



**UNAUDITED RESULTS FOR SECOND QUARTER AND HALF YEAR
ENDED 30 SEPTEMBER 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 second quarter and half year ended 30 September 2019 (in \$ million)

	GROUP			
	2nd Quarter		1st Half	
	2019-20	2018-19	2019-20	2018-19
Revenue	497.4	453.1	962.5	892.5
Expenditure				
Staff costs	(231.5)	(211.6)	(464.9)	(423.0)
Cost of raw materials	(81.7)	(68.8)	(143.9)	(132.5)
Licence fees	(22.1)	(21.9)	(44.5)	(44.2)
Depreciation and amortisation charges	(28.1)	(20.2)	(54.5)	(40.3)
Company premise and utilities expenses	(24.3)	(29.6)	(46.8)	(56.1)
Other costs	(44.7)	(35.0)	(86.1)	(65.5)
	<u>(432.4)</u>	<u>(387.1)</u>	<u>(840.7)</u>	<u>(761.6)</u>
Operating profit	65.0	66.0	121.8	130.9
Interest on borrowings	(1.5)	(0.2)	(2.9)	(0.4)
Interest income	1.1	0.9	2.5	1.9
Share of results of associates/joint ventures, net of tax	13.7	14.0	28.3	29.3
Other non-operating gain/(loss), net	0.1	(0.4)	(0.4)	(0.5)
Profit before tax	78.4	80.3	149.3	161.2
Income tax expense	(15.4)	(13.3)	(28.4)	(28.0)
Profit for the period	<u>63.0</u>	<u>67.0</u>	<u>120.9</u>	<u>133.2</u>
Profit attributable to:				
Owners of the Company	60.7	65.7	115.4	129.6
Non-controlling interests	2.3	1.3	5.5	3.6
	<u>63.0</u>	<u>67.0</u>	<u>120.9</u>	<u>133.2</u>
Core PATMI (\$'M) ⁽¹⁾	60.7	65.7	115.4	129.6
EBITDA (\$'M) ⁽²⁾	106.8	100.2	204.6	200.5
Return on Equity (%) ⁽³⁾	3.6	4.0	7.0	8.0

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			
	2nd Quarter		1st Half	
	2019-20	2018-19	2019-20	2018-19
Foreign exchange gain, net	0.7	0.7	0.9	4.4
Allowance for doubtful debts	–	(0.1)	(0.1)	(0.1)
Write-off for stock obsolescence, net	(0.1)	(0.1)	(0.1)	(0.1)
Gain/(loss) on disposal of property, plant and equipment	0.1	–	(0.4)	0.2
Over/(under) provision of taxation in respect of prior years	0.2	2.3	(0.5)	2.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second quarter and half year ended 30 September 2019 (in \$ million)

	GROUP			
	2nd Quarter		1st Half	
	2019-20	2018-19	2019-20	2018-19
Profit for the period	63.0	67.0	120.9	133.2
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial (loss)/gain on defined benefit plan	(0.1)	–	0.4	–
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences	12.6	(16.7)	10.0	(12.7)
Other comprehensive income for the period, net of tax	12.5	(16.7)	10.4	(12.7)
Total comprehensive income for the period	75.5	50.3	131.3	120.5
Total comprehensive income attributable to:				
Owners of the Company	69.8	50.9	124.3	118.9
Non-controlling interests	5.7	(0.6)	7.0	1.6
Total comprehensive income for the period	75.5	50.3	131.3	120.5

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 September 2019 (in \$ million)**

