

A-SONIC AEROSPACE LIMITED

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

THIRD 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 third quarter and nine months period ended 30 September 2018

	Group			Group		
	Third quarter ended		Change	9 months period ended		Change
	30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Turnover	56,377	53,138	6.1	156,658	148,573	5.4
Other revenue	177	214	(17.3)	656	583	12.5
Total revenue	56,554	53,352	6.0	157,314	149,156	5.5
Expenses						
Changes in inventories	585	-	N/M	(1,415)	(9)	N/M
Purchases of goods and consumables used	(1,485)	(9)	N/M	(2,617)	(13)	N/M
Freight charges	(49,720)	(47,599)	4.5	(134,901)	(132,241)	2.0
Staff costs	(4,385)	(4,182)	4.9	(13,554)	(12,743)	6.4
Depreciation of property, plant and equipment	(184)	(198)	(7.1)	(560)	(555)	0.9
Finance costs	(86)	(66)	30.3	(222)	(180)	23.3
Other operating expenses	(1,971)	(1,630)	20.9	(5,060)	(5,021)	0.8
Total costs and expenses	(57,246)	(53,684)	6.6	(158,329)	(150,762)	5.0
Share of results of associated companies	316	1	N/M	824	22	N/M
Loss before tax	(376)	(331)	13.6	(191)	(1,584)	(87.9)
Taxation	(52)	(13)	N/M	(84)	(71)	18.3
Loss for the period	(428)	(344)	24.4	(275)	(1,655)	(83.4)
Profit/(loss) attributable to:						
Equity holders of the Company	3	(227)	N/M	695	(1,331)	N/M
Non-controlling interests	(431)	(117)	N/M	(970)	(324)	N/M
	(428)	(344)	24.4	(275)	(1,655)	(83.4)
Other items :						
Interest income	67	31	N/M	178	100	78.0
Provision for liabilities written back	-	-	-	-	133	(100.0)
Sundry income	98	181	(45.9)	443	236	87.7
Allowance for doubtful trade receivables written back	-	6	(100.0)	5	8	(37.5)
Allowance for doubtful non-trade receivables written back	-	8	(100.0)	-	101	(100.0)
Allowance for doubtful trade receivables	(195)	-	N/M	(195)	(1)	N/M
Allowance for doubtful non-trade receivables	(2)	(19)	(89.5)	(13)	(132)	(90.2)
Foreign currency exchange loss	(273)	(44)	N/M	(373)	(497)	(24.9)
Bad non-trade receivables written off	-	(35)	(100.0)	-	(35)	(100.0)
Impairment loss in investment in associated company	-	(107)	(100.0)	-	(107)	(100.0)
Rental expenses	(337)	(338)	(0.3)	(1,029)	(975)	5.5
Gain on disposal of property, plant and equipment	7	-	N/M	7	26	(73.1)

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the third quarter and nine months period ended 30 September 2018

	Group			Group		
	Third quarter ended		Change	9 months period ended		Change
	30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Loss for the period	(428)	(344)	24.4	(275)	(1,655)	(83.4)
Other comprehensive (loss)/income:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising on consolidation	(136)	33	N/M	(37)	585	N/M
	(136)	33		(37)	585	
Total comprehensive loss for the period	(564)	(311)	81.4	(312)	(1,070)	(70.8)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(164)	(185)	(11.4)	487	(730)	N/M
Non-controlling interests	(400)	(126)	N/M	(799)	(340)	N/M
Total comprehensive (loss) for the period	(564)	(311)	81.4	(312)	(1,070)	(70.8)

