



A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

Condensed Interim Financial Statements For the six months ended 30 June 2022

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A-SONIC AEROSPACE LIMITED

**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the first half year ended 30 June 2022**

	Note	Group		Change %
		First half year ended		
		30 Jun 2022 US\$'000	30 Jun 2021 US\$'000	
Turnover	5	221,960	192,576	15.3
Other income		546	817	(33.2)
Total revenue		222,506	193,393	15.1
Expenses				
Purchases of goods and consumables used		(1,262)	-	N/M
Freight charges		(201,265)	(174,768)	15.2
Staff costs		(10,959)	(10,641)	3.0
Depreciation of property, plant and equipment		(870)	(797)	9.2
Finance costs		(42)	(27)	55.6
Other operating expenses		(2,199)	(2,768)	(20.6)
Total costs and expenses		(216,597)	(189,001)	14.6
Share of results of associated companies		171	49	249.0
Profit before tax	8	6,080	4,441	36.9
Taxation	7	(639)	(397)	61.0
Profit for the financial period		5,441	4,044	34.5
Profit attributable to:				
- Equity holders of the Company		4,064	3,243	25.3
- Non-controlling interests		1,377	801	71.9
Profit for the financial period		5,441	4,044	34.5
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
- Currency translation differences arising on consolidation		(862)	(187)	361.0
Items that will not be reclassified subsequently to profit or loss:				
- Currency translation differences arising on consolidation		(111)	33	N/M
Other comprehensive loss for the financial period, net of tax		(973)	(154)	531.8
Total comprehensive income for the financial period		4,468	3,890	14.9
Total comprehensive income attributable to:				
- Equity holders of the Company		3,202	3,056	4.8
- Non-controlling interests		1,266	834	51.8
Total comprehensive income for the financial period		4,468	3,890	14.9
Earning per share attributable to equity holders of the company during the financial period:				
Basic (US cents)		5.94	5.55	

**B. Condensed Interim Statements of Financial Position
As At 30 June 2022**

Note	Group		Company		
	30 Jun	31 Dec	30 Jun	31 Dec	
	2022	2021	2022	2021	
	US\$'000	US\$'000	US\$'000	US\$'000	
Non-current assets					
Property, plant and equipment	11	6,907	6,489	-	-
Investment in subsidiaries		-	-	13,538	13,538
Investment in associated companies		250	197	-	-
Fair value through other comprehensive income		99	99	-	-
Deferred tax assets		6	7	-	-
		7,262	6,792	13,538	13,538
Current assets					
Inventories		-	902	-	-
Trade and other receivables		57,370	56,948	8	7
Contract assets		5,873	2,522	-	-
Due from subsidiaries		-	-	3,589	4,131
Due from associated companies		-	131	-	-
Tax recoverable		352	265	-	-
Cash and cash equivalents		48,993	39,438	6,762	7,324
		112,588	100,206	10,359	11,462
Total assets		119,850	106,998	23,897	25,000
Non-current liability					
Lease liabilities	12	1,201	462	-	-
		1,201	462	-	-
Current liabilities					
Trade and other payables		70,540	60,931	343	803
Contract liabilities		102	153	-	-
Due to subsidiaries		-	-	3,008	1,670
Due to associated companies		52	-	-	-
Bank borrowings	12	-	74	-	-
Provision for liabilities		265	265	-	-
Lease liabilities	12	956	947	-	-
Tax payable		1,076	932	-	-
		72,991	63,302	3,351	2,473
Total liabilities		74,192	63,764	3,351	2,473
Net assets		45,658	43,234	20,546	22,527
Equity					
Share capital	13	52,507	51,758	52,507	51,758
Accumulated losses		(985)	(2,315)	(31,961)	(29,231)
Foreign currency translation reserve		(8,028)	(7,166)	-	-
Equity attributable to equity holders of the Company		43,494	42,277	20,546	22,527
Non-controlling interests		2,164	957	-	-
Total equity		45,658	43,234	20,546	22,527

