



**SINGAPORE POST LIMITED
AND ITS SUBSIDIARIES**

(Registration number: 199201623M)

**SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR THE
HALF YEAR ENDED 30 SEPTEMBER 2020**

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

(1)(a)(i) Statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	FY2020/21	FY2019/20	
	H1	H1	Variance
<u>Continuing operations</u>	S\$'000	S\$'000	%
Revenue	707,781	645,648	9.6%
Labour and related expenses	(149,865)	(140,953)	6.3%
Volume-related expenses ¹	(429,215)	(338,754)	26.7%
Administrative and other expenses	(50,324)	(48,595)	3.6%
Depreciation and amortisation	(33,056)	(34,206)	(3.4%)
Selling expenses	(3,197)	(4,073)	(21.5%)
Impairment loss on trade and other receivables	(4,708)	(1,035)	@
Operating expenses	(670,365)	(567,616)	18.1%
Other income	2,367	2,933	(19.3%)
Profit on operating activities	39,783	80,965	(50.9%)
Share of profit of associated companies and joint venture	319	64	@
Exceptional items ²	(532)	985	N.M.
Interest income and investment income (net)	3,275	5,204	(37.1%)
Finance expenses	(5,056)	(6,339)	(20.2%)
Profit before tax	37,789	80,879	(53.3%)
Income tax expense	(6,982)	(16,781)	(58.4%)
Profit from continuing operations	30,807	64,098	(51.9%)
<u>Discontinued operations³</u>			
Loss from discontinued operations	-	(11,994) ³	N.M.
Profit after tax	30,807	52,104	(40.9%)
Attributable to:			
Equity holders of the Company	30,940	53,411	(42.1%)
Non-controlling interests	(133)	(1,307)	(89.8%)
Underlying Net Profit⁴	31,472	52,426	(40.0%)

N.M. Not meaningful.
@ Denotes variance more than 300%

**Earnings/(loss) per share for profit / (loss) attributable
to the equity holders of the Company during the period / year: ⁵**

	<u>FY2020/21</u>	<u>FY2019/20</u>
	<u>H1</u>	<u>H1</u>
<u>Continuing operations</u>		
- Basic	1.04¢	2.57¢
- Diluted	1.04¢	2.57¢
<u>Discontinued operations</u>		
- Basic	-	(0.53¢)
- Diluted	-	(0.53¢)

Notes

- Volume-related expenses comprise mainly of traffic expenses and cost of sales.
- Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M&A related professional fees.
- Discontinued operations arise from U.S. subsidiaries (as defined in announcement dated 19 September 2019) which results have been re-presented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations. The loss from discontinued operations of S\$12.0 million last year represents the operating loss of the U.S. Subsidiaries till the date of deconsolidation.
- Underlying net profit is defined as net profit before exceptional items, net of tax.
- Earnings/(loss) per share were calculated based on net profit/(loss) attributable to equity holders of the Company less distribution attributable to perpetual securities holders, divided by the weighted average number of ordinary shares outstanding (excluding treasury shares).

Consolidated Statement of Comprehensive Income

	<u>FY2020/21</u>	<u>FY2019/20</u>	
	<u>H1</u>	<u>H1</u>	<u>Variance</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Profit after tax	30,807	52,104	(40.9%)
Other comprehensive income (net of tax):			
Items that may be reclassified subsequently to profit or loss:			
Deconsolidation of a foreign subsidiary's other capital reserve	-	1,622	N.M.
Currency translation differences			
- Gain / (loss) on translation of foreign operations	10,936[#]	(6,052)	N.M.
- Transfer to profit or loss arising from disposal of foreign subsidiaries	-	2,115	N.M.
Items that will not be reclassified subsequently to profit loss:			
Equity investments at fair value through other comprehensive income			
- Fair value gain / (loss)	114	(3,149)	N.M.
- Gain on sale	-	5	N.M.
Other comprehensive income / (loss) for the period (net of tax)	11,050	(5,459)	N.M.
Total comprehensive income for the period*	41,857	46,645	(10.3%)
Total comprehensive income attributable to:			
Equity holders of the Company	42,252	49,206	(14.1%)
Non-controlling interests	(395)	(2,561)	(84.6%)
	41,857	46,645	(10.3%)

* As shown in the Statement of changes in equity on pages 9 and 10.

Mainly due to translation of foreign operations in Australia.

N.M. Not meaningful.

