A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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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 2021

	Note	Group First half year ended **30 Jun 2021** **US$'000**	30 Jun 2020 US$'000	*Change* *%*
Turnover	5	**192,576**	118,797	*62.1*
Other income:		**817**	5,208	*(84.3)*
Total revenue		**193,393**	124,005	*56.0*
Expenses				
Freight charges		**(174,768)**	(107,938)	*61.9*
Staff costs		**(10,641)**	(7,723)	*37.8*
Depreciation of property, plant and equipment		**(797)**	(966)	*(17.5)*
Finance costs		**(27)**	(89)	*(69.7)*
Other operating expenses		**(2,768)**	(2,164)	*27.9*
Total costs and expenses		**(189,001)**	(118,880)	*59.0*
Share of results of associated companies		**49**	23	*113.0*
Profit before tax	8	**4,441**	5,148	*(13.7)*
Taxation	7	**(397)**	(47)	*744.7*
Profit for the financial period		**4,044**	5,101	*(20.7)*
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences arising on consolidation		**(187)**	(267)	*(30.0)*
Items that will not be reclassified subsequently to profit or loss:				
Currency translation differences arising on consolidation		**33**	5	*560.0*
Other comprehensive income for the financial period, net of tax		**(154)**	(262)	*(41.2)*
Total comprehensive income for the financial period		**3,890**	4,839	*(19.6)*
Profit attributable to:				
Equity holders of the Company		**3,243**	4,840	*(33.0)*
Non-controlling interests		**801**	261	*206.9*
Profit for the financial period		**4,044**	5,101	*(20.7)*
Total comprehensive income attributable to:				
Equity holders of the Company		**3,056**	4,573	*(33.2)*
Non-controlling interests		**834**	266	*213.5*
Total comprehensive income for the financial period		**3,890**	4,839	*(19.6)*
Earning per share for profit attributable to the owners of the company during the financial period:				
Basic and diluted (US cents)		**5.55**	8.28	

B. Condensed Interim Balance Sheets
As At 30 June 2021

	Note	Group		Company	
		30 Jun 2021	31 Dec 2020	**30 Jun 2021**	31 Dec 2020
		US$'000	US$'000	**US$'000**	US$'000
Non-current assets					
Property, plant and equipment	11	**5,957**	6,104	**-**	-
Investment in subsidiaries		**-**	-	**13,538**	14,546
Investment in associated companies		**149**	111	**-**	-
Fair value through other comprehensive income		**99**	99	**-**	-
Deferred tax assets		**7**	10	**-**	-
		6,212	6,324	**13,538**	14,546
Current assets					
Inventories		**902**	902	**-**	-
Trade and other receivables		**47,066**	40,166	**18**	24
Contract assets		**1,412**	829	**-**	-
Due from subsidiaries		**-**	-	**2,095**	2,928
Tax recoverable		**129**	106	**-**	-
Cash and cash equivalents		**30,140**	30,649	**7,524**	8,509
		79,649	72,652	**9,637**	11,461
Total assets		**85,861**	78,976	**23,175**	26,007
Non-current liabilities					
Lease liabilities	12	**304**	348	**-**	-
		304	348	**-**	-
Current liabilities					
Trade and other payables		**45,423**	40,640	**240**	813
Contract liabilities		**181**	243	**-**	-
Due to subsidiaries		**-**	-	**3,022**	3,682
Due to associated companies		**73**	27	**-**	-
Bank borrowings	12	**130**	1,755	**56**	1,679
Provision for liabilities		**265**	265	**-**	-
Lease liabilities	12	**663**	611	**-**	-
Tax payable		**466**	397	**-**	33
		47,201	43,938	**3,318**	6,207
Total liabilities		**47,505**	44,286	**3,318**	6,207
Net assets		**38,356**	34,690	**19,857**	19,800
Equity					
Share capital	13	**51,758**	51,758	**51,758**	51,758
Accumulated losses		**(5,471)**	(8,549)	**(31,901)**	(31,958)
Foreign currency translation reserve		**(7,155)**	(6,968)	**-**	-
Equity attributtable to equity holders of the Company		**39,132**	36,241	**19,857**	19,800
Non-controlling interests		**(776)**	(1,551)	**-**	-
Total equity		**38,356**	34,690	**19,857**	19,800