C. Condensed Interim Consolidated Statements of Cash Flows
For the first half year ended 30 June 2022

	Note	Group	
		First half year ended	
		30 Jun 2022	30 Jun 2021
		US\$'000	US\$'000
Cash flows from operating activities			
Profit before tax		6,080	4,441
Adjustments for:			
Interest income	8	(32)	(13)
Depreciation of property, plant and equipment		870	797
Impairment allowance for trade receivables written back	8	(4)	(73)
Impairment allowance for non-trade receivables written back	8	(2)	-
Impairment allowance for trade receivables	8	47	-
Interest expenses		42	27
Impairment allowance for non-trade receivables	8	1	3
Impairment allowance for inventories obsolescence written back	8	(361)	-
Loss on disposal of property, plant and equipment	8	9	7
Property, plant and equipment written off	8	3	-
Share of results of associated companies		(171)	(49)
Operating cash flow before working capital changes		6,482	5,140
Inventories		1,262	-
Receivables		(3,661)	(7,364)
Payables		9,587	4,722
Effect of foreign exchange rate changes		(477)	(214)
Cash generated from operations		13,193	2,284
Income tax paid		(531)	(344)
Net cash generated from operating activities		12,662	1,940
Cash flows from investing activities			
Interest received	8	32	13
Proceeds from disposal of property, plant and equipment		97	193
Purchase of property, plant and equipment		(165)	(372)
Net cash used in investing activities		(36)	(166)
Cash flows from financing activities			
Decrease in fixed deposits pledged with financial institutions for bank facilities		75	-
Repayment of bank borrowings		(74)	(1,623)
Repayment of lease liabilities		(592)	(499)
Dividend paid to minority shareholder		(59)	(59)
Dividend paid to shareholders of the Company		(2,734)	(165)
Proceeds on issue of bonus warrants		749	-
Interest paid		(42)	(27)
Net cash used in financing activities		(2,677)	(2,373)
Net increase/(decrease) in cash and cash equivalents ⁽¹⁾		9,949	(599)
Cash and cash equivalents at beginning of period		38,647	30,271
Effect of foreign exchange rate changes		(319)	90
Cash and cash equivalents at end of period		48,277	29,762

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	41,330	22,019
- Fixed deposits	7,663	8,121
	48,993	30,140
Less: Fixed deposits restricted for use	(716)	(378)
Cash and cash equivalents per consolidated statement of cash flows	48,277	29,762

Note:

(1) As at 30 June 2022, Cash and cash equivalents balances held by the Group amounting to US\$0.716 million are not available for use.

D. Condensed Interim Statements of Changes in Equity
For the first half year ended 30 June 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
Other comprehensive income/(loss)						
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
Transaction with owners recorded directly in equity						
Issue of share capital	749	-	-	749	-	749
Dividend paid on ordinary shares	-	(2,734)	-	(2,734)	-	(2,734)
At 30 June 2022	52,507	(985)	(8,028)	43,494	2,164	45,658
At 1 January 2021	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690
Profit for the financial period	-	3,243	-	3,243	801	4,044
Other comprehensive income/(loss)						
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	-	3,243	(187)	3,056	775	3,831
Transaction with owners recorded directly in equity						
Dividend payable on ordinary shares	-	(165)	-	(165)	-	(165)
At 30 June 2021	51,758	(5,471)	(7,155)	39,132	(776)	38,356

THE COMPANY	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
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)
At 30 June 2022	52,507	(31,961)	20,546
At 1 January 2021	51,758	(31,958)	19,800
Profit and total comprehensive profit for the financial period	-	222	222
Dividend payable on ordinary shares	-	(165)	(165)
At 30 June 2021	51,758	(31,901)	19,857

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 six months ended 30 June 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, custom 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 six months ended 30 June 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 that 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.

Valuation of inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary, write-down is made to adjust the carrying value of inventories to the lower of cost or net realisable value. Due to the specialised nature of the inventories and the niche market that the Group operates in, market price information is not easily available. Accordingly, significant management judgement is required to determine the net realisable value. The carrying amount of inventories at the balance sheet date was US\$Nil.

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 30 June 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 chief operating decision maker 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.