Underlying Net Profit Reconciliation Table

	FY2020/21	FY2019/20	
	H1	H1	Variance
	S\$'000	S\$'000	%
Profit attributable to equity holders of the Company	30,940	53,411	(42.1%)
Impairment of investment and loan to an associated company	472	-	N.M.
Gain on disposal of property, plant and equipment	(162)	(16)	@
Professional fees	76	2	@
Provision for the restructuring of overseas operations	146	-	N.M.
Reversal of over-provision for contingent consideration of a foreign subsidiary	-	(971)	N.M.
Underlying Net Profit	31,472	52,426	(40.0%)

N.M. Not meaningful.

@ Denotes variance more than 300%

(1)(a)(ii) The following items have been included in arriving at profit before income tax:

<u>Continuing Operations</u>	FY2020/21 H1 S\$'000	FY2019/20 H1 S\$'000	Variance %
Other interest income and investment income (net)	3,275	5,204	(37.1%)
Interest on borrowings	(2,987)	(4,294)	(30.4%)
Depreciation and amortisation	(33,056)	(34,206)	(3.4%)
Impairment loss on impairment on trade and other receivables	(4,708)	(1,035)	@
Foreign exchange gains	2,560	2,165	18.2%
Gain on disposal of property, plant and equipment	162	16	@
<u>Included in loss from discontinued operations</u>	FY2020/21 H1 S\$'000	FY2019/20 H1 S\$'000	Variance %
Interest income and investment income (net)	-	(29)	N.M.
Interest on borrowings	-	(860)	N.M.
Reversal of impairment on trade and other Receivables	-	491	N.M.
Foreign exchange Losses	-	(218)	N.M.
<u>Total</u>	FY2020/21 H1 S\$'000	FY2019/20 H1 S\$'000	Variance %
Interest income and investment income (net)	3,275	5,175	(36.7%)
Interest on borrowings	(2,987)	(5,154)	(42.0%)
Depreciation and amortisation	(33,056)	(34,206)	(3.4%)
Impairment loss on trade and other receivables	(4,708)	(544)	@
Foreign exchange gains	2,560	1,947	31.5%
Gain on disposal of property, plant and equipment	162	16	@

N.M. Not meaningful.

@ Denotes variance more than 300%

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

	The Group		The Company	
	Sep-20 S\$'000	Mar-20 S\$'000	Sep-20 S\$'000	Mar-20 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	458,727	492,997	380,774	431,056
Financial assets	-	9,501	-	9,501
Trade and other receivables	206,776	262,067	163,437	218,392
Derivative financial instruments	537	2,109	537	2,109
Inventories	344	331	81	36
Other current assets	18,921	18,628	8,684	8,913
	685,305	785,633	553,513	670,007
Non-current assets				
Financial assets	95,942	95,841	19,095	19,104
Trade and other receivables	9,150	8,641	246,018	246,723
Investments in associated companies and joint venture	35,482	35,334	18,534	18,534
Investments in subsidiaries	-	-	319,371	319,371
Investment properties	1,007,932	1,008,020	951,501	951,501
Property, plant and equipment	425,027	441,474	274,148	277,410
Right-of-use assets	75,340	73,218	23,337	21,101
Intangible assets	309,469	297,363	-	-
Deferred income tax assets	3,580	2,277	-	-
Other non-current asset	6,275	3,834	-	-
	1,968,197	1,966,002	1,852,004	1,853,744
Total assets	2,653,502	2,751,635	2,405,517	2,523,751
LIABILITIES				
Current liabilities				
Trade and other payables	511,258	506,952	455,714	457,542
Current income tax liabilities	33,895	40,531	21,588	27,540
Contract liabilities	33,841	31,957	21,302	20,190
Lease liabilities	20,038	19,346	12,438	9,179
Derivative financial instruments	219	932	219	932
Borrowings	57,103	156,963	49,850	149,750
	656,354	756,681	561,111	665,133
Non-current liabilities				
Trade and other payables	13,197	13,206	2,162	2,042
Borrowings	206,509	207,461	200,000	200,000
Contract liabilities	27,187	30,712	27,175	30,962
Lease liabilities	64,904	66,820	11,480	12,281
Deferred income tax liabilities	36,848	34,437	21,648	21,621
	348,645	352,636	262,465	266,906
Total liabilities	1,004,999	1,109,317	823,576	932,039
NET ASSETS	1,648,503	1,642,318	1,581,941	1,591,712
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	638,762	638,762	638,762	638,762
Treasury shares	(29,724)	(29,724)	(29,724)	(29,724)
Other reserves	84,265	73,310	44,369	42,859
Retained earnings	566,693	570,206	581,749	592,989
Ordinary equity	1,259,996	1,252,554	1,235,156	1,244,886
Perpetual securities	346,785	346,826	346,785	346,826
	1,606,781	1,599,380	1,581,941	1,591,712
Non-controlling interests	41,722	42,938	-	-
Total equity	1,648,503	1,642,318	1,581,941	1,591,712

(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities.

