A-SONIC AEROSPACE LIMITED

PART I - INFORMATION REQUIRED FOR HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

HALF YEAR FINANCIAL STATEMENTS

1(a) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT
For the first half year ended 30 June 2020

	Group		
	First half year ended		
	30 Jun 2020	30 Jun 2019	*Change*
	US$'000	US$'000	*%*
Turnover	**118,797**	101,565	*17.0*
Other income	**5,208**	719	*624.3*
Total revenue	**124,005**	102,284	*212*
Expenses			
Changes in inventories	**-**	467	*(100.0)*
Purchases of goods and consumables used	**-**	(2,670)	*(100.0)*
Freight charges	**(107,938)**	(87,897)	*22.8*
Staff costs	**(7,723)**	(8,846)	*(12.7)*
Depreciation of property, plant and equipment	**(966)**	(910)	*6.2*
Finance costs	**(89)**	(141)	*(36.9)*
Other operating expenses	**(2,164)**	(1,803)	*20.0*
Total costs and expenses	**(118,880)**	(101,800)	*16.8*
Share of results of associated companies	**23**	80	*(713)*
Profit before tax	**5,148**	564	*812.8*
Taxation	**(47)**	(16)	*193.8*
Profit for the period	**5,101**	548	*830.8*
Profit/(loss) attributable to:			
Equity holders of the Company	**4,840**	808	*499.0*
Non-controlling interests	**261**	(260)	*N/M*
	5,101	548	*830.8*
Other items :			
Interest income	**64**	191	*(66.5)*
Sundry income	**1,195**	515	*132.0*
Gain on disposal of non-current asset held for sale	**2,696**	-	*(100.0)*
Dividend income from non-current asset held for sale	**1,102**	-	*N/M*
Impairment allowance for trade receivables written back	**93**	-	*N/M*
Impairment allowance for non-trade receivables written back	**-**	5	*(100.0)*
Impairment allowance for trade receivables	**(84)**	-	*N/M*
Impairment allowance for non-trade receivables	**(47)**	-	*N/M*
Bad trade receivables written off	**(71)**	-	*N/M*
Foreign currency exchange gain	**105**	178	*(410)*
Rental expenses	**(335)**	(180)	*86.1*

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half year ended 30 June 2020

	Group		
	First half year ended		
	30 Jun 2020	30 Jun 2019	*Change*
	US$'000	US$'000	*%*
Profit for the period	**5,101**	548	*830.8*
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation	**(262)**	(35)	*648.6*
	(262)	(35)	
Total comprehensive income for the period	**4,839**	513	*843.3*
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**4,573**	792	*477.4*
Non-controlling interests	266	(279)	*N/M*
Total comprehensive income for the period	**4,839**	513	*843.3*

N/M : Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets
30 June 2020

	Group		Company	
	30 Jun 2020	31 Dec 2019	**30 Jun 2020**	31 Dec 2019
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets				
Property, plant and equipment	**6,548**	7,293	**-**	-
Investment in subsidiaries [(1)]	**-**	-	**14,663**	14,663
Investment in associated companies	**105**	91	**-**	-
Fair value through other comprehensive income	**99**	99	**-**	-
Deferred tax assets	**9**	9	**-**	-
	6,761	7,492	**14,663**	14,663
Current assets				
Inventories	**1,262**	1,262	**-**	-
Trade and other receivables	**28,656**	32,738	**9**	5
Contract assets	**445**	556	**-**	-
Due from subsidiaries	**-**	-	**2,594**	2,605
Due from associated companies	**382**	184	**-**	-
Tax recoverable	**55**	56	**-**	-
Cash and cash equivalents	**29,037**	20,856	**10,710**	8,983
	59,837	55,652	**13,313**	11,593
Non-current asset held for sale	**-**	1,140	**-**	-
	59,837	56,792	**13,313**	11,593
Total assets	**66,598**	64,284	**27,976**	26,256
Non-current liabilities				
Lease liabilities	**511**	874	**-**	-
	511	874	**-**	-
Current liabilities				
Trade and other payables	**31,265**	30,177	**251**	233
Contract liabilities	**84**	146	**-**	-
Due to subsidiaries	**-**	-	**5,985**	3,514
Dividend payable	**419**	-	**419**	-
Bank borrowings	**1,662**	4,285	**1,591**	2,502
Provision for liabilities	**265**	265	**-**	-
Lease liabilities	**815**	1,370	**-**	-
Tax payable	**183**	193	**33**	43
	34,693	36,436	**8,279**	6,292
Total liabilities	**35,204**	37,310	**8,279**	6,292
Net assets	**31,394**	26,974	**19,697**	19,964
Equity				
Share capital	**51,758**	51,758	**51,758**	51,758
Accumulated losses	**(10,036)**	(14,457)	**(32,061)**	(31,794)
Foreign currency translation reserve	**(7,747)**	(7,480)	**-**	-
Equity attributtable to equity holders of the Company	**33,975**	29,821	**19,697**	19,964
Non-controlling interests	**(2,581)**	(2,847)	**-**	-
Total equity	**31,394**	26,974	**19,697**	19,964

