



**SINGAPORE POST LIMITED  
AND ITS SUBSIDIARIES**

(Registration number: 199201623M)

**SGXNET ANNOUNCEMENT  
UNAUDITED RESULTS FOR THE  
FIRST QUARTER ENDED 30 JUNE 2014**

**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**

	FY2014/15 Q1 S\$'000	FY2013/14 Q1 S\$'000	Variance %
Revenue	210,914	201,335	4.8%
Other income and gains (net)			
- Rental and property-related income	10,805	11,204	(3.6%)
- Miscellaneous	6,314	279	@
Labour and related expenses	(63,978)	(55,536)	15.2%
Volume-related expenses <sup>1</sup>	(78,719)	(76,343)	3.1%
Administrative and other expenses	(24,883)	(21,933)	13.5%
Depreciation, amortisation and impairment	(8,187)	(8,561)	(4.4%)
Selling expenses	(2,146)	(1,419)	51.2%
Finance expenses	(1,836)	(2,018)	(9.0%)
Total expenses	(179,749)	(165,810)	8.4%
Share of profit of associated companies and joint ventures	860	376	128.7%
Profit before income tax	49,144	47,384	3.7%
Income tax expense	(9,357)	(9,466)	(1.2%)
<b>Total profit</b>	<b>39,787</b>	<b>37,918</b>	<b>4.9%</b>
Attributable to:			
Equity holders of the Company	39,244	37,340	5.1%
Non-controlling interests	543	578	(6.1%)
<b>Total profit</b>	<b>39,787</b>	<b>37,918</b>	<b>4.9%</b>
<b>Operating Profit<sup>2</sup></b>	<b>49,398</b>	<b>48,496</b>	<b>1.9%</b>
<b>Underlying Net Profit<sup>3</sup></b>	<b>36,166</b>	<b>36,228</b>	<b>(0.2%)</b>
Earnings per share for profit attributable to the equity holders of the Company during the period: <sup>4</sup>			
- Basic	1.863 cents	1.775 cents	
- Diluted	1.853 cents	1.768 cents	

Notes

- 1 Volume-related expenses comprise mainly of traffic expenses and cost of sales.
- 2 Operating profit for the purposes of paragraph 8 "Review of the performance of the Group" is defined as profit before interest, tax and share of profit or loss of associated companies and joint ventures.
- 3 Underlying net profit is defined as profit after tax and non-controlling interests, before one-off items, gains and losses on sale of investment, property, plant and equipment and mark-to-market gains or losses.
- 4 Earnings per share were calculated based on net profit 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).

@ Denotes variance exceeding 300%.

### Consolidated Statement of Comprehensive Income

	<b>FY2014/15</b>	FY2013/14	Variance
	<b>Q1</b>	Q1	%
	<b>S\$'000</b>	S\$'000	
<b>Total profit</b>	<b>39,787</b>	37,918	4.9%
<b>Other comprehensive income / (loss) (net of tax):</b>			
Items that may be reclassified subsequently to profit or loss:			
Available for sale financial assets - fair value gains / (losses)	<b>4</b>	(5)	N.M.
Currency translation differences arising from consolidation - (Losses) / gains	<b>(448)</b>	2,548	N.M.
<b>Other comprehensive (loss) / income for the period (net of tax)</b>	<b>(444)</b>	<b>2,543</b>	N.M.
<b>Total comprehensive income for the period*</b>	<b>39,343</b>	40,461	(2.8%)
Total comprehensive income attributable to:			
Equity holders of the Company	<b>38,686</b>	38,937	(0.6%)
Non-controlling interests	<b>657</b>	1,524	(56.9%)
	<b>39,343</b>	40,461	(2.8%)

\* As shown in the Statement of changes in equity on pages 8 and 9.

### Underlying Net Profit Reconciliation Table

	<b>FY2014/15</b>	FY2013/14	Variance
	<b>Q1</b>	Q1	%
	<b>S\$'000</b>	S\$'000	
Profit attributable to equity holders of the Company	<b>39,244</b>	37,340	5.1%
Gains on sale of property, plant and equipment	<b>(4,201)</b>	(222)	@
Provision for the restructuring of an overseas operation	<b>1,123</b>	-	N.M.
Excess of net assets purchased over consideration paid for a subsidiary company	-	(890)	N.M.
<b>Underlying Net Profit</b>	<b>36,166</b>	36,228	(0.2%)

N.M. Not meaningful.

@ Denotes variance exceeding 300%.