	GROUP		COMPANY	
	30.9.2019	31.3.2019	30.9.2019	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	5.6	10.1	5.6	10.1
Statutory reserve	12.1	10.9	–	–
Foreign currency translation reserve	(142.2)	(150.7)	–	–
Revenue reserve	1,442.4	1,473.1	1,113.1	1,208.3
Other reserves*	(24.5)	(19.0)	(25.6)	(20.1)
	1,635.3	1,649.3	1,435.0	1,523.2
Non-controlling interests	170.3	167.8	–	–
Total equity	1,805.6	1,817.1	1,435.0	1,523.2
Non-current assets				
Property, plant and equipment	591.8	579.2	33.8	33.8
Right-of-use assets	196.2	–	68.2	–
Investment properties	6.9	7.6	195.2	206.8
Intangible assets	357.0	350.5	3.9	3.6
Investment in subsidiaries	–	–	771.0	718.1
Investment in associates	653.8	621.5	357.5	337.4
Investment in joint ventures	69.1	102.4	12.0	12.0
Long-term investments	27.1	20.7	6.1	–
Loan to subsidiaries	–	–	347.9	299.4
Deferred tax assets	12.2	12.0	–	–
Other non-current assets	3.4	4.3	–	–
	1,917.5	1,698.2	1,795.6	1,611.1
Current assets				
Trade and other receivables	353.3	300.9	82.2	108.7
Prepayments and deposits	29.9	19.3	3.6	2.4
Amounts due from associates/joint ventures	6.0	5.3	5.4	3.7
Loan to subsidiaries	–	–	–	0.2
Inventories	49.4	24.3	0.4	0.4
Cash and short-term deposits	223.6	349.9	51.0	176.5
Assets of disposal groups classified as held for sale	10.3	10.5	7.6	7.6
	672.5	710.2	150.2	299.5
Current liabilities				
Trade and other payables	313.7	322.6	247.5	204.7
Amounts due to associates/joint ventures	10.5	9.3	–	–
Income tax payable	55.5	57.3	13.3	13.1
Term loans	–	–	48.4	38.5
Lease liabilities	14.4	0.1	2.8	–
	394.1	389.3	312.0	256.3
Net current assets/(liabilities)	278.4	320.9	(161.8)	43.2
Non-current liabilities				
Deferred tax liabilities	88.5	87.6	26.0	26.5
Term loan	99.9	95.4	99.9	95.4
Lease liabilities	184.0	0.2	65.4	–
Other payables	17.9	18.8	7.5	9.2
	390.3	202.0	198.8	131.1
Net assets	1,805.6	1,817.1	1,435.0	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 30.09.2019</u>		<u>As at 31.03.2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
14.4	-	-	0.1

Amount repayable after one year

<u>As at 30.09.2019</u>		<u>As at 31.03. 2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
184.0	99.9	-	95.6

Details of any collateral

Included in secured borrowings are current lease liabilities of \$14.4 million and non-current lease liabilities of \$184 million which are secured over the right-of-use assets of \$196.2 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 second quarter and half year ended 30 September 2019 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2019-20	2018-19	2019-20	2018-19
<u>Cash flows from operating activities</u>				
Profit before tax	78.4	80.3	149.3	161.2
Adjustments for:				
Interest income, net	0.4	(0.7)	0.4	(1.5)
Depreciation and amortisation charges	28.1	20.2	54.5	40.3
Unrealised foreign exchange gain	(0.5)	(0.2)	(0.5)	(2.5)
Share of results of associates/joint ventures, net of tax	(13.7)	(14.0)	(28.3)	(29.3)
(Gain)/loss on disposal of property, plant and equipment	(0.1)	–	0.4	(0.2)
Share-based payment expense	2.0	1.1	6.8	3.9
Other non-cash items	–	–	0.1	–
Operating cash flows before working capital changes	94.6	86.7	182.7	171.9
Changes in working capital:				
(Increase)/decrease in receivables	(32.6)	4.5	(30.3)	(4.6)
Increase in prepayments and deposits	(3.6)	(1.5)	(9.0)	(5.5)
Decrease/(increase) in inventories	0.7	0.3	0.5	(1.5)
Decrease in payables	(30.3)	(62.3)	(22.3)	(29.1)
Increase in amounts due from associates/joint ventures, net	(6.0)	(0.1)	(3.3)	(2.4)
Cash generated from operations	22.8	27.6	118.3	128.8
Interest paid to third parties	(1.5)	(0.2)	(2.9)	(0.4)
Income taxes paid	(14.8)	(15.4)	(28.9)	(25.0)
Net cash from operating activities	6.5	12.0	86.5	103.4
<u>Cash flows from investing activities</u>				
Capital expenditure	(19.5)	(20.9)	(29.9)	(40.0)
Dividends from associates/joint ventures	10.9	10.3	24.4	20.8
Proceeds from disposal of property, plant and equipment	0.1	0.1	0.1	0.7
Proceeds from disposal of interest in an associate/subsidiary	3.4	–	3.4	–
Investment in subsidiaries, net of cash acquired	(29.3)	–	(29.3)	–
Investment in associates/joint ventures	(0.4)	(11.4)	(23.0)	(18.1)
Long-term investments	–	–	(6.1)	–
Interest received from deposits	0.7	1.2	1.8	1.9
Net cash used in investing activities	(34.1)	(20.7)	(58.6)	(34.7)
<u>Cash flows from financing activities</u>				
Repayments of term loans	–	(7.2)	–	(7.2)
Repayments of lease liabilities	(3.3)	–	(6.5)	(0.1)
Proceeds from exercise of share options	–	0.2	–	1.0
Dividends paid	(145.3)	(134.0)	(145.3)	(134.0)
Purchase of treasury shares	–	(5.4)	–	(16.9)
Capital contribution from non-controlling interest	–	–	–	1.2
Dividends paid to non-controlling interest	(2.4)	–	(3.4)	(0.2)
Net cash used in financing activities	(151.0)	(146.4)	(155.2)	(156.2)
Net decrease in cash and cash equivalents	(178.6)	(155.1)	(127.3)	(87.5)
Effect of exchange rate changes	0.5	(2.9)	1.0	(4.1)
Cash and cash equivalents at beginning of financial period	401.7	439.7	349.9	373.3
Cash and cash equivalents at end of financial period	223.6	281.7	223.6	281.7

