b>		
Interest income	(101)	(49)
Depreciation of property, plant and equipment and right-of-use assets	473	193
Interest expenses	82	59
Impairment allowance for non-trade receivables written back	(4)	(11)
Share of results of associated companies	7	(240)
Operating cash flow before working capital changes	<u>720</u>	<u>641</u>
Inventories	(26)	2,000
Receivables	11,798	10,797
Payables	(12,236)	(14,376)
Effect of foreign exchange rate changes	(23)	171
Cash generated from/(used in) operations	<u>233</u>	<u>(767)</u>
Income tax paid	(61)	(152)
<b>Net cash generated from/(used in) operating activities</b>	<u>172</u>	<u>(919)</u>
<b>Cash flows from investing activities</b>		
Interest received	101	49
Purchase of property, plant and equipment	(23)	(23)
<b>Net cash generated from investing activities</b>	<u>78</u>	<u>26</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	-	321
Repayment of bank borrowings	-	(39)
Repayment of lease liabilities	(425)	(153)
Interest paid	(82)	(59)
<b>Net cash (used in)/generated from financing activities</b>	<u>(507)</u>	<u>70</u>
<b>Net decrease in cash and cash equivalents <sup>(1)</sup></b>	<b>(257)</b>	<b>(823)</b>
Cash and cash equivalents at beginning of period	24,268	23,315
Effect of foreign exchange rate changes	90	210
<b>Cash and cash equivalents at end of period</b>	<u>24,101</u>	<u>22,702</u>

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the followings:

- Bank and cash balance	23,352	22,215
- Fixed deposits	954	954
	<u>24,306</u>	<u>23,169</u>
Less: Fixed deposit restricted for use	(205)	(467)
Cash and cash equivalents per consolidated statement of cash flows	<u>24,101</u>	<u>22,702</u>

Note:

(1) As at 31 March 2019, Cash and cash equivalents balances held by the Group amounting to US\$0.205 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 2019

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 2019	51,758	(16,519)	(7,563)	27,676	(3,363)	24,313
Effect of adopting SFRS(l) 16	-	(46)	-	(46)	(29)	(75)
Restated as at 1 January 2019	51,758	(16,565)	(7,563)	27,630	(3,392)	24,238
<b>Comprehensive income/(loss)</b>						
Profit for the period	-	431	-	431	(181)	250
<b>Other comprehensive income/(loss)</b>						
Currency translation differences on consolidation	-	-	66	66	2	68
Other comprehensive income for the period	-	-	66	66	2	68
Total comprehensive income/(loss) for the period	-	431	66	497	(179)	318
<b>At 31 March 2019</b>	<b>51,758</b>	<b>(16,134)</b>	<b>(7,497)</b>	<b>28,127</b>	<b>(3,571)</b>	<b>24,556</b>

### Consolidated Statement of Changes in Equity

For the first quarter ended 31 March 2018

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 2018	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634
<b>Comprehensive income</b>						
Profit for the period	-	675	-	675	13	688
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	-	249	249	76	325
Other comprehensive income for the period	-	-	249	249	76	325
Total comprehensive income for the period	-	675	249	924	89	1,013
<b>At 31 March 2018</b>	<b>51,758</b>	<b>(17,346)</b>	<b>(7,170)</b>	<b>27,242</b>	<b>(2,595)</b>	<b>24,647</b>

## Statement of Changes in Equity

### For the first quarter ended 31 March 2019

THE COMPANY	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2019	51,758	(32,219)	19,539
<b><i>Comprehensive income</i></b>			
Profit and total comprehensive income for the period	-	76	76
<b>At 31 March 2019</b>	<b>51,758</b>	<b>(32,143)</b>	<b>19,615</b>

### For the first quarter ended 31 March 2018

THE COMPANY	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2018	51,758	(32,986)	18,772
<b><i>Comprehensive income</i></b>			
Profit and total comprehensive income for the period	-	13	13
<b>At 31 March 2018</b>	<b>51,758</b>	<b>(32,973)</b>	<b>18,785</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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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>First quarter ended</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
Balance at beginning of period	<u>58,479,296</u>	<u>58,479,296</u>
Balance at end of period	<u>58,479,296</u>	<u>58,479,296</u>

- 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 2019 and 31 December 2018 were 58,479,296.

- 1d(iv) A statement showing all sales, transfers, 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.

- 1d(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as there were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 March 2019.

- 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2018.



**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.**

SFRS(I) 16 Leases requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted the SFRS(I) 16 Leases retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16 Leases, the Group has chosen, on a lease-by-lease basis, to measure the right-of use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In addition, the Group elected the following practical expedient:

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of US\$2.512 million and lease liabilities of US\$2.587 million for its leases previously classified as operating leases, with a corresponding increase in the opening accumulated losses US\$0.046 million and non-controlling interests of US\$0.029 million as of 1 January 2019. The Group has adopted the modified retrospective approach on the adoption of SFRS(I) 16.