5.1 Reportable segments

Reportable segments are as follow:-

	Aviation		Logistics		Consolidated	
	For first half year ended		For first half year ended		For first half year ended	
	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover from reportable segments	1,276	4	220,684	192,572	221,960	192,576
Interest income	13	3	19	10	32	13
Finance costs	-	(3)	(42)	(24)	(42)	(27)
Depreciation of property, plant and equipment	(18)	(20)	(852)	(777)	(870)	(797)
Share of results of associated companies	-	-	171	49	171	49
Taxation expenses	-	33	(639)	(430)	(639)	(397)
Reportable segment (loss)/profit	(253)	(430)	5,694	4,474	5,441	4,044
<u>Other material non-cash items:</u>						
Impairment allowance for trade receivables written back	-	-	4	73	4	73
Impairment allowance for non-trade receivables written back	-	-	2	-	2	-
Impairment allowance for inventories obsolescence written back	361	-	-	-	361	-
Bad trade debts written off	-	-	-	(68)	-	(68)
Property, plant and equipment written off	(3)	-	-	-	(3)	-
Impairment allowance for non-trade receivables	-	-	(1)	(3)	(1)	(3)
Impairment allowance for trade receivables	-	-	(47)	-	(47)	-

5. Segment and revenue information (Continued)

5.1 Reportable segments (Continued)

	Aviation		Logistics		Consolidated	
	For first half year ended		For first half year ended		For first half year ended	
	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets	8,014	9,730	111,836	76,131	119,850	85,861
Segment liabilities	586	485	73,606	47,020	74,192	47,505
Expenditure in non-current assets	-	1	1,505	878	1,505	879

5.2 Disaggregation of Revenue

	Aviation		Logistics		Consolidated	
	For first half year ended		For first half year ended		For first half year ended	
	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or services						
Sales of goods	1,268	4	-	-	1,268	4
Rendering of services	8	-	220,684	192,572	220,692	192,572
Total revenue	1,276	4	220,684	192,572	221,960	192,576
Timing of revenue recognition:						
Over time	-	-	8,434	7,787	8,434	7,787
At a point in time	1,276	4	212,250	184,785	213,526	184,789
Total revenue	1,276	4	220,684	192,572	221,960	192,576

Geographical information:

	Aviation		Logistics		Consolidated	
	For first half year ended		For first half year ended		For first half year ended	
	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The People Republic of China (including Hong Kong S.A.R)	-	-	148,022	148,370	148,022	148,370
Australia	-	-	19,423	10,876	19,423	10,876
Singapore	1,276	4	13,393	12,857	14,669	12,861
Other countries	-	-	39,846	20,469	39,846	20,469
	1,276	4	220,684	192,572	221,960	192,576

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	The Group		The Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
<u>Financial Assets</u>				
Fair value through other comprehensive income	99	99	-	-
Financial assets at amortised costs	103,793	94,110	10,351	11,456
<u>Financial Liabilities</u>				
Financial liabilities at amortised costs	71,637	61,212	3,351	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:

	Group	
	For the first half year ended 30 June 2022 US\$'000	30 June 2021 US\$'000
Tax expense attributable to profits is made up of:		
Current income tax	620	386
Under provision in prior financial years:		
- Income tax expense	18	8
- Deferred tax	1	3
	639	397

8. Profit before tax

8.1 Significant items

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

	Group	
	For the first half year ended	
	30 June 2022 US\$'000	30 June 2021 US\$'000
Interest income	32	13
Sundry income	473	798
Impairment allowance for inventories obsolescence written back	361	-
Impairment allowance for trade receivables written back	4	73
Impairment allowance for non-trade receivables written back	2	-
Impairment allowance for trade receivables	(47)	-
Impairment allowance for non-trade receivables	(1)	(3)
Bad trade receivables written off	-	(68)
Foreign currency exchange gain/(loss)	329	(6)
Loss on disposal of property, plant and equipment	(9)	(7)
Property, plant and equipment written off	(3)	-
Rental income	35	-
Rental expenses	(327)	(589)

8.2 Related parties transaction

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

9. Dividend

	Group	
	For the first half year ended	
	30 June 2022 US\$'000	30 June 2021 US\$'000
Ordinary dividends paid/payable:		
Final exempt dividend of 0.5 Singapore cent per share paid (30 June 2021: 0.375 Singapore cent per share) in respect of previous financial year	258	165
Special exempt dividend of 4.8 Singapore cent per share paid in respect of previous financial year	2,476	-
	2,734	165

As further discussed on page 17 at paragraph 5(a) of section F (entitled "Other Information" required by Listing Rule Appendix 7.2).

