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 2017

	Group			Group		
	Third quarter ended			9 months period ended		
	30 Sep 2017 US$'000	30 Sep 2016 US$'000	*Change %*	**30 Sep 2017 US$'000**	30 Sep 2016 US$'000	*Change %*
Turnover	**53,138**	46,269	*14.8*	**148,573**	130,214	*14.1*
Other revenue	**214**	144	*48.6*	**583**	681	*(14.4)*
Total revenue	**53,352**	46,413	*15.0*	**149,156**	130,895	*14.0*
Expenses						
Changes in inventories	**-**	-	-	**(9)**	(12)	*(25.0)*
Purchases of goods and consumables used	**(9)**	(76)	*(88.2)*	**(13)**	(176)	*(92.6)*
Freight charges	**(47,599)**	(40,212)	*18.4*	**(132,241)**	(113,250)	*16.8*
Staff costs	**(4,182)**	(4,628)	*(9.6)*	**(12,743)**	(13,861)	*(8.1)*
Depreciation of property, plant and equipment	**(198)**	(303)	*(34.7)*	**(555)**	(884)	*(37.2)*
Finance costs	**(66)**	(47)	*40.4*	**(180)**	(136)	*32.4*
Share of results of associated companies	**1**	26	*(96.2)*	**22**	168	*(86.9)*
Other operating expenses	**(1,630)**	(1,565)	*4.2*	**(5,021)**	(4,446)	*12.9*
Total costs and expenses	**(53,683)**	(46,805)	*14.7*	**(150,740)**	(132,597)	*13.7*
Loss before tax	**(331)**	(392)	*(15.6)*	**(1,584)**	(1,702)	*(6.9)*
Taxation	**(13)**	(333)	*(96.1)*	**(71)**	(385)	*(81.6)*
Loss for the period	**(344)**	(725)	*(52.6)*	**(1,655)**	(2,087)	*(20.7)*
Loss attributable to:						
Equity holders of the Company	**(227)**	(764)	*(70.3)*	**(1,331)**	(1,815)	*(26.7)*
Non-controlling interests	**(117)**	39	*N/M*	**(324)**	(272)	*19.1*
	(344)	(725)	*(52.6)*	**(1,655)**	(2,087)	*(20.7)*
Other items :						
Interest income	**31**	23	*34.8*	**100**	67	*49.3*
Finance lease interest income	**-**	54	*(100.0)*	**-**	306	*(100.0)*
Provision for liabilities written back	**-**	-	-	**133**	-	*N/M*
Sundry income	**181**	78	*N/M*	**236**	219	*7.8*
Allowance for doubtful trade receivables written back	**-**	11	*(100.0)*	**8**	89	*(91.0)*
Allowance for doubtful non-trade receivables written back	**8**	-	*N/M*	**101**	-	*N/M*
Allowance for doubtful trade receivables	**6**	(74)	*N/M*	**(1)**	(344)	*(99.7)*
Allowance for doubtful non-trade receivables	**(19)**	(52)	*(63.5)*	**(132)**	(30)	*N/M*
Bad trade receivables written off	**-**	(1)	*(100.0)*	**-**	(11)	*(100.0)*
Bad non-trade receivables written off	**(35)**	-	*N/M*	**(35)**	-	*N/M*
Exchange (loss)/gain	**(44)**	(106)	*(58.5)*	**(497)**	491	*N/M*
Rental expenses	**(338)**	(389)	*(13.1)*	**(975)**	(1,005)	*(3.0)*
Negative goodwill written off	**-**	-	-	**-**	(15)	*(100.0)*
Impairment loss on investment in associated company	**(107)**	-	*N/M*	**(107)**	-	*N/M*
Allowance for doubtful finance lease receivables	**-**	(54)	*(100.0)*	**-**	(306)	*(100.0)*

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the third quarter and nine months period ended 30 September 2017