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 second quarter ended 30 September 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 July 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
Profit for the period	–	–	–	–	–	60.7	–	–	–	60.7	2.3	63.0
Other comprehensive income for the period	–	–	–	–	9.2	(0.1)	–	–	–	9.1	3.4	12.5
Total comprehensive income for the period	–	–	–	–	9.2	60.6	–	–	–	69.8	5.7	75.5
Contributions by and distributions to owners												
Share-based payment	–	–	2.0	–	–	–	–	–	–	2.0	–	2.0
Treasury shares reissued pursuant to equity compensation plans	–	17.0	(11.3)	–	–	–	–	(5.5)	–	0.2	–	0.2
Dividends, net	–	–	–	–	–	(145.3)	–	–	–	(145.3)	–	(145.3)
Total contributions by and distributions to owners	–	17.0	(9.3)	–	–	(145.3)	–	(5.5)	–	(143.1)	–	(143.1)
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2.4)	(2.4)
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	–	(1.1)	(1.1)
Transfer to statutory reserve	–	–	–	0.7	–	(0.7)	–	–	–	–	–	–
Balance at 30 September 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

* 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 second quarter ended 30 September 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 July 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
Profit for the period	–	–	–	–	–	65.7	–	–	–	65.7	1.3	67.0
Other comprehensive income for the period	–	–	–	–	(14.8)	–	–	–	–	(14.8)	(1.9)	(16.7)
Total comprehensive income for the period	–	–	–	–	(14.8)	65.7	–	–	–	50.9	(0.6)	50.3
Contributions by and distributions to owners												
Share-based payment	–	–	1.1	–	–	–	–	–	–	1.1	–	1.1
Share options lapsed	–	–	(0.1)	–	–	0.1	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	17.2	(11.3)	–	–	–	–	(5.6)	–	0.3	–	0.3
Purchase of treasury shares	–	(5.4)	–	–	–	–	–	–	–	(5.4)	–	(5.4)
Dividends, net	–	–	–	–	–	(134.0)	–	–	–	(134.0)	–	(134.0)
Total contributions by and distributions to owners	–	11.8	(10.3)	–	–	(133.9)	–	(5.6)	–	(138.0)	–	(138.0)
Others												
Transfer to statutory reserve	–	–	–	1.0	–	(1.0)	–	–	–	–	–	–
Balance at 30 September 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

