



UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 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 first quarter ended 30 June 2019 (in \$ million)

	GROUP	
	1st Quarter	
	2019-20	2018-19
Revenue	465.1	439.4
Expenditure		
Staff costs	(233.4)	(211.4)
Cost of raw materials	(62.2)	(63.7)
Licence fees	(22.4)	(22.3)
Depreciation and amortisation charges	(26.4)	(20.1)
Company premise and utilities expenses	(22.5)	(26.5)
Other costs	(41.4)	(30.5)
	<u>(408.3)</u>	<u>(374.5)</u>
Operating profit	56.8	64.9
Interest on borrowings	(1.4)	(0.2)
Interest income	1.4	1.0
Share of results of associates/joint ventures, net of tax	14.6	15.3
Other non-operating loss, net	(0.5)	(0.1)
Profit before tax	70.9	80.9
Income tax expense	(13.0)	(14.7)
Profit for the period	<u>57.9</u>	<u>66.2</u>
Profit attributable to:		
Owners of the Company	54.7	63.9
Non-controlling interests	3.2	2.3
	<u>57.9</u>	<u>66.2</u>
Core PATMI (\$'M) ⁽¹⁾	54.7	63.9
EBITDA (\$'M) ⁽²⁾	97.8	100.3
Return on Equity (%) ⁽³⁾	3.3	3.8

1. Core PATMI refers to net profit attributable to owners of the Company excluding one-off items.
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	
	1st Quarter	
	2019-20	2018-19
Foreign exchange gain, net	0.2	3.7
Allowance for doubtful debts	(0.1)	–
Write-off for stock obsolescence, net	–	–
(Loss)/gain on disposal of property, plant and equipment	(0.5)	0.2
(Under)/over provision of taxation in respect of prior years	(0.7)	0.2

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended 30 June 2019 (in \$ million)**

	GROUP	
	1st Quarter	
	2019-20	2018-19
Profit for the period	57.9	66.2
Other comprehensive income		
<u>Items that will not be reclassified to profit or loss:</u>		
Actuarial gain on defined benefit plan	0.5	–
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences	(2.6)	4.0
Other comprehensive income for the period, net of tax	(2.1)	4.0
Total comprehensive income for the period	55.8	70.2
Total comprehensive income attributable to:		
Owners of the Company	54.5	68.0
Non-controlling interests	1.3	2.2
Total comprehensive income for the period	55.8	70.2

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 30 June 2019 (in \$ million)

	GROUP		COMPANY	
	30.6.2019	31.3.2019	30.6.2019	31.3.2019
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(43.0)	(43.0)	(43.0)	(43.0)
Share-based compensation reserve	14.9	10.1	14.9	10.1
Statutory reserve	11.4	10.9	–	–
Foreign currency translation reserve	(151.4)	(150.7)	–	–
Revenue reserve	1,527.8	1,473.1	1,224.3	1,208.3
Other reserves*	(19.0)	(19.0)	(20.1)	(20.1)
	1,708.6	1,649.3	1,544.0	1,523.2
Non-controlling interests	168.1	167.8	–	–
Total equity	1,876.7	1,817.1	1,544.0	1,523.2
Non-current assets				
Property, plant and equipment	571.5	579.2	34.4	33.8
Right-of-use assets	192.3	–	68.1	–
Investment properties	7.3	7.6	200.9	206.8
Intangible assets	345.7	350.5	3.7	3.6
Investment in subsidiaries	–	–	741.8	718.1
Investment in associates	645.3	621.5	359.4	337.4
Investment in joint ventures	103.1	102.4	12.0	12.0
Long-term investments	26.6	20.7	6.1	–
Loan to subsidiaries	–	–	346.3	299.4
Deferred tax assets	11.8	12.0	–	–
Other non-current assets	3.1	4.3	–	–
	1,906.7	1,698.2	1,772.7	1,611.1
Current assets				
Trade and other receivables	299.4	300.9	71.9	108.7
Prepayments and deposits	24.8	19.3	4.5	2.4
Amounts due from associates/joint ventures	6.0	5.3	4.7	3.7
Loan to subsidiaries	–	–	–	0.2
Inventories	24.5	24.3	0.3	0.4
Cash and short-term deposits	401.7	349.9	227.8	176.5
Assets of disposal groups classified as held for sale	10.1	10.5	7.6	7.6
	766.5	710.2	316.8	299.5
Current liabilities				
Trade and other payables	329.5	322.6	273.7	204.7
Amounts due to associates/joint ventures	12.7	9.3	–	–
Income tax payable	55.8	57.3	13.1	13.1
Term loans	–	–	58.2	38.5
Lease liabilities	10.7	0.1	2.7	–
	408.7	389.3	347.7	256.3
Net current assets/(liabilities)	357.8	320.9	(30.9)	43.2
Non-current liabilities				
Deferred tax liabilities	88.1	87.6	26.4	26.5
Term loan	98.0	95.4	98.0	95.4
Lease liabilities	182.4	0.2	64.5	–
Other payables	19.3	18.8	8.9	9.2
	387.8	202.0	197.8	131.1
Net assets	1,876.7	1,817.1	1,544.0	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 30.06.2019</u>		<u>As at 31.03.2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
10.7	-	-	0.1