	Group			Group		
	Third quarter ended			9 months period ended		
	30 Sep 2017 US$'000	30 Sep 2016 US$'000	*Change %*	**30 Sep 2017 US$'000**	30 Sep 2016 US$'000	*Change %*
Loss for the period	**(344)**	(725)	*(52.6)*	**(1,655)**	(2,087)	*(20.7)*
Other comprehensive income/(loss):						
Items that are or may be reclassified subsequently to profit or loss:						
Currency translation differences arising on consolidation	**33**	142	*(76.8)*	**585**	(319)	*N/M*
	33	142		**585**	(319)	
Total comprehensive loss for the period	**(311)**	(583)	*(46.7)*	**(1,070)**	(2,406)	*(55.5)*
Total comprehensive (loss)/profit attributable to:						
Equity holders of the Company	**(185)**	(595)	*(68.9)*	**(730)**	(2,061)	*(64.6)*
Non-controlling interests	**(126)**	12	*N/M*	**(340)**	(345)	*(1.4)*
Total comprehensive loss for the period	**(311)**	(583)	*(46.7)*	**(1,070)**	(2,406)	*(55.5)*

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 2017

	Group		Company	
	30 Sep 2017	31 Dec 2016	**30 Sep 2017**	31 Dec 2016
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets				
Property, plant and equipment	**6,171**	6,258	**-**	-
Investment in subsidiaries (1)	**-**	-	**14,663**	14,663
Investment in associated companies	**336**	416	**-**	-
Deferred tax assets	**296**	275	**-**	-
	6,803	6,949	**14,663**	14,663
Current assets				
Inventories	**4,271**	4,262	**-**	-
Trade and other receivables	**37,702**	34,672	**13**	7
Due from subsidiaries	**-**	-	**504**	10
Due from associated companies	**290**	436	**-**	-
Tax recoverable	**6**	2	**-**	-
Cash and cash equivalents	**20,587**	18,354	**7,051**	6,225
	62,856	57,726	**7,568**	6,242
Total assets	**69,659**	64,675	**22,231**	20,905
Non-current liabilities				
Finance lease liabilities	**1,089**	1,291	**-**	-
	1,089	1,291	**-**	-
Current liabilities				
Trade and other payables	**39,632**	33,973	**175**	192
Due to subsidiary	**-**	-	**1,500**	1,000
Bank borrowings	**3,887**	3,161	**1,797**	968
Provision for liabilities	**405**	579	**-**	-
Finance lease liabilities	**594**	516	**-**	-
Tax payable	**73**	122	**-**	-
	44,591	38,351	**3,472**	2,160
Total liabilities	**45,680**	39,642	**3,472**	2,160
Net assets	**23,979**	25,033	**18,759**	18,745
Equity				
Share capital	**51,758**	51,758	**51,758**	51,758
Accumulated losses	**(18,131)**	(16,820)	**(32,999)**	(33,013)
Foreign currency translation reserve	**(7,518)**	(8,119)	**-**	-
Equity attributable to equity holders of the Company	**26,109**	26,819	**18,759**	18,745
Non-controlling interests	**(2,130)**	(1,786)	**-**	-
Total equity	**23,979**	25,033	**18,759**	18,745

Note:
(1) As at 30 September 2017 and 31 December 2016, the investment in subsidiaries comprises the cost of investment of US$10,000,001, and an amount due from a subsidiary of US$4,663,000, which is quasi-equity in nature.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

At 30 September 2017		At 31 December 2016	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
4,481	-	3,677	-

Amount repayable repayable after one year

At 30 September 2017		At 31 December 2016	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
1,089	-	1,291	-

Details of any collateral

The group's aggregate borrowings which were repayable in one year or less, or on demand, amounted to US$4.481 million as at 30 September 2017. Of the US$4,481 million, secured bank borrowings amounted to US$3.887 million, and the remaining US$0.594 million are obligations from finance leases secured against motor vehicles deployed for the logistics business.

The bank borrowings of US$3.887 million were secured by: (i) corporate guarantee and a floating charge over the logistic receivables (US$2.090 million) and (ii) US$1.797 million was secured on a leasehold property of the Group.

The Group's borrowings repayable after one year of US$1.089 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 2017

