

**Condensed Interim Financial Statements  
For the second half and full year ended  
31 December 2022**

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
A Condensed Interim Consolidated Income Statement of Profit or Loss and Other Comprehensive Income	1
B Condensed Interim Statements of Financial Position	2
C Condensed Interim Consolidated Statement of Cash Flows	3
D Condensed Interim Statements of Changes in Equity	4
E Notes to the Condensed Interim Consolidated Financial Statements	7
F Other Information Required by Listing Rule Appendix 7.2	15

A-SONIC AEROSPACE LIMITED

**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the second half and full financial year ended 31 December 2022**

	Group			Group			
	Second half year ended		Change	Full year ended		Change	
	31 Dec 2022	31 Dec 2021		31 Dec 2022	31 Dec 2021		
Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Turnover	5	156,821	267,072	(41.3)	378,781	459,648	(17.6)
Other income		704	605	16.4	1,250	1,277	(2.1)
<b>Total revenue</b>		<b>157,525</b>	<b>267,677</b>	<b>(41.2)</b>	<b>380,031</b>	<b>460,925</b>	<b>(17.6)</b>
<b>Expenses</b>							
Purchases of goods and consumables used		-	-	N/M	(902)	-	N/M
Freight charges		(142,889)	(242,834)	(41.2)	(344,154)	(417,602)	(17.6)
Staff costs		(10,304)	(13,188)	(21.9)	(21,263)	(23,829)	(10.8)
Depreciation of property, plant and equipment		(1,078)	(792)	36.1	(1,948)	(1,642)	18.6
Finance costs		(60)	(23)	160.9	(102)	(57)	78.9
Other operating expenses		(3,024)	(4,683)	(35.4)	(5,583)	(7,248)	(23.0)
<b>Total costs and expenses</b>		<b>(157,355)</b>	<b>(261,520)</b>	<b>(39.8)</b>	<b>(373,952)</b>	<b>(450,378)</b>	<b>(17.0)</b>
Share of results of associated companies		43	54	(20.4)	214	103	107.8
<b>Profit before tax</b>	8	<b>213</b>	<b>6,211</b>	<b>(96.6)</b>	<b>6,293</b>	<b>10,650</b>	<b>(40.9)</b>
Taxation	7	(152)	(1,153)	(86.8)	(791)	(1,550)	(49.0)
<b>Profit for the financial period</b>		<b>61</b>	<b>5,058</b>	<b>(98.8)</b>	<b>5,502</b>	<b>9,100</b>	<b>(39.5)</b>
<b>Profit attributable to:</b>							
- Equity holders of the Company		814	3,375	(75.9)	4,878	6,617	(26.3)
- Non-controlling interests		(753)	1,683	N/M	624	2,483	(74.9)
<b>Profit for the financial period</b>		<b>61</b>	<b>5,058</b>	<b>(98.8)</b>	<b>5,502</b>	<b>9,100</b>	<b>(39.5)</b>
<b>Other comprehensive income:</b>							
<b>Items that are or may be reclassified subsequently to profit or loss:</b>							
- Currency translation differences arising on consolidation		302	(11)	N/M	(560)	(198)	182.8
<b>Items that will not be reclassified subsequently to profit or loss:</b>							
- Currency translation differences arising on consolidation		(28)	51	N/M	(139)	84	N/M
Other comprehensive income for the financial period, net of tax		274	40	585.0	(699)	(114)	513.2
<b>Total comprehensive income for the financial period</b>		<b>335</b>	<b>5,098</b>	<b>(93.4)</b>	<b>4,803</b>	<b>8,986</b>	<b>(46.6)</b>
<b>Total comprehensive income attributable to:</b>							
- Equity holders of the Company		1,116	3,364	(66.8)	4,318	6,419	(32.7)
- Non-controlling interests		(781)	1,734	N/M	485	2,567	(81.1)
<b>Total comprehensive income for the financial period</b>		<b>335</b>	<b>5,098</b>	<b>(93.4)</b>	<b>4,803</b>	<b>8,986</b>	<b>(46.6)</b>
Earnings per share attributable to the equity holders of the company during the financial period:							
Basic (US\$ cents)		0.97	5.77	(83.1)	6.41	11.32	(43.3)
Equivalent (S\$ cents)		1.34	7.75	(82.7)	8.83	15.20	(41.9)
Diluted (US\$ cents)		0.97	4.91 <sup>(1)</sup>	(80.2)	6.41	10.40 <sup>(1)</sup>	(38.3)
Equivalent (S\$ cents)		1.34	6.59	(79.7)	8.83	13.97	(36.7)

Note:

(1) On 14 July 2021, the Company issued 14,617,993 bonus warrants, which would only be eligible for conversion to new shares between 15 January 2022 and 8 April 2022. As at 8 April 2022, 12,652,247 warrants were exercised and converted to new shares out of the 14,617,993 warrants.

The "Diluted" earnings per share were computed inclusive of the resultant 12,652,247 new shares which were issued.

**B. Condensed Interim Statements of Financial Position  
As At 31 December 2022**

	Note	Group		Company	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	6,150	6,489	-	-
Investment property	12	564	-	-	-
Investment in subsidiaries		-	-	13,538	13,538
Investment in associated companies		292	197	-	-
Fair value through other comprehensive income		99	99	-	-
Deferred tax assets		1	7	-	-
		<b>7,106</b>	<b>6,792</b>	<b>13,538</b>	<b>13,538</b>
<b>Current assets</b>					
Inventories		-	902	-	-
Trade and other receivables		34,844	56,948	57	7
Contract assets		5,683	2,522	-	-
Due from subsidiaries		-	-	1,240	4,131
Due from associated companies		-	131	-	-
Tax recoverable		530	265	-	-
Cash and cash equivalents		48,056	39,438	7,501	7,324
		<b>89,113</b>	<b>100,206</b>	<b>8,798</b>	<b>11,462</b>
<b>Total assets</b>		<b>96,219</b>	<b>106,998</b>	<b>22,336</b>	<b>25,000</b>
<b>Non-current liability</b>					
Lease liabilities	13	1,404	462	-	-
		<b>1,404</b>	<b>462</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables		46,359	60,931	514	803
Contract liabilities		165	153	-	-
Due to subsidiaries		-	-	612	1,670
Due to associated companies		270	-	-	-
Bank borrowings	13	-	74	-	-
Provision for liabilities		160	265	-	-
Lease liabilities	13	794	947	-	-
Tax payable		1,074	932	-	-
		<b>48,822</b>	<b>63,302</b>	<b>1,126</b>	<b>2,473</b>
<b>Total liabilities</b>		<b>50,226</b>	<b>63,764</b>	<b>1,126</b>	<b>2,473</b>
<b>Net assets</b>		<b>45,993</b>	<b>43,234</b>	<b>21,210</b>	<b>22,527</b>
<b>Equity</b>					
Share capital	14	52,507	51,758	52,507	51,758
Accumulated losses		(171)	(2,315)	(31,297)	(29,231)
Foreign currency translation reserve		(7,726)	(7,166)	-	-
Equity attributable to equity holders of the Company		<b>44,610</b>	<b>42,277</b>	<b>21,210</b>	<b>22,527</b>
Non-controlling interests		1,383	957	-	-
<b>Total equity</b>		<b>45,993</b>	<b>43,234</b>	<b>21,210</b>	<b>22,527</b>

