



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS
ENDED 31 DECEMBER 2019**

- 1(a) An income statement and statement of comprehensive income, or a 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 third quarter and nine months ended 31 December 2019 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
Revenue	545.6	464.0	1,508.1	1,356.5
Expenditure				
Staff costs	(240.9)	(217.5)	(705.8)	(640.5)
Cost of raw materials	(110.4)	(69.4)	(254.3)	(201.9)
Licence fees	(23.3)	(22.6)	(67.8)	(66.8)
Depreciation and amortisation charges	(30.5)	(20.7)	(85.0)	(61.0)
Company premise and utilities expenses	(24.2)	(28.1)	(71.0)	(84.2)
Other costs	(53.4)	(40.4)	(139.5)	(105.9)
	<u>(482.7)</u>	<u>(398.7)</u>	<u>(1,323.4)</u>	<u>(1,160.3)</u>
Operating profit	62.9	65.3	184.7	196.2
Interest on borrowings	(1.6)	(0.3)	(4.5)	(0.7)
Interest income	0.7	0.9	3.2	2.8
Share of results of associates/joint ventures, net of tax	14.7	20.7	43.0	50.0
Other non-operating loss, net	–	(0.2)	(0.4)	(0.7)
Profit before tax	76.7	86.4	226.0	247.6
Income tax expense	(13.3)	(15.2)	(41.7)	(43.2)
Profit for the period	<u>63.4</u>	<u>71.2</u>	<u>184.3</u>	<u>204.4</u>
Profit attributable to:				
Owners of the Company	59.3	68.9	174.7	198.5
Non-controlling interests	4.1	2.3	9.6	5.9
	<u>63.4</u>	<u>71.2</u>	<u>184.3</u>	<u>204.4</u>
Core PATMI (\$'M) ⁽¹⁾	59.3	63.1	174.7	192.7
EBITDA (\$'M) ⁽²⁾	108.1	100.9	312.7	301.4
Return on Equity (%) ⁽³⁾	3.6	4.3	10.7	12.3

1. Core PATMI refers to net profit attributable to owners of the Company excluding the following one-off items:

	3 rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
(i) Write-back of earn-out consideration	–	11.6	–	11.6
(ii) Impairment loss on investment in associates	–	(11.6)	–	(11.6)
(iii) Share of DFASS SATS Pte Ltd profits from the disposal of business to KrisShop Pte Ltd, net of tax	–	5.8	–	5.8

2. EBITDA refers to earnings (including Share of results of associates/joint ventures) before interest, tax, depreciation and amortisation; and excluding one-off items.
3. Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non annualised).

**Notes - Profit for the period is arrived at after crediting/(charging) the following items
(in \$ million):**

	GROUP			
	3rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
Foreign exchange (loss)/gain, net	(0.9)	(0.2)	–	4.2
Write-back/(allowance) for doubtful debts and bad debts written off, net	0.1	(0.1)	–	(0.2)
Write-off for stock obsolescence, net	(0.2)	–	(0.3)	(0.1)
Write-back of earn-out consideration	–	11.6	–	11.6
Impairment loss on investment in associates	–	(11.6)	–	(11.6)
Gain/(loss) on disposal of property, plant and equipment	–	0.1	(0.4)	0.3
Over provision of taxation in respect of prior years	0.6	0.1	0.1	2.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter and nine months ended 31 December 2019 (in \$ million)

	GROUP			
	3rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
Profit for the period	63.4	71.2	184.3	204.4
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial gain on defined benefit plan	–	–	0.4	–
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences	(13.5)	7.3	(3.5)	(5.4)
Other comprehensive income for the period, net of tax	(13.5)	7.3	(3.1)	(5.4)
Total comprehensive income for the period	49.9	78.5	181.2	199.0
Total comprehensive income attributable to:				
Owners of the Company	48.4	74.7	172.7	193.6
Non-controlling interests	1.5	3.8	8.5	5.4
Total comprehensive income for the period	49.9	78.5	181.2	199.0

