

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 2018

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2018	30 Jun 2017		30 Jun 2018	30 Jun 2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Turnover	51,608	52,944	(2.5)	100,281	95,435	5.1
Other income	176	118	49.2	479	369	29.8
Total revenue	51,784	53,062	(2.4)	100,760	95,804	5.2
Expenses						
Changes in inventories	-	-	-	(2,000)	(9)	N/M
Purchases of goods and consumables used	(845)	-	N/M	(1,132)	(4)	N/M
Freight charges	(45,361)	(47,499)	(4.5)	(85,181)	(84,642)	0.6
Staff costs	(4,461)	(4,192)	6.4	(9,169)	(8,561)	7.1
Depreciation of property, plant and equipment	(183)	(183)	-	(376)	(357)	5.3
Finance costs	(77)	(61)	26.2	(136)	(114)	19.3
Other operating expenses	(1,629)	(1,655)	(1.6)	(3,089)	(3,391)	(8.9)
Total costs and expenses	(52,556)	(53,590)	(1.9)	(101,083)	(97,078)	4.1
Share of results of associated companies	268	19	N/M	508	21	N/M
Profit/(loss) before tax	(504)	(509)	(1.0)	185	(1,253)	N/M
Taxation	(31)	(41)	(24.4)	(32)	(58)	(44.8)
Profit/(loss) for the period	(535)	(550)	(2.7)	153	(1,311)	N/M
Profit/(loss) attributable to:						
Equity holders of the Company	17	(394)	N/M	692	(1,104)	N/M
Non-controlling interests	(552)	(156)	N/M	(539)	(207)	N/M
	(535)	(550)	(2.7)	153	(1,311)	N/M
Other items:						
Interest income	62	41	51.2	111	69	60.9
Sundry income	110	62	77.4	345	188	83.5
Allowance for doubtful trade receivables written back	5	7	(28.6)	7	8	(12.5)
Allowance for doubtful non-trade receivables written back	-	7	(100.0)	-	93	(100.0)
Allowance for doubtful trade receivables	-	(6)	(100.0)	-	(7)	(100.0)
Allowance for doubtful non-trade receivables	(22)	(113)	(80.5)	(11)	(113)	(90.3)
Foreign currency exchange loss	(118)	(113)	4.4	(100)	(453)	(77.9)
Rental expenses	(341)	(320)	6.6	(692)	(637)	8.6

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and first half year ended 30 June 2018

	Group			Group		
	Second quarter ended		Change	First half year ended		Change
	30 Jun 2018	30 Jun 2017		30 Jun 2018	30 Jun 2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit/(loss) for the period	(535)	(550)	(2.7)	153	(1,311)	N/M
Other comprehensive income/(loss):						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising on consolidation	(226)	206	N/M	99	552	(82.1)
	(226)	206		99	552	
Total comprehensive profit/(loss) for the period	(761)	(344)	N/M	252	(759)	N/M
Total comprehensive profit/(loss) attributable to:						
Equity holders of the Company	(273)	(209)	30.6	651	(545)	N/M
Non-controlling interests	(488)	(135)	N/M	(399)	(214)	86.4
Total comprehensive profit/(loss) for the period	(761)	(344)	N/M	252	(759)	N/M

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 2018

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	5,746	6,118	-	-
Investment in subsidiaries ⁽¹⁾	-	-	14,663	14,663
Investment in associated companies	1,246	752	-	-
Available-for-sale financial asset	3	3	-	-
Deferred tax assets	320	336	-	-
	7,315	7,209	14,663	14,663
Current assets				
Inventories	1,272	3,272	-	-
Trade and other receivables	35,057	40,365	2	5
Due from subsidiaries	-	-	2,641	247
Due from associated companies	465	600	-	-
Tax recoverable	17	18	-	-
Cash and cash equivalents	23,351	23,782	8,664	7,545
	60,162	68,037	11,307	7,797
Total assets	67,477	75,246	25,970	22,460
Non-current liabilities				
Finance lease liabilities	630	952	-	-
	630	952	-	-
Current liabilities				
Trade and other payables	37,815	45,237	191	220
Due to subsidiaries	-	-	4,596	1,493
Bank borrowings	4,176	4,298	2,251	1,975
Provision for liabilities	270	270	-	-
Finance lease liabilities	604	607	-	-
Tax payable	96	248	-	-
	42,961	50,660	7,038	3,688
Total liabilities	43,591	51,612	7,038	3,688
Net assets	23,886	23,634	18,932	18,772
Equity				
Share capital	51,758	51,758	51,758	51,758
Accumulated losses	(17,329)	(18,021)	(32,826)	(32,986)
Foreign currency translation reserve	(7,460)	(7,419)	-	-
Equity attributable to equity holders of the Company	26,969	26,318	18,932	18,772
Non-controlling interests	(3,083)	(2,684)	-	-
Total equity	23,886	23,634	18,932	18,772