**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.**

	<b>Group</b>	
	<b>1<sup>st</sup> quarter ended</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
Profit after tax attributable to equity holders of the Company (US\$'000)	<b>431</b>	675
Weighted average number of ordinary shares (in '000)	<b>58,479</b>	58,479
Earnings per share (US cents):		
Basic	<b>0.74</b>	1.15
Diluted	<b>0.74</b>	1.15

**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 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net asset value per share based on existing issued share capital at the end of period/year (US cents) <sup>(1) (2)</sup>	48.10	47.33	33.54	33.41

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 2019 and 31 December 2018 would have been 41.99 US cents and 41.58 US cents per share respectively.  
 (2) Computed based on 58,479,296 ordinary shares in issue for 31 March 2019 and 31 December 2018.

**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 28 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 31 March 2019.

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, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

**Income Statement**

**Revenue**

**1<sup>st</sup> Qtr 2019 vs 1<sup>st</sup> Qtr 2018**

Our “Total revenue” comprises (i) “Turnover”; and (ii) “Other income”. Our Group’s “Total revenue” increased US\$5.283 million to US\$54.259 million in the first quarter ended 31 March 2019 (“1Q 2019”), compared to US\$48.976 million in the corresponding first quarter ended 31 March 2018 (“1Q 2018”).

Our Group “Turnover” increased US\$5.077 million (10.4%) to US\$53.750 million in 1Q 2019, compared to US\$48.673 million in 1Q 2018, largely due to an increase of US\$7.834 million in the logistics “Turnover” to US\$53.352 million in 1Q 2019, compared to US\$45.518 million in 1Q 2018. Logistics “Turnover” increased primarily due to higher sales activities in North Asia. Our logistics business unit contributed 99.3% (US\$53.352 million) of our Group “Turnover” in 1Q 2019.

The above increase in our Group “Turnover” was however pared by a reduction of US\$2.757 million in the aviation “Turnover” to US\$0.398 million in 1Q 2019. The decrease was largely due to lower aviation business volume.

“Other income” increased US\$0.206 million to US\$0.509 million in 1Q 2019, compared to US\$0.303 million in 1Q 2018. The increase was mainly due to realization of deposit and government grant received in 1Q 2019.

#### **1<sup>st</sup> Qtr 2019 vs 4<sup>th</sup> Qtr 2018**

“Total revenue” decreased US\$8.058 million to US\$54.259 million in 1Q 2019, compared to US\$62.317 million in the fourth quarter ended 31 December 2018 (“4Q 2018”), largely due to lower logistics “Turnover”.

The lower logistics “Turnover” of US\$6.636 million (11.1%) in 1Q 2019 was mainly due to lower business volume after the festive seasons, such as Thanksgiving, Christmas and New Year, that occurred in the fourth (4<sup>th</sup>) quarter of a calendar year.

“Other income” increased US\$0.285 million to US\$0.509 million in 1Q 2019, compared to US\$0.224 million in 4Q 2018 mainly due to realization of deposit and government grant received in 1Q 2019.

#### **Total Costs and Expenses**

##### **1<sup>st</sup> Qtr 2019 vs 1<sup>st</sup> Qtr 2018**

Our “Total costs and expenses” increased US\$5.462 million (11.3%) to US\$53.989 million in 1Q 2019 compared to US\$48.527 million in 1Q 2018, mainly due to an increase (US\$7.879 million) in “Freight charges to US\$47.699 million in 1Q 2019. The increase was largely attributable to higher logistics “Freight charges”, in line with higher (US\$7.834 million) logistics “Turnover” in 1Q 2019, compared to 1Q 2018.

The above increase in “Total costs and expenses” was partially offset by the reduction in “Change of inventories” and “Other operating expenses” of US\$2.026 million and US\$0.564 million in 1Q 2019.

##### **1<sup>st</sup> Qtr 2019 vs 4<sup>th</sup> Qtr 2018**

“Total costs and expenses” decreased US\$7.548 million (12.3%) to US\$53.989 million in 1Q 2019, compared to US\$61.537 million in 4Q 2018, largely due to:

- (i) Lower (US\$5.992 million) “Freight charges” to US\$47.699 million in 1Q 2019, compared to US\$53.691 million in 4Q 2018. The reduction in “Freight charges” corresponded to the lower logistics “Turnover” of US\$6.636 million in 1Q 2019, compared to 4Q 2018. The reduction in logistics “Turnover” in 1Q 2019 compared to 4Q 2018 is elaborated on page 11, in the second paragraph of the section titled “*Revenue*” for “1<sup>st</sup> Qtr 2019 vs 4<sup>th</sup> Qtr 2018”;
- (ii) Lower (US\$0.636 million) “Purchase of goods and consumables used” to US\$0.307 million in 1Q 2019, compared to US\$0.943 million in 4Q 2018. The reduction (US\$0.636 million) in “Purchase of goods and consumables used” was mainly due to the reduction of volume in aviation business; and
- (iii) Lower (US\$1.027 million) “Other operating expenses” to US\$0.896 million in 1Q 2019, compared to US\$1.923 million in 4Q 2018. The reduction (US\$1.027 million) in “Other operating expenses” was mainly due to “Foreign exchange gain” of US\$0.152 million in 1Q 2019 compared to “Foreign exchange gain” of US\$0.180 million in 4Q 2018. In addition, the rental expenses reduced US\$0.267 million to US\$0.077 million 1Q 2019, from US\$0.344 in 4Q 2018 due to application of new accounting standard SFRS(I) 16 Leases.

## **Gross profit**

### **1<sup>st</sup> Qtr 2019 vs 1<sup>st</sup> Qtr 2018**

Our “Gross profit” was computed based on “Turnover” less “Changes in inventories”, “Purchases of goods and consumables used” and “Freight charges”. “Gross profit” decreased US\$0.796 million (12.1%) to US\$5.770 million in 1Q 2019, compared to US\$6.566 million in 1Q 2018. The lower gross profit in 1Q 2019 compared to 1Q 2018 was largely due to largely due to lower “Gross profit” in the aviation business in 1Q 2019, resulting from a reduction (US\$2.757 million) in the aviation “Turnover” and the lower Gross Margin for products in North Asia for logistics business.

### **1<sup>st</sup> Qtr 2019 vs 4<sup>th</sup> Qtr 2018**

We recorded a “Gross profit” of US\$5.770 million in 1Q 2019, a decrease of US\$1.369 million (19.2%) compared to US\$7.139 million in 4Q 2018. Our lower “Gross profit” in 1Q 2019 compared to 4Q 2018 was largely due to lower “Gross profit” in the aviation business in 1Q 2019, resulting from a reduction (US\$1.707 million) in the aviation “Turnover”.

## **Net Profit attributable to equity holders of the Company**

### **1<sup>st</sup> Qtr 2019 vs 1<sup>st</sup> Qtr 2018**

Our Group recorded “Profit attributable to equity holders of the Company” of US\$0.431 million in 1Q 2019, compared to US\$0.675 million in 1Q 2018.

Two of our business units recorded “Profit attributable to equity holders of the Company” namely:

- (i) our aviation business (US\$0.073 million); and
- (ii) our “A-Sonic Logistics” branding (US\$0.528 million).

The above profits were however pared by the “Loss attributable to equity holders of the Company” incurred by “UBI Logistics” (US\$0.170 million).

Had it not been for the “Loss before income tax” of US\$0.360 million of UBI Logistics sub-group, our Group would have recorded “Profit before income tax” of US\$0.623 million, instead of US\$0.263 million.

### **1<sup>st</sup> Qtr 2019 vs 4<sup>th</sup> Qtr 2018**

In 1Q 2019, our Group recorded “Profit attributable to equity holders of the Company” of US\$0.431 million compared to US\$0.786 million in 4Q 2018. The reduction was attributed to:

- (i) Lower (US\$0.453 million) “Profit attributable to equity holders of the Company” of US\$0.073 million in 1Q 2019, compared to US\$0.526 million in 4Q 2018. The reduction was in line with lower aviation “Turnover” in 1Q 2019; and
- (ii) “Loss attributable to equity holders of the Company” incurred by “UBI Logistics” sub-group of US\$0.170 million, compared to a profit of US\$0.084 million in 4Q 2018.

## **Balance Sheet**

### **Non-current assets**

The Group’s “Non-current assets” increased 26.9% (US\$2.084 million) to US\$9.835 million as at 31 March 2019, compared to US\$7.751 million as at 31 December 2018 (“FY 2018”). The increase was mainly due to increase in “Right-of-use assets” resulted from the application of new accounting standard, SFRS(I) 16 Leases, which takes effect from 1 January 2019.

### **Current assets**

“Current assets” decreased US\$11.936 million to US\$53.907 million as at 31 March 2019, compared to US\$65.843 million as at the end of FY 2018. “Current assets” declined largely owing to: (i) a decrease of US\$11.722 million in “Trade and other receivables” to US\$27.814 million as

at 31 March 2019, compared to US\$39.536 million as at the end of FY 2018. This was largely in line with the decrease in “Turnover” in 1Q 2019, compared to 4Q 2018.