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

**STATEMENTS OF FINANCIAL POSITION
As at 31 December 2019 (in \$ million)**

	GROUP		COMPANY	
	31.12.2019	31.3.2019	31.12.2019	31.3.2019
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(26.0)	(43.0)	(26.0)	(43.0)
Share-based compensation reserve	7.6	10.1	7.6	10.1
Statutory reserve	12.1	10.9	–	–
Foreign currency translation reserve	(153.1)	(150.7)	–	–
Revenue reserve	1,434.6	1,473.1	1,280.9	1,208.3
Other reserves*	(24.5)	(19.0)	(25.6)	(20.1)
	1,618.6	1,649.3	1,604.8	1,523.2
Non-controlling interests	184.4	167.8	–	–
Total equity	1,803.0	1,817.1	1,604.8	1,523.2
Non-current assets				
Property, plant and equipment	586.6	579.2	28.3	33.8
Right-of-use assets	191.8	–	67.3	–
Investment properties	6.6	7.6	194.4	206.8
Intangible assets	395.9	350.5	6.7	3.6
Investment in subsidiaries	–	–	774.1	718.1
Investment in associates	663.2	621.5	365.1	337.4
Investment in joint ventures	69.6	102.4	12.0	12.0
Long-term investments	28.1	20.7	6.1	–
Loan to subsidiaries	–	–	344.6	299.4
Deferred tax assets	12.1	12.0	–	–
Other non-current assets	11.7	4.3	–	–
	1,965.6	1,698.2	1,798.6	1,611.1
Current assets				
Trade and other receivables	373.9	300.9	88.9	108.7
Prepayments and deposits	21.9	19.3	2.3	2.4
Amounts due from associates/joint ventures	3.4	5.3	2.9	3.7
Loan to subsidiaries	–	–	–	0.2
Inventories	63.1	24.3	0.4	0.4
Cash and short-term deposits	212.4	349.9	49.7	176.5
Assets of disposal groups classified as held for sale	–	10.5	–	7.6
	674.7	710.2	144.2	299.5
Current liabilities				
Trade and other payables	358.3	322.6	69.4	204.7
Amounts due to associates/joint ventures	10.5	9.3	–	–
Income tax payable	52.8	57.3	13.6	13.1
Term loans	6.9	–	57.1	38.5
Lease liabilities	19.9	0.1	8.2	–
	448.4	389.3	148.3	256.3
Net current assets/(liabilities)	226.3	320.9	(4.1)	43.2
Non-current liabilities				
Deferred tax liabilities	93.2	87.6	25.4	26.5
Term loan	96.7	95.4	96.7	95.4
Lease liabilities	175.8	0.2	59.9	–
Other payables	23.2	18.8	7.7	9.2
	388.9	202.0	189.7	131.1
Net assets	1,803.0	1,817.1	1,604.8	1,523.2

* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares, Capital Reserve and Fair Value Reserve.

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

(In \$ million)

Amount repayable in one year or less, or on demand

<u>As at 31.12.2019</u>		<u>As at 31.03.2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
19.9	6.9	-	0.1

Amount repayable after one year

<u>As at 31.12.2019</u>		<u>As at 31.03. 2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
175.8	96.7	-	95.6

Details of any collateral

Included in secured borrowings are current lease liabilities of \$19.9 million and non-current lease liabilities of \$175.8 million which are secured over the right-of-use assets of \$191.8 million.

