A-SONIC AEROSPACE LIMITED

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

SECOND QUARTER 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 second quarter and first half year ended 30 June 2019

	Group			Group		
	Second quarter ended			First half year ended		
	30 Jun 2019 US$'000	30 Jun 2018 US$'000	Change %	30 Jun 2019 US$'000	30 Jun 2018 US$'000	Change %
Turnover	**47,815**	51,608	*(7.3)*	**101,565**	100,281	*1.3*
Other income	**210**	176	*19.3*	**719**	479	*50.1*
Total revenue	**48,025**	51,784	*(7.3)*	**102,284**	100,760	*1.5*
Expenses						
Changes in inventories	**441**	-	*N/M*	**467**	(2,000)	*N/M*
Purchases of goods and consumables used	**(2,363)**	(845)	*179.6*	**(2,670)**	(1,132)	*135.9*
Freight charges	**(40,198)**	(45,361)	*(11.4)*	**(87,897)**	(85,181)	*3.2*
Staff costs	**(4,288)**	(4,461)	*(3.9)*	**(8,846)**	(9,169)	*(3.5)*
Depreciation of property, plant and equipment	**(437)**	(183)	*138.8*	**(910)**	(376)	*142.0*
Finance costs	**(59)**	(77)	*(23.4)*	**(141)**	(136)	*3.7*
Other operating expenses	**(907)**	(1,629)	*(44.3)*	**(1,803)**	(3,089)	*(41.6)*
Total costs and expenses	**(47,811)**	(52,556)	*(9.0)*	**(101,800)**	(101,083)	*0.7*
Share of results of associated companies	**87**	268	*(67.5)*	**80**	508	*(84.3)*
Profit/(loss) before tax	**301**	(504)	*N/M*	**564**	185	*204.9*
Taxation	**(3)**	(31)	*(90.3)*	**(16)**	(32)	*(50.0)*
Profit/(loss) for the period	**298**	(535)	*N/M*	**548**	153	*258.2*
Profit/(loss) attributable to:						
Equity holders of the Company	**377**	17	*2,117.6*	**808**	692	*16.8*
Non-controlling interests	**(79)**	(552)	*(85.7)*	**(260)**	(539)	*(51.8)*
	298	(535)	*N/M*	**548**	153	*258.2*
Other items :						
Interest income	**90**	62	*45.2*	**191**	111	*72.1*
Sundry income	**116**	110	*5.5*	**515**	345	*49.3*
Impairment allowance for trade receivables written back	**-**	5	*(100.0)*	**-**	7	*(100.0)*
Impairment allowance for non-trade receivables written back	**1**	-	*N/M*	**5**	-	*N/M*
Impairment allowance for non-trade receivables	**-**	(22)	*(100.0)*	**-**	(11)	*(100.0)*
Foreign currency exchange gain/(loss)	**26**	(118)	*N/M*	**178**	(100)	*N/M*
Rental expenses	**(103)**	(341)	*(69.8)*	**(180)**	(692)	*(74.0)*

N/M: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and first half year ended 30 June 2019

	Group			Group		
	Second quarter ended			First half year ended		
	30 Jun 2019	30 Jun 2018	*Change*	**30 Jun 2019**	30 Jun 2018	*Change*
	US$'000	US$'000	*%*	**US$'000**	US$'000	*%*
Profit/(loss) for the period	**298**	(535)	*N/M*	**548**	153	*258.2*
Other comprehensive income/(loss):						
Items that are or may be reclassified subsequently to profit or loss:						
Currency translation differences arising on consolidation	**(103)**	(226)	*(54.4)*	**(35)**	99	*N/M*
	(103)	(226)		**(35)**	99	
Total comprehensive income/(loss) for the period	**195**	(761)	*N/M*	**513**	252	*103.6*
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	**295**	(273)	*N/M*	**792**	651	*21.7*
Non-controlling interests	**(100)**	(488)	*(79.5)*	**(279)**	(399)	*(30.1)*
Total comprehensive income/(loss) for the period	**195**	(761)	*N/M*	**513**	252	*103.6*