**C. Condensed Interim Consolidated Statement of Cash Flows**  
**For the second half and full financial year ended 31 December 2022**

		Group			
		Second half year ended		Full year ended	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Note		US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>					
	Profit before tax	213	6,211	6,293	10,650
<b>Adjustments for:</b>					
	Impairment allowance/(Written back) for trade receivables	8 (166)	269	(123)	196
	Written back for non-trade receivables	8 (1)	(146)	(2)	(143)
	Impairment allowance for amount due from associated companies written back	8 (34)	(4)	(34)	(4)
	Interest income	8 (164)	(21)	(196)	(34)
	(Gain)/Loss on disposal of property, plant and equipment	1	(2)	10	5
	Property, plant and equipment written off	-	-	3	-
	Bad trade debts recovered	-	(16)	-	(16)
	Bad trade debts written off	8 -	-	-	68
	Reversal of provision for restructuring costs	(105)	-	(105)	-
	Depreciation of property, plant and equipment	1,078	792	1,948	1,642
Interest expenses:					
	- Lease liabilities	60	22	101	53
	- Bank borrowings	-	1	1	4
	Share of results of associated companies	(43)	(54)	(214)	(103)
	Operating cash flow before working capital changes	839	7,052	7,682	12,318
	Inventories	1	-	902	-
	Receivables & contract assets	23,271	(11,302)	19,610	(18,734)
	Payables and contract liabilities	(24,252)	15,477	(14,665)	20,199
	Effect of foreign exchange rate changes	(71)	231	(548)	28
	Cash (used in)/generated from operations	(212)	11,458	12,981	13,811
	Income tax paid	(338)	(820)	(869)	(1,164)
	<b>Net cash (used in)/generated from operating activities</b>	<b>(550)</b>	<b>10,638</b>	<b>12,112</b>	<b>12,647</b>
<b>Cash flows from investing activities</b>					
	Proceeds from disposal of property, plant and equipment	196	10	293	203
	Interest received	8 164	21	196	34
	Purchase of property, plant and equipment	(297)	(465)	(462)	(838)
	<b>Net cash generated from/(used in) investing activities</b>	<b>63</b>	<b>(434)</b>	<b>27</b>	<b>(601)</b>
<b>Cash flows from financing activities</b>					
	Decrease/(Increase) in bank and fixed deposits pledged	(42)	(413)	33	(413)
	Repayment of bank borrowings	-	(55)	(74)	(1,678)
	Repayment of lease liabilities	(734)	(433)	(1,326)	(993)
	Dividend paid to minority shareholder	-	-	(59)	(59)
	Dividend paid to shareholders of the Company	-	(218)	(2,734)	(383)
	Proceeds on issue of bonus warrants	-	-	749	-
Interest paid					
	- Lease liabilities	(60)	(22)	(101)	(53)
	- Bank borrowings	-	(1)	(1)	(4)
	<b>Net cash used in financing activities</b>	<b>(836)</b>	<b>(1,142)</b>	<b>(3,513)</b>	<b>(3,583)</b>
	<b>Net (decrease)/increase in cash and cash equivalents <sup>(1)</sup></b>	<b>(1,323)</b>	<b>9,062</b>	<b>8,626</b>	<b>8,463</b>
	Cash and cash equivalents at beginning of period	48,277	29,762	38,647	30,271
	Effect of foreign exchange rate changes	344	(177)	25	(87)
	<b>Cash and cash equivalents at end of period</b>	<b>47,298</b>	<b>38,647</b>	<b>47,298</b>	<b>38,647</b>

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

Cash and cash equivalents:					
	- Bank and cash balances	33,119	29,484	33,119	29,484
	- Fixed deposits	14,937	9,954	14,937	9,954
		48,056	39,438	48,056	39,438
	Less: Fixed deposits restricted for use	(758)	(791)	(758)	(791)
	Cash and cash equivalents per consolidated statement of cash flows	47,298	38,647	47,298	38,647

**D. Condensed Interim Statements of Changes in Equity**  
**For the second half and full financial year ended 31 December 2022**

**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 2022	51,758	(2,315)	(7,166)	42,277	957	43,234
Profit for the financial period	-	4,064	-	4,064	1,377	5,441
<b>Other comprehensive income/(loss)</b>						
Dividend paid to non-controlling shareholders by subsidiary	-	-	-	-	(59)	(59)
Currency translation differences on consolidation	-	-	(862)	(862)	(111)	(973)
Total comprehensive income/(loss) for the financial period	-	4,064	(862)	3,202	1,207	4,409
<b>Transaction with owners recorded directly in equity</b>						
Issue of share capital	749	-	-	749	-	749
Dividend paid on ordinary shares	-	(2,734)	-	(2,734)	-	(2,734)
<b>At 30 June 2022</b>	<b>52,507</b>	<b>(985)</b>	<b>(8,028)</b>	<b>43,494</b>	<b>2,164</b>	<b>45,658</b>
Profit/(Loss) for the financial period	-	814	-	814	(753)	61
<b>Other comprehensive income/(loss)</b>						
Currency translation differences on consolidation	-	-	302	302	(28)	274
Total comprehensive income/(loss) for the financial period	-	814	302	1,116	(781)	335
<b>At 31 December 2022</b>	<b>52,507</b>	<b>(171)</b>	<b>(7,726)</b>	<b>44,610</b>	<b>1,383</b>	<b>45,993</b>

**D. Condensed Interim Statements of Changes in Equity (cont'd)**  
**For the second half and full financial year ended 31 December 2022**

**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 2021	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690
Profit for the financial period	-	3,242	-	3,242	800	4,042
<b>Other comprehensive income/(loss)</b>						
Dividend paid to non-controlling shareholders by subsidiary	-	-	-	-	(59)	(59)
Currency translation differences on consolidation	-	-	(187)	(187)	33	(154)
Total comprehensive income/(loss) for the financial period	-	3,242	(187)	3,055	774	3,829
<b>Transaction with owners recorded directly in equity</b>						
Dividend paid on ordinary shares	-	(165)	-	(165)	-	(165)
<b>At 30 June 2021</b>	<b>51,758</b>	<b>(5,472)</b>	<b>(7,155)</b>	<b>39,131</b>	<b>(777)</b>	<b>38,354</b>
Profit for the financial period	-	3,375	-	3,375	1,683	5,058
<b>Other comprehensive income/(loss)</b>						
Currency translation differences on consolidation	-	-	(11)	(11)	51	40
Total comprehensive income/(loss) for the financial period	-	3,375	(11)	3,364	1,734	5,098
<b>Transaction with owners recorded directly in equity</b>						
Dividend paid on ordinary shares	-	(218)	-	(218)	-	(218)
<b>At 31 December 2021</b>	<b>51,758</b>	<b>(2,315)</b>	<b>(7,166)</b>	<b>42,277</b>	<b>957</b>	<b>43,234</b>

**D. Condensed Interim Statements of Changes in Equity (cont'd)**  
**For the second half and full financial year ended 31 December 2022**