Amount repayable after one year

<u>As at 30.06.2019</u>		<u>As at 31.03. 2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
182.4	98.0	-	95.6

Details of any collateral

Included in secured borrowings are current lease liabilities of \$10.7 million and non-current lease liabilities of \$182.4 million which are secured over the right-of-use assets of \$192.3 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 first quarter ended 30 June 2019 (in \$ million)**

	GROUP	
	1st Quarter	
	2019-20	2018-19
<u>Cash flows from operating activities</u>		
Profit before tax	70.9	80.9
Adjustments for:		
Interest income, net	–	(0.8)
Depreciation and amortisation charges	26.4	20.1
Unrealised foreign exchange gain	–	(2.3)
Share of results of associates/joint ventures, net of tax	(14.6)	(15.3)
Loss/(gain) on disposal of property, plant and equipment	0.5	(0.2)
Share-based payment expense	4.8	2.8
Other non-cash items	0.1	–
Operating cash flows before working capital changes	88.1	85.2
Changes in working capital:		
Decrease/(increase) in receivables	2.3	(9.1)
Increase in prepayments and deposits	(5.4)	(4.0)
Increase in inventories	(0.2)	(1.8)
Increase in payables	8.0	33.2
Decrease/(increase) in amounts due from associates/joint ventures, net	2.7	(2.3)
Cash generated from operations	95.5	101.2
Interest paid to third parties	(1.4)	(0.2)
Income taxes paid	(14.1)	(9.6)
Net cash from operating activities	80.0	91.4
<u>Cash flows from investing activities</u>		
Capital expenditure	(10.4)	(19.1)
Dividends from associates/joint ventures	13.5	10.5
Proceeds from disposal of property, plant and equipment	–	0.6
Investment in associates/joint ventures	(22.6)	(6.7)
Long-term investments	(6.1)	–
Interest received from deposits	1.1	0.7
Net cash used in investing activities	(24.5)	(14.0)
<u>Cash flows from financing activities</u>		
Repayments of lease liabilities	(3.1)	(0.1)
Proceeds from exercise of share options	–	0.8
Purchase of treasury shares	–	(11.5)
Capital contribution from non-controlling interest	–	1.2
Dividends paid to non-controlling interest	(1.0)	(0.2)
Net cash used in financing activities	(4.1)	(9.8)
Net increase in cash and cash equivalents	51.4	67.6
Effect of exchange rate changes	0.4	(1.2)
Cash and cash equivalents at beginning of financial period	349.9	373.3
Cash and cash equivalents at end of financial period	401.7	439.7

