

*For Immediate Release*

**Singapore Post Group's unaudited results  
for the third quarter and nine months ended 31 December 2004**

- *Q3 FY 2004/05 operating revenue exceeds S\$100 million first time since IPO*
- *Net profit up, cash flow remains strong*

**Singapore, 28 January 2005** – Singapore Post Limited (SingPost) today announced its results for the third quarter and nine months ended 31 December 2004.

A summary of the financial performance of the Group for the third quarter and nine months ended 31 December 2004 is as follows:

	<b>FY2004/05</b>	<b>FY2003/04</b>		<b>FY2004/05</b>	<b>FY2003/04</b>	
	<b>3<sup>rd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>Variance</b>	<b>9 Months</b>	<b>9 Months</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Operating revenue	<b>100,510</b>	97,426	3.2	<b>281,469</b>	275,658	2.1
Other operating income	<b>4,349</b>	4,142	5.0	<b>12,483</b>	12,840	(2.8)
Total operating expenses	<b>(69,008)</b>	(65,924)	4.7	<b>(195,807)</b>	(189,163)	3.5
Exceptional item – gain on sale of joint venture company	-	-	-	<b>3,682</b>	-	N.M.
Operating profit	<b>35,851</b>	35,644	0.6	<b>101,827</b>	99,335	2.5
Associated and joint venture Companies						
- share of results	<b>1,759</b>	3,159	(44.3)	<b>8,444</b>	9,834	(14.1)
- amortisation of goodwill	-	(1,001)	N.M.	-	(3,001)	N.M.
Profit before interest and tax	<b>37,610</b>	37,802	(0.5)	<b>110,271</b>	106,168	3.9
Finance cost – net	<b>(1,427)</b>	(872)	63.6	<b>(3,037)</b>	(4,507)	(32.6)
Profit before tax	<b>36,183</b>	36,930	(2.0)	<b>107,234</b>	101,661	5.5
Income tax expense	<b>(8,002)</b>	(9,287)	(13.8)	<b>(23,224)</b>	(25,950)	(10.5)
Net profit	<b>28,053</b>	27,590	1.7	<b>83,722</b>	75,432	11.0

N.M. – Not meaningful

Q3 FY 2004/05 operating revenue crosses S\$100 million mark

The Group recorded a good performance in its core business in Q3 FY2004/05, with operating revenue exceeding S\$100 million for the first time since the company's public listing in May 2003. With strong performances in the core business of Mail and Logistics, operating revenue rose by 3.2 per cent to S\$100.5 million from S\$97.4 million in the same quarter last year.

Other operating income, largely property rental income, also improved, rising 5.0 per cent from S\$4.1 million to S\$4.3 million in Q3 FY2004/05. The decline in property rental income stabilised in Q3 last year and has been gradually improving since.

Net profit up, cash flow remains strong

Net profit rose 1.7 per cent to S\$28.1 million for the quarter and by 11.0 per cent to S\$83.7 million for the first nine months. Net profit was higher in the third quarter as lower income tax expense offset the increase in net finance cost. Net finance cost increased to S\$1.4 million, compared to S\$0.9 million in Q3 last year, due to the higher short-term interest rate environment in the later part of 2004 compared to 2003.

The Group's net cash inflow from operating activities continues to be strong, amounting to S\$44.5 million this quarter, compared to S\$36.6 million for Q3 last year.

Outlook

SingPost's CEO William Tan Soo Hock said: "We are delighted that our operating revenue has crossed the S\$100 million mark for the first time since the company was publicly listed in May 2003. The strong performance by our core business of Mail and Logistics helped to raise this quarter's operating revenue. We remain optimistic on the prospects of the publications and direct mail segments as well as the Group's international mail traffic as we maintain our effort to grow these aspects of our core business."

During the quarter, the Group had appointed management consulting firm McKinsey & Company to undertake a thorough review of the operations and processes of the core business. Areas with potential for improvements in productivity, cost control, as well as revenue growth, were identified, and the Group has started to work on initiatives to further enhance efficiency, reduce operating costs and increase revenues.

SingPost Group remains prudent in the pursuit of new growth areas. Postassurance, a tie-up with Prudential, was recently launched to distribute life insurance products at initially ten post offices. SingPost will continue to monitor and exercise tight control over additional expenditure incurred for the new business initiatives.

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### **About Singapore Post Limited**

SingPost is a household name in Singapore with strong brand recognition. It is the dominant provider of domestic and international postal services in Singapore. It is one of the most efficient and profitable postal operators globally and offers customers a one-stop mail, logistics and retail distribution network in Singapore.

With a highly efficient mail delivery services utilising a sophisticated distribution infrastructure and advanced mail processing technology, SingPost estimates that it has achieved domestic mail market share of greater than 95 per cent. It believes that its Spring joint venture is a market leader in private cross-border business mail solutions.

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