Financial Statements

Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020.

1. Opinion of the Directors

In the opinion of the Directors:

(a) The financial statements set out on pages 96 to 194 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors have, on the date of this statement, authorised these financial statements for issue.

2. Directors

The Directors of the Company in office at the date of this statement are:

Euleen Goh Yiu Kiang	Chairman
Alexander Charles Hungate	
Achal Agarwal	
Chia Kim Huat	
Michael Kok Pak Kuan	
Jenny Lee Hong Wei	
Jessica Tan Soon Neo	
Tan Soo Nan	
Yap Chee Meng	
Yap Kim Wah	

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' Interests in Shares and Debentures

The following Directors who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company as stated below:

4. Directors' Interests in Shares and Debentures (cont'd)

Name of Director	Direct interest: At the beginning of financial year	Direct interest: At the end of financial year	Deemed interest: At the beginning of financial year	Deemed interest: At the end of financial year
Ordinary shares [1]				
Alexander Charles Hungate	2,273,836	3,319,736	–	–
Euleen Goh Yiu Kiang	22,774	30,274	–	–
Achal Agarwal	–	3,300	–	–
Chia Kim Huat	2,190	5,090	–	–
Michael Kok Pak Kuan	30,000	3,400	–	–
Jenny Lee Hong Wei	–	600	–	–
Jessica Tan Soon Neo	–	3,100	–	–
Tan Soo Nan	10,000	13,800	–	–
Yap Chee Meng	–	3,800	–	–
Yap Kim Wah	–	3,400	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate [2]	193,200	259,400	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate [3]	1,440,000	1,230,000	–	–

(1) Includes, in respect of all the Directors named above other than Alexander Charles Hungate, shares of the Company delivered pursuant to awards granted to them under the RSP during the financial year under review as part of their Directors' Fees in lieu of cash and, in respect of Alexander Charles Hungate, shares of the Company delivered pursuant to awards granted to him under the RSP and PSP in his capacity as a Group employee.

(2) The final number of RSP award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined target over a one-year performance condition and will vest equally over a three-year period. During the financial year, 292,600 shares were awarded and 226,400 shares were vested.

(3) The final number of PSP will range from 0% to 150% of the initial grant and is contingent on the achievements of pre-determined targets over a three-year performance conditions period. During the financial year, 340,000 shares were awarded and 819,500 shares were vested.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2020.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share-Based Payments

(i) Employee Share Option Plan

The SATS Employee Share Option Plan (the "**Share Option Plan**"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees, was adopted in connection with the initial public offering undertaken by the Company in 2000 and a summary of which was set out in the Prospectus issued by the Company dated 4 May 2000. The Share Option Plan was modified at an Extraordinary General Meeting held on 7 July 2001 and was subsequently modified by the Company (as announced on 4 June 2003) and at Extraordinary General Meetings held on 19 July 2003 and 20 July 2004.

Under the Share Option Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Directors' Statement

5. Share-Based Payments (cont'd)

(i) Employee Share Option Plan (cont'd)

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;
(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
(d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates. No employee has received 5% or more of the total number of options available under the Share Option Plan. The Company has ceased to issue further grants of share options since the last grant in July 2008.

At the end of the financial year, there was no outstanding share option.

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

At the Extraordinary General Meeting of the Company held on 19 July 2005, the shareholders approved the adoption of two new share plans, namely the RSP and the PSP, in addition to the Share Option Plan. Both share plans which expired in 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.

From FY2015-16 onwards, the RSP final number of award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined targets over a one-year peformance period and will vest equally over a three-year period. The PSP final number of award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.

At the date of this report, the Remuneration and Human Resource Committee which administers the Share Option Plan, the RSP and PSP comprises the following Directors:

Euleen Goh Yiu Kiang	Chairman
Achal Agarwal	Member
Michael Kok Pak Kuan	Member

No shares have been granted to controlling shareholders or their associates under the RSP and PSP.

At the 46th Annual General Meeting of the Company held on 18 July 2019, the shareholders of the Company approved alterations to the RSP to permit grants of fully paid shares of the Company to be made to Non-Executive Directors of the Company as part of their Directors' Fees in respect of their office as such, in lieu of cash. During the financial year, an aggregate of 31,800 shares of the Company were delivered pursuant to awards granted under RSP to Non-Executive Directors as part of their Directors' Fees for the period 1 April 2018 to 31 March 2019 in lieu of cash. The awards consisted of fully paid shares with no performance conditions attached and no vesting periods imposed.

5. **Share-Based Payments** (cont'd)

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

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

RSP		Number of restricted shares			
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments	Balance at 31.3.2020
01.08.2016	495,200	(495,200)	–	–	–
01.08.2017	1,002,800	(513,800)	(12,800)	–	476,200
24.06.2019	1,897,400	(637,300)	(18,000)	–	1,242,100
	3,395,400	(1,646,300)	(30,800)	–	1,718,300

PSP		Number of performance shares			
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2020
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 the performance factor at the end of the performance period upon meeting stated performance targets.

Based on the Monte Carlo simulation model, the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP is $3.52 (2019: $3.23).

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2020 were 1,718,300 (2019: 1,498,000) and 2,882,000 (2019: 3,629,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,718,300 (2019: 1,498,000) and zero to a maximum of 4,323,000 (2019: zero to maximum 5,443,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

Directors' Statement

6. Audit Committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

7. Internal Control Statement

Taking into account the views of the Audit Committee (AC) and Board Risk and Safety Committee (BRSC) in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology controls) which the Group considers relevant and material to its current business scope and environment were adequate and effective as at the date of the 'Directors' Statement'. The AC concurs with the Board's opinions.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

8. Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Euleen Goh Yiu Kiang
Chairman

Alexander Charles Hungate
Executive Director / President and Chief Executive Officer

Dated this 9 July 2020

Independent Auditors' Report

Members of the Company
SATS Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SATS Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2020, the consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 194.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Refer to Note 2.15 'Impairment of non-financial and financial assets' and Note 3.4 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 16 'Intangible assets' for the key assumptions used in impairment testing of goodwill.

Independent Auditors' Report

The key audit matter	How the matter was addressed in our audit
The Group recognised goodwill of $112 million, $20 million, $115 million, $29 million and $22 million allocated to the SATS Food Services ("SFS"), TFK Corporation ("TFK"), Ground Team Red Holdings ("GTRH"), Nanjing Weizhou Airline Food Corp., Ltd ("NWA") and Monty's Bakehouse UK Limited ("MBUK") cash generating units ("CGUs") respectively as at 31 March 2020. These CGUs are tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses. The recoverable amounts are determined based on estimates of forecasted revenues, growth rates, profit margins, tax rates and discount rates. The global COVID-19 outbreak was declared by the World Health Organisation on 11 March 2020 to be a pandemic and many countries have put in place travel and passenger restrictions. These travel restrictions have resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. The Group's near term cashflows have been negatively impacted due to global travel restrictions and the resultant global decrease in travel demand. The duration and severity of the crisis is dependent on events which are continuously unfolding and are beyond the control of the Group. As a result, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to forecasted revenues, growth rates, profit margins and discount rates for each CGUs and certain key aviation customers having to recapitalise for sustained operations post COVID-19 pandemic. The determination of the recoverable amounts is a key focus area for our audit.	We studied publicly available aviation industry reports relating to the impact COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating to forecast revenues, growth rates, profit margins and discount rates. We challenged management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of the secured and lost contracts. We performed sensitivity analyses to evaluate whether reasonable changes in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the COVID-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs.

Findings

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. The key estimates applied in the value-in-use models such as forecast revenues, growth rates, profit margins and discount rates are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates applied in the value-in-use models to be reasonable in the context of currently available relevant information as at 31 March 2020.

Impairment of associates and joint ventures

Refer to Note 2.15 'Impairment of non-financial and financial assets' and Note 3.4 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for associates and joint ventures.

The key audit matter	How the matter was addressed in our audit
The carrying value of associates and joint ventures amounted to $689 million, which accounted for 23% of the Group's total assets as at 31 March 2020. Management determines at the end of each reporting period the existence of any objective evidence that indicate the Group's investments in associates or joint ventures may be impaired. If there are indicators of impairment, a detailed impairment assessment would be performed and any deficit between the recoverable amount of the associate or joint venture and its carrying value would be recognised in profit or loss. The identification of different CGUs, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require judgement. The determination of the recoverable amounts when value-in-use is applicable requires estimates of forecast revenues, growth rates, profit margins and discount rates. Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the COVID-19 pandemic and the pattern of any expected recovery, the estimates and assumptions used in the cashflow projections to determine the recoverable amounts of the CGUs require significant judgement. This is a key area of focus for our audit.	We assessed the determination of the CGUs and the assessment of indicators of impairment based on our understanding of the nature of the Group's business and the economic environment in which its CGUs operate. We studied recent analyst market reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate, including the impact of COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. We reviewed the CGUs' historical and current performances, and held discussions with management to understand their assessment of the future performance of the CGUs. Where indicators of impairment exist, we challenged management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of secured and lost contracts. We performed sensitivity analyses to evaluate whether reasonable change in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the COVID-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied.

Findings

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. Nevertheless, we found management's identification of CGUs and assessment of indicators of impairment to be appropriate. Where indicators of impairment existed, we found the estimates applied in the value-in-use models to be consistent with historical forecasts and reasonable in the context of currently available relevant information as at 31 March 2020.

Accounting for business combinations

Refer to Note 2.4 'Basis of consolidation and business combinations' and Note 2.5 'Subsidiaries, associates and joint ventures' for relevant accounting policies, refer to Note 3.5 'Consolidation; whether the Group has control over an investee' for details on the judgement applied and Note 17 'Investment in subsidiaries', Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for business combinations.

Independent Auditors' Report

The key audit matter	How the matter was addressed in our audit
As part of the Group's strategy in building connectivity and growing its business operations, the Group had made a number of business acquisitions and divestments during the financial year. These transactions were effected primarily by the transfer of cash or other assets, or incurring liabilities, in exchange for equity interests. Such transactions could be complex and judgement was required in determining if these acquisitions and divestments resulted in the Group either having control, joint control or significant influence over the investee upon completion of the transactions. There was also inherent uncertainty in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions.	We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for acquisitions and divestments. We assessed management's processes for selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation report. We considered management's methodology in arriving at the fair values of deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions to determine if they were appropriate. We reviewed the sale and purchase agreements and other related documents in relation to the transactions to determine if the classification of the acquisitions as subsidiaries, joint ventures or associates was appropriate.

Findings

We observed that management has established governance processes over the determination of appropriate accounting treatment for acquisitions and divestments. The Group's acquisitions and divestments were appropriately classified.

Estimates used in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed were supported appropriately.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 July 2020

Consolidated Income Statement

for the financial year ended 31 March 2020

	Note	2019-20 $'000	2018-19 $'000
Revenue	4	**1,941,216**	1,828,019
Expenditure			
Staff costs	5	**(879,445)**	(874,011)
Cost of raw materials		**(346,127)**	(267,423)
Licence fees		**(84,596)**	(89,376)
Depreciation and amortisation charges		**(117,642)**	(84,874)
Company premise and utilities expenses		**(93,425)**	(113,241)
Other costs		**(193,756)**	(152,067)
		(1,714,991)	(1,580,992)
Operating profit	6	**226,225**	247,027
Interest on borrowings	7	**(7,599)**	(815)
Interest income	7	**3,860**	4,076
Share of results of associates/joint ventures, net of tax		**11,764**	58,929
Other non-operating loss, net	8	**(20,344)**	(1,507)
Profit before tax		**213,906**	307,710
Income tax expense	9	**(38,300)**	(51,480)
Profit for the year		**175,606**	256,230
Profit attributable to:			
Owners of the Company		**168,362**	248,408
Non-controlling interests		**7,244**	7,822
		175,606	256,230
Earnings per share (cents)			
Basic	10	**15.1**	22.3
Diluted	10	**15.0**	22.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2020

	2019-20 $'000	2018-19 $'000
Profit for the year	**175,606**	256,230
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plan	**(1,895)**	(392)
Items that are or may be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets	**(48)**	77
Foreign currency translation differences	**7,944**	(7,808)
	7,896	(7,731)
Other comprehensive income for the year, net of tax	**6,001**	(8,123)
Total comprehensive income for the year	**181,607**	248,107
Total comprehensive income attributable to:		
Owners of the Company	**169,799**	241,065
Non-controlling interests	**11,808**	7,042
Total comprehensive income for the year	**181,607**	248,107

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2020

		GROUP		COMPANY	
	Note	31.3.2020 $'000	31.3.2019 $'000	31.3.2020 $'000	31.3.2019 $'000
Equity attributable to owners of the Company					
Share capital	12	**367,947**	367,947	**367,947**	367,947
Treasury shares	12	**(26,017)**	(43,000)	**(26,017)**	(43,000)
Share-based compensation reserve	13	**9,504**	10,063	**9,504**	10,063
Statutory reserve	13	**12,076**	10,859	**–**	–
Foreign currency translation reserve	13	**(147,530)**	(150,701)	**–**	–
Revenue reserve		**1,426,096**	1,473,108	**1,307,292**	1,208,282
Other reserves	13	**(24,585)**	(19,045)	**(25,619)**	(20,108)
		1,617,491	1,649,231	**1,633,107**	1,523,184
Non-controlling interests	17	**188,032**	167,888	**–**	–
Total equity		**1,805,523**	1,817,119	**1,633,107**	1,523,184
Non-current assets					
Property, plant and equipment	14	**602,297**	579,163	**16,861**	33,784
Right-of-use assets	14	**205,957**	–	**67,037**	–
Investment properties	15	**1,039**	7,589	**201,036**	206,779
Intangible assets	16	**423,614**	350,551	**7,169**	3,628
Investment in subsidiaries	17	**–**	–	**775,173**	718,140
Investment in associates	18	**617,800**	621,507	**340,721**	337,382
Investment in joint ventures	19	**71,186**	102,445	**12,014**	12,014
Long-term investments	20	**27,705**	20,637	**6,060**	–
Loan to subsidiaries	17	**–**	–	**380,086**	299,392
Deferred tax assets	21	**13,678**	11,960	**–**	–
Other non-current assets	22	**15,041**	4,332	**–**	–
		1,978,317	1,698,184	**1,806,157**	1,611,119
Current assets					
Trade and other receivables	23	**385,964**	300,908	**96,917**	108,740
Prepayments and deposits		**23,049**	19,358	**1,585**	2,371
Amounts due from associates/joint ventures	18,19	**2,838**	5,286	**2,395**	3,735
Loan to subsidiaries	17	**–**	–	**–**	217
Inventories	24	**70,461**	24,315	**381**	383
Cash and short-term deposits	25	**549,205**	349,859	**375,386**	176,495
Assets of disposal groups classified as held for sale	26	**–**	10,519	**–**	7,564
		1,031,517	710,245	**476,664**	299,505

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		GROUP		COMPANY	
	Note	31.3.2020 $'000	31.3.2019 $'000	31.3.2020 $'000	31.3.2019 $'000
Current liabilities					
Trade and other payables	27	**373,451**	322,608	**68,199**	204,654
Amounts due to associates/joint ventures	19	**10,450**	9,267	**–**	–
Income tax payable		**46,459**	57,287	**10,396**	13,132
Term loans	28	**112,405**	–	**100,000**	–
Loan from subsidiaries	17	**–**	–	**67,500**	38,500
Lease liabilities	30	**19,442**	146	**2,958**	–
		562,207	389,308	**249,053**	256,286
Net current assets		**469,310**	320,937	**227,611**	43,219
Non-current liabilities					
Deferred tax liabilities	21	**90,702**	87,614	**26,025**	26,549
Term loans	28	**102,430**	95,437	**102,430**	95,437
Note payables	29	**200,000**	–	**200,000**	–
Lease liabilities	30	**190,164**	149	**63,527**	–
Other payables	27	**58,808**	18,802	**8,679**	9,168
		642,104	202,002	**400,661**	131,154
Net assets		**1,805,523**	1,817,119	**1,633,107**	1,523,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