C. Condensed Interim Consolidated Statements of Cash Flows
For the first half year ended 30 June 2021

	Note	Group First half year ended 30 Jun 2021 US$'000	 30 Jun 2020 US$'000
Cash flows from operating activities			
Profit before tax		**4,441**	5,148
Adjustments for:			
Interest income	8	**(13)**	(64)
Depreciation of property, plant and equipment		**797**	966
Gain on disposal of non-current asset held for sale	8	**-**	(2,696)
Dividend income from non-current asset held for sale	8	**-**	(1,102)
Impairment allowance for trade receivables written back	8	**(73)**	(93)
Impairment allowance for trade receivables	8	**-**	84
Interest expenses		**27**	89
Impairment allowance for non-trade receivables		**3**	47
Loss on disposal of property, plant and equipment		**7**	-
Share of results of associated companies		**(49)**	(23)
Operating cash flow before working capital changes		**5,140**	2,356
Receivables		**(7,364)**	3,806
Payables		**4,722**	1,172
Effect of foreign exchange rate changes		**(214)**	(344)
Cash generated from operations		**2,284**	6,990
Income tax paid		**(344)**	(50)
Net cash generated from operating activities		**1,940**	6,940
Cash flows from investing activities			
Proceeds from disposal of non-current asset held for sale		**-**	3,877
Interest received	8	**13**	64
Dividend income from non-current asset held for sale		**-**	1,102
Proceeds from disposal of property, plant and equipment		**193**	-
Purchase of property, plant and equipment	11	**(372)**	(35)
Net cash (used in)/generated from investing activities		**(166)**	5,008
Cash flows from financing activities			
Repayment of bank borrowings		**(1,623)**	(2,476)
Repayment of lease liabilities		**(499)**	(1,129)
Dividend paid to minority shareholder		**(59)**	-
Dividend paid to shareholders of the Company		**(165)**	-
Interest paid		**(27)**	(89)
Net cash used in financing activities		**(2,373)**	(3,694)
Net (decrease)/increase in cash and cash equivalents [(1)]		**(599)**	8,254
Cash and cash equivalents at beginning of period		**30,271**	20,478
Effect of foreign exchange rate changes		**90**	(73)
Cash and cash equivalents at end of period		**29,762**	28,659
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		**22,019**	26,252
- Fixed deposits		**8,121**	2,785
		30,140	29,037
Less: Fixed deposits restricted for use		**(378)**	(378)
Cash and cash equivalents per consolidated statement of cash flows		**29,762**	28,659

Note:

(1) As at 30 June 2021, Cash and cash equivalents balances held by the Group amounting to US$0.378 million are not available for use.

D. Condensed Interim Statements of Changes in Equity
For the first half year ended 30 June 2021

THE GROUP	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non - controlling interests US$'000	Total equity US$'000
At 1 January 2021	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690
Profit for the financial period	-	3,243	-	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 paid on ordinary shares	-	(165)	-	(165)	-	(165)
At 30 June 2021	**51,758**	**(5,471)**	**(7,155)**	**39,132**	**(776)**	**38,356**
At 1 January 2020	51,758	(14,457)	(7,480)	29,821	(2,847)	26,974
Profit for the financial period	-	4,840	-	4,840	261	5,101
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	(267)	(267)	5	(262)
Total comprehensive income/(loss) for the financial period	-	4,840	(267)	4,573	266	4,839
Transaction with owners recorded directly in equity						
Dividend payable on ordinary shares	-	(419)	-	(419)	-	(419)
At 30 June 2020	**51,758**	**(10,036)**	**(7,747)**	**33,975**	**(2,581)**	**31,394**