* 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 second quarter ended 30 September 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 July 2019	367.9	(43.0)	14.9	1,224.3	(20.1)	1,544.0
Profit for the period	–	–	–	34.1	–	34.1
Total comprehensive income for the period	–	–	–	34.1	–	34.1
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.0	–	–	2.0
Treasury shares reissued pursuant to equity compensation plans	–	17.0	(11.3)	–	(5.5)	0.2
Dividends, net	–	–	–	(145.3)	–	(145.3)
Total contributions by and distributions to owners	–	17.0	(9.3)	(145.3)	(5.5)	(143.1)
Balance at 30 September 2019	367.9	(26.0)	5.6	1,113.1	(25.6)	1,435.0
Balance at 1 July 2018	367.9	(42.7)	17.6	1,171.7	(14.5)	1,500.0
Profit for the period	–	–	–	9.8	–	9.8
Total comprehensive income for the period	–	–	–	9.8	–	9.8
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.1	–	–	1.1
Share options lapsed	–	–	(0.1)	0.1	–	–
Treasury shares reissued pursuant to equity compensation plans	–	17.2	(11.3)	–	(5.6)	0.3
Purchase of treasury shares	–	(5.4)	–	–	–	(5.4)
Dividends, net	–	–	–	(134.0)	–	(134.0)
Total contributions by and distributions to owners	–	11.8	(10.3)	(133.9)	(5.6)	(138.0)
Balance at 30 September 2018	367.9	(30.9)	7.3	1,047.6	(20.1)	1,371.8

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 30 June 2019 and 30 September 2019, there was no outstanding share option (30 September 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 30 September 2019, the number of shares outstanding under the Company's RSP and PSP were 1,743,600 and 2,882,000 (30 September 2018: 1,572,400 and 3,114,000) respectively.

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

RSP

Date of grant	Balance at 1.7.2019	Number of Restricted Shares			Balance at 30.9.2019
		Vested	Forfeited	Adjustments	
01.08.2016	495,200	(495,200)	–	–	–
01.08.2017	1,000,400	(513,800)	(800)	–	485,800
24.06.2019	1,895,100	(637,300)	–	–	1,257,800
	3,390,700	(1,646,300)	(800)	–	1,743,600

PSP

Date of grant	Balance at 1.7.2019 / Date of Grant	Number of Performance Shares			Balance at 30.9.2019
		Vested	Forfeited	Adjustments [#]	
01.08.2016	1,447,000	(2,156,300)	–	709,300	–
01.08.2017	1,437,000	–	–	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
01.08.2019	700,000	–	–	–	700,000
	4,329,000	(2,156,300)	–	709,300	2,882,000

[#] Adjustments due to performance factor at the end of the performance period upon meeting the stated performance targets.

- (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 September 2019	As at 30 September 2018
Number of treasury shares	5,867,355	7,157,955
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	5,867,355	7,157,955
Total number of shares outstanding*	1,118,188,920	1,116,898,320
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.5%	0.6%

* 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 September 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 July	9,697,355	10,102,355	43.0	42.7
Purchases during the period	–	1,090,600	–	5.4
Issuance of treasury shares pursuant to equity compensation plans	(3,830,000)	(4,035,000)	(17.0)	(17.2)
Balance at 30 September	5,867,355	7,157,955	26.0	30.9

- 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	2.7

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			
	2 nd Quarter		1 st Half	
	2019-20	2018-19	2019-20	2018-19
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.4	5.9	10.3	11.6
(ii) Diluted **	5.4	5.9	10.3	11.6

* 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 30.9.2019	As at 31.3.2019	As at 30.9.2019	As at 31.3.2019
Net asset value per ordinary share (cents)	146.2	148.0	128.3	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

Second Quarter FY2019-20

Group revenue grew \$44.3 million or 9.8% to \$497.4 million, with revenue increase in both Food Solutions and Gateway Services. Food Solutions' revenue increased by \$20.1 million or 8% to \$271 million with growth registered in core aviation entities and the consolidation of Country Foods Pte. Ltd. ("CFPL") (formerly known as SATS BRF Food Pte. Ltd.) contributed \$13.9 million to the increase in revenue. In September 2019, the Group acquired the remaining 49% equity interest in CFPL from BRF GmbH for a purchase consideration of \$17 million. Prior to the acquisition transaction, CFPL was equity accounted as a joint venture company. The increase in Food Solutions' revenue was partially offset by the absence of revenue relating to the divestment of Food and Allied Support Services Corporate Pte. Ltd ("FASSCO") in August 2019.