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

	<b>FY2014/15</b>	FY2013/14	Variance
	<b>Q1</b>	Q1	
	<b>S\$'000</b>	S\$'000	%
Other operating income and interest income	<b>17,119</b>	11,483	49.1%
Interest on borrowings	<b>1,527</b>	1,799	(15.1%)
Depreciation and amortisation	<b>8,538</b>	8,798	(3.0%)
Impairment of doubtful debts and bad debts written off	<b>184</b>	157	17.2%
Foreign exchange gains / (losses)	<b>261</b>	(1,975)	N.M.
Gains / (losses) on sale of investments, property, plant and equipment *	<b>4,201</b>	222	@

\* Including one-off gains and losses on sale of investments, property, plant and equipment.

N.M. Not meaningful.

@ Denotes variance exceeding 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	
	Jun-14 S\$'000	Mar-14 S\$'000	Jun-14 S\$'000	Mar-14 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	446,673	404,430	378,923	340,338
Financial assets *	8,034	6,424	7,618	6,077
Trade and other receivables	134,327	127,071	157,984	148,222
Inventories	4,439	5,075	979	1,333
Derivative financial instruments	-	-	-	-
Other current assets	14,609	12,501	6,013	4,107
	<b>608,082</b>	<b>555,501</b>	<b>551,517</b>	<b>500,077</b>
<b>Non-current assets</b>				
Trade and other receivables	5,075	5,156	70,123	70,092
Financial assets *	24,605	11,699	24,507	11,557
Investments in associated companies and joint ventures	98,426	97,907	25,417	25,417
Investments in subsidiaries	-	-	184,507	184,507
Investment properties	230,191	231,352	188,164	189,768
Property, plant and equipment	229,133	234,039	196,843	201,216
Intangible assets	182,687	183,625	8,094	8,690
Derivative financial instruments	2,280	1,638	2,280	1,638
Deferred income tax assets	1,785	578	-	-
Other non-current asset	628	370	-	-
	<b>774,810</b>	<b>766,364</b>	<b>699,935</b>	<b>692,885</b>
<b>Total assets</b>	<b>1,382,892</b>	<b>1,321,865</b>	<b>1,251,452</b>	<b>1,192,962</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	299,596	294,280	270,794	264,414
Borrowings	15,383	14,025	-	-
Deferred income	4,211	5,878	4,211	5,878
Current income tax liabilities	46,512	37,372	40,133	32,162
	<b>365,702</b>	<b>351,555</b>	<b>315,138</b>	<b>302,454</b>
<b>Non-current liabilities</b>				
Borrowings	221,527	220,103	202,626	201,504
Trade and other payables	33,981	33,326	9,242	9,242
Deferred income	181	259	181	259
Deferred income tax liabilities	21,511	20,790	16,321	16,374
	<b>277,200</b>	<b>274,478</b>	<b>228,370</b>	<b>227,379</b>
<b>Total liabilities</b>	<b>642,902</b>	<b>626,033</b>	<b>543,508</b>	<b>529,833</b>
<b>NET ASSETS</b>	<b>739,990</b>	<b>695,832</b>	<b>707,944</b>	<b>663,129</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable the Company's equity holders</b>				
Share capital	133,464	129,082	133,464	129,082
Treasury shares	(35,329)	(35,346)	(35,329)	(35,346)
Retained earnings	286,235	250,700	253,902	217,615
Other reserves	2,260	2,402	5,372	4,952
Ordinary equity	386,630	346,838	357,409	316,303
Perpetual securities**	350,535	346,826	350,535	346,826
	<b>737,165</b>	<b>693,664</b>	<b>707,944</b>	<b>663,129</b>
Non-controlling interests	2,825	2,168	-	-
<b>Total equity</b>	<b>739,990</b>	<b>695,832</b>	<b>707,944</b>	<b>663,129</b>

\* Relates mainly to the Group's investment in bonds and available-for-sale investments.

\*\* Perpetual securities amounting to S\$350 million were issued by the Company on 2 March 2012. The perpetual securities are cumulative and distributions are at the option of the Company, subject to terms and conditions of the securities issue. Based on accounting rules in FRS32 "Financial Instruments: Disclosure and Presentation", the perpetual securities are presented within equity.