D. Condensed Interim Statements of Changes in Equity (Continued)
For the first half year ended 30 June 2021

THE COMPANY	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
At 1 January 2021	51,758	(31,958)	19,800
Profit and total comprehensive income for the financial period	-	222	222
Dividend paid on ordinary shares	-	(165)	(165)
At 30 June 2021	**51,758**	**(31,901)**	**19,857**
At 1 January 2020	51,758	(31,794)	19,964
Profit and total comprehensive profit for the financial period	-	152	152
Dividend payable on ordinary shares	-	(419)	(419)
At 30 June 2020	**51,758**	**(32,061)**	**19,697**

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 2021 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) Investment holding company and provision of management services
(b) Sale of aircraft and aircraft engines
(c) Logistics (including freight forwarding, custom clearance, transportation 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 2021 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 2020.

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 2020.

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$902,000.

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 2021 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 2 business segments based on their services as follows:

i) Aviation
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 2021	30 June 2020	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Turnover from reportable segments	**4**	-	**192,572**	118,797	**192,576**	118,797
Interest income	**3**	50	**10**	14	**13**	64
Finance costs	**(3)**	(27)	**(24)**	(62)	**(27)**	(89)
Depreciation of property, plant and equipment	**(20)**	(21)	**(777)**	(945)	**(797)**	(966)
Share of results of associated companies	**-**	-	**49**	23	**49**	23
Taxation expenses	**33**	-	**(430)**	(47)	**(397)**	(47)
Reportable segment profit/(loss)	**(430)**	(518)	**4,474**	5,619	**4,044**	5,101
Other material non-cash items:						
Impairment allowance for trade receivables written back	**-**	-	**73**	93	**73**	93
Bad trade debts written off	**-**	-	**(68)**	(71)	**(68)**	(71)
Impairment allowance for non-trade receivables	**-**	-	**(3)**	(47)	**(3)**	(47)
Impairment allowance for trade receivables	**-**	-	**-**	(84)	**-**	(84)

5. Segment and revenue information (Continued)

5.1 Reportable segments (Continued)

	Aviation		Logistics		Consolidated	
	30 June 2021 US$'000	31 Dec 2020 US$'000	**30 June 2021 US$'000**	31 Dec 2020 US$'000	**30 June 2021 US$'000**	31 Dec 2020 US$'000
Segment assets	**9,730**	10,662	**76,131**	68,314	**85,861**	78,976
Segment liabilities	**485**	2,749	**47,020**	41,537	**47,505**	44,286
Expenditure in non-current assets	**1**	2	**371**	33	**372**	35

5.2 Disaggregation of Revenue

	Aviation For first half year ended		Logistics For first half year ended		Consolidated For first half year ended	
	30 June 2021 US$'000	30 June 2020 US$'000	**30 June 2021 US$'000**	30 June 2020 US$'000	**30 June 2021 US$'000**	30 June 2020 US$'000
Types of goods or services						
Sales of goods	4	-	**-**	-	4	-
Rendering of services	-	-	**192,572**	118,797	192,572	118,797
Total revenue	4	-	**192,572**	118,797	192,576	118,797
Timing of revenue recognition:						
Over time	-	-	**7,787**	6,134	7,787	6,134
At a point in time	4	-	**184,785**	112,663	184,789	112,663
Total revenue	4	-	**192,572**	118,797	192,576	118,797

Geographical information:

	Aviation For first half year ended		Logistics For first half year ended		Consolidated For first half year ended	
	30 June 2021 US$'000	30 June 2020 US$'000	**30 June 2021 US$'000**	30 June 2020 US$'000	**30 June 2021 US$'000**	30 June 2020 US$'000
The People Republic of China (including Hong Kong S.A.R)	-	-	**148,370**	94,966	**148,370**	94,966
Australia	-	-	**10,876**	3,885	**10,876**	3,885
Singapore	4	-	**12,857**	10,247	**12,861**	10,247
Other countries	-	-	**20,469**	9,699	**20,469**	9,699
	4	-	**192,572**	118,797	**192,576**	118,797