Note:
(1) As at 30 June 2020 and 31 December 2019, the investment in subsidiaries comprises the cost of investment of US$10,000,001, and an amount due from a subsidiary of US$4,663,000, which is quasi-equity in nature.

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

Amount repayable in one year or less, or on demand

At 30 June 2020		At 31 December 2019	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
1,662	**815**	4,625	1,030

Amount repayable after one year

At 30 June 2020		At 31 December 2019	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
-	**511**	231	643

Details of any collateral

The Group's bank borrowings which were repayable in one year or less, or on demand, amounted to US$1.662 million as at 30 June 2020.

The secured bank borrowing of US$1.662 million as at 30 June 2020 comprised (i) US$1.591 million secured on a leasehold property of the Group; and (ii) US$0.071 million was secured by corporate guarantee and a floating charge over the logistics receivables.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the first half year ended 30 June 2020

	Group	
	First half year ended	
	30 Jun 2020	30 Jun 2019
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	**5,148**	564
Adjustments for:		
Interest income	**(64)**	(191)
Depreciation of property, plant and equipment	**966**	910
Gain on disposal of non-current asset held for sale	**(2,696)**	-
Dividend income from non-current asset held for sale	**(1,102)**	-
Impairment allowance for trade receivables written back	**(93)**	-
Impairment allowance for trade receivables	**84**	-
Interest expenses	**89**	141
Impairment allowance for non-trade receivables	**47**	-
Impairment allowance for non-trade receivables written back	**-**	(5)
Share of results of associated companies	**(23)**	(80)
Operating cash flow before working capital changes	**2,356**	1,339
Inventories	**-**	(467)
Receivables	**3,806**	8,028
Payables	**1,172**	(10,620)
Effect of foreign exchange rate changes	**(344)**	(39)
Cash generated from/(used in) operations	**6,990**	(1,759)
Income tax paid	**(50)**	(94)
Net cash generated from/(used in) operating activities	**6,940**	(1,853)
Cash flows from investing activities		
Proceeds from disposal of non-current asset held for sale	**3,877**	-
Interest received	**64**	191
Dividend income from non-current asset held for sale	**1,102**	-
Purchase of property, plant and equipment	**(35)**	(70)
Net cash generated from investing activities	**5,008**	121
Cash flows from financing activities		
Proceeds from bank borrowings	**-**	218
Repayment of bank borrowings	**(2,476)**	-
Repayment of lease liabilities	**(1,129)**	(810)
Interest paid	**(89)**	(141)
Net cash used in financing activities	**(3,694)**	(733)
Net increase/(decrease) in cash and cash equivalents [(1)]	**8,254**	(2,465)
Cash and cash equivalents at beginning of period	**20,478**	24,268
Effect of foreign exchange rate changes	**(73)**	23
Cash and cash equivalents at end of period	**28,659**	21,826

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	**26,252**	21,075
- Fixed deposits	**2,785**	956
	29,037	22,031
Less: Fixed deposits restricted for use	**(378)**	(205)
Cash and cash equivalents per consolidated statement of cash flows	**28,659**	21,826

Note:
(1) As at 30 June 2020, Cash and cash equivalents balances held by the Group amounting to US$0.378 million are not available for use.

