

Condensed Interim Financial Statements For the six months ended 30 June 2023

<u>Table of Contents</u>	<u>Page</u>
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	5
F Other Information Required by Listing Rule Appendix 7.2	11

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 2023**

	Note	Group		Change
		First half year ended		
		30 Jun 2023 US\$'000	30 Jun 2022 US\$'000	
Turnover	5	110,842	221,960	(50.1)
Other income		1,446	546	164.8
Total revenue		112,288	222,506	(49.5)
Expenses				
Changes in inventories		-	(901)	(100.0)
Freight charges		(98,041)	(201,265)	(51.3)
Staff costs		(9,903)	(10,959)	(9.6)
Depreciation of property, plant and equipment		(1,041)	(870)	19.7
Finance costs		(61)	(42)	45.2
Net impairment gain/(loss) on financial assets		15	(42)	(135.7)
Other operating expenses		(2,630)	(2,560)	2.7
Total costs and expenses		(111,676)	(216,597)	(48.4)
Share of results of associated companies		49	171	(71.3)
Profit before tax	8	661	6,080	(89.1)
Taxation	7	(113)	(639)	(82.3)
Profit for the financial period		548	5,441	(89.9)
Profit attributable to:				
Equity holders of the Company		808	4,064	(80.1)
Non-controlling interests		(260)	1,377	(118.9)
Profit for the financial period		548	5,441	(89.9)
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(440)	(862)	(49.0)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(13)	(111)	(88.3)
Other comprehensive loss for the financial period, net of tax		(453)	(973)	(53.4)
Total comprehensive income for the financial period		95	4,468	(97.9)
Total comprehensive income attributable to:				
Equity holders of the Company		368	3,202	(88.5)
Non-controlling interests		(273)	1,266	(121.6)
Total comprehensive income for the financial period		95	4,468	(97.9)
Earning per share for profit attributable to the owners of the Company during the financial period:				
Basic and diluted (US cents)		0.76	3.83	

Note:

- (1) The Group's basic and diluted earnings per share were computed based on weighted-average number of ordinary shares of 106,005,000 shares.

**B. Condensed Interim Statements of Financial Position
As At 30 June 2023**

	Note	Group		Company	
		30 Jun	31 Dec	30 Jun	31 Dec
		2023	2022	2023	2022
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets					
Property, plant and equipment	11	5,931	6,150	-	-
Investment property		555	564	-	-
Investment in subsidiaries		-	-	13,538	13,538
Investment in associated companies		358	292	-	-
Fair value through other comprehensive income		99	99	-	-
Deferred tax assets		-	1	-	-
		6,943	7,106	13,538	13,538
Current assets					
Trade and other receivables		36,520	34,844	54	57
Contract assets		2,837	5,683	-	-
Due from subsidiaries		-	-	957	1,240
Tax recoverable		630	530	-	-
Cash and cash equivalents		42,594	48,056	6,963	7,501
		82,581	89,113	7,974	8,798
Total assets		89,524	96,219	21,512	22,336
Non-current liabilities					
Lease liabilities	12	1,127	1,404	-	-
Deferred tax liabilities		5	-	-	-
		1,132	1,404	-	-
Current liabilities					
Trade and other payables		40,290	46,359	157	514
Contract liabilities		98	165	-	-
Due to subsidiaries		-	-	743	612
Due to associated companies		435	270	-	-
Provision for liabilities		160	160	-	-
Lease liabilities	12	1,129	794	-	-
Tax payable		886	1,074	-	-
		42,998	48,822	900	1,126
Total liabilities		44,130	50,226	900	1,126
Net assets		45,394	45,993	20,612	21,210
Equity					
Share capital	13	52,507	52,507	52,507	52,507
Accumulated profits/(losses)		37	(171)	(31,895)	(31,297)
Foreign currency translation reserve		(8,166)	(7,726)	-	-
Equity attributable to equity holders of the Company		44,378	44,610	20,612	21,210
Non-controlling interests		1,016	1,383	-	-
Total equity		45,394	45,993	20,612	21,210