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 2021 and 31 December 2020:

	The Group		The Company	
	30 June 2021 US$'000	31 December 2020 US$'000	30 June 2021 US$'000	31 December 2020 US$'000
Financial Assets				
Fair value through other comprehensive income	**99**	99	**-**	-
Financial assets at amortised costs	**76,433**	69,490	**9,637**	11,458
Financial Liabilities				
Financial liabilities at amortised costs	**45,675**	42,860	**3,302**	6,146

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 Jun 2021 US$'000	30 Jun 2020 US$'000
Tax expense attributable to profits is made up of:		
Current income tax	**386**	45
Under provision in prior financial years:		
- Current Income tax	**8**	2
- Deferred income tax	**3**	**–**
	397	47

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 2021 US$'000	**30** June 2020 US$'000
Interest income	**13**	64
Sundry income	**798**	1,195
Dividend income from non-current asset held for sale	**–**	1,102
Gain on disposal of non-current asset held for sale	**–**	2,696
Impairment allowance for trade receivables written back	**73**	93
Impairment allowance for trade receivables	**–**	(84)
Impairment allowance for non-trade receivables	**(3)**	(47)
Bad trade receivables written off	**(68)**	(71)
Foreign currency exchange (loss)/ gain	**(6)**	105
Rental expenses	**(589)**	(335)

8.2. Related parties transaction

The Group had significant transactions with related parties during the financial period on terms mutually agreed by the parties concerned:

	Group For the first half year ended	
	30 June **2021 US$'000**	30 June 2020 US$'000
With associated companies		
- Services rendered	**45**	756
- Freight charges	**(176)**	(314)

9. Dividend

	The Group For the first half year ended	
	30 June 2021 US$'000	30 June 2020 US$'000
Ordinary dividends paid/payable:		
Final tax exempt dividend of 0.375 Singapore cent per share (30 June 2020 : 1 Singapore cent per share) in respect of previous financial year	165	419

As further discussed on page 20 at paragraph 5(a) of section F (entitled "Other Information" required by Listing Rule Appendix 7.2), the Board of Directors has declared an interim one-tier tax exempt dividend of 0.50 Singapore cent per share for the first six (6) months of 2021.

10. Net asset value

	Group		Company	
	30 Jun 2021	31 Dec 2020	**30 Jun 2021**	31 Dec 2020
Net asset value per share based on existing issued share capital at the end of period/year (US cents)	**66.92**	61.97	**33.96**	33.86

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to U$372,000 (30 June 2020: US$35,000 and disposed of assets amounting to US$456,000 (30 June 2020: US$157,000).

12. Borrowings

Amount repayable in one year or less, or on demand

	Group	
	30/6/2021 US$'000	31/12/2020 US$'000
Amount repaybale in one year or less, or on demand		
Secured	**130**	1,755
Unsecured	**663**	611
	793	2,366
Amount repayable after one year		
Secured	**-**	-
Unsecured	**304**	348
	304	348

Our Group's total bank borrowing was US$0.130 million as at 30 June 2021. Of the total US$0.130 million borrowing:

(i) US$0.056 million was secured against our aviation business unit's leasehold property; and

(ii) US$0.074 million was secured against a corporate guarantee and a floating charge over the account receivables of our logistics business unit.

Our Group's unsecured lease liabilities of US$0.663 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$0.304 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 2021		31 December 2020	
	Number of Shares	**US$'000**	Number of Shares	US$'000
Issued and fully paid capital				
At beginning and end of interim period	58,479,296	51,758	58,479,296	51,758

There Company did not hold any treasury shares as at 30 June 2021.