	Group			
	Third quarter ended		9 months period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating activities				
Loss before tax	**(331)**	(392)	**(1,584)**	(1,702)
Adjustments for:				
Interest income	**(31)**	(23)	**(100)**	(67)
Depreciation of property, plant and equipment	**198**	303	**555**	884
Finance lease interest income	**-**	(54)	**-**	(306)
Interest expenses	**66**	47	**180**	136
Allowance for doubtful non-trade receivables written back	**(8)**	-	**(101)**	-
Allowance for doubtful non-trade receivables	**19**	52	**132**	30
Bad non-trade receivable written off	**35**	-	**35**	-
Impairment loss on investment in associated company	**107**	-	**107**	-
Negative goodwill written off	**-**	-	**-**	(15)
Gain on disposal of property, plant and equipment	**-**	-	**(26)**	-
Provision for liabilities written back	**-**	-	**(133)**	-
Share of results of associated companies	**(1)**	(26)	**(22)**	(168)
Operating cash flow before working capital changes	**54**	(93)	**(957)**	(1,208)
Inventories	**-**	-	**(9)**	(12)
Receivables	**(959)**	(1,865)	**(2,945)**	(2,233)
Payables	**2,933**	1,282	**5,617**	754
Effect of foreign exchange rate changes	**(10)**	35	**427**	18
Cash generated from/(used in) operations	**2,018**	(641)	**2,133**	(2,681)
Income tax paid	**(31)**	(14)	**(128)**	(46)
Net cash from/(used in) operating activities	**1,987**	(655)	**2,005**	(2,727)
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash acquired	**-**	39	**-**	(61)
Acquisition of non-controlling interest	**-**	-	**(45)**	-
Dividend received from an associated company	**-**	258	**-**	258
Proceeds from disposal of property, plant and equipment	**36**	-	**87**	2
Interest received	**31**	23	**100**	67
Purchase of property, plant and equipment [(1)]	**(44)**	(37)	**(217)**	(85)
Net cash generated from/(used in) investing activities	**23**	283	**(75)**	181
Cash flows from financing activities				
Contribution from non-controlling interest for incorporation of subsidiary	**-**	-	**61**	-
Proceeds from bank borrowings	**397**	586	**1,521**	1,012
Repayment of bank borrowings	**(795)**	(1,185)	**(991)**	(1,400)
Repayment of finance lease liabilities	**(144)**	(125)	**(427)**	(371)
Shares bought back	**-**	-	**-**	(42)
Interest paid	**(66)**	(47)	**(180)**	(136)
Net cash used in financing activities	**(608)**	(771)	**(16)**	(937)
Net increase/(decrease) in cash and cash equivalents [(2)]	**1,402**	(1,143)	**1,914**	(3,483)
Cash and cash equivalents at beginning of period	**18,915**	16,123	**18,199**	18,993
Effect of foreign exchange rate changes	**116**	120	**320**	(410)
Cash and cash equivalents at end of period	**20,433**	15,100	**20,433**	15,100

Note:

(1) During the nine months ended 30 September 2017, the group acquired property, plant and equipment with an aggregate cost of US$344,000 of which US$127,000 was financed by means of finance lease.

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

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

Consolidated Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 2017

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						
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 (loss)/income for the period	-	-	185	185	21	206
Total comprehensive loss 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**

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 2016	51,758	(14,269)	(8,072)	29,417	(1,663)	27,754
Comprehensive loss						
Loss for the period	-	(262)	-	(262)	(190)	(452)
Other comprehensive income						
Currency translation differences on consolidation	-	-	(352)	(352)	(55)	(407)
Other comprehensive loss for the period	-	-	(352)	(352)	(55)	(407)
Total comprehensive loss for the period	-	(262)	(352)	(614)	(245)	(859)
Transaction with owners recorded directly in equity						
Cancellation of shares bought back	-	(42)	-	(42)	-	(42)
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary	-	-	-	-	111	111
At 31 March 2016	51,758	(14,573)	(8,424)	28,761	(1,797)	26,964
Comprehensive loss						
Loss for the period	-	(789)	-	(789)	(121)	(910)
Other comprehensive loss						
Currency translation differences on consolidation	-	-	(51)	(51)	(3)	(54)
Acquisition of interest in subsidiary without change in control	-	(12)	-	(12)	12	-
Other comprehensive (loss)/ income for the period	-	(12)	(51)	(63)	9	(54)
Total comprehensive loss for the period	-	(801)	(51)	(852)	(112)	(964)
Transaction with owners recorded directly in equity						
Write back unclaimed dividend	-	1	-	1	-	1
	-	1	-	1	-	1
At 30 June 2016	51,758	(15,373)	(8,475)	27,910	(1,909)	26,001
Comprehensive loss						
Loss for the period	-	(764)	-	(764)	39	(725)
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	169	169	(27)	142
Other comprehensive (loss)/ income for the period	-	-	169	169	(27)	142
Total comprehensive (loss)/ Income for the period	-	(764)	169	(595)	12	(583)
At 30 September 2016	**51,758**	**(16,137)**	**(8,306)**	**27,315**	**(1,897)**	**25,418**

