Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	SINGAPORE POST LIMITED
Securities	SINGAPORE POST LIMITED - SG1N89910219 - S08
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Announcement Details

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SINGAPORE POST LIMITED
AND ITS SUBSIDIARIES
(Registration number: 199201623M)

SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

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

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Revenue	**354,122**	333,372	6.2%
Other income and gains (net)			
- Rental and property-related income	**9,042**	9,690	(6.7%)
- Miscellaneous	**2,755**	2,360	16.7%
Labour and related expenses	**(89,433)**	(84,981)	5.2%
Volume-related expenses[1]	**(185,033)**	(160,944)	15.0%
Administrative and other expenses	**(34,664)**	(35,359)	(2.0%)
Depreciation and amortisation	**(14,566)**	(10,784)	35.1%
Selling expenses	**(3,058)**	(3,663)	(16.5%)
Finance expenses	**(3,886)**	(1,890)	105.6%
Total expenses	**(330,640)**	(297,621)	11.1%
Exceptional items[2]	**4,027**	89	@
Share of (loss) / profit of associated companies and joint ventures	**(2,803)**	574	N.M.
Profit before income tax	**36,503**	48,464	(24.7%)
Income tax expense	**(8,377)**	(11,434)	(26.7%)
Total profit	**28,126**	37,030	(24.0%)
Attributable to:			
Equity holders of the Company	**30,973**	35,852	(13.6%)
Non-controlling interests	**(2,847)**	1,178	N.M.
Operating profit [3]	**41,888**	49,369	(15.2%)
Underlying net profit [4]	**26,946**	35,763	(24.7%)
Exceptional items	**4,027**	89	
- Other income and gains (net)	**5,736**	89	
- Administrative and other expenses	**(1,709)**	-	
Earnings per share for results attributable to the equity holders of the Company during the period: [5]			
- Basic	**1.20 cents**	1.49 cents	
- Diluted	**1.20 cents**	1.48 cents	

Notes
1 Volume-related expenses comprise mainly of traffic expenses and cost of sales.
2 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.
3 Operating profit for the purposes of paragraph 8 "Review of the performance of the Group" is defined as profit before net interest expense, tax and share of profit or loss of associated companies and joint ventures.
4 Underlying net profit is defined as net profit before exceptional items, net of tax.
5 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).

N.M. Not meaningful.
@ Denotes variance exceeding 300%.

Consolidated Statement of Comprehensive Income

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Total profit	**28,126**	37,030	(24.0%)
Other comprehensive loss (net of tax):			
Items that may be reclassified subsequently to profit or loss:			
Available for sale financial assets - fair value losses	**(81)**	(58)	39.7%
Currency translation differences arising from consolidation - Losses	**(1,213)**	(7,730)	(84.3%)
Other comprehensive loss for the period (net of tax)	**(1,294)**	(7,788)	(83.4%)
Total comprehensive income for the period *	**26,832**	29,242	(8.2%)
Total comprehensive income attributable to:			
Equity holders of the Company	**29,977**	28,426	5.5%
Non-controlling interests	**(3,145)**	816	N.M.
	26,832	29,242	(8.2%)

* As shown in the Statement of Changes in Equity on page 8.

Underlying Net Profit Reconciliation Table

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Profit attributable to equity holders of the Company	**30,973**	35,852	(13.6%)
Gains on disposal of property, plant and equipment	**(61)**	(89)	(31.5%)
Professional fees	**718**	-	N.M.
Fair value gain on warrants from an associated company	**(5,675)**	-	N.M.
Provision for the restructuring of overseas operation	**991**	-	N.M.
Underlying net profit	**26,946**	35,763	(24.7%)

N.M. Not meaningful.

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

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Other operating income and interest income	**11,797**	12,050	(2.1%)
Interest on borrowings	**2,333**	2,017	15.7%
Depreciation and amortisation	**14,680**	10,950	34.1%
Allowance for doubtful debts and bad debts written off	**301**	486	(38.1%)
Foreign exchange (losses) / gains	**(622)**	1,019	N.M.
Gains on disposal of property, plant and equipment	**61**	89	(31.5%)

N.M. Not meaningful.

(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-17	Mar-17	**Jun-17**	Mar-17
	S$'000	S$'000	**S$'000**	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	**364,361**	366,614	**294,517**	303,179
Financial assets	**4,221**	4,301	**3,874**	3,954
Trade and other receivables	**218,902**	199,007	**188,438**	173,304
Derivative financial instruments	**22,591**	16,079	**22,717**	16,142
Inventories	**4,303**	4,450	**45**	107
Other current assets	**18,352**	17,174	**5,801**	5,180
	632,730	607,625	**515,392**	501,866
Non-current assets				
Financial assets	**35,994**	36,010	**35,736**	35,748
Trade and other receivables	**7,102**	7,091	**404,244**	405,122
Investments in associated companies and joint ventures	**114,910**	117,783	**14,849**	14,849
Investments in subsidiaries	**-**	-	**340,533**	340,533
Investment properties	**998,637**	970,392	**955,588**	927,538
Property, plant and equipment	**557,773**	565,583	**240,049**	240,371
Intangible assets	**398,641**	400,683	**-**	-
Deferred income tax assets	**6,005**	6,218	**-**	-
Other non-current assets	**5,394**	5,198	**-**	-
	2,124,456	2,108,958	**1,990,999**	1,964,161
Total assets	**2,757,186**	2,716,583	**2,506,391**	2,466,027
LIABILITIES				
Current liabilities				
Trade and other payables	**440,582**	395,084	**390,837**	353,681
Current income tax liabilities	**42,545**	34,774	**36,913**	30,367
Deferred income [1]	**7,368**	7,413	**7,368**	7,413
Derivative financial instruments	**-**	1,055	**-**	1,055
Borrowings	**117,540**	148,786	**82,743**	117,743
	608,035	587,112	**517,861**	510,259
Non-current liabilities				
Trade and other payables	**43,401**	44,462	**1,935**	2,070
Borrowings	**214,107**	215,199	**202,131**	202,318
Deferred income [1]	**47,736**	49,545	**47,736**	49,545
Deferred income tax liabilities	**61,878**	62,547	**22,600**	22,603
	367,122	371,753	**274,402**	276,536
Total liabilities	**975,157**	958,865	**792,263**	786,795
NET ASSETS	**1,782,029**	1,757,718	**1,714,128**	1,679,232
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	**638,756**	638,756	**638,756**	638,756
Treasury shares	**(3,193)**	(1,227)	**(3,193)**	(1,227)
Other reserves	**70,236**	71,787	**36,613**	37,249
Retained earnings	**677,271**	650,007	**691,417**	657,628
Ordinary equity	**1,383,070**	1,359,323	**1,363,593**	1,332,406
Perpetual securities [2]	**350,535**	346,826	**350,535**	346,826
	1,733,605	1,706,149	**1,714,128**	1,679,232
Non-controlling interests	**48,424**	51,569	**-**	-
Total equity	**1,782,029**	1,757,718	**1,714,128**	1,679,232

Notes

1 Mainly relates to the postassurance collaboration with AXA Life Insurance Singapore Private Limited.

2 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 FRS32 "Financial Instruments: 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.