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 STATEMENT OF CASH FLOWS

For the third quarter and nine months ended 31 December 2019 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
<u>Cash flows from operating activities</u>				
Profit before tax	76.7	86.4	226.0	247.6
Adjustments for:				
Interest expense/(income), net	0.9	(0.6)	1.3	(2.1)
Depreciation and amortisation charges	30.5	20.7	85.0	61.0
Unrealised foreign exchange loss/(gain)	0.8	0.2	0.3	(2.3)
Share of results of associates/joint ventures, net of tax	(14.7)	(20.7)	(43.0)	(50.0)
(Gain)/loss on disposal of property, plant and equipment	–	(0.1)	0.4	(0.3)
Write-back of earn-out consideration	–	(11.6)	–	(11.6)
Impairment loss on investment in associates	–	11.6	–	11.6
Share-based payment expense	2.0	1.2	8.8	5.1
Other non-cash items	0.2	0.2	0.3	0.2
Operating cash flows before working capital changes	96.4	87.3	279.1	259.2
Changes in working capital:				
Increase in receivables	(7.7)	(16.1)	(38.0)	(20.7)
(Increase)/decrease in prepayments and deposits	(5.5)	4.0	(14.5)	(1.5)
Increase in inventories	(10.7)	(1.5)	(10.2)	(3.0)
Increase/(decrease) in payables	16.2	22.1	(6.1)	(7.0)
Decrease/(increase) in amounts due from associates/joint ventures, net	2.5	(0.4)	(0.8)	(2.8)
Cash generated from operations	91.2	95.4	209.5	224.2
Interest paid to third parties	(1.6)	(0.2)	(4.5)	(0.6)
Income taxes paid	(12.4)	(13.8)	(41.3)	(38.8)
Net cash from operating activities	77.2	81.4	163.7	184.8
<u>Cash flows from investing activities</u>				
Capital expenditure	(18.7)	(25.6)	(48.6)	(65.6)
Dividends from associates/joint ventures	5.7	18.3	30.1	39.1
Proceeds from disposal of property, plant and equipment	–	0.3	0.1	1.0
Proceeds from disposal of direct interest in an associate/subsidiary	–	–	3.4	–
Investment in subsidiaries, net of cash acquired	(1.8)	–	(31.1)	–
Investment in associates/joint ventures	(0.4)	(5.3)	(23.4)	(23.4)
Long-term investments	–	–	(6.1)	–
Interest received from deposits	0.6	0.4	2.4	2.3
Net cash used in investing activities	(14.6)	(11.9)	(73.2)	(46.6)
<u>Cash flows from financing activities</u>				
Repayments of term loans	(0.9)	(2.7)	(0.9)	(9.9)
Repayments of lease liabilities	(1.1)	(0.1)	(7.5)	(0.2)
Proceeds from exercise of share options	–	–	–	1.0
Dividends paid	(67.1)	(66.9)	(212.5)	(200.9)
Purchase of treasury shares	–	(12.1)	–	(29.0)
Capital contribution from non-controlling interest	–	2.0	–	3.2
Dividends paid to non-controlling interest	(1.3)	(2.2)	(4.7)	(2.4)
Net cash used in financing activities	(70.4)	(82.0)	(225.6)	(238.2)
Net decrease in cash and cash equivalents	(7.8)	(12.5)	(135.1)	(100.0)
Effect of exchange rate changes	(3.4)	1.5	(2.4)	(2.6)
Cash and cash equivalents at beginning of financial period	223.6	281.7	349.9	373.3
Cash and cash equivalents at end of financial period	212.4	270.7	212.4	270.7

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.

STATEMENTS OF CHANGES IN EQUITY

For the third quarter ended 31 December 2019 (in \$ million)

	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
GROUP												
Balance at 1 October 2019	367.9	(26.0)	5.6	12.1	(142.2)	1,442.4	1.1	(25.6)	–	1,635.3	170.3	1,805.6
Profit for the period	–	–	–	–	–	59.3	–	–	–	59.3	4.1	63.4
Other comprehensive income for the period	–	–	–	–	(10.9)	–	–	–	–	(10.9)	(2.6)	(13.5)
Total comprehensive income for the period	–	–	–	–	(10.9)	59.3	–	–	–	48.4	1.5	49.9
Contributions by and distributions to owners												
Share-based payment	–	–	2.0	–	–	–	–	–	–	2.0	–	2.0
Dividends, net	–	–	–	–	–	(67.1)	–	–	–	(67.1)	–	(67.1)
Total contributions by and distributions to owners	–	–	2.0	–	–	(67.1)	–	–	–	(65.1)	–	(65.1)
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1.3)	(1.3)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	13.9	13.9
Balance at 31 December 2019	367.9	(26.0)	7.6	12.1	(153.1)	1,434.6	1.1	(25.6)	–	1,618.6	184.4	1,803.0

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the third quarter ended 31 December 2019 (in \$ million)

GROUP	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 October 2018	367.9	(30.9)	7.3	10.9	(154.1)	1,425.0	1.1	(20.1)	(0.1)	1,607.0	135.1	1,742.1
Profit for the period	–	–	–	–	–	68.9	–	–	–	68.9	2.3	71.2
Other comprehensive income for the period	–	–	–	–	5.8	–	–	–	–	5.8	1.5	7.3
Total comprehensive income for the period	–	–	–	–	5.8	68.9	–	–	–	74.7	3.8	78.5
Contributions by and distributions to owners												
Share-based payment	–	–	1.2	–	–	–	–	–	–	1.2	–	1.2
Purchase of treasury shares	–	(12.1)	–	–	–	–	–	–	–	(12.1)	–	(12.1)
Dividends, net	–	–	–	–	–	(66.9)	–	–	–	(66.9)	–	(66.9)
Total contributions by and distributions to owners	–	(12.1)	1.2	–	–	(66.9)	–	–	–	(77.8)	–	(77.8)
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2.0	2.0
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2.2)	(2.2)
Balance at 31 December 2018	367.9	(43.0)	8.5	10.9	(148.3)	1,427.0	1.1	(20.1)	(0.1)	1,603.9	138.7	1,742.6