Statement of Changes in Equity

For the third quarter and nine months period ended 30 September 2017

THE COMPANY	Share capital US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2017	51,758	(33,013)	18,745
Comprehensive income			
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**

THE COMPANY	Share capital US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2016	51,758	2,268	54,026
Comprehensive income			
Profit and total comprehensive income for the period	-	108	108
Transaction with owners recorded directly in equity			
Cancellation of shares bought back	-	(42)	(42)
At 31 March 2016	51,758	2,334	54,092
Comprehensive income			
Profit and total comprehensive income for the period	-	123	123
Transaction with owners recorded directly in equity			
Write back of unclaimed dividend	-	1	1
At 30 June 2016	51,758	2,458	54,216
Comprehensive income			
Profit and total comprehensive income for the period	-	137	137
At 30 September 2016	**51,758**	**2,595**	**54,353**

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

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

	Third quarter ended	
	30 Sep 2017	**30 Sep 2016**
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 September 2017 and 31 December 2016 were 58,479,296.

1d(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as there were no treasury shares issued by the Company.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2016.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well the reasons for, and the effect of, the change.

In the current period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (“FRS”) and the Interpretations of FRS that are relevant to its operations and effective for the current period. The adoption of these new/revised FRSs has no material effect on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Third quarter ended		9 months period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
Loss after tax attributable to equity holders of the Company (US$'000)	**(227)**	(764)	**(1,331)**	(1,815)
Weighted average number of ordinary shares (in '000)	**58,479**	58,482	**58,479**	58,482
Earnings per share (US cents):				
Basic[1]	**(0.39)**	(1.31)	**(2.28)**	(3.10)
Diluted[1]	**(0.39)**	(1.31)	**(2.28)**	(3.10)

Note:
(1) Computed based on weighted average number of ordinary shares, adjusting for the effect of share consolidation of every three shares into one consolidated share, completed on 16 May 2016.

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30 Sep 2017	31 Dec 2016	**30 Sep 2017**	31 Dec 2016
Net asset value per share based on existing issued share capital at the end of period/year (US cents) [1] [2]	**44.65**	45.86	**32.08**	32.05

Notes:
(1) The above computation of net asset value per share excludes non-controlling interests. Including non-controlling interests, the net asset value per share for the Group as at 30 September 2017 and 31 December 2016 would have been 41.00 US cents and 42.81 US cents per share respectively.

(2) Computed based on 58,479,296 ordinary shares in issue for 30 September 2017 and 31 December 2016.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") are engaged in two areas of businesses, aviation and logistics. We operate in 31 cities in 16 countries, spanning across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 30 September 2017.

Our aviation business relates to the sale, lease and purchase of aircraft and aircraft engines.

Our logistics business relates to supply chain management services and logistic solutions, international and domestic multi-modal transportation; warehousing; distribution; customs clearance; and airport ground services.

INCOME STATEMENT

Revenue

9M 2017 vs 9M 2016

Our "Total revenue" comprises "Turnover" and "Other revenue". Our Group's "Total Revenue" increased US$18.261 million (14.0%) to US$149.156 million in the nine months ended 30 September 2017 ("9M 2017"), compared to US$130.895 million in the corresponding period in 2016 ("9M 2016").

Our Group "Turnover" in 9M 2017 increased US$18.359 million (14.1%) to US$148.573 million compared to US$130.214 million in 9M 2016 as a result of an increase of US$18.480 million in the logistics "Turnover". Our logistics business accounted for 99.9% of the Group "Turnover". The logistics "Turnover" increased US$18.480 million to US$148.491 million in 9M 2017, compared to US$130.011 million in 9M 2016. The increase in logistics business volume was mainly attributable to higher sales activities, especially in The People's Republic of China (including Hong Kong S.A.R) and Australia.

"Turnover" of the aviation business decreased US$0.121 million (59.6%) from US$0.203 million in 9M 2016 to US$0.082 million in 9M 2017, which contributed to 0.1% of the Group "Turnover" in 9M 2017.