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 September 2018

	Group		Company	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	5,915	6,118	-	-
Investment in subsidiaries ⁽¹⁾	-	-	14,663	14,663
Investment in associated companies	1,316	752	-	-
Available-for-sale financial asset	98	3	-	-
Deferred tax assets	313	336	-	-
	7,642	7,209	14,663	14,663
Current assets				
Inventories	1,857	3,272	-	-
Trade and other receivables	37,285	40,365	12	5
Due from subsidiaries	-	-	2,914	247
Due from associated companies	360	600	-	-
Tax recoverable	30	18	-	-
Cash and cash equivalents	23,642	23,782	10,001	7,545
	63,174	68,037	12,927	7,797
Total assets	70,816	75,246	27,590	22,460
Non-current liabilities				
Finance lease liabilities	660	952	-	-
	660	952	-	-
Current liabilities				
Trade and other payables	41,566	45,237	246	220
Due to subsidiaries	-	-	6,090	1,493
Bank borrowings	4,166	4,298	2,245	1,975
Provision for liabilities	270	270	-	-
Finance lease liabilities	645	607	-	-
Tax payable	148	248	-	-
	46,795	50,660	8,581	3,688
Total liabilities	47,455	51,612	8,581	3,688
Net assets	23,361	23,634	19,009	18,772
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(17,306)	(18,021)	(32,749)	(32,986)
Foreign currency translation reserve	(7,627)	(7,419)	-	-
Equity attributable to equity holders of the Company	26,825	26,318	19,009	18,772
Non-controlling interests	(3,464)	(2,684)	-	-
Total equity	23,361	23,634	19,009	18,772

Note:

(1) As at 30 September 2018 and 31 December 2017, 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 September 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,811	-	4,905	-

Amount repayable after one year

At 30 September 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
660	-	952	-

Details of any collateral

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US\$4.811 million as at 30 September 2018. Of the US\$4.811 million, secured bank borrowings amounted to US\$4.166 million, and the remaining US\$0.645 million resulted from finance lease secured against motor vehicles deployed for the logistics business.

The bank borrowings of: (i) US\$1.921 million was secured by corporate guarantee and a floating charge over the logistics receivables; and (ii) US\$2.245 million was secured on a leasehold property of the Group.

The Group's borrowings repayable after one year of US\$0.660 million are finance 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 STATEMENTS OF CASH FLOWS
For the third quarter and nine months period ended 30 September 2018

	Group			
	Third quarter ended		Nine months period ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss before tax	(376)	(331)	(191)	(1,584)
Adjustments for:				
Interest income	(67)	(31)	(178)	(100)
Depreciation of property, plant and equipment	184	198	560	555
Interest expenses	86	66	222	180
Allowance for doubtful non-trade receivables	2	19	13	132
Allowance for doubtful non-trade receivables written back	-	(8)	-	(101)
Bad non-trade receivable written off	-	35	-	35
Impairment loss on investment in associated company	-	107	-	107
Gain on disposal of property, plant and equipment	(7)	-	(7)	(26)
Provision for liabilities written back	-	-	-	(133)
Share of results of associated companies	(316)	(1)	(824)	(22)
Operating cash flow before working capital changes	(494)	54	(405)	(957)
Inventories	(585)	-	1,415	(9)
Receivables	(2,124)	(959)	3,308	(2,945)
Payables	3,754	2,933	(3,670)	5,617
Effect of foreign exchange rate changes	184	(10)	326	427
Cash generated from operations	735	2,018	974	2,133
Income tax paid	(7)	(31)	(191)	(128)
Net cash generated from operating activities	728	1,987	783	2,005
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	9	36	9	87
Acquisition of non-controlling interest	-	-	-	(45)
Purchase of unquoted shares	(95)	-	(95)	-
Dividend received from associated company	247	-	247	-
Interest received	67	31	178	100
Purchase of property, plant and equipment ⁽¹⁾	(120)	(44)	(174)	(217)
Net cash generated from/(used in) investing activities	108	23	165	(75)
Cash flows from financing activities				
Contribution from non-controlling interest for incorporation of subsidiary	-	-	67	61
Proceeds from bank borrowings	-	397	322	1,521
Repayment of bank borrowings	-	(795)	(350)	(991)
Repayment of finance lease liabilities	(148)	(144)	(452)	(427)
Interest paid	(86)	(66)	(222)	(180)
Net cash used in financing activities	(234)	(608)	(635)	(16)
Net increase in cash and cash equivalents ⁽²⁾	602	1,402	313	1,914
Cash and cash equivalents at beginning of period	22,884	18,915	23,315	18,199
Effect of foreign exchange rate changes	(311)	116	(453)	320
Cash and cash equivalents at end of period	23,175	20,433	23,175	20,433

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

Cash and cash equivalents:

- Bank and cash balances	22,687	20,333	22,687	20,333
- Fixed deposits	955	254	955	254
	23,642	20,587	23,642	20,587
Less: Fixed deposits restricted for use	(467)	(154)	(467)	(154)
Cash and cash equivalents per consolidated statement of cash flow	23,175	20,433	23,175	20,433