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the third quarter ended 31 December 2019 (in \$ million)

<u>COMPANY</u>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 October 2019	367.9	(26.0)	5.6	1,113.1	(25.6)	1,435.0
Profit for the period	–	–	–	234.9	–	234.9
Total comprehensive income for the period	–	–	–	234.9	–	234.9
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.0	–	–	2.0
Dividends, net	–	–	–	(67.1)	–	(67.1)
Total contributions by and distributions to owners	–	–	2.0	(67.1)	–	(65.1)
Balance at 31 December 2019	367.9	(26.0)	7.6	1,280.9	(25.6)	1,604.8
Balance at 1 October 2018	367.9	(30.9)	7.3	1,047.6	(20.1)	1,371.8
Profit for the period	–	–	–	128.9	–	128.9
Total comprehensive income for the period	–	–	–	128.9	–	128.9
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.2	–	–	1.2
Purchase of treasury shares	–	(12.1)	–	–	–	(12.1)
Dividends, net	–	–	–	(66.9)	–	(66.9)
Total contributions by and distributions to owners	–	(12.1)	1.2	(66.9)	–	(77.8)
Balance at 31 December 2018	367.9	(43.0)	8.5	1,109.6	(20.1)	1,422.9

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 share 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.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

As at 30 September 2019 and 31 December 2019, there was no outstanding share option (31 December 2018: NIL).

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Management employees may qualify for two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

For grants in FY2016-17 to FY2019-20

The RSP award is subject to the achievement of the pre-determined target over a one-year period and has an equal vesting over a three-year period. The number of restricted shares awarded is based on individual and corporate performance. PSP has a performance period of three years. The number of performance shares awarded is based on individual and corporate performance and the final performance shares awarded could range between 0% and 150% of the initial grant, subject to achievement of the pre-determined targets.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY (cont'd)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

As at 31 December 2019, the number of shares outstanding under the Company's RSP and PSP were 1,743,600 and 2,882,000 (31 December 2018: 1,533,800 and 3,859,000) respectively.

The details of the shares awarded under RSP and PSP are as follows:

RSP

Date of grant	Balance at 1.10.2019	Number of Restricted Shares			Balance at 31.12.2019
		Vested	Forfeited	Adjustments	
01.08.2017	485,800	–	–	–	485,800
24.06.2019	1,257,800	–	–	–	1,257,800
	<u>1,743,600</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,743,600</u>

PSP

Date of grant	Balance at 1.10.2019	Number of Performance Shares			Balance at 31.12.2019
		Vested	Forfeited	Adjustments	
01.08.2017	1,437,000	–	–	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
01.08.2019	700,000	–	–	–	700,000
	<u>2,882,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,882,000</u>

- (iii) 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 are as follows:

Group and Company	As at 31 December 2019	As at 31 December 2018
Number of treasury shares	5,867,355	9,697,355
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	5,867,355	9,697,355
Total number of shares outstanding*	1,118,188,920	1,114,358,920
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.5%	0.9%

* Total number of issued shares excluding treasury shares and subsidiary holdings.

- 1(d)(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.**

As at 31 December 2019	As at 31 March 2019
1,118,188,920	1,114,358,920

- 1(d)(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.**

Group and Company Treasury Shares	Number of Shares		\$ million	
	2019-20	2018-19	2019-20	2018-19
Balance at 1 October	5,867,355	7,157,955	26.0	30.9
Purchases during the period	–	2,539,400	–	12.1
Issuance of treasury shares pursuant to equity compensation plans	–	–	–	–
Balance at 31 December	5,867,355	9,697,355	26.0	43.0

- 1(d)(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.**

Nil.

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

The figures have not been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditor's report (including any modifications or emphasis of matter).

Not applicable.

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

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

Not applicable.

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

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.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2019 except as detailed in paragraph 5 below.