"Other revenue" decreased US$0.098 million (14.4%) to US$0.583 million in 9M 2017, compared to US$0.681 million in 9M 2016. The decline in "Other revenue" was mainly due to the absence of "Finance lease interest income" of US$0.306 million in 9M 2017 from the aviation business.

3rd Qtr 2017 vs 3rd Qtr 2016

Our "Total Revenue" increased US$6.939 million (15.0%) to US$53.352 million in the third quarter ended 30 September 2017 ("3Q 2017"), compared to US$46.413 million in the corresponding period in 2016 ("3Q 2016"). The higher "Total Revenue" in 3Q 2017 was largely attributable to an increase of US$6.927 million in the logistics "Turnover". Higher "Turnover" was mainly due to higher sales activities, especially in The People's Republic of China (including Hong Kong S.A.R) and Australia.

In 3Q 2017, "Turnover" increased US$6.869 million (14.8%) to US$53.138 million, compared to US$46.269 million in 3Q 2016. The aviation business contributed to 0.02% of our "Turnover" in 3Q 2017. The remaining 99.98% of "Turnover" was generated from our logistics business.

"Turnover" of the aviation business decreased US$0.058 million (81.7%) from US$0.071 million in 3Q 2016 to US$0.013 million in 3Q 2017, mainly due to lower business volume.

"Other revenue" increased US$0.070 million (48.6%) to US$0.214 million in 3Q 2017, compared to US$0.144 million in 3Q 2016, mainly attributable to (i) An increase of US$0.103 million in 'Sundry income"; and (ii) An increase of US$0.008 million in the aviation "Interest income".

3rd Qtr 2017 vs 2nd Qtr 2017

"Total revenue" increased US$0.290 million to US$53.352 million in 3Q 2017, compared to US$53.062 million in the second quarter ended 30 June 2017 ("2Q 2017"), largely due to higher "Turnover" generated from the logistics business.

The increase in "Turnover" was substantially due to a US$0.197 million increase in the logistics "Turnover" to US$53.125 million in 3Q 2017, compared to US$52.928 million in 2Q 2017. The logistics business was subject to seasonal fluctuation.

"Other revenue" increased US$0.096 million to US$0.214 million in 3Q 2017 compared to US$ 0.118 million in 2Q 2017, mainly owing to increase in "Sundry income" of US$0.252 million.

Total Costs and Expenses

9M 2017 vs 9M 2016

Our "Total costs and expenses" increased US$18.143 million (13.7%) to US$150.740 million in 9M 2017, compared to US$132.597 million in 9M 2016 was primarily owing to:

(i) "Freight charges" relating to our logistics business, and "Purchases of goods and consumables used" relating to our aviation business. These two items comprised approximately 87.7% of our "Total costs and expenses" in 9M 2017.

"Freight charges" increased US$18.991 million (16.8%) to US$132.241 million in 9M 2017, compared to US$113.250 million in 9M 2016. Increase in "Freight charges" was in line with an increase of US$18.480 million (14.2%) in the logistics "Turnover" in 9M 2017.

"Purchases of goods and consumables used" decreased US$0.163 million to US$0.013 million in 9M 2017, compared to US$0.176 million in 9M 2016. The reduction was in line with a decline of US$0.121 million (59.6%) in the aviation "Turnover" in 9M 2016.

(ii) "Other operating expenses" increased US$0.575 million to US$5.021 million in 9M 2017, compared to US$4.446 million in 9M 2016. "Other operating expenses" increased US$0.575 million in 9M 2016 was primarily attributable to the following factors:

(a) We registered an "Exchange loss" of US$0.497 million in 9M 2017, compared to an "Exchange gain" of US$0.491 million in 9M 2016; and

(b) "Allowance for doubtful non-trade receivables" increased US$0.102 million to US$0.132 million in 9M 2017, compared US$0.030 million in 9M 2016.

The above increases in "Freight charges" were partially offset by: (i) a decrease in "Staff costs" of US$1.118 million to US$12.743 million in 9M 2017, compared to US$13.861 million in 9M 2016 and (ii) a reduction in "Depreciation" of US$0.329 million. The lower "Staff costs" in 9M 2017, compared to 9M 2016 was largely due to a reduction in head count costs of the logistics business.