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

Consolidated Statement of Changes in Equity

For the first half year ended 30 June 2020

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 2020	51,758	(14,457)	(7,480)	29,821	(2,847)	26,974
Comprehensive income/(loss)						
Profit for the period	-	4,840	-	4,840	261	5,101
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	(267)	(267)	5	(262)
Other comprehensive income/(loss) for the period	-	-	(267)	(267)	5	(262)
Total comprehensive income/(loss) for the period	-	4,840	(267)	4,573	266	4,839
Transaction with owners recorded directly in equity						
Dividend payable on ordinary shares	-	(419)	-	(419)	-	(419)
	-	(419)	-	(419)	-	(419)
At 30 June 2020	**51,758**	**(10,036)**	**(7,747)**	**33,975**	**(2,581)**	**31,394**

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 2019	51,758	(16,519)	(7,563)	27,676	(3,363)	24,313
Effect of adopting SFRS(I) 16	-	(46)	-	(46)	(29)	(75)
Restated as at 1 January 2019	51,758	(16,565)	(7,563)	27,630	(3,392)	24,238
Comprehensive income/(loss)						
Profit for the period	-	808	-	808	(260)	548
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	(16)	(16)	(19)	(35)
Other comprehensive income/(loss) for the period	-	-	(16)	(16)	(19)	(35)
Total comprehensive income/(loss) for the period	-	808	(16)	792	(279)	513
Transaction with owners *recorded directly in equity*						
Dividend payable on ordinary shares	-	(432)	-	(432)	-	(432)
	-	(432)	-	(432)	-	(432)
At 30 June 2019	**51,758**	**(16,189)**	**(7,579)**	**27,990**	**(3,671)**	**24,319**

Statement of Changes in Equity

For the first half year ended 30 June 2020

THE COMPANY	Share capital US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2020	51,758	(31,794)	19,964
Comprehensive income			
Profit and total comprehensive income for the period	-	152	152
Transaction with owners recorded directly in equity			
Dividend payable on ordinary shares	-	(419)	(419)
At 30 June 2020	**51,758**	**(32,061)**	**19,697**

THE COMPANY	Share capital US$'000	Accumulated profits US$'000	Total equity US$'000
At 1 January 2019	51,758	(32,219)	19,539
Comprehensive income			
Profit and total comprehensive profit for the period	-	154	154
Transaction with owners recorded directly in equity			
Dividend payable on ordinary shares	-	(432)	(432)
At 30 June 2019	**51,758**	**(32,497)**	**19,261**

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

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

	First half year ended	
	30 Jun 2020	30 Jun 2019
Balance at beginning and end of period	58,479,296	58,479,296

1d(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares (excluding treasury shares) as at 30 June 2020 and 31 December 2019 were 58,479,296.

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

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

1d(v) **A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as there were no sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at 30 June 2020.

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

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

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

Not applicable.

3A. **Where the latest financial statements are subject to and adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) **Updates on the efforts taken to resolve each outstanding audit issue.**

The Company did not have any outstanding audit issue.

(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest financial statements are not subject to adverse opinion, qualified opinion nor disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2019.

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

In the current period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standard (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)s") that are relevant to its operations and effective for the current period. The adoption of these new/revised SFRS(I)s and INT SFRS(I)s has no material effect on the financial statements.

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

	Group	
	First half year ended	
	30 Jun 2020	30 Jun 2019
Profit after tax attributable to equity holders of the Company (US$'000)	**4,840**	808
Weighted average number of ordinary shares (in '000)	**58,479**	58,479
Earnings per share (US cents):		
Basic	**8.28**	1.38
Diluted	**8.28**	1.38

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30 Jun 2020	31 Dec 2019	**30 Jun 2020**	31 Dec 2019
Net asset value per share based on existing issued share capital at the end of period/year (US cents) [(1) (2)]	**58.10**	50.99	**33.68**	34.14

Notes:

(1) The above computation of net asset value per share excludes non-controlling interests. Including non-controlling interests, the net asset value per share for the Group as at 30 June 2020 and 31 December 2019 would have been 53.68 US cents and 46.13 US cents per share respectively.