There were no sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at 30 June 2021.

14. Subsequent Event after Balance Sheet Date

Subsequent to the first six (6) months financial period ended 30 June 2021, the Company issued 14,617,993 Warrants to shareholders on 12 July 2021. The Warrants are exerciseable from 15 January 2022 to 8 April 2022 (both dates included). The exercise price of the Warrant is S$0.08 for each warrant, exercisable to one (1) new share.

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 2021 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 620 personnel as at 30 June 2021.

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

For the first six (6) months ended 30 June 2021 ("**1H 2021**") compared to the previous corresponding period ended 30 June 2020 ("**1H 2020**"), our Group achieved:

(i) an increase of US$73.779 million (62.1%) in "Turnover" to US$192.576 million in 1H 2021, compared to US$118.797 million in 1H 2020;

(ii) an improvement of US$3.493 million in "Operating Profit" to US$3.356 million in 1H 2021, compared "Operating Loss" of US$0.137 million in 1H 2020;

(iii) higher consolidated "Net Tangible Assets" ("**NTA**") of US$39.132 million (equivalent to S$52.601 million) as at 30 June 2021, compared to US$36.241 million as at 30 June 2020; and

(iv) a reduction in bank gearing to 0.3% as at 30 June 2021, compared to 4.8% as at end 30 June 2020.

In summary, our operating performance improved in 1H 2021, compared to 1H 2020. Our "Operating Profit" excludes once-off non-recurrent items. In 1H 2020, an aggregate of US$3.857 million one-off gain which resulted from the divestment of an associate company, that was not present in 1H 2021. Additionally, the government grants from the various countries that we operate in, reduced substantially (56.5%) in 1H 2021, compared to that in 1H 2020.

Despite the continued challenging global economic condition arising from Covid-19 in 1H 2021, we recorded:

(i) "Profit Before Tax" of US$4.441 million;

(ii) "Net Profit After Tax" of US$4.044 million; and

(iii) "Net Profit Attributable to Equity holders of the Company" of US$3.243 million.

Our Group's key financials is summarized below:

	FY 2018 (12 months)	FY 2019 (12 months)	FY 2020 (12 months)	1H 2021 (6 months)
(i) Profit Before Tax (**US$'000**)	812	3,481	7,920	4,441
(**Equivalent S$'000**)	1,095[1]	4,744[2]	10,907[3]	5,920[4]
(ii) Profit After Tax (**US$'000**)	630	3,107	7,638	4,044
(**Equivalent S$'000**)	850[1]	4,235[2]	10,518[3]	5,391[4]
(iii) Net Profit Attributable to Equity Holders of the Company (**US$'000**)	1,481	2,533	6,327	3,243
(**Equivalent S$'000**)	1,997[1]	3,452[2]	8,713[3]	4,323[4]
(iv) Earnings Per Share ("EPS") (**Equivalent S$ cents**)[5]	3.4	5.9	14.9	5.5
(v) Net Tangible Assets (Attributable to Equity Holders of the Company) ("NTA") (**US$'000**)	27,676	29,821	36,241	39,132
(**Equivalent S$'000**)	37,758[1]	40,160[2]	47,914[3]	52,601[4]
(vi) NTA/share (**S$ cents**)	64.6[1]	68.7[2]	81.9[3]	89.9[4]
(vii) Historical Price Earnings Ratio (Historical)[6]	10.3	5.9	2.3	N.A.[7]
(viii) Share Price at Discount to NA[8]	4.8%	10.5%	24.9%	31.6%
(ix) Bank Gearing Ratio (Bank borrowing)	15.1	14.4	4.8	0.3

Notes:

(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 31 December 2020 (End rate at US$1=S$1.3221 & Ave rate at US$1= S$1.3771).
(4) Based on foreign currency exchange rate on 30 June 2021 (End rate at US$1=S$1.3442 & Ave rate at US$1= S$1.3331).
(5) Based on "Net Profit After Tax Attributable to Equity Holders of the Company" FY 2018, FY 2019, FY 2020 and 1H 2021.
(6) Share price was based on the closing market price of S$0.615 on 13 August 2021, and earning was based on "Net Profit After Tax Attributable to the Equity Holders of the Company".
(7) N.A. denotes "Not Applicable"
(8) Share price was based on closing market price of S$0.615 on 13 August 2021.