3rd Qtr 2017 vs 3rd Qtr 2016

"Total costs and expenses" increased US$6.878 million to US$53.683 million in 3Q 2017, compared to US$46.805 million in 3Q 2016, mainly due to:

(i) An increase of US$7.392 million (18.4%) in the logistics "Freight charges" to US$47.602 million in 3Q 2017, compared to US$40.210 million in 3Q 2016. Increase in "Freight charges" corresponded to the higher logistics "Turnover" of US$6.927 million in 3Q 2017 compared to 3Q 2016, for the same reasons as elaborated on page 11, in the first paragraph of the section titled "***Revenue***" for "***3rd Qtr 2017 vs 3rd Qtr 2016***"; and

(ii) An increase of US$0.065 million in "Other operating expenses" in 3Q 2017 to US$1.630 million, compared to US$1.565 million in 3Q 2016. Increase in "Other operating expenses" in 3Q 2017 was largely due to a one off loss in 3Q 2017 resulting from an "Impairment loss on investment in associated company" of US$0.107 million.

The above increases in "Freight charges" and "Other operating expenses" were, however, partially offset by:

(i) A reduction of US$0.446 million in "Staff costs" to US$4.182 million in 3Q 2017. The decrease in "Staff costs" in 3Q 2017 was largely attributable to reduced head count in logistics business; and

(ii) A lower "Depreciation" of US$0.105 million in 3Q 2017.

3rd Qtr 2017 vs 2nd Qtr 2017

We recorded "Total costs and expenses" of US$53.683 million in 3Q 2017, an increase of US$0.112 million (0.2%) from US$53.571 million in 2Q 2017, due to increased "Freight charges" of US$0.100 million to US$47.599 million in 3Q 2017, compared to US$47.499 million in 2Q 2017. The increase in "Freight charges" was due to the higher logistics "Turnover" of US$0.197 million in 3Q 2017 compared to 2Q 2017, as elaborated on page 12, in the second paragraph of the section entitled "***Revenue***" for "***3rd Qtr 2017 vs 2nd Qtr 2017***".

"Other operating expenses" decreased US$0.025 million to US$1.630 million in 3Q 2017, compared to US$1.655 million in 2Q 2017 largely due to a reduction in foreign currency exchange loss to US$0.044 million in 3Q 2017, compared to a foreign currency exchange loss of US$0.113 million in 2Q 2017.

However, the above decrease in "Other operating expenses" was offset by an "Impairment loss on investment in associated company" of US$0.107 million in 3Q 2017.

Gross Profit

9M 2017 vs 9M 2016

Despite an increase of US$18.359 million "Turnover" in 9M 2017 compared to 9M 2016, "Gross profit" decreased US$0.466 million to US$16.310 million in 9M 2017, compared to US$16.776 million in 9M 2016. "Gross profit" was calculated as "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". Of the US$16.310 million "Gross profit" registered in 9M 2017, the aviation business recorded a "Gross profit" of US$0.055 million in 9M 2017. The logistics business contributed a "Gross profit" of US$16.255 million. The decline in "Gross profit" in the logistics business was mainly due to lower gross profit margin resulting from competitive market environment in 9M 2017. In addition, the "Gross margin" compression resulted for several reasons, including: (i) various supply chain disruptions, such as a severe lack of equipment and containers at certain container yards; (ii) inability to optimize the cargo mix loading to waive volume charge, and having to co-load out; and (iii) carriers cut back on volume incentives.

3rd Qtr 2017 vs 3rd Qtr 2016

"Gross profit" decreased US$0.451 million to US$5.530 million in 3Q 2017, compared to US$5.981 million in 3Q 2016. The decrease was mainly attributable to lower gross profit margin in 3Q 2017, owing to increasingly competitive market conditions.

3rd Qtr 2017 vs 2nd Qtr 2017

We recorded a "Gross profit" increased by US$0.085 million to US$5.530 million in 3Q 2017, compared to US$5.445 million in 2Q 2017. Our higher "Gross profit" in 3Q 2017 was largely due to an increase of US$0.197 million in the logistics "Turnover" in 3Q 2017, compared to 2Q 2017, as elaborated on page12 in the section entitled "***Revenue***" for "***3rd Qtr 2017 vs 2nd Qtr 2017***".

Loss attributable to equity holder of the Company

9M 2017 vs 9M 2016

In 9M 2017, our losses narrowed largely due to improved performance from our logistics business unit operating under the branding "A-Sonic Logistics". Excluding "Non-controlling interests", we incurred "Loss attributable to Equity holders of the Company" of US$1.331 million in 9M 2017, compared to US$1.815 million in 9M 2016.