**C. Condensed Interim Consolidated Statements of Cash Flows
For the first half year ended 30 June 2023**

	Note	Group	
		First half year ended	
		30 Jun 2023	30 Jun 2022
		US\$'000	US\$'000
Cash flows from operating activities			
Profit before tax		661	6,080
Adjustments for:			
Interest income	8	(337)	(32)
Depreciation of property, plant and equipment		1,041	870
Impairment allowance for trade receivables written back	8	(15)	(4)
Impairment allowance for trade receivables	8	-	47
Interest expenses		61	42
Impairment allowance for non-trade receivables		-	1
Impairment allowance for non-trade receivables written back		-	(2)
Dividend income		(446)	-
(Gain)/Loss on disposal of property, plant and equipment		(4)	9
Property, plant and equipment written off		1	3
Share of results of associated companies		(49)	(171)
		913	6,843
Operating cash flow before working capital changes		913	6,843
Inventories		-	901
Receivables		1,186	(3,661)
Payables		(5,971)	9,587
Effect of foreign exchange rate changes		191	(477)
Cash generated from operations		(3,681)	13,193
Income tax paid		(364)	(531)
Net cash (used in)/generated from operating activities		(4,045)	12,662
Cash flows from investing activities			
Dividend received from associate		446	-
Interest received	8	337	32
Proceeds from disposal of property, plant and equipment		33	97
Purchase of property, plant and equipment		(140)	(165)
Net cash generated from/(used in) investing activities		676	(36)
Cash flows from financing activities			
Decrease in fixed deposits pledged		52	75
Repayment of bank borrowings		-	(74)
Repayment of lease liabilities		(703)	(592)
Dividend paid to minority shareholder		(94)	(59)
Dividend paid to shareholders of the Company		(600)	(2,734)
Proceeds on issue of bonus warrants		-	749
Interest paid		(61)	(42)
Net cash used in financing activities		(1,406)	(2,677)
Net (decrease)/increase in cash and cash equivalents		(4,775)	9,949
Cash and cash equivalents at beginning of period		47,298	38,647
Effect of foreign exchange rate changes		(635)	(319)
Cash and cash equivalents at end of period		41,888	48,277
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		27,635	41,330
- Fixed deposits		14,959	7,663
		42,594	48,993
Less: Fixed deposits pledged		(706)	(716)
Cash and cash equivalents per consolidated statement of cash flows		41,888	48,277

D. Condensed Interim Statements of Changes in Equity
For the first half year ended 30 June 2023

THE GROUP

	Share capital US\$'000	Accumulated profits/ (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 2023	52,507	(171)	(7,726)	44,610	1,383	45,993
Profit for the financial period	-	808	-	808	(260)	548
Other comprehensive income/(loss)						
Dividend paid to non-controlling shareholders by subsidiary	-	-	-	-	(94)	(94)
Currency translation differences on consolidation	-	-	(440)	(440)	(13)	(453)
Total comprehensive income/(loss) for the financial period	-	808	(440)	368	(367)	1
Transaction with owners recorded directly in equity						
Dividend paid on ordinary shares	-	(600)	-	(600)	-	(600)
At 30 June 2023	52,507	37	(8,166)	44,378	1,016	45,394
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 payable on ordinary shares	-	(2,734)	-	(2,734)	-	(2,734)
At 30 June 2022	52,507	(985)	(8,028)	43,494	2,164	45,658

THE COMPANY

	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2023	52,507	(31,297)	21,210
Profit and total comprehensive income for the financial period	-	2	2
Dividend paid on ordinary shares	-	(600)	(600)
At 30 June 2023	52,507	(31,895)	20,612
At 1 January 2022	51,758	(29,231)	22,527
Profit and total comprehensive profit 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

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 2023 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) Purchase and sale 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 2023 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 2022.

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 2022.

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.