#### Non-current liabilities

“Non-current liabilities” increased 193.8% (US\$1.120 million) to US\$1.698 million as at 31 March 2019 as a result of application of new accounting standard, SFRS(I) 16 Leases, which takes effect from 1 January 2019.

#### Current liabilities

“Current liabilities” declined US\$11.215 million to US\$37.488 million as at 31 March 2019, compared to US\$48.703 million as at the end of FY 2018, largely due to a reduction of US\$12.236 million in “Trade and other payables” to US\$31.184 million as at 31 March 2019. However the decrease was partially offset by the increase of “Lease liabilities” of US\$1.042 million resulted from the application of new accounting standard, SFRS(I) 16 Leases.

#### Net asset and Equity

Excluding “Non-controlling interests”, our “Equity attributable to equity holders of the Company” stood at US\$28.127 million as at end of 31 March 2019, compared to US\$27.676 million as at end of FY 2018. The increase of US\$0.451 million in “Equity attributable to equity holders of the Company” was largely due to:

- (i) The Group’s “Profit attributable to equity holders of the Company” of US\$0.431 million in 1Q 2019; and
- (ii) A decrease in the Group’s “Foreign currency translation reserve” of US\$0.066 million in 1Q 2019.

The Group’s gearing based on, total bank borrowings and lease liabilities, to “Equity attributable to equity holders of the Company” increase to 27.0% as at 31 March 2019, compared to 19.6% as at the end of FY 2018. This increase in gearing ratio was mainly due to the application of new accounting standard, SFRS(I) 16 Leases, which lease liability had been recognised. Had it not been for the new accounting standard, the group’s gearing ratio would have been 18.8%.

### **Cash Flow**

#### 1<sup>st</sup> Qtr 2019 vs 1<sup>st</sup> Qtr 2018

“Operating cash flows before working capital changes” generated in 1Q 2019 was US\$0.720 million, compared to “Operating cash flows before working capital changes” generated from 1Q 2018 of US\$0.641 million. The increase for “Operating cash flows before working capital changes” was largely due to “Depreciation of property, plant and equipment and right-of-use assets” of US\$0.473 million in 1Q 2019, compared to US\$0.193 million in 1Q 2018.

In 1Q 2019, “Working capital changes” items recorded were as follows: (i) cash generated from “Receivables” of US\$11.798 million and (ii) cash used in “Payables” and “Inventories” of US\$12.236 million and US\$0.026 million respectively. In 1Q 2018, “Working capital changes” items recorded were as follows: (i) cash generated from “Receivables” and “Inventories” of US\$10.797 million and US\$2.000 million respectively and (ii) cash used in “Payables” of US\$14.376 million.

After payment for income tax of US\$0.061 million in 1Q 2019, we recorded “Net cash generated from operating activities” of US\$0.172 million, compared to “Net cash used in operating activities” US\$0.919 million in 1Q 2018.

“Net cash generated from investing activities” amounted to US\$0.078 million in 1Q 2019, compared to US\$0.026 million in 1Q 2018. This was largely due to US\$0.101 million generated from “Interest received” in 1Q 2019. However, it was offset by the “Purchase of property, plant and equipment” of US\$0.023 million in 1Q 2019. In 1Q 2018, “Net cash generated from investing activities” of US\$0.026 million was mainly due to “Interest income” of US\$0.049 million. However it was offset by “Purchase of property, plant and equipment” of US\$0.023 million.

“Net cash used in financing activities” amounted to US\$0.507 million in 1Q 2019, compared to “Net cash generated from financing activities” of US\$0.070 million in 1Q 2018. In 1Q 2019, “Net cash used in financing activities” of US\$0.507 million were due to “Repayment of lease liabilities” and “Interest paid” of US\$0.425 million and US\$0.82 million respectively. In 1Q 2018, “Net cash generated from financing activities” was largely attributed to “Proceeds from bank borrowings” of US\$0.321 million. However, it was offset by the “Repayment of lease liabilities” and “Interest paid” of US\$0.153 million and US\$0.059 million respectively.

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

No forecast or prospect statement 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.**

We remain cautious on the business outlook for our logistics and aviation business in 2019.

- 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 2019.

- (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 and the reason(s) for the decision.**

No dividend has been declared or recommended for the first quarter ended 31 March 2019. The Board will review in subsequent quarters.

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

10 May 2019

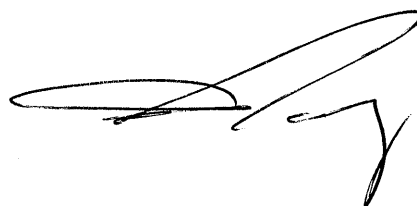
**Directors' Negative Assurance on Interim Financial Results under Rule 705(5)**

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 ended 31 March 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors



Janet Tan  
Chief Executive Officer



Irene Tay  
Executive Director