The "Loss attributable to Equity holders of the Company" of the "Aviation" business unit and "UBI Logistics" business unit was US$1.050 million, and US$0.336 million, respectively. The losses were partially offset by the US$0.055 million "Profit attributable to Equity holders of the Company" recorded by the "A-Sonic Logistics" business unit.

Foreign currency exchange fluctuations had a significant impact on our results. In 9M 2017, we incurred foreign currency exchange ("forex") losses of US$0.497 million. In contrast, in 9M 2016, we recorded a forex gain of US$0.491 million. Excluding a forex loss of US$0.497 million in 9M 2017, our "Loss before tax" would have narrowed to US$1.087 million in 9M 2017, compared to US$2.193 million in 9M 2016.

Action Plan

While we are encouraged by the turnaround of the business unit under “A-Sonic Logistics” branding in 9M 2017, we are mindful of the seasonal effects of the industry. Nonetheless, this serves to guide “A-Sonic Logistics” business unit to strive relentlessly to:

(i) restructure and attempt to reduce forex impact on our business, where commercially feasible; and

(ii) restructure the operations and business of subsidiaries or associated companies that are incurring losses; and

(iii) reduce our operating costs and increase productivity.

3rd Qtr 2017 vs 3rd Qtr 2016

Excluding “Non-controlling interests”, our “Loss attributable to Equity holders of the Company” was US$0.227 million in 3Q 2017, compared to US$0.764 million in 3Q 2016.

“Loss before tax” of US$0.331 million in 3Q 2017, compared to a “Loss before tax” of US$0.392 million in 3Q 2016 largely due to reduction of staff cost in 3Q 2017 as compared to 3Q 2016. However, the reduction in staff cost was partially offset by an “Impairment loss on investment in associated company” of US$0.107 million.

3rd Qtr 2017 vs 2nd Qtr 2017

Excluding “Non-controlling interest”, our “Loss attributable to Equity holders of the Company” was US$0.227 million in 3Q 2017, compared to US$0.394 million in 2Q 2017.

Lower “Loss before tax” of US$0.178 million in 3Q 2017 compared to “Loss before tax” of US$0.509 million in 2Q 2017 due to higher “Gross profit” and “Other revenue” in 3Q 2017 as compared to 2Q 2017.

BALANCE SHEET

Non-current assets

The Group’s “Non-current assets” decreased US$0.146 million to US$6.803 million as at 30 September 2017, compared to US$6.949 million as at 31 December 2016 (“FY2016”). The decrease was attributable to: (i) a reduction of US$0.087 million in “Property, plant and equipment”, which was due to “Depreciation for property, plant and equipment” and partially offset by the “Purchase of Property, plant and equipment”; (ii) a decrease in “Investment in associated companies” of US$0.107 million resulting from an “Impairment loss on investment in associated company”.

Current assets

“Current assets” increased US$5.130 million to US$62.856 million as at 30 September 2017, compared to US$ 57.726 million as at the end of FY 2016. The increase in “Current asset” was due to: (i) an increase in “Cash and cash equivalents” of US$2.233 million, and (ii) an increase of US$3.030 million in “Trade and other receivables” to US$37.702 million as at 30 September 2017, compared to US$34.672 million as at the end of FY 2016. The increase in “Trade and other receivables” was in tandem with the increase in “Turnover”.

Non-current liabilities

“Non-current liabilities” decreased US$0.202 million to US$1.089 million as at 30 September 2017 as a result of the partial repayment of the finance lease liabilities, which relate to motor vehicles deployed for our logistics business.

Current liabilities

“Current liabilities” increased US$6.240 million to US$44.591 million as at 30 September 2017, compared to US$38.351 million as at end of FY2016, largely due to: (i) an increase of US$5.659 million in “Trade and other payables” to US$39.632 million as at 30 September 2017; and (ii) an increase of US$0.726 million in “Bank borrowings” to US$3.887 million.

Net assets and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US$26.109 million as at end of 30 September 2017, compared to US$26.819 million as at end of FY 2016. The decline of US$0.710 million in "Equity attributable to equity holder of the Company" was largely due to the Group's "Accumulated losses" increased US$1.311 million to US$18.131 million as at 30 September 2017, compared to US$16.820 million as at end of FY 2016.