GROUP	Note	Attributable to owners of the Company										Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119
Profit for the year		–	–	–	–	–	168,362	–	–	–	168,362	7,244	175,606
Other comprehensive income for the year		–	–	–	–	3,171	(1,705)	–	–	(29)	1,437	4,564	6,001
Total comprehensive income for the year		–	–	–	–	3,171	166,657	–	–	(29)	169,799	11,808	181,607
Contributions by and distributions to owners													
Share-based payment		–	–	10,756	–	–	–	–	–	–	10,756	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	–	–	–	(5,511)	–	157	–	157
Dividends, net	11	–	–	–	–	–	(212,452)	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	–	–	(212,452)	–	(5,511)	–	(201,539)	–	(201,539)
Others													
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	14,675	14,675
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	451	451
Disposal of subsidiary		–	–	–	–	–	–	–	–	–	–	(1,118)	(1,118)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(5,672)	(5,672)
Transfer to statutory reserve		–	–	–	1,217	–	(1,217)	–	–	–	–	–	–
Balance at 31 March 2020		367,947	(26,017)	9,504	12,076	(147,530)	1,426,096	1,072	(25,619)	(38)	1,617,491	188,032	1,805,523

* 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.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		Attributable to owners of the Company											
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2018		367,947	(32,814)	15,004	9,230	(143,410)	1,430,950	1,072	(13,819)	(79)	1,634,081	132,535	1,766,616
Profit for the year		–	–	–	–	–	248,408	–	–	–	248,408	7,822	256,230
Other comprehensive income for the year		–	–	–	–	(7,291)	(122)	–	–	70	(7,343)	(780)	(8,123)
Total comprehensive income for the year		–	–	–	–	(7,291)	248,286	–	–	70	241,065	7,042	248,107
Contributions by and distributions to owners													
Share-based payment		–	–	6,636	–	–	–	–	–	–	6,636	–	6,636
Share options lapsed		–	–	(70)	–	–	70	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	–	–	–	(6,289)	–	1,030	–	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	–	–	–	–	(29,012)	–	(29,012)
Dividends, net	11	–	–	–	–	–	(200,941)	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	–	–	(200,871)	–	(6,289)	–	(222,287)	–	(222,287)
Others													
Acquisition of balance non-controlling interest in a subsidiary		–	–	–	–	–	(3,628)	–	–	–	(3,628)	(12,504)	(16,132)
Recognition of non-controlling interest due to re-assessment of investment in GTR entities		–	–	–	–	–	–	–	–	–	–	46,772	46,772
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	3,743	3,743
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(9,700)	(9,700)
Transfer to statutory reserve		–	–	–	1,629	–	(1,629)	–	–	–	–	–	–
Balance at 31 March 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119

* 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.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184
Profit for the year		–	–	–	311,462	–	311,462
Total comprehensive income for the year		–	–	–	311,462	–	311,462
Contributions by and distributions to owners							
Share-based payment		–	–	10,756	–	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	(5,511)	157
Dividends, net	11	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	(212,452)	(5,511)	(201,539)
Balance at 31 March 2020		367,947	(26,017)	9,504	1,307,292	(25,619)	1,633,107

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2018		367,947	(32,814)	15,004	1,159,596	(13,819)	1,495,914
Profit for the year		–	–	–	249,557	–	249,557
Total comprehensive income for the year		–	–	–	249,557	–	249,557
Contributions by and distributions to owners							
Share-based payment		–	–	6,636	–	–	6,636
Share options lapsed		–	–	(70)	70	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	(6,289)	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	(29,012)
Dividends, net	11	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	(200,871)	(6,289)	(222,287)
Balance at 31 March 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2020

	Note	2019-20 $'000	2018-19 $'000
Cash flows from operating activities			
Profit before tax		**213,906**	307,710
Adjustments for:			
Interest expenses/(income), net		**3,739**	(3,261)
Depreciation and amortisation charges		**117,642**	84,874
Unrealised foreign exchange gain		**(988)**	(1,600)
Share of results of associates/joint ventures, net of tax		**(11,764)**	(58,929)
Loss on disposal of property, plant and equipment		**1,757**	486
Write-back of earn-out consideration		**–**	(11,600)
Impairment loss on investment in associates		**11,900**	11,600
Impairment loss and write-off of property, plant and equipment	14	**6,772**	–
Share-based payment expense	5	**10,756**	6,636
Other non-cash items		**(81)**	430
Operating cash flows before working capital changes		**353,639**	336,346
Changes in working capital:			
(Increase)/decrease in receivables		**(49,147)**	19,209
Increase in prepayments and deposits		**(17,527)**	(2,471)
Increase in inventories		**(10,557)**	(1,884)
Increase/(decrease) in payables		**28,312**	(12,091)
(Increase)/decrease in amounts due from/to associates/joint ventures, net		**(156)**	5,093
Cash generated from operations		**304,564**	344,202
Interest paid to third parties		**(7,652)**	(483)
Income taxes paid		**(52,964)**	(48,052)
Net cash from operating activities		**243,948**	295,667
Cash flows from investing activities			
Capital expenditure	25	**(75,644)**	(87,640)
Dividends from associates/joint ventures		**32,822**	39,146
Purchases of long-term investments		**(6,060)**	–
Net cash flow arising from reclassification of joint venture to subsidiary	17	**–**	12,975
Net proceeds from sale of investments		**3,418**	–
Proceeds from disposal of property, plant and equipment		**645**	1,172
Investments in subsidiaries, net of cash acquired		**(52,924)**	–
Investment in associates/joint ventures		**(23,425)**	(25,016)
Acquisition of non-controlling interest in a subsidiary		**–**	(16,132)
Interest received from deposits		**3,858**	3,138
Net cash used in investing activities		**(117,310)**	(72,357)
Cash flows from financing activities			
Repayment of term loans	28	**(3,594)**	(9,789)
Repayment of lease liabilities	28	**(17,145)**	(255)
Proceeds from borrowings	28	**304,930**	–
Proceeds from exercise of share options		**–**	1,030
Dividends paid	11	**(212,452)**	(200,941)
Purchase of treasury shares		**–**	(29,012)
Capital contributions from non-controlling interests		**451**	3,743
Dividends paid to non-controlling interests		**(5,672)**	(9,700)
Net cash from/(used in) financing activities		**66,518**	(244,924)
Net increase/(decrease) in cash and cash equivalents		**193,156**	(21,614)
Effect of exchange rate changes		**6,190**	(1,805)
Cash and cash equivalents at beginning of financial year		**349,859**	373,278
Cash and cash equivalents at end of financial year	25	**549,205**	349,859

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2020

The consolidated financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Directors on 9 July 2020.

1. General

SATS Ltd. (the "**Company**" or "**SATS**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises and provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.2.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), unless otherwise indicated.

2.2 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 1-28 – *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 9 – *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 3 – *Business Combinations and SFRS(I) 11 – Joint Arrangements – Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 1-12 – *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to SFRS(I) 1-23 – *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-19 – *Plan Amendment, Curtailment or Settlement*

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the amount of right-of-use assets recognised is equal to the lease liabilities as at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group leases many assets including Leasehold Land and Building, Office Fittings & Fixtures, Ground Support Equipment and Office and Commercial Equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all leases.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Leases classified as operating leases under SFRS(I) 1-17 (cont'd)

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases a number of items of production equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

On transition to SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities which was partially offset by prepayments made. The impact on transition is summarised below.

	1 April 2019 $'000
Right-of-use assets – property, plant and equipment	184,180
Prepayments	(2,179)
Lease liabilities	(182,001)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 1.2% – 5.5%.

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Impact on financial statements (cont'd)

	1 April 2019 $'000
Operating lease commitments at 31 March 2019 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	256,638
Discounted using the incremental borrowing rate at 1 April 2019	192,818
Finance lease liabilities recognised as at 31 March 2019	295
– Recognition exemption for leases of low-value assets	(91)
– Recognition exemption for leases with less than 12 months of lease term at transition	(10,271)
– Adjustment as a result of different treatment in renewal options	(455)
Lease liabilities recognised at 1 April 2019	182,296

2.3 Standards issued but not yet effective

A number of new standards interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I)s Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Basis of consolidation (cont'd)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by SFRS(I)s.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Subsidiaries, associates and joint ventures

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of Significant Accounting Policies (cont'd)

2.5 Subsidiaries, associates and joint ventures (cont'd)

Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control or joint control over the financial and operating policy decisions of the investee.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control and the joint arrangement provides the Group with rights to the net assets of the arrangement.

The Group accounts for its investment in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of the results of the operations of the associates or joint ventures. Distributions received from the associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interests in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal against the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The most recently available audited financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (cont'd)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated into Singapore Dollars at exchange rates at the reporting date and their profit or loss are translated at exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of Significant Accounting Policies (cont'd)

2.8 Property, plant and equipment (cont'd)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write-down their costs to their estimated residual values at the end of their operational lives. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	–	50 to 55 years
Leasehold land and buildings	–	according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures, office and commercial equipment, fixed and mobile ground support equipment	–	1 to 12 years
Motor vehicles	–	1 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.9 Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on the straight-line basis so as to write off the cost of the investment properties over its estimated useful lives of 10 to 30 years. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The Group and Company do not have other intangible assets with indefinite useful life.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is de-recognised.

a) Software development

Software development is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 3 to 5 years.

b) Licences

Licences comprise the abattoir licence which was acquired in a business combination. The abattoir licence is amortised on a straight-line basis over its estimated useful life of 14 years.

2. Summary of Significant Accounting Policies (cont'd)

2.10 Intangible assets (cont'd)

Other intangible assets (cont'd)

c) Customer relationships

Customer relationships were acquired in business combinations. The customer relationships are amortised on a straight-line basis over its estimated useful life of 10 to 15 years.

2.11 Financial assets

(i) Recognition and initial measurement

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

(iii) De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(iv) Derivatives and hedge accounting

Derivatives are used to manage exposures to foreign exchange, interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as FVTPL. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Where derivatives qualify for hedge accounting, at inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. The Group's accounting policy for Hedges of a Net Investment is set out in Note 2.25.

Hedging relationships designated under FRS 39 that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.12 Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost and net realisable value. Costs are determined using the weighted average cost basis, and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.13 Cash and short-term deposits

Cash and short-term deposits comprise cash balances and highly liquid fixed deposits that are readily converted to known amounts of cash and are subject to an insignificant risk of change in fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and short-term deposits in banks, net of outstanding bank overdrafts.

2.14 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.15 Impairment of non-financial and financial assets

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs;
- intra-group financial guarantee contracts.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

2. Summary of Significant Accounting Policies (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of Significant Accounting Policies (cont'd)

2.16 Financial liabilities

(i) Initial recognition, classification, subsequent measurement and gains and losses

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised term loans, bank overdrafts, and trade and other payables.

(ii) De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases (cont'd)

Policy applicable from 1 April 2019 (cont'd)

(i) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases (cont'd)

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as "other income".

2. Summary of Significant Accounting Policies (cont'd)

2.19 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Employee benefits

Equity compensation plans

The Group has in place an Employee Share Option Plan (the "Plan") for the granting of share options to senior executives and all other employees to subscribe for ordinary shares in the Company. The exercise price approximates the market value of the ordinary shares on the date of grant.

The Group has also implemented the Restricted Share Plan and Performance Share Plan for awarding of fully paid ordinary shares to key senior management and senior executives, when and after pre-determined performance or service conditions are accomplished. Details of the plans are disclosed in Note 12 to the financial statements.

2. Summary of Significant Accounting Policies (cont'd)

2.21 Employee benefits (cont'd)

Equity compensation plans (cont'd)

The cost of the above equity-settled transactions with employees is measured by reference to the fair value of the options or awards at the date on which the share options or awards are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

This cost is recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to revenue reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The Group has defined benefit plan in one of its overseas subsidiaries but the amount is not significant and is included under other payables (non-current).

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.21 Employee benefits (cont'd)

Defined benefit plan (cont'd)

Defined benefit costs comprise the following:

– Service cost;
– Net interest on the net defined benefit liability or asset; and
– Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2.22 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

2. Summary of Significant Accounting Policies (cont'd)

2.22 Revenue (cont'd)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

Interest income

Interest income from investments and fixed deposits is recognised using the effective interest rate method.

2.23 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expense are offset against the related expenses.

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity (Note 12). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Hedges of a net investment

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. For more details, refer to Note 28.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management of the Group. The senior management are responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.27 Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

(a) has control or joint control over the Company;

(b) has significant influence over the Company; or

(c) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:

(a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(f) the entity is controlled or jointly controlled by a person identified in (i); or

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below.

3. Significant Accounting Estimates and Judgements (cont'd)

3.1 Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.2 Useful lives of property, plant and equipment and investment properties

The Group reviews the useful lives of property, plant and equipment and investment properties, in accordance with the accounting policies stated in Note 2.8 and Note 2.9 respectively.

Judgement is required in determining the useful lives of property, plant and equipment and investment properties. In determining useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence, the asset replacement policy and legal or similar limits to the use of the property, plant and equipment and investment properties.

3.3 Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

3.4 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 16 to the financial statements.

Notes to the Financial Statements

31 March 2020

3. Significant Accounting Estimates and Judgements (cont'd)

3.5 Consolidation; whether the Group has control over an investee

In determining whether the Group has control over an investee requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the Group's decision making authority over the investee, as well as the Group's overall exposure to variable returns.

Consolidation of Nanjing Weizhou Airline Food Corp., Ltd. ("NWA")

During the year, through its wholly-owned subsidiary, SATS China Co. Ltd., acquired 50% equity interest in Nanjing Weizhou Airline Food Corp., Ltd. The investment in NWA has been accounted as a subsidiary as the Group has, through its majority board control, significant control and ability to exercise its power over NWA to affect its returns from its involvement with NWA.

3.6 Business impact and financial implications of the COVID-19 Pandemic

The COVID-19 pandemic has significantly impacted the aviation industry with the cancellation of many international and regional flights by airlines and lockdown of various countries around the world. This has led to a sharp reduction in aviation passenger volumes and has an immediate and direct impact on the profitability for the Group.

In addition to the loss in revenue, the Group has also considered the impact of COVID-19 pandemic in the following areas:

(i) Accounting for government assistance grants

In view of the economic impact of the COVID-19 pandemic to the companies in Singapore, the Singapore Government has announced a series of reliefs in the Singapore 2020 Budget (and subsequent supplementary Budgets) to help ease the cost pressures of the Singapore companies. A significant portion of the reliefs comes under the Jobs Support Scheme ("JSS") whereby the Singapore Government provide wage support to employers to help them retain their local employees during this period of economic uncertainty.

Consequently, in May 2020, the Institute of Singapore Chartered Accountants has issued a Financial Reporting Bulletin 6 ("FRB 6"), *COVID-19 Government Relief Measures: Accounting for the grant provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme*, where it provides accounting guidance and key consideration in accounting for the government grants that were given by the Government. In line with SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance*, government grant is recognised (i) when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received; and (ii) it shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss. In determining the timing of recognition of the government grants, management has evaluated and assessed that the accounting period for the economic uncertainty that impacted the Group commenced from February 2020 and ending in December 2020. For the financial year ended 31 March 2020, the Group recorded a total of government grants amounting to $23.7 million (2019: $4.6 million) as a credit to staff costs (Note 5) in line with the intention of the grants to defray such expenses.

(ii) Impairment assessment and asset valuations

Given the pervasiveness of COVID-19 pandemic, the Group's management has considered and estimated the impact of COVID-19 pandemic by reviewing the impairment assessment of the Group's significant CGUs in light of the economic and market conditions. Significant judgement is required in determining the recoverable amount of the investments which is subject to a high degree of estimation uncertainty in assessing the duration and severity of the economic downturn caused by the pandemic and recovery of air travel demand. A total of $11.9 million of impairment losses were recorded for investments in associates that are significantly impacted by the COVID-19 pandemic.

The Group has also carried out a review on the recoverability of its property, plant and equipment that are impacted by COVID-19 pandemic. A total impairment loss of $2.3 million and net write-off of $4.4 million were recorded in the income statement (Note 8).

3. Significant Accounting Estimates and Judgements (cont'd)

3.6 Business impact and financial implications of the COVID-19 Pandemic (cont'd)

(iii) Estimated credit losses

With the recent COVID-19 pandemic resulting in economic uncertainties and weakened financial positions in the aviation sector, certain airlines may potentially face the need to recapitalise and establish refinancing and capitalisation plans. The estimates on ECL have included the expected effects that pandemic may have on the recoverability of the Group's receivables from the airline customers (Note 33). Management has made a provision for the amount due from those airlines with a sign of financial distress but without a concrete recapitalisation or refinancing and capitalisation plan up to the date of these financial statements.