10. Net asset value

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset value per share based on existing issued share capital at the end of period/year (US cents)	61.15	72.29	28.88	38.52

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets (included right-of-use assets) relating to our business amounted US\$1,505,000 (30 June 2021: US\$879,000), and disposed of assets (included derecognition of right-of-use assets) relating to our business amounted to US\$699,000 (30 June 2021: US\$1,081,000).

12. Borrowings

	Group	
	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Amount repayable in one year or less, or on demand		
Secured	-	74
Unsecured	956	947
	<u>956</u>	<u>1,021</u>
Amount repayable after one year		
Secured	-	-
Unsecured	1,201	462
	<u>1,201</u>	<u>462</u>

Our Group had no bank borrowing as at 30 June 2022.

Our Group's unsecured lease liabilities of US\$0.956 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\$1.201 million, repayable after one year, relates to "Right of use" asset for our logistics business unit.

13. Share capital

	The Group and the Company			
	30 June 2022		31 December 2021	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Issued and fully paid capital				
At beginning of interim period	58,479,296	51,758	58,479,296	51,758
Exercise of bonus warrants	12,652,247	749	-	-
At end of interim period	<u>71,131,543</u>	<u>52,507</u>	<u>58,479,296</u>	<u>51,758</u>

The Company did not hold any treasury shares as at 30 June 2022.

There were no sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at 30 June 2022.

14. Subsequent Event after Balance Sheet Date

Subsequent to first six (6) months financial period ended 30 June 2022, the Company announced on 10 August 2022, a proposed bonus issue of one (1) new bonus share for every four (4) 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 30 June 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

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 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 670 personnel as at 30 June 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

Despite the continued challenging business and economic environment for the first six (6) months ended 30 June 2022 (“1H 2022”), our Group’s earnings increased at all levels:

- (i) “Turnover” increased 15.3% to US\$221.960 million (S\$303.552 million). This represented an increase of US\$29.384 million (S\$40.186 million), compared to US\$192.576 million (S\$256.723 million) in the previous corresponding six (6) months ended 30 June 2021 (“1H 2021”);
- (ii) “Profit Before Tax” increased 36.9% to US\$6.080 million (S\$8.315 million). This was US\$1.639 million (S\$2.241 million) higher than US\$4.441 million (S\$5.920 million) in 1H 2021;
- (iii) “Profit After Tax” increased 34.5% to US\$5.441 million (S\$7.441 million), compared to US\$4.044 million (S\$5.391 million) in 1H 2021; and
- (iv) “Profit Attributable To Equity Holders of the Company” was 25.3% higher at US\$4.064 million (S\$5.558 million), compared to US\$3.243 million (S\$4.323 million) in 1H 2021.

Our financial position also strengthened further. Consolidated “Net Tangible Assets” (“NTA”) stood at US\$43.494 million (S\$60.491 million) as at end 1H 2022. In contrast, market capitalization was only S\$50.859 million as at 10 August 2022, which represented a discount of 15.9% to our Group’s NTA as at end 1H 2022. Our Group had no bank borrowing as at end 1H 2022.

Two of our business units achieved “Profit Before Tax” in 1H 2022:

- (i) Our logistics business unit operating under the “A-Sonic Logistics” brand name registered “Profit Before Tax” of US\$3.786 million (S\$5.178 million) in 1H 2022; and
- (ii) Our logistics business unit operating under the “UBI Logistics” brand name registered “Profit Before Tax” of US\$2.547 million (S\$3.483 million) in 1H 2022.

Our aviation business unit incurred lower “Loss Before Tax” of US\$0.253 million (S\$0.346 million) in 1H 2022, compared to US\$0.463 million (S\$0.617 million) in 1H 2021.

In view of our higher “Turnover”, improved earnings and financial position in relation to 1H 2022 results, we have announced on 10 August 2022, a proposed bonus issue of one (1) new bonus share for every four (4) existing issued shares, subject to approval-in-principle from SGX-ST for the listing and quotation of the resultant issue of new bonus shares.