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 first quarter ended 30 June 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 April 2019	367.9	(43.0)	10.1	10.9	(150.7)	1,473.1	1.1	(20.1)	–	1,649.3	167.8	1,817.1
Profit for the period	–	–	–	–	–	54.7	–	–	–	54.7	3.2	57.9
Other comprehensive income for the period	–	–	–	–	(0.7)	0.5	–	–	–	(0.2)	(1.9)	(2.1)
Total comprehensive income for the period	–	–	–	–	(0.7)	55.2	–	–	–	54.5	1.3	55.8
Contributions by and distributions to owners												
Share-based payment	–	–	4.8	–	–	–	–	–	–	4.8	–	4.8
Total contributions by and distributions to owners	–	–	4.8	–	–	–	–	–	–	4.8	–	4.8
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1.0)	(1.0)
Transfer to statutory reserve	–	–	–	0.5	–	(0.5)	–	–	–	–	–	–
Balance at 30 June 2019	367.9	(43.0)	14.9	11.4	(151.4)	1,527.8	1.1	(20.1)	–	1,708.6	168.1	1,876.7

* 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 first quarter ended 30 June 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 April 2018	367.9	(32.8)	15.0	9.2	(143.4)	1,431.0	1.1	(13.8)	(0.1)	1,634.1	132.5	1,766.6
Profit for the period	–	–	–	–	–	63.9	–	–	–	63.9	2.3	66.2
Other comprehensive income for the period	–	–	–	–	4.1	–	–	–	–	4.1	(0.1)	4.0
Total comprehensive income for the period	–	–	–	–	4.1	63.9	–	–	–	68.0	2.2	70.2
Contributions by and distributions to owners												
Share-based payment	–	–	2.8	–	–	–	–	–	–	2.8	–	2.8
Treasury shares reissued pursuant to equity compensation plans	–	1.6	(0.2)	–	–	–	–	(0.7)	–	0.7	–	0.7
Purchase of treasury shares	–	(11.5)	–	–	–	–	–	–	–	(11.5)	–	(11.5)
Total contributions by and distributions to owners	–	(9.9)	2.6	–	–	–	–	(0.7)	–	(8.0)	–	(8.0)
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1.2	1.2
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.7	–	(0.7)	–	–	–	–	–	–
Balance at 30 June 2018	367.9	(42.7)	17.6	9.9	(139.3)	1,494.2	1.1	(14.5)	(0.1)	1,694.1	135.7	1,829.8

* 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 first quarter ended 30 June 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 April 2019	367.9	(43.0)	10.1	1,208.3	(20.1)	1,523.2
Profit for the period	–	–	–	16.0	–	16.0
Total comprehensive income for the period	–	–	–	16.0	–	16.0
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	4.8	–	–	4.8
Total contributions by and distributions to owners	–	–	4.8	–	–	4.8
Balance at 30 June 2019	<u>367.9</u>	<u>(43.0)</u>	<u>14.9</u>	<u>1,224.3</u>	<u>(20.1)</u>	<u>1,544.0</u>
Balance at 1 April 2018	367.9	(32.8)	15.0	1,159.6	(13.8)	1,495.9
Profit for the period	–	–	–	12.1	–	12.1
Total comprehensive income for the period	–	–	–	12.1	–	12.1
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.8	–	–	2.8
Treasury shares reissued pursuant to equity compensation plans	–	1.6	(0.2)	–	(0.7)	0.7
Purchase of treasury shares	–	(11.5)	–	–	–	(11.5)
Total contributions by and distributions to owners	–	(9.9)	2.6	–	(0.7)	(8.0)
Balance at 30 June 2018	<u>367.9</u>	<u>(42.7)</u>	<u>17.6</u>	<u>1,171.7</u>	<u>(14.5)</u>	<u>1,500.0</u>

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 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 1 April 2019 and 30 June 2019, there was no outstanding share option (30 June 2018: 339,100).

(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 30 June 2019, the number of shares outstanding under the Company's RSP and PSP were 3,390,700 and 3,629,000 (30 June 2018: 2,889,200 and 4,775,000) respectively.