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

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and joint Ventures
- Amendments to SFRS(I) 3 Business Combinations
- Amendments to SFRS(I) 11 Joint Arrangements
- Amendments to SFRS(I) 1-12 Income Taxes
- Amendments to SFRS(I) 1-23 Borrowing Costs
- Amendments to SFRS(I) 1-19 Plan Amendment, Curtailment or Settlement

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 16.

The Group applied SFRS(I) 16 on 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no

restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of a lease on transition.

The Group measures the Right-of-use (ROU) asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application. For lease contracts that contain the option to renew, the Group used hindsight in determining the lease term. The Group and Company recognise their existing operating lease arrangements as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased at agreed interval to reflect market rentals are included in the measurement of lease liabilities as at date of initial application.

As at 1 April 2019, the adoption of SFRS(I) 16 resulted in key adjustments to the balance sheet of the Group and Company as follows:-

Balance Sheet as at 1 April 2019 (\$' million)	Group	Company
	Increase/(decrease)	
Right-of-use assets	184.2	69.0
Lease liabilities – non-current	172.1	64.5
Lease liabilities – current	10.1	2.7

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			
	3 rd Quarter		9 Months	
	2019-20	2018-19	2019-20	2018-19
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.3	6.2	15.6	17.8
(ii) Diluted **	5.3	6.2	15.6	17.7

* Based on weighted average number of fully paid shares in issue.

** Based on weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.12.2019	As at 31.3.2019	As at 31.12.2019	As at 31.3.2019
Net asset value per ordinary share (cents)	144.8	148.0	143.5	136.7

- 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 or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Third Quarter FY2019-20

Group revenue grew \$81.6 million or 17.6% to \$545.6 million, with growth in both Food Solutions and Gateway Services. Food Solutions' revenue increased \$58.4 million or 23.1% to \$310.8 million mainly from the consolidation of Country Foods Pte. Ltd. ("CFPL") (formerly known as SATS BRF Food Pte. Ltd.) and Nanjing Weizhou Airline Food Corp., Ltd. ("NWA"), which contributed \$42.3 million and \$14.9 million respectively to the Food Solutions' revenue in the third quarter, partly offset by the reduction in revenue from the divestment of FASSCO.

Gateway Services' revenue increased \$23 million or 10.9% to \$234.3 million, attributable to \$23.5 million from the consolidation of Ground Team Red Holdings Sdn Bhd and Ground Team Red Sdn Bhd (collectively known as "GTR entities"), partly offset by lower cargo volume and lower ship calls.

Group expenditure in the third quarter rose \$84 million or 21.1% to \$482.7 million as compared to the same quarter last year. The consolidation of new subsidiaries, as explained in the earlier paragraph, accounted for \$76.8 million of the expenditure. The increase was offset by the divestment of FASSCO amounting to \$5 million.

Staff costs increased by \$23.4 million due to volume growth and consolidation of newly-added subsidiaries. The higher cost of raw materials was primarily due to the consolidation of CFPL and NWA while increase in license fees were in line with higher revenue. The increase in depreciation and amortisation costs, due to the adoption of SFRS(I) 16 Leases was partially offset by the decrease in company premises and utilities expenses. The increase in depreciation was also partly attributable to new projects and assets. Other costs increased \$13 million attributable mainly to higher maintenance and hiring costs for ground support equipment, fuel costs and IT expenses relating to IT infrastructure to support digitalisation projects. Excluding the consolidation of the newly-acquired subsidiaries and divestment of FASSCO, Group expenditure would have recorded a lower increase of \$12.3 million or 3.1%.

Operating profit for the Group in the third quarter decreased \$2.4 million or 3.7% to \$62.9 million as compared to same quarter last year. Taking into account the increase in interest expense arising from the adoption of SFRS(I) 16, the negative impact to the Group profit after tax and non-controlling interests from the new accounting standard was \$1.5 million for the quarter.

Shares of result from associates/joint ventures decreased \$6 million or 29% to \$14.7 million compared to the corresponding quarter, with lower contributions from Gateway Services' associates/joint ventures partially compensated by better performance in Food Solutions' associates/joint ventures.