INCOME STATEMENT

Revenue

1H 2022 vs 1H 2021

Our “Total Revenue” comprises “Turnover” and “Other Income”. Despite the global supply chain disruptions, geopolitical tensions, soaring inflation, rising interest rates, and the looming recession:

- (i) Our “Turnover” increased 15.3% (US\$29.384 million) to US\$221.960 million in 1H 2022, compared to US\$192.576 million in 1H 2021.

Our logistics business unit contributed 99.4% (US\$220.684 million) of our “Turnover”. Our logistics “Turnover” was largely generated from our logistics operations in The People’s Republic of China (“PRC”) (including Hong Kong SAR), Australia and Singapore.

Our logistics business unit contributed 95.7% (US\$28.112 million) of the increase in “Turnover” in 1H 2022, compared to the corresponding 1H 2021. Higher logistics “Turnover” was attributable to higher business volume, and the continued high freight rates in 1H 2022.

Our aviation business unit contributed 0.6% (US\$1.276 million) of our “Turnover”, primarily from the sale of an aircraft in 1H 2022.

- (ii) “Other Income” of US\$0.546 million was lower in 1H 2022, compared to US\$0.817 million in 1H 2021. The US\$0.271 million reduction in “Other Income” in 1H 2022 was largely owing to lower (US\$0.325 million) “Sundry Income” to US\$0.473 million in 1H 2022, compared to US\$0.798 million in 1H 2021. This was primarily due to the absence, or lower, government grants in the various countries that we operate.

Total Costs and Expenses

1H 2022 vs 1H 2021

Our “Total costs and expenses” of US\$216.597 million in 1H 2022 comprised broadly of three (3) large items:

- (i) “Freight charges”

Approximately 92.9% (US\$201.265 million) of our “Total costs and expenses” of US\$216.597 million in 1H 2022, comprised “Freight charges” relating to our logistics business unit. In line with an increase of US\$28.112 million logistics “Turnover” in 1H 2022 compared to 1H 2021, our “Freight charges” was also higher. Our “Freight charges” increased US\$26.497 million to US\$201.265 million in 1H 2022, from US\$174.768 million in 1H 2021;

- (ii) “Purchases of goods and consumables used”

Approximately 0.6% (US\$1.262 million) of our “Total costs and expenses” of US\$216.597 million in 1H 2022, comprised “Purchases of goods and consumables used” related to our aviation business unit.

- (iii) “Total costs and expenses” (excluding “Freight charges” and “Purchases of goods and consumables used”)

In 1H 2022, our “Total costs and expenses” (excluding “Freight charges” and “Purchases of goods and consumables used”) aggregated US\$14.070 million, and constituted 6.5% of our “Total costs and expenses”. In contrast, in 1H 2021, this was US\$14.233 million (7.5%).

Despite an increase of US\$29.384 million (15.3%) in our “Turnover”, “Staff costs” was 3% (US\$0.318 million) higher at US\$10.959 million in 1H 2022, compared to US\$10.641 million in 1H 2021. The increase in “Staff costs” to US\$10.959 million was largely attributable to salary increments and incentives paid in 1H 2022.

“Other operating expenses” decreased US\$0.569 million to US\$2.199 million in 1H 2022, from US\$2.768 million in 1H 2021. The reduction in “Other operating expenses” was largely owing to: (i) foreign exchange gain of US\$0.329 million in 1H 2022, compared to a foreign exchange loss of US\$0.005 million in 1H 2021; and (ii) a write back for “Impairment allowance for inventories obsolescence” of US\$0.361 million in relation to our aviation business in 1H 2022.

Net Profit Attributable to Equity Holders of the Company

1H 2022 vs 1H 2021

Our Group recorded “Profit before tax” of US\$6.080 million in 1H 2022, an increase of 36.9% over US\$4.441 million recorded in 1H 2021. Excluding the loss of US\$0.253 million of our aviation business unit, our logistics business unit posted “Profit before tax” of US\$6.333 million in 1H 2022, compared to US\$4.904 million in 1H 2021.