Gateway Services' revenue increased by \$24.3 million or 12.1% to \$225.9 million, of which \$23 million was attributable to the consolidation of Ground Team Red Holdings Sdn Bhd and Ground Team Red Sdn Bhd (collectively known as "GTR entities") as well as slight volume growth relating to flights and passengers handled. The growth was partially offset by lower cargo volume and lower ship calls for the quarter.

Group expenditure in the second quarter rose \$45.3 million or 11.7% to \$432.4 million as compared to the same quarter last year. The consolidation of GTR entities and CFPL accounted for \$35.2 million of the increased expenditure respectively. This was offset by the divestment of FASSCO amounting to \$4.3 million. Staff costs increased by \$19.9 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 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. Other costs increased \$9.7 million as a result of higher maintenance and hiring costs for ground support equipment 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 \$14.4 million or 3.8%.

Operating profit for the Group in the second quarter decreased \$1 million or 1.5% to \$65 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 \$0.9 million for the quarter.

Shares of result from associates/joint ventures decreased \$0.3 million or 2.1% to \$13.7 million compared to the corresponding quarter, with lower contributions from Food Solutions' associates/joint ventures partly compensated by better performance in Gateway Services' associates/joint ventures.

Group net profit attributable to owners of the company recorded was \$60.7 million for the second quarter, a decline of \$5 million or 7.6% year-on-year.

Revenue by business segment is summarised below:

	Revenue				
	2Q FY2019-20	%	2Q FY2018-19	%	Growth
	\$m		\$m		%
Food Solutions	271.0	55	250.9	55	8.0
Gateway Services	225.9	45	201.6	45	12.1
Others	0.5	–	0.6	–	(16.7)
	497.4	100	453.1	100	9.8

First Half FY2019-20

Group revenue for the first six months increased \$70 million or 7.8% to \$962.5 million. Revenue from Food Solutions recorded a growth of \$22 million or 4.5% to \$512.4 million whilst Gateway Services' revenue increased by \$48 million or 12% to \$449.2 million. The consolidation of CFPL and GTR entities contributed \$13.9 million and \$45.5 million to the increase in Food Solutions' and Gateway Services' revenue respectively. The increase in revenue was partially offset by the absence of revenue relating to the divestment of FASSCO in August 2019.

Excluding the impact of the consolidation of CFPL and GTR entities and divestment of FASSCO, revenue increased \$18.4 million or 2.1% as a result of volume growth with the exception of cargo volume and ship calls for the period.

Group expenditure in the half year rose \$79.1 million or 10.4% to \$840.7 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 \$8.1 million. Staff costs were higher by \$41.9 million mainly due to the \$31.7 million added on from CFPL and GTR entities in addition to increase from volume growth. The higher cost of raw materials was primarily due to the consolidation of CFPL and 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. Other costs increased \$20.6 million as a result of higher maintenance expenses for ground support equipment, IT expenses compared to the same period last year. Excluding the consolidation of the newly-acquired subsidiaries and divestment of FASSCO, Group expenditure would have recorded a lower increase of \$31.4 million or 4.2%.

Operating profit for the Group fell \$9.1 million or 7% to \$121.8 million year-on-year mainly due to the lower cargo performance and lower exchange gain for the period. 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 \$1.5 million for the period.

Shares of result from associates/joint ventures decreased \$1 million or 3.4% to \$28.3 million, compared to the same period last year, with lower contributions from both Food Solutions' and Gateway Services' associates/joint ventures arising from the provision for credit losses of \$3.3 million. Excluding the provision, share of results of associates/joint ventures would have increased by \$2.3 million or 7.9%.

Group net profit attributable to owners of the company declined \$14.2 million or 11% to \$115.4 million.