(2) Computed based on 58,479,296 ordinary shares in issue for 30 June 2020 and 31 December 2019.

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

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

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

FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") are engaged in two areas of businesses, aviation and logistics. We operate in 29 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 650 personnel as at 30 June 2020.

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 prevailing tumultuous global economic condition arising from Covid-19, we recorded operating profit, and managed to strengthen our financial position.

We achieved profit before tax of US$5.148 million (S$7.208 million), and our net book value strengthened to US$33.975 million (S$47.416 million) as at 30 June 2020.

Our Group's key financials is summarized below:

	FY 2018 (12 months)	FY 2019 (12 months)	1H 2020 (6 months)
(i) Profit Before Tax (**US$'000**) (**Equivalent S$'000**)	812 1,095[1]	3,481 4,744[2]	5,148 7,208[3]
(ii) Profit After Tax (**US$'000**) (**Equivalent S$'000**)	630 850[1]	3,107 4,235[2]	5,101 7,142[3]
(iii) Net Profit Attributable to Equity Shareholders (**US$'000**) (**Equivalent S$'000**)	1,481 1,997[1]	2,533 3,452[2]	4,840 6,776[3]
(iv) Earnings Per Share ("EPS") (**Equivalent S$ cents**)[4]	3.4	5.9	11.6
(v) Net Tangible Assets (Attributable to Equity Holders of the Company) ("NTA") (**US$'000**) (**Equivalent S$'000**)	27,676 37,758[1]	29,821 40,160[2]	33,975 47,416[3]
(vi) NTA/share (**S$ cents**)	64.6[1]	68.7[2]	81.1[3]
(vii) Historical Price Earnings Ratio (Historical)[5]	7.5	4.3	N.A.[6]
(viii) Share Price at Discount to NTAB[7]	60.5%	62.9%	68.6
(ix) Bank Gearing Ratio	19.6%	21.9%	8.8%

Note:
(1) Based on foreign currency exchange rate on 31 December 2018 (End rate at US$1=S$1.3643 & Ave rate at US$1= S$1.3486).
(2) Based on foreign currency exchange rate on 31 December 2019 (End rate at US$1=S$1.3467 & Ave rate at US$1= S$1.3629).
(3) Based on foreign currency exchange rate on 30 June 2020 (End rate at US$1=S$1.3956 & Ave rate at US$1= S$1.4001).
(4) Based on "Profit After Tax Attributable to Equity Holders of the Company" FY 2018, FY2019 and 1H 2020.
(5) Share price was based on the closing market price of S$0.255 on 11 August 2020, and earning was based on "Profit After Tax Attributable to the Equity Holders of the Company".
(6) N.A. = Not applicable
(7) Share price was based on closing market price of S$0.255 on 11 August 2020.

Two of our three operating business units achieved profits in 1H 2020:

(i) Our logistics business unit operating under the "A-Sonic Logistics" brand name registered "Profit Attributable to Equity Holders of the Company" of US$5.094 million (S$7.132 million) in 1H 2020; and

(ii) Our logistics business unit operating under the "UBI Logistics" brand name registered "Profit Attributable to Equity Holders of the Company" of US$0.264 million (S$0.370 million) in 1H 2020.

Our aviation business unit incurred losses of US$0.518 million (S$0.725 million) in 1H 2020.

COVID-19 IMPACT

Job security, safety, and well being of our A-Sonic team members, and customers remain paramount.

Excluding the US$0.518 million losses of our aviation business unit in 1H 2020, our operating profit before tax (which excludes non-recurrent items) would have been US$0.717 million (S$1.004 million). The resilience of our portfolio of logistics activities was in part due to our essential services to our customers who are engaged in the global supply chain.