	Jun-17	Mar-17
	S$'000	S$'000
Amount repayable in one year or less, or on demand		
- Borrowings (secured)	**17,797**	14,043
- Borrowings (unsecured)	**99,743**	134,743
Amount repayable after one year:		
- Borrowings (secured)	**11,976**	12,881
- Borrowings (unsecured)	**202,131**	202,318
	331,647	363,985

The Group's unsecured borrowings comprised mainly S$200 million 10-year Fixed Rate 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.

Secured borrowings comprised bank loans and are secured over investment properties, or guaranteed by a director of a subsidiary with non-controlling interests.

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

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000
Cash flows from operating activities		
Total profit	**28,126**	37,030
Adjustments for:		
Income tax expense	**8,377**	11,434
Amortisation of deferred income	**(1,854)**	(1,826)
Amortisation of intangible assets	**2,369**	1,056
Depreciation	**12,311**	9,894
Gains on disposal of property, plant and equipment	**(61)**	(89)
Gain on derivative instrument	**(5,675)**	-
Share-based staff costs	**385**	1,090
Interest expense	**2,333**	2,017
Interest income	**(1,304)**	(411)
Share of loss / (profit) of associated companies and joint ventures	**2,803**	(574)
	19,684	22,591
Operating cash flow before working capital changes	**47,810**	59,621
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Inventories	**147**	(78)
Trade and other receivables	**(22,567)**	7,549
Trade and other payables	**33,746**	13,391
Cash generated from operations	**59,136**	80,483
Income tax paid	**(715)**	(1,907)
Net cash provided by operating activities	**58,421**	78,576
Cash flows from investing activities		
Additions to property, plant and equipment, investment properties and intangible assets	**(26,391)**	(64,831)
Dividends received from associated company	**-**	859
Interest received	**1,008**	293
Proceeds from disposal of property, plant and equipment	**75**	1,580
Proceeds on maturity of financial assets	**-**	750
Repayment of loans by associated companies	**-**	136
Net cash used in investing activities	**(25,308)**	(61,213)
Cash flows from financing activities		
Interest paid	**(436)**	(454)
Proceeds from issuance of ordinary shares	**-**	1,754
Purchase of treasury shares	**(2,906)**	-
Proceeds from bank loan	**22,292**	147,000
Repayment of bank loan	**(54,316)**	(59,506)
Net cash (used in) / provided by financing activities	**(35,366)**	88,794
Net (decrease) / increase in cash and cash equivalents	**(2,253)**	106,157
Cash and cash equivalents at beginning of financial period	**366,614**	126,640
Cash and cash equivalents at end of financial period	**364,361**	232,797

(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 shareholders of the Company								
	Share capital	Treasury shares	Retained earnings	Other reserves	Total	Perpetual securities	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2017	**638,756**	**(1,227)**	**650,007**	**71,787**	**1,359,323**	**346,826**	**1,706,149**	**51,569**	**1,757,718**
Total comprehensive income / (loss) for the period	**-**	**-**	**30,973**	**(996)**	**29,977**	**-**	**29,977**	**(3,145)**	**26,832**
	638,756	**(1,227)**	**680,980**	**70,791**	**1,389,300**	**346,826**	**1,736,126**	**48,424**	**1,784,550**
Distribution of perpetual securities	**-**	**-**	**(3,709)**	**-**	**(3,709)**	**3,709**	**-**	**-**	**-**
Employee share option scheme:									
- Value of employee services	**-**	**-**	**-**	**385**	**385**	**-**	**385**	**-**	**385**
- Treasury shares re-issued	**-**	**940**	**-**	**(940)**	**-**	**-**	**-**	**-**	**-**
Purchase of treasury shares	**-**	**(2,906)**	**-**	**-**	**(2,906)**	**-**	**(2,906)**	**-**	**(2,906)**
Balance at 30 June 2017	**638,756**	**(3,193)**	**677,271**	**70,236**	**1,383,070**	**350,535**	**1,733,605**	**48,424**	**1,782,029**
Balance at 1 April 2016	448,775	(2,116)	749,647	7,258	1,203,564	346,826	1,550,390	11,113	1,561,503
Total comprehensive income / (loss) for the period	-	-	35,852	(7,426)	28,426	-	28,426	816	29,242
	448,775	(2,116)	785,499	(168)	1,231,990	346,826	1,578,816	11,929	1,590,745
Distribution of perpetual securities	-	-	(3,709)	-	(3,709)	3,709	-	-	-
Employee share option scheme:									
- Value of employee services	-	-	-	1,090	1,090	-	1,090	-	1,090
- New shares issued	1,869	-	-	(115)	1,754	-	1,754	-	1,754
- Treasury shares re-issued	-	399	-	(399)	-	-	-	-	-
Balance at 30 June 2016	450,644	(1,717)	781,790	408	1,231,125	350,535	1,581,660	11,929	1,593,589

The Company – Q1

	Attributable to ordinary shareholders of the Company						
	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total S$'000
Balance at 1 April 2017	**638,756**	**(1,227)**	**657,628**	**37,249**	**1,332,406**	**346,826**	**1,679,232**
Total comprehensive income / (loss) for the period	**-**	**-**	**37,498**	**(81)**	**37,417**	**-**	**37,417**
	638,756	**(1,227)**	**695,126**	**37,168**	**1,369,823**	**346,826**	**1,716,649**
Distribution of perpetual securities	**-**	**-**	**(3,709)**	**-**	**(3,709)**	**3,709**	**-**
Employee share option scheme:							
- Value of employee services	**-**	**-**	**-**	**385**	**385**	**-**	**385**
- New shares issued	**-**	**940**	**-**	**(940)**	**-**	**-**	**-**
Purchase of treasury shares	**-**	**(2,906)**	**-**	**-**	**(2,906)**	**-**	**(2,906)**
Balance at 30 June 2017	**638,756**	**(3,193)**	**691,417**	**36,613**	**1,363,593**	**350,535**	**1,714,128**
Balance at 1 April 2016	448,775	(2,116)	780,232	34,713	1,261,604	346,826	1,608,430
Total comprehensive income for the period	-	-	41,081	(58)	41,023	-	41,023
	448,775	(2,116)	821,313	34,655	1,302,627	346,826	1,649,453
Distribution of perpetual securities	-	-	(3,709)	-	(3,709)	3,709	-
Employee share option scheme:							
- Value of employee services	-	-	-	1,090	1,090	-	1,090
- New shares issued	1,869	-	-	(115)	1,754	-	1,754
- Treasury shares re-issued	-	399	-	(399)	-	-	-
Balance at 30 June 2016	450,644	(1,717)	817,604	35,231	1,301,762	350,535	1,652,297

(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 2017, no share was issued under the Singapore Post Share Option Scheme.