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

RSP

Date of grant	Balance at 1.4.2019 / Date of grant	Number of Restricted Shares			Balance at 30.6.2019
		Vested	Forfeited	Adjustments	
01.08.2016	495,200	–	–	–	495,200
01.08.2017	1,002,800	–	(2,400)	–	1,000,400
24.06.2019	1,897,400	–	(2,300)	–	1,895,100
	<u>3,395,400</u>	<u>–</u>	<u>(4,700)</u>	<u>–</u>	<u>3,390,700</u>

PSP

Date of grant	Balance at 1.4.2019	Number of Performance Shares			Balance at 30.6.2019
		Vested	Forfeited	Adjustments	
01.08.2016	1,447,000	–	–	–	1,447,000
01.08.2017	1,437,000	–	–	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
	<u>3,629,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,629,000</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 30 June 2019	As at 30 June 2018
Number of treasury shares	9,697,355	10,102,355
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	9,697,355	10,102,355
Total number of shares outstanding*	1,114,358,920	1,113,953,920
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.9%	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 30 June 2019	As at 31 March 2019
1,114,358,920	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 April	9,697,355	8,210,455	43.0	32.8
Purchases during the period	–	2,299,500	–	11.5
Issuance of treasury shares pursuant to equity compensation plans	–	(407,600)	–	(1.6)
Balance at 30 June	9,697,355	10,102,355	43.0	42.7

- 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 qualifications or emphasis of 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.

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	2.9

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	
	1 st Quarter	
	2019-20	2018-19
Earnings per share based on net profit attributable to owners of the Company (cents):		
(i) Basic *	4.9	5.7
(ii) Diluted **	4.9	5.7

* 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 30.6.2019	As at 31.3.2019	As at 30.6.2019	As at 31.3.2019
Net asset value per ordinary share (cents)	153.3	148.0	138.6	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

First Quarter FY2019-20

Group revenue grew \$25.7 million or 5.8% in the quarter to \$465.1 million, with growth in both Food Solutions and Gateway Services. Revenue from Food Solutions rose \$1.9 million or 0.8% to \$241.4 million with growth registered in core aviation catering subsidiaries. Gateway Services' revenue increased \$23.7 million or 11.9% to \$223.3 million, of which \$22.5 million was attributable to the consolidation of GTR entities, Ground Team Red Holdings Sdn Bhd and Ground Team Red Sdn Bhd, which took effect from January 2019. The growth was partially offset by the decrease in cargo revenue as a result of lower cargo volume.

Group expenditure was higher by \$33.8 million or 9% year-on-year at \$408.3 million, largely driven by the consolidation of GTR entities which accounted for \$20.6 million of the increase. Staff costs grew by \$22 million, largely due to the volume growth and consolidation of GTR entities. The cost of raw materials reduced by \$1.5 million with better yield derived from the usage of raw materials, while licence fees remained flat compared to the corresponding quarter last year. The adoption of SFRS(I) 16 Leases from 1 April 2019 has impacted on the accounting of various operating and financial expenses. Depreciation and amortisation increased by \$6.3 million primarily due to depreciation of right-of-use assets. Company premises and utilities expenses decreased \$4 million mainly from recognition of qualified lease contracts on premises rental as right-of-use assets. Other costs increased \$10.9 million as a result of higher maintenance expenses for ground support equipment and vehicles, IT expenses to support digitalisation and transformation projects, fuel costs, recognition of operating lease expense with adoption of SFRS(1) 16 and lower foreign exchange gains compared to the same period last year. Excluding the consolidation of GTR entities, Group expenditure would have recorded a lower increase of \$13.2 million or 3.5%.

Operating profit for the Group decreased \$8.1 million or 12.5% to \$56.8 million, from the 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 from the new accounting standard was \$0.5 million for the quarter.

Share of results from associates/joint ventures decreased \$0.7 million or 4.6% to \$14.6 million, compared to the same period last year with lower contributions from Gateway Services' associates/joint ventures whilst the contribution from Food Solutions maintained the same as last year. The decrease in share of results from associates/joint ventures was mainly due to provision for credit losses amounting to \$3.3 million. Excluding the provision, share of results of associates/joint ventures would have increased by \$2.6 million or 17%.

Group net profit attributable to owners of the Company declined \$9.2 million or 14.4% to \$54.7 million.