Group net profit attributable to owners of the company recorded was \$59.3 million for the third quarter, a decline of \$9.6 million or 13.9% year-on-year.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2019-20	%	3Q FY2018-19	%	Growth
	\$m		\$m		%
Food Solutions	310.8	57	252.4	54	23.1
Gateway Services	234.3	43	211.3	46	10.9
Others	0.5	–	0.3	–	66.7
	545.6	100	464.0	100	17.6

Nine months FY2019-20

Group revenue for the first nine months increased \$151.6 million or 11.2% to \$1,508.1 million. Revenue from Food Solutions recorded an improvement of \$80.4 million or 10.8% to \$823.2 million whilst Gateway Services' revenue increased \$71 million or 11.6% to \$683.5 million. The consolidation of CFPL, NWA and GTR entities contributed \$71.2 million and \$69 million to the increase in Food Solutions' and Gateway Services' revenue respectively. The increase in revenue was partially offset by the absence of revenue resulting from the divestment of FASSCO in August 2019.

Excluding the impact of the consolidation of CFPL, NWA, GTR entities and divestment of FASSCO, revenue increased \$23.9 million or 1.8% as a result of volume growth with the exception of cargo volume and ship calls for the period.

Group expenditure for the nine months increased \$163.1 million or 14.1% to \$1,323.4 million as compared to the corresponding period last year primarily due to the consolidation of newly acquired subsidiaries as explained above. This was offset by the divestment of FASSCO amounting to \$13.2 million. Staff costs were higher by \$65.3 million mainly due to the consolidation of CFPL, NWA and GTR entities offset by divestment of FASSCO, in addition to the increase from volume growth. The higher cost of raw materials was primarily due to the consolidation of CFPL and NWA. The increase in depreciation and amortisation costs, due to the adoption of SFRS(I) 16 Leases was partially offset by the decrease in company premises and utilities expenses. The increase in depreciation was also partly attributable to new projects and assets. Other costs increased \$33.6 million as a result of higher maintenance expenses for ground support equipment, IT expenses to support digitalisation and transformation projects, fuel costs, foreign exchange losses instead of gains incurred last year as well as lower grants received. Excluding the consolidation of the newly-acquired subsidiaries and divestment of FASSCO, Group expenditure would have recorded a lower increase of \$43.8 million or 3.8%.

Operating profit for the Group fell \$11.5 million or 5.9% to \$184.7 million year-on-year. Taking into account the increase in interest expense arising from the adoption of SFRS(I) 16, the negative impact to the Group profits after tax and non-controlling interest from the new accounting standard was \$2.9 million for the period.

Shares of result from associates/joint ventures decreased \$7 million or 14% to \$43 million, compared to the same period last year, with lower contributions from Gateway Services' associates/joint ventures partly offset by improvements in Food Solutions' associates/joint ventures. The lower share of results from associates/joint ventures was partly attributable to provision for credit losses of \$3.3 million in the first quarter. Excluding the credit losses, share of results of associates/joint ventures would have a lower decrease of \$3.7 million or 7.4%.

Group net profit attributable to owners of the company declined \$23.8 million or 12% to \$174.7 million.

Revenue by business segment is summarised below:

	Revenue				
	9M FY2019-20	%	9M FY2018-19	%	Growth
	\$m		\$m		%
Food Solutions	823.2	55	742.8	55	10.8
Gateway Services	683.5	45	612.5	45	11.6
Others	1.4	–	1.2	–	16.7
	1,508.1	100	1,356.5	100	11.2

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group decreased \$14.1 million to \$1,803 million as at 31 December 2019, compared to 31 March 2019, largely due to dividend payments to shareholders. The decrease was partly mitigated by profits for the period.

Non-current assets increased \$267.4 million due to the recognition of right-of-use assets as well as higher intangible assets, investment in associates, long-term investments, offset by lower investment in joint ventures. The recognition of right-of-use assets from the adoption of SFRS(I) 16 effective 1 April 2019 resulted in right-of-use assets of \$191.8 million with corresponding non-current lease liabilities of \$175.8 million and current lease liabilities of \$19.9 million as at 31 December 2019.

Intangible assets increased \$45.4 million mainly due to \$34.1 million arising from the acquisition of NWA as well as \$9.6 million from CFPL.

The higher investment in associates was mainly due to investment of \$21.5 million for acquisition of 40% equity interest in Beijing CAH SATS Aviation Services Co., Ltd, additional injection of \$0.5 million in KrisShop Pte. Ltd and share of associates' profits during the period.