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 2019

	Group		Company	
	30 Jun 2019	31 Dec 2018	**30 Jun 2019**	31 Dec 2018
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets				
Property, plant and equipment	**5,553**	5,849	**-**	-
Right-of-use assets	**1,587**	-	**-**	-
Investment in subsidiaries [(1)]	**-**	-	**14,663**	14,663
Investment in associated companies	**1,593**	1,527	**-**	-
Fair value through other comprehensive income	**98**	98	**-**	-
Deferred tax assets	**275**	277	**-**	-
	9,106	7,751	**14,663**	14,663
Current assets				
Inventories	**2,004**	1,537	**-**	-
Trade and other receivables	**31,396**	39,536	**9**	6
Contract assets	**205**	-	**-**	-
Due from subsidiaries	**-**	-	**4,832**	2,362
Due from associated companies	**172**	258	**-**	-
Tax recoverable	**38**	39	**-**	-
Cash and cash equivalents	**22,031**	24,473	**10,356**	11,278
	55,846	65,843	**15,197**	13,646
Total assets	**64,952**	73,594	**29,860**	28,309
Non-current liabilities				
Lease liabilities	**1,149**	578	**-**	-
	1,149	578	**-**	-
Current liabilities				
Trade and other payables	**31,272**	43,420	**159**	278
Contract liabilities	**1,530**	-	**-**	-
Due to subsidiaries	**-**	-	**7,507**	6,194
Dividends payable	**432**	-	**432**	-
Bank borrowings	**4,431**	4,174	**2,492**	2,250
Provision for liabilities	**265**	265	**-**	-
Lease liabilities	**1,449**	659	**-**	-
Tax payable	**105**	185	**9**	48
	39,484	48,703	**10,599**	8,770
Total liabilities	**40,633**	49,281	**10,599**	8,770
Net assets	**24,319**	24,313	**19,261**	19,539
Equity				
Share capital	**51,758**	51,758	**51,758**	51,758
Accumulated losses	**(16,189)**	(16,519)	**(32,497)**	(32,219)
Foreign currency translation reserve	**(7,579)**	(7,563)	**-**	-
Equity attributtable to equity holders of the Company	**27,990**	27,676	**19,261**	19,539
Non-controlling interests	**(3,671)**	(3,363)	**-**	-
Total equity	**24,319**	24,313	**19,261**	19,539

Note:
(1) As at 30 June 2019 and 31 December 2018, 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 2019		At 31 December 2018	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
5,008	872	4,833	-

Amount repayable after one year

At 30 June 2019		At 31 December 2018	
Secured US$'000	**Unsecured US$'000**	Secured US$'000	Unsecured US$'000
349	**800**	578	-

Details of any collateral

The group's aggregate bank borrowings and lease liabilities which were repayable in one year or less, or on demand, amounted to US$5.008 million as at 30 June 2019. Of the US$5.008 million, secured bank borrowings amounted to US$4.431 million, and the remaining US$0.577 million are obligations from lease liabilities secured against motor vehicles deployed for the logistics business.

The bank borrowings of :(i) US$1.939 million was secured by corporate guarantee and a floating charge over the logistics receivables; and (ii) US$2.492 million was secured on a leasehold property of the Group.

The Group's secured borrowings repayable after one year of US$0.349 million are leases obligations secured by pledges on the motor vehicles deployed for the logistics business.

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 second quarter and half year ended 30 June 2019