Our “Profit before tax” improved in line with our higher “Turnover” as elaborated in the section entitled “Revenue” at page 13 of this announcement. In addition, the percentage increase in our “Profit before tax” of 36.9% was higher than the 15.3% increase in “Turnover” largely owing to:

- (i) a higher portion of increase in “Turnover” was generated from our end-to-end multi-model logistics undertaken under the branding “A-Sonic Logistics Group”. Our end-to-end multi-model logistics business achieved higher profit margin in comparison to wholesale/co-loading/port-to-port business model;
- (ii) our aviation business unit recorded narrower “Loss before tax” of US\$0.253 million in 1H 2022, compared to a loss of US\$0.463 million in 1H 2021. This was largely due to the sale of an aircraft in 1H 2022, compared to aviation “Turnover” of only US\$0.004 million in 1H 2021; and
- (iii) we recorded transactional net foreign exchange gain of US\$0.329 million in 1H 2022, in contrast to a loss of US\$0.005 million in 1H 2021. The Group’s foreign exchange gain was derived primarily from, the collection of receivables which were higher than the foreign exchange loss incurred from paying its suppliers, that were denominated in US Dollar in the countries we operated in.

In tandem with the improvement on our “Profit before tax”, our Group’s “Profit after tax” of US\$5.441 million represented an increase of 34.5% over US\$4.044 million recorded in 1H 2021.

In 1H 2022, our Group’s “Net Profit Attributable to Equity Holders of the Company” increased 25.3% to US\$4.064 million, compared to US\$3.243 million in 1H 2021. Excluding the loss after tax of US\$0.253 million of our aviation business unit, our logistics business unit posted a “Net Profit Attributable to Equity Holders of the Company” of US\$4.317 million, compared to US\$3.673 million in 1H 2021.

The Group recorded a “Total Comprehensive Income Attributable to Equity Holders of the Company” of US\$3.202 million in 1H 2022, compared to US\$3.056 million in 1H 2021. Despite a higher percentage increase of 25.3% in our “Net Profit Attributable to Equity Holders of the Company” in 1H 2022, our “Total Comprehensive Income Attributable to Equity Holders of the Company” only increased 4.8% (US\$0.146 million) in 1H 2022. This was largely due to the depreciation of various currencies of the countries we operate in, against US Dollar. The translations of our subsidiaries’ local financial statements into the Group’s presentation currency recorded a negative currency translation difference of US\$0.862 million arising on consolidation.

BALANCE SHEET

Non-current assets

The Group’s “Non-current assets” increased 6.9% (US\$0.470 million) to US\$7.262 million as at 30 June 2022, compared to US\$6.792 million as at 31 December 2021 (“FY 2021”). The increase was largely due to leases for office unit and motor vehicles deployed in our logistics business, which were capitalised as “Right of use” of US\$0.989 million and US\$0.319 million, respectively. However, the increase was partially offset by “Depreciation of Property, plant and equipment” of US\$0.870 million. As a result, “Property, plant and equipment” increased US\$0.418 million to US\$6.907 million as at 30 June 2022.

Our “Non-current assets” comprised substantially (95%) “Property, plant and equipment”, and the breakdown was as follows as at 30 June 2022:

<u>Item</u>	<u>US\$'000</u>
1 Leasehold office; Building on freehold land; and freehold land	2,650
2 Motor vehicles (deployed for our logistics business)	1,533
3 Other assets	611
4 Right of use	2,113
	<u>6,907</u>

To the best of our knowledge, our above assets were not adversely affected by Covid-19.

Current assets

“Current assets” increased US\$12.382 million to US\$112.588 million as at 30 June 2022, from US\$100.206 million as at the end of FY 2021 largely owing to:

- (a) an increase of US\$9.555 million in “Cash and cash equivalent” to US\$48.993 million as at 30 June 2022. This was largely attributable to:
 - (i) US\$5.287 million advance collections of duties due for payment to custom authorities in due course; and
 - (ii) US\$4.881 million increased from logistics business unit arising primarily owing to the timing difference in, collection of account receivables and payment of account payables.

These above two (2) increases were, however, pared by a reduction of US\$0.613 million utilised by the aviation business unit. Approximately US\$2.734 million was primarily utilised by our listed holding company to pay dividends in May 2022; and

- (b) an increase of US\$3.351 million in “Contract assets” arising from our rights in consideration for services rendered but yet to be billed as at 30 June 2022.