<b>THE COMPANY</b>	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>
At 1 January 2022	51,758	(29,231)	22,527
Profit and total comprehensive income for the financial period	-	4	4
Issue of share capital	749	-	749
Dividend paid on ordinary shares	-	(2,734)	(2,734)
<b>At 30 June 2022</b>	<b>52,507</b>	<b>(31,961)</b>	<b>20,546</b>
Profit and total comprehensive income for the financial period	-	664	664
<b>At 31 December 2022</b>	<b>52,507</b>	<b>(31,297)</b>	<b>21,210</b>

<b>THE COMPANY</b>	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>
At 1 January 2021	51,758	(31,958)	19,800
Profit and total comprehensive income for the financial period	-	222	222
Dividend paid on ordinary shares	-	(165)	(165)
<b>At 30 June 2021</b>	<b>51,758</b>	<b>(31,901)</b>	<b>19,857</b>
Profit and total comprehensive income for the financial period	-	2,888	2,888
Dividend paid on ordinary shares	-	(218)	(218)
<b>At 31 December 2021</b>	<b>51,758</b>	<b>(29,231)</b>	<b>22,527</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

A-Sonic Aerospace Limited is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the year ended 31 December 2022 comprised the Company and its subsidiary (collectively, the "Group").

The principal activities of the Company are those of investment holding and provision of management services. The existing principal activities of its subsidiaries are:-

- (a) Sale and purchase of aircraft and aircraft engines; and
- (b) Logistics (relating to supply chain management services and logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services).

There have been no significant changes in the nature of these activities during the financial year.

### **2. Basis of preparation**

The condensed interim financial statements are presented in United States dollar ("US\$") which is the Company's functional currency and are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

The condensed interim financial statements for the year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

#### *2.1 New and amended standards*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### *2.2 Use of estimates and judgements*

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2021.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial interim period are disclosed in Note 3.



### 3. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period, are discussed below.

#### *Impairment of non-current assets*

The Group and the Company assess whether there are any indicators of impairment for all non-current assets at each reporting date. Non-current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit, expected growth rates and a suitable discount rate, in order to determine the present value of those cash flows.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the cash-generating unit to exceed its recoverable amount. The carrying amounts of significant non-current assets are property, plant and equipment and investments in subsidiaries and investment in associated companies.

#### *Calculation of loss allowance*

Management determines the loss allowance on trade receivables and contract assets by categorising them based on shared credit risk characteristics, historical loss patterns and historical payment profiles, with consideration of the impact of Covid-19 pandemic. The Group also assesses at the end of the reporting period whether there is any objective evidence that the receivables and contract balances from individual customers are credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delay in repayments.

Based on the simplified approach, there was adequate loss allowance made as at 31 December 2022 for expected credit loss on trade receivables.

### 4. Seasonal operations

Our Group's logistics business may be subject to seasonal cargo traffic volume in our twelve (12) months period financial year ending 31 December. In general, the logistics industry may encounter higher volume of cargo traffic for pre-orders of goods, especially before major festive seasons, for example, Thanksgiving, Christmas, New Year, Chinese Lunar New Year, and other festive seasons.

In addition, our logistics business may be subject to volatile freight rates of airlines and ocean carriers, and other inter-modal transport modes. This could arise due to several unforeseeable factors, for example, port/airport congestions, temporary port/airport closures, shortage of transportation equipment, strikes at ports/airports, weather and climate that might affect the operations of various transportation modes in the global trade.

### 5. Segment and revenue information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive directors for making decisions about allocating resources and assessing performance of the operating segments.

For management purpose, the Group is organised into two (2) business segments based on their services as follows:

- (i) Aviation; and
- (ii) Logistics

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment of each segment. Sales between operating segments are at arm's-length basis in a manner similar to transactions with third parties. Reportable segments' turnover, profit before tax, interest income and finance costs are measured in a manner consistent with that in the consolidated statement of profit or loss and statement of comprehensive income. The amounts provided to the management with respect to reportable segments' assets and liabilities are measured in a manner consistent with that of the financial statements.

## 5. Segment and revenue information (Cont'd)

### 5.1 Reportable segments

Reportable segments are as follow:-

	Aviation Second half year ended		Logistics Second half year ended		Consolidated Second half year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Turnover from reportable segments	80	34	156,741	267,038	156,821	267,072
Interest income	86	6	78	15	164	21
Finance costs	-	-	(60)	(23)	(60)	(23)
Depreciation of property, plant and equipment	(18)	(19)	(1,060)	(773)	(1,078)	(792)
Share of results of associated companies	-	-	43	54	43	54
Taxation expenses	-	-	(152)	(1,153)	(152)	(1,153)
Reportable segment (loss)/profit	(257)	(924)	318	5,982	61	5,058
<b><u>Other material non-cash items:</u></b>						
Written back/(Impairment allowance) for trade receivables	(10)	-	176	(269)	166	(269)
Impairment allowance for associated companies written back	-	-	34	4	34	4
Impairment allowance for non-trade receivables written back	-	-	1	146	1	146
Reversal of provision for restructuring costs	-	-	105	-	105	-

	Aviation Full year ended		Logistics Full year ended		Consolidated Full year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Turnover from reportable segments	1,356	38	377,425	459,610	378,781	459,648
Interest income	99	9	97	25	196	34
Finance costs	-	(3)	(102)	(54)	(102)	(57)
Depreciation of property, plant and equipment	(36)	(39)	(1,912)	(1,603)	(1,948)	(1,642)
Share of results of associated companies	-	-	214	103	214	103
Taxation expenses	-	33	(791)	(1,583)	(791)	(1,550)
Reportable segment (loss)/profit	(510)	(1,354)	6,012	10,454	5,502	9,100
<b><u>Other material non-cash items:</u></b>						
Written back/(Impairment allowance) for trade receivables	(10)	-	133	(196)	123	(196)
Impairment allowance for non-trade receivables written back	-	-	2	143	2	143
Reversal of provision for restructuring costs	-	-	105	-	105	-
Bad trade debts written off	-	-	-	(68)	-	(68)
Impairment allowance for associated companies written back	-	-	34	4	34	4
Property, plant and equipment written off	(3)	-	-	-	(3)	-

## 5. Segment and revenue information (Cont'd)

### 5.1 Reportable segments (Cont'd)

	Aviation Full year ended		Logistics Full year ended		Consolidated Full year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Segment assets	8,770	9,546	87,449	97,134	96,219	106,680
Segment liabilities	674	977	49,552	62,787	50,226	63,764
Expenditure in non-current assets	-	1	2,577	2,280	2,577	2,281

### 5.2 Disaggregation of Revenue

	Aviation Second half year ended		Logistics Second half year ended		Consolidated Second half year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Types of goods or services						
Sales of goods	33	34	-	-	33	34
Rendering of services	47	-	156,741	267,038	156,788	267,038
Total revenue	80	34	156,741	267,038	156,821	267,072
Timing of revenue recognition:						
Over time	-	-	7,536	8,560	7,536	8,560
At a point in time	80	34	149,205	258,478	149,285	258,512
Total revenue	80	34	156,741	267,038	156,821	267,072