	Sep-20	Mar-20
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- Borrowings (secured)	1,888	1,863
- Borrowings (unsecured)	55,215	155,100
Amount repayable after one year:		
- Borrowings (secured)	6,509	7,461
- Borrowings (unsecured)	200,000	200,000
	263,612	364,424

The Group's unsecured borrowings in the financial year comprised S\$200 million long term loan facility and short term loans, interest bearing at rates in the range of 1.2%-3.5% per annum.

Details of any collateral.

Secured borrowings comprised bank loans and are secured over investment properties asset of a subsidiary.

(1)(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	FY2020/21 H1 S\$'000	FY2019/20 H1 S\$'000
Cash flows from operating activities		
Profit after tax	30,807	52,104
Adjustments for:		
Income tax expense	6,982	16,853
Impairment loss on trade and other receivables	4,708	544
Amortisation of contract liabilities	(5,044)	(3,738)
Amortisation of intangible assets	228	279
Depreciation	32,828	33,926
Gains on disposal of investments, property, plant and equipment	(162)	(16)
Share-based staff costs	1,510	1,228
Interest expense	5,056	7,199
Interest income	(1,749)	(3,533)
Impairment of associated companies	115	-
Impairment of a loan to an associated company	357	-
Share of profit of associated companies and joint venture	(319)	(64)
	44,510	52,678
Operating cash flow before working capital changes	75,317	104,782
Changes in working capital, net of effects from		
Inventories	(13)	28
Contract liabilities	11,611	(3,855)
Trade and other receivables	46,845	(7,675)
Trade and other payables	7,154	(36,176)
Cash generated from operations	140,914	57,104
Income tax paid	(13,834)	(18,448)
Net cash provided by operating activities	127,080	38,656
Cash flows from investing activities		
Additions to property, plant and equipment, investment properties and intangible assets	(13,676)	(6,871)
Contingent consideration paid in relation to acquisition of a subsidiary	(1,508)	-
Deconsolidation of subsidiaries, net of cash acquired	-	(3,934)
Interest received	2,016	3,730
Loan to an associated company	(56)	(1,040)
Proceeds from sale of financial assets	-	741
Proceeds from disposal of property, plant and equipment	343	84
Proceeds on maturity of financial assets	9,501	5,500
Repayment of loans by associated company	62	-
Net cash used in investing activities	(3,318)	(1,790)
Cash flows from financing activities		
Acquisition of non-controlling interests	(2,296)	-
Distribution paid to perpetual securities	(7,499)	(7,499)
Dividends paid to shareholders	(26,995)	(56,239)
Dividends paid to non-controlling interests in a subsidiary	(392)	(992)
Interest paid	(4,007)	(10,263)
Proceeds from bank loans	100,018	69,599
Repayment of principal portion of lease liabilities	(15,937)	(13,991)
Repayment of bank term loans and fixed rate notes	(200,924)	(84,274)
Net cash used in financing activities	(158,032)	(103,659)
Net decrease in cash and cash equivalents	(34,270)	(66,793)
Cash and cash equivalents at beginning of financial period	492,997	392,220
Cash and cash equivalents at end of financial period	458,727	325,427

During the 6 months ended 30 September 2019, the deconsolidated US businesses contributed S\$5.3 million to the Group's net operating cash flows, contributed Nil in respect of investing activities and paid S\$7.1 million in respect of financing activities.

(1)(d)(i) Statement of changes in equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group – H1