(i) Our Short-Term Covid-19 Response

- To strengthen our logistics exposure by regions, verticals and activities.
- Focus on safety of our staff, and provide our team members, especially those working on-site with personal protective equipment and medical supplies.
- Stringent focus on management of our account receivables.
- Tighter cost control, but sensible.
- Focus on cash management liquidity, and strengthen our balance sheet.

(ii) Our Longer-Term Covid-19 Response

- Maintain our capabilities to deal with different potential recovery, while staying alert for future recurrent wave.
- Automation and digitalization to increase productivity, hence better manage costs.
- Monitor any potential structural shift in the supply chain due to Covid-19, and to evaluate how to adapt to the change.

INCOME STATEMENT

Revenue

1H 2020 vs 1H 2019

Our "Total revenue" comprises "Turnover" and "Other Income". Despite the current Covid-19 pandemic, our "Total revenue" increased US$21.721 million in the first six (6) months ended 30 June 2020 ("**1H 2020**"), compared to the previous corresponding period ended 30 June 2019 ("**1H 2019**").

In 1H 2020, our "Total revenue" increased US$21.721 million on two counts:

(i) "Turnover" increased US$17.232 million. Logistics "Turnover" increased US$20.017 million, but this was pared down by the decline of US$2.785 million in aviation "Turnover" in 1H 2020.

The increase in logistics "Turnover" was largely due to higher freight rates owing to the reduction in airline and ocean carrier capacity during the prevailing Covid-19 situation. The higher logistics "Turnover" in 1H 2020 was generated largely from North Asia. The cargo commodities were diverse, but included higher volume of protective safety gear and mask relating to Covid-19. Our logistics business unit contributed 100% of our Group's "Turnover" in 1H 2020; and

(ii) "Other income" increased US$4.489 million to US$5.208 million in 1H 2020, compared to US$0.719 million in 1H 2019. The increase of US$4.489 million in "Other income" was mainly owing to:

(a) The gain of US$2.696 million from the disposal of non-current asset held for sale, which is one of our former associated company in Hong Kong. The details had been disclosed in our circular dated 13 December 2019, and approved by the shareholders at an extraordinary general meeting dated 30 December 2019;

(b) The former associated company also paid a dividend of US$1.102 million to our logistics subsidiary just immediately prior to the completion of the abovementioned disposed; and

(c) An increase of US$0.680 million of "Sundry income", consisting substantially of government subsidies received from various countries that our network operates in.

Total Costs and Expenses

1H 2020 vs 1H 2019

Our "Total costs and expenses" increased 16.8% (US$17.080 million) to US$118.880 million in 1H 2020, compared to US$101.800 million in 1H 2019, mainly due to:

(i) an increase of US$20.041 million in "Freight charges" to US$107.938 million in 1H 2020, compared to US$87.897 million in 1H 2019. The increase of US$20.041 million in "Freight charges" was largely due to higher freight rate which was elaborated in the above section entitled "Revenue" on page 11 of this announcement;

(ii) an increase of US$0.361 million in "Other operating expenses" resulting from higher rental expenses of US$0.155 million due to lack of rent waiver for North Asia, impairment of trade and non-trade debts of US$0.084 million and US$0.047 million respectively, and bad debts written off of US$0.071 million; and

(iii) an increase of US$0.056 million in "Depreciation of property, plant and equipment" to US$0.966 million in 1H 2020 resulting from additional motor vehicles employed in the new logistics project since the fourth quarter of 2019.

The above increases in "Total costs and expenses" were partially pared by:

(a) the reduction of "Purchase of goods and consumables" as our aviation business did not generate any "Revenue" in 1H 2020, largely due to the Covid-19 impact on the aviation industry; and

(b) the reduction in "Staff costs" of US$1.123 million in 1H 2020 resulting from a reduction of headcount.

Gross Profit

1H 2020 vs 1H 2019

Our "Gross profit" was computed based on "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". "Gross profit" decreased US$0.606 million (5.3%) to US$10.859 million in 1H 2020, compared to US$11.465 million in 1H 2019. The reduction of "Gross profit" in 1H 2020 compared to 1H 2019 was largely due to a decrease of US$0.582 million in aviation "Gross profit".