	Aviation Full year ended		Logistics Full year ended		Consolidated Full year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Types of goods or services						
Sales of goods	1,301	38	-	-	1,301	38
Rendering of services	55	-	377,425	459,610	377,480	459,610
Total revenue	1,356	38	377,425	459,610	378,781	459,648
Timing of revenue recognition:						
Over time	-	-	15,970	16,347	15,970	16,347
At a point in time	1,356	38	361,455	443,263	362,811	443,301
Total revenue	1,356	38	377,425	459,610	378,781	459,648

#### Geographical information:

	Aviation Second half year ended		Logistics Second half year ended		Consolidated Second half year ended	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
The People Republic of China (including Hong Kong S.A.R)	-	-	91,539	192,923	91,539	192,923
Australia	-	-	29,754	17,813	29,754	17,813
Singapore	80	34	12,806	15,368	12,886	15,402
Other countries	-	-	22,642	40,934	22,642	40,934
	80	34	156,741	267,038	156,821	267,072

## 5. Segment and revenue information (Cont'd)

Geographical information (Cont'd):

	Aviation		Logistics		Consolidated	
	Full year ended		Full year ended		Full year ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The People Republic of China (including Hong Kong S.A.R)	-	-	239,561	341,293	239,561	341,293
Australia	-	-	49,177	28,689	49,177	28,689
Singapore	1,356	38	26,199	28,225	27,555	28,263
Other countries	-	-	62,488	61,403	62,488	61,403
	<b>1,356</b>	<b>38</b>	<b>377,425</b>	<b>459,610</b>	<b>378,781</b>	<b>459,648</b>

A breakdown of sales as follows:-

	Group		
	Full year ended		
	31 Dec 2022	31 Dec 2021	%
	US\$'000	US\$'000	increase
a) Sales reported for first half year	221,960	192,576	15.3%
b) Profit after tax before deducting non-controlling interests reported for first half year	5,441	4,042	34.6%
c) Sales reported for second half year	156,821	267,072	-41.3%
d) Profit after tax before deducting non-controlling interests reported for second half year	61	5,058	-98.8%

## 6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial Assets</b>				
Fair value through other comprehensive income	99	99	-	-
Financial assets at amortised costs	79,957	94,110	8,741	11,456
<b>Financial Liabilities</b>				
Financial liabilities at amortised costs	48,063	61,212	1,126	2,420

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

## 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>			
	<b>Second half year ended</b>		<b>Full year ended</b>	
	<b>31 Dec 2022</b>	31 Dec 2021	<b>31 Dec 2022</b>	31 Dec 2021
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Tax expense attributable to profits is made up of:				
Current financial year				
- tax expense	423	1,165	1,043	1,551
Under/(over) provision in prior financial years:				
- Current Income tax	(277)	(12)	(259)	(4)
- Deferred income tax	6	-	7	3
	<b>152</b>	<b>1,153</b>	<b>791</b>	<b>1,550</b>

## 8. Profit before tax

### 8.1 Significant items

Profit before tax is arrived at after crediting/(charging):

	<b>Group</b>			
	<b>Second half year ended</b>		<b>Full year ended</b>	
	<b>31 Dec 2022</b>	31 Dec 2021	<b>31 Dec 2022</b>	31 Dec 2021
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Interest income	164	21	196	34
Sundry income	426	432	899	1,230
Written back/(Impairment allowance) for trade receivables	166	(269)	123	(196)
Written back for non-trade receivables	1	146	2	143
Bad trade receivables written off	-	-	-	(68)
Impairment allowance for associated companies written back	34	4	34	4
Foreign currency exchange gain/(loss)	(230)	(381)	99	(387)
Rental expenses	(184)	(88)	(511)	(677)

### 8.2. Related parties transaction

The Group had no significant transaction with related parties during the financial period.

## 9. Dividend

	<b>Group</b>	
	<b>2022</b>	2021
	<b>US\$'000</b>	US\$'000
Final exempt dividend of 0.375 Singapore cent per share paid in respect of the previous financial year ended 31 December 2020	-	165
Interim exempt dividend of 0.50 Singapore cent per share paid in respect of the previous financial year ended 31 December 2021	-	218
Final exempt dividend of 0.50 Singapore cent per share paid in respect of the previous financial year ended 31 December 2021	<b>258</b>	-
Special exempt dividend of 4.80 Singapore cent per share paid in respect of the previous financial year ended 31 December 2021	<b>2,476</b>	-
	<b>2,734</b>	<b>383</b>

As further discussed on page 22 at paragraph 5(a) of section F (entitled "Other Information" required by Listing Rule Appendix 7.2), the Board of Directors has recommended that, a final one-tier tax exempt dividend of 0.75 Singapore cent per share, in respect of financial year ended 31 December 2022.

## 10. Net asset value

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net asset value per share based on existing issued share capital at the end of period/year (US\$ cents)	50.17	72.29	23.85	38.52
Net asset value per share based on existing issued share capital at the end of period/year (S\$ cents)	67.38	97.63	32.03	52.03

## 11. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired assets (included right-of-use assets) relating to our business amounted to US\$2,579,000 (31 December 2021: US\$2,281,000), and disposed of assets (included derecognition of right-of-use assets) relating to our business amounted to US\$1,591,000 (31 December 2021: US\$1,903,000).

## 12. Investment property

	Group	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
<b>Cost</b>		
At beginning of financial year	-	-
Reclassification from property, plant and equipment	574	-
At end of financial year	574	-
<b>Accumulated depreciation</b>		
At beginning of financial year	-	-
Depreciation charge	10	-
At end of financial year	10	-
<b>Net book value</b>		
As at 31 December	564	-

## 13. Borrowings

	Group	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
<b>Amount repayable in one year or less, or on demand</b>		
Secured	-	74
Unsecured	794	947
	794	1,021
<b>Amount repayable after one year</b>		
Secured	-	-
Unsecured	1,404	462
	1,404	462

Our Group had no bank borrowing as at 31 December 2022.

Our Group's unsecured lease liabilities of US\$0.794 million, repayable in one year or less, or on demand, relates to "Right of use" asset for our logistics business unit.

Our Group's unsecured lease liabilities of US\$1.404 million, repayable after one year, relates to "Right of use" asset for our logistics business unit.

#### 14. Share capital

	The Group and the Company			
	31 Dec 2022		31 Dec 2021	
	Number of shares	US\$'000	Number of shares	US\$'000
<b>Issued and fully paid capital</b>				
At beginning of period	<b>58,479,296</b>	<b>51,758</b>	58,479,296	51,758
Exercise of bonus warrants	<b>12,652,247</b>	<b>749</b>	-	-
Bonus issue	<b>17,781,083</b>	-	-	-
At end of period	<b>88,912,626</b>	<b>52,507</b>	58,479,296	51,758

The Company did not hold any treasury shares as at 31 December 2022.

There was no sale, transfer, disposal, cancellation and/or use of subsidiary holdings as at 31 December 2022.

#### 15. Subsequent Event after Balance Sheet Date

Subsequent to the financial period ended 31 December 2022, the Company announced on 26 February 2023, a proposed bonus issue of one (1) new bonus share for every five (5) existing issued shares ("Proposed Bonus Issue") in the capital of the Company held by shareholders of the Company, fractional entitlements to be disregarded, as at the record date to be determined by the Directors for the purpose of determining the entitlement of shareholders. The Proposed Bonus Issue is subject to approval-in-principle from SGX-ST for the listing and quotation of the resultant issue of new bonus shares.