	Attributable to ordinary shareholders of the Company					Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Other reserves	Total				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
Balance at 1 April 2020	638,762	(29,724)	570,206	73,310	1,252,554	346,826	1,599,380	42,938	1,642,318
Total comprehensive income / (loss) for the period	-	-	30,940	11,312	42,252	-	42,252	(395)	41,857
<i>Transactions with owners, recognised directly in equity</i>									
Acquisition of non-controlling interests	-	-	-	(1,867)	(1,867)	-	(1,867)	(429)	(2,296)
Distribution of perpetual securities	-	-	(7,458)	-	(7,458)	7,458	-	-	-
Distribution paid on perpetual securities	-	-	-	-	-	(7,499)	(7,499)	-	(7,499)
Dividends paid to shareholders	-	-	(26,995)	-	(26,995)	-	(26,995)	-	(26,995)
Dividends paid to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(392)	(392)
Employee share option scheme: - Value of employee services	-	-	-	1,510	1,510	-	1,510	-	1,510
Total	-	-	(34,453)	(357)	(34,810)	(41)	(34,851)	(821)	(35,672)
Balance at 30 September 2020	638,762	(29,724)	566,693	84,265	1,259,996	346,785	1,606,781	41,722	1,648,503
Balance at 1 April 2019	638,762	(30,174)	572,774	78,024	1,259,386	346,826	1,606,212	47,392	1,653,604
Total comprehensive income / (loss) for the period	-	-	53,411	(4,205)	49,206	-	49,206	(2,561)	46,645
<i>Transactions with owners, recognised directly in equity</i>									
Transfer upon disposal of investment	-	-	5	(5)	-	-	-	(407)	(407)
Distribution of perpetual securities	-	-	(7,458)	-	(7,458)	7,458	-	-	-
Distribution paid on perpetual securities	-	-	-	-	-	(7,499)	(7,499)	-	(7,499)
Dividends paid to shareholders	-	-	(56,239)	-	(56,239)	-	(56,239)	-	(56,239)
Dividends paid to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(992)	(992)
Employee share option scheme: - Value of employee services - Treasury shares re-issued	-	-	-	1,228	1,228	-	1,228	-	1,228
	-	450	-	(450)	-	-	-	-	-
Total	-	450	(63,692)	773	(62,469)	(41)	(62,510)	(1,399)	(63,909)
Balance at 30 September 2019	638,762	(29,724)	562,493	74,592	1,246,123	346,785	1,592,908	43,432	1,636,340

The Company – H1

	Attributable to ordinary shareholders of the Company						
	Share capital	Treasury shares	Retained earnings	Other reserves	Total	Perpetual securities	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2020	638,762	(29,724)	592,989	42,859	1,244,886	346,826	1,591,712
Total comprehensive income for the period	-	-	23,213	-	23,213	-	23,213
<i>Transactions with owners, recognised directly in equity</i>							
Distribution on perpetual securities	-	-	(7,458)	-	(7,458)	7,458	-
Distribution paid on perpetual securities	-	-	-	-	-	(7,499)	(7,499)
Dividends paid to shareholders	-	-	(26,995)	-	(26,995)	-	(26,995)
Employee share option scheme: - Value of employee services	-	-	-	1,510	1,510	-	1,510
Total	-	-	(34,453)	1,510	(32,943)	(41)	(32,984)
Balance at 30 September 2020	638,762	(29,724)	581,749	44,369	1,235,156	346,785	1,581,941
Balance at 1 April 2019	638,762	(30,174)	585,832	40,127	1,234,547	346,826	1,581,373
Total comprehensive income for the period	-	-	66,501	14	66,515	-	66,515
<i>Transactions with owners, recognised directly in equity</i>							
Transfer upon disposal of investment	-	-	5	(5)	-	-	-
Distribution on perpetual securities	-	-	(7,458)	-	(7,458)	7,458	-
Distribution paid on perpetual securities	-	-	-	-	-	(7,499)	(7,499)
Dividends paid to shareholders	-	-	(56,239)	-	(56,239)	-	(56,239)
Employee share option scheme: - Value of employee services	-	-	-	1,228	1,228	-	1,228
- Treasury shares re-issued	-	450	-	(450)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-
Total	-	450	(63,692)	773	(62,469)	(41)	(62,510)
Balance at 30 September 2019	638,762	(29,724)	588,641	40,914	1,238,593	346,785	1,585,378

- (1)(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the 1st half ended 30 September 2020, no share was issued under the Singapore Post Share Option Scheme.

As at 30 September 2020, there were unexercised options for 13,266,000 (30 September 2019: 14,818,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 14,032,262 (30 September 2019: 8,624,034) unissued ordinary shares under the Restricted Share Plan.

As at 30 September 2020, the Company held 25,511,422 treasury shares (30 September 2019: 25,511,422).

- (1)(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 September 2020, total issued shares excluding treasury shares were 2,249,578,103 (31 March 2020: 2,249,578,103).

- (1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at end of the current financial period reported on.**

During the 1st half ended 30 September 2020, no treasury share was re-issued.

- (2) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

- (3) Where figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- (3A) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

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

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2020.