	Group			
	Second quarter ended		First half year ended	
	30 Jun 2019	30 Jun 2018	**30 Jun 2019**	30 Jun 2018
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating activities				
Profit/(loss) before tax	**301**	(504)	**564**	185
Adjustments for:				
Interest income	**(90)**	(62)	**(191)**	(111)
Depreciation of property, plant and equipment	**437**	183	**910**	376
Interest expenses	**59**	77	**141**	136
Impairment allowance for non-trade receivables	**-**	22	**-**	11
Impairment allowance for non-trade receivables written back	**(1)**	-	**(5)**	-
Share of results of associated companies	**(87)**	(268)	**(80)**	(508)
Operating cash flow before working capital changes	**619**	(552)	**1,339**	89
Inventories	**(441)**	-	**(467)**	2,000
Receivables	**(3,770)**	(5,365)	**8,028**	5,432
Payables	**1,616**	6,952	**(10,620)**	(7,424)
Effect of foreign exchange rate changes	**(16)**	15	**(39)**	142
Cash (used in)/generated from operations	**(1,992)**	1,050	**(1,759)**	239
Income tax paid	**(33)**	(32)	**(94)**	(184)
Net cash (used in)/generated from operating activities	**(2,025)**	1,018	**(1,853)**	55
Cash flows from investing activities				
Interest received	**90**	62	**191**	111
Purchase of property, plant and equipment	**(47)**	(31)	**(70)**	(54)
Net cash generated from investing activities	**43**	31	**121**	57
Cash flows from financing activities				
Contribution from non-controlling interest for incorporation of subsidiary	**-**	67	**-**	67
Proceeds from bank borrowings	**218**	-	**218**	365
Repayment of bank borrowings	**-**	(354)	**-**	(393)
Repayment of lease liabilities	**(385)**	(151)	**(810)**	(304)
Interest paid	**(59)**	(77)	**(141)**	(136)
Net cash used in financing activities	**(226)**	(515)	**(733)**	(401)
Net (decrease)/increase in cash and cash equivalents [(1)]	**(2,208)**	534	**(2,465)**	(289)
Cash and cash equivalents at beginning of period	**24,101**	22,702	**24,268**	23,315
Effect of foreign exchange rate changes	**(67)**	(352)	**23**	(142)
Cash and cash equivalents at end of period	**21,826**	22,884	**21,826**	22,884
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	21,075	22,397	21,075	22,397
- Fixed deposits	956	954	956	954
	22,031	23,351	22,031	23,351
Less: Fixed deposits restricted for use	(205)	(467)	(205)	(467)
Cash and cash equivalents per consolidated statement of cash flows	**21,826**	**22,884**	**21,826**	**22,884**

Note:
(1) As at 30 June 2019, Cash and cash equivalents balances held by the Group amounting to US$0.205 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 second quarter and first half year ended 30 June 2019

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	-	431	-	431	(181)	250
Other comprehensive income						
Currency translation differences on consolidation	-	-	66	66	2	68
Other comprehensive income for the period	-	-	66	66	2	68
Total comprehensive income for the period	-	431	66	497	(179)	318
At 31 March 2019	**51,758**	**(16,134)**	**(7,497)**	**28,127**	**(3,571)**	**24,556**
Comprehensive Income/(loss)						
Profit/(loss) for the period	-	377	-	377	(79)	298
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	(82)	(82)	(21)	(103)
Other comprehensive loss for the period	-	-	(82)	(82)	(21)	(103)
Total comprehensive income/(loss) for the period	-	377	(82)	295	(100)	195
Transaction with owners recorded directly in equity						
Dividends 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**

Consolidated Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2019 (cont'd)

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 2018	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634
Comprehensive Income						
Profit for the period	-	675	-	675	13	688
Other comprehensive income						
Currency translation differences on consolidation	-	-	249	249	76	325
Other comprehensive income for the period	-	-	249	249	76	325
Total comprehensive income for the period	-	675	249	924	89	1,013
At 31 March 2018	51,758	(17,346)	(7,170)	27,242	(2,595)	24,647
Comprehensive income/(loss)						
Profit/(loss) for the period	-	17	-	17	(552)	(535)
Other comprehensive income/(loss)						
Currency translation differences on consolidation	-	-	(290)	(290)	64	(226)
Other comprehensive (loss)/income for the period	-	-	(290)	(290)	64	(226)
Total comprehensive income/(loss) for the period	-	17	(290)	(273)	(488)	(761)
At 30 June 2018	**51,758**	**(17,329)**	**(7,460)**	**26,969**	**(3,083)**	**23,886**