Note:

- (1) During the nine months period ended 30 September 2018, the group acquired property, plant and equipment with an aggregate cost of US\$436,000 of which US\$262,000 was financed by means of finance lease.
- (2) As at 30 September 2018, Cash and cash equivalents held by the Group amounting to US\$0.467 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 third quarter and nine months period ended 30 September 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
Comprehensive income						
Profit for the period	-	675	-	675	13	688
Other comprehensive income						
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
At 31 March 2018	51,758	(17,346)	(7,170)	27,242	(2,595)	24,647
Comprehensive loss						
Profit/(loss) for the period	-	17	-	17	(552)	(535)
Other comprehensive (loss)/income						
Currency translation differences on consolidation	-	-	(290)	(290)	64	(226)
Other comprehensive (loss)/income for the period	-	-	(290)	(290)	64	(226)
Total comprehensive income/(loss) for the period	-	17	(290)	(273)	(488)	(761)
At 30 June 2018	51,758	(17,329)	(7,460)	26,969	(3,083)	23,886
Comprehensive income/(loss)						
Profit/(loss) for the period	-	3	-	3	(431)	(428)
Other comprehensive (loss)/income						
Currency translation differences on consolidation	-	-	(167)	(167)	31	(136)
Other comprehensive (loss)/income for the period	-	-	(167)	(167)	31	(136)
Total comprehensive income/(loss) for the period	-	3	(167)	(164)	(400)	(564)
Changes in ownership interest in subsidiaries						
Acquisition of interest in subsidiary without change in control	-	20	-	20	19	39
		20	-	20	19	39
At 30 September 2018	51,758	(17,306)	(7,627)	26,825	(3,464)	23,361

Consolidated Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 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 2017	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033
Comprehensive loss						
Loss for the period	-	(710)	-	(710)	(51)	(761)
Other comprehensive income/(loss)						
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)
Changes in ownership interests in subsidiaries						
Acquisition of interest in subsidiary without change in control	-	20	-	20	(65)	(45)
Incorporation of subsidiary	-	-	-	-	61	61
	-	20	-	20	(4)	16
At 31 March 2017	51,758	(17,510)	(7,745)	26,503	(1,869)	24,634
Comprehensive Income						
Loss for the period	-	(394)	-	(394)	(156)	(550)
Other comprehensive Income						
Currency translation differences on consolidation	-	-	185	185	21	206
Other comprehensive income for the period	-	-	185	185	21	206
Total comprehensive (loss)/income for the period	-	(394)	185	(209)	(135)	(344)
At 30 June 2017	51,758	(17,904)	(7,560)	26,294	(2,004)	24,290
Comprehensive loss						
Loss for the period	-	(227)	-	(227)	(117)	(344)
Other comprehensive Income/(loss)						
Currency translation differences on consolidation	-	-	42	42	(9)	33
Other comprehensive income/(loss) for the period	-	-	42	42	(9)	33
Total comprehensive (loss)/income for the period	-	(227)	42	(185)	(126)	(311)
At 30 September 2017	51,758	(18,131)	(7,518)	26,109	(2,130)	23,979

Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 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
Comprehensive income			
Profit and total comprehensive income for the period	-	13	13
At 31 March 2018	51,758	(32,973)	18,785
Comprehensive income			
Profit and total comprehensive income for the period	-	147	147
At 30 June 2018	51,758	(32,826)	18,932
Comprehensive income			
Profit and total comprehensive income for the period	-	76	76
Transaction with owners recorded directly in equity			
Write back of unclaimed dividend	-	1	1
At 30 September 2018	51,758	(32,749)	19,009

THE COMPANY	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2017	51,758	(33,013)	18,745
Comprehensive loss			
Loss and total comprehensive loss for the period	-	(7)	(7)
At 31 March 2017	51,758	(33,020)	18,738
Comprehensive income			
Profit and total comprehensive income for the period	-	9	9
At 30 June 2017	51,758	(33,011)	18,747
Comprehensive income			
Profit and total comprehensive income for the period	-	12	12
At 30 September 2017	51,758	(32,999)	18,759

- 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 :

	Third quarter ended	
	30 Sep 2018	30 Sep 2017
Balance at beginning and 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 30 September 2018 and 31 December 2017 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.