Two of our three business units achieved "Operating Profit" in 1H 2021:

(i) Our logistics business unit operating under the "A-Sonic Logistics" brand name registered "Operating Profit" of US$2.521 million (equivalent to S$3.361 million) in 1H 2021. "Profit Before Tax" was US$3.075 million (equivalent to S$4.099 million); and

(ii) Our logistics business unit operating under the "UBI Logistics" brand name registered "Operating Profit" of US$1.421 million (equivalent to S$1.894 million) in 1H 2021. "Profit Before Tax" was US$1.829 million (equivalent to S$2.438 million).

Our aviation business unit incurred an "Operating Loss" of US$0.586 million (equivalent to S$0.781 million) in 1H 2021. "Loss Before Tax" was US$0.463 million (equivalent to S$0.617 million).

COVID-19 IMPACT

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

Excluding the US$0.463 million losses of our aviation business unit in 1H 2021, our profit before tax would have been US$4.904 million (S$6.538 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 2021 vs 1H 2020

Our "Total revenue" comprises "Turnover" and "Other Income". Despite the current Covid-19 pandemic, our "Total revenue" increased US$69.388 million to US$193.393 million in 1H 2021, compared to US$124.005 million in 1H 2020.

Although our Group's "Turnover" increased US$73.779 million to US$192.576 million in 1H 2021, compared to US$118.797 million in 1H 2020, the increase in our "Turnover" was partially offset by a reduction of US$4.391 million in "Other Income".

In 1H 2021, Logistics "Turnover" increased US$73.775 million (62.1%) to US$192.572 million, compared to US$118.797 million in 1H 2020. The increase in logistics "Turnover" was largely due to higher freight rates owing to the reduction in airline carrier and ocean carrier capacity during the prevailing Covid-19 situation. The higher logistics "Turnover" in 1H 2021 was generated largely from North Asia. Our logistics business unit contributed virtually 100% of our Group's "Turnover" in 1H 2021;

Our Group's "Other income" decreased US$4.391 million to US$0.817 million in 1H 2021, compared to US$5.208 million in 1H 2020. The decrease in "Other Income" was largely due to two reasons:

(i) the absence of non-recurrent income occurred in 1H 2020 explained below:

(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; and

(b) the former associated company paid a dividend of US$1.102 million to our logistics subsidiary just immediately prior to the completion of the abovementioned disposal, and US$0.059 million of fees resulting from this divestment; and

(ii) a reduction of 56.5% in government grant subsidies from the various countries in which we operate in. The lower government grant resulted largely in a reduction of US$0.397 million in "Sundry Income" to US$0.798 million in 1H 2021, compared to US$1.195 million in 1H 2020.

Total Costs and Expenses

1H 2021 vs 1H 2020

Our "Total costs and expenses" of US$189.001 million in 1H 2021 comprised broadly of two large items:

(i) *"Freight charges"*

Approximately 92.5% (US$174.768 million) of our "Total costs and expenses" (US$189.001 million) in 1H 2021,comprised "Freight charges" relating to our logistics business unit. In line with an increase of US$73.775 million logistics "Turnover" in 1H 2021 compared to 1H 2020, our "Freight charges" was also higher. Our "Freight charges" increased US$66.830 million to US$174.768 million in 1H 2021, from US$107.938 million in 1H 2020; and

(ii) *"Total costs and expenses" (excluding "Freight charges")*

In 1H 2021, our "Total costs and expenses" (excluding "Freight charges") aggregated US$14.233 million and constituted 7.5% of our "Total costs and expenses". In contrast, in 1H 2020, this was US$10.942 million (9.2%).