Statement of Changes in Equity

For the second quarter and first half year ended 30 June 2019

THE COMPANY	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
At 1 January 2019	51,758	(32,219)	19,539
Comprehensive income			
Profit and total comprehensive income for the period	-	76	76
At 31 March 2019	51,758	(32,143)	19,615
Comprehensive income			
Profit and total comprehensive income for the period	-	78	78
Transaction with owners recorded directly in equity			
Dividends payable on ordinary shares	-	(432)	(432)
At 30 June 2019	**51,758**	**(32,497)**	**19,261**

THE COMPANY	Share capital US$'000	Accumulated losses US$'000	Total equity US$'000
At 1 January 2018	51,758	(32,986)	18,772
Comprehensive income			
Profit and total comprehensive profit for the period	-	13	13
At 31 March 2018	51,758	(32,973)	18,785
Comprehensive income			
Profit and total comprehensive income for the period	-	147	147
At 30 June 2018	**51,758**	**(32,826)**	**18,932**

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:

	Second quarter ended	
	30 Jun 2019	**30 Jun 2018**
Balance at beginning of period	58,479,296	58,479,296
Balance at 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 2019 and 31 December 2018 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 2019.

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.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statement for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

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.

SFRS(I) 16 Leases requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted the SFRS(I) 16 Leases retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16 Leases, the Group has chosen, on a lease-by-lease basis, to measure the right-of use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In addition, the Group elected the following practical expedient:

• to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of US$2.512 million and lease liabilities of US$2.587 million for its leases previously classified as operating leases, with a corresponding increase in the opening accumulated losses US$0.046 million and non-controlling interests of US$0.029 million as of 1 January 2019. The Group has adopted the modified retrospective approach on the adoption of SFRS(I) 16.

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		Group	
	Second quarter ended		First half year ended	
	30 Jun 2019	30 Jun 2018	**30 Jun 2019**	30 Jun 2018
Profit after tax attributable to equity holders of the Company (US$'000)	**377**	17	**808**	692
Weighted average number of ordinary shares (in '000)	**58,479**	58,479	**58,479**	58,479
Earnings per share (US cents):				
Basic	**0.64**	0.03	**1.38**	1.18
Diluted	**0.64**	0.03	**1.38**	1.18

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 2019	31 Dec 2018	**30 Jun 2019**	31 Dec 2018
Net asset value per share based on existing issued share capital at the end of period/year (US cents) [(1) (2)]	**47.86**	47.33	**32.94**	33.41

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 2019 and 31 December 2018 would have been 41.59 US cents and 41.58 US cents per share respectively.

(2) Computed based on 58,479,296 ordinary shares in issue for 30 June 2019 and 31 December 2018.

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 720 personnel as at 30 June 2019.

Our aviation business relates to the sale, lease 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

We continued the positive momentum for the last 18 months into 1H 2019, from the previous profits of the Group recorded for the 12 months ended 31 December 2018 ("FY 2018") as shown in the table below:

		Six (6) months ended 30 June 2019 (1H 2019)	Twelve (12) months ended 31 December 2018 (FY 2018)
(i) Profit Before Tax (US$'000)	:	564	812
(ii) Net Profit Attributable to Equity Shareholders (US$'000)	:	808	1,481
(iii) Earnings Per Share ("EPS") (Equivalent S$ cents)	:	N.A.[(2)]	3.5
(iv) Net Tangible Assets (Attributable to Equity Holders of the Company) per Share ("NTA/share") ("NTAB") (Equivalent S$ cents)	:	64.7	64.6
(v) Price Earnings Ratio (Historical)[(1)]	:	N.A.[(2)]	5.5
(vi) Share Price at Discount to NTAB	:	235% (or 2.35 times below NTAB)	235% (or 2.35 times below NTAB)

Notes:

(1) Share price was based on the closing market price of S$0.193 on 8 August 2019, the latest business date immediately prior to the date of this announcement.

(2) N.A. denotes "Not applicable" because it refers to earnings for six (6) months only.