- 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 30 September 2018.

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 regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statement for the current reporting period as compared to the audited financial statements as at 31 December 2017.

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.**

Application of SFRS (I) 1 and convergence with IFRS

On 29 December 2017, the Accounting Standards Council has issued Singapore Financial Reporting Standards (International) (“SFRS(I)”), Singapore’s equivalent of the International Financial Reporting Standards (“IFRS”). The new financial reporting framework is available for application by Singapore-incorporated companies listed on the Singapore Exchange for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) on 1 January 2018.

Application of SFRS (I) 1

The Group has adopted the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 “*First-time Adoption of International Financial Reporting Standards*”.

The Group has undertaken an impact assessment of SFRS(I) 1 “*First-time Adoption of International Financial Reporting Standards*”. We have considered the available transition optional exemptions, and have determined that there is no change to the Group’s current accounting policies, and no material adjustment is required on the initial transition to the new frameworks.

Application of SFRS (I) 9, 15, and 16

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS (I), amendments to and interpretations of SFRS (I) effective from the same date:

- SFRS (I) 9 – Financial Instruments
- SFRS (I) 15 – Revenue from Contracts with Customers

The adoption of these SFRS(I), amendments to and interpretations of SFRS(I) did not have a material impact on the financial statements of the Group.

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	
	Third quarter ended 30 Sep 2018	30 Sep 2017	9 months period ended 30 Sep 2018	30 Sep 2017
Profit/(loss) after tax attributable to equity holders of the Company (US\$'000)	3	(227)	695	(1,331)
Weighted average number of ordinary shares (in '000)	58,479	58,479	58,479	58,479
Earnings per share (US cents):				
Basic ⁽¹⁾	0.01	(0.39)	1.19	(2.28)
Diluted ⁽¹⁾	0.01	(0.39)	1.19	(2.28)

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 Sep	31 Dec	30 Sep	31 Dec
2018	2017	2018	2017

Net asset value per share based on existing issued share capital at the end of period/year (US cents) ^{(1) (2)}	45.87	45.00	32.51	32.10
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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 September 2018 and 31 December 2017 would have been 39.95 US cents and 40.41 US cents per share respectively.
 (2) Computed based on 58,479,296 ordinary shares in issue for 30 September 2018 and 31 December 2017.

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 September 2018.

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

9M 2018 vs 9M 2017

Our “Total revenue” comprises “Turnover” and “Other revenue”. Our Group’s “Total revenue” increased US\$8.158 million (5.5%) to US\$157.314 million in the first nine months ended 30 September 2018 (“9M 2018”), compared to US\$149.156 million in the corresponding period in 2017 (“9M 2017”).

Our Group “Turnover” in 9M 2018 increased US\$8.085 million (5.4%) to US\$156.658 million, compared to US\$148.573 million in 9M 2017 as a result of:

- (i) An increase of US\$5.573 million in the aviation “Turnover” to US\$5.655 million in 9M 2018, compared to US\$0.082 million in 9M 2017, resulting from the sale of aircraft and aircraft engines; and
 (ii) An increase of US\$2.512 million in the logistics “Turnover” to US\$151.003 million in 9M 2018, compared to US\$148.491 million in 9M 2017. Logistics “Turnover” increased primarily due to higher sales activities in North Asia.

Our aviation business contributed 3.6% (US\$5.655 million), and our logistics business unit contributed 96.4% (US\$151.003 million) of our Group "Turnover" in 9M 2018.

"Other revenue" increased US\$0.073 million (12.5%) to US\$0.656 million in 9M 2018, compared to US\$0.583 million in 9M 2017. The increase in "Other revenue" was mainly due to an increase of US\$0.207 million in "Sundry income" in 9M 2018, compared to 9M 2017.

3rd Qtr 2018 vs 3rd Qtr 2017

Our "Total revenue" increased US\$3.202 million (6.0%) to US\$56.554 million in the third quarter ended 30 September 2018 ("3Q 2018"), compared to US\$53.352 million in the corresponding period in 2017 ("3Q 2017"). The increase in "Total revenue" was largely due to higher "Turnover" for our aviation and logistics business units, as elaborated below:

- (i) "Turnover" of the aviation business increased US\$1.247 million from US\$0.013 million in 3Q 2017 to US\$1.260 million in 3Q 2018 mainly due to sale of aircraft engines; and
- (ii) "Turnover" of the logistics business increased US\$1.992 million from US\$53.125 million to US\$55.117 million.