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. 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 2023 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. Segment and revenue information (Continued)

5.1 Reportable segments

Reportable segments are as follow:-

	Aviations		Logistics		Consolidated	
	For first half year ended		For first half year ended		For first half year ended	
	30 June 2023 US\$'000	30 June 2022 US\$'000	30 June 2023 US\$'000	30 June 2022 US\$'000	30 June 2023 US\$'000	30 June 2022 US\$'000
Turnover from reportable segments	10	1,276	110,832	220,684	110,842	221,960
Interest income	170	13	167	19	337	32
Finance costs	-	-	(61)	(42)	(61)	(42)
Depreciation of property, plant and equipment	(17)	(18)	(1,024)	(852)	(1,041)	(870)
Share of results of associated companies	-	-	49	171	49	171
Taxation expenses	-	-	(113)	(639)	(113)	(639)
Reportable segment (loss)/profit	(186)	(253)	734	5,694	548	5,441
Other material non-cash items:						
Gain on disposal of PPE	-	-	4	-	4	-
Impairment allowance for trade receivables written back	-	-	15	4	15	4
Impairment for inventories obsolescence written back	-	361	-	-	-	361
Property, plant and equipment written off	-	(3)	(1)	-	(1)	(3)
Impairment allowance for non-trade receivables	-	-	-	(1)	-	(1)
Impairment allowance for trade receivables	-	-	-	(47)	-	(47)

	Aviation		Logistics		Consolidated	
	30 June		30 June		30 June	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Segment assets	7,090	8,014	82,434	111,836	89,524	119,850
Segment liabilities	312	586	43,818	73,606	44,130	74,192
Expenditure in non-current assets	-	-	901	1,505	901	1,505

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 2023 US\$'000	30 June 2022 US\$'000	30 June 2023 US\$'000	30 June 2022 US\$'000	30 June 2023 US\$'000	30 June 2022 US\$'000
Types of goods or services						
Sales of goods	10	1,276	-	-	10	1,276
Rendering of services	-	-	110,832	220,684	110,832	220,684
Total revenue	10	1,276	110,832	220,684	110,842	221,960
Timing of revenue recognition:						
Over time	-	-	6,858	8,434	6,858	8,434
At a point in time	10	1,276	103,974	212,250	103,984	213,526
Total revenue	10	1,276	110,832	220,684	110,842	221,960

5. Segment and revenue information (Continued)

5.2 Disaggregation of Revenue (Continued)

Geographical information:

	Aviation		Logistics		Consolidated	
	For first half year ended 30 June 2023 US\$'000	30 June 2022 US\$'000	For first half year ended 30 June 2023 US\$'000	30 June 2022 US\$'000	For first half year ended 30 June 2023 US\$'000	30 June 2022 US\$'000
The People's Republic of China (including Hong Kong S.A.R)	-	-	59,031	148,022	59,031	148,022
Australia	-	-	26,476	19,423	26,476	19,423
Singapore	10	1,276	11,941	13,393	11,951	14,669
Other countries	-	-	13,384	39,846	13,384	39,846
	10	1,276	110,832	220,684	110,842	221,960

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 2023 and 31 December 2022:

	The Group		The Company	
	30 June 2023 US\$'000	31 December 2022 US\$'000	30 June 2023 US\$'000	31 December 2022 US\$'000
Financial Assets				
Fair value through other comprehensive income	99	99	-	-
Financial assets at amortised costs	76,880	79,956	7,974	8,795
Financial Liabilities				
Financial liabilities at amortised costs	42,130	48,063	900	1,126

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 2023 US\$'000	30 June 2022 US\$'000
Tax expense attributable to profits is made up of:		
Current income tax	96	620
Under provision in prior financial years:		
- Income tax expense	17	18
- Deferred tax	-	1
	113	639

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	30 June
	2023	2022
	US\$'000	US\$'000
Interest income	337	32
Sundry income	597	473
Impairment allowance for trade receivables written back	15	4
Impairment allowance for non-trade receivables written back	-	2
Impairment allowance for trade receivables	-	(47)
Impairment allowance for non-trade receivables	-	(1)
Foreign currency exchange gain	15	329
Gain/(Loss) on disposal of property, plant and equipment	4	(9)
Property, plant and equipment written off	(1)	(3)
Rental income	49	35
Rental expenses	(239)	(327)