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

The Group has adopted the amendments and interpretations of Singapore Financial Reporting Standards (International) ("SFRS(I)") that are relevant to its operations and effective from 1 April 2020.

The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group except for the early adoption of Amendment to SFRS(I) 16: Covid 19 - Related Rental Concessions that is effective for annual periods beginning on or after 1 June 2020. As a practical expedient, the amendment to SFRS(I) 16 allows a lease to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions set out.

(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	FY2020/21 H1	FY2019/20 H1
<u>Continued Operations</u>		
Based on weighted average number of ordinary shares in issue	<u>1.04¢</u>	<u>2.57¢</u>
On fully diluted basis	<u>1.04¢</u>	<u>2.57¢</u>
<u>Discontinued Operations</u>		
Based on weighted average number of ordinary shares in issue	<u>-</u>	<u>(0.53¢)</u>
On fully diluted basis	<u>-</u>	<u>(0.53¢)</u>
<u>Total</u>		
Based on weighted average number of ordinary shares in issue	<u>1.04¢</u>	<u>2.04¢</u>
On fully diluted basis	<u>1.04¢</u>	<u>2.04¢</u>

(7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

	The Group		The Company	
	Sep-20	Mar-20	Sep-20	Mar-20
Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	71.43	71.10	70.32	70.76
	The Group		The Company	
	Sep-20	Mar-20	Sep-20	Mar-20
Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	56.01	55.68	54.91	55.34

(8) Review of the performance of the group.

The consolidated income statement of the Group is presented as “Continuing Operations”, which excludes the U.S. Subsidiaries that had been deconsolidated with effect from September 2019.

Revenue

	FY20/21	FY19/20	Variance
	H1	H1	
	S\$'000	S\$'000	%
Post and Parcel	392,605	373,365	5.2%
Logistics	293,896	244,265	20.3%
Property	55,504	60,185	(7.8%)
Inter-segment eliminations*	(34,224)	(32,167)	(6.4%)
Total	707,781	645,648	9.6%

* Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.

Profit on operating activities

	FY20/21	FY19/20*	Variance
	H1	H1	
	S\$'000	S\$'000	%
Post and Parcel	22,667	68,810	(67.1%)
Logistics	5,705	(3,488)	N.M.
Property	23,723	26,765	(11.4%)
Others#	(12,312)	(11,122)	(10.7%)
Profit on operating activities	39,783	80,965	(50.9%)

* With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.

Others refer to unallocated corporate overhead items

Group

For the half year ended 30 September 2020 (“H1”), Group revenue rose 9.6%, led by growth in the Post and Parcel as well as Logistics segments, with strong eCommerce volume growth across the Group.

Notwithstanding the higher earnings contribution from eCommerce, Covid-19 related disruptions impacted profitability, leading to a 50.9% decline in Group’s Profit on operating activities.

More details are provided below.

Post & Parcel

In the Post & Parcel segment, revenue rose 5.2% for the half year.

The Domestic Post and Parcel business saw significant eCommerce volume growth of 43% for the half year ended September, as initiatives such as the new tracked letterbox product saw significant traction with customers. Volumes of letters and printed papers in Singapore continue to decline as expected due to electronic substitution, while business mails were also reduced as a result of the circuit breaker during the first quarter.

In the International Post and Parcel business, cross-border eCommerce volumes were largely resilient. This was achieved despite Covid-19 causing a massive disruption to international air freight out of Changi Airport, which resulted in delays and increased conveyance costs. With air freight disruptions leading to higher conveyance costs, International Post and Parcel’s margins were largely eroded.

Due to the above reasons, profit on operating activities declined by 67.1% in H1 to S\$22.7 million. This was partly mitigated by growth in earnings contribution from eCommerce revenue. During this period, eCommerce revenue contributed to 32% of total Domestic Post and Parcel revenues, up from 18% in the same period last year.

Logistics

In the Logistics segment, revenue rose 20.3% for the half year, with Couriers Please, Quantum Solutions and SP eCommerce experiencing strong growth as a result of increased adoption and rapid growth of eCommerce activities in Asia-Pacific.

In particular, Couriers Please has seen solid volume growth in Australia, with revenue rising 48%, or S\$34 million, for the half-year.

Quantum Solutions and SP eCommerce benefited from the reengineering of processes to improve customer experience, efficiency, and scalability. This resulted in more customers coming on board for eCommerce logistics solutions, including warehousing, fulfilment as well as front-end solutions.

The freight forwarding entity Famous Holdings, despite facing a global trade slowdown, delivered a resilient performance.