(iv) Solvency and liquidity

The Group's earnings and operating cashflows will face headwinds from the impact of COVID-19 pandemic and the Group is carefully managing its expenditure in this difficult environment. As at 31 March 2020, the Group has a cash balance of $549.2 million (2019: $349.9 million) giving a debt-equity ratio of 0.39. This has further strengthened its balance sheet hence allowing the Group to weather the impact from COVID-19 pandemic. In addition, the Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

4. Revenue

The Group recognises revenue from the following sources:

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Food Solutions	**1,070,477**	988,197
Gateway Services	**868,812**	837,759
Others (rental and other services)	**1,927**	2,063
	1,941,216	1,828,019

Revenue is measured based on consideration specified in contracts with customers.

Food Solutions

Revenue from Food Solutions comprises revenue from inflight and institutional catering, food processing, distribution and airline laundry services. Revenue is recognised when goods and services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Gateway Services

Revenue from Gateway Services comprises revenue from ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services. Revenue is recognised when services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Others

Others include rental income and others services. Revenue is recognised when it transfers control of a product to a customer or as and when services are rendered.

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5. Staff Costs

	GROUP	
	2019-20 $'000	2018-19 $'000
Salaries, bonuses and other costs*	**789,137**	775,197
CPF and other defined contributions	**103,241**	96,798
Share-based payment expense (Note 12)	**10,756**	6,636
Government grants	**(23,689)**	(4,620)
	879,445	874,011

* Included in salaries, bonuses and other costs are contract labour expenses of $119,835,000 (2019: $125,748,000).

6. Operating Profit

	GROUP	
	2019-20 $'000	2018-19 $'000
The following items have been included in arriving at operating profit:		
Directors' fees (Note 31)	**1,162**	1,141
Audit fee paid to auditors of the Company	**541**	486
Audit fee paid to other auditors	**380**	307
Non-audit fee paid to auditors of the Company	**102**	136
Non-audit fee paid to other auditors of the Company	**70**	37
Allowance of doubtful receivables and bad debts written off, net	**4,030**	345
Maintenance of equipment and vehicles	**43,980**	40,992
Digitalisation and IT expenses	**34,426**	22,970
Lease of ground support equipment	**9,667**	9,414
Rental for leasehold land and premises	**6,926**	16,668
Exchange gain, net	**(1,289)**	(3,512)

7. Interest on Borrowings and Interest Income

	GROUP	
	2019-20 $'000	2018-19 $'000
Financial liabilities measured at amortised cost		
– Interest expenses	**(7,599)**	(815)
Financial assets measured at amortised cost		
– Interest income	**3,860**	4,076
	(3,739)	3,261

8. Other Non-Operating Loss, Net

	GROUP	
	2019-20 $'000	2018-19 $'000
Loss on disposal of property, plant and equipment	**(1,757)**	(486)
Write-back of earn-out consideration	**–**	11,600
Impairment loss on investment in associates	**(11,900)**	(11,600)
Impairment loss on property, plant and equipment	**(2,307)**	–
Write-off of property, plant and equipment	**(4,465)**	–
Others	**85**	(1,021)
	(20,344)	(1,507)

9. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	GROUP	
	2019-20 $'000	2018-19 $'000
Current income tax:		
Current income taxation	**42,587**	49,180
Over provision in respect of prior years	**(5,610)**	(4,685)
	36,977	44,495
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**(1,498)**	4,096
Over provision of deferred taxation in respect of prior years	**(627)**	(51)
Withholding tax expenses on share of results of associates/joint ventures	**3,448**	2,940
Income tax expense recognised in profit or loss	**38,300**	51,480

Reconciliation of effective tax rate

	GROUP	
	2019-20 $'000	2018-19 $'000
Profit before tax	**213,906**	307,710
Taxation at statutory tax rate of 17% (2019: 17%)	**36,364**	52,311
Adjustments:		
Non-deductible expenses	**8,842**	9,633
Effect of different tax rates in other countries	**1,070**	2,170
Tax rebate	**(51)**	(279)
Over provision of current taxation in respect of prior years	**(5,610)**	(4,685)
Over provision of deferred taxation in respect of prior years	**(627)**	(51)
Utilisation of previously unrecognised tax losses/capital allowances	**(167)**	(314)
Tax exempt income	**(6,003)**	(1,219)
Effect of share of results of associates/joint ventures	**(1,924)**	(9,863)
Withholding tax expenses on share of results of associates/joint ventures	**3,448**	2,940
Deferred tax assets not recognised	**1,753**	571
Others	**1,205**	266
Income tax expense recognised in profit or loss	**38,300**	51,480

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10. Earnings Per Share

	GROUP	
	2019-20 $'000	2018-19 $'000
Profit attributable to owners of the Company	**168,362**	248,408

	GROUP	
	2019-20	2018-19
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,117,071,837**	1,114,814,299
Adjustment for share options, RSP and PSP	**5,327,529**	6,251,913
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,122,399,366**	1,121,066,212
Earnings per share (cents)		
Basic	**15.1**	22.3
Diluted	**15.0**	22.2

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect of share-based payment plans of the Company.

11. Dividends Paid

The following exempt (one-tier) dividends were declared and paid by the Group and Company to owners of the Company:

	GROUP AND COMPANY	
	2019-20 $'000	2018-19 $'000
Dividends paid:		
Final dividend of 13 cents (2019: 12 cents) per ordinary share in respect of previous financial year	**145,360**	134,030
Interim dividend of 6 cents (2019: 6 cents) per ordinary share in respect of current financial year	**67,092**	66,911
	212,452	200,941

No final tax exempt (one-tier) dividend was proposed for the financial year ended 31 March 2020.

12. Share Capital and Treasury Shares

Share Capital

	GROUP AND COMPANY 31 March			
	2020 Number of shares	**2019 Number of shares**	**2020 $'000**	**2019 $'000**
Ordinary shares				
Balance at beginning and end of the year	**1,124,056,275**	1,124,056,275	**367,947**	367,947

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All issued shares are fully paid, with no par value.

No ordinary shares were issued pursuant to equity compensation plans during the year and in previous financial year.

Treasury Shares

	GROUP AND COMPANY 31 March			
	2020 Number of shares	**2019 Number of shares**	**2020 $'000**	**2019 $'000**
At beginning of the year	**9,697,355**	8,210,455	**43,000**	32,814
Shares acquired	**–**	5,929,500	**–**	29,012
Shares reissued pursuant to equity compensation plans	**(3,830,000)**	(4,442,600)	**(16,983)**	(18,826)
At end of the year	**5,867,355**	9,697,355	**26,017**	43,000

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, 3,830,000 (2019: 4,442,600) treasury shares were reissued pursuant to the equity compensation plans of which nil (2019: 536,600) were reissued for the Employee Share Option Plan, 1,641,900 (2019: 1,551,000) were reissued for the Restricted Share Plan, and 2,156,300 (2019: 2,355,000) were reissued for the Performance Share Plan and 31,800 (2019: nil) were issued for the Directors' fees.

Employee Share Option Plan

In 2019, 536,600 options were exercised under the SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. These options were fully exercised by reissuance of treasury shares.

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12. Share Capital and Treasury Shares (cont'd)

Employee Share Option Plan (cont'd)

Information with respect to the number of options granted under the Plan is as follows:

	GROUP 31 March			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	–	–	752,500	$1.92
Exercised	–	–	(536,600)	$1.92
Forfeited/Lapsed	–	–	(215,900)	$1.92
Outstanding at end of the year	–		–	
Exercisable at end of the year	–		–	

	GROUP	
	2019-20 $'000	2018-19 $'000
Proceeds received from share options exercised	–	1,030

There is no share option exercise during the year. The weighted average share price for options exercised for 2019 is $5.24.

The Company has ceased to issue further grants of share options since the last grant in July 2008.

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the Plan. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There were no options granted during the year and in prior year.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for management staff, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired in 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.

The details of the two plans are described below:

Restricted Share Plan ("RSP") **For grants in FY2016-17 to FY2017-18 and FY2019-20**	
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set over one-year period and individual performance.
Performance Conditions	Group Returns on Equity performance (FY2016-17 & FY2017-18). Company Financial and operating achievements (FY2019-20).
Vesting Condition	Equal vesting over a three-year period.
Payout	0% – 120% depending on the achievement based on prior financial year.

Performance Share Plan ("PSP") **For grants in FY2016-17 to FY2019-20**	
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both pre-determined performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives and individual performance.
Performance Conditions	• Absolute Total Shareholder Return • Relative Total Shareholder Return (FY2016-17 to FY2017-18) • Transformation Scorecard (FY2018-19 to FY2019-20)
Vesting Condition	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of specified performance targets over the performance period.

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12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans (cont'd)

Fair values of RSP and PSP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the awards:

RSP	Jun 2019	Aug 2017
Expected dividend yield (%)	Management's forecast	
Expected volatility (%)	13.8	14.5
Risk-free interest rate (%)	1.7 – 1.9	1.1 – 1.4
Expected term (years)	0.0 – 2.0	0.9 – 2.9
Share price at date of grant ($)	5.27	4.85

PSP	Aug 2019	Dec 2018	Aug 2017
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	16.2	16.3	14.5
Risk-free interest rate (%)	1.72	1.99	1.44
Expected term (years)	2.9	2.6	2.9
Index (for Relative TSR)	NA	NA	MSCI Asia Pac ex-Japan Industrial Index
Index volatility (%)	NA	NA	12.95
Correlation with index (%)	NA	NA	1.7
Share price at date of grant ($)	4.82	4.60	4.85

For non-market conditions, achievement factors are determined based on inputs from the Remuneration and Human Resource Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

Movement of RSP and PSP shares award during the year

RSP	Number of restricted shares				
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments	Balance at 31.3.2020
01.08.2016	495,200	(495,200)	–	–	–
01.08.2017	1,002,800	(513,800)	(12,800)	–	476,200
24.06.2019	1,897,400	(637,300)	(18,000)	–	1,242,100
	3,395,400	(1,646,300)	(30,800)	–	1,718,300

12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

Movement of RSP and PSP shares award during the year (cont'd)

PSP	Number of performance shares				
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments[#]	Balance at 31.3.2020
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 the performance factor at the end of the performance period upon meeting stated performance targets.

The estimated weighted average fair values at the date of grant for each share granted during the year under the PSP is $3.52 (2019: $3.23) based on the Monte Carlo simulation model.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2020, were 1,718,300 (2019: 1,498,000) and 2,882,000 (2019: 3,629,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,718,300 (2019: 1,498,000) and zero to a maximum of 4,323,000 (2019: zero to maximum of 5,443,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

The total amount of share-based payment expenses recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are summarised as follows:

	GROUP	
	2019-20 $'000	2018-19 $'000
Share-based payment expense		
Restricted share plan	**8,094**	4,060
Performance share plan	**2,662**	2,576
	10,756	6,636

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13. Reserves

(a) Share-based Compensation Reserve

Share-based compensation reserve represents the equity-settled share options, restricted and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options, restricted and performance shares, net of cumulative shares vested.

(b) Statutory Reserve

Certain countries in which some of the Group's 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.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation reserve is also used to record the effect of hedging of net investments in a foreign operation (Note 28).

(d) Fair Value Reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets, until they are disposed or impaired.

(e) Capital Reserve

Capital reserve comprises acquisitions of non-controlling interests that do not result in a change of control.

(f) Gain or Loss on Reissuance of Treasury Shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

14. Property, Plant and Equipment and Right-of-Use Assets

		GROUP		COMPANY	
	Note	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Property, plant and equipment	14.1	**602,297**	579,163	**16,861**	33,784
Right-of-use assets	14.2	**205,957**	–	**67,037**	–
		808,254	579,163	**83,898**	33,784

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost									
At 1 April 2018	94,090	708,086	157,698	367,698	64,951	49,309	59,269	68,952	1,570,053
Translation	(693)	193	(31)	(375)	9	(33)	(111)	398	(643)
Reclassifications	–	–	12,372	5,754	675	5,112	1,783	(25,696)	–
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	2,317	2,317
Additions (Note 25)	855	686	3,911	6,592	7,182	3,526	5,240	55,427	83,419
Additions from reclassification of joint venture to subsidiary	–	–	2,066	–	5,699	2,009	5,046	–	14,820
Disposals	(1,018)	–	(570)	(1,501)	(3,314)	(528)	(3,464)	–	(10,395)
Write off	–	–	–	–	–	(597)	–	(16)	(613)
At 31 March 2019 and 1 April 2019	93,234	708,965	175,446	378,168	75,202	58,798	67,763	101,382	1,658,958
Translation	8,311	314	64	(74)	(11)	595	808	1,482	11,489
Reclassifications	–	46,331	17,932	24,880	6,571	572	(5,863)	(90,423)	–
Transfer from investment properties (Note 15)	–	31,865	–	–	–	–	–	–	31,865
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(11)	(11)
Acquisition of subsidiaries	–	17,929	1,797	14,134	–	606	2,488	853	37,807
Disposal of subsidiary	–	–	–	–	–	(981)	–	–	(981)
Additions (Note 25)	4,364	4,930	9,512	10,500	7,173	8,253	5,804	23,281	73,817
Disposals	(28)	(6,671)	(615)	(6,368)	(2,170)	(2,385)	(3,640)	(465)	(22,342)
Write off	–	–	(1,457)	(2,404)	–	–	–	(2,138)	(5,999)
At 31 March 2020	105,881	803,663	202,679	418,836	86,765	65,458	67,360	33,961	1,784,603

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14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Accumulated depreciation and impairment losses									
At 1 April 2018	13,737	496,751	99,850	305,293	27,502	35,423	31,383	–	1,009,939
Translation	(190)	104	(8)	(46)	–	(24)	(67)	–	(231)
Depreciation from reclassification of joint venture to subsidiary	–	–	205	–	1,437	295	2,246	–	4,183
Depreciation	4,935	27,710	13,236	10,244	7,884	5,649	5,584	–	75,242
Disposals	(410)	–	(537)	(1,482)	(3,281)	(493)	(2,860)	–	(9,063)
Write off	–	–	–	–	–	(275)	–	–	(275)
At 31 March 2019 and 1 April 2019	18,072	524,565	112,746	314,009	33,542	40,575	36,286	–	1,079,795
Translation	3,059	372	128	–	3	369	437	–	4,368
Reclassifications*	–	70	60	4	2,497	(124)	(2,507)	–	–
Transfer from investment properties (Note 15)	–	26,156	–	–	–	–	–	–	26,156
Depreciation	5,017	26,384	15,628	12,599	9,716	6,798	5,772	–	81,914
Acquisition of subsidiaries	–	1,973	1,031	4,827	–	426	1,668	–	9,925
Disposal of subsidiary	–	–	–	–	–	(593)	–	–	(593)
Disposals	(12)	(6,670)	(493)	(5,810)	(2,169)	(1,331)	(3,547)	–	(20,032)
Impairment loss	–	1,989	–	–	–	318	–	–	2,307
Write off	–	–	(517)	(1,017)	–	–	–	–	(1,534)
At 31 March 2020	26,136	574,839	128,583	324,612	43,589	46,438	38,109	–	1,182,306
Carrying amounts									
At 1 April 2018	80,353	211,335	57,848	62,405	37,449	13,886	27,886	68,952	560,114
At 31 March 2019	75,162	184,400	62,700	64,159	41,660	18,223	31,477	101,382	579,163
At 31 March 2020	79,745	228,824	74,096	94,224	43,176	19,020	29,251	33,961	602,297

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

COMPANY	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost						
At 1 April 2018	5,212	4	2,918	198	24,686	33,018
Reclassifications	697	–	3,212	–	(3,909)	–
Transfer to investment properties (Note 15)	–	–	–	–	(6,408)	(6,408)
Transfer from intangible assets (Note 16)	–	–	–	–	2,317	2,317
Additions	–	–	–	–	10,835	10,835
At 31 March 2019 and 1 April 2019	5,909	4	6,130	198	27,521	39,762
Reclassification/transfer to investment properties (Note 15)	1,390	–	24	–	(25,316)	(23,902)
Additions	–	–	1	–	8,549	8,550
Disposals	(43)	(4)	(14)	(82)	–	(143)
At 31 March 2020	7,256	–	6,141	116	10,754	24,267
Accumulated depreciation						
At 1 April 2018	2,462	1	2,539	88	–	5,090
Depreciation	550	–	325	13	–	888
At 31 March 2019 and 1 April 2019	3,012	1	2,864	101	–	5,978
Depreciation	678	–	834	8	–	1,520
Disposals	(43)	(1)	(14)	(34)	–	(92)
At 31 March 2020	3,647	–	3,684	75	–	7,406
Carrying amounts						
At 1 April 2018	2,750	3	379	110	24,686	27,928
At 31 March 2019	2,897	3	3,266	97	27,521	33,784
At 31 March 2020	3,609	–	2,457	41	10,754	16,861

The Group's carrying amount of property, plant and equipment under finance leases is $1,092,397 (2019: $531,845). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $13,257,000 (2019: nil) are pledged to secure the Group's bank loans (Note 28).