However, the increase in the Group's "Accumulated Losses" was partially pared by the reduction of US$0.601 million in the negative "Foreign currency translation reserve" to US$7.518 million as at 30 September 2017, compared to negative reserve of US$8.119 million as at end of FY 2016.

The Group's gearing based on total "Bank borrowings" and "Finance lease liabilities", to net asset value (excluding non-controlling interests) stood at 21.3% as at 30 September 2017, compared to 18.5% as at the end of FY 2016.

CASH FLOW

9M 2017 vs 9M 2016

"Net cash generated from operating activities" was US$2.005 million in 9M 2017, compared to "Net cash used in operating activities" of US$2.727 million in 9M 2016 largely due to:

(i) US$5.617 million generated from "Payables" in 9M 2017;

(ii) "Operating cash flow before working capital changes" amounted to US$0.957 million in 9M 2017, compared to US$1.208 million in 9M 2016;

(iii) US$2.945 million was used in "Receivables" in 9M 2017, while US$2.233 million was used in "Receivables" in 9M 2016; and

(iv) "Income tax paid" in 9M 2017 was US$0.128 million.

"Net cash used in investing activities" amounted to US$0.075 million in 9M 2017, compared to "Net cash generated from investing activities" of US$0.181 million in 9M 2016. The "Net cash used in investing activities" in 9M 2017 mainly comprised of cash used in (i) "Acquisition of non-controlling interest" of US$0.045 million and (ii) "Purchase of property, plant and equipment" of US$0.217 million. However it was partially offset by the "Interest received" of US$0.100 million and "Proceed from disposal of property, plant and equipment" of US$0.087 million. Whilst in 9M 2016, the "Net cash generated from investing activities" were mainly from "Dividend received from an associate company" of US$0.258 million and partially offset by the "Purchase of property, plant and equipment" of US$0.085 million.

"Net cash used in financing activities" amounted to US$0.016 million in 9M 2017, compared to "Net cash used in financing activities" of US$0.937 million in 9M 2016. 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$0.991 million, US$0.427 million and US$0.180 million respectively in 9M 2017. However "Net cash used in financing activities" was partially offset by the "Proceeds from bank borrowings" amounting to US$1.521 million in 9M 2017. Whilst in 9M 2016, the "Net cash used in financing activities" were mainly from "Repayment of bank borrowings" and "Repayment of finance lease liabilities" of US$1.400 million and US$0.371 million respectively and partially offset by cash generated from "Proceeds from bank borrowings" of US$1.012 million.

3rd Qtr 2017 vs 3rd Qtr 2016

The "Net cash generated from operating activities" in 3Q 2017 of US$1.987 million was mainly due to cash generated from "Payables" of US$2.933 million. However, it was partially offset by cash used in "Receivables" of US$0.959 million. In 3Q 2016, "Net cash used in operating activities" of US$0.655 million, comprised of "Receivables" of US$1.865 million and "Operating cash flow before working capital changes" of US$0.093 million. However, it was partially offset by cash generated from "Payables" of US$1.282 million.

"Net cash generated 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. In 3Q 2016, "Net cash generated from investing activities" was US$0.283 million mainly due to "Dividend received from an associated company" of US$0.258 million.

"Net cash used in financing activities" in 3Q 2017 was US$0.608 million, compared to "Net cash used in financing activities" of US$0.771 million in 3Q 2016. The "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings" of US$0.795 million and "Repayment of finance lease liabilities" of US$0.144 million in 3Q 2017. However it was partially offset by the "Proceeds from bank borrowings" of US$0.397 million.

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

Save for the public announcements made on 3 November 2017, no forecast or prospect statement had previously been disclosed to the shareholders.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months.

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

11. Dividend

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

No dividend has been declared or recommended for the third quarter and nine months period ended 30 September 2017.

(b) i) Amount per share (in cents)

None.

ii) Previous corresponding period (in cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the third quarter ended 30 September 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

As at the date of this Announcement, the Group has not obtained a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5).

See enclosed on last page.

15. Confirmation by Board pursuant to rule 720(1) of the Listing Manual

The Board had received undertakings from all its directors in the format as set out in Appendix 7.7 pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

13 November 2017

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

To the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial results of the Group and the Company for the third quarter period ended 30 September 2017 and nine months period ended 30 September 2017 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