The investment in joint ventures declined due to the reclassification of investments in CFPL to investment in subsidiaries following the acquisition of remaining equity interest of 49% as explained in the earlier section.

The Group had also recorded a long-term investment of \$6.1 million for a 10% investment in Beijing Daxing International Airport Inflight Catering Ltd, a joint venture with Capital Airports Holding Company Limited and Juneyao Airlines Co., Ltd. to provide inflight catering and other related services at Beijing Daxing International Airport.

Current Assets of the Group decreased \$35.5 million mainly due to reclassification of assets held for sale which relates to the 4% stake in Asia Airfreight Terminal Company Limited to investment in associates as well as lower cash and short-term deposits attributable mainly to the payments of FY2018-19 final and FY19-20 interim dividends, capital expenditure, acquisition of equity interest in subsidiaries and associates/joint ventures. The cash outflows were partly compensated by net cash from operating activities as well as dividend income from associates/joint ventures.

The decrease in current assets were offset by higher trade and other receivables as well as higher inventories.

Current liabilities increased \$59.1 million arising mainly from higher trade and other payables as well as the recognition of right-of-use lease liabilities of \$19.9 million from the adoption of SFRS(I) 16 effective 1 April 2019.

The company was in a net current liabilities position as at 31 December 2019, mainly due to lower cash balance resulted from payment of dividends to shareholders.

Non-currents liabilities rose \$186.9 million attributable mainly to the lease liabilities of \$175.8 million from the adoption of SFRS(I) 16 as explained in the preceding paragraph.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for both 3Q FY2019-20 and 9M FY2019-20 were lower compared to the corresponding period last year, mainly due to movement in working capital partly offset by higher operating profit before working capital changes.

Net cash used in investing activities for 3Q FY2019-20 and 9M FY2019-20 were cash outflows of \$14.6 million and \$73.2 million respectively. The cash outflows for 3Q FY2019-20 were marginally higher mainly due to the lower dividends received from associates/joint ventures in the current quarter, despite the lower capital expenditure and investments in associates/joint ventures as compared to the same period last year. The higher cash outflows for the 9M FY2019-20 was attributable to the investment of \$7 million in CFPL, net of \$10 million cash balance at acquisition as well as investment of \$24.1 million in NWA, net of \$6.1 million cash balance at acquisition. In addition, dividend income received from associates/joint ventures in the 9M FY2019-20 was also lower.

Net cash used in financing activities was lower cash outflow for both 3Q FY2019-20 and 9M FY2019-20. The lower cash outflows were mainly due to absence of treasury shares purchases in the current period, which mitigated the higher dividend paid to shareholders.

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

Not applicable.

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

OUTLOOK

The COVID-19 epidemic has caused a significant reduction in air traffic in China, with a sharp decline in passenger and cargo volumes across Asia. Depending on the duration of this epidemic, there will be consequential impact on the short-term financial performance of SATS. We are taking proactive steps to mitigate the risks and impact of the situation. Safety is our first priority at SATS, hence we have implemented plans to protect members of the public and our staff from the virus. We are working closely with the relevant authorities, suppliers and customers in each country we operate in, to support a coordinated and effective response. The company is in a strong position to weather the disruption to our business with resilience.

Ongoing investments in supply chain processes and systems will provide greater traceability that will further strengthen our ability to respond to contingencies across our network. Recent investments in overseas kitchens in Japan and China, along with ground handling investments in India, Malaysia and Saudi Arabia have enhanced our capabilities, strengthened our market position and diversified our revenue base.

11 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not applicable.

(d) Closure of books

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 / recommended for the quarter ended 31 December 2019. The company pays dividends on a semi-annual basis for every six-month period ending 31 March and 30 September, subject to review and approval.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2019 are as follows:

<u>Name of interested person</u>	<u>Nature of Relationship</u>	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) \$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000) \$'000
Transactions for the Sale of Goods and Services			
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	6,598
Gate Gourmet Japan YK	An associate of the Company's Controlling Shareholder	–	5,900
		<hr/>	<hr/>
		–	12,498
Transactions for the Purchase of Goods and Services			
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	6,316
ST Engineering Aerospace Services Company Pte.Ltd.	An associate of the Company's Controlling Shareholder	–	3,109
		<hr/>	<hr/>
		–	9,425

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
13 February 2020
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter and nine months ended 31 December 2019 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and
Chief Executive Officer

Singapore, 13 February 2020