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14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.2 Right-of-Use Assets

GROUP	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	177,999	6,181	184,180
Translation	4,337	(22)	4,315
Additions	39,338	–	39,338
Disposals	–	(381)	(381)
Acquisition of subsidiaries	159	–	159
Disposal of subsidiary	(706)	–	(706)
At 31 March 2020	221,127	5,778	226,905
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Translation	128	12	140
Amortisation	18,509	2,459	20,968
Disposals	–	(160)	(160)
At 31 March 2020	18,637	2,311	20,948
Carrying amounts			
At 31 March 2020	202,490	3,467	205,957

COMPANY	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	69,018	–	69,018
Additions	1,877	–	1,877
At 31 March 2020	70,895	–	70,895
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Additions	3,858	–	3,858
At 31 March 2020	3,858	–	3,858
Carrying amounts			
At 31 March 2020	67,037	–	67,037

15. Investment Properties

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2018	**48,157**	769,299
Transfer from property, plant and equipment (Note 14)	**–**	6,408
Additions	**–**	16
At 31 March 2019 and 1 April 2019	**48,157**	775,723
Transfer (to)/from property, plant and equipment (Note 14)	**(31,865)**	23,902
Additions	**–**	29
Disposals	**–**	(553)
At 31 March 2020	**16,292**	799,101
Accumulated depreciation		
At 1 April 2018	**39,245**	539,833
Depreciation	**1,323**	29,111
At 31 March 2019 and 1 April 2019	**40,568**	568,944
Depreciation	**841**	29,660
Transfer to property, plant and equipment (Note 14)	**(26,156)**	–
Disposals	**–**	(539)
At 31 March 2020	**15,253**	598,065
Carrying amount		
At 1 April 2018	**8,912**	229,466
At 31 March 2019	**7,589**	206,779
At 31 March 2020	**1,039**	201,036

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Information relating to the fair values of the investment properties of the Group as at 31 March as follows:

	2020		2019	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties	**1,039**	**14,300**	7,589	34,056

The valuation is based on the Direct Comparison Method and the Investment Method that makes reference to sales and gross rental income of similar properties based on prevailing economic conditions.

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15. Investment Properties (cont'd)

Information relating to the fair values of the investment properties of the Company rented to third parties as at 31 March as follows:

	2020		2019	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	**1,039**	**14,300**	1,581	14,700

The valuation is based on the Investment Method that makes reference to gross rental income of similar properties based on prevailing economic conditions.

The remaining investment properties of the Company are rented to the subsidiaries of the Group for their operational needs and therefore the Company does not consider the disclosure of fair value of these investment properties to be relevant.

Investment properties are categorised within level 3 of the fair value hierarchy. A significant increase (decrease) in gross rental income would result in a significantly higher (lower) fair value measurement.

The property rental income earned by the Group and Company for the year ended 31 March 2020 from its investment properties which are leased out under operating leases, amounted to $1,165,000 and $49,465,000 (2019: $3,038,000 and $48,075,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $802,000 and $37,097,000 (2019: $976,000 and $40,442,000) for the Group and Company respectively.

16. Intangible Assets

GROUP	Software development $'000	Work in progress $'000	Goodwill $'000	Licence $'000	Customer relationships $'000	Total $'000
Cost						
At 1 April 2018	106,296	7,116	130,699	26,814	39,178	310,103
Translation	4	(1)	819	–	564	1,386
Reclassification	2,726	(2,726)	–	–	–	–
Transfer from property, plant and equipment (Note 14)	–	(2,317)	–	–	–	(2,317)
Additions (Note 25)	371	6,690	–	–	–	7,061
Additions from reclassification of joint venture to subsidiary	–	–	114,114	–	81,108	195,222
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019 and 1 April 2019	109,374	8,762	245,632	26,814	120,850	511,432
Translation	146	18	1,458	–	57	1,679
Reclassification/transfer from/(to) property, plant and equipment (Note 14)	3,071	(3,060)	–	–	–	11
Additions (Note 25)	1,504	7,488	–	–	–	8,992
Acquisition of subsidiaries	1,162	–	51,168	285	24,716	77,331
Disposals	(745)	–	–	–	–	(745)
At 31 March 2020	114,512	13,208	298,258	27,099	145,623	598,700
Accumulated depreciation						
At 1 April 2018	98,321	–	–	17,555	36,721	152,597
Translation	(2)	–	–	–	–	(2)
Amortisation	3,453	–	–	1,915	2,941	8,309
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019 and 1 April 2019	101,749	–	–	19,470	39,662	160,881
Translation	135	–	–	14	–	149
Amortisation	3,783	–	–	1,915	8,178	13,876
Acquisition of subsidiaries	562	–	–	271	–	833
Disposals	(653)	–	–	–	–	(653)
At 31 March 2020	105,576	–	–	21,670	47,840	175,086
Carrying amounts						
At 1 April 2018	7,975	7,116	130,699	9,259	2,457	157,506
At 31 March 2019	7,625	8,762	245,632	7,344	81,188	350,551
At 31 March 2020	8,936	13,208	298,258	5,429	97,783	423,614

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16. Intangible Assets (cont'd)

Customer relationships and licence

Customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, Japan, Malaysia, China and United Kingdom operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering, ground handling services and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidence that the Group is able to benefit from the future economic inflows from such relationships.

Licence refers to the abattoir licence granted by the Agri-Food & Veterinary Authority of Singapore.

Amortisation expense

The amortisation of software development, licence and customer relationships is included in the "Depreciation and amortisation charges" in the consolidated income statement.

Impairment testing of goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating units (CGU) for impairment testing:

- SATS Food Services ("SFS")
- TFK Corporation
- Ground Team Red Holdings Sdn. Bhd. ("GTRH")
- Nanjing Weizhou Airline Food Corp., Ltd ("NWA")
- Monty's Bakehouse UK Limited ("MBUK")

The carrying amounts of goodwill allocated to each CGU are as follows:

	31 Mar 2020 $'000	31 Mar 2019 $'000
SFS	**111,791**	111,791
TFK Corporation	**20,167**	18,790
GTRH	**114,582**	115,051
NWA	**29,139**	–
MBUK	**22,579**	–
	298,258	245,632

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Forecast revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding to the start of the forecast period. These are increased over the forecast period for anticipated retention of customers, expansion in business, synergies and efficiency improvements. The forecast revenue is dependent on the demand from key customers. A reasonable possible change in demand from key customers of the respective CGUs would not have an impact to the carrying value of goodwill in the CGUs.

Terminal growth rates – The forecasted terminal growth rates are based on the relevant industry outlook and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, consideration has been given to the yield on a ten-year government bond at the beginning of the forecast year.

16. **Intangible Assets** (cont'd)

Key assumptions used in the value in use calculations (cont'd)

Market share assumptions – In addition to using industry data to estimate the growth rates (as noted above), the management assesses how the CGU's position, relative to its competitors, might change over the forecast period. The management expects the market share of the CGUs to be stable over the forecast period.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecasts approved by management covering a five to ten years period. The forecasts include the impact of COVID-19 pandemic on the first year of forecast, management's estimated recovery of the aviation industry from COVID-19 pandemic and the long-term viability of the airline customers, which could be dependent on the refinancing or recapitalisation plan of the airlines. The recoverable amount of the CGU is highly sensitive to such projection. The pre-tax discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the terminal year are as follows:

	Terminal growth rates		Discount rates	
	31 Mar 2020 %	**31 Mar 2019 %**	**31 Mar 2020 %**	**31 Mar 2019 %**
SFS	**1.0**	1.0	**7.0**	6.7
TFK Corporation	**0.8**	0.8	**7.5**	7.5
GTRH	**2.4**	3.5	**9.0**	9.0
NWA	**3.0**	–	**11.0**	–
MBUK	**1.5**	–	**10.0**	–

COMPANY	**Software $'000**	**Work in progress $'000**	**Total $'000**
Cost			
At 1 April 2018	28,380	2,291	30,671
Additions	–	2,557	2,557
Reclassifications	307	(307)	–
Transfer to property, plant & equipment (Note 14)	–	(2,317)	(2,317)
At 31 March 2019 and 1 April 2019	28,687	2,224	30,911
Additions	–	4,526	4,526
Reclassifications	2,535	(2,535)	–
Disposals	(203)	–	(203)
At 31 March 2020	31,019	4,215	35,234
Accumulated amortisation			
At 1 April 2018	26,502	–	26,502
Amortisation	781	–	781
At 31 March 2019 and 1 April 2019	27,283	–	27,283
Amortisation	985	–	985
Disposals	(203)	–	(203)
At 31 March 2020	28,065	–	28,065
Carrying amounts			
At 1 April 2018	1,878	2,291	4,169
At 31 March 2019	1,404	2,224	3,628
At 31 March 2020	2,954	4,215	7,169

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17. Investment in Subsidiaries

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Unquoted shares, at cost	**775,173**	718,140

The names of the subsidiaries are set out below and the country of incorporation and place of business is Singapore, unless otherwise stated:

Name of companies	Principal activities (Place of business)	Cost of investment 31 Mar 2020 $'000	Cost of investment 31 Mar 2019 $'000	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held by the Company					
SATS Airport Services Pte Ltd *, a	Airport ground handling services	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd *, a	Inflight catering services	**14,000**	14,000	**100**	100
SATS Security Services Private Limited a	Security handling services	**3,000**	3,000	**100**	100
SATS Aero Laundry Pte. Ltd. a	Providing and selling laundry and linen services	**2,515**	2,515	**100**	100
SATS Aerolog Express Pte. Ltd. a	Airport cargo delivery management services	**1,340**	1,340	**100**	100
SATS Institutional Catering Pte. Ltd. a (Formerly known as Country Foods Pte. Ltd.)	Supplier of food products and provision of expertise and manpower to manage central kitchens & catering operations	**11,030**	11,030	**100**	100
SATS Asia-Pacific Star Pte. Ltd. a	Airport ground handling services and inflight catering services	**#**	#	**100**	100
SATS Food Services Pte. Ltd. a	Food processing and distribution services	**487,260**	487,260	**100**	100
SATS Investments Pte. Ltd. a	Investment holding	**#**	#	**100**	100
SATS (India) Co. Private Limited b	Business development and marketing and product development (India)	**228**	228	**100**	100

17. Investment in Subsidiaries (cont'd)

		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company (cont'd)					
SATS Investments (II) Pte. Ltd. [a]	Investment holding	**#**	#	**100**	100
Cemerlang Pte. Ltd. [a]	Investment holding	**#**	#	**100**	100
SATS Services Sdn. Bhd. [b]	Shared services to the Company and its subsidiaries (Malaysia)	**201**	201	**100**	100
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**145**	145	**80**	80
Ready To Travel Pte. Ltd. [a, o]	Provide services that facilitate travel	**100**	100	**100**	100
GTRSG Pte. Ltd. [a] (Formerly known as SATS Ground Services Singapore Pte. Ltd.)	Ground handling	**754**	754	**20**	20
SATS Group Services Sdn. Bhd. [b]	Investment holding (Malaysia)	**#**	#	**100**	100
Ground Team Red Holdings Sdn. Bhd. [b]	Investment holding (Malaysia)	**160,886**	160,886	**50**	50
SATS China Co., Ltd. [b]	Investment holding (People's Republic of China)	**77,214**	20,181	**100**	100
		775,173	718,140		

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17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd. [a]	Management of international cruise terminal	**60**	60
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**20**	20
SATS Seletar Aviation Services Pte. Ltd. [a]	Terminal management services	**52**	52
Held through SATS Food Services Pte. Ltd.			
Primary Industries Private Limited and its subsidiary [a]	Provision of abattoir services	**78.5**	78.5
– Hog Auction Market Pte Ltd [a]	Auctioneers of pigs	**78.5**	78.5
Primary Industries (Qld) Pty Ltd [b]	Provision of land logistics and food solutions (Australia)	**100**	100
Shanghai ST Food Industries Co., Limited [c]	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**100**	100
SFI Food Pte. Ltd. [a]	Food catering related ventures	**100**	100
SFI Manufacturing Private Limited [a]	Supply of food products and catering services	**100**	100
SATS Delaware North Pte. Ltd. [a]	Catering and food and beverages services at Singapore Sports Hub	**70**	70
Country Foods Pte. Ltd. [a, k] (Formerly known as SATS BRF Food Pte. Ltd.)	Meat processing, manufacturing of branded food products	**100**	–
Held through SATS Investments Pte. Ltd.			
TFK Corporation [b, g]	Inflight catering services (Japan)	**59.4**	59.4
Food And Allied Support Services Corporation Pte. Ltd. [m]	Remote catering	**–**	51

17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS Investments Pte. Ltd. (cont'd)			
SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi	Investment holding (Dormant) (Turkey)	**100**	100
SATS Food Turkey Gıda Hizmetleri Anonim Şirketi	Food-related projects (Dormant) (Turkey)	**100**	100
Monty's Bakehouse UK Limited [d, l]	Providing hand-held meals and snacks to leading airline customers globally (United Kingdom)	**100**	–
Held through TFK Corporation			
Inflight Foods Co., Ltd. [g, h]	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**59.4**	59.4
Narita Dry Ice Co., Ltd. [g, h]	Manufacture and sale of dry ice and ice cubes and sale of refrigerant and packaging material (Japan)	**59.4**	59.4
New Tokyo Service Co., Ltd [g, h]	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	59.4
Held through Food And Allied Support Services Corporation Pte. Ltd.			
FASSCO International (Australia) Pty Ltd [m]	Catering, housekeeping and other allied services (Australia)	**–**	51
FASSCO International (India) Private Limited [m]	Catering, housekeeping and other allied services (India)	**–**	51
FASSCO Catering Services LLC [i, m]	Catering and allied services (Abu Dhabi)	**–**	25

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17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS China Co., Ltd.			
SATS (Tianjin) Food Co., Ltd. [e]	Food production, processing and distribution (People's Republic of China)	**100**	100
SATS (Kunshan) Food Co., Ltd. [b]	Food production, processing and distribution (People's Republic of China)	**100**	100
Nanjing Weizhou Airline Food Corp., Ltd [f, j]	Aviation food manufacturer producing frozen food, ambient meals and related food components to aviation companies (People's Republic of China)	**50**	–
Held through Nanjing Weizhou Airline Food Corp., Ltd			
Ganzhou SATS Aviation Food Co., Ltd. [f, l]	Aviation and railway food production and distribution (People's Republic of China)	**50**	–
Huizhou Weilian Airline Food., Ltd. [f, l, n]	Aviation food production and distribution (People's Republic of China)	**27.5**	–
Held through Ground Team Red Holdings Sdn. Bhd.			
Ground Team Red Sdn. Bhd. [b]	Airport ground handling services (Malaysia)	**49**	49
GTRSG Pte. Ltd. [a] (Formerly known as SATS Ground Services Singapore Pte. Ltd.)	Ground handling	**40**	40
Held through Monty's Bakehouse UK Limited			
Monty's Bakehouse GCC and Asia General Trading FZE [d, l]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (United Arab Emirates)	**100**	–
Monty's Bakehouse NL B.V. [d, l]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (Netherlands)	**100**	–

17. Investment in Subsidiaries (cont'd)

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Shanghai YMD Certified Public Accountants (LLP).
[d] Audited by Grant Thornton UK LLP.
[e] Audited by CAC CPA Limited Liability Partnership.
[f] Audited by Jonten Certified Public Accountants (Limited Liability Partnership).
[g] Percentage of equity held excludes Treasury Shares held by TFK Corporation.
[h] Not required to be audited under the laws of their countries of incorporation.
[i] Held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
[j] Refer to Note 3.5 for details on the consolidation of Nanjing Weizhou Airline Food Corp., Ltd.
[k] Become a subsidiary during the year subsequent to step up acquisition of remaining 49% equity interest.
[l] Acquired/incorporated during the year.
[m] Disposed during the year.
[n] Held through Nanjing Weizhou Airline Food Corp., Ltd (a subsidiary) which has equity interest of 55% in the subsidiary company.
[o] Subsequent to year-end, Ready To Travel Pte. Ltd. has been renamed to SATS Consumer Services Pte. Ltd.