As a result of the above, the Logistics segment delivered a strong turnaround to a profit of S\$5.7 million for the half year ended 30 September 2020, from a loss of S\$3.5 million in the corresponding period last year.

Property

In the Property segment, revenue declined 7.8% or S\$4.7 million for H1, largely due to rental rebates provided for eligible tenants which amounted to approximately S\$3.2 million, as well as lower receipts from car-park and atrium sales.

Accordingly, Profit on Operating activities declined by 11.4% or S\$3.0 million to S\$23.7 million.

In the first quarter of the financial year, the retail mall saw a substantial decline in footfall due to the circuit breaker measures and many tenants had to temporarily close as a result.

However, the mall's footfall and tenant sales have been on a recovery trajectory since the recent gradual reopening measures and easing of restrictions by the Government.

In spite of a weak leasing market due to the challenging economic environment, committed occupancy remained largely stable as the SingPost Centre retail mall and office remained at close to full occupancy as at 30 September 2020.

Others

The Others segment refers to unallocated corporate overhead items.

For H1, expenses under the Others segment was higher by 10.7% due to reversals of one-off expenses amounting to S\$1.2 million in the comparative period last year. Excluding this, the Others segment remained stable.

Operating Expenses

Total operating expenses rose 18.1% in H1, driven by eCommerce volume growth, and exacerbated by Covid-19 related disruptions.

Volume-related expenses, which reflect outpayments for international postal terminal dues and mail conveyancing costs, rose 26.7% or S\$90.5 million in H1, with higher eCommerce volumes across the Group.

Further, Covid-19 had caused a massive disruption to international air freight out of Changi Airport, and this resulted in substantially higher conveyance costs for the Group's International Post and Parcel business. Terminal dues for international postal items also increased with effect from 1 January 2020.

Labour and related expenses rose 6.3% or S\$8.9 million in H1. This was due to higher contracted services for eCommerce related deliveries in line with strong volume growth, as well as higher costs related to Covid-19 disruptions such as health and safety arrangements for postmen. There was also higher unutilised leave compared to the same period last year.

In H1, the Group recognised approximately S\$13 million for the Job Support Scheme ("JSS") relief, which was offset against labour and related expenses, as part of the Government of Singapore's measures to help businesses in coping with the impact from Covid-19. This has helped the Group mitigate the impact of Covid-19.

Administrative expenses rose 3.6% in H1, largely due to the roll out of a new information system in Australia to improve customer experience and manage the higher volumes.

Selling-related expense was lower by 21.5% in H1, due to lower sales promotion and advertising spend.

Impairment loss on trade and other receivables was higher at S\$4.7 million for H1 compared to \$1.0 million for the same period year, largely due to higher provisions for bad debt.

Other income

Other income was S\$2.4 million, lower compared to S\$2.9 million in the corresponding period last year due to a one-off insurance claim in the same period last year.

Exceptional items

The Group recorded an exceptional loss of S\$0.5 million in H1 largely due to impairment of an associated company.

For H1 last year, there was an exceptional gain of S\$1.0 million largely due to a reversal of provision for contingent consideration of a foreign subsidiary.

Interest Income and Finance Expense

Interest income and investment income was lower at S\$3.3 million with lower interest income, while Finance expense was lower at S\$5.1 million with lower interest expenses.

Share of Results of Associated Companies and Joint Venture

The share of profit from associated companies and joint venture rose to S\$0.3 million for H1, compared to S\$0.1 million in the corresponding period last year, largely due to improved performance from an associate in Australia.

Income Tax Expense

Income tax expense was S\$7.0 million in H1 compared to S\$16.8 million in the same period last year, largely due to lower profit before tax, as well as the effect of the JSS payouts received, which are exempt from tax.

Discontinued Operations

The Group had deconsolidated the financials for the U.S. Subsidiaries with effect from September 2019. Accordingly, there was no loss from discontinued operations in H1, compared to a loss of S\$12.0 million in the corresponding period last year.

Net Profit

For the half year, net profit attributable to equity holders of the Company declined 42.1% to S\$30.9 million, as Covid-19 related disruptions significantly impacted International Post and Parcel profitability. This was partly offset by higher earnings contribution from eCommerce growth in Singapore and Australia, as well as the absence of losses from discontinued operations.

Excluding exceptional items, underlying net profit declined 40.0% to S\$31.5 million.

Statement of Financial Position

Assets

The Group's total assets amounted to S\$2.7 billion as at 30 September 2020.