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	30 June
	2023	2022
	US\$'000	US\$'000
Ordinary dividends paid/payable:		
Final exempt dividend of 0.75 Singapore cent per share paid (30 June 2022: 0.5 Singapore cent per share) in respect of previous financial year	600	258
Special exempt dividend of 4.8 Singapore cent per share paid in respect of previous financial year	-	2,476
	<u>600</u>	<u>2,734</u>

As further discussed on page 16 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	31 Dec	30 Jun	31 Dec
	2023	2022	2023	2022
Net asset value per share based on existing issued share capital at the end of period/year (US cents)	<u>41.59</u>	<u>50.17</u>	<u>19.32</u>	<u>23.85</u>

11. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets (included right-of-use assets) relating to our business amounted US\$901,000 (30 June 2022: US\$1,505,000), and disposed of assets (included derecognition of right-of-use assets) relating to our business amounted to US\$744,000 (30 June 2022: US\$699,000).

12. Lease liabilities

	Group	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Amount repayable in one year or less, or on demand		
Secured	-	-
Unsecured	1,129	794
	<u>1,129</u>	<u>794</u>
Amount repayable after one year		
Secured	-	-
Unsecured	1,127	1,404
	<u>1,127</u>	<u>1,404</u>

Our Group's unsecured lease liabilities of US\$1.129 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\$1.127 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 2023		31 December 2022	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Issued and fully paid capital				
At beginning of interim period	88,912,626	52,507	58,479,296	51,758
Exercise of bonus warrants	-	-	12,652,247	749
Bonus issue	17,781,095	-	17,781,083	-
At end of interim period	<u>106,693,721</u>	<u>52,507</u>	<u>88,912,626</u>	<u>52,507</u>

The Company did not hold any treasury shares as at 30 June 2023.

There were no sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at 30 June 2023.

14. Subsequent Event after Balance Sheet Date

There are no known subsequent events which led to adjustments to this set of condensed interim financial statements.

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 2023 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

A-Sonic Aerospace Limited and its subsidiaries (the “**A-Sonic Group**” or the “**Group**”) operate in two businesses areas: aviation and logistics. We have presence in 28 cities across 15 countries, spanning four (4) continents: Asia, North America, Europe, and Sub-Continent India. As of 30 June 2023, our staff strength was approximately 626 personnel.

In the aviation business, we engage in the purchase and sale of aircraft and aircraft engines.

In the logistics business, we provide supply chain management services and logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

FINANCIAL HIGHLIGHTS

In the first six months of 2023, the global economy faced several challenges, including low growth, persistent inflation, rising interest rates, and heightened uncertainties. Global trade was also under pressure due to geopolitical tensions, weakening global demand, and tighter monetary and fiscal policies.

During this period, we encountered several challenges. Cargo volume declined due to slower economic growth, resulting in lower freight rates. As a result, we recorded lower “Turnover”, particularly in North Asia. Despite this decline in “Turnover”, we still had to maintain our operating cost structure to function effectively. This led to compression in profits.

However, we managed to end the first six (6) months of 2023 (“**1H 2023**”) on a positive note. We recorded “Profit before tax” of US\$0.661 million, and “Profit Attributable to Equity Holders of the Company” of US\$0.808 million.

Of our three (3) business units, only our logistics business operating under the “A-Sonic Logistics” brand name registered “Profit Before Tax” of US\$1.552 million and “Profit Attributable to Equity Holders of the Company” of US\$1.542 million. Our two (2) other business units, aviation business unit and logistics business unit operating under the “UBI Logistics” brand name, registered losses before tax of US\$0.186 million and US\$0.705 million, respectively.

Geographically, North Asia, particularly, The People’s Republic of China (including Hong Kong S.A.R), posted the sharpest decline in “Turnover” in our Group, accounting for 80.1% of the contraction. North America, more specifically, the USA and Canada, contributed to 18.1% of the decline in our Group “Turnover”. The reduction in our Trans-Pacific freight route was in line with macro-economic structural challenges, and lower earnings were reflected substantially in these two regions.

INCOME STATEMENT

Revenue

1H 2023 vs 1H 2022

Our “**Total Revenue**” comprised “**Turnover**” and “**Other Income**”.