Note:

(1) As at 30 June 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 June 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
4,780	-	4,905	-

Amount repayable after one year

At 30 June 2018		At 31 December 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
630	-	952	-

Details of any collateral

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US\$4.780 million as at 30 June 2018. Of the US\$4.780 million, secured bank borrowings amounted to US\$4.176 million, and the remaining US\$0.604 million resulted from finance lease secured against motor vehicles deployed for the logistics business.

The bank borrowings of : (i) US\$1.925 million was secured by corporate guarantee and a floating charge over the logistics receivables; and (ii) US\$2.251 million was secured on a leasehold property of the Group.

The Group's borrowings repayable after one year of US\$0.630 million are finance leases obligations secured by pledges on the motor vehicles deployed for the logistics business.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the second quarter and half year ended 30 June 2018

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit/(loss) before tax	(504)	(509)	185	(1,253)
Adjustments for:				
Interest income	(62)	(41)	(111)	(69)
Depreciation of property, plant and equipment	183	183	376	357
Interest expenses	77	61	136	114
Allowance for doubtful non-trade receivables	22	113	11	113
Allowance for doubtful non-trade receivables written back	-	(7)	-	(93)
Gain on disposal of property, plant and equipment	-	(32)	-	(26)
Share of results of associated companies	(268)	(19)	(508)	(21)
Operating cash flow before working capital changes	(552)	(251)	89	(878)
Inventories	-	-	2,000	(9)
Receivables	(5,365)	(7,501)	5,432	(1,986)
Payables	6,952	6,641	(7,424)	2,551
Effect of foreign exchange rate changes	15	139	142	437
Cash (used in)/generated from operations	1,050	(972)	239	115
Income tax paid	(32)	(78)	(184)	(97)
Net cash generated from/(used in) operating activities	1,018	(1,050)	55	18
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	33	-	51
Acquisition of non-controlling interest	-	-	-	(45)
Interest received	62	41	111	69
Purchase of property, plant and equipment	(31)	(52)	(54)	(173)
Net cash generated from/(used in) investing activities	31	22	57	(98)
Cash flows from financing activities				
Contribution from non-controlling interest for incorporation of subsidiary	67	-	67	61
Proceeds from bank borrowings	-	366	365	1,124
Repayment of bank borrowings	(354)	(193)	(393)	(196)
Repayment of finance lease liabilities	(151)	(144)	(304)	(283)
Interest paid	(77)	(61)	(136)	(114)
Net cash (used in)/generated from financing activities	(515)	(32)	(401)	592
Net increase/(decrease) in cash and cash equivalents ⁽¹⁾	534	(1,060)	(289)	512
Cash and cash equivalents at beginning of period	22,702	19,874	23,315	18,199
Effect of foreign exchange rate changes	(352)	101	(142)	204
Cash and cash equivalents at end of period	22,884	18,915	22,884	18,915

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

Cash and cash equivalents:				
- Bank and cash balances	22,397	18,715	22,397	18,715
- Fixed deposits	954	354	954	354
	23,351	19,069	23,351	19,069
Less: Fixed deposits restricted for use	(467)	(154)	(467)	(154)
Cash and cash equivalents per consolidated statement of cash flow	22,884	18,915	22,884	18,915

Note:

(1) As at 30 June 2018, Cash and cash equivalents balances 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 second quarter and first half year ended 30 June 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

Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2018 (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 loss						
Loss for the period	-	(394)	-	(394)	(156)	(550)
Other comprehensive loss						
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

Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2018

THE COMPANY	Share capital US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2018	51,758	(32,986)	18,772
<i>Comprehensive income</i>			
Profit and total comprehensive income for the period	-	13	13
At 31 March 2018	51,758	(32,973)	18,785
<i>Comprehensive income</i>			
Profit and total comprehensive income for the period	-	147	147
At 30 June 2018	51,758	(32,826)	18,932

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

- 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 :

	Second quarter ended	
	30 Jun 2018	30 Jun 2017
Balance at beginning of period	58,479,296	58,479,296
Balance at end of period	58,479,296	58,479,296

- 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 2018 and 31 December 2017 were 58,479,296.