Amount is less than $1,000.
* Significant subsidiaries in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries (Place of business)	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
TFK Corporation and its subsidiaries ("TFK") (Japan)				
31 March 2020	40.6	212	(63,031)	1,015
31 March 2019	40.6	1,736	(59,499)	3,550
Ground Team Red Holdings Sdn. Bhd. ("GTRH") (Malaysia)				
31 March 2020	50	4,091	(82,592)	–
31 March 2019	50	1,636	(83,535)	–

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17. Investment in Subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of comprehensive income:

	TFK		GTRH*	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**253,449**	248,096	**114,516**	47,045
Profit before tax	**1,139**	6,103	**4,756**	2,675
Income tax expenses	**(90)**	(1,806)	**(1,456)**	(606)
Profit after tax	**1,049**	4,297	**3,300**	2,069
Other comprehensive income	**11,527**	(1,982)	**(1,196)**	1,515
Total comprehensive income	**12,576**	2,315	**2,104**	3,584

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") and GTRSG Pte. Ltd. ("GTRSG") being subsidiaries of GTRH.

Summarised statement of financial position as at 31 March:

	TFK		GTRH*	
	31 Mar 2020 $'000	31 March 2019 $'000	31 Mar 2020 $'000	31 March 2019 $'000
Current assets	**86,198**	91,069	**50,653**	39,173
Current liabilities	**(41,045)**	(39,869)	**(23,234)**	(11,818)
	45,153	51,200	**27,419**	27,355
Non-current assets	**219,678**	119,982	**236,218**	208,092
Non-current liabilities	**(90,326)**	(7,782)	**(47,338)**	(20,131)
	129,352	112,200	**188,880**	187,961
Net assets	**174,505**	163,400	**216,299**	215,316

Other summarised information:

	TFK		GTRH*	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Net cash inflows from operations	**10,015**	20,956	**18,635**	1,120
Acquisition of significant property, plant and equipment, and intangible assets	**(12,061)**	(2,666)	**(8,974)**	(1,529)

* The figures disclosed include GTR and GTRSG being subsidiaries of GTRH.

17. Investment in Subsidiaries (cont'd)

A – Acquisition of Nanjing Weizhou Airline Food Corp., Ltd. ("NWA")

During the year, the Company's wholly-owned subsidiary, SATS China Co., Ltd. has acquired 50% of equity interest in Nanjing Weizhou Airline Food Corp., Ltd ("NWA").

NWA is a leading independent aviation food manufacturer in Jiangsu Province, China, producing frozen food, ambient meals and related food components to aviation companies in China. It has an extensive domestic network of cold storage facilities/distribution channel partners across China enabling it to serve a significant number of airports domestically.

The fair value of the identifiable assets and liabilities were:

	July 2019 $'000
Property, plant and equipment	21,504
Intangible assets – customer relationship	9,758
Other non-current assets	415
Trade and other receivables	11,266
Other current assets	3,328
Cash and bank balances	6,102
	52,373
Other long-term liabilities	13,370
Trade and other payables	8,709
Other current liabilities	944
	23,023
Total net identifiable assets at fair value	29,350
Consideration transferred	30,181
Deferred consideration	12,524
Non-controlling interest measured at its proportionate share	14,675
Less: Goodwill arising from acquisition	(28,030)
	29,350

Goodwill arising from acquisition

The purchase price allocation exercise was finalised in FY2019-20 and a goodwill amounting to $28,030,000 arose from the acquisition of 50% equity interest in NWA through SATS China. This was attributable to the assembled workforce, as well as the potential synergies in connectivity expected to arise from the partnership.

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17. Investment in Subsidiaries (cont'd)

B – Step-up acquisition of Country Foods Pte. Ltd. ("CFPL") (Formerly known as SATS BRF Food Pte. Ltd.)

On 5 September 2019, the Company's wholly-owned subsidiary, SATS Food Services Pte. Ltd. acquired the remaining 49% equity interest in CFPL. As a result of the step-up acquisition, CFPL became an indirect wholly-owned subsidiary of the Company.

The step-up acquisition allowed the Company to acquire full control of CFPL for a quicker establishment of the Company's centralised procurement and distribution platform which would enable the Company to develop more efficient supply chain practices such as diversified sourcing, consolidated purchases and consolidated distribution to customers and across the SATS Group.

The fair value of the identifiable assets and liabilities were:

	September 2019 $'000
Property, plant and equipment	3,197
Intangible assets	9,613
Other non-current assets	224
Trade and other receivables	25,837
Other current assets	25,976
Cash and bank balances	9,968
	74,815
Other long-term liabilities	241
Trade and other payables	18,767
Other current liabilities	3,884
	22,892
Total net identifiable assets at fair value	51,923
Carrying value of investment in CFPL before step-up acquisition	34,923
Consideration transferred	17,000
	51,923

C – Acquisition of Monty's Bakehouse UK Limited ("MBUK")

On 29 February 2020, a wholly-owned subsidiary of the Company, SATS Investments Pte. Ltd. acquired 100% of the existing shares in the capital of Monty's Bakehouse UK Limited ("MBUK") from existing shareholders.

MBUK is a company incorporated in the United Kingdom, and is in the business of providing hand-held meals and snacks to leading airline customers globally. It has two wholly-owned subsidiaries incorporated in the United Arab Emirates and the Netherlands. MBUK and its subsidiaries shall collectively be referred to as the "Monty's Bakehouse Group".

The Monty's Bakehouse Group operates an asset-light business model where it designs and develops concepts in-house and outsources the packaging, manufacturing and supply chain functions. It has in-house expertise in brand and packaging design, culinary excellence, and the commissioning of food manufacturing facilities.

17. Investment in Subsidiaries (cont'd)

Fair values measured on a provisional basis

The fair value of material assets acquired has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

The provisional fair value of the identifiable assets and liabilities were:

	February 2020 $'000
Property, plant and equipment	2,592
Intangible assets	5,503
Trade and other receivables	3,745
Other current assets	7,037
Cash and bank balances	8,765
	27,642
Trade and other payables	4,850
Other current liabilities	1,517
	6,367
Total net identifiable assets at fair value	21,275
Consideration transferred	30,577
Deferred consideration	13,836
Less: Provisional goodwill arising from acquisition	(23,138)
	21,275

Provisional goodwill arising from acquisition

The provisional goodwill amounting to $23,138,000 arose from the acquisition of 100% equity interest in MBUK. This was attributable to products and capabilities expected to arise from the acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Measurement of fair values

Intangible assets	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.
Inventories	*Market comparison technique:* The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

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17. Investment in Subsidiaries (cont'd)

Loan to and from subsidiaries

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Loan to subsidiaries:		
Non-current	**380,086**	299,392
Current	**–**	217
	380,086	299,609

Current loan to a subsidiary of $217,000 as at 31 March 2019 was repaid during the financial year.

Non-current loan amounting to $45,000,000 (2019: nil) is unsecured, bears interest at 1.5% per annum above the 12 months SGD SIBOR and is repayable by 31 March 2024.

The remaining non-current loans to subsidiaries amounting to $335,086,000 (2019: $299,609,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Loan from subsidiaries:		
Current	**67,500**	38,500

Loan from subsidiaries is unsecured, bears interest at 1 month SIBOR less 0.3% per annum and repayable on demand.

18. Investment in Associates

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Quoted shares, at cost	**116,428**	116,428	**–**	–
Unquoted shares, at cost	**478,048**	450,400	**375,474**	347,826
Impairment loss	**(26,813)**	(14,913)	**(34,753)**	(10,444)
Share of post-acquisition results	**247,636**	259,913	**–**	–
Accumulated amortisation of intangible assets	**(69,941)**	(60,993)	**–**	–
Share of statutory reserves of associates	**11,980**	10,767	**–**	–
Share of changes recognised directly in associates' equity	**(14,145)**	(11,213)	**–**	–
Foreign currency translation adjustments	**(125,393)**	(128,882)	**–**	–
	617,800	621,507	**340,721**	337,382

18. Investment in Associates (cont'd)

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. The useful lives of these intangible assets with definite useful lives were determined to be 2.5 to 18 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the "Share of results of associates/joint ventures, net of tax" in the consolidated income statement.

Amounts due from associates

The amounts due from associates amounting to $1,199,000 (2019: $1,138,000) are unsecured, trade-related and are repayable on demand. Impairment loss of $2,900,000 was provided for in the financial year for amount due from an associate.

Associates

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
Maldives Inflight Catering Private Limited [b, j]	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Limited [c, j]	Inflight catering services (People's Republic of China)	**13,882**	13,882	**28.0**	28.0
Beijing Aviation Ground Services Co., Ltd [d, j]	Airport ground handling services (People's Republic of China)	**17,101**	17,101	**29.0**	29.0
Aviserv Limited [e, j] (Incorporated in Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Joint Stock Company Limited [f, j]	Air cargo handling services (Vietnam)	**979**	979	**15.0**	15.0
Asia Airfreight Terminal Company Limited [b, l]	Air cargo handling services (Hong Kong)	**92,663**	85,099	**49.0**	45.0
Servair-SATS Holding Company Pte Ltd [g, j]	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc. [g, j]	Inflight catering services (Philippines)	**11,604**	11,604	**33.0**	33.0

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18. Investment in Associates (cont'd)

Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
Taj Madras Flight Kitchen Private Limited [b, m]	Inflight catering services (India)	–	1,901	–	30.0
Evergreen Airline Services Corporation [f, j]	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation [h, j]	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited [b]	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta, Tbk [g, j]	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
Evergreen Sky Catering Corporation [f, j]	Inflight catering services (Taiwan)	**39,765**	39,765	**25.0**	25.0
SATS HK Limited [h, j]	Ramp services, passenger handling services and operations control services (Hong Kong)	**14,813**	14,813	**49.0**	49.0
KrisShop Pte. Ltd. [a]	Travel retail business, offer inflight and ground-based duty-free and duty paid goods (Singapore)	**7,316**	6,828	**15.0**	15.0
Beijing CAH SATS Aviation Services Co., Ltd. [d, j]	Ground and cargo handling Services (People's Republic of China)	**21,497**	–	**40.0**	–
		375,474	347,826		

18. Investment in Associates (cont'd)

Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held through TFK Corporation					
Tasco Foods Co., Ltd. [k]	Production and sales of confectionery (Japan)	**2,748**	2,748	**29.6**	29.6
Held through SATS Investments Pte. Ltd.					
Brahim's SATS Investment Holdings Sdn. Bhd. [i, j]	Investment holding company (Malaysia)	**49,057**	49,057	**49.0**	49.0
Oman Air SATS Cargo LLC [h, j]	Air cargo handling services (Oman)	**23,038**	23,038	**33.0**	33.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd.					
PT Cardig Aero Services Tbk [g, j]	Aviation support and catering services (Indonesia)	**116,428**	116,428	**41.7**	41.7
Held through SATS Investments (II) Pte. Ltd.					
Mumbai Cargo Service Center Airport Private Limited [b]	Air cargo handling services (India)	**16,363**	16,363	**49.0**	49.0
Held through SATS Catering Pte. Ltd.					
PT Purantara Mitra Angkasa Dua [g, j]	Aviation catering services (Indonesia)	**11,368**	11,368	**20.0**	20.0
		594,476	566,828		

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Ruihua Certified Public Accountants Co., Ltd.
[d] Audited by BDO China Shu Lun Pan CPAs, Beijing.
[e] Audited by Fitzgerald & Associates, Ireland.
[f] Audited by Deloitte and Touche and its member firms.
[g] Audited by Ernst & Young and its member firms.
[h] Audited by PricewaterhouseCoopers and its member firms.
[i] Audited by Baker Tilly Monteiro Heng PLT.
[j] Financial year end on 31 December.
[k] Not required to be audited under the laws of their countries of incorporation.
[l] Refer to Note 26 for assets of disposal groups classified as held for sale.
[m] Held as a wholly owned subsidiary of Taj SATS Air Catering Limited ("TAJSATS") subsequent to the restructuring in September 2019. TMFK was previously an associate of the Company prior to September 2019.

There was no associate company that was considered as significant in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

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18. Investment in Associates (cont'd)

Corporate Guarantee

The Group has provided a proportionate guarantee up to a maximum amount of approximately $38,466,000 (2019: $42,348,000) to financial institutions for providing credit and banking facilities to an associate, which the Group is liable for in the event of default by the associate.

The Group's material investments in associates are summarised below:

	31 Mar 2020 $'000	31 Mar 2019 $'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**51,836**	57,083
Asia Airfreight Terminal Company Limited ("AAT")	**126,743**	118,338
PT Cardig Aero Services Tbk ("PT Cas")	**88,950**	107,088
Evergreen Sky Catering Corporation ("ESCC")	**78,231**	71,319
Other associates	**272,040**	267,679
	617,800	621,507
Fair value of PT Cas based on the quoted market price at reporting date (Level 1 in the fair value hierarchy)	**40,836**	56,977

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2019-20 $'000	2018-19 $'000
Share of profits after tax	**447**	21,823
Other comprehensive income	**4,714**	(3,688)
Total comprehensive income	**5,161**	18,135

The summarised financial information in respect of PT Jas, AAT, PT Cas and ESCC, based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

Summarised statement of comprehensive income:

	PT Jas		AAT		PT Cas		ESCC	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**157,200**	148,248	**139,957**	150,571	**210,329**	184,802	**146,496**	155,213
Profit/(loss) after tax	**34,178**	29,857	**(5,897)**	13,172	**(19,666)**	1,506	**20,835**	23,714
Other comprehensive income	**(1,227)**	1,886	**–**	–	**776**	(59)	**(522)**	(813)
Total comprehensive income	**32,951**	31,743	**(5,897)**	13,172	**(18,890)**	1,447	**20,313**	22,901

18. Investment in Associates (cont'd)

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas		ESCC	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Current assets	**40,822**	42,837	**152,121**	148,421	**62,675**	89,228	**58,045**	61,468
Non-current assets excluding goodwill	**35,786**	42,950	**295,038**	128,055	**82,600**	105,282	**330,963**	310,226
Goodwill	**–**	–	**–**	–	**1,305**	1,626	**–**	–
Total assets	**76,608**	85,787	**447,159**	276,476	**146,580**	196,136	**389,008**	371,694
Current liabilities	**40,446**	38,693	**53,829**	32,147	**72,392**	74,391	**41,314**	29,070
Non-current liabilities	**11,673**	19,388	**168,119**	12,791	**19,682**	41,760	**68,404**	95,391
Total liabilities	**52,119**	58,081	**221,948**	44,938	**92,074**	116,151	**109,718**	124,461
Net assets	**24,489**	27,706	**225,211**	231,538	**54,506**	79,985	**279,290**	247,233

	PT Jas		AAT		PT Cas		ESCC	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net assets excluding goodwill	**24,489**	27,706	**225,211**	231,538	**53,202**	78,359	**279,290**	247,233
Less: Non-controlling interest	**–**	–	**–**	–	**(15,051)**	(18,173)	**–**	–
	24,489	27,706	**225,211**	231,538	**38,151**	60,186	**279,290**	247,233
Proportion of the Group's ownership	**49.8%**	49.8%	**49.0%**	45.0%	**41.7%**	41.7%	**25.0%**	25.0%
Group's share of net assets	**12,196**	13,797	**110,353**	104,192	**15,890**	25,067	**69,822**	61,808
Goodwill on acquisition and intangible assets	**39,640**	43,286	**16,390**	14,146	**73,060**	82,021	**8,409**	9,511
Carrying amount of the investment	**51,836**	57,083	**126,743**	118,338	**88,950**	107,088	**78,231**	71,319
Group's interest in net assets of investee at beginning of the year	**57,083**	53,683	**118,338**	118,605	**107,088**	109,962	**71,319**	70,464
Reclassified from asset held for sale	**–**	–	**10,519**	–	**–**	–	**–**	–
Group's share of:								
Profit/(loss)	**17,020**	14,869	**(2,890)**	6,454	**(10,433)**	(1,565)	**3,364**	4,063
Other comprehensive income	**(5,516)**	934	**7,732**	4,303	**(7,705)**	(26)	**5,025**	(1,863)
Equity stake held for sale	**–**	–	**–**	24	**–**	–	**–**	–
Total comprehensive income	**11,504**	15,803	**15,361**	10,781	**(18,138)**	(1,591)	**8,389**	2,200
Dividends received during the year	**(16,751)**	(12,403)	**(6,956)**	(11,048)	**–**	(1,283)	**(1,477)**	(1,345)
Carrying amount of interest in investee at end of the year	**51,836**	57,083	**126,743**	118,338	**88,950**	107,088	**78,231**	71,319

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19. Investment in Joint Ventures

	GROUP		COMPANY	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Unquoted shares, at cost	**34,126**	57,166	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Fair value remeasurement on retained interest	**–**	13,306	**–**	–
Share of post-acquisition results	**46,605**	39,719	**–**	–
Others	**(101)**	(28)	**–**	–
Foreign currency translation	**(12,534)**	(10,808)	**–**	–
	71,186	102,445	**12,014**	12,014

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to $1,639,000 (2019: $4,148,000) and amount due to joint ventures amounting to $10,450,000 (2019: $9,267,000) are unsecured, trade-related and are repayable on demand.