(i) “Total Revenue”

We recorded a “Total revenue” of US\$112.288 million in 1H 2023, compared to US\$222.506 million in the corresponding six (6) months ended 30 June 2022 (“**1H 2022**”). This represented a decline of US\$110.218 million.

The contraction in our “Total revenue” was primarily attributable to a US\$111.118 million (50.1%) decline in our “Turnover”. This reduction was partially pared by an increase of US\$0.900 million in our “Other Income”.

(ii) **“Turnover”**

Our “Turnover” decreased US\$111.118 million (50.1%) to US\$110.842 million in 1H 2023, compared to US\$221.960 million in 1H 2022. All our three (3) business units recorded lower “Turnover”:

- (a) the aviation business unit recorded a decline of US\$1.266 million;
- (b) the logistics business unit operating under the “A-Sonic Logistics” brand name recorded a decline of US\$20.310 million; and
- (c) the logistics business unit operating under the “UBI Logistics” brand name recorded a decline of US\$89.542 million.

Of the US\$109.852 million reduction in our logistics “Turnover”, two (2) regions declined sharply. Collectively North Asia, particularly The People’s Republic of China (including Hong Kong S.A.R); and North America, more specifically the USA and Canada; caused the decline of US\$109.068 million.

The weaker performances of our Trans-Pacific trade routes were largely attributed to macro-economic structural challenges, resulting in weakening global demand. Cargo volume contracted, which led to softer freight rates. A combination of both, the reduction in cargo volume and lower freight rates, resulted in the sharp decline in “Turnover”.

(iii) **“Other Income”**

Our “Other Income” increased US\$0.900 million to US\$1.446 million in 1H 2023, compared to US\$0.546 million. Approximately 95.4% (US\$1.380 million) of the “Other Income” was attributable to:

- (a) US\$0.446 million dividend income which was present in 1H 2023, but was absent in 1H 2022. We received the dividend income from an affiliated logistics company, engaged in e-fulfilment in relation to e-commerce;
- (b) US\$0.305 million higher interest income resulting largely from higher interest rates during much of 1H 2023, compared to 1H 2022. Interest income increased to US\$0.337 million in 1H 2023, compared to US\$0.032 million in 1H 2022; and
- (c) US\$0.124 million increase in sundry income to US\$0.597 million in 1H 2023, compared to US\$0.473 million in 1H 2022. Sundry income increased, partially due to a write back of a payable, and the receipt of a government grant.

Total Costs and Expenses

1H 2023 vs 1H 2022

Our “Total costs and expenses” comprised broadly of three (3) large items:

- (i) “Freight charges” relating to our logistics business, and “Changes in inventories” relating to our aviation business;
- (ii) “Staff costs”; and
- (iii) “Depreciation”; “Finance costs”; and “Other operating expenses”

Our “Total costs and expenses” decreased US\$104.921 million to US\$111.676 million in 1H 2023, compared to US\$216.597 million in 1H 2022. This decrease was primarily attributable to:

- (i) US\$104.125 million reduction in “Freight charges” and “Changes in inventories”:
 - (a) “Freight charges” declined US\$103.224 million to US\$98.041 million in 1H 2023, compared to US\$201.265 million in 1H 2022. The reduction in “Freight charges” was due to lower logistics “Turnover” as elaborated in the section entitled “**Revenue**” at page 11;
 - (b) “Changes in inventories” declined US\$0.901 million in 1H 2023, as this item was absent in 1H 2023, but was present in 1H 2022; and

- (ii) “Staff costs” declined US\$1.056 million in 1H 2023 to US\$9.903 million, compared to US\$10.959 million in 1H 2022. Lower “Staff costs” was primarily due to a reduction in head count, salaries, performance bonuses, commissions, and incentives. These were in line with the lower “Turnover” and profits, as elaborated in the sections entitled **“Revenue”** at page 11, and **“Net Profit Attributable to Equity Holders of the Company”** at page 13.