- 1d(iv) A statement showing all sales, transfer, 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, transfer, 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, transfer, disposal, cancellation and/or use of subsidiary holdings as at 30 June 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
- SFRS (I) 16 – Leases

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	
	Second quarter ended 30 Jun 2018	30 Jun 2017	First half year ended 30 Jun 2018	30 Jun 2017
Profit/(loss) after tax attributable to equity holders of the Company (US\$'000)	17	(394)	692	(1,104)
Weighted average number of ordinary shares (in '000)	58,479	58,479	58,479	58,479
Earnings per share (US cents):				
Basic	0.03	(0.67)	1.18	(1.89)
Diluted	0.03	(0.67)	1.18	(1.89)

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	31 Dec	30 Jun	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)} **46.12** 45.00 **32.37** 32.10

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 2018 and 31 December 2017 would have been 40.85 US cents and 40.41 US cents per share respectively.
- (2) Computed based on 58,479,296 ordinary shares in issue for 30 June 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 June 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

1H 2018 vs 1H 2017

Our “Total revenue” comprises “Turnover” and “Other income”. Our Group’s “Total revenue” increased US\$4.956 million (5.2%) to US\$100.760 million in the first six months ended 30 June 2018 (“1H 2018”), compared to US\$95.804 million in the corresponding period in 2017 (“1H 2017”).

Our Group “Turnover” in 1H 2018 increased US\$4.846 million (5.1%) to US\$100.281 million, compared to US\$95.435 million in 1H 2017 as a result of:

- (i) An increase of US\$4.326 million in the aviation “Turnover” to US\$4.395 million in 1H 2018, compared to US\$0.069 million in 1H 2017, resulting from the sale of aircraft and aircraft engines; and
- (ii) An increase of US\$0.520 million in the logistics “Turnover” to US\$95.886 million in 1H 2018, compared to US\$95.366 million in 1H 2017. Logistics “Turnover” increased primarily due to higher sales activities in North Asia.

Our aviation business contributed 4.4% (US\$4.395 million), and our logistics business unit contributed 95.6% (US\$95.886 million) of our Group “Turnover” in 1H 2018.

“Other income” increased US\$0.110 million (29.8%) to US\$0.479 million in 1H 2018, compared to US\$0.369 million in 1H 2017. The increase in “Other income” was mainly due to an increase of US\$0.157 million in “Sundry income” in 1H 2018, compared to 1H 2017. “Sundry income” increased largely attributable to grants and late payment fee received.

2nd Qtr 2018 vs 2nd Qtr 2017

Our “Total revenue” decreased US\$1.278 million (2.4%) to US\$51.784 million in the second quarter ended 30 June 2018 (“2Q 2018”), compared to US\$53.062 million in the corresponding period in 2017 (“2Q 2017”). Lower “Total revenue” in 2Q 2018 was largely attributable to decrease of US\$2.560 million in the logistics “Turnover”. “Turnover” declined in logistics largely attributable to the uncertain global economic condition with the looming trade war between US and China, and weaker performance in airfreight market.

The aviation business contributed to 2.4% of our “Turnover” in 2Q 2018. The remaining 97.6% of “Turnover” was generated from our logistics business.

“Other income” increased US\$0.058 million (49.2%) to US\$0.176 million in 2Q 2018, compared to US\$0.118 million in 2Q 2017. An increase in “Other income” was mainly due to higher (US\$0.048 million) “Sundry income”.

2nd Qtr 2018 vs 1st Qtr 2018

“Total revenue” increased US\$2.808 million to US\$51.784 million in 2Q 2018, compared to US\$48.976 million in the first quarter ended 31 March 2018 (“1Q 2018”), largely due to higher “Turnover” generated from the logistics business.

“Turnover” increased US\$2.935 million to US\$51.608 million in 2Q 2018, compared to US\$48.673 million in 1Q 2018. “Turnover” improved mainly due to an increase of US\$4.850 million in the logistics “Turnover”. The logistics business was subject to seasonal fluctuation. The first quarter tends to have lower cargo traffic after the festive seasons such as New Year and Chinese New Year.

“Other income” decreased US\$0.127 million to US\$0.176 million in 2Q 2018 compared to US\$0.303 million in 1Q 2018, mainly due to lower “Sundry income” of US\$0.125 million.