As at 30 June 2017, there were unexercised options for 31,206,000 (31 March 2017: 39,431,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 1,476,824 (31 March 2017: 2,655,087) unissued ordinary shares under the Restricted Share Plan.

As at 30 June 2017, the Company held 2,508,405 treasury shares (30 June 2016: 1,658,277).

(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 2017, total issued shares excluding treasury shares were 2,272,576,120 (31 March 2017: 2,273,903,116).

(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 2017, the Company re-issued 906,204 treasury shares at a prices ranging from S$1.0289 to S$1.04 upon the vesting of shares under Singapore Post Restricted Share Plan 2013.

(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 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 2017.

(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 2017, 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.

	The Group FY2017/18 Q1	The Group FY2016/17 Q1
Based on weighted average number of ordinary shares in issue	**1.20 cents**	1.49 cents
On fully diluted basis	**1.20 cents**	1.48 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.

	The Group		The Company	
	Jun-17	Mar-17 (Restated)	**Jun-17**	Mar 17
Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	**76.28**	75.03	**75.43**	73.85

	The Group		The Company	
	Jun-17	Mar-17	**Jun-17**	Mar 17
Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	**60.86**	59.78	**60.00**	58.60

(8) Review of the performance of the group.

First Quarter Ended 30 June 2017

Revenue

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Postal	**149,828**	137,042	9.3%
Logistics	**166,272**	156,682	6.1%
eCommerce	**64,720**	65,281	(0.9%)
Inter-segment eliminations*	**(26,698)**	(25,633)	4.2%
Total	**354,122**	333,372	6.2%

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

Group revenue rose 6.2% for the first quarter ended 30 June 2017, due to growth in the Postal and Logistics segments, partially offset by a decline in the eCommerce segment.

In the Postal segment, Domestic mail revenue continued to decline with more companies implementing e-statements. This was offset by strong growth in International mail revenue which was driven by higher crossborder eCommerce deliveries, especially with higher volumes from the Alibaba Group. Consequently, Postal revenue rose 9.3% in Q1.

Logistics revenue increased 6.1% in Q1. SP Parcels and Couriers Please recorded higher revenues driven by increased eCommerce deliveries in Singapore and Australia respectively, while Famous Holdings recorded higher revenue with higher contributions from its overseas operations. These were partially offset by a revenue decline at Quantium Solutions, which was impacted by intense competitive pressures from its operations in North Asia, which negated the strong performance in Singapore driven by higher utilisation at the Regional eCommerce Logistics Hub.

eCommerce revenue declined mainly due to TradeGlobal, which was impacted by the loss of revenue from two large customers as previously disclosed. Jagged Peak revenue rose as it added new customers and processed increased volumes.

Other Income

Rental and property-related income decreased 6.7% due to lower occupancy at SingPost's investment properties.

Miscellaneous other income recorded a gain of S$2.8 million, compared to a gain of S$2.4 million in the comparable quarter last year, due largely to higher interest income as a result of higher average cash balance.

Total Expenses

Total expenses increased 11.1% in Q1, largely due to the increase in volume-related expenses.

Volume-related expenses were up 15.0%, reflecting the change in business mix as part of the Group's transformation, with higher International mail terminal dues as well as higher Logistics volume-related expenses.

Labour and related expenses rose 5.2%, due to higher temporary and contract staff costs to support growth in the business.

Administrative and other expenses declined 2.0% with lower discretionary spending and property rental expenses.

Depreciation and amortisation expenses were higher by 35.1% due largely to higher equipment depreciation costs at the Regional eCommerce Logistics Hub, and higher amortisation of intangible assets for TradeGlobal due to shortening of amortisation period of customer relationships from 18 years to 7 years.

Finance expenses rose to S$3.9 million from S$1.9 million a year ago mainly due to unfavourable non-trade related foreign translation differences compared to the same period last year.

Operating Profit

	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	Variance %
Postal	**36,316**	42,089	(13.7%)
Logistics	**4,390**	7,238	(39.3%)
eCommerce	**(4,172)**	(3,519)	18.6%
Property & others #	**1,327**	3,472	(61.8%)
Operating profit before exceptional items	**37,861**	49,280	(23.2%)
Exceptional items	**4,027**	89	@
Operating profit	**41,888**	49,369	(15.2%)

 # Others refer to the commercial property rental operations, unallocated corporate overhead items and one-off items.

Operating profit before exceptional items declined 23.2% in Q1.

Postal operating profit declined 13.7%, due to the decline in contribution from the Domestic mail business. Although International mail operating profit rose with higher international transhipment mail, this was not sufficient to offset the impact of the decline in Domestic mail operating profit.

In Logistics, operating profit decreased 39.3%. The decline reflects broadly three factors:
i) costs arising from planned investments to build out our eCommerce logistics network, including the Regional eCommerce Logistics Hub in Singapore and network and capacity expansion at Couriers Please in Australia;
ii) non-recurring expenses related to the onboarding of major customers at the Regional eCommerce Logistics Hub during the quarter; and
iii) pricing and competitive pressures in the eCommerce logistics industry, which impacted the North Asia operations of Quantium Solutions.

Operating losses from eCommerce segment were S$4.2 million compared to S$3.5 million a year ago. This was largely due to operating losses at TradeGlobal, which faced continuing operational and structural challenges including the loss of key customers. Compared against the March 2017 quarter, eCommerce segment losses had narrowed as management continues to execute on a turnaround business plan.

Operating profit under "Property & others" declined to S$1.3 million, compared to S$3.5 million last year. This was largely due to pre-opening expenses incurred for the SPC Retail Mall and lower occupancy at SingPost's investment properties.

Exceptional items

The Group recorded exceptional items of S$4.0 million, largely due to a fair value gain on warrants from GD Express of $5.7 million, partially offset by professional fees and restructuring costs.

Including the exceptional items, operating profit declined 15.2% to S$41.9 million.

Share of results of associated companies and joint ventures

Share of results of associated companies and joint ventures declined, largely due to share of losses from 4PX, which is incurring higher depreciation and other expenses as a result of business expansion.

Net Profit and Underlying Net Profit

Net profit attributable to equity holders was $31.0 million for Q1, a decline of 13.6% compared to the same period last year.