## F. Other information required by Listing Rule Appendix 7.2

### 1. Review

The condensed consolidated statement of financial position of A-Sonic Aerospace Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended and certain explanatory notes have not been audited or reviewed by auditors.

### 2. Review of performance of the Group

#### 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 29 cities in 15 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 650 personnel as at 31 December 2022.

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

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

#### FINANCIAL HIGHLIGHTS

Consider the market mayhem in 2022, and what is ahead this 2023 year:

- Higher-for-longer inflation and rates;
- Market volatility;
- Potential debt crisis; and
- Geopolitical fault lines.

An indeed turbulent and volatile 2022 year impacted by several factors, but we managed to remain in the positive zone.

Our Group’s “Turnover” declined US\$80.867 million (17.6%) to US\$378.781 million in the financial year (“FY”) ended 31 December 2022 (“FY 2022”), compared to US\$459.648 million for FY 2021. The contraction in our Group’s Turnover in FY 2022 was attributable to US\$101.732 million lower “Turnover” contribution from our logistics business activities in The People’s Republic of China (“PRC”) (including Hong Kong S.A.R.). This constituted a 29.8% decline in “Turnover” in the above mentioned region in FY 2022, compared to FY 2021. The decrease in “Turnover” from this region, was primarily due to a reduction in cargo volume, and lower freight rates, resulting from the protracted Covid-19 lock down restrictions.

We noted an unusual trend in our Group’s “Turnover” in FY 2022. Additionally, the trend in FY 2022, compared to FY 2021:

- (i) In FY 2022, our Group’s “Turnover” in the first six (6) months ended 30 June 2022 (“**1H 2022**”) actually grew US\$29.384 million (15.3%) to US\$221.960 million, compared to the corresponding period in 2021 (“**1H 2021**”). Details are shown in the table at page 11;
- (ii) In FY 2022, our Group’s “Turnover” in the second six (6) months ended 31 December 2022 (“**2H 2022**”) declined US\$65.139 million (29.3%), compared to 1H 2022. This was unusual as our second half tends to normally record a higher “Turnover” owing to preparations for various festive occasions, including Thanksgiving, Christmas, New Year, and Chinese Lunar New Year.

This trend was contrary to that observed in FY 2021. Our Group’s “Turnover” grew US\$74.496 million (38.7%) in 2H 2021, compared to 1H 2021. Details are shown in the table at page 11; and

- (iii) “Turnover” in 2H 2022 declined US\$110.251 million (41.3%), compared to 2H 2021.



Despite a decline of US\$80.867 million (17.6%) in our Group's "Turnover" in FY 2022, we ended on a positive earnings note in FY 2022. We posted "Profit Attributable to Equity Holders of the Company" of US\$4.878 million (equivalent to S\$6.720 million) in FY 2022. However, this represented a decline of US\$1.739 million (26.3%), compared to that achieved in FY 2021. The decline in earnings was largely attributable to:

- (i) lower "Turnover" generated from North Asia as elaborated above; and
- (ii) a decline in gross profit margin generated from our operations in North Asia owing to: (a) a decrease in "Turnover" resulting from the reduction cargo volume and a lower freight rates; and (b) the lock down in various cities in the PRC (including Hong Kong S.A.R.) which resulted in additional freight procurement costs that compressed the gross profit margins.

Two of our business units achieved "Profit Before Tax" in FY 2022:

- (i) Our logistics business unit operating under the "A-Sonic Logistics" brand name registered. "Profit Before Tax" of US\$6.204 million in FY 2022, down 2.5% compared to US\$6.363 million in FY 2021; and
- (ii) Our logistics business unit operating under the "UBI Logistics" brand name registered. "Profit Before Tax" of US\$0.599 million in FY 2022, down 89.4% compared to US\$5.674 million in FY 2021, for the reasons elaborated above.

Our aviation business incurred "Loss Before Tax" of US\$0.510 million in FY 2022, compared to "Loss Before Tax" of US\$1.387 million in FY 2021.

## **INCOME STATEMENT**

### **Revenue**

#### **FY 2022 vs FY 2021**

Our "Total Revenue" comprises "Turnover" and "Other Income". Our "Total Revenue" declined 17.6% (US\$80.894 million) to US\$380.031 million in FY 2022, from US\$460.925 million in 2021.

"Total Revenue" decreased US\$80.894 million in FY 2022, substantially owing to a decline of US\$82.185 million in our logistics "Turnover" to US\$377.425 million, compared to US\$459.610 million in FY 2021. Our logistics "Turnover" nose dived primarily attributable to a contraction in both, business volume and lower freight rates, particularly in the PRC (including Hong Kong S.A.R.) in the second six (6) months ended 31 December 2022 ("2H 2022").

In the first six (6) months of 2022 ("1H 2022"), our logistics "Turnover" actually grew 14.6% to US\$220.684 million, compared to US\$192.572 million in first six (6) months of 2021 ("1H 2021"). In contrast, however, in 2H 2022, our logistics "Turnover":

- (i) declined US\$110.297 million (41.3%) to US\$156.741 million, compared to US\$267.038 million in 2H 2021; and
- (ii) declined US\$63.943 million (29.0%), compared to US\$220.684 million in 1H 2022. The sharp decline in our logistics "Turnover" in 2H 2022, pared our growth in 1H 2022, and led to a decline in our Group's "Turnover" in FY 2022, compared to FY 2021.

The steep decline in our logistics "Turnover", particularly, in 2H 2022, was largely attributable to the lower "Turnover" in PRC (including Hong Kong S.A.R.), which contracted US\$101.732 million (29.8%) to US\$239.561 million, compared to US\$341.293 million in FY 2021.

#### **2H 2022 vs 2H 2021**

Our Group's "Turnover" declined US\$110.251 million (41.3%) to US\$156.821 million in 2H 2022, compared to US\$267.072 million in 2H 2021. The reasons for the sharp contraction are elaborated above, and under the section entitled "Financial Highlights" at page 15 and 16.

#### **2H 2022 vs 1H 2022**

Our Group's "Turnover" decreased US\$65.139 million (29.3%) to US\$156.821 million in 2H 2022, compared to US\$221.960 million in 1H 2022. The reasons for the reduction are elaborated above, and under the section entitled "Financial Highlights" at page 15 and 16. This was an anomaly that we noticed in FY 2022, because our "Turnover" in 2H 2022 was lower than 1H 2022.

## Total Costs and Expenses

### FY 2022 vs FY 2021

Two (2) costs items constituted approximately 98.0% of our "Total Costs and Expenses" in FY 2022:

(i) "Freight charges" and "Purchases of goods and consumables used"

"Freight charges" are costs incurred resulting from our logistics business unit. "Freight charges" constituted approximately 92.0% (US\$344.154 million) of our "Total Costs and Expenses" in FY 2022. "Freight charges" decreased US\$73.448 million (17.6%) to US\$344.154 million in FY 2022, compared to US\$417.602 million in FY 2021. This was in line with our 17.6% contraction in our Group's "Turnover" over the corresponding period.