Joint ventures

		GROUP			
		Cost of investment		Equity held	
Name of companies	**Principal activities (Place of business)**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**	**31 Mar 2020 %**	**31 Mar 2019 %**
Held by the Company					
Air India SATS Airport Services Private Limited [a]	Ground handling and cargo handling services (India)	**12,014**	12,014	**50.0**	50.0
Unquoted shares held by Company, at cost		**12,014**	12,014		
Held through SATS Food Services Pte. Ltd.					
Country Foods Pte. Ltd. (Formerly known as SATS BRF Food Pte. Ltd.) [b, c]	Meat processing, manufacturing of branded food products (Singapore)	**–**	24,480	**–**	51.0
SG IPF Pte. Ltd. [b]	Investment holding (Singapore)	**12,957**	11,517	**60.0**	60.0

19. Investment in Joint Ventures (cont'd)

Joint ventures (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held through SATS Asia-Pacific Star Private Limited					
DFASS SATS Pte. Ltd. [b]	Inflight duty-free and duty-paid sales, offer mail order and pre-order service, supply liquor for inflight pantry services, and operate ground based duty-free and duty-paid retail sales (Singapore)	**9,019**	9,019	**50.0**	50.0
Held through SATS Airport Services Pte Ltd					
SATS PPG Singapore Pte. Ltd. [b]	Manage and operate airport lounge (Singapore)	**136**	136	**50.0**	50.0
		34,126	57,166		

[a] Audited by member firm of KPMG International.
[b] Audited by KPMG, Singapore.
[c] The joint venture is now a subsidiary following a step-up acquisition.

The Group's material investments in joint ventures are summarised below:

	31 Mar 2020 $'000	31 Mar 2019 $'000
Air India SATS Airport Services Private Limited ("AISATS")	**46,232**	44,275
Country Foods Pte. Ltd. ("CFPL")	**–**	34,610
Ground Team Red Holdings Sdn. Bhd. ("GTRH")	**–**	–
Other joint ventures	**24,954**	23,560
	71,186	102,445

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19. Investment in Joint Ventures (cont'd)

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	2019-20 $'000	2018-19 $'000
Share of (loss)/profit after tax	**(16)**	4,379
Other comprehensive income	**(30)**	(302)
Total comprehensive income	**(46)**	4,077

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS"), Country Foods Pte. Ltd. ("CFPL") and Ground Team Red Holdings Sdn. Bhd. ("GTRH") based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS		CFPL*		GTRH**	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**146,887**	138,719	**84,571**	194,594	**–**	57,904
Operating expenses	**(134,711)**	(121,860)	**(83,960)**	(192,985)	**–**	(52,619)
Interest (expenses)/income	**(2,222)**	(1,805)	**3**	25	**–**	–
Profit before tax	**9,954**	15,054	**614**	1,634	**–**	5,285
Income tax expenses	**(2,036)**	(1,586)	**–**	(116)	**–**	(2,421)
Profit after tax	**7,918**	13,468	**614**	1,518	**–**	2,864
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**7,918**	13,468	**614**	1,518	**–**	2,864

* CFPL became a subsidiary during the year subsequent to step up acquisition of remaining 49% equity interest and FY2019-20 only consisted of 5 months results prior to the step up acquisition.

** The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH and FY2018-19 only consisted of 9 months results prior to the consolidation of GTRH.

19. Investment in Joint Ventures (cont'd)

Summarised statement of financial position as follow:

	AISATS		CFPL		GTRH*	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Cash and cash equivalents	**1,947**	3,898	**–**	8,982	**–**	–
Inventories	**3,043**	2,921	**–**	25,863	**–**	–
Other receivable	**2,118**	1,815	**–**	472	**–**	–
Trade receivable	**64,067**	44,974	**–**	28,397	**–**	–
Current assets	**71,175**	53,608	**–**	63,714	**–**	–
Non-current assets	**92,289**	92,992	**–**	3,439	**–**	–
Total assets	**163,464**	146,600	**–**	67,153	**–**	–
Current liabilities	**53,473**	34,850	**–**	25,381	**–**	–
Non-current liabilities	**17,527**	23,200	**–**	–	**–**	–
Total liabilities	**71,000**	58,050	**–**	25,381	**–**	–
Net assets	**92,464**	88,550	**–**	41,772	**–**	–
Net assets excluding goodwill	**92,464**	88,550	**–**	41,772	**–**	–
Less: Non-controlling interest	**–**	–	**–**	–	**–**	–
	92,464	88,550	**–**	41,772	**–**	–
Proportion of the Group's ownership	**50.0%**	50.0%	**–**	51.0%	**–**	–
Group's share of net assets	**46,232**	44,275	**–**	21,304	**–**	–
Fair value remeasurement on retained interest	**–**	–	**–**	13,306	**–**	–
Carrying amount of the investment	**46,232**	44,275	**–**	34,610	**–**	–
Group's interest in net assets of investee at beginning of the year/at acquisition date	**44,275**	38,935	**34,610**	33,836	**–**	157,694
Group's share of total comprehensive income for the year	**2,189**	5,727	**313**	774	**–**	(3,485)
Dividends received during the year	**(232)**	(387)	**–**	–	**–**	–
Capital injection	**–**	–	**–**	–	**–**	6,677
Reclassification to subsidiary	**–**	–	**(34,923)**	–	**–**	(160,886)
Carrying amount of interest in investee at end of the year	**46,232**	44,275	**–**	34,610	**–**	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH.

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20. Long-Term Investments

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Quoted equity investment	**211**	247	**–**	–
Unquoted equity investment	**6,060**	–	**6,060**	–
Loan, secured	**21,312**	20,276	**–**	–
Others	**122**	114	**–**	–
	27,705	20,637	**6,060**	–

The secured loan of $21,312,000 (2019: $20,276,000) refers to an investment in a 5-year secured loan of US$14,963,000 (2019: US$14,963,000) with interest rate of 6.5% (2019: 6.5%) per annum (Note 33(c)).

21. Deferred Taxation

	GROUP			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	31 Mar 2020 $'000	31 Mar 2019 $'000	2019-20 $'000	2018-19 $'000
Deferred tax liabilities				
Property, plant and equipment	**47,843**	43,602	**1,298**	(2,135)
Intangible assets	**21,855**	21,833	**2,522**	1,172
Provisions	**(1,101)**	(1,621)	**(1,297)**	(31)
Defined benefit plan	**58**	58	**–**	–
Unremitted foreign dividend and interest income	**6,478**	6,468	**(10)**	(246)
Fair value gain	**1,089**	–	**–**	–
Unutilised tax losses/capital allowances	**(2,246)**	–	**(1,226)**	–
Undistributed earnings of associates/ joint ventures	**17,078**	17,442	**(3,086)**	(5,073)
Other temporary differences	**(352)**	(168)	**384**	(184)
	90,702	87,614		
Deferred tax assets				
Provisions	**4,661**	4,694	**(1,202)**	350
Unutilised tax losses	**6,249**	4,811	**1,292**	(1,405)
Property, plant and equipment	**2,768**	2,455	**2**	567
	13,678	11,960	**(1,323)**	(6,985)

21. Deferred Taxation (cont'd)

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Deferred tax liabilities		
Property, plant and equipment	**20,765**	21,386
Provision	**(1,218)**	(1,304)
Unremitted foreign dividend and interest income	**6,478**	6,467
	26,025	26,549

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $26,018,000 (2019: $17,372,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

22. Other Non-Current Assets

Other non-current assets relate mainly to long-term prepayments and lease deposits.

23. Trade and Other Receivables

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Trade and other receivables:				
Trade receivables	**153,507**	132,502	**1,750**	3,576
Staff loans	**203**	75	**35**	56
Sundry receivables	**35,144**	17,468	**3,010**	2,120
Government grant receivables	**79,996**	–	**4,681**	–
Amounts due from related parties – Trade	**117,114**	150,863	**–**	–
Amounts due from related companies – Non-trade	**–**	–	**87,441**	102,988
	385,964	300,908	**96,917**	108,740

Trade receivables are generally on 30 – 90 day terms.

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23. Trade and Other Receivables (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
United States Dollar	**2,011**	2,954	**–**	193

The carrying amount of trade receivables impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade receivable is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of receivables balances) are considered indicators that the amounts owing by the debtors are impaired. Individual trade receivable is written off when management deems the amount not collectible.

Trade receivables are stated after impairment. Analysis of the impairment account is as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Balance at 1 April	**1,305**	1,408	**146**	146
Exchange differences	**28**	(1)	**–**	–
Write-off against provisions	**(15)**	(45)	**–**	–
Charge to/(write-back) income statement	**1,070**	(57)	**(124)**	–
Acquisition of subsidiary	**424**	–	**–**	–
Disposal of subsidiary	**(149)**	–	**–**	–
Balance at 31 March	**2,663**	1,305	**22**	146
Bad debts write-off directly to income statement	**60**	402	**–**	–

Staff loans

There was no interest charge on the staff loans for FY2019-20 and FY2018-19.

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related parties

The amounts due to the Group are trade-related, with a credit term of 45 days. The amounts due to the Company are unsecured, interest-free and are repayable upon demand.

24. Inventories

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Food supplies and dry stores	**59,519**	13,505	**–**	–
Technical spares	**10,146**	10,310	**–**	–
Other consumables	**796**	500	**381**	383
	70,461	24,315	**381**	383
Income Statement:				
Inventories recognised as an expense	**339,591**	270,872	**–**	–
Inclusive:				
– Inventories written down	**402**	188	**–**	–

25. Cash and Short-Term Deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 2.2% (2019: 0.00% to 1.50%) per annum. Short-term deposits are made for varying periods of between 2 days and 180 days depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.00% to 2.6% (2019: 0.00% to 3.11%) per annum.

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Fixed deposits	**434,052**	230,398	**369,000**	162,355
Cash and bank balances	**115,153**	119,461	**6,386**	14,140
	549,205	349,859	**375,386**	176,495

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25. Cash and Short-Term Deposits (cont'd)

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2019-20 $'000	2018-19 $'000
Additions of property, plant and equipment (Note 14)	**73,817**	83,419
Additions of intangible assets (Note 16)	**8,992**	7,061
Accrual for additions of property, plant and equipment (Note 27)	**(7,165)**	(2,840)
Cash invested in property, plant and equipment and intangible assets	**75,644**	87,640

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Australian Dollar	**5,437**	4,480	**–**	–
United States Dollar	**3,104**	5,919	**1,695**	3,865
Japanese Yen	**514**	363	**514**	363

26. Assets of Disposal Groups Classified as Held For Sale

As at 31 March 2020, assets of disposal groups classified as held for sale in relation to the 4% issued shares of Asia Airfreight Terminal Company Limited ("AAT") were reclassified to investment in associates. The carrying amount of the reclassified assets at Group and Company were $10,519,000 (2019: $10,519,000) and $7,564,000 (2019: 7,564,000) respectively.

The assets classified as held for sale are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Investment in associates/joint ventures	**–**	10,519	**–**	7,564
Assets of disposal groups classified as held for sale	**–**	10,519	**–**	7,564

27. Trade and Other Payables

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Current:				
Trade payables	**178,985**	161,643	**8,313**	12,417
Other payables:				
Tender deposits	**3,840**	4,514	**2,556**	2,519
Accrued expenses	**171,708**	145,481	**22,336**	23,263
Purchase of property, plant and equipment	**15,696**	8,531	**1,533**	86
Others	**824**	1,675	**16**	–
	192,068	160,201	**26,441**	25,868
Amounts due to related companies	**2,398**	764	**–**	177
Deposits placed by subsidiaries	**–**	–	**33,445**	166,192
Trade and other payables	**373,451**	322,608	**68,199**	204,654
Non-current:				
Deferred considerations	**27,809**	–	**–**	–
Accrued expenses	**30,999**	18,802	**8,679**	9,168
Other payables	**58,808**	18,802	**8,679**	9,168

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60-day terms while other current payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Australian Dollar	**455**	203	**–**	–
Great Britain Pound	**169**	140	**–**	–
Euro	**161**	434	**–**	–
United States Dollar	**2,986**	719	**–**	172
Swiss Franc	**120**	247	**–**	–
Japanese Yen	**20**	178	**–**	–

Amounts due to related companies

These amounts are trade-related, unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

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28. Term Loans

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Unsecured:				
Repayable within one year	**106,000**	–	**100,000**	–
Repayable after one year	**102,430**	95,437	**102,430**	95,437
	208,430	95,437	**202,430**	95,437
Secured:				
Repayable within one year	**6,405**	–	**–**	–
Total term loans	**214,835**	95,437	**202,430**	95,437
Represented by:				
Current	**112,405**	–	**100,000**	–
Non-current	**102,430**	95,437	**102,430**	95,437
	214,835	95,437	**202,430**	95,437

	GROUP				COMPANY	
	Interest rate	Maturity date	Outstanding as at		Outstanding as at	
			31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Unsecured term loans:						
JPY floating rate	0.44%	November 2021	**102,430**	95,437	**102,430**	95,437
SGD floating rate	1.48%	September 2020	**50,000**	–	**50,000**	–
SGD floating rate	1.48%	September 2020	**50,000**	–	**50,000**	–
SGD fixed rate	2.00%	April 2020	**3,000**	–	**–**	–
SGD fixed rate	2.00%	April 2020	**3,000**	–	**–**	–
			208,430	95,437	**202,430**	95,437
Secured term loans:						
CNY fixed rate	6.50%	May 2020	**1,004**	–	**–**	–
CNY fixed rate	6.50%	July 2020	**803**	–	**–**	–
CNY fixed rate	6.50%	July 2020	**602**	–	**–**	–
CNY fixed rate	6.50%	August 2020	**602**	–	**–**	–
CNY fixed rate	6.30%	July 2020	**603**	–	**–**	–
CNY fixed rate	6.30%	July 2020	**803**	–	**–**	–
CNY fixed rate	4.35%	December 2020	**1,024**	–	**–**	–
CNY fixed rate	4.35%	December 2020	**964**	–	**–**	–
			6,405	–	**–**	–

As at 31 March 2020, there were six unsecured loans held by the Group (2019: two) and four (2019: two) unsecured loans held by the Company. The unsecured loans, held by the Company, have an interest rate of 0.44% to 2.00% per annum and maturity date of April 2020 and November 2021.

There were eight (2019: nil) secured term loans held by the Group as at 31 March 2020. The loans as at 31 March 2020 were secured on the property, plant and equipment and other assets of the subsidiaries.

28. Term Loans (cont'd)

Hedge of net investments in foreign operations

Included in loans as at 31 March 2020 was the term loans of JPY7.8 billion (2019: JPY7.8 billion), approximately $102.4 million (2019: $95.4 million), which have been designated as a hedge of the net investment in its subsidiary, TFK Corporation in Japan, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Foreign exchange gains or losses on the translation of this term loan are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffectiveness portion transferred to profit or loss in the year ended 31 March 2020 (2019: nil).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Term Loans $'000	Leases $'000	Note Payables $'000	Total $'000
Balance at 1 April 2018	105,884	536	–	106,420
Changes from financing cash flows				
Repayment of term loans	(9,789)	–	–	(9,789)
Repayment of finance leases and related charges	–	(255)	–	(255)
Effect of changes in foreign exchange rates	(658)	–	–	(658)
Other changes				
Interest expense	–	14	–	14
Balance at 31 March 2019	95,437	295	–	95,732
Effect of SFRS(I) 16	–	182,001	–	182,001
Adjustment to SFRS(I) 16 at 1 April 2019	–	4,791	–	4,791
Changes from financing cash flows				
Proceeds from term loans and note payables	106,000	–	198,930	304,930
Repayment of term loans	(3,594)	–	–	(3,594)
Repayment of finance leases and related charges	–	(17,145)	–	(17,145)
Effect of changes in foreign exchange rates	7,373	4,095	–	11,468
Other changes				
Acquisition of subsidiaries	9,619	–	–	9,619
Addition of lease liabilities	–	30,646	–	30,646
Interest expense/professional fees	–	4,923	1,070	5,993
Balance at 31 March 2020	214,835	209,606	200,000	624,441

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29. Note Payable

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Note payable	**200,000**	–	**200,000**	–

Notes payable at 31 March 2020 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Principle amount ($'M)	Fixed interest rate per annum (%)	Date payable
SGD500 Million Multicurrency Medium Term Note Programme				
001	2020	200.0	2.88	March 2025

30. Lease Liabilities

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Current Liabilities				
Lease liabilities	**19,442**	146	**2,958**	–
Non-Current Liabilities				
Lease liabilities	**190,164**	149	**63,527**	–

Total lease payment made during the year amounted to $18,039,000 (2019: $255,000).