Excluding one-off items, underlying net profit declined 24.7% from S$35.8million to S$26.9 million. The decline was due to lower domestic mail volumes, costs from planned investments as well as increased competition in the Logistics segment, higher losses in the US eCommerce business and associates which are investing for growth.

Balance Sheet

The Group's total assets amounted to S$2.8 billion as at 30 June 2017, compared to S$2.7 billion as at 31 March 2017.

As at 30 June 2017, the Group was in a net cash position[1] of S$32.7 million, compared to S$2.6 million as at 31 March 2017.

Total borrowings decreased from S$364.0 million as at 31 March 2017 to S$331.6 million as at 30 June 2017. Interest coverage ratio[2] has increased to 23.0 times compared to 13.3 times last year.

Total liabilities were S$975.2 million, compared to S$958.9 million as at 31 March 2017.

Ordinary shareholders' equity was slightly higher as at 30 June 2017 at S$1.4 billion, compared to the opening position as at 31 March 2017 due to retained profit for the period.

Cash Flow

Net cash inflow from operating activities for the period amounted to S$58.4 million, compared to S$78.6 million last year. Operating cash inflow before working capital changes was down S$11.8 million and working capital decreased S$9.7 million due to higher receivables, partly offset by higher trade and other payables largely for settlement of terminal dues.

Net cash outflow for investing activities was S$25.3 million, compared to S$61.2 million last year. Capital expenditure of S$26.4 million for the period comprised committed capital expenditures for the ongoing redevelopment of Singapore Post Centre retail mall.

Net cash outflow from financing activities was S$35.4 million, compared to inflow of S$88.8 million last year, largely due to net repayment of bank term loan.

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

Not applicable.

[1] Cash and cash equivalents less borrowings
[2] EBITDA to interest expense

(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.

In FY2017/18, the Group plans to grow revenue and volumes through new business opportunities, integrating past acquisitions and extracting synergies, as well as leveraging the strategic partnership with Alibaba and its subsidiaries.

Postal

The decline in domestic letter mail volumes accelerated in Q1 FY17/18, due to increasing migration towards electronic communication.

While the decline is expected to continue, the Group is focused on growing the International mail segment to mitigate the drop in contribution from Domestic mail.

Changes in the international terminal dues system will take effect from 1 January 2018. This will affect not just SingPost but all crossborder eCommerce postal deliveries globally. The impact is being assessed.

The International mail transhipment market remains highly competitive, and margins are relatively low. With the shift in mix towards lower margin International mail, blended Postal margin is expected to decline.

The Group will continue to focus on improving productivity and efficiency to mitigate margin pressures while maintaining service quality.

Logistics

While the Logistics segment is expected to benefit from growing eCommerce trends, the industry is likely to continue to experience tight operating margins and intense competition.

Over the past few years, we have built out an eCommerce logistics network spanning 19 markets. Partly as a result of costs from planned investments in our network, Logistics margins have declined.

The focus for SingPost moving forward is to drive traffic and volumes onto our eCommerce logistics network and increase utilisation of existing infrastructure, so as to benefit from greater economies of scale and operating leverage.

It will take time for the Logistics segment to grow its profit contribution while it executes on its plans.

eCommerce

In eCommerce, the Group has acquired technologies, customers and market knowhow which enables SingPost to scale its integrated solutions by offering an omni-channel experience that will drive volumes onto its logistics network.

TradeGlobal and Jagged Peak have a good portfolio of both US and global customers and brands which brings with it opportunities for synergy and growth.

While Jagged Peak is doing well, TradeGlobal faces operational and structural challenges. Management is executing on a turnaround business plan. It will take time for these measures to deliver results. While business and cost initiatives are being put in place to improve performance, TradeGlobal is not expected to be profitable for the financial year ending 31 March 2018.

Property & Others

The retail mall at the new SingPost Centre is expected to open in October 2017. The Group will begin to progressively recognise rental income from the second half of FY2017/18 as occupancy ramps up towards a steady state.

Capital expenditure and Cash flow

Capital expenditure for FY2017/18 is expected to be lower than FY2016/17, as the majority of development projects had been completed.

In FY2017/18, there will be residual capital expenditure committed for the remainder of the SPC retail mall redevelopment works, in addition to the regular maintenance capital expenditure.

With lower capital expenditure, free cash flow is expected to improve in FY2017/18.

Strategic review

Over the course of the next few months, the Group CEO and the leadership team will be working with the Board to review and update SingPost's strategy, and deliver a roadmap focusing on improving the performance of the Group.

(11) Dividends

Current financial period reported on

Interim dividend

In relation to financial period ended 30 June 2017, the Board of Directors has declared an interim dividend of 0.50 cent per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 0.50 cent per ordinary share will be paid on 31 August 2017. The transfer book and register of members of the Company will be closed on 21 August 2017 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 18 August 2017 will be registered to determine members' entitlements to the dividend.

Corresponding period of the immediately preceding financial year

Interim dividend

An interim dividend of 1.50 cents per ordinary share (tax exempt one-tier) in relation to the first quarter ended 30 June 2016 was declared on 4 August 2016 and paid on 31 August 2016.

Dividend Policy

The dividend policy is based on a payout ratio ranging from 60% to 80% of underlying net profit for each financial year, paid quarterly.

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

Not applicable.

(13) Interested Person Transactions

During the first quarter ended 30 June 2017, 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$100,000)	
	FY2017/18 Q1 S$'000	FY2016/17 Q1 S$'000	**FY2017/18 Q1 S$'000**	FY2016/17 Q1 S$'000
Sales				
Mediacorp Group	**-**	-	**370***	-
Singapore Airlines Group	**-**	-	**-**	-
Singapore Telecommunications Group	**-**	-	**192**	1,801*
Starhub Group	**-**	-	**638**	759
	-	-	**1,200**	2,560
Purchases				
Certis Cisco Group	**-**	-	**-**	450
PSA Corporation	**-**	-	**-**	-
Sembcorp Group	**-**	-	**-**	4,809*
Singapore Airlines Group	**-**	-	**4,248**	4,588
	-	-	**4,248**	9,847
Total interested person transactions	**-**	-	**5,448**	12,407

<u>Note</u>
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 2 months to 2 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 first quarter ended 30 June 2017 to be false or misleading.