Net Profit Attributable to Equity Holders of the Company

1H 2020 vs 1H 2019

In 1H 2020, our Group achieved "Net Profit Attributable to Equity Holders of the Company" of US$4.840 million, compared to US$0.808 million in 1H 2019.

Our logistics business unit registered "Net Profit Attributable to Equity Holders of the Company" of US$5.358 million in 1H 2020, compared to US$0.618 million in 1H 2019. The increase of US$4.778 million in "Other income" to US$5.114 million in 1H 2020 was largely due to US$4.949 million generated from the three (3) non-recurrent items elaborated in the section entitled "Revenue" on page 11 of this announcement.

Excluding the three (3) non-recurrent items elaborated above, the operating profit before tax of our logistics business unit would have been US$0.717 million (equivalent to S$1.004 million) in 1H 2020, despite the Covid-19 pandemic.

The profit generated from our logistics business unit was partially offset by our aviation losses of US$0.518 million in 1H 2020. The aviation business unit was adversely affected by the Covid-19 pandemic. As a result, our Group's "Net Profit Attributable to Equity Holders of the Company" was US$4.840 million (equivalent S$6.776 million) in 1H 2020.

Excluding the three (3) non-recurrent items elaborated in the section entitled "Revenue" on page 11 of this announcement, our operating profit before tax for 1H 2020 would have been US$0.155 million (S$0.217 million).

Excluding the three (3) non-recurrent items mentioned in immediate preceding paragraph, and excluding the US$0.518 million (S$0.725 million) losses of our aviation business unit in 1H 2020, the operating profit before tax of our logistics business unit would have been US$0.717 million (S$1.004 million).

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" decreased 9.8% (US$0.731 million) to US$6.761 million as at 30 June 2020, compared to US$7.492 million as at 31 December 2019 ("FY 2019"). The decrease was largely due to depreciation for "Property, plant and equipment" of US$0.966 million relating to office leases and motor vehicles in each country that we operate in.

Our "Non-current assets" comprise substantially (96.8%) "Property, plant and equipment", and the breakdown is as follows as at 30 June 2020:

	Item	US$'000
1	Leasehold office; Buiding on freehold land and freehold land	2,847
2	Motor vehicles (deployed for our logistics business)	2,187
3	Other assets	264
4	Right of use	1,250
		6,548

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

Current assets

"Current assets" increased US$3.045 million to US$59.837 million as at 30 June 2020, compared to US$56.792 million as at the end of FY 2019. The increase in "Current assets" was largely due to an increase of US$8.181 million in "Cash and cash equivalents" to US$29.037 million as at 30 June 2020, compared to US$20.856 million as at end FY 2019. The increase in "Cash and cash equivalents" was mainly due to:-

(a) Disposal of non-current asset held for sale of US$3.877 million as elaborated in the section entitled "Revenue" on page 11 of this announcement;

(b) Dividend from non-current asset held for sale of US$1.102 million as elaborated in the section entitled "Revenue" on page 11 of this announcement; and

(c) The focus on collection of our "Trade and other receivables" partially increased our "Cash and cash equivalent" as at 1H 2020. Focus in the management of account receivables reduced our "Trade and other receivables" by US$4.082 million to US$28.656 million as at 30 June 2020.

Non-current liabilities

"Non-current liabilities" decreased US$0.363 million to US$0.511 million as at 30 June 2020 due to partial repayment of "Lease liabilities" relating to motor vehicles deployed in our logistics business.

Current liabilities

"Current liabilities" declined US$1.743 million to US$34.693 million as at 30 June 2020, compared to US$36.436 million as at the end of FY 2019. The reduction was largely due to repayment of "Bank borrowings" and repayment of "Lease liabilities". However, the reduction was partially offset by "Dividend payable" of US$0.419 million which was declared and approved by Shareholders at the annual general meeting convened on 26 June 2020.

Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US$33.975 million as at end of 30 June 2020, compared to US$29.821 million as at end FY 2019. The increase of US$4.154 million in "Equity attributable to equity holders of the Company" was largely due to the Group's "Profit attributable to equity holders of the Company" of US$4.840 million in 1H 2020 and partially offset by "Dividend payable" declared and approved for the financial year ended 31 December 2019 which amounted to US$0.419 million.