Revenue by business segment is summarised below:

	Revenue				
	1H FY2019-20	%	1H FY2018-19	%	Growth
	\$m		\$m		%
Food Solutions	512.4	53	490.4	55	4.5
Gateway Services	449.2	47	401.2	45	12.0
Others	0.9	–	0.9	–	–
	962.5	100	892.5	100	7.8

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group decreased \$11.5 million to \$1,805.6 million as at 30 September 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 \$219.3 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 \$196.2 million with corresponding non-current lease liabilities of \$184 million and current lease liabilities of \$14.4 million as at 30 September 2019.

Increase in investment in associates was mainly due to investment of \$21.5 million for 40% equity interest in Beijing CAH SATS Aviation Services Co., Ltd and additional injection of \$0.5 million in KrisShop Pte. Ltd.

The increase in non-current assets was partially offset by lower investment in joint ventures, attributable to the reclassification of CFPL from investment in joint ventures 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.

Currents Assets of the Group decreased by \$37.7 million mainly due to the lower cash and short-term deposits resulting from payment of FY2018-19 final dividends and investments in subsidiaries and associates/joint ventures. The decrease was partly offset by increases in trade receivables, prepayments and inventories.

Current liabilities increased marginally by \$4.8 million resulted from the recognition of right-of-use lease liabilities of \$14.4 million from the adoption of SFRS(I) 16 effective 1 April 2019, offset by lower trade and other payables.

The company was in a net current liabilities position as at 30 September 2019, mainly due to lower cash balance following dividend payments to shareholders.

Non-currents liabilities increased \$188.3 million mainly due to the lease liabilities of \$184 million from the adoption of SFRS(I) 16 as explained in the preceding paragraph.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for 2Q FY2019-20 and 1H FY2019-20 were lower compared to that of 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 2Q FY2019-20 and 1H FY2019-20 were cash outflows of \$34.1 million and \$58.6 million respectively. The higher cash outflows for 2Q FY2019-20 and 1H FY2019-20 as compared to last corresponding period largely arose from the investment in CFPL of \$17 million less \$10 million cash balance of CFPL upon acquisition and the partial payment of \$22.3 million for a subsidiary, Nanjing Weizhou Airline Food Corp., Ltd. ("NWA"). In July 2019, the Group announced the completion of the acquisition of 45% interest in NWA, a leading independent aviation food manufacturer in Jiangsu Province, China, producing frozen food, ambient meals and related food components to aviation companies in China. The higher cash outflows for 2Q FY2019-20 was mitigated by lower investment in associates and joint ventures in the current quarter whilst the higher 1H FY2019-20 was partly offset by lower capital expenditure.

Net cash used in financing activities was higher cash outflow for 2Q FY2019-20 attributable to higher dividends paid to shareholders partly compensated by absence of term loan repayment and treasury shares purchases. 1H FY2019-20 had marginally lower cash outflow mainly due to the higher quantum of treasury shares purchased in first six month of last year, besides the similar reasons explained for the 2Q cash outflow.

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 slowdown in trade and economic growth is resulting in weaker cargo volumes in key markets. However, we continue to invest in growth opportunities such as GTR and Country Foods. Even in this difficult environment, SATS continues to generate revenue growth. We also continue to invest in enabling infrastructure for the longer term such as new kitchens, supply chain capabilities, digital control centres for ground handling and new cargo handling facilities.

11 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	6 cents
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	6 cents
Tax rate	Tax exempt (one-tier)

(c) Date Payable

The interim dividend will be paid on 11 December 2019.

(d) Closure of books

NOTICE is hereby given that, the Transfer Books and Register of Members of the Company will be closed on 27 November 2019 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 26 November 2019 will be registered to determine shareholders' entitlements to the proposed interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 26 November 2019 will be entitled to the proposed interim dividend.

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

Not applicable.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the second quarter ended 30 September 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		
Scoot Tigerair Pte. Ltd.	–	17,000
TATA SIA Airlines Limited	–	15,200
	<u>–</u>	<u>32,200</u>
Transactions for the Purchase of Goods and Services		
Singapore Telecommunications Limited	–	309
NxGen Communications Pte Ltd	–	799
	<u>–</u>	<u>1,108</u>

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
12 November 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 second quarter and half year ended 30 September 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, 12 November 2019