Our aviation business unit incurred "Purchases of goods and consumables used" which amounted to US\$0.902 million in FY 2022. This resulted from the sale of an aircraft. In contrast, there was no such cost in FY 2021, in the absence of a sale.

(ii) "Staff costs"

"Staff costs" constituted approximately 5.7% (US\$21.263 million) of our "Total Costs and Expenses" in FY 2022. Our "Staff costs" decreased US\$2.566 million (10.8%) to US\$21.263 million in FY 2022, compared to US\$23.829 million in FY 2021. In FY 2021 however, we noted that, "Staff costs" constituted 5.3% of our "Total Costs and Expenses. The increase of 0.4 percentage point in FY 2022 compared to FY 2021, was largely owing to staff annual increments and the inflationary wage pressures.

The remaining three (3) costs (excluding "Freight charges"; "Purchases of goods and consumables used"; and "Staff costs"), were largely "Depreciation of property, plant and equipment", "Finance costs" and "Other operating expenses". The latter three (3) cost items aggregated US\$7.633 million, and constituted approximately 2.0% of our "Total Costs and Expenses" in FY 2022. In contrast, these same three (3) costs items amounted to US\$8.947 million in FY 2021. The aforesaid decline of US\$1.314 million was attributable to lower "Other operating costs" in FY 2022. "Other operating costs" declined US\$1.665 million (23.0%) to US\$5.583 million in FY 2022, primarily due to:

- (i) Our subsidiary in North Asia incurred US\$0.772 million to upgrade IT and computer systems in FY 2021. This was however absent in FY 2022;
- (ii) US\$0.486 million difference in foreign exchange currency. In FY 2022, we recorded a forex gain of US\$0.099 million, compared to a forex loss of US\$0.387 million in FY 2021;
- (iii) Our subsidiary in North Asia had a reduction of US\$0.166 million in rental expenses in FY 2022, compared to FY 2021; and
- (iv) US\$0.120 million reduction in legal and professional fees in FY 2022.

However, the reduction in "Other operating expenses" was primarily offset by higher (US\$0.306 million) "Depreciation of property, plant and equipment". This item increased to US\$1.948 million in FY 2022, compared to US\$1.642 million in FY 2021, largely owing to an additional "right-of-use assets" relating to leasehold office units. In FY 2022, the rental renewal rates were higher than in FY 2021.

## **Total Costs and Expenses**

### **2H 2022 vs 2H 2021**

Our “Freight charges” and “Staff costs” constituted approximately 97.4% of our “Total Costs and Expenses” in 2H 2022, compared to 97.9% in the corresponding period in 2H 2021:

(i) **“Freight charges”**

“Freight charges” constituted approximately 90.8% (US\$142.889 million) of our “Total Costs and Expenses” in 2H 2022. “Freight charges” decreased US\$99.945 million (41.2%) to US\$142.889 million in 2H 2022, compared to US\$242.834 million in 2H 2021. This was in line with the 41.3% contraction in our Group’s “Turnover” over the corresponding period; and

(ii) **“Staff costs”**

“Staff costs” constituted approximately 6.6% of our “Total Costs and Expenses” in 2H 2022. Our “Staff costs” decreased US\$2.884 million (21.9%) to US\$10.304 million in 2H 2022, compared to US\$13.188 million in 2H 2021. “Staff costs” was lower in 2H 2022 compared to 2H 2021 largely due to lower performance incentives paid out to staff because of shortfall, or deviation from sales targets.

The remaining two (2) costs (excluding “Freight charges” and “Staff costs”), were largely “Depreciation of property, plant, and equipment” and “Other operating expenses”. The latter two (2) cost items aggregated US\$4.102 million, and constituted approximately 2.6% of our “Total Costs and Expenses” in 2H 2022. In contrast, these same two (2) costs items amounted to US\$5.475 million in 2H 2021. The aforesaid decline of US\$1.373 million was attributable to lower “Other operating costs” in 2H 2022. “Other operating costs” declined US\$1.659 million (35.4%) to US\$3.024 million in 2H 2022, primarily due to:

- (i) Our subsidiary in North Asia incurred US\$0.497 million to upgrade IT and computer systems in 2H 2021, and US\$0.305 million in office refurbishment. This was however absent in 2H 2022;
- (ii) There was an allowance for receivable of US\$0.269 million in 2H 2021. This was however substantially reduced to only US\$3,000 in 2H 2022;
- (iii) Lower foreign exchange loss of US\$0.230 million in 2H 2022, compared to the loss of US\$0.381 million in 2H 2021; and
- (iv) US\$0.104 million reduction in legal and professional fees in 2H 2022, compared to 2H 2021.

The decline in “Other operating expenses” was, however, partially offset by higher “Depreciation of property, plant and equipment”, which increased US\$0.286 million (36.1%) to US\$1.078 million in 2H 2022, compared to US\$0.792 million 2H 2021. This was largely owing to an additional “right-of-use assets” relating to leasehold office units. In 2H 2022, the rental renewed rates were higher than in 2H 2021.

### **2H 2022 vs 1H 2022**

“Total Costs and Expenses” decreased US\$59.242 million (27.4%) to US\$157.355 million in 2H 2022, compared to US\$216.597 million in 1H 2022, largely due to:

- (i) “Freight charges” declined US\$58.376 million (29.0%) to US\$142.889 million in 2H 2022. This is in tandem with our 29.3% lower “Turnover” in 2H 2022, compared to 1H 2022, as elaborated in the section entitled **“Revenue” 2H 2022 vs 1H 2022** at page 16;
- (ii) “Purchases of goods and consumables used” declined to zero in 2H 2022, compared to US\$0.902 million in 1H 2022. This was because there was no sale of aircraft and aircraft engine in 2H 2022, whereas there was sale of aircraft and aircraft engine in 1H 2022; and
- (iii) “Staff costs” declined US\$0.655 million to US\$10.304 million in 2H 2022, compared to US\$10.959 million in 1H 2022.

## **Profit Before Tax and Net Profit Attributable to Equity Holders of the Company**

### **FY 2022 vs FY 2021**

“Profit Before Tax” was down US\$4.357 million (40.9%) to US\$6.293 million in FY 2022, compared to US\$10.650 million in FY 2021. We noted an unusual trend in FY 2022, compared to FY 2021:

- (i) Firstly, we actually recorded 34.6% higher “Profit after tax before deducting non-controlling interest” of US\$5.441 million in 1H 2022, compared to US\$4.042 million in 1H 2021. This is shown in the table at page 11;

Secondly, our Group recorded a decrease of US\$4.997 million (98.8%) in “Profit after tax before deducting non-controlling interests” to US\$61,000 in 2H 2022, compared to US\$5.058 million in 2H 2021. This is shown in the table at page 11.

This was unusual as our second half normally tends to record stronger performance owing to higher business volumes relating to preparations for various festive occasions, including Thanksgiving, Christmas, New Year, and Chinese Lunar New Year. The trend was contrary to that observed in FY 2021;

- (ii) Thirdly, the decline in our Group’s “Profit before tax” in FY 2022, compared to FY 2021 was attributable to lower earnings contribution from our logistics business in the PRC (including Hong Kong S.A.R.). The deterioration in earnings performance was due to three key factors:

- (a) reduction in cargo volume resulting from the weaker economic condition;
- (b) lower freight rates owing to the greater supply of carrier space, despite lower volume cargo; and
- (c) compressed gross profit margins due to the protracted lock down in various cities in the PRC (including Hong Kong S.A.R.) which resulted in additional freight procurement costs; and

- (iii) Fourthly, the Group’s weaker “Profit before tax” in FY 2022, was largely attributable to the US\$101.732 million decline in “Turnover” contributed from our logistics business activities in the PRC (including Hong Kong S.A.R.), particularly in the second half of 2022. This was primarily due to the contraction in the economy in that region as a result of the protracted Covid-19 lock down restrictions.