"Other revenue" decreased US\$0.037 million (17.3%) to US\$0.177 million in 3Q 2018, compared to US\$0.214 million in 3Q 2017.

3rd Qtr 2018 vs 2nd Qtr 2018

"Total revenue" increased US\$4.770 million to US\$56.554 million in 3Q 2018, compared to US\$51.784 million in the second quarter ended 30 June 2018 ("2Q 2018"), largely due to US\$4.749 million higher logistics "Turnover".

"Turnover" increased US\$4.769 million to US\$56.377 million in 3Q 2018, compared to US\$51.608 million in 2Q 2018. "Turnover" improved mainly due to an increase of US\$4.749 million in the logistics "Turnover". The logistics business increased with higher business volumes in 3Q 2018.

"Other revenue" remained almost unchanged at US\$0.177 million in 3Q 2018, compared to US\$0.176 million in 2Q 2018.

Total Costs and Expenses

9M 2018 vs 9M 2017

Our "Total costs and expenses" increased US\$7.567 million to US\$158.329 million in 9M 2018, compared to US\$150.762 million in 9M 2017, primarily owing to:

- (i) An increase of US\$1.406 million in "Changes in inventories" in 9M 2018 to US\$1.415 million, compared to US\$0.009 million in 9M 2017. This is in line with the higher aviation "Turnover" in 9M 2018 compared to 9M 2017, as elaborated in the earlier section entitled "**Revenue**" for "**9M 2018 vs 9M 2017**";
- (ii) An increase of US\$2.604 million in "Purchases of goods and consumables used" in 9M 2018 to US\$2.617 million, compared to US\$0.013 million in 9M 2017, resulting from sale of aircraft engines;
- (iii) "Freight charges" increased US\$2.660 million to US\$134.901 million in 9M 2018, compared to US\$132.241 million in 9M 2017, in line with higher logistics "Turnover" in 9M 2018, compared to 9M 2017, as elaborated on page 11, section entitled "**Revenue**" for "**9M 2018 vs 9M 2017**"; and
- (iv) Increase in "Staff costs" of US\$0.811 million in 9M 2018 was largely attributable to an increase in head count in logistics business, owing to new projects secured.

3rd Qtr 2018 vs 3rd Qtr 2017

“Total costs and expenses” increased US\$3.562 million to US\$57.246 million in 3Q 2018, compared to US\$53.684 million in 3Q 2017, mainly due to:

- (i) An increase of US\$2.121 million (4.5%) in the logistics “Freight charges” to US\$49.720 million in 3Q 2018, compared to US\$47.599 million in 3Q 2017. Increase in “Freight charges” corresponded to the higher logistics “Turnover” of US\$1.992 million in 3Q 2018 compared to 3Q 2017. The “Freight charges” increased more than the logistics “Turnover” owing to a sharp hike in freight rates.
- (ii) An increase of US\$1.476 million in “Purchases of goods and consumables used” in 3Q 2018 to US\$1.485 million, compared to US\$0.009 million in 3Q 2017, resulting from sale of aircraft engines; and
- (iii) “Other operating expenses” increased US\$0.341 million to US\$1.971 million in 3Q 2018, compared to US\$1.630 million in 3Q 2017, primarily attributable to:
 - (a) “Foreign currency exchange loss” of US\$0.273 million in 3Q 2018, compared to an “Foreign currency exchange loss” of US\$0.044 million in 3Q 2017; and
 - (b) “Allowance for doubtful trade receivables” increased to US\$0.195 million in 3Q 2018.

3rd Qtr 2018 vs 2nd Qtr 2018

We recorded “Total costs and expenses” of US\$57.246 million in 3Q 2018, an increase of US\$4.690 million (8.9%) from US\$52.556 million in 2Q 2018, largely due to higher “Freight charges” of US\$4.359 million to US\$49.720 million in 3Q 2018, compared to US\$45.361 million in 2Q 2018. The increase in “Freight charges” was in part due to the higher logistics “Turnover” of US\$4.749 million in 3Q 2018 compared to 2Q 2018, as elaborated on page 12, in the second paragraph of the section entitled “**Revenue**” for “**3rd Qtr 2018 vs 2nd Qtr 2018**”.