Our Group registered "Net Profit Attributable to Equity Holders" of US$0.808 million in 1H 2019, compared to US$0.692 million in 1H 2018. Two of the three operating business units achieved profits in 1H 2019, continuing from the profits recorded in FY 2018:

(i) Our aviation business unit registered "Profit Attributable to Equity Holders of the Company" of US$0.189 million in 1H 2019; and

(ii) "A-Sonic Logistics" business unit recorded "Profit Attributable to Equity Holders of the Company" of US$0.858 million in 1H 2019.

INCOME STATEMENT

Revenue

1H 2019 vs 1H 2018

Our "Total revenue" comprises "Turnover" and "Other income". Our Group's "Total revenue" increased US$1.524 million (1.5%) to US$102.284 million in the first six months ended 30 June 2019 ("1H 2019"), compared to US$100.760 million in the corresponding period in 2018 ("1H 2018").

Our Group "Turnover" in 1H 2019 increased US$1.284 million (1.3%) to US$101.565 million, compared to US$100.281 million in 1H 2018. The Group's Turnover increased due to US$2.894 million higher logistics "Turnover" to US$98.780 million in 1H 2019, compared to US$95.886 million in 1H 2018. Logistics "Turnover" increased primarily due to higher business volume in North Asia. The increase in logistics "Turnover" was however pared by the lower aviation "Turnover" in 1H 2019.

Our aviation business contributed 2.7% (US$2.785 million) of our Group "Turnover" in 1H 2019, and our logistics business unit contributed 97.3% (US$98.780 million).

"Other income" increased US$0.240 million (50.1%) to US$0.719 million in 1H 2019, compared to US$0.479 million in 1H 2018. The increase in "Other income" in 1H 2019 was mainly due to an increase of US$0.170 million in "Sundry income".

2nd Qtr 2019 vs 2nd Qtr 2018

Our "Total revenue" decreased US$3.759 million (7.3%) to US$48.025 million in the second quarter ended 30 June 2019 ("2Q 2019"), compared to US$51.784 million in the corresponding period in 2018 ("2Q 2018"). Lower "Total revenue" in 2Q 2019 was largely attributable to a decrease of US$4.940 million in the logistics "Turnover", as a result of weaker global economic condition.

The aviation business contributed to 5.0% of our "Turnover" in 2Q 2019. The remaining 95.0% of "Turnover" was generated from our logistics business.

"Other income" increased US$0.034 million (19.3%) to US$0.210 million in 2Q 2019, compared to US$0.176 million in 2Q 2018. An increase in "Other income" was mainly due to higher (US$0.006 million) "Sundry income" and higher (US$0.028 million) "Interest income".

2nd Qtr 2019 vs 1st Qtr 2019

"Total revenue" decreased US$6.234 million to US$48.025 million in 2Q 2019, compared to US$54.259 million in the first quarter ended 31 March 2019 ("1Q 2019"), largely due to lower "Turnover" generated from the logistics business.

"Turnover" decreased US$5.935 million to US$47.815 million in 2Q 2019, compared to US$53.750 million in 1Q 2019. Lower "Turnover" was mainly due to a decrease of US$7.924 million in the logistics "Turnover" resulting from weaker global market condition.

"Other income" decreased US$0.299 million to US$0.210 million in 2Q 2019 compared to US$0.509 million in 1Q 2019, mainly due to lower "Sundry income" of US$0.283 million.

Total Costs and Expenses

1H 2019 vs 1H 2018

Our "Total costs and expenses" increased 0.7% (US$0.717 million) to US$101.800 million in 1H 2019, compared to US$101.083 million in 1H 2018, mainly due to:

(i) an increase of US$2.716 million in "Freight charges" to US$87.897 million in 1H 2019, compared to US$85.181 million in 1H 2018. The increase of US$2.716 million in "Freight Charges" corresponded to the higher logistics "Turnover" of US$2.894 million in 1H 2019 compared to 1H 2018;

(ii) an increase of "Purchase of goods and consumables used" of US$1.538 million was mainly due to purchase of aircraft engines; and

(iii) an increase of US$0.534 million in "Depreciation of property, plant and equipment" to US$0.910 million in 1H 2019, resulting from application of SFRS(I) 16 Leases.