Despite a 40.9% decline in “Profit before tax”, our “Profit attributable to equity holders of the Company” (which excludes “Non-controlling interests”) fared better, and contracted less. We posted “Profit Attributable to Equity Holders of the Company” of US\$4.878 million (equivalent to S\$6.720 million) in FY 2022, compared to US\$6.617 million in FY 2021. The decline was 26.3%, mainly because of the weaker financial performance attributable to our partially owned subsidiary in the PRC, particularly in the second half of 2022.

Excluding aviation business unit losses of US\$0.510 million in FY 2022, our logistics business unit’s “Profit Attributable to Equity Holders of the Company” was US\$5.388 million in FY 2022.

### **2H 2022 vs 2H 2021**

“Profit before tax” was down US\$5.998 million (96.6%) to US\$0.213 million in 2H 2022, compared to US\$6.211 million in 2H 2021. Lower “Profit before tax” in 2H 2022 was attributable to a decline of US\$110.251 million (41.3%) in “Turnover” in 2H 2022, compared to that in 2H 2021. The reason for the deterioration is elaborated in the section above, and in the section entitled “Financial Highlights” at page 15 and 16, and the section entitled “Revenue” at page 16.

For the same reason elaborated in the section above, our “Profit After Tax Attributable to Equity Holders of the Company” fared better, or contracted less. We posted “Profit After Tax Attributable to Equity Holders of the Company” of US\$0.814 million in 2H 2022, compared to US\$3.375 million in 2H 2021. The decline was 75.9%, mainly because of weaker economic condition in the PRC (including Hong Kong S.A.R.) that resulted in weaker financial performance of our partially owned subsidiary in the PRC.

Excluding the aviation business unit losses of US\$0.257 million in 2H 2022, our logistics business unit’s “Profit Attributable to Equity Holders of the Company” was US\$1.071 million in 2H 2022.

## Profit Before Tax and Net Profit Attributable to Equity Holders of the Company

### 2H 2022 vs 1H 2022

As elaborated above at page 19, we noted an unusual trend in FY 2022:

- (i) We posted “Profit Before Tax” of US\$0.213 million in 2H 2022. In contrast, we recorded “Profit Before Tax” of US\$6.080 million in 1H 2022. This was rather unusual in the logistics industry. The second half ending 31 December, tends to be a stronger half largely owing to preparations for various festive occasions, including Thanksgiving, Christmas, New Year, and Chinese Lunar New Year.

Our weak financial performance in the second half of 2022 was in line with a contraction in the global economy. The poor economic condition, particularly in the PRC (including Hong Kong S.A.R.) was reflected in the US\$56.483 million (38.2%) decline in the “Turnover” generated mostly from this region.

- (ii) We recorded “Profit Attributable to Equity Holders of the Company” of US\$0.814 million in 2H 2022, compared to US\$4.064 million in 1H 2022, for the reasons stated above.

Excluding the aviation business unit losses of US\$0.257 million in 2H 2022, our logistics business unit’s “Profit Attributable to Equity Holders of the Company” was US\$1.071 million in 2H 2022, compared to US\$4.317 million in 1H 2022.

## **BALANCE SHEET**

### Non-current assets

“Non-current assets” increased US\$0.314 million (4.6%) to US\$7.106 million as at 31 December 2022 (“**end FY 2022**”), compared to US\$6.792 million as at 31 December 2021 (“**end FY 2021**”). The increase was due to:

- (i) In FY 2022, a portion (US\$0.564 million) of our “Property, plant and equipment” was reclassified from “Leasehold office; Building on freehold land and freehold land” to “Investment property”. The reclassification was in line with the accounting standards (SFRS(I) 40) owing to the change of use. We had downsized our aviation office space, and leased out a portion of the office unit to a third party for rental income. As a result, the item “Investment property” of US\$0.564 million was recorded as at 31 December 2022, but was absent in 2021 year.

Owing to the above reclassification to “Investment property” from “Property, plant and equipment”, the latter declined to US\$6.150 million as at end FY 2022, compared to US\$6.489 million as at end FY 2021. The decline was, however, partially offset by US\$0.225 million increase in “right-of-use” relating to leased office units and motor vehicles to conduct our logistics business; and

- (ii) An increase of US\$0.095 million in our “Investment in associated companies” to US\$0.292 million as at end FY 2022, compared to US\$0.197 million as at end FY 2021. This was largely in part due to better performance of certain associated companies.

### Current assets

Our “Current assets” decreased US\$11.093 million (11.1%) largely due to:

- (i) US\$22.104 million reduction in “Trade and other receivables” to US\$34.844 million as at end FY 2022, from US\$56.948 million as at end FY 2021. The contraction was in line with our lower “Turnover” in FY 2022, particularly in our 2H 2022, compared to the corresponding periods in 2021; and
- (ii) US\$0.902 million reduction in “Inventories” to zero as at end FY 2022, compared to US\$0.902 million as at end FY 2021. The absence of “Inventories” as at end FY 2022 was due to the sale of an aircraft in FY 2022.

The above reductions were however pared by the following increases:

- (i) “Cash and cash equivalents” was up US\$8.618 million to US\$48.056 million as at end FY 2022, from US\$39.438 million as at end FY 2021. This increase was in part due to:
  - (a) monies collected from our earlier “Trade and other receivables”, and pending future working capital deployment for our logistics business. This working capital would be required for prompt payments to air and ocean carriers, and other service providers; and
  - (b) monies that would subsequently be utilised to pay our vendors or service providers classified under “Trade and other payables”.

- (ii) “Contract assets” was up US\$3.161 million to US\$5.683 million as at end FY 2022, from US\$2.522 million as at end FY 2021. This increase was largely attributable to services that one of our subsidiaries had provided to customers, but were not billed yet as at end FY 2022.
- (iii) “Tax recoverable” doubled to US\$0.265 million to US\$0.530 million as at end FY 2022, primarily due to timing difference, particularly in countries where corporate taxes were paid in advance.

#### Non-current liability

“Lease liabilities” increased US\$0.942 million to US\$1.404 million as at end FY 2022 due to leases relating to office units and motor vehicles deployed in our logistics business unit. The increase was attributable to higher rentals for leased office units, and additional heavy vehicles leased to conduct our container haulage business.

#### Current liabilities

“Current liabilities” decreased US\$14.480 million to US\$48.822 million as at end FY 2022, from US\$63.302 million as at end FY 2021, substantially due to a decline of US\$14.572 million in “Trade and other payables” over the corresponding period. “Trade and other payables” contracted in tandem with lower “Turnover” in FY 2022, particularly with the sharp decline in “Turnover” in 2H 2022 as elaborated under the section entitled “Revenue” at page 16.