Total Costs and Expenses

1H 2018 vs 1H 2017

Our "Total costs and expenses" increased US\$4.005 million to US\$101.083 million in 1H 2018, compared to US\$97.078 million in 1H 2017, largely due to two factors:

- (i) An increase of US\$1.991 million in "Changes in inventories" in 1H 2018 to US\$2.000 million, compared to US\$0.009 million in 1H 2017. This is in line with the higher aviation "Turnover" in 1H 2018 compared to 1H 2017, as elaborated in the earlier section entitled "**Revenue**" for "**1H 2018 vs 1H 2017**";
- (ii) An increase of US\$1.128 million in "Purchases of goods and consumables used" in 1H 2018 to US\$1.132 million, compared to US\$0.004 million in 1H 2017, resulting from sale of aircraft engines;
- (iii) "Freight charges" increased US\$0.539 million to US\$85.181 million in 1H 2018, compared to US\$84.642 million in 1H 2017, corresponding to higher logistics "Turnover" in 1H 2018, compared to 1H 2017, as elaborated on page 12, section entitled "**Revenue**" for "**1H 2018 vs 1H 2017**"; and
- (iv) Increase in "Staff costs" of US\$0.608 million in 1H 2018 was largely attributable to an increase in head count in logistics business and staff salary adjustment.

The above costs increases in 1H 2018 compared to 1H 2017, was partially offset by lower (US\$0.302 million) "Other operating expenses" to US\$3.089 million compared to US\$3.391 million in 1H 2017. "Other operating expenses" was lower as a result of narrower "Foreign currency exchange losses" to US\$0.100 million in 1H 2018, compared to US\$0.453 million in 1H 2017.

2nd Qtr 2018 vs 2nd Qtr 2017

"Total costs and expenses" declined US\$1.034 million to US\$52.556 million in 2Q 2018, compared to US\$53.590 million in 2Q 2017, substantially due to lower (US\$2.138 million) "Freight charges" to US\$45.361 million in 2Q 2018, compared to US\$47.499 million in 2Q 2017. The decrease in "Freight charges" was due to the lower logistics "Turnover" of US\$2.560 million in 2Q 2018 compared to 2Q 2017, for the same reasons as elaborated on page 12, in the first paragraph of the section titled "**Revenue**" for "**2nd Qtr 2018 vs 2nd Qtr 2017**". The "Purchases of goods and consumables used" of US\$0.845 million resulted from the sale of aircraft engines.

2nd Qtr 2018 vs 1st Qtr 2018

We recorded "Total costs and expenses" of US\$52.556 million in 2Q 2018, an increase of US\$4.029 million (8.3%) from US\$48.527 million in 1Q 2018, due to higher "Freight charges" of US\$5.541 million to US\$45.361 million in 2Q 2018, compared to US\$39.820 million in 1Q 2018. The increase in "Freight charges" was in part due to the higher logistics "Turnover" of US\$4.850 million in 2Q 2018 compared to 1Q 2018, as elaborated on page 12, in the second paragraph of the section entitled "**Revenue**" for "**2nd Qtr 2018 vs 1st Qtr 2018**".

Gross Profit

1H 2018 vs 1H 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\$1.188 million (11.0%) to US\$11.968 million in 1H 2018, compared to US\$10.780 million in 1H 2017. The higher "Gross Profit" in 1H 2018 compared to 1H 2017 was largely due to an increase of US\$1.198 million in aviation "Gross Profit".

2nd Qtr 2018 vs 2nd Qtr 2017

"Gross profit" decreased by US\$0.043 million to US\$5.402 million in 2Q 2018, compared to US\$5.445 million in 2Q 2017. The decrease in our "Gross profit" was largely due to the decrease in "Turnover" in 2Q 2018, compared to 2Q 2017, as elaborated on page 12 in the section entitled "**Revenue**" for "**2nd Qtr 2018 vs 2nd Qtr 2017**".

2nd Qtr 2018 vs 1st Qtr 2018

Despite of an increase of US\$2.935 million in "Turnover" in 2Q 2018 compared to 1Q 2018, "Gross profit" decreased US\$1.164 million to US\$5.402 million in 2Q 2018, compared to US\$6.566 million in 1Q 2018. Of the US\$5.402 million "Gross profit" registered in 2Q 2018, the aviation business recorded a "Gross profit" of US\$0.380 million in 2Q 2018. The logistics business contributed a "Gross profit" of US\$5.022 million. The decline in "Gross profit" in the logistics business was mainly due to lower gross profit margin resulting from an even more intense competitive market environment in 2Q 2018.