Current assets declined to S\$685.3 million as at 30 September 2020, from S\$785.6 million as at 31 March 2020, largely due to lower cash and cash equivalents as a result of net repayment of bank loans of S\$100.9 million during this period.

Trade and other receivables declined to S\$206.8 million as at 30 September 2020, from S\$262.1 million as at 31 March 2020, due to payments received.

Current financial assets, which comprises SingPost's investments in corporate bonds declined to zero, due to redemption upon maturity.

Current derivative financial instruments declined to S\$0.5 million from S\$2.1 million, due to largely to maturity of hedge for a foreign currency.

Current inventories were stable at S\$0.3 million, while Other current assets rose marginally to S\$18.9 million, from S\$18.6 million.

Non-current assets were stable at S\$2.0 billion as at 30 September 2020.

Non-current financial assets, Investments in associated companies and JV, and Investment properties all remained largely stable at S\$95.9 million, S\$35.5 million and S\$1,007.9 million respectively.

Non-current trade and other receivables rose to S\$9.2 million from S\$8.6 million, largely due to translation difference from a loan to an associated company.

Property, plant and equipment declined to S\$425.0 million from S\$441.5 million, mainly due to depreciation charges for the period.

Right-of-use assets increased to S\$75.3 million, due to additional leases offset by the depreciation for the period and expiry of leases.

Intangible assets rose to S\$309.5 million as at 30 September 2020, compared to S\$297.4 million as at 31 March 2020, largely due to translation differences from the Australian dollar.

Deferred income tax assets rose to S\$3.6 million from S\$2.3 million, due to an increase in tax credit.

Other non-current asset increased to S\$6.3 million, from S\$3.8 million due to payments for an extension of call/put option for the freight forwarding business.

Liabilities

The Group's total liabilities were S\$1.0 billion as at 30 September 2020, compared to S\$1.1 billion as at 31 March 2020.

Current liabilities declined to S\$656.4 million, from S\$756.7 million, due substantially to a decline in current borrowings from S\$157.0 million to S\$57.1 million from partial repayment of a term loan.

Trade and other payables increased to S\$511.3 million, from S\$507.0 million, due largely to JSS, partly offset by lower balances from the timing of settlements in relation to the International Post and Parcel business.

Current contract liabilities rose to S\$33.8 million, from S\$32.0 million, due largely to advance collections.

Current lease liabilities, which relates to the current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, rose marginally to S\$20.0 million.

Current income tax liabilities declined to S\$33.9 million due to payment of tax, partly offset by tax provisioning for the period.

Derivative financial instruments declined to S\$0.2 million, from S\$0.9 million after being marked to market.

Non-current liabilities declined to S\$348.6 million, from S\$352.6 million.

Non-current trade and other payables as well as Non-current borrowings were largely stable at S\$13.2 million and S\$206.5 million respectively.

Non-current lease liabilities, which relates to the non-current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, declined marginally to S\$64.9 million.

Non-current contract liabilities mainly relates to upfront payments received from our postassurance collaboration with AXA Life Insurance Singapore Private Limited for which a financing component exists. The decline to S\$27.2 million from S\$30.7 million was mainly due to amortisation for the period.

Deferred income tax liabilities rose to S\$36.8 million, from S\$34.4 million, largely due to the increase in subsidiaries' profit.

A foreign subsidiary has tax-related contingent liabilities, which are yet to be fully determined.

Cash Flow

For the half year ended 30 September 2020, operating cash flow before working capital changes was S\$44.5 million, compared to S\$52.7 million last year, due to lower profit.

Working capital movement for the year improved significantly to positive S\$65.6 million, due largely to favourable movement in trade receivables for eCommerce deliveries from China.

Consequently, net cash inflow from operating activities for H1 rose to S\$127.1 million, compared against S\$38.7 million in the corresponding period last year.

Net cash outflow for investing activities was S\$3.3 million for H1, compared to S\$1.8 million for the corresponding period last year. Capital expenditure rose to S\$13.7 million compared to S\$6.9 million last year, largely due to final release of payment for the SPC retail mall redevelopment of around S\$7.1 million. This was offset by proceeds from maturity of financial assets of S\$9.5 million.

Net cash outflow from financing activities for H1 amounted to S\$158.0 million, compared to outflow of S\$103.7 million in the same period last year. This was largely due to net repayment of bank loans of S\$100.9 million, partly offset by lower interest paid and lower dividends to shareholders.