The above costs increases in 1H 2019 compared to 1H 2018, was partially moderated with:

(i) lower (US$1.286 million) "Other operating expenses" to US$1.803 million compared to US$3.089 million in 1H 2018. The reduction was mainly due to: (a) lower rental expenses (US$0.512 million) resulted from the application of SFRS(I) 16 Leases; (b) foreign exchange gain of US$0.178 million, compared to a loss of US$0.100 million in 1H 2018; and (c) reduction of office expenses including travelling and entertainment expenses in North Asia; and

(ii) a reduction in "Staff costs" of US$0.323 million in 1H 2019 was due to reduction of headcount in USA.

2nd Qtr 2019 vs 2nd Qtr 2018

"Total costs and expenses" declined US$4.745 million to US$47.811 million in 2Q 2019, compared to US$52.556 million in 2Q 2018, substantially due to lower (US$5.163 million)"Freight charges" to US$40.198 million in 2Q 2019, compared to US$45.361 million in 2Q 2018. The decrease in "Freight charges" was due to the lower logistics "Turnover" of US$4.940 million in 2Q 2019 compared to 2Q 2018, for the same reasons as elaborated on page 13, in the first paragraph of the section titled "***Revenue***" for "***2nd Qtr 2019 vs 2nd Qtr 2018***".

2nd Qtr 2019 vs 1st Qtr 2019

We recorded "Total costs and expenses" of US$47.811 million in 2Q 2019, a decrease of US$6.178 million (11.4%) from US$53.989 million in 1Q 2019, due to "Freight charges" decreased US$7.501 million to US$40.198 million in 2Q 2019, compared to US$47.699 million in 1Q 2019. The decrease in "Freight charges" was in part due to decline in logistics "Turnover" of US$7.924 million in 2Q 2019 compared to 1Q 2019, as elaborated on page 13, in the second paragraph of the section entitled "***Revenue***" for "***2nd Qtr 2019 vs 1st Qtr 2019***".

Gross Profit

1H 2019 vs 1H 2018

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$0.503 million (4.2%) to US$11.465 million in 1H 2019, compared to US$11.968 million in 1H 2018. The reduction of "Gross Profit" in 1H 2019 compared to 1H 2018 was largely due to a decrease of US$0.665 million in aviation "Gross Profit".

2nd Qtr 2019 vs 2nd Qtr 2018

"Gross profit" increased 5.4% (US$0.293 million) to US$5.695 million in 2Q 2019, compared to US$5.402 million in 2Q 2018. The improvement in our "Gross profit" was largely attributable to more effective procurement to reduce cost of sales.

2nd Qtr 2019 vs 1st Qtr 2019

We recorded a "Gross profit" of US$5.695 million in 2Q 2019, a decrease of US$0.075 million (1.3%) compared to US$5.770 million in 1Q 2019. The decline in "Gross profit" in 2Q 2019, compared to 1Q 2019 was largely due to lower (US$7.924 million) logistics "Turnover" in 2Q 2019 compared to 1Q 2019, as elaborated on page 13, in the second paragraph of the section entitled "***Revenue***" for "***2nd Qtr 2019 vs 1st Qtr 2019***".

Net Profit/(Loss) attributable to equity holders of the Company

1H 2019 vs 1H 2018

Our Group recorded "Profit attributable to equity holders of the Company" of US$0.808 million in 1H 2019, compared to US$0.692 million in 1H 2018.

Two of our business units recorded "Profit attributable to equity holders of the Company" namely:

(i) our aviation business (US$0.189 million); and

(ii) our "A-Sonic Logistics" branding (US$0.858 million).

The above profits were however pared by (US$0.239 million) "Loss attributable to equity holders of the Company" incurred by "UBI Logistics"

Had it not been for the "Loss before income tax" of US$0.517 million of "UBI Logistics" business unit, our Group would have recorded "Profit before income tax" of US$1.081 million, instead of US$0.564 million.