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

	<b>Jun-14</b>	Mar-14
	<b>S\$'000</b>	S\$'000
Amount repayable in one year or less, or on demand		
- Borrowings (secured)	<b>3,883</b>	2,525
- Borrowings (unsecured)	<b>11,500</b>	11,500
Amount repayable after one year:		
- Borrowings (secured)	<b>18,901</b>	18,599
- Borrowings (unsecured)	<b>202,626</b>	201,504
	<b>236,910</b>	234,128

Secured borrowings comprised of external bank loans of subsidiaries and are secured over investment properties, guarantees and other securities.

The Group's unsecured borrowings comprised mainly of S\$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010. The Fixed Rate Notes is listed on the SGX-ST and carry a fixed interest rate of 3.5% per annum.

**Details of any collateral.**

Not applicable.

(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	
	FY2014/15 Jun-14 S\$'000	FY2013/14 Jun-13 S\$'000
<b>Cash flows from operating activities</b>		
Total profit	39,787	37,918
Adjustments for:		
Income tax expense	9,357	9,466
Amortisation of deferred income	(78)	(81)
Amortisation of intangible assets	938	825
Depreciation and impairment	7,600	7,973
Gains on sale of investments, property, plant and equipment	(4,201)	(222)
Share-based staff costs	701	265
Interest expense	1,527	1,799
Interest income	(722)	(530)
Share of profit of associated companies and joint ventures	(860)	(376)
	<u>14,262</u>	<u>19,119</u>
<b>Operating cash flow before working capital changes</b>	<b>54,049</b>	<b>57,037</b>
Changes in working capital, net of effects from acquisition of subsidiary		
Inventories	636	7
Trade and other receivables	(10,709)	371
Trade and other payables	8,091	1,414
<b>Cash generated from operations</b>	<b>52,067</b>	<b>58,829</b>
Income tax paid	(743)	(674)
<b>Net cash provided by operating activities</b>	<b>51,324</b>	<b>58,155</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(9,886)	(1,597)
Additional investment in an associated company	-	(378)
Interest received	572	962
Proceeds from disposal of property, plant and equipment	10,624	447
Proceeds on maturity of financial assets	3,000	2,500
Purchase of financial assets	(17,521)	-
Repayment of loans by associated companies	123	307
<b>Net cash (used in) / provided by investing activities</b>	<b>(13,088)</b>	<b>2,241</b>
<b>Cash flows from financing activities</b>		
Interest paid	(280)	(8,080)
Proceeds from issuance of ordinary shares	4,098	3,930
Proceeds from re-issuance of treasury shares	16	2,436
Repayment of bank term loan	(1,054)	(3,920)
Repayment of bonds	-	(300,000)
<b>Net cash provided by / (used in) financing activities</b>	<b>2,780</b>	<b>(305,634)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>41,016</b>	<b>(245,238)</b>
Cash and cash equivalents at beginning of financial period	<u>404,430</u>	<u>628,307</u>
<b>Cash and cash equivalents at end of financial period</b>	<b>445,446</b>	<b>383,069</b>

For the purpose of presenting the statement of cash flows, cash and cash equivalents is net of bank overdrafts of S\$1,227,000 which is classified as current borrowings in the statement of financial position.

**(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 – Q1**

	Attributable to ordinary share of the Company					Perpetual Securities	Non- controlling interests	Total	
	Share capital	Treasury shares	Retained earnings	Other reserves	Total				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
Balance at 1 April 2014	<b>129,082</b>	<b>(35,346)</b>	<b>250,700</b>	<b>2,402</b>	<b>346,838</b>	<b>346,826</b>	<b>693,664</b>	<b>2,168</b>	<b>695,832</b>
Total comprehensive income / (loss) for the period	-	-	35,535	(558)	34,977	3,709	38,686	657	39,343
	<b>129,082</b>	<b>(35,346)</b>	<b>286,235</b>	<b>1,844</b>	<b>381,815</b>	<b>350,535</b>	<b>732,350</b>	<b>2,825</b>	<b>735,175</b>
Employee share option scheme:									
- Value of employee services	-	-	-	701	701	-	701	-	701
- New shares issued	4,382	-	-	(284)	4,098	-	4,098	-	4,098
- Treasury shares re-issued	-	17	-	(1)	16	-	16	-	16
Balance at 30 June 2014	<b>133,464</b>	<b>(35,329)</b>	<b>286,235</b>	<b>2,260</b>	<b>386,630</b>	<b>350,535</b>	<b>737,165</b>	<b>2,825</b>	<b>739,990</b>
Balance at 1 April 2013	121,109	(43,562)	241,285	1,830	320,662	346,826	667,488	109	667,597
Re-classification to capital reserve	-	-	(4)	4	-	-	-	-	-
Dividends	-	-	(47,436)	-	(47,436)	-	(47,436)	-	(47,436)
Total comprehensive income for the period	-	-	33,631	1,597	35,228	3,709	38,937	1,524	40,461
	<b>121,109</b>	<b>(43,562)</b>	<b>227,476</b>	<b>3,431</b>	<b>308,454</b>	<b>350,535</b>	<b>658,989</b>	<b>1,633</b>	<b>660,622</b>
Employee share option scheme:									
- Value of employee services	-	-	-	265	265	-	265	-	265
- New shares issued	4,355	-	-	(425)	3,930	-	3,930	-	3,930
- Treasury shares re-issued	-	2,572	-	(136)	2,436	-	2,436	-	2,436
Balance at 30 June 2013	<b>125,464</b>	<b>(40,990)</b>	<b>227,476</b>	<b>3,135</b>	<b>315,085</b>	<b>350,535</b>	<b>665,620</b>	<b>1,633</b>	<b>667,253</b>