Gross Profit

9M 2018 vs 9M 2017

Our “Gross profit” was computed based on “Turnover” less “Changes in inventories”, “Purchases of goods and consumables used” and “Freight charges”. “Gross profit” increased US\$1.415 million (8.7%) to US\$17.725 million in 9M 2018, compared to US\$16.310 million in 9M 2017. The higher “Gross Profit” in 9M 2018 compared to 9M 2017 was largely due to an increase of US\$1.543 million in aviation “Gross Profit”, which was partially offset by the decline of US\$0.128 million in the logistics “Gross profit”.

3rd Qtr 2018 vs 3rd Qtr 2017

“Gross profit” increased by US\$0.227 million to US\$5.757 million in 3Q 2018, compared to US\$5.530 million in 3Q 2017. An increase in our “Gross profit” was largely due to an increase in the aviation “Turnover” in 3Q 2018, compared to 3Q 2017, as elaborated on page 12 in the section entitled “**Revenue**” for “**3rd Qtr 2018 vs 3rd Qtr 2017**”.

3rd Qtr 2018 vs 2nd Qtr 2018

We recorded a “Gross profit” increased by US\$0.355 million to US\$5.757 million in 3Q 2018, compared to US\$5.402 million in 2Q 2018. Our higher “Gross profit in 3Q 2018 was largely due to an increase of US\$4.749 million in the logistics “Turnover” in 3Q 2018, compared to 2Q 2018, as elaborated on page 12 in the section entitled “**Revenue**” for “**3rd Qtr 2018 vs 2nd Qtr 2018**”.

Profit/(Loss) attributable to equity holders of the Company

9M 2018 vs 9M 2017

In 9M 2018, we achieved a turnaround position, compared to a loss in 9M 2017. We recorded “Profit attributable to equity holders of the Company” of US\$0.695 million in 9M 2018, compared to “Loss attributable to equity holders of the Company” of US\$1.331 million in 9M 2017. The improvement was largely due to:

- (a) A turnaround of the aviation business to a “Profit attributable to equity holders of the Company” of US\$0.742 million in 9M 2018, compared to a “Loss attributable to equity holders of the Company” of US\$1.050 million in 9M 2017; and
- (b) A turnaround of the logistics business unit operating under the “A-Sonic Logistics” branding to a “Profit attributable to equity holders of the Company” of US\$0.906 million in 9M 2018, compared to a “Profit attributable to equity holders of the Company” of US\$0.055 million in 9M 2017.

The improvements of the aviation business and the logistics business unit operating under the “A-Sonic logistics” branding were, however, partially offset by the US\$0.953 million losses incurred by “UBI Logistics” sub-group.

Had the losses of “UBI Logistics” sub-group been excluded, the aviation business and the logistics business unit operating under the “A-Sonic Logistics” branding would have recorded an even higher “Profit attributable to equity holders of the Company” of US\$1.648 million in 9M 2018.

We achieved “Profit attributable to equity holders of the Company” of US\$0.695 million in 9M 2018, despite a “Loss before tax” of US\$0.191 million in 9M 2018 due to the “Loss before tax” of US\$1.894 million incurred by our subsidiary “UBI Logisitcs” sub-group. Excluding our “Non-controlling interest” of an effective 49%, we managed to achieve “Profit attributable to equity holders of the Company” of US\$0.695 million in 9M 2018.

3rd Qtr 2018 vs 3rd Qtr 2017

In 3Q 2018, our Group registered: “Profit attributable to equity holders of the Company” of US\$0.003 million, in contrast to “Loss attributable to equity holders of the Company” of US\$0.227 million in 3Q 2017, largely due to:

- (a) A turnaround of the aviation business to a “Profit attributable to equity holders of the Company” of US\$0.091 million in 3Q 2018, compared to a “Loss attributable to equity holders of the Company” of US\$0.340 million in 3Q 2017; and
- (b) The logistics business unit operating under “A-Sonic Logistics” branding achieved higher “Profit attributable to equity holders of the Company” of US\$0.346 million in 3Q 2018, compared to US\$0.243 million in 3Q 2017.