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

1H 2018 vs 1H 2017

In 1H 2018, our Group achieved a turnaround position. We registered:

- (i) “Profit before tax” of US\$0.185 million in 1H 2018, compared to “Loss before tax” of US\$1.253 million in 1H 2017. The improvement was largely due to:
 - (a) The turnaround of the aviation business to a “Profit before tax” of US\$0.651 million in 1H 2018, compared to a “Loss before tax” of US\$0.710 million in 1H 2017; and
 - (b) The turnaround of the logistics business unit operating under the “A-Sonic Logistics” branding to a “Profit before tax” of US\$0.597 million in 1H 2018, compared to a “Loss before tax” of US\$0.145 million in 1H 2017.

The improvements of the above two businesses were, however, pared by the losses of “UBI Logistics” sub-group.

- (ii) “Profit attributable to equity holders of the Company” of US\$0.692 million in 1H 2018, compared to “Loss attributable to equity holders of the Company” of US\$1.104 million in 1H 2017. The improvement was largely due to:
 - (a) The turnaround of the aviation business to a “Profit attributable to equity holders of the Company” of US\$0.651 million in 1H 2018, compared to a “Loss attributable to equity holders of the Company” of US\$0.710 million in 1H 2017; and
 - (b) The 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\$0.560 million in 1H 2018, compared to a “Loss attributable to equity holders of the Company” of US\$0.188 million in 1H 2017.

The improvements of the above two businesses were, however, pared by the losses of “UBI Logistics” sub-group.

2nd Qtr 2018 vs 2nd Qtr 2017

In 2Q 2018, our Group registered: “Profit attributable to equity holders of the Company” of US\$0.017 million in 2Q 2018, compared to “Loss attributable to equity holders of the Company” of US\$0.394 million in 2Q 2017, largely due to:

- (a) The turnaround of the aviation business to a “Profit attributable to equity holders of the Company” of US\$0.125 million in 2Q 2018, compared to a “Loss attributable to equity holders of the Company” of US\$0.224 million in 2Q 2017; and
- (b) The 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\$0.414 million in 2Q 2018, compared to a “Loss attributable to equity holders of the Company” of US\$0.029 million in 2Q 2017.

The improvements of the above two businesses were, however, pared by the losses of “UBI Logistics” sub-group.

2nd Qtr 2018 vs 1st Qtr 2018

We achieved “Profit attributable to equity holders of the Company” of US\$0.017 million in 2Q 2018, compared to “Profit attributable to equity holders of the Company” of US\$0.675 million in 1Q 2018. The lower “Profit attributable to equity holders of the Company” in 2Q 2018 was largely due to losses and poor performance of “UBI Logistics” sub-group.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased US\$0.106 million to US\$7.315 million as at 30 June 2018, compared to US\$7.209 million as at 31 December 2017 ("FY2017"). The increase was attributable to higher "Investment in associated companies" of US\$0.494 million, resulting from the share of results of associated companies. However, the increase in the Group's "Non-current assets" was partially offset by the reduction of US\$0.372 million in "Property, plant and equipment" due to depreciation charge.

Current assets

"Current assets" decreased US\$7.875 million to US\$60.162 million as at 30 June 2018, compared to US\$68.037 million as at the end of FY 2017. The decrease in "Current asset" was due to:

- (i) a decline of US\$5.308 million in "Trade and other receivables" to US\$35.057 million as at 30 June 2018, compared to US\$40.365 million as at the end of FY 2017. This was largely attributable to lower logistics "Turnover" of US\$6.971 million in 2Q 2018 compared to 4Q 2017, after the festive seasons, such as Thanksgiving, Christmas and New Year, that occurred in the fourth (4th) quarter of the calendar year; and
- (ii) a reduction of US\$2.000 million in "Inventories" to US\$1.272 million as at 30 June 2018 resulting from the sale of aircraft.

Non-current liabilities

"Non-current liabilities" decreased US\$0.322 million to US\$0.630 million as at 30 June 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\$7.699 million to US\$42.961 million as at 30 June 2018, compared to US\$50.660 million as at end of FY2017, largely due to a decrease of US\$7.422 million in "Trade and other payables" to US\$37.815 million as at 30 June 2018. The decrease in "Trade and other payables" was mainly due to: (i) lower logistics "Turnover" of US\$6.971 million in 2Q 2018 compared to 4Q 2017, after the festive seasons, such as Thanksgiving, Christmas and New Year, that occurred in the fourth (4th) quarter of the calendar year; and (ii) repayments to vendors.