## The Company – Q1

	Attributable to ordinary share of the Company					Perpetual Securities	Total equity
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Total S\$'000		
Balance at 1 April 2014	<b>129,082</b>	<b>(35,346)</b>	<b>217,615</b>	<b>4,952</b>	<b>316,303</b>	<b>346,826</b>	<b>663,129</b>
Total comprehensive income for the period	-	-	<b>36,287</b>	<b>4</b>	<b>36,291</b>	<b>3,709</b>	<b>40,000</b>
	<b>129,082</b>	<b>(35,346)</b>	<b>253,902</b>	<b>4,956</b>	<b>352,594</b>	<b>350,535</b>	<b>703,129</b>
Employee share option scheme:							
- Value of employee services	-	-	-	<b>701</b>	<b>701</b>	-	<b>701</b>
- New shares issued	<b>4,382</b>	-	-	<b>(284)</b>	<b>4,098</b>	-	<b>4,098</b>
- Treasury shares re-issued	-	<b>17</b>	-	<b>(1)</b>	<b>16</b>	-	<b>16</b>
Balance at 30 June 2014	<b>133,464</b>	<b>(35,329)</b>	<b>253,902</b>	<b>5,372</b>	<b>357,409</b>	<b>350,535</b>	<b>707,944</b>
Balance at 1 April 2013	121,109	(43,562)	207,005	4,965	289,517	346,826	636,343
Dividends	-	-	(47,436)	-	(47,436)	-	(47,436)
Total comprehensive income / (loss) for the period	-	-	<b>32,986</b>	<b>(5)</b>	<b>32,981</b>	<b>3,709</b>	<b>36,690</b>
	121,109	(43,562)	192,555	4,960	275,062	350,535	625,597
Employee share option scheme:							
- Value of employee services	-	-	-	265	265	-	265
- New shares issued	4,355	-	-	(425)	3,930	-	3,930
- Treasury shares re-issued	-	2,572	-	(136)	2,436	-	2,436
Balance at 30 June 2013	125,464	(40,990)	192,555	4,664	281,693	350,535	632,228

- (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 first quarter ended 30 June 2014, the Company issued 3,809,000 ordinary share at prices ranging from S\$0.89 to S\$1.278 upon the exercise of options granted under the Singapore Post Share Option Scheme.

As at 30 June 2014, there were unexercised options for 62,708,000 (31 March 2014: 55,201,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 2,388,075 (31 March 2014: 1,733,061) unissued ordinary shares under the Restricted Share Plan.

As at 30 June 2014, the Company held 33,312,000 treasury shares (31 March 2014: 33,327,000).

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

As at 30 June 2014, total issued shares were 1,909,227,618 (31 March 2014: 1,905,403,618).

- (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 first quarter ended 30 June 2014, the Company re-issued 15,000 treasury shares at price S\$1.07 upon the exercise of options granted under the Singapore Post Share Option Scheme.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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 2014.