On behalf of the Board of Directors

MR SIMON CLAUDE ISRAEL	**MRS FANG AI LIAN**
Chairman	Director

Singapore
3 August 2017

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Q1 FY2017/18 Profit & Loss

Q1 FY2017/18 P&L, $M

	Q1 FY17/18	Q1 FY16/17	YoY % change
Revenue	354.1	333.4	+6.2%
Other income and gains (net)			
Rental and property-related income	9.0	9.7	(6.7%)
Miscellaneous	2.8	2.4	+16.7%
Total expenses	330.6	297.6	+11.1%
Exceptional items	4.0	0.1	N.M.
Operating profit	41.9	49.4	(15.2%)
Share of associated companies & JVs	(2.8)	0.6	N.M.
Net profit attributable to equity holders	31.0	35.9	(13.6%)
Underlying net profit	26.9	35.8	(24.7%)

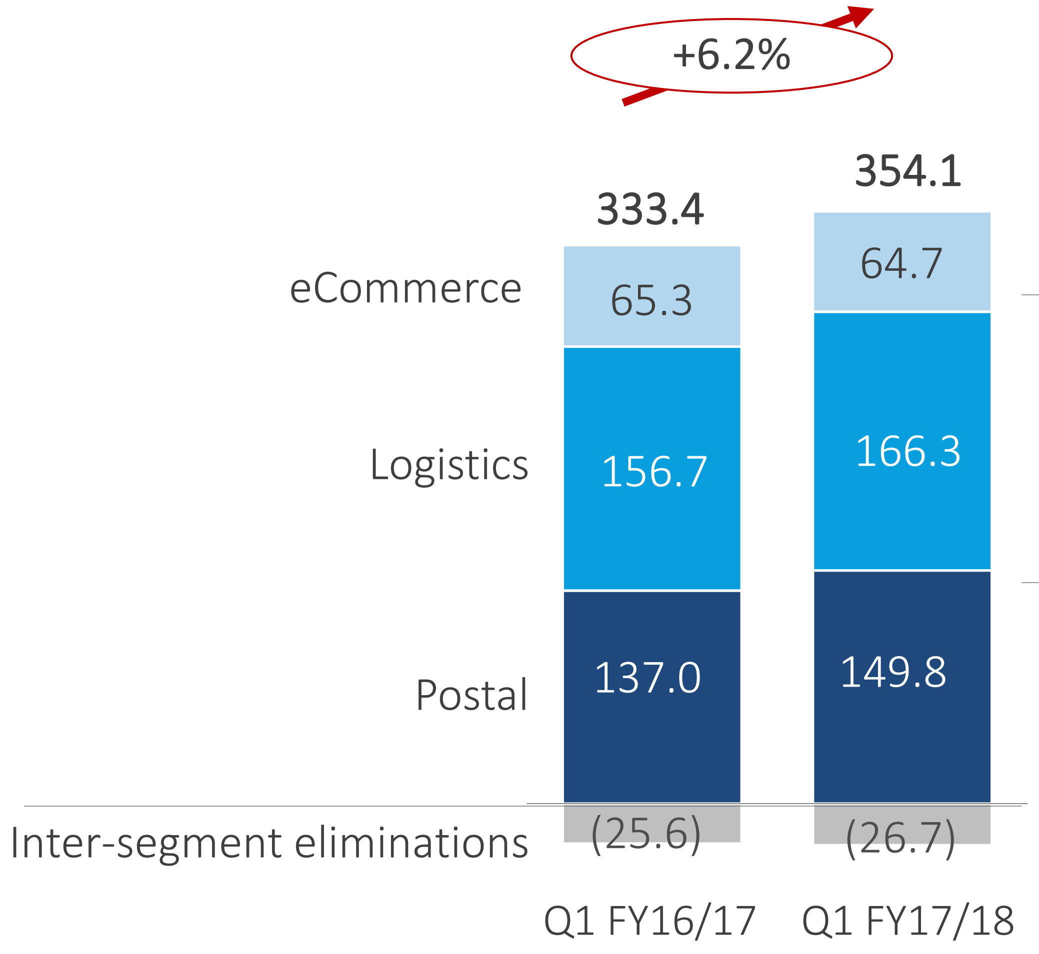
- Due to growth in the Postal and Logistics segments

Largely due to a fair value gain on warrants from GD Express

Due to lower domestic mail volumes, costs from planned investments as well as increased competition in the Logistics segment, losses in the US eCommerce business and associates which are investing for growth

Revenue movement

Q1 FY2016/17 vs. Q1 FY2017/18 Revenue performance, $M



(0.9%) Decline mainly due to TradeGlobal, which was impacted by the loss of revenue from two large customers as previously disclosed

+6.1% Driven by higher contribution from SP Parcels, Couriers Please and Famous Holdings

+9.3% Growth in International mail revenue offsets decline in Domestic mail revenue

Differences in total due to rounding

Operating expenses

Total expenses Q1 FY2017/18 breakdown, $M

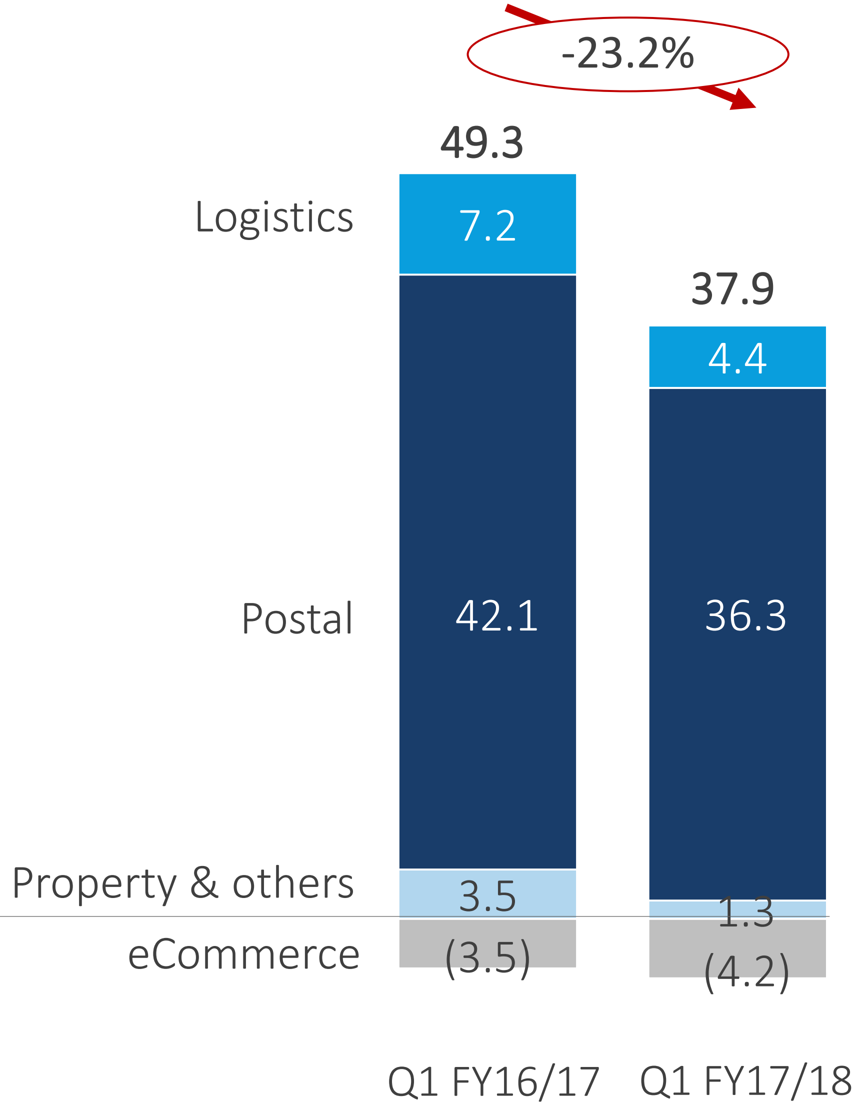
	Q1 FY17/18	Q1 FY16/17	YoY % change
Labour & related	89.4	85.0	+5.2%
Volume-related	185.0	160.9	+15.0%
Traffic & related	*112.7*	*88.5*	*+27.4%*
Outsourcing services and delivery expenses	*72.4*	*72.5*	*(0.2%)*
Admin & others	34.7	35.4	(2.0%)
Depreciation & amortisation	14.6	10.8	+35.1%
Selling	3.1	3.7	(16.5%)
Finance expense	3.9	1.9	+105.6%
Total expenses	**330.6**	**297.6**	**+11.1%**