2nd Qtr 2019 vs 2nd Qtr 2018

In 2Q 2019, our Group registered "Profit attributable to equity holders of the Company" of US$0.377 million, compared to "Profit attributable to equity holders of the Company" of US$0.017 million in 2Q 2018. The improvement in 2Q 2019 was due to lower losses incurred by "UBI Logistics" business unit of US$0.070 million in 2Q 2019, compared to a loss of US$0.522 million in 2Q 2018.

2nd Qtr 2019 vs 1st Qtr 2019

We achieved "Profit attributable to equity holders of the Company" of US$0.377 million in 2Q 2019, compared to "Profit attributable to equity holders of the Company" of US$0.431 million in 1Q 2019. The lower (US$0.054 million) "Profit attributable to equity holders of the Company" in 2Q 2019 was largely due to US$0.299 million lower "Other income" of US$0.210 million, compared to US$0.509 million in 1Q 2019.

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased 17.5% (US$1.355 million) to US$9.106 million as at 30 June 2019, compared to US$7.751 million as at 31 December 2018 ("FY 2018"). The increase was due to "Right-of-use assets" as a result of the introduction of the new accounting standard, SFRS(I) 16 Leases, which took effect on 1 January 2019.

Current assets

"Current assets" decreased US$9.997 million to US$55.846 million as at 30 June 2019, compared to US$65.843 million as at the end of FY 2018. "Current assets" declined largely owing to:

(i) a decrease of US$8.140 million in "Trade and other receivables" to US$31.396 million as at 30 June 2019, compared to US$39.536 million as at the end of FY 2018. The reduction in "Trade and other receivables" as at 30 June 2019, was largely due to lower "Turnover" in 2Q 2019, compared to 4Q 2018; and

(ii) a decrease of US$2.442 million in "Cash and cash equivalents" to US$22.031 million as at 30 June 2019, compared to US$24.473 million as at end FY 2018. The "Cash and cash equivalents" was deployed to partially reduce "Trade and other payables" in 1H 2019.

Non-current liabilities

"Non-current liabilities" increased US$0.571 million to US$1.149 million as at 30 June 2019 as a result of the introduction of the new accounting standard, SFRS(I) 16 Leases, which took effect on 1 January 2019.

Current liabilities

"Current liabilities" declined US$9.219 million to US$39.484 million as at 30 June 2019, compared to US$48.703 million as at the end of FY 2018, largely due to a reduction of US$12.148 million in "Trade and other payables" to US$31.272 million as at 30 June 2019.

The above reduction of US$12.148 million in "Trade and other payables" were however partially offset by:

(i) the increase of "Contract liabilities" of US$1.530 million as a result of the adoption of SFRS(1) 15; and

(ii) the increase of US$0.790 million in "Lease liabilities" as a result of the application of new accounting standard, SFRS(I) 16 Leases.

Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US$27.990 million as at end of 30 June 2019, compared to US$27.676 million as at end of FY 2018. The increase of US$0.314 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$0.808 million in 1H 2019 and partially offset by "Dividends payable" declared for the financial year ended 31 December 2018 which amounted to US$0.432 million.

The Group's gearing based on total "Bank borrowings" and "Lease liabilities", to "Equity attributable to equity holders of the Company" increased to 25.1% as at 30 June 2019, compared to 19.6% as at the end of FY 2018. This increase in gearing ratio was mainly due to the application of new accounting standard, SFRS(I) 16 Leases, which lease liability had been recognised. Had it not been for the new accounting standard, the group's gearing ratio would have been 19.1%.