#### Net assets and equity

Excluding “Non-controlling interests”, our “Equity attributable to equity holders of the Company” was up US\$2.333 million (5.5%) to US\$44.610 million. The increase was due to:

- (i) Narrower (US\$2.144 million) “Accumulated losses” to US\$0.171 million as at end FY 2022, compared to US\$2.315 million as at end FY 2021. Lower “Accumulated losses” was due to our earnings in FY 2022; and
- (ii) Higher (US\$0.749 million) “Share capital” due to net proceeds raised from the issuance of new shares in April 2022, as a result of the conversion of the Company’s warrants.

The Group’s bank gearing based on “Total bank borrowings” to “Equity attributable to equity holders of the Company” was zero as at end FY 2022, compared to 0.2% as at end FY 2021.

## **CASH FLOW**

### FY 2022 vs FY 2021

“Net cash generated from operating activities” was US\$12.112 million in FY 2022, compared to US\$12.647 million in FY 2021 largely due to:

- (i) The “Operating cash flow before working capital changes” generated cash amounted to US\$7.682 million in FY 2022, compared to US\$12.318 million in FY 2021;
- (ii) Cash generated from “Receivables” in FY 2022 was US\$19.610 million, compared to US\$18.734 million cash used in “Receivables” in FY 2021;
- (iii) Cash used in “Payables” in FY 2022 was US\$14.665 million, compared to US\$20.199 million cash generated from “Payables” in FY2021; and
- (iv) “Income tax paid” in FY 2022 was US\$0.869 million while US\$1.164 million was paid in FY 2021.

“Net cash generated from investing activities” amounted to US\$0.027 million in FY 2022, compared to “Net cash used in investing activities” of US\$0.601 million in FY 2021. The “Net cash generated from investing activities” was mainly due to “Proceeds from disposal of property, plant and equipment” of US\$0.293 million and “Interest received” of US\$0.196 million offset by the “Purchase of property, plant and equipment” of US\$0.462 million in FY 2022. Whilst in FY 2021, the “Net cash used in investing activities” in FY 2021 was mainly due to “Purchase of property, plant and equipment” of US\$0.838 million.

“Net cash used in financing activities” amounted to US\$3.513 million in FY 2022, compared to US\$3.583 million in FY 2021. The “Net cash used in financing activities” was largely attributed to “Repayment of lease liabilities”, “Dividend paid” and “Proceeds on issue of bonus warrants” of US\$1.326 million, US\$2.793 million and US\$0.749 million respectively in FY 2022. Whilst in FY 2021, the “Net cash used in financing activities” was largely attributed to “Repayment of bank borrowings”, “Increased in bank and fixed deposit pledged”, “Repayment of lease liabilities” and “Dividend paid” of US\$1.678 million, US\$0.413 million, US\$0.993 million and US\$0.442 million respectively.

## 2H 2022 vs 2H 2021

“Net cash used in operating activities” was US\$0.550 million in 2H 2022, compared to “Net cash generated from operating activities” of US\$10.638 million in 2H 2021 largely due to:

- (i) The “Operating cash flow before working capital changes” generated cash amounted to US\$0.839 million in 2H 2022, compared to US\$7.052 million in 2H 2021;
- (ii) Cash generated from “Receivables” in 2H 2022 was US\$23.271 million, compared to US\$11.302 million cash used in “Receivables” in 2H 2021;
- (iii) Cash used in “Payables” in FY 2022 was US\$24.252 million, compared to US\$15.477 million cash generated from “Payables” in FY2021; and
- (iv) “Income tax paid” in 2H 2022 was US\$0.338 million while US\$0.820 million was paid in 2H 2021.

“Net cash generated from investing activities” amounted to US\$0.063 million in 2H 2022, compared to “Net cash used in investing activities” of US\$0.434 million in 2H 2021. The “Net cash generated from investing activities” was mainly due to “Proceeds from disposal of property, plant and equipment” of US\$0.196 million and “Interest received” of US\$0.164 million offset by the “Purchase of property, plant and equipment” of US\$0.297 million in FY 2022. In contrast, in FY 2021, the “Net cash used in investing activities” was mainly due to “Purchase of property, plant and equipment” of US\$0.465 million.

“Net cash used in financing activities” amounted to US\$0.836 million in 2H 2022, compared to US\$1.142 million in 2H 2021. The “Net cash used in financing activities” was largely attributed to “Repayment of lease liabilities” of US\$0.734 million in 2H 2022. Whilst in 2H 2021, the “Net cash used in financing activities” was largely attributed to “Increased in bank and fixed deposit pledged”, “Repayment of lease liabilities” and “Dividend paid” of US\$0.413 million, US\$0.433 million, and US\$0.218 million respectively.

### **3. 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 was disclosed to shareholders for the financial year ended 31 December 2022.

### **4. 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.**

Consider the market mayhem, and this is what we expect in 2023 year:

- (i) Higher-for-longer inflation and rates;
- (ii) Market volatility;
- (iii) Potential debt crisis; and
- (iv) Geopolitical fault lines.

Against the headwind, we expect great uncertainty and volatility, leading to a slow down in the global economy. Both our aviation and logistics businesses are highly correlated to the economic and market condition.

### **5. Dividend**

#### **(a) Current Financial Period Reported on**

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividends	<b>Final proposed</b>
Dividend Type	Cash
Dividend Amount per ordinary Share (S\$ cents)	0.75
Tax Rate	One-tier tax exempt

The Board of Directors is pleased to recommend that, subject to shareholders’ approval at the next Annual General Meeting to be convened, a final one-tier tax exempt dividend of 0.75 Singapore cent per share, in respect of financial year ended 31 December 2022.

**(b) Corresponding period of the immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Interim declared and paid	Final proposed	Special proposed
Dividend Type	Cash	Cash	Cash
Dividend Amount per ordinary Share (S\$ cents)	0.50	0.50	4.80
Tax Rate	One-tier tax exempt	One-tier tax exempt	One-tier tax exempt

**(c) Date payable**

25 May 2023

**(d) Record date**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed from 5.00pm on 10 May 2023 for the purpose of determining shareholders' entitlements to the proposed final dividends to be paid on 25 May 2023, subject to and contingent upon shareholders' approval for the proposed dividends being obtained at the forthcoming Annual General Meeting of the Company.

Duly completed transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00pm on 10 May 2023 will be registered before entitlements to the dividends are determined.

**6. 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.

**7. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results of the Group and the Company for the year ended 31 December 2022 to be false or misleading in any material aspect.

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

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

**9. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

The logistics business contributed to the reportable segment turnover. The material changes in contributions to turnover and earnings were elaborated from page 15 to 22 of this Announcement.



10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Janet LC Tan	62	Sibling of Jenny Tan, who is a Director of the Company.	Chairman and Chief Executive Officer since 2003. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for A-Sonic Aerospace and its subsidiaries.	No change in duties.
Tan Lay Yong Jenny	56	Sibling of Janet Tan, who is the Chairman, Chief Executive Officer and substantial shareholder of the Company.	Executive Director of the Company since 2003. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aviation business.	No change in duties.

**BY ORDER OF THE BOARD**

Hue Su Li  
Joint Company Secretary

26 February 2023