**(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.**

On 1 April 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

**(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.**

	<b>The Group</b>	
	<b>FY2014/15</b>	<b>FY2013/14</b>
	<b>Q1</b>	<b>Q1</b>
Based on weighted average number of ordinary shares in issue	<u>1.863 cents</u>	1.775 cents
On fully diluted basis	<u>1.853 cents</u>	1.768 cents

**(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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>Jun-14</b>	<b>Mar-14</b>	<b>Jun-14</b>	<b>Mar-14</b>
Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	<u>38.76</u>	<u>36.52</u>	<u>37.08</u>	<u>34.80</u>
	<b>The Group</b>		<b>The Company</b>	
	<b>Jun-14</b>	<b>Mar-14</b>	<b>Jun-14</b>	<b>Mar-14</b>
Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	<u>20.25</u>	<u>18.20</u>	<u>18.72</u>	<u>16.60</u>

(8) **Review of the performance of the group.**

**First Quarter Ended 30 June 2014**

*Revenue*

	<b>FY2014/15</b>	FY2013/14	
	<b>Q1</b>	Q1	Variance
	<b>S\$'000</b>	S\$'000	%
Mail	<b>123,207</b>	114,679	7.4%
Logistics	<b>97,561</b>	93,755	4.1%
Retail & eCommerce	<b>22,791</b>	20,775	9.7%
Inter-segment eliminations	<b>(32,645)</b>	(27,874)	17.1%
Total	<b>210,914</b>	201,335	4.8%

The Group achieved a 4.8% increase in revenue in the first quarter of FY2014/15, as growth in ecommerce related activities continued to offset declines in the traditional postal business.

In the Mail division, revenue increased on the back of growth in ecommerce related transshipment business and higher one-off corporate postings relating to the Personal Data Protection Act which came into effect in July 2014.

Logistics revenue was higher with growth in contributions from ecommerce logistics activities under Quantum Solutions, the domestic parcel business, the freight forwarding business of Famous Holdings, and Lock+Store self-storage business.

In Retail & eCommerce, revenue from financial services and ecommerce services offset declines in traditional retail and agency services. Revenue from ecommerce services continued to grow, despite the loss in contributions from Clout Shoppe which was sold in February 2014.

*Other Income*

Rental and property-related income fell by 3.6% from S\$11.2 million to S\$10.8 million as a result of lower contributions from SingPost's properties.

Miscellaneous income amounted to S\$6.3 million, compared to S\$0.3 million previously. The difference was largely due to a \$4.2 million gain on sale of property, plant and equipment (relating to the government land acquisition of Thomson post office/delivery base) and foreign exchange gain, which offset restructuring costs for an overseas operation.

*Total Expenses*

Total expenses amounted to S\$179.7 million, an increase of 8.4% from S\$165.8 million in the same quarter last year. The increase was mainly attributable to the continued investment in resources for the Group's transformation, change in business model to a diversified group and growth in lower margin businesses.

The increase in labour and related expenses was mainly due to annual salary increments and additional headcount to support the Group's growth initiatives.

Volume-related expenses rose in tandem with higher international traffic and increased business activities.

Administrative and other expenses were higher as a result of the increase in property related expenses and other administrative costs.

Depreciation expense declined as certain assets have been fully depreciated.

#### *Operating Profit*

	<b>FY2014/15</b>	FY2013/14	Variance
	<b>Q1</b>	Q1	%
	<b>S\$'000</b>	S\$'000	
Mail	<b>35,042</b>	36,792	(4.8%)
Logistics	<b>3,809</b>	3,283	16.0%
Retail & eCommerce	<b>2,858</b>	2,789	2.5%
Others *	<b>7,689</b>	5,632	36.5%
<b>Total</b>	<b>49,398</b>	48,496	1.9%

\* Others refer to the commercial property rental operations and unallocated corporate overhead items.

The Group's operating profit showed a growth of 1.9%.

Mail operating profit continued to decline as a result of higher operating costs. Mail profit margin was also narrower with the strong growth in lower margin transshipment business.

In Logistics, operating profit increased with the improved business performance, offsetting the impact of restructuring costs.

Retail & eCommerce profit showed an improvement as financial services contributions offset the impact of higher developmental expenses for the ecommerce business.

The increase in Others was mainly attributable to the S\$4.2 million gain on sale of property, plant and equipment, which offset S\$1.1 million of restructuring costs.

#### *Share of Results of Associated Companies and JVs*

Share of profit of associated companies and joint ventures grew by 128.7% from S\$0.4 million to S\$0.9 million, with improved contributions from the associated companies.

#### *Net Profit*

Net profit attributable to equity holders was higher by 5.1% at S\$39.2 million, compared to S\$37.3 million in the same quarter last year. Excluding one-off items, underlying net profit was flat at S\$36.2 million.