Net assets and Equity

Our Group's net asset value increased US\$0.252 million and stood at US\$23.886 million as at 30 June 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\$0.651 million and stood at US\$26.969 million as at end of 30 June 2018, compared to US\$26.318 million as at end of FY 2017. The increase of US\$0.651 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\$0.692 million in 1H 2018.

The Group's gearing based on total bank borrowings and finance lease liabilities, to net asset value (excluding non-controlling interests) stood at 20.1% as at 30 June 2018, compared to 22.3% as at the end of FY 2017.

CASH FLOW

1H 2018 vs 1H 2017

“Net cash generated from operating activities” was US\$0.055 million in 1H 2018, compared to “Net cash generated from operating activities” of US\$0.018 million in 1H 2017 largely due to:

- (i) The “Operating cash flow before working capital changes” generated cash amounted to US\$0.089 million in 1H 2018, compared to cash used of US\$0.878 million in 1H 2017;
- (ii) “Receivables” in 1H 2018 decreased by US\$5.432 million, while “Receivables” in 1H 2017 increased by US\$1.986 million;
- (iii) “Inventories” in 1H 2018 was decreased by US\$2.000 million while “Inventories” in 1H 2017 was increased by US\$0.009 million; and
- (iv) “Income tax paid” in 1H 2018 was US\$0.184 million while US\$0.097 million was paid in 1H 2017.

However, “Net cash generated from operating activities” was partially offset by US\$7.424 million used in “Payables” in 1H 2018.

“Net cash generated from investing activities” amounted to US\$0.057 million in 1H 2018, compared to “Net cash used in investing activities” of US\$0.098 million in 1H 2017. The “Net cash generated from investing activities” in 1H 2018 was mainly due to US\$0.111 million of “Interest received” and offset by US\$0.054 million used for “Purchase of property, plant and equipment”. Whilst in 1H 2017, the “Net cash used in investing activities” of US\$0.098 million was mainly “Purchase of property, plant equipment” of US\$0.173 million and “Acquisition of a non-controlling interest” of US\$0.045 million. However, “Net cash used in investing activities” in 1H 2017 was offset by “Interest received” and “Proceeds from disposal of property, plant and equipment” of US\$0.069 million and US\$0.051 million respectively.

“Net cash used in financing activities” amounted to US\$0.401 million in 1H 2018, compared to “Net cash generated from financing activities” of US\$0.592 million in 1H 2017. 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\$0.393 million, US\$0.304 million and US\$0.136 million respectively in 1H 2018. However, “Net cash used in financing activities” was partially offset by the “Proceeds from bank borrowings” amounting to US\$0.365 million in 1H 2018. Whilst in 1H 2017, the “Net cash generated from financing activities” of US\$0.592 million was mainly from “Proceeds from bank borrowings” of US\$1.124 million, and was partially offset by “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.

2nd Qtr 2018 vs 2nd Qtr 2017

The “Net cash generated from operating activities” in 2Q 2018 of US\$1.018 million was largely due to cash generated from “Payables” of US\$6.952 million and partially offset by cash used in “Receivables” of US\$5.365 million and “Loss before tax” of US\$0.504 million. In 2Q 2017, “Net cash used in operating activities” of US\$1.050 million comprised of cash used in “Receivables” and “Loss before tax” of US\$7.501 million and US\$0.509 million respectively, and was partially offset by cash generated from “Payables” of US\$6.641 million.

“Net cash generated from investing activities” was US\$0.031 million due to “Interest received” of US\$0.062 million and offset by “Purchase of property, plant and equipment” of US\$0.031 million. “Net cash generating 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.

“Net cash used in financing activities” in 2Q 2018 was US\$0.515 million, compared to US\$0.032 million in 2Q 2017. The “Net cash used in financing activities” was largely attributed to “Repayment of bank borrowings” of US\$0.354 million and “Repayment of finance lease liabilities” of US\$0.151 million in 2Q 2018. In 2Q 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\$0.193 million, US\$0.144 million and US\$0.061 million respectively. However, it was offset by the “Proceeds from bank borrowings” of US\$0.366 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.

No forecast or prospect statement had been disclosed to the shareholders in the first six (6) months of 2018 year.

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 2018, barring unforeseen circumstances and the economic uncertainty.

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 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 second quarter ended 30 June 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

8 August 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 second quarter period ended 30 June 2018 and first half year ended 30 June 2018 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