Lease liabilities

The Group has finance leases for equipment and motor vehicles. These lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	31 Mar 2019	
	Minimum payments $'000	Present value of payments $'000
Not later than one year	164	146
Later than one year but not later than five years	168	149
Total future minimum lease payments	332	295
Less: Amounts representing finance charges	(37)	–
Present value of minimum lease payments	295	295

The average discount rates implicit in the leases are 5.40% – 5.50% (2019: 0.01% – 5.40%) per annum for the lease of equipment and motor vehicles.

31. Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key Management Personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Chief Executive Officer, Chief Financial Officer and all Business Unit Heads to be Key Management Personnel of the Group.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place on terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Services rendered by:		
Related parties	**30,784**	40,934
Associates/joint ventures	**6,187**	15,259
	36,971	56,193
Sales to:		
Related parties	**811,512**	836,525
Associates/joint ventures	**990**	2,710
	812,502	839,235
Rental income:		
Associates/joint ventures	**485**	2,170

Directors' and key executives' remuneration

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Directors		
Directors' fees (Note 6)		
– paid by the Company	**1,162**	1,128
– paid by subsidiaries of the Group	**–**	13
	1,162	1,141
Key executives		
Salary, bonuses and other costs	**7,568**	8,030
CPF and other defined contributions	**53**	62
Share-based compensation expense	**4,200**	2,502
	11,821	10,594

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31. Related Party Transactions (cont'd)

Shares awarded to key executives of the Group during the year and since the commencement of the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are as follows:

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year#	Aggregate shares vested since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Alexander Charles Hungate	632,600	4,709,136	(3,219,736)	1,489,400
Yacoob Bin Ahmed Piperdi	180,700	1,941,235	(1,506,935)	434,300
Seah Kok Khong, Manfred	125,100	175,100	(25,100)	150,000
Mok Tee Heong Kerry	85,000	135,000	–	135,000
Denis Suresh Kumar Marie	93,400	953,848	(733,248)	220,600

Share grant is adjusted due to achievement of performance condition(s).

32. Capital and Other Commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $104.3 million (2019: $94.7 million) for the Group and $18.4 million (2019: $16.7 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

33. Financial Instruments and Financial Risk Management

Financial Risk Management

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it operates in more than 13 countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient.

Financial risk management policies are periodically reviewed and approved by the Board of Directors. The Group has exposure to the following risks arising from the financial investments:

(a) Foreign Currency Risk

The Group is exposed to the effects of fluctuations in certain foreign exchange rates because of its foreign currency denominated operating revenue and expenses. However, the effects of foreign exchange rate fluctuations on the Group's operations are not significant because the Group's sales and purchases are mainly denominated in the respective functional currencies of the Group's entities, except for those disclosed as follows.

33. **Financial Instruments and Financial Risk Management** (cont'd)

Financial Risk Management (cont'd)

(a) **Foreign Currency Risk** (cont'd)

Exposure to currency risk

The summary of quantitative data about the exposure to currency risk (excluding the JPY-denominated bank loan that is designated as a hedge of the Group's net investment in its Japan subsidiary) as reported to the management of the Group is as follows:

GROUP	31 Mar 2020 USD $'000	31 Mar 2020 AUD $'000	31 Mar 2019 USD $'000	31 Mar 2019 AUD $'000
Trade and other receivables	**2,011**	**–**	2,954	–
Cash and short-term deposits	**3,104**	**5,437**	5,919	4,480
Loan, secured	**21,312**	**–**	20,276	–
Trade and other payables	**(2,986)**	**(455)**	(719)	(203)
	23,441	**4,982**	28,430	4,277

The following significant exchange rates have been applied.

	Average rate 31 Mar 2020 $'000	Average rate 31 Mar 2019 $'000	Year-end spot rate 31 Mar 2020 $'000	Year-end spot rate 31 Mar 2019 $'000
USD	**1.374**	1.358	**1.424**	1.355
AUD	**0.932**	0.988	**0.877**	0.961

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Singapore dollar, as indicated below against the USD and AUD at 31 March would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

GROUP	Effect on profit before tax 2020 $'000	Effect on profit before tax 2019 $'000
USD (5% strengthening)	**(1,172)**	(1,422)
AUD (5% strengthening)	**(249)**	(214)
USD (5% weakening)	**1,172**	1,422
AUD (5% weakening)	**249**	214

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(b) Interest Rate Risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash and short-term deposits and its interest expense on term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD, JPY and USD. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and short-term deposits (Note 25) and term loans (Note 28).

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affecting the carrying value of financial instruments with fixed interest rates if these are recognised at their fair value.

Under these assumptions, an increase or decrease in market interest rates of 50 basis points for all currencies in which the Group had deposits and term loans at 31 March would have the following effects:

	GROUP		COMPANY	
	31 March 2020 $'000	31 March 2019 $'000	**31 March 2020 $'000**	31 March 2019 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**(429)**	129	**(418)**	214
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**429**	(129)	**418**	(214)

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and loan receivable.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2020 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the statement of financial position.

The Group only transacts with credit-worthy counterparties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions. Credit risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such credit risk exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

The Group determines concentration of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of the financial assets of the Group and the Company as at 31 March:

GROUP	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
By Industry				
Airlines	**194,619**	229,471	**20.7**	34.9
Financial institutions	**549,554**	349,458	**58.6**	53.3
Others	**193,834**	77,124	**20.7**	11.8
	938,007	656,053	**100.0**	100.0
By Region				
Singapore	**746,798**	478,708	**79.6**	73.0
Japan	**77,821**	80,722	**8.3**	12.3
Others	**113,388**	96,623	**12.1**	14.7
	938,007	656,053	**100.0**	100.0

COMPANY	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
By Industry				
Airlines	**4,370**	3,501	**0.5**	0.6
Financial institutions	**375,473**	176,636	**43.9**	30.0
Related parties	**467,255**	402,597	**54.7**	68.4
Others	**7,686**	5,845	**0.9**	1.0
	854,784	588,579	**100.0**	100.0
By Region				
Singapore	**852,712**	584,843	**99.8**	99.4
Others	**2,072**	3,736	**0.2**	0.6
	854,784	588,579	**100.0**	100.0

Trade receivables

At the end of the reporting period, approximately:

– 44% (2019: 52%) of the Group's trade receivables were due from a major customer located in Singapore.
– 45% (2019: 54%) of the Group's trade receivables were due from related parties.

There is no concentration of customers' credit risk at the Company level.

The Group uses an allowance matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical observed default rates analysed in accordance to days past due by segmenting customers based on industry and geographical classification. Trade and other receivables are written off when there is no reasonable expectation of recovery.

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at reporting date. There is no disclosure on the exposure to credit risk and ECLs for the Company's trade receivables balance as the amount is not material.

	Weighted average loss rate		Carrying value		Impairment loss allowance	
GROUP	31 Mar 2020 %	31 Mar 2019 %	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Not past due	**0.17**	0.02	**185,163**	220,762	**317**	53
Past due 1 to 30 days	**0.53**	0.18	**34,368**	29,318	**182**	52
Past due 31 to 90 days	**1.82**	0.07	**38,467**	20,836	**702**	14
More than 90 days	**9.56**	8.62	**15,286**	13,754	**1,462**	1,186
			273,284	284,670	**2,663**	1,305

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed as above.

No aging analysis of other receivables are presented as the majorities of outstanding balances as at 31 March 2020 are current. The Group assesses that no allowance for impairment loss on other receivables is required.

As at 31 March 2020, the associates and joint ventures of the Group has recorded an allowance for credit losses of $28,600,000 arising mainly from a review of its trade and other receivables in view of COVID-19 pandemic. This is recorded in the "Share of results of associates/joint ventures, net of tax".

Amount due from related companies – non-trade and loan to subsidiaries

The Company held non-trade receivables due from its related companies of $87,441,000 (2019: $102,988,000) and loan to subsidiaries of $380,086,000 (2019: $299,392,000). These balances are amounts for working capital requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Financial guarantees

The Group has issued financial guarantees to financial institution for granting of credit and banking facilities to its associate (see Note 18). These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group has assessed that its associate has adequate financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect credit losses arising from these guarantees.

33. **Financial Instruments and Financial Risk Management** (cont'd)

Financial Risk Management (cont'd)

(c) **Credit Risk** (cont'd)

Cash and short-term deposits

The Group held cash and short-term deposits of $549.2 million as at 31 March 2020 (2019: $349.9 million). The cash and short-term deposits are held with bank and financial institution counterparties.

	Group			
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Investment grade (A to Aaa)	**526,139**	349,307	**95.8**	99.8
Others	**23,066**	552	**4.2**	0.2
	549,205	349,859	**100.0**	100.0

Impairment on cash and short-term deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowances of cash and short-term deposits is negligible.

Loan, secured

The Group held a 5-year secured loan of $21,312,000 (2019: $20,276,000) which has been fully collaterised with quoted equity shares. As at 31 March 2020, the estimated fair value of the pledged shares based on the quoted market price is higher than the carrying value of the secured loan. Due to the COVID-19 pandemic, the quoted market price has declined and the estimated fair value of the pledged shares is lower than carrying value of the secured loan as at date of financial statements. The Group management believes that the decline in share price is a temporary result of COVID-19 pandemic and does not represent the recoverable amount of the pledged shares. The Group has performed an assessment on the estimated value-in-use of the investment and concluded that the estimated value is higher than the carrying value of the secured loan.

(d) **Liquidity Risk**

As at 31 March 2020, the Group had at its disposal, cash and cash equivalents amounting to $549.2 million (2019: $349.9 million). In addition, the Group has available short-term credit facilities of approximately $484.3 million (2019: $518.6 million) from revolving credit facilities granted by commercial banks. The Group also has a Medium Term Note Programme to issue Notes up to $500.0 million (2019: $500.0 million), out of which the Group has issued $200.0 million (2019: nil) Notes as at 31 March 2020.

The Group's holdings of cash, short-term deposits and investments, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all capital expenditure and any cash outflow from operating activities due in the next financial year. The shortfall, if any, could be met by further bank borrowings or public market funding.

The maturity profile of the financial assets and liabilities of the Group and the Company is shown in the table that follows. The amounts disclosed in the table are the contractual undiscounted cash flows.

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(d) Liquidity Risk (cont'd)

GROUP	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2020					
Financial assets:					
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/ joint ventures	2,838	–	–	–	2,838
Cash and short-term deposits	549,205	–	–	–	549,205
Total undiscounted financial assets	938,007	–	–	–	938,007
Financial liabilities:					
Trade and other payables	373,451	20,100	27,834	10,874	432,259
Amount due to associates/ joint ventures	10,450	–	–	–	10,450
Term loans	114,303	102,753	–	–	217,056
Note payable	5,760	5,760	217,280	–	228,800
Lease liabilities	29,442	23,832	44,470	169,033	266,777
Total undiscounted financial liabilities	533,406	152,445	289,584	179,907	1,155,342
Total net undiscounted financial assets/(liabilities)	404,601	(152,445)	(289,584)	(179,907)	(217,335)
31 March 2019					
Financial assets:					
Trade and other receivables	300,908	–	–	–	300,908
Amount due from associates/ joint ventures	5,286	–	–	–	5,286
Cash and short-term deposits	349,859	–	–	–	349,859
Total undiscounted financial assets	656,053	–	–	–	656,053
Financial liabilities:					
Trade and other payables	322,608	–	18,802	–	341,410
Amount due to associates/ joint ventures	9,267	–	–	–	9,267
Term loans	432	432	95,725	–	96,589
Lease liabilities	163	109	60	–	332
Total undiscounted financial liabilities	332,470	541	114,587	–	447,598
Total net undiscounted financial assets/(liabilities)	323,583	(541)	(114,587)	–	208,455

33. **Financial Instruments and Financial Risk Management** (cont'd)

Financial Risk Management (cont'd)

(d) **Liquidity Risk** (cont'd)

COMPANY	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2020					
Financial assets:					
Trade and other receivables	96,917	–	–	–	96,917
Amount due from associates/ joint ventures	2,395	–	–	–	2,395
Loan to subsidiaries	–	–	–	380,086	380,086
Cash and short-term deposits	375,386	–	–	–	375,386
Total undiscounted financial assets	474,698	–	–	380,086	854,784
Financial liabilities:					
Loan from subsidiaries	67,965	–	–	–	67,965
Term loans	101,295	102,753	–	–	204,048
Note payable	5,760	5,760	217,280	–	228,800
Trade and other payables	68,130	–	8,679	–	76,809
Total undiscounted financial liabilities	243,150	108,513	225,959	–	577,622
Total net undiscounted financial assets/(liabilities)	231,548	(108,513)	(225,959)	380,086	277,162
31 March 2019					
Financial assets:					
Trade and other receivables	108,740	–	–	–	108,740
Amount due from associates/ joint ventures	3,735	–	–	–	3,735
Loan to subsidiaries	238	–	–	299,392	299,630
Cash and short-term deposits	176,495	–	–	–	176,495
Total undiscounted financial assets	289,208	–	–	299,392	588,600
Financial liabilities:					
Loan from subsidiaries	39,521	–	–	–	39,521
Term loans	432	432	95,725	–	96,589
Trade and other payables	204,654	–	9,168	–	213,822
Total undiscounted financial liabilities	244,607	432	104,893	–	349,932
Total net undiscounted financial assets/(liabilities)	44,601	(432)	(104,893)	299,392	238,668

Notes to the Financial Statements

31 March 2020

33. Financial Instruments and Financial Risk Management (cont'd)

Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP	Amortised costs $'000	FVOCI $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2020					
Assets					
Long-term investments	21,434	211	6,060	–	27,705
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/joint ventures	2,838	–	–	–	2,838
Cash and short-term deposits	549,205	–	–	–	549,205
	959,441	211	6,060	–	965,712
Total non-financial assets					2,044,122
Total assets					3,009,834
Liabilities					
Amount due to associates/joint ventures	–	–	–	10,450	10,450
Term loans	–	–	–	214,835	214,835
Note payables	–	–	–	200,000	200,000
Lease liabilities	–	–	–	209,606	209,606
Trade and other payables	–	–	–	421,663	421,663
	–	–	–	1,056,554	1,056,554
Total non-financial liabilities					147,757
Total liabilities					1,204,311

GROUP	Amortised costs $'000	FVOCI $'000	Other financial liabilities $'000	Total $'000
31 March 2019				
Assets				
Long-term investments	20,390	247	–	20,637
Trade and other receivables	300,908	–	–	300,908
Amount due from associates/joint ventures	5,286	–	–	5,286
Cash and short-term deposits	349,859	–	–	349,859
	676,443	247	–	676,690
Total non-financial assets				1,731,739
Total assets				2,408,429
Liabilities				
Amount due to associates/joint ventures	–	–	9,267	9,267
Term loans	–	–	95,437	95,437
Finance lease	–	–	295	295
Trade and other payables	–	–	341,410	341,410
	–	–	446,409	446,409
Total non-financial liabilities				144,901
Total liabilities				591,310

33. **Financial Instruments and Financial Risk Management** (cont'd)

Classification of Financial Instruments (cont'd)

COMPANY	Amortised costs $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2020				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	96,917	–	–	96,917
Loan to subsidiaries	380,086	–	–	380,086
Amount due from associates/joint ventures	2,395	–	–	2,395
Cash and short-term deposits	375,386	–	–	375,386
	854,784	6,060	–	860,844
Total non-financial assets				1,421,977
Total assets				2,282,821
Liabilities				
Loan from subsidiaries	–	–	67,500	67,500
Term loans	–	–	202,430	202,430
Note payables	–	–	200,000	200,000
Trade and other payables	–	–	76,878	76,878
Lease liabilities	–	–	66,485	66,485
	–	–	613,293	613,293
Total non-financial liabilities				36,421
Total liabilities				649,714
31 March 2019				
Assets				
Trade and other receivables	108,740	–	–	108,740
Loan to subsidiaries	299,609	–	–	299,609
Amount due from associates/joint ventures	3,735	–	–	3,735
Cash and short-term deposits	176,495	–	–	176,495
	588,579	–	–	588,579
Total non-financial assets				1,322,045
Total assets				1,910,624
Liabilities				
Loan from subsidiaries	–	–	38,500	38,500
Term loans	–	–	95,437	95,437
Trade and other payables	–	–	213,822	213,822
	–	–	347,759	347,759
Total non-financial liabilities				39,681
Total liabilities				387,440

Notes to the Financial Statements

31 March 2020

33. Financial Instruments and Financial Risk Management (cont'd)

Fair Values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The quoted equity instruments classified as long-term investments are categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. These quoted equity instruments represent ordinary shares in companies that are traded in an active stock exchange market.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date or the fixed interest rates approximate the market interest rates for such assets/liabilities. These financial assets include trade and other receivables, amount due from associates/joint ventures, loan to subsidiaries, cash and short-term deposits and secured loan receivable. These financial liabilities include trade and other payables, term loans and finance leases.