CASH FLOW

1H 2019 vs 1H 2018

"Net cash used in operating activities" was US$1.853 million in 1H 2019, compared to "Net cash generated from operating activities" of US$0.055 million in 1H 2018 largely due to:

(i) The "Operating cash flow before working capital changes" generated cash amounted to US$1.339 million in 1H 2019, compared to US$0.089 million in 1H 2018;

(ii) Cash used in "Payables" in 1H 2019 was US$10.620 million, while cash used in "Payables" in 1H 2018 was US$7.424 million;

(iii) Cash used in "Inventories" in 1H 2019 was US$0.467 million while cash generated from "Inventories" in 1H 2018 was US$2.000 million;

(iv) Cash generated from "Receivables" in 1H 2019 was US$8.028 million compared to US$5.432 million generated from "Receivables" in 1H 2018; and

(v) "Income tax paid" in 1H 2019 was US$0.094 million while US$0.184 million was paid in 1H 2018.

"Net cash generated from investing activities" amounted to US$0.121 million in 1H 2019, compared to "Net cash generated from investing activities" of US$0.057 million in 1H 2018. The "Net cash generated from investing activities" in 1H 2019 was mainly due to US$0.191 million of "Interest received" and partially offset by US$0.070 million used for "Purchase of property, plant and equipment". Whilst in 1H 2018, the "Net cash generated from investing activities" was mainly due to US$0.111 million of "Interest received" and partially offset by "Purchase of property, plant equipment" of US$0.054 million.

"Net cash used in financing activities" amounted to US$0.733 million in 1H 2019, compared to "Net cash used in financing activities" of US$0.401 million in 1H 2018. 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 in 1H 2019. However, "Net cash used in financing activities" was partially offset by the "Proceeds from bank borrowings" amounting to US$0.218 million in 1H 2019. Whilst in 1H 2018, The "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings", "Repayment of lease liabilities" and "Interest paid" of US$0.393 million, US$0.304 million and US$0.136 million respectively. However, "Net cash used in financing activities" was partially offset by the "Proceeds from bank borrowings" and "Contribution from non-controlling interest for incorporation of subsidiary" amounting to US$0.365 million and US$0.067 million respectively in 1H 2018.

2nd Qtr 2019 vs 2nd Qtr 2018

The "Net cash used in operating activities" in 2Q 2019 of US$2.025 million was largely due to cash used in "Receivables" of US$3.770 million and "Inventories" of US$0.441 million. However, the "Net cash used in operating activities" was partially offset by cash generated from "Payables" of US$1.616 million. Whilst in 2Q 2018, "Net cash generated from operating activities" of US$1.018 million comprised of cash generated from "Payables" of US$6.952 million and was partially offset by "Receivables", and "Loss before tax" of US$5.365 million and US$0.504 million respectively.

"Net cash generated from investing activities" was US$0.043 million due to "Interest received" of US$0.090 million and was partially offset by "Purchase of property, plant and equipment" of US$0.047 million in 2Q 2019. "Net cash generating from investing activities" in 2Q 2018 was US$0.031 million, mainly due to "Interest received" of US$0.062 million and partially offset by "Purchase of property, plant and equipment" of US$0.031 million.

"Net cash used in financing activities" in 2Q 2019 was US$0.226 million, compared to "Net cash used in financing activities" of US$0.515 million in 2Q 2018. The "Net cash used in financing activities" was largely attributed to "Repayment of lease liabilities" of US$0.385 million in 2Q 2019. However, it was partially offset by "Proceeds from bank borrowings" of US$0.218 million in 2Q 2019. In 2Q 2018, "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings", "Repayment of lease liabilities" and "Interest paid" of US$0.354 million, US$0.151 million and US$0.077 million respectively. However, it was partially reduced by the "Contribution from non-controlling interest for incorporation of subsidiary" of US$0.067 million in 2Q 2018.

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 2019 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.

Barring unforeseen circumstances, we remain cautiously optimistic on the business outlook for our logistics and aviation business for the remaining months of 2019.

11. Dividend

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

No dividend has been declared or recommended for the second quarter and first half year ended 30 June 2019.

(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.**

No dividend has been declared or recommended for the second quarter ended 30 June 2019. The Board will review in subsequent quarters.

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

13 August 2019

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 second quarter period ended 30 June 2019 and first half year ended 30 June 2019 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