- Labour & related: higher temporary and contract staff costs to support growth in the business
- Traffic & related: higher International mail terminal dues and conveyance costs
- Outsourcing services and delivery expenses: largely due to lower outsourcing and delivery expenses at TradeGlobal
- Depreciation & amortisation: largely due to higher equipment depreciation costs at the Regional eCommerce Logistics Hub, and shortening of amortisation period for intangible assets of TradeGlobal
- Finance expense: unfavourable non-trade related foreign translation differences

Differences in total due to rounding

Operating Profit before exceptional items

Q1 FY2016/17 vs. Q1 FY2017/18 Operating Profit performance, $M



(39.3%) Due to costs from planned investments in the Logistics network as well as pricing and competitive pressures in the eCommerce Logistics space

(13.7%) Decline in Domestic letter mail volumes, partially mitigated by growth in International eCommerce deliveries

(61.8%) Pre-opening expenses incurred for the SPC Retail Mall and lower occupancy at SingPost's investment properties

(18.6%) Due largely to TradeGlobal operating losses

Differences in total due to rounding

Q1 FY2017/18 Underlying Net Profit movement

Underlying Net Profit performance, $M

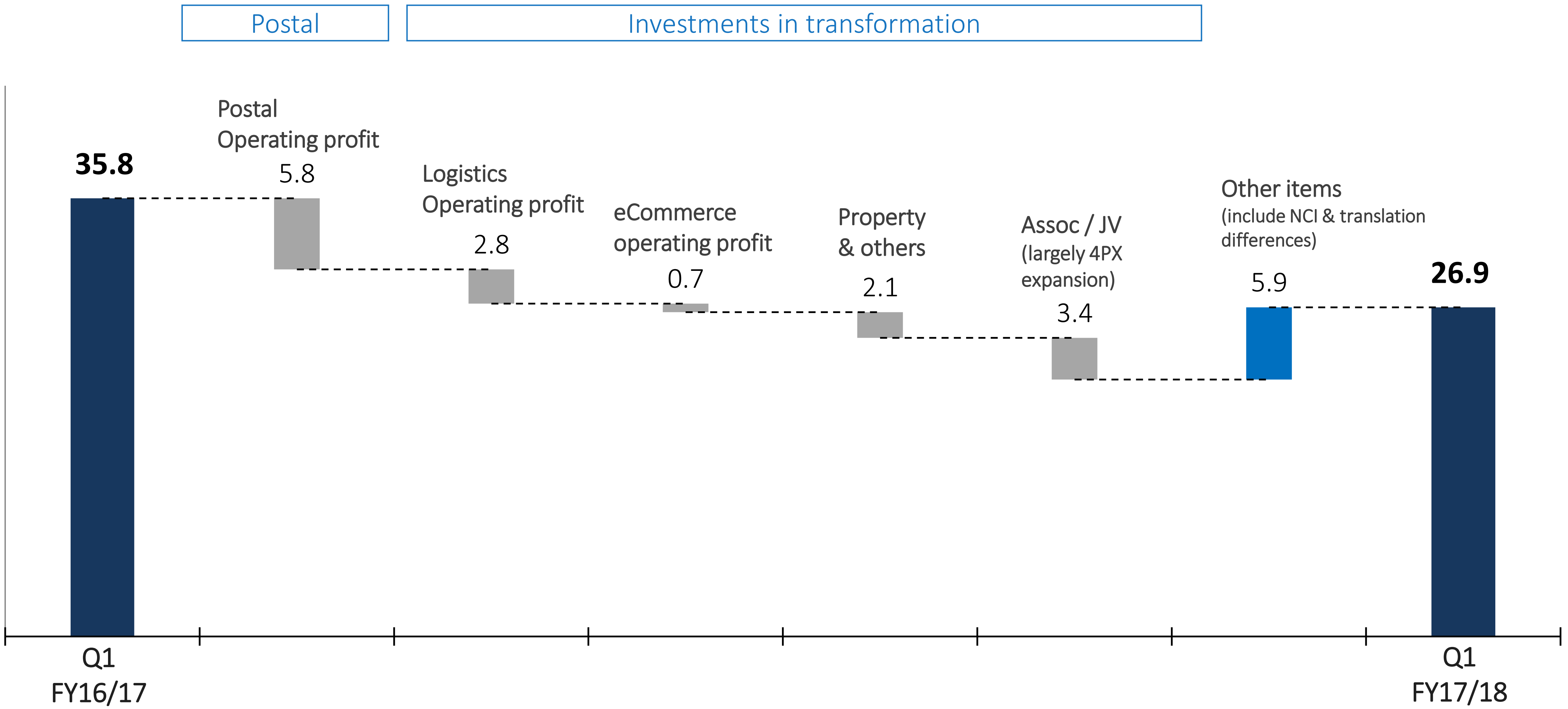


Chart not drawn to scale, differences in total due to rounding

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Cash Flow movement

$M, unless otherwise stated

	Q1 FY17/18	Q1 FY16/17
Net cash provided by operating activities	58.4	78.6
Operating cash flow before working capital changes	*47.8*	*59.6*
Changes in working capital	*11.3*	*20.9*
Capital expenditure	(26.4)	(64.8)
Free cash flow	**32.0**	**13.7**