However, the above cost reductions in items (i) and (ii) of the preceding paragraph, were partially offset with an aggregate increase of US\$0.260 million in:

- (a) “Depreciation of property, plant and equipment”, which increased US\$0.171 million to US\$1.041 million in 1H 2023, compared to US\$0.870 million in 1H 2022. The increase in “Depreciation” was in part due to an increase of US\$0.761 million in leases for office units which were capitalised as “Rights-of-use”; and
- (b) “Other operating expenses”, which increased US\$0.070 million to US\$2.630 million in 1H 2023, compared to 1H 2022.

Net Profit Attributable to Equity Holders of the Company

1H 2023 vs 1H 2022

In 1H 2023, our Group recorded “Profit before tax” (“PBT”) of US\$0.661 million, compared to US\$6.080 million in 1H 2022, representing a decline of US\$5.419 million (89.1%). Excluding the “Loss before tax” of our aviation business unit of US\$0.186 million, and the “Loss before tax” of US\$0.705 million under the logistics business unit operating under the “UBI Logistics” brand name, our other logistics business unit operating under “A-Sonic Logistics” brand name recorded a PBT of US\$1.552 million.

Our logistics business unit recorded a sharp decline of US\$5.486 million in PBT to US\$0.847 million in 1H 2023, compared to US\$6.333 million in 1H 2022. This decline was partially offset by the US\$0.067 million narrower losses of our aviation business unit.

Four (4) geographic segments of our logistics business led to a decline of US\$5.182 million (94.5%) in PBT in 1H 2023:

- (i) North Asia, particularly The People’s Republic of China (including Hong Kong S.A.R) caused a decline of US\$4.175 million (76.1%). The weaker performance was elaborated in the section entitled **“Revenue”** at page 11;
- (ii) Malaysia caused a decline of US\$0.526 million (9.6%). Malaysia encountered lower profit largely due to a reduction in exports, particularly COVID-19 related protection products such as medical gloves which were largely transported via air charters in 1H 2022, but was absent in 1H 2023;
- (iii) North America, more specifically, the USA and Canada, caused a decline of US\$0.330 million (6.0%). The softer performance was due to lower volume in the Trans-Pacific trade route; and
- (iv) Singapore caused a decline of US\$0.151 million (2.8%). Our Singapore headquarters encountered lower PBT largely due to lower cargo volume of our customers.

In line with the weaker PBT, we registered “Profit after tax” (“PAT”) of US\$0.548 million in 1H 2023, representing a decrease of 89.9%, compared to a PAT of US\$5.441 million in 1H 2022. Excluding “Non-controlling interest”, our **“Net Profit Attributable to Equity Holders of the Company”** was US\$0.808 million, a decrease of 80.1%, which was less than the declines in our PBT and PAT in 1H 2023.

Despite a lower percentage of decline of 80.1% in “Net Profit Attributable to Equity Holders of the Company”, we encountered a sharper decline of 88.5% in our **“Total Comprehensive Income Attributable to Equity of the Company”** to US\$0.368 million in 1H 2023. This was primarily due to the depreciation of various currencies of the countries we operated in, against the US Dollar. The translations of our subsidiaries’ local financial statements into the Group’s US Dollar presentation currency recorded a negative currency translation difference of US\$0.440 million arising on consolidation.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" decreased 2.3% (US\$0.163 million) to US\$6.943 million as at 30 June 2023, compared to US\$7.106 million as at 31 December 2022 ("FY 2022"). The decrease was largely due to a decline of US\$0.219 million in "Property, plant and equipment" to US\$5.931 million as at 30 June 2023 ("1H 2023"). "Property, plant and equipment" decreased largely owing to higher depreciation cost of US\$1.041 million in our "Property, plant and equipment". The higher depreciation cost was in part due to an increase of US\$0.761 million in leases for office units which were capitalised as "Rights-of-use".