In 1H 2021:

(a) our aviation business unit incurred US$0.563 million of operating expenses, which constituted 4% of our "Total costs and expenses" (excluding "Freight charges"). Of the US$0.563 million aviation operating costs and expenses, 78.2% (US$0.440 million) related to staff costs. The aviation staff costs remained relatively unchanged at US$0.440 million in 1H 2021, compared to US$0.445 million in 1H 2020; and

(b) the remaining 96% (US$13.670 million) of the "Total costs and expenses" (excluding "Freight charges") were operating expenses relating to our logistics business unit. Of the US$13.670 million "Total costs and expenses" (excluding "Freight charges") in 1H 2021, 74.6% (US$10.201 million) comprised "Staff costs" in 1H 2021, compared to 70.5% (US$7.278 million) in 1H 2020.

The increase of US$2.923 million in the logistics "Staff costs" was particularly in the Northern Asia. This was largely owing to: (i) the higher incentives / sales commission paid to sales staff resulting from their higher sales compared to prior years; and (ii) higher performance incentive to the supporting staff. This higher pay out to staff was partially resulting from the extremely volatile tariff rates in the freight market.

"Total costs and expenses" (excluding "Freight charges" and "Staff costs") was US$3.592 million in 1H 2021. The aggregate amount of US$3.592 million remained relatively unchanged, compared to US$3.219 million in 1H 2020. These other "Operating costs" (excluding "Freight charges" and "Staff costs") were:

(i) "Depreciation charges" of US$0.797 million in 1H 2021, compared to US$0.966 million in 1H 2020;

(ii) "Finance costs" of US$0.027 million in 1H 2021, compared to US$0.089 million in 1H 2020; and

(iii) "Other operating expenses" of US$2.768 million in 1H 2021, compared to US$2.164 million in 1H 2020. The increase of US$0.604 million in "Other operating expenses" in 1H 2021, compared to 1H 2020 was mainly due to: (a) US$0.254 million higher "Rental expenses" of US$0.589 million in 1H 2021, compared to US$0.335 million in 1H 2020; and (b) US$0.006 million "Foreign currency exchange loss" in 1H 2021, compared to a "Foreign exchange currency gain" of US$0.105 million in 1H 2020.

Net Profit Attributable to Equity Holders of the Company

1H 2021 vs 1H 2020

Our Group recorded "Profit before tax" of US$4.441 million in 1H 2021. Excluding the "Loss before tax" of US$0.463 million of our aviation business unit, our logistics business unit posted "Profit before tax" of US$4.904 million in 1H 2021.

In 1H 2021, our Group achieved "Net Profit Attributable to Equity Holders of the Company" of US$3.243 million, compared to US$4.840 million in 1H 2020. Excluding the loss after tax of US$0.430 million of our aviation business unit, our logistics business unit posted a "Net Profit Attributable to Equity Holders of the Company" of US$3.673 million.

Our logistics business unit registered "Net Profit Attributable to Equity Holders of the Company" of US$3.673 million in 1H 2021, compared to US$5.358 million in 1H 2020. The decrease of US$1.685 million was largely due to the absence of non-recurrent items which reported lower "Other income" of US$0.721 million in 1H 2021 compared to US$5.114 million in 1H 2020, as elaborated in the third paragraph of the section entitled "**Revenue**" on page 16.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" decreased 1.8% (US$0.112 million) to US$6.212 million as at 30 June 2021, compared to US$6.324 million as at 31 December 2020 ("**FY 2020**"). The decrease was largely due to "Depreciation of Property, plant and equipment" of US$0.797 million. However, the decrease was partially offset by purchase of new "Property, plant and equipment" and new lease for office unit capitalised as "Right of use" of US$0.372 million and US$0.507 million respectively.