Had the losses of “UBI Logistics” sub-group been excluded, the aviation business and the logistics business unit operating under the “A-Sonic Logistics” branding would have recorded an even higher “Profit attributable to equity holders of the Company” of US\$0.437 million for 3Q 2018.

We achieved “Profit attributable to equity holders of the Company” of US\$0.003 million in 3Q 2018, despite a “Loss before tax” of US\$0.376 million in 3Q 2018 due to the “Loss before tax” of US\$0.831 million incurred by our subsidiary “UBI Logisitcs” sub-group. Excluding our “Non-controlling interest” of an effective 49%, we achieved “Profit attributable to equity shareholders of the Company” of US\$0.003 million in 3Q 2018.

3rd Qtr 2018 vs 2nd Qtr 2018

We achieved “Profit attributable to equity holders of the Company” of US\$0.003 million in 3Q 2018, compared to “Profit attributable to equity holders of the Company” of US\$0.017 million in 2Q 2018. Had it not been for US\$0.831 million “Loss before tax” of “UBI Logistics” sub-group, we would have achieved higher “Profit attributable to equity holders of the Company” of US\$0.437 million in 3Q 2018. Excluding our “Non-controlling interest” of an effective 49%, we achieved “Profit attributable to equity holders of the Company” of US\$0.003 million in 3Q 2018.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased US\$0.433 million to US\$7.642 million as at 30 September 2018, compared to US\$7.209 million as at 31 December 2017 ("FY2017"). The increase was attributable to higher (US\$0.564 million) "Investment in associated companies" as a result of the higher (US\$0.564 million) share of results of associated companies and higher (US\$0.095 million) "Available-for-sale financial assets". However, the increase in the Group's "Non-current assets" was partially offset by the reduction of US\$0.203 million in "Property, plant and equipment" which was mainly due to depreciation charge.

Current assets

"Current assets" decreased US\$4.863 million to US\$63.174 million as at 30 September 2018, compared to US\$68.037 million as at the end of FY 2017. The decrease in "Current assets" was due to:

- (i) a decline of US\$3.080 million in "Trade and other receivables" to US\$37.285 million as at 30 September 2018, compared to US\$40.365 million as at the end of FY 2017. This was largely attributable to lower logistics "Turnover" of US\$2.382 million in 3Q 2018 compared to 4Q 2017; and
- (ii) a reduction of US\$1.415 million in "Inventories" to US\$1.857 million as at 30 September 2018 largely due to the sale of aircraft.

Non-current liabilities

"Non-current liabilities" decreased US\$0.292 million to US\$0.660 million as at 30 September 2018 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" decreased US\$3.865 million to US\$46.795 million as at 30 September 2018, compared to US\$50.660 million as at end of FY2017, largely due to a decrease of US\$3.671 million in "Trade and other payables" to US\$41.566 million as at 30 September 2018.

Net assets and Equity

Our Group's net asset value decreased US\$0.273 million to US\$23.361 million as at 30 September 2018, compared to US\$23.634 million as at end of FY 2017.

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" increased US\$0.507 million to US\$26.825 million as at end of 30 September 2018, compared to US\$26.318 million as at end of FY 2017. The increase of US\$0.507 million in "Equity attributable to equity holders of the Company" was largely due to the Group's "Profit attributable to equity holders of the Company" of US\$0.695 million registered in 9M 2018.

The Group's gearing based on total bank borrowings and finance lease liabilities, to net asset value (excluding non-controlling interests) stood at 20.4% as at 30 September 2018, compared to 22.3% as at the end of FY 2017.

CASH FLOW

9M 2018 vs 9M 2017

"Net cash generated from operating activities" was US\$0.783 million in 9M 2018, compared to "Net cash generated from operating activities" of US\$2.005 million in 9M 2017 largely due to:

- (i) The "Operating cash flow before working capital changes" cash used of US\$0.405 million in 9M 2018, compared to US\$0.957 million in 9M 2017;
- (ii) "Receivables" in 9M 2018 decreased by US\$3.308 million, while "Receivables" in 9M 2017 increased by US\$2.945 million;
- (iii) "Inventories" in 9M 2018 decreased by US\$1.415 million while "Inventories" in 9M 2017 was increased by US\$0.009 million; and
- (iv) "Income tax paid" in 9M 2018 was US\$0.191 million while US\$0.128 million was paid in 9M 2017.