As at 30 June 2023, approximately 85.4% of our "Non-current assets" comprised "Property, plant and equipment". The breakdown of the latter was as follows:

<u>Item</u>	<u>US\$'000</u>
1 Leasehold office; Building on freehold land; and freehold land	2,007
2 Motor vehicles (deployed for our logistics business)	1,056
3 Other assets	686
4 Right-of-use	2,182
	<u>5,931</u>

Current assets

"Current assets" decreased US\$6.532 million to US\$82.581 million as at 30 June 2023, from US\$89.113 million as at the end of FY 2022 largely owing to:

- (a) a decrease of US\$5.462 million in "Cash and cash equivalent" to US\$42.594 million as at 30 June 2023. Cash was primarily utilised to pay our trade and service providers, thereby reducing our "Trade and other payables"; and
- (b) a decrease of US\$2.846 million in "Contract assets" arising from our rights in consideration for services rendered, but yet to be billed as at 30 June 2023.

These above two (2) decreases were, however partially pared by an increase of US\$1.676 million (4.8%) in our "Trade and other receivables" relating to our logistics business.

Non-current liabilities

"Non-current liabilities" decreased US\$0.272 million to US\$1.132 million as at 30 June 2023. This was largely due to partial repayment of "Lease liabilities" relating to leases for offices and motor vehicles deployed in our logistics business.

Current liabilities

"Current liabilities" decreased US\$5.824 million to US\$42.998 million as at 30 June 2023, from US\$48.822 million as at the end of FY 2022. The reduction was primarily due to a decrease of US\$6.069 million in "Trade and other payables" to US\$40.290 million, resulting from our lower logistics "Turnover" as elaborated in the section entitled "Revenue" at page 11.

Equity attributable to equity holders of the Company

"Equity attributable to equity holders of the Company" stood at US\$44.378 million as at end of 30 June 2023, compared to US\$44.610 million as at end of FY 2022, representing a decrease of US\$0.232 million. The reduction of US\$0.232 million in "Equity attributable to equity holders of the Company" was due to a larger US\$0.440 million loss in "Foreign currency translation reserve" losses of US\$8.166 million as at 30 June 2023, compared to the "Foreign currency translation reserve" losses of US\$7.726 million as at end FY 2022.

CASH FLOW

1H 2023 vs 1H 2022

“Net cash used in operating activities” was US\$4.045 million in 1H 2023, compared to “Net cash generated from operating activities” of US\$12.662 million in 1H 2022 largely due to:

- (i) The “Operating cash flow before working capital changes” generated cash amounted to US\$0.913 million in 1H 2023, compared to US\$6.843 million in 1H 2022;
- (ii) Cash generated from “Inventories” in 1H 2022 was US\$0.901 million and none in 1H 2023;
- (iii) Cash generated from “Receivables” in 1H 2023 was US\$1.186 million, compared to US\$3.661 million used in “Receivables” in 1H 2022;
- (iv) Cash used in “Payables” in 1H 2023 was US\$5.971 million, compared to cash generated from “Payables” in 1H 2022 of US\$9.587 million; and
- (v) “Income tax paid” in 1H 2023 was US\$0.364 million while US\$0.531 million was paid in 1H 2022.

“Net cash generated from investing activities” amounted to US\$0.676 million in 1H 2023, compared to US\$0.036 million used in 1H 2022. In 1H 2023, “Net cash generated from investing activities” was mainly due to US\$0.446 million “Dividend received from associate”, US\$0.337 million interest received and US\$0.033 million “Proceeds from disposal of property, plant and equipment”. It was partially offset by the “Purchase of property, plant and equipment” of US\$0.140 million.

“Net cash used in financing activities” amounted to US\$1.406 million in 1H 2023, compared to US\$2.677 million in 1H 2022. In 1H 2023, the “Net cash used in financing activities” was largely attributed to “Repayment of lease liabilities” of US\$0.703 million, “Dividend paid to minority shareholder” of US\$0.094 million, “Dividend paid to shareholders of the Company” of US\$0.600 million and “Interest paid” of US\$0.061 million. It was partially offset by the “Decrease in fixed deposits pledged” of US\$0.052 million.

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 2023 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.

There are three broad possible economic outcomes in the second half of 2023: (i) a soft-landing or mild recession; (ii) the probability of a more severe recession; or (iii) even the possibility of stagflation. We take cognizance of continued 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. As aviation business and logistics business are closely correlated to the global economy, we remain cautious for the rest of the second half of 2023.

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 2023.

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

Nil

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

Nil

- (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 2023 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

11 August 2023