Financial Position

As at 30 September 2020, the Group was in a net cash position of S\$195.1 million, compared to a net cash position of S\$128.6 million as at 31 March 2020, due to higher operating cashflows over the period.

Ordinary shareholders' equity stands at S\$1.26 billion as at 30 September 2020, marginally higher compared to 31 March 2020.

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

Not applicable.

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

There remains significant uncertainty in the operating environment due to Covid-19. Group earnings and operating cashflows will continue to face headwinds from the disruptions to businesses. The extent and duration of the headwinds will depend on when the global pandemic situation will ease up.

The Group is carefully managing its expenses, cashflows and liquidity.

Notwithstanding the immediate challenges, SingPost remains committed to its transformation efforts.

The Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. A key component of this ecosystem, the world's first-ever "Smart Letterbox", will commence public trials by the end of the calendar year.

Meanwhile, Property contribution from SingPost Centre retail mall and office is expected to remain relatively stable.

With a relatively strong balance sheet, the Group will continue to seek out new opportunities that will strengthen its capabilities and competitiveness in key markets.

Strategic acquisition in Australia

On 19 October 2020, the Group announced that it has entered into a conditional sale and purchase agreement to acquire an aggregate 38% equity interest in Freight Management Holdings Pty Ltd ("FMH") for an aggregate consideration of approximately A\$85.0 million (equivalent to approximately S\$84.1 million).

FMH is a leading 4th party logistics ("4PL") service company in Australia. Through the use of proprietary technology, FMH manages and executes its customers' supply chain and distribution requirements.

The acquisition will allow the SingPost Group to further scale its Business-to-Business-to-Consumer (B2B2C) logistics capabilities in Australia, and capitalise on the growing eCommerce segment.

Together with Couriers Please and Quantum Solutions Australia, the Group aims to derive synergistic benefits, grow volumes and build scale. This provides a strong platform for the SingPost Group to drive revenue and earnings in Australia over the long term.

(11) Dividends

Interim dividend

The outlook remains uncertain due to the ongoing Covid-19 situation, and the Group needs to adopt a prudent approach in managing cash flows.

For the 1st half ended 30 September 2020, the Board of Directors has declared an interim dividend of 0.5 cents per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 0.5 cent per ordinary share will be paid on 2 December 2020. The transfer book and register of members of the Company will be closed on 20 November 2020 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares in the capital of the Company received by the Company's registrar up to 5.00 pm on 19 November 2020 will be registered to determine members' entitlements to the dividend.

Corresponding period of the immediately preceding financial year

Interim dividend

An interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) for the 1st quarter ended 30 June 2019 was declared on 2 August 2019 and paid on 30 August 2019.

An interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) for the 2nd quarter ended 30 September 2019 was declared on 1 November 2019 and paid on 29 November 2019.

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

Not applicable.

(13) Interested Person Transactions

During the 1st half ended 30 September 2020, the following interested person transactions were entered into by the Group:

	Nature of Relationship	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY2020/21	FY2019/20	FY2020/21	FY2019/20
		H1 S\$'000	H1 S\$'000	H1 S\$'000	H1 S\$'000
Sales					
Singapore Power Limited	Each interested person is an associate of Singapore	-	-	379*	-
Singapore Telecommunications Group	Post Limited's major shareholder,	-	-	907*	1,365
Starhub Group	Temasek Holdings (Private) Limited	-	-	266	432
		-	-	1,552	1,797
Purchases					
Ascendas Real Estate Investment Trust	Each interested person is an associate of Singapore	-	-	1,686*	-
Harbourfront Centre Pte Ltd	Post Limited's major shareholder,	-	-	524*	-
PSA Corporation	Temasek Holdings (Private) Limited	-	-	-	949
Sembcorp Group		-	-	-	8,200*
Singapore Airlines Group		-	-	12,236	18,780
Singapore Telecommunications Group		-	-	109	-
SMRT Corporation		-	-	267	-
		-	-	14,822	27,929
Total interested person transactions		-	-	16,374	29,726

Note

All the transactions set out in the above table were based on the Group's interested person transactions register. They were either based on contractual values for the duration of the contracts (which vary from 3 months to 5 years) or annual values for open-ended contracts.

*Include contracts of duration exceeding one year.

(14) Confirmation by the Board pursuant to rule 720(1) of the Listing Manual

The Board had received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 in pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

(15) Confirmation by the Board pursuant to rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 1st half ended 30 September 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors



MR SIMON CLAUDE ISRAEL
Chairman



MR PAUL COUTTS
Director

Singapore
6 November 2020