Revenue by business segment is summarised below:

	Revenue				
	1Q FY2019-20	%	1Q FY2018-19	%	Growth
	\$m		\$m		%
Food Solutions	241.4	52	239.5	55	0.8
Gateway Services	223.3	48	199.6	45	11.9
Others	0.4	–	0.3	–	33.3
	465.1	100	439.4	100	5.8

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group increased \$59.6 million to \$1,876.7 million as at 30 June 2019, compared to 31 March 2019. The higher equity was attributable to profits generated and increase in share-based compensation reserve arising from the grant of share awards under the SATS Restricted Share Plan during the quarter.

Non-current assets increased \$208.5 million due to recognition of right-of-use assets, investment in associates and long-term investments. The recognition of right-of-use assets arising from the adoption of SFRS(I) 16 from 1 April 2019 resulted in recognition of right-of-use assets of \$192.3 million with corresponding non-current lease liabilities of \$182.4 million and current lease liabilities of \$10.7 million as at 30 June 2019. The increase in investment in associates was mainly due to the investment of \$21.5 million for 40% equity interest in Beijing CAH SATS Aviation Services Co., Ltd. (“BCS”), a joint venture with Capital Airports Holding Company Limited (“CAH”) to provide ground and cargo handling and other related services at Beijing Daxing International Airport. Concurrently, a joint venture agreement was entered into with CAH and Juneyao Airlines Co., Ltd. to incorporate a company, Beijing Daxing International Airport Inflight Catering Ltd (“DAIC”) in Beijing, China to provide inflight catering and other related services at Beijing Daxing International Airport. The investment in 10% equity interest in DAIC amounted to \$6.1 million has been recorded as long-term investment. In addition, the Group made additional injection of \$0.5 million into its associate, KrisShop Pte. Ltd. (“KSPL”), and \$0.6 million in its joint venture, SG IPF Pte. Ltd. (“SGIPFPL”) during the quarter.

Current assets of the Group were \$56.3 million higher largely due to higher cash and short-term deposits.

Current liabilities increased \$19.4 million largely due to higher lease liabilities resulting from the adoption of SFRS(I) 16 as explained above. The increase was partially offset by lower income tax payables.

The Company was in net current liabilities position as at 30 June 2019, mainly due to the reclassification of amount due from a subsidiary from receivables under current assets to non-current assets as loan to subsidiaries.

Non-current liabilities of the Group increased \$185.8 million mainly due to the lease liabilities of \$182.4 million from the adoption of SFRS(I) 16 as explained earlier. The increase in term loan arose from foreign currency translation loss on the Japanese Yen loan.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for the current quarter was lower compared to that of the corresponding quarter last year, arising from movement in working capital during the period partly offset by higher operating profit before working capital changes.

Net cash used in investing activities was higher mainly due to acquisition of equity interest in BCS and DAIC, as well as additional injection in KSPL and SGIPFPL as explained earlier. These were partly mitigated by the dividends received from associates/joint ventures.

Net cash used in financing activities was lower at \$4.1 million largely due to absence of purchase of treasury share in current quarter. The cash used in financing activities were repayment of lease liabilities of \$3.1 million and dividends of \$1 million paid to non-controlling interest.

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 global economy is showing signs of weakness, as reflected in the softening of air cargo volume. Aviation passenger volumes in Asia continue to grow although more slowly, while rapid urbanisation in the region is still driving demand for safe, high-quality food. We anticipate that the cruise industry in Southeast Asia will develop to keep pace with burgeoning consumer interest, with cruise passengers to Singapore forecast to increase.

We aim to strengthen our market leadership by continuing to extend our network across Asia Pacific and digitalising our operations to enhance service and improve productivity.

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 30 June 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 first quarter ended 30 June 2019 are as follows:

<u>Name of interested person</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)	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	\$'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Limited	–	3,735,310
	–	3,735,310
Transactions for the Purchase of Goods and Services		
ST Electronics (Training & Simulation Systems) Private Limited	–	636
SIA Engineering Company Limited	–	318
	–	954
Other transactions		
Subscription of additional ordinary shares in KrisShop Pte. Ltd.	487	–
	487	–

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
18 July 2019
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 first quarter ended 30 June 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, 18 July 2019