Non-current liability

“Non-current liability” increased US\$0.739 million to US\$1.201 million as at 30 June 2022, mainly due to leases for office unit and the motor vehicles deployed in our logistics business, which were capitalised as “Right of use”.

Current liabilities

“Current liabilities” increased US\$9.689 million to US\$72.991 million as at 30 June 2022, compared to US\$63.302 million as at the end of FY 2021. The increase was largely due to higher “Trade and other payables” of US\$9.609 million, in line with our higher logistics “Turnover”.

Equity attributable to equity holders of the Company

“Equity attributable to equity holders of the Company” stood at US\$43.494 million as at end of 30 June 2022, compared to US\$42.277 million as at end of FY 2021. The increase of US\$1.217 million in “Equity attributable to equity holders of the Company” was largely due to:

- (i) an increase of US\$0.749 million in share capital after the exercise of bonus warrants at 8 Singapore cents each, following the one (1) for four (4) bonus warrant issue which was completed in April 2022; and
- (ii) “Accumulated losses attributable to equity holders of the Company” reduced by US\$1.330 million, as a result of our profits in 1H 2022.

These above two (2) increases were however pared by higher foreign currency translation reserve loss of US\$0.862 million.

Our Group had no bank borrowing as at 30 June 2022, compared to a bank gearing of 0.2% as at 30 June 2021.

CASH FLOW

1H 2022 vs 1H 2021

“Net cash generating from operating activities” was US\$12.662 million in 1H 2022, compared to “Net cash generated from operating activities” of US\$1.940 million in 1H 2021 largely due to:

- (i) The “Operating cash flow before working capital changes” generated cash amounted to US\$6.482 million in 1H 2022, compared to US\$5.140 million in 1H 2021;
- (ii) Cash generated from “Inventories” in 1H 2022 was US\$1.262 million and none in 1H 2021;
- (iii) Cash used in “Receivables” in 1H 2022 was US\$3.661 million, compared to US\$7.364 million used in “Receivables” in 1H 2021;
- (iv) Cash generated from “Payables” in 1H 2022 was US\$9.587 million, compared to cash generated from “Payables” in 1H 2021 of US\$4.722 million; and
- (v) “Income tax paid” in 1H 2022 was US\$0.531 million while US\$0.344 million was paid in 1H 2021.

“Net cash used in investing activities” amounted to US\$0.036 million in 1H 2022, compared to US\$0.166 million in 1H 2021. In 1H 2022, “Net cash used in investing activities” was mainly due to US\$0.165 million for purchase of “Property, plant and equipment”, it was partially offset by the “Proceed from disposal of property, plant and equipment” of US\$0.097 million.

“Net cash used in financing activities” amounted to US\$2.677 million in 1H 2022, compared to US\$2.373 million in 1H 2021. In 1H 2022, the “Net cash used in financing activities” was largely attributed to “Dividend paid to shareholders of the Company” and “Repayment of lease liabilities” of US\$2.734 million and US\$0.592 million respectively. It was partially offset by the “Proceed on issue of bonus warrants” of US\$0.749 million. Whilst in 1H 2021, the “Net cash used in financing activities” was largely attributed to “Repayment of bank borrowings” and “Repayment of lease liabilities” of US\$1.623 million and US\$0.499 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 had been disclosed to the shareholders in the first six (6) months of 2022 year.

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.

We are mindful that there are multiple possible economic outcomes in the second half of 2022 and 2023: (i) a soft-landing or mild recession; (ii) the probability of a more severe recession; or (iii) even the possibility of stagflation.

While we have sailed into safe harbour in 1H 2022, we take cognizance of headwinds, including interest rate hikes; further quantitative tightening by the US Federal Reserve; the on-going war and sanctions; inflationary pressures; weakening economies; and the protracted global supply chain disruption.

To overcome the above circumstances, each of our three (3) business unit has to pull through for the remaining second half of financial year 2022. Our aviation business and logistics business are closely correlated to the global economy.

5. Dividend

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

No dividend has been declared in the current financial period for the first six (6) months of 2022.

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

Nil

- (ii) Previous corresponding period (in cents)**

0.5 Singapore cent per ordinary share

- (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

- 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 first half year ended 30 June 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.

BY ORDER OF THE BOARD

Hue Su Li
Joint Company Secretary

10 August 2022