Our "Non-current assets" comprise substantially (95.9%) "Property, plant and equipment", and the breakdown is as follows as at 30 June 2021:

	Item	US$'000
1	Leasehold office; Buiding on freehold land and freehold land	2,750
2	Motor vehicles (deployed for our logistics business)	1,956
3	Other assets	330
4	Right of use	921
		5,957

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

Current assets

"Current assets" increased US$6.997 million to US$79.649 million as at 30 June 2021, compared to US$72.652 million as at the end of FY 2020. The increase in "Current assets" was largely due to an increase of US$6.900 million to US$47.066 million from US$40.166 million in "Trade and other receivables" as at 30 June 2021. The increase in "Trade and other receivables" was in line with the increase in Logistics "Turnover".

Non-current liabilities

"Non-current liabilities" decreased US$0.044 million to US$0.304 million as at 30 June 2021 due to partial repayment of "Lease liabilities" relating to lease office and motor vehicles deployed in our logistics business.

Current liabilities

"Current liabilities" increased US$3.263 million to US$47.201 million as at 30 June 2021, compared to US$43.938 million as at the end of FY 2020. The increase was largely due to higher "Trade and other payables" of US$4.783 million. However, the increase was partially offset by the reduction of US$1.625 million in "Bank borrowings".

Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US$39.132 million as at end of 30 June 2021, compared to US$36.241 million as at end FY 2020. The increase of US$2.891 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$3.243 million in 1H 2021.

The Group's bank gearing based on total "Banking borrowings" to "Equity attributable to equity holders of the Company" decreased to 0.3% as at 30 June 2021, compared to 4.8% as at the end of FY 2020.

CASH FLOW

1H 2021 vs 1H 2020

"Net cash generating from operating activities" was US$1.940 million in 1H 2021, compared to "Net cash generated from operating activities" of US$6.940 million in 1H 2020 largely due to:

(i) The "Operating cash flow before working capital changes" generated cash amounted to US$5.140 million in 1H 2021, compared to US$2.356 million in 1H 2020;

(ii) Cash used in "Receivables" in 1H 2021 was US$7.364 million compared to US$3.806 million generated from "Receivables" in 1H 2020;

(iii) Cash generated from "Payables" in 1H 2021 was US$4.722 million compared to cash generated from "Payables" in 1H 2020 was US$1.172 million; and

(iv) "Income tax paid" in 1H 2021 was US$0.344 million while US$0.050 million was paid in 1H 2020.

"Net cash used in investing activities" amounted to US$0.166 million in 1H 2021, compared to "Net cash generated from investing activities" of US$5.008 million in 1H 2020. In 1H 2021, "Net cash used in investing activities" was mainly due to US$0.372 million for "Purchase of property, plant equipment", it was partially offset by the "Proceed from disposal of property, plant and equipment" of US$0.193 million. Whilst "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 US$1.102 million of "Dividend income from non-current asset held for sale".

"Net cash used in financing activities" amounted to US$2.373 million in 1H 2021, compared to "Net cash used in financing activities" of US$3.694 million in 1H 2020. 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. Whilst in 1H 2020, 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.

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 2021 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.

The resurgence of the Delta variance of Covid-19 and the tumultuous geo-politics resulting in economic upheaval, spell uncertainty and challenging times ahead of us. There is still no clear visibility as to when the global trade and economy will recover 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 2021. 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.

5. Dividend

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

The Board of Directors has declared an interim one-tier tax exempt dividend of 0.50 Singapore cent per share for the first six (6) months of 2021.

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

0.50 Singapore cent per ordinary share

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).

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per ordinary Share (S$)	0.005
Tax Rate	One-tier tax exempt

(d) The date the dividend is payable.

Date of payment for dividend is to be announced.

(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.

The book closure date is to be announced.

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 2021 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

Loo Keat Choon
Joint Company Secretary

13 August 2021