Improved free cash flow due to lower capital expenditure with the completion of Regional eCommerce Logistics Hub last year

	Q1 FY17/18	Q1 FY16/17
Net cash provided by operating activities	58.4	78.6
Cash flow used in investing activities	(25.3)	(61.2)
Cash flow (used in) / provided by financing activities	(35.4)	88.8
Net increase / (decrease) in cash & cash equivalents	**(2.3)**	**106.2**

Decrease in cash & cash equivalents due to net repayment of bank loans, compared to net proceeds from bank loans in the same period last year

Balance Sheet and financial indicators

$M, unless otherwise stated

Financial indicators	As at Jun 2017	As at Mar 2017
Cash & cash equivalents at end of financial period	364.4	366.6
Borrowings	331.6	364.0
Net cash / (net debt) position	32.7	2.6
Net debt to ordinary shareholders equity (%)	Net cash	Net cash
EBITDA to interest expense (times)	23.0x	13.3x

- Includes cash proceeds from Alibaba to be used in accordance with the investment agreements
- Lower borrowings with partial repayment during the quarter
- Improved net cash position
- Interest coverage ratio remains strong

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Postal: Q1 FY2017/18 Performance

$M

Postal	Q1 FY17/18	Q1 FY16/17	YoY % change
Revenue	149.8	137.0	+9.3%
Operating profit	36.3	42.1	(13.7%)
OP margin	24.2%	30.7%	

Revenue breakdown	Q1 FY17/18	Q1 FY16/17	YoY % change
Domestic mail[1]	58.4	64.0	(8.8%)
International mail	84.2	65.5	+28.5%
Post office products & services[2]	7.3	7.5	(2.9%)
Total	**149.8**	**137.0**	**+9.3%**

Domestic mail revenue continued to decline with more companies implementing e-statements. This was offset by strong growth in International mail revenue which was driven by higher crossborder eCommerce deliveries, especially with higher volumes from the Alibaba Group.

Postal operating profit declined 13.7%, due to the decline in contribution from the Domestic mail business. Although International mail operating profit rose with higher international transhipment mail, this was not sufficient to offset the impact of the decline in Domestic mail operating profit.

1. Includes Philatelic
2. Includes Agency services, Retail products and Financial services

Logistics: Q1 FY2017/18 Performance

$M

Logistics	Q1 FY17/18	Q1 FY16/17	YoY % change
Revenue	166.3	156.7	+6.1%
Operating profit	4.4	7.2	(39.3%)
OP margin	2.6%	4.6%	

Revenue breakdown	Q1 FY17/18	Q1 FY16/17	YoY % change
Quantium Solutions	23.9	28.5	(16.2%)
Couriers Please	34.8	33.9	+2.6%
SP Parcels	21.6	18.8	+14.8%
Famous	62.9	56.1	+12.1%
Others[1]	23.1	19.4	+19.3%
Total	**166.3**	**156.7**	**+6.1%**

SP Parcels and Couriers Please recorded higher revenues driven by increased eCommerce deliveries in Singapore and Australia respectively, while Famous Holdings recorded higher revenue with higher contributions from its overseas operations.

The decline in operating profit reflects:
i) costs from planned investments to build out the eCommerce logistics network;
ii) non-recurring expenses related to the onboarding of major customers at the Regional eCommerce Logistics Hub during the quarter;
and iii) pricing and competitive pressures, which impacted the North Asia operations of Quantium Solutions.

1. Includes the self storage business under Lock+Store

eCommerce: Q1 FY2017/18 Performance

$M

eCommerce	Q1 FY17/18	Q1 FY16/17	YoY % change
Revenue	64.7	65.3	(0.9%)
Operating profit	(4.2)	(3.5)	(18.6%)
OP margin	(6.5%)	(5.4%)	

Revenue breakdown	Q1 FY17/18	Q1 FY16/17	YoY % change
TradeGlobal	29.1	30.8	(5.6%)
Jagged Peak	27.2	25.4	+7.0%
SP eCommerce	8.4	9.0	(6.7%)
Total	**64.7**	**65.3**	**(0.9%)**

Revenue declined mainly due to TradeGlobal, which was impacted by the loss of revenue from two large customers as previously disclosed. Jagged Peak revenue rose as it added new customers and processed increased volumes.

Operating losses from eCommerce segment were S$4.2 million compared to S$3.5 million a year ago. This was largely due to operating losses at TradeGlobal, which faced continuing challenges with the loss of key customers. Compared against the March 2017 quarter, eCommerce segment losses had narrowed as management continues to execute on a turnaround business plan.

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Key developments in Q1 FY2017/18

Lazada Singapore moves entire warehouse operations to SingPost's Regional eCommerce Logistics Hub

With investments by Alibaba in both companies, the move allows Lazada and SingPost to leverage on each other's strengths to meet rising eCommerce demand in Southeast Asia.

This collaboration sees Lazada's eCommerce platform and SingPost's end-to-end logistics capabilities coming together and it will result in scale and efficiencies for both of us.

Opening of the General Post Office

The General Post Office (GPO) at the new SingPost retail mall commenced operations on 17 July 2017.

It combines counter service with technology-enabled innovations such as POPStations and SAM Kiosks to allow postal and eCommerce logistics services outside normal working hours.

It also houses a heritage corner where customers can enjoy a learning journey through SingPost's 150 year history.

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Q1 FY2017/18 Summary

Revenue rose with growth in Postal and Logistics segments.

Underlying net profit declined largely due to:

- lower domestic mail volumes, costs from planned investments as well as increased competition in the Logistics segment, losses in the US eCommerce business and associates which are investing for growth.

Strong cash flow and balance sheet position:

- improved free cash flow due to lower capital expenditure; and
- improved net cash position with repayment of debts during the quarter.

Q1 FY17/18 interim dividend of 0.5 cent per share.

Outlook

In FY2017/18, the Group plans to grow revenue and volumes through new business opportunities, integrating past acquisitions and extracting synergies, as well as leveraging the strategic partnership with Alibaba and its subsidiaries.

Postal

The decline in domestic letter mail volumes accelerated in Q1 FY17/18, due to increasing migration towards electronic communication.

While the decline is expected to continue, the Group is focused on growing the International mail segment to mitigate the drop in contribution from Domestic mail.

Changes in the international terminal dues system will take effect from 1 January 2018. This will affect not just SingPost but all crossborder eCommerce postal deliveries globally. The impact is being assessed.

The International mail transhipment market remains highly competitive, and margins are relatively low. With the shift in mix towards lower margin International mail, blended Postal margin is expected to decline.

The Group will continue to focus on improving productivity and efficiency to mitigate margin pressures while maintaining service quality.