34. Leases

Leases as lessee (SFRS(I) 16)

The Group leases offices, warehouse and factory facilities. The leases typically run for a period of 17 months to 50 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The offices, warehouse and factory leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases ground support equipment under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

	Group $'000
Amounts recognised in profit or loss	
2019-20 Leases under SFRS(I) 16	
Interest on lease liabilities	5,795
Expenses relating to short-term leases	5,641
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	4,270
2018-19 Operating leases under SFRS(I) 1-17	
Lease expense	25,791
Amounts recognised in statement of cash flows	
2019-20 Total cash outflow for leases	17,145

34. Leases (cont'd)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

35. Capital Management

The primary objective of management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors have reviewed the Group's capital structure. The Directors will continue to regularly review the Group's capital structure in line with this objective. For the financial years ended 31 March 2020 and 31 March 2019, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the total debt-equity ratio, which is total debt divided by equity attributable to owners of the Company. The Group keeps the total debt-equity ratio at a level below the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments and bank overdraft.

	GROUP		COMPANY	
	31 March		31 March	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Term loans (Note 28)	**214,835**	95,437	**202,430**	95,437
Note payable (Note 29)	**200,000**	–	**200,000**	–
Lease liabilities (Note 30)	**209,606**	295	**66,485**	–
Total debt	**624,441**	95,732	**468,915**	95,437
Equity attributable to owners of the Company	**1,617,491**	1,649,231	**1,633,109**	1,523,184
Total debt-equity ratio	**0.39**	0.06	**0.29**	0.06

36. Segment Reporting

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segments as follows:

1. The Food Solutions segment provides mainly inflight and institutional catering, food processing, distribution services and airline laundry services.
2. The Gateway Services segment provides both airport and cruise terminal services. The airport terminal services include airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates Marine Bay Cruise Centre.
3. The others segment provides rental of premises and other services.

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36. Segment Reporting (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profit after taxation.

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of inventories, receivables, prepayments, amount due from associates/joint ventures, cash and short-term deposits, other non-current assets and other long-term investments.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

By Business

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2020				
Revenue	1,070,477	868,812	1,927	1,941,216
Operating profit/(loss)	136,127	101,141	(11,043)	226,225
Net finance (expense)/income	(2,538)	(3,291)	2,090	(3,739)
Share of results of associates/joint ventures, net of tax	7,073	4,691	–	11,764
Impairment loss on investment in associates and property, plant and equipment	(12,034)	(6,638)	–	(18,672)
(Loss)/gain on disposal of property, plant and equipment	(749)	82	(1,090)	(1,757)
Other non-operating income/(expenses)	683	(1,409)	811	85
Profit/(loss) before tax	128,562	94,576	(9,232)	213,906
Income tax (expense)/credit	(24,837)	(15,461)	1,998	(38,300)
Profit/(loss) for the year	103,725	79,115	(7,234)	175,606
As at 31 March 2020				
Segment assets	441,873	256,772	375,618	1,074,263
Property, plant and equipment and investment property	375,031	297,955	136,307	809,293
Associates/joint ventures	235,835	453,151	–	688,986
Deferred tax assets	13,661	–	17	13,678
Intangible assets	217,020	199,426	7,168	423,614
Total assets	1,283,420	1,207,304	519,110	3,009,834
Current liabilities	198,059	178,513	139,176	515,748
Long-term liabilities	120,309	41,902	389,191	551,402
Tax liabilities	49,621	51,039	36,501	137,161
Total liabilities	367,989	271,454	564,868	1,204,311
Capital expenditure	35,563	28,424	11,657	75,644
Depreciation and amortisation charges	45,534	57,472	14,636	117,642

36. **Segment Reporting** (cont'd)

By Business (cont'd)

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2019				
Revenue	988,197	837,759	2,063	1,828,019
Operating profit/(loss)	152,565	95,023	(561)	247,027
Net finance income	495	38	2,728	3,261
Share of results of associates/joint ventures, net of tax	12,803	46,126	–	58,929
Write back of earn-out consideration	11,600	–	–	11,600
Impairment loss on investment in associates	(11,600)	–	–	(11,600)
(Loss)/gain on disposal of property, plant and equipment	(287)	140	(339)	(486)
Other non-operating (expenses)/income	(705)	100	(416)	(1,021)
Profit before tax	164,871	141,427	1,412	307,710
Income tax expense	(31,391)	(17,377)	(2,712)	(51,480)
Profit/(loss) for the year	133,480	124,050	(1,300)	256,230
As at 31 March 2019				
Segment assets	380,611	264,896	89,707	735,214
Property, plant and equipment and investment property	260,098	255,967	70,687	586,752
Associates/joint ventures	268,058	450,039	5,855	723,952
Deferred tax assets	11,843	117	–	11,960
Intangible assets	142,131	204,793	3,627	350,551
Total assets	1,062,741	1,175,812	169,876	2,408,429
Current liabilities	151,069	143,197	37,755	332,021
Long-term liabilities	8,053	1,731	104,604	114,388
Tax liabilities	46,964	58,243	39,694	144,901
Total liabilities	206,086	203,171	182,053	591,310
Capital expenditure	28,623	48,094	13,763	90,480
Depreciation and amortisation charges	38,885	37,412	8,577	84,874

Notes to the Financial Statements

31 March 2020

36. Segment Reporting (cont'd)

By Geographical Location

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	Singapore $'000	Japan $'000	Others $'000	Total $'000
Financial year ended 31 March 2020				
Revenue	1,549,347	253,449	138,420	1,941,216
As at 31 March 2020				
Segment assets	870,654	98,439	105,170	1,074,263
Property, plant and equipment and investment property	504,150	171,930	133,213	809,293
Associates/joint ventures	31,375	3,063	654,548	688,986
Deferred tax assets	830	12,212	636	13,678
Intangible assets	146,716	20,899	255,999	423,614
Total assets	1,553,725	306,543	1,149,566	3,009,834
Capital expenditure	46,350	12,850	16,444	75,644
Financial year ended 31 March 2019				
Revenue	1,505,910	248,097	74,012	1,828,019
As at 31 March 2019				
Segment assets	616,746	94,805	23,663	735,214
Property, plant and equipment and investment property	441,651	83,895	61,206	586,752
Associates/joint ventures	64,025	2,656	657,271	723,952
Deferred tax assets	209	11,552	199	11,960
Intangible assets	135,044	19,812	195,695	350,551
Total assets	1,257,675	212,720	938,034	2,408,429
Capital expenditure	61,987	4,195	24,298	90,480

Information about a major customer

Revenue from one major customer amounted to $811.0 million (2019: $836.0 million), arising from sales by all segments.

37. Subsequent Events

In April 2020, the Group issued Series 002 Notes pursuant to the S$500 Million Multicurrency Medium Term Note Programme amounting to S$100,000,000. The Series 002 Notes bear a fixed interest rate of 2.60% per annum and mature in April 2025.

The net proceeds arising from the issue of the Series 002 Notes shall be applied for general corporate purposes (including general working capital, capital expenditure and capital management) and investing in value creating opportunities (including making long-term strategic investments and/or acquisitions) and refinancing the borrowings of the issuer and/or the Group.

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

1. Interested Person Transactions

The interested person transactions entered into during the financial year ended 31 March 2020 are as follows:

Name of interested person	Nature of Relationship	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	–	3,806,241
Scoot TigerAir Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	17,000
TATA SIA Airlines Limited	An associate of the Company's Controlling Shareholder	–	15,200
Gate Gourmet Japan YK	An associate of the Company's Controlling Shareholder	–	5,900
SMRT Buses Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	116
		–	3,844,457
Transactions for the Purchase of Goods and Services			
SIA Engineering Company Limited	An associate of the Company's Controlling Shareholder	–	318
ST Electronics (Training & Simulation Systems) Private Limited	An associate of the Company's Controlling Shareholder	–	636
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	6,625
NxGen Communications Pte Ltd	An associate of the Company's Controlling Shareholder	–	799
ST Engineering Aerospace Services Company Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	3,109
S & I Systems Pte Ltd	An associate of the Company's Controlling Shareholder	–	303
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	15,500
		–	27,290

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST") (cont'd)

1. Interested Person Transactions (cont'd)

Name of interested person	Nature of Relationship	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
Other transactions with KrisShop Pte. Ltd.			
Subscription in the share capital of KrisShop Pte. Ltd.	An associate of the Company's Controlling Shareholder	488	–
		488	–

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.

2. Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2020, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

3. Appointment of Auditors

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Acronyms

Acronym	Name of Companies
SAS	SATS Airport Services Pte Ltd
SCAT	SATS Catering Pte Ltd
SSS	SATS Security Services Private Limited
SAL	SATS Aero Laundry Pte. Ltd.
AeroL	SATS Aerolog Express Pte. Ltd.
SIC	SATS Institutional Catering Pte. Ltd.
SATSAPS	SATS Asia-Pacific Star Pte. Ltd.
SFS	SATS Food Services Pte. Ltd.
SIPL	SATS Investments Pte. Ltd.
SATSIndia	SATS (India) Co. Private Limited
SIPL2	SATS Investments (II) Pte. Ltd.
CPL	Cemerlang Pte. Ltd.
SSSB	SATS Services Sdn. Bhd.
SATSSaudi	SATS Saudi Arabia
CS3	Ready To Travel Pte. Ltd.
GTRSG	GTRSG Pte. Ltd.
SGSSB	SATS Group Services Sdn. Bhd.
GTRH	Ground Team Red Holdings Sdn. Bhd.
SChina	SATS China Co., Ltd.
SCCS	SATS-Creuers Cruise Services Pte. Ltd.
SATS Seletar	SATS Seletar Aviation Services Pte. Ltd.
PIPL	Primary Industries Private Limited
HAM	Hog Auction Market Pte Ltd
PIQ	Primary Industries (Qld) Pty Ltd
SSTF	Shanghai ST Food Industries Co., Limited
SFIF	SFI Food Pte. Ltd.
SFIM	SFI Manufacturing Private Limited
SDN	SATS Delaware North Pte. Ltd.
CFPL	Country Foods Pte. Ltd.
TFK	TFK Corporation
FASSCO	Food And Allied Support Services Corporation Pte. Ltd.
SITH	SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi
SFTG	SATS Food Turkey Gıda Hizmetleri Anonim Şirketi
MBUK	Monty's Bakehouse UK Limited
IFC	Inflight Foods Co., Ltd.
NDI	Narita Dry Ice Co., Ltd.
NTS	New Tokyo Service Co., Ltd
FASSCOAus	FASSCO International (Australia) Pty Ltd

Acronyms

Acronym	Name of Companies
FASSCOInd	FASSCO International (India) Private Limited
FASSCOAbuDhabi	FASSCO Catering Services LLC
STJ	SATS (Tianjin) Food Co., Ltd.
SKF	SATS (Kunshan) Food Co., Ltd.
NWA	Nanjing Weizhou Airline Food Corp., Ltd
GSA	Ganzhou SATS Aviation Food Co., Ltd.
HWA	Huizhou Weilian Airline Food., Ltd.
GTR	Ground Team Red Sdn. Bhd.
MBGCC	Monty's Bakehouse GCC and Asia General Trading FZE
MBNL	Monty's Bakehouse NL B.V.
MIC	Maldives Inflight Catering Private Limited
BAIK	Beijing Airport Inflight Kitchen Limited
BGS	Beijing Aviation Ground Services Co., Ltd
AVIS	Aviserv Limited
TCS	Tan Son Nhat Cargo Services Joint Stock Company Limited
AAT	Asia Airfreight Terminal Company Limited
Servair	Servair-SATS Holding Company Pte Ltd
MACS	MacroAsia Catering Services, Inc.
TMFK	Taj Madras Flight Kitchen Private Limited
EGAS	Evergreen Airline Services Corporation
EGAC	Evergreen Air Cargo Services Corporation
TSAC	Taj SATS Air Catering Limited
PT JAS	PT Jasa Angkasa Semesta, Tbk
ESCC	Evergreen Sky Catering Corporation
SATSHK	SATS HK Limited
KSPL	KrisShop Pte. Ltd.
BCS	Beijing CAH SATS Aviation Services Co., Ltd.
Tasco	Tasco Foods Co., Ltd.
BSH	Brahim's SATS Investment Holdings Sdn. Bhd.
OmanSATS	Oman Air SATS Cargo LLC
PT CAS	PT Cardig Aero Services Tbk
MCSC	Mumbai Cargo Service Center Airport Private Limited
PMAD	PT Purantara Mitra Angkasa Dua
AISATS	Air India SATS Airport Services Private Limited
SGIPFPL	SG IPF Pte. Ltd.
DSPL	DFASS SATS Pte. Ltd.
SATSPPG	SATS PPG Singapore Pte. Ltd.

Information on Shareholdings

as at 28 July 2020

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,117,653,920
Class of Shares	:	Ordinary shares
Number/Percentage of Treasury Shares	:	6,402,355 / 0.57%
Number of Shares/Percentage held by Subsidiary Holdings	:	Nil
Voting Rights	:	1 vote per share

Analysis of Shareholdings

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 99	1,762	3.67	82,493	0.01
100 – 1,000	18,665	38.94	12,776,007	1.14
1,001 – 10,000	23,413	48.85	87,730,392	7.85
10,001 – 1,000,000	4,064	8.48	122,275,161	10.94
1,000,001 and above	27	0.06	894,789,867	80.06
Total	**47,931**	**100.00**	**1,117,653,920**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares held	%*
1	VENEZIO INVESTMENTS PTE. LTD.	446,123,158	39.92
2	DBS NOMINEES (PRIVATE) LIMITED	161,950,774	14.49
3	CITIBANK NOMINEES SINGAPORE PTE LTD	107,779,874	9.64
4	HSBC (SINGAPORE) NOMINEES PTE LTD	52,222,161	4.67
5	RAFFLES NOMINEES (PTE.) LIMITED	32,277,632	2.89
6	DBSN SERVICES PTE. LTD.	29,947,658	2.68
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,369,322	0.84
8	PHILLIP SECURITIES PTE LTD	6,773,557	0.61
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,422,520	0.48
10	OCBC SECURITIES PRIVATE LIMITED	3,995,581	0.36
11	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,453,782	0.31
12	ALEXANDER CHARLES HUNGATE	3,355,736	0.30
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	3,040,085	0.27
14	UOB KAY HIAN PRIVATE LIMITED	2,811,659	0.25
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,779,627	0.25
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,721,538	0.24
17	IFAST FINANCIAL PTE LTD	2,658,434	0.24
18	HENG SIEW ENG	2,525,000	0.23
19	DB NOMINEES (SINGAPORE) PTE LTD	2,521,047	0.22
20	MERRILL LYNCH (SINGAPORE) PTE. LTD.	2,164,965	0.19
		883,894,110	**79.08**

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 July 2020, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

Information on Shareholdings

as at 28 July 2020

Substantial Shareholders

As at 28 July 2020, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage[1] of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage[1] of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage[1] of total shareholding)
Temasek Holdings (Private) Limited	–	446,532,946[2] (approximately 39.95%)	446,532,946 (approximately 39.95%)
Tembusu Capital Pte. Ltd.	–	446,123,158[2] (approximately 39.92%)	446,123,158 (approximately 39.92%)
Napier Investments Pte. Ltd.	–	446,123,158[2] (approximately 39.92%)	446,123,158 (approximately 39.92%)
Venezio Investments Pte. Ltd.	446,123,158 (approximately 39.92%)	–	446,123,158 (approximately 39.92%)

Notes:

1 The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 July 2020, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

2 Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

Shareholdings Held by the Public

Based on information available to the Company as at 28 July 2020, approximately 59.12% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.