However, "Net cash generated from operating activities" was partially offset by US\$3.670 million used in "Payables" in 9M 2018.

“Net cash generated from investing activities” amounted to US\$0.165 million in 9M 2018, compared to “Net cash used in investing activities” of US\$0.075 million in 9M 2017. The “Net cash generated from investing activities” in 9M 2018 was mainly due to US\$0.247 million of “Dividend received from associated company” and US\$0.178 million of “Interest received”; partially offset by US\$0.174 million used for “Purchase of property, plant and equipment” and “Purchase of unquoted shares” of US\$0.095 million. Whilst in 9M 2017, the “Net cash used in investing activities” of US\$0.075 million was mainly “Purchase of property, plant equipment” of US\$0.217 million; partially offset by “Interest received” and “Proceeds from disposal of property, plant and equipment” of US\$0.100 million and US\$0.087 million respectively.

“Net cash used in financing activities” amounted to US\$0.635 million in 9M 2018, compared to “Net cash used in financing activities” of US\$0.016 million in 9M 2017. In 9M 2018, the “Net cash used in financing activities” was largely attributable to “Repayment of bank borrowings”, “Repayment of finance lease liabilities” and “Interest paid” of US\$0.350 million, US\$0.452 million and US\$0.222 million respectively. However, “Net cash used in financing activities” in 9M 2018 was partially offset by the “Proceeds from bank borrowings” amounting to US\$0.322 million. Whilst in 9M 2017, the “Net cash used in financing activities” of US\$0.016 million was mainly due to “Repayment of bank borrowings”, “Repayment of finance lease liabilities” and “Interest paid” of US\$0.991 million, US\$0.427 million and US\$0.180 million respectively; partially offset by the “Proceeds from bank borrowings” amounting to US\$1,521 million.

3rd Qtr 2018 vs 3rd Qtr 2017

The “Net cash generated from operating activities” in 3Q 2018 of US\$0.728 million was largely due to cash generated from “Payables” of US\$3.754 million and partially offset by cash used in “Receivables” of US\$2.124 million and “Loss before tax” of US\$0.376 million. In 3Q 2017, “Net cash generated from operating activities” of US\$1.987 million was largely due to cash generated from “Payables” of US\$2.933 million and partially offset by cash used in “Receivables” and “Loss before tax” of US\$0.959 million and US\$0.331 million respectively.

In 3Q 2018, “Net cash generated from investing activities” was US\$0.108 million largely due to “Dividend received from associated company” and “Interest received” of US\$0.247 million and US\$0.067 million. However this “Net cash generated from investing activities” was partially offset by “Purchase of property, plant and equipment” of US\$0.120 million. “Net cash generating from investing activities” in 3Q 2017 was US\$0.023 million, mainly due to “Proceeds from disposal of property, plant and equipment” of US\$0.036 million.

“Net cash used in financing activities” in 3Q 2018 was US\$0.234 million, compared to US\$0.608 million in 3Q 2017. The “Net cash used in financing activities” was attributed to “Repayment of finance lease liabilities” of US\$0.148 million and “Interest paid” of US\$0.086 million in 3Q 2018. In 3Q 2017, “Net cash used in financing activities” was largely attributed to “Repayment of bank borrowings”, “Repayment of finance lease liabilities” and “Interest paid” of US\$0.795 million, US\$0.144 million and US\$0.066 million respectively. However, it was partially offset by the “Proceeds from bank borrowings” of US\$0.397 million in 3Q 2017.

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 been disclosed to the shareholders in the first nine (9) months of year 2018.

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.

Protectionist threats cast a dark cloud over future growth. If these threats lead to trade wars, the consequences could be devastating. Even if they do not, uncertainty about economic policy dampens global trade.

Both our aviation and logistics businesses highly correlate to the global trade. We believe that, the risks to the economic outlook are tilted to the downside, and will tread cautiously.

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 third quarter and nine months period ended 30 September 2018.

- (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 third quarter ended 30 September 2018.

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

13 November 2018

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 third quarter period ended 30 September 2018 and nine months period ended 30 September 2018 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