#### **Balance Sheet**

The Group's total assets amounted to S\$1.38 billion as at 30 June 2014, compared to S\$1.32 billion as at 31 March 2014. The increase was mainly attributable to higher cash and cash equivalents, and financial assets.

Total liabilities were higher at S\$642.9 million, compared to S\$626.0 million as at 31 March 2014. This was due predominantly to increased trade payables arising from the growth in international postal volumes.

Ordinary shareholders' equity amounted to S\$386.6 million, compared to S\$346.8 million as at 31 March 2014 due to higher retained earnings.

As at 30 June 2014, the Group was in a net cash position of S\$209.8 million. The cash will be utilised to support investment needs, capital expenditure, working capital and other funding needs.

Net cash plus perpetual securities to shareholders' equity ratio was 0.4x. Interest coverage ratio (i.e. EBITDA to interest expense) remained high at 38.5x, compared to 32.1x at 31 March 2014.

### **Cash Flow**

Net cash from operating activities was S\$51.3 million, compared to S\$58.2 million in the first quarter last year. The difference was due predominantly to working capital movements as a result of business operations.

Net cash used in investing activities was S\$13.1 million, compared to proceeds of S\$2.2 million previously. The Group added S\$17.5 million of financial assets comprising mainly government and corporate bonds, and S\$9.9 million to property, plant and equipment which includes new mail sorting equipment and POP Stations. This was partially offset by proceeds from the disposal of property, plant and equipment amounting to S\$10.6 million.

Net cash from financing activities was S\$2.8 million, compared to net cash used in financing activities of S\$305.6 million previously. Last year, the Group repaid S\$300 million bond and S\$3.9 million bank term loan, as well as interest of S\$8.1 million.

- (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.**

Operating conditions of the postal business remain challenging. Letter mail volume is expected to continue its decline while operating expenses such as labour costs continue to increase. Mail profit margin continues to be on the downward trend. Nevertheless, the Group is investing additional capital expenditure of S\$100 million over three years from FY2013/14 to upgrade the postal infrastructure and improve its service quality and productivity in Singapore. This includes the new mail sorting machines which are expected to be operational by the end of 2014.

The Group is focused on strengthening and expanding its end-to-end ecommerce logistics solutions network to tap the growth in ecommerce, particularly in Asia Pacific. In May 2014, the Group announced that it had entered into a memorandum of understanding with Alibaba Investment Ltd for a strategic business collaboration. The parties are in negotiations for a joint venture to create an international ecommerce logistics platform and will make the appropriate disclosures in the event of material developments.

Continuing its growth strategy, the Group acquired The Store House, which operates an established self-storage solutions business in Hong Kong, and F. S. Mackenzie, a UK-based freight forwarder/non vessel operating common carrier, which focuses on freight forwarding and customs clearance.

## **(11) Dividends**

### **Current financial period reported on**

#### Interim dividend

In relation to financial period ended 30 June 2014, the Board of Directors has declared an interim dividend of 1.25 cents per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 1.25 cents per ordinary share will be paid on 29 August 2014. The transfer book and register of members of the Company will be closed on 21 August 2014 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 20 August 2014 will be registered to determine members' entitlements to the dividend.

### **Corresponding period of the immediately preceding financial year**

#### Interim dividend

An interim dividend of 1.25 cents per ordinary share (tax exempt one-tier) in relation to the first quarter ended 30 June 2013 was declared on 2 August 2013 and paid on 30 August 2013.

## **(12) If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

## PART III OTHER INFORMATION

### (13) Interested Person Transactions

During the first quarter ended 30 June 2014, the following interested person transactions were entered into by the Group:

	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)	
	FY2014/15 Q1 S\$'000	FY2013/14 Q1 S\$'000	FY2014/15 Q1 S\$'000	FY2013/14 Q1 S\$'000
<b>Sales</b>				
Mediacorp Group	-	-	540	-
Singapore Telecommunications Group	-	-	1,630	961
Starhub Group	-	-	631	785
	-	-	<b>2,801</b>	<b>1,746</b>
<b>Purchases</b>				
SembCorp Group	-	-	360*	-
Singapore Airlines Group	-	-	4,480	2,243
	-	-	<b>4,840</b>	<b>2,243</b>
<b>Total interested person transactions</b>	-	-	<b>7,641</b>	<b>3,989</b>

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 3 years) or annual values for open-ended contracts.



**(14) 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 first quarter ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors



**MR LIM HO KEE**  
Chairman



**DR WOLFGANG BAIER**  
Director

Singapore  
5 August 2014