The Group's gearing based on total "Banking borrowings" and "Lease liabilities" to "Equity attributable to equity holders of the Company" decreased to 8.8% as at 30 June 2020, compared to 21.9% as at the end of FY 2019.

CASH FLOW

1H 2020 vs 1H 2019

"Net cash generating from operating activities" was US$6.940 million in 1H 2020, compared to "Net cash used in operating activities" of US$1.853 million in 1H 2019 largely due to:

(i) The "Operating cash flow before working capital changes" generated cash amounted to US$2.356 million in 1H 2020, compared to US$1.339 million in 1H 2019;

(ii) Cash generated from "Receivables" in 1H 2020 was US$3.806 million compared to US$8.028 million generated from "Receivables" in 1H 2019; and

(iii) Cash generated from "Payables" in 1H 2020 was US1.172 million, while cash used in "Payables" in 1H 2019 was US$10.620 million;

(iv) Cash used in "Inventories" in 1H 2020 was nil while cash used in "Inventories" in 1H 2019 was US$0.467 million;

(v) "Income tax paid" in 1H 2020 was US$0.050 million while US$0.094 million was paid in 1H 2019.

"Net cash generated from investing activities" amounted to US$5.008 million in 1H 2020, compared to "Net cash generated from investing activities" of US$0.121 million in 1H 2019. The "Net cash generated from investing activities" in 1H 2020 was mainly due to US$3.877 million of "Proceed from disposal of non-current asset held for sale" and "Dividend income from non-current asset held for sale" of US$1.102 million. Whilst in 1H 2019, the "Net cash generated from investing activities" was mainly due to US$0.191 million of "Interest received" and partially offset by "Purchase of property, plant equipment" of US$0.070 million.

"Net cash used in financing activities" amounted to US$3.694 million in 1H 2020, compared to "Net cash used in financing activities" of US$0.733 million in 1H 2019. The "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings" and "Repayment of lease liabilities" of US$2.476 million and US$1.129 million respectively in 1H 2020. Whilst in 1H 2019, The "Net cash used in financing activities" was largely attributed to "Repayment of lease liabilities" and "Interest paid" of US$0.810 million and US$0.141 million respectively. However, "Net cash used in financing activities" was partially offset by the "Proceeds from bank borrowings" of US$0.218 million in 1H 2019.

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

No forecast or prospect statement had been disclosed to the shareholders in the first six (6) months of 2020 year.

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

The confluence of Covid-19 impact, tumultuous geo-politics resulting in economic upheaval, spell uncertainty and challenging times ahead of us. At this point of time, there is no clear visibility as to when the global trade and economy will recover closer to the pre-Covid-19 level.

To overcome the above circumstances, each of our three (3) business unit has to pull through till end year 2020. We are unable to provide any assurance at this point. We are in uncharted waters. Our aviation business and logistics business are closely correlated to the global economy.

In addition, without the three (3) non-recurrent revenue items elaborated in the section entitled "Revenue" on page 11 of this announcement, we expect lower profit before tax in the next six (6) months of the second half of 2020 ending 31 December 2020 ("2H 2020"). We expect 2H 2020 to be extremely challenging for both, our aviation business unit and logistics business unit.

11. Dividend

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

Except for the dividend already declared in relation to FY2019, which is to be paid on 17 September 2020, no dividend has been declared or recommended for the first half year ended 30 June 2020.

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

None.

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

None.

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

Not applicable.

(d) **The date the dividend is payable.**

Not applicable.

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

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Except for the dividend declared in respect of FY 2019, no dividend has been declared or recommended for the first half ended 30 June 2020. The Board will review in the full year.

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

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

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

See enclosed on last page.

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

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

BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

11 August 2020

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

To the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial results of the Group and the Company for the first half year ended 30 June 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors

Janet LC Tan
Chief Executive Officer

Tan Lay Yong Jenny
Executive Director