Outlook (continued)

Logistics

While the Logistics segment is expected to benefit from growing eCommerce trends, the industry is likely to continue to experience tight operating margins and intense competition.

Over the past few years, we have built out an eCommerce logistics network spanning 19 markets. Partly as a result of costs from planned investments in our network, Logistics margins have declined.

The focus for SingPost moving forward is to drive traffic and volumes onto our eCommerce logistics network and increase utilisation of existing infrastructure, so as to benefit from greater economies of scale and operating leverage.

It will take time for the Logistics segment to grow its profit contribution while it executes on its plans.

Outlook (continued)

eCommerce

In eCommerce, the Group has acquired technologies, customers and market knowhow which enables SingPost to scale its integrated solutions by offering an omni-channel experience that will drive volumes onto its logistics network.

TradeGlobal and Jagged Peak have a good portfolio of both US and global customers and brands which brings with it opportunities for synergy and growth.

While Jagged Peak is doing well, TradeGlobal faces operational and structural challenges. Management is executing on a turnaround business plan. It will take time for these measures to deliver results. While business and cost initiatives are being put in place to improve performance, TradeGlobal is not expected to be profitable for the financial year ending 31 March 2018.

Property & Others

The retail mall at the new SingPost Centre is expected to open in October 2017. The Group will begin to progressively recognise rental income from the second half of FY2017/18 as occupancy ramps up towards a steady state.

Outlook (continued)

Capital expenditure

Capital expenditure for FY2017/18 is expected to be lower than FY2016/17, as the majority of development projects had been completed.

In FY2017/18, there will be residual capital expenditure committed for the remainder of the SPC retail mall redevelopment works, in addition to the regular maintenance capital expenditure.

With lower capital expenditure, free cash flow is expected to improve in FY2017/18.

Strategic review

Over the course of the next few months, the Group CEO and the leadership team will be working with the Board to review and update SingPost's strategy, and deliver a roadmap focusing on improving the performance of the Group.

Thank you

For immediate release

SingPost revenue rises 6.2 per cent, net profit falls 13.6 per cent

- **Revenue rose 6.2 per cent to S$354.1 million for the first quarter of FY2017/18**
- **Underlying net profit declined 24.7 per cent on decline in domestic mail volume, costs from planned investments, increased competition in logistics segment, and expansion costs of associates**
- **Q1 FY2017/18 dividend of 0.5 cent per share declared**

Financial Highlights

	Q1 FY17/18 (S$'000)	Q1 FY16/17 (S$'000)	Variance (%)
GROUP RESULTS			
Revenue	354,122	333,372	6.2
Rental & property related income	9,042	9,690	(6.7)
Total expenses	(330,640)	(297,621)	11.1
Operating profit	41,888	49,369	(15.2)
Net profit	30,973	35,852	(13.6)
Underlying net profit	26,946	35,763	(24.7)
Earnings per share (cents)	1.20	1.49	
Dividend per share (cents)	0.5	1.5	

SINGAPORE, 4 August 2017 – Singapore Post Limited ("SingPost") today announced its results for the first quarter ended 30 June 2017.

Revenue for the quarter increased 6.2 per cent to S$354.1 million, due to growth in the postal and logistics segments.

Net profit attributable to equity holders decreased 13.6 per cent to S$31.0 million, while underlying net profit declined 24.7 per cent. This was due mainly to lower domestic mail volumes, costs from planned investments, increased competition in the logistics segment, and associates that are investing for growth.

Mr Paul Coutts, Group Chief Executive Officer, said: "Our transformation into a leader in postal and eCommerce logistics is in progress to secure new revenues for SingPost. The investments we have made will take a number of years to contribute to profitability, but are necessary as our core domestic mail business faces structural decline. The priority is to integrate what we have acquired into a true network across markets, products and geographies, with a focus on driving synergy benefits. The transition is not without challenge but we have the right people, the right infrastructure and the right technology to succeed."

eCommerce-related deliveries grow revenues

Strong international mail growth drove postal revenue to a 9.3 per cent increase, even as domestic mail revenue decreased with more organisations moving to electronic statements.

Cross-border eCommerce-related deliveries rose, especially with increasing volumes from the Alibaba Group. But even as profits from such transhipment activities increased, they were insufficient to offset the decline in domestic mail earnings, resulting in postal operating profit decreasing 13.7 per cent.

Logistics revenue increased 6.1 per cent as SP Parcels and CouriersPlease made more eCommerce-related deliveries, and as Famous Holdings saw higher contributions from its overseas operations. Quantium Solutions, however, was impacted by intense competitive pressures in North Asia, which negated improvements in the utilisation of the Regional eCommerce Logistics Hub in Singapore. The challenges in North Asia, along with costs from planned investments to build out SingPost's eCommerce logistics network, caused logistics operating profit to fall 39.3 per cent. Moving forward, the focus will be to increase volumes and utilisation of the network to improve economies of scale and operating leverage.

eCommerce revenue declined and operating losses rose from a year ago, due mainly to TradeGlobal, which has lost two of its largest customers as announced previously. Compared against the quarter ended 31 March 2017, eCommerce losses narrowed as a turnaround business plan is underway. Jagged Peak saw higher revenues and earnings as it added new customers and processed increased volumes.

The retail mall at the new SingPost Centre is expected to open in October 2017. The Group will begin to recognise rental income progressively from the second half of FY2017/18 as occupancy ramps up towards a steady state.

Total expenses of the Group increased 11.1 per cent on higher volume-related expenses, which reflect the Group's changing business mix.

Cash position strengthens

Free cash flow improved to S$32.0 million, from S$13.7 million during the corresponding period, due to lower capital expenditure with the completion of the Regional eCommerce Logistics Hub last year.

As at 30 June 2017, SingPost's cash and cash equivalents stood at S$364.4 million, down from S$366.6 million as at 31 March 2017, mainly because of a net repayment of bank loans. The Group recorded a net cash position of S$32.7 million, improving from S$2.6 million as at 31 March 2017.

Interim dividend

For the first quarter of FY 2017/18, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) to be paid on 31 August 2017.

About Singapore Post Limited

For over 150 years, Singapore Post (SingPost) as the country's postal service provider, has been delivering trusted and reliable services to homes and businesses in Singapore.

Today, SingPost is pioneering and leading in eCommerce logistics as well as providing innovative mail and logistics solutions in Singapore and around the world, with operations in 19 markets.

Building on its trusted communications through domestic and international postal services, SingPost is taking the lead in end-to-end integrated and digital mail solutions. The suite of SingPost eCommerce logistics solutions includes front end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.

Media Contact

Peter Heng
Tel: +65 9125 0023
Email: peterheng@singpost.com

Bryan Lee
Tel: +65 9645 0640
Email: bryanlee@singpost.com