



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

**SGXNET ANNOUNCEMENT  
UNAUDITED RESULTS FOR THE  
FIRST QUARTER ENDED 30 JUNE 2016**

(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**

	<b>FY2016/17</b>	<b>FY2015/16</b>	
	<b>Q1</b>	<b>Q1</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	<b>333,372</b>	254,607	30.9%
Other income and gains (net)			
- Rental and property-related income	<b>9,690</b>	10,604	(8.6%)
- Miscellaneous	<b>2,449</b>	13,632	(82.0%)
Labour and related expenses	<b>(84,981)</b>	(72,709)	16.9%
Volume-related expenses <sup>1</sup>	<b>(160,944)</b>	(106,945)	50.5%
Administrative and other expenses	<b>(35,359)</b>	(31,153)	13.5%
Depreciation and amortisation	<b>(10,784)</b>	(6,560)	64.4%
Selling expenses	<b>(3,663)</b>	(2,152)	70.2%
Finance expenses	<b>(1,890)</b>	(3,199)	(40.9%)
Total expenses	<b>(297,621)</b>	(222,718)	33.6%
Share of profit of associated companies and joint ventures	<b>574</b>	1,662	(65.5%)
Profit before income tax	<b>48,464</b>	57,787	(16.1%)
Income tax expense	<b>(11,434)</b>	(10,630)	7.6%
<b>Total profit</b>	<b>37,030</b>	47,157	(21.5%)
Attributable to:			
Equity holders of the Company	<b>35,852</b>	46,590	(23.0%)
Non-controlling interests	<b>1,178</b>	567	107.8%
<b>Total profit</b>	<b>37,030</b>	47,157	(21.5%)
<b>Operating Profit<sup>2</sup></b>	<b>49,369</b>	57,708	(14.5%)
<b>Underlying Net Profit<sup>3</sup></b>	<b>35,763</b>	40,282	(11.2%)

Earnings per share for profit attributable to the equity holders of the Company during the period: <sup>4</sup>

- Basic	<b>1.49 cents</b>	2.00 cents
- Diluted	<b>1.48 cents</b>	1.99 cents

Notes

- Volume-related expenses comprise mainly of traffic expenses, outsourcing services and delivery expenses.
- 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.
- Underlying net profit is defined as profit after tax and non-controlling interests, before one-off items such as gains and losses on sale of investments, property, plant and equipment and M & A related professional fees.
- 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).

## Consolidated Statement of Comprehensive Income

	FY2016/17 Q1 S\$'000	FY2015/16 Q1 S\$'000	Variance %
<b>Total profit</b>	<b>37,030</b>	47,157	(21.5%)
<b>Other comprehensive (loss) / income (net of tax):</b>			
Items that may be reclassified subsequently to profit or loss:			
Available for sale financial assets - fair value losses	(58)	(111)	(47.7%)
Currency translation differences arising from consolidation			
- Losses	(7,730)	(6,821)	13.3%
- Transfers to profit & loss arising from Disposals of subsidiaries and associates	-	1,007	N.M.
<b>Other comprehensive loss for the period (net of tax)</b>	<b>(7,788)</b>	(5,925)	31.4%
<b>Total comprehensive income for the period*</b>	<b>29,242</b>	41,232	(29.1%)
Total comprehensive income attributable to:			
Equity holders of the Company	28,426	41,258	(31.1%)
Non-controlling interests	816	(26)	N.M.
	<b>29,242</b>	41,232	(29.1%)

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

## Underlying Net Profit Reconciliation Table

	FY2016/17 Q1 S\$'000	FY2015/16 Q1 S\$'000	Variance %
Profit attributable to equity holders of the Company	35,852	46,590	(23.0%)
Gain on disposal of property, plant and equipment	(89)	(1,403)	(93.7%)
Gain on sale of investments	-	(8,428)	N.M.
M & A related professional fees	-	3,523	N.M.
<b>Underlying Net Profit</b>	<b>35,763</b>	40,282	(11.2%)

N.M. Not meaningful.

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

	<b>FY2016/17</b>	<b>FY2015/16</b>	
	<b>Q1</b>	<b>Q1</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Other operating income and interest income <sup>#</sup>	<b>12,139</b>	24,236	(49.9%)
Interest on borrowings	<b>2,017</b>	1,575	28.1%
Depreciation and amortisation	<b>10,950</b>	6,911	58.4%
Impairment of doubtful debts and bad debts written off	<b>486</b>	313	55.3%
Foreign exchange gains / (losses)	<b>1,019</b>	(512)	N.M.
Gains on sale of investments, property, plant and equipment <sup>#</sup>	<b>89</b>	9,831	(99.1%)

<sup>#</sup> Including one-off gains and losses on sale of investments, property, plant and equipment.

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-16 S\$'000	Mar-16 S\$'000	Jun-16 S\$'000	Mar-16 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	232,797	126,640	155,700	49,626
Financial assets	7,302	8,127	6,955	7,780
Trade and other receivables	203,608	210,287	210,069	194,719
Derivative financial instruments	1,650	846	1,362	846
Inventories	4,577	4,499	331	367
Other current assets	18,528	17,206	6,230	4,915
	<b>468,462</b>	<b>367,605</b>	<b>380,647</b>	<b>258,253</b>
<b>Non-current assets</b>				
Financial assets	38,092	38,083	37,818	37,832
Trade and other receivables	5,375	5,351	568,514	563,193
Investments in associated companies and joint ventures	141,306	146,401	14,348	14,348
Investments in subsidiaries	-	-	357,779	356,229
Investment properties	764,076	745,844	779,444	760,842
Property, plant and equipment	547,282	517,376	240,538	241,943
Intangible assets	578,570	583,193	227	227
Deferred income tax assets	5,300	5,544	-	-
Other non-current asset	6,361	6,408	-	-
	<b>2,086,362</b>	<b>2,048,200</b>	<b>1,998,668</b>	<b>1,974,614</b>
<b>Total assets</b>	<b>2,554,824</b>	<b>2,415,805</b>	<b>2,379,315</b>	<b>2,232,867</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	397,329	385,712	281,824	274,432
Current income tax liabilities	45,001	35,918	38,407	29,950
Deferred income <sup>1</sup>	7,253	7,268	7,253	7,268
Derivative financial instruments	1,231	801	1,150	759
Borrowings	158,865	71,090	121,000	33,000
	<b>609,679</b>	<b>500,789</b>	<b>449,634</b>	<b>345,409</b>
<b>Non-current liabilities</b>				
Trade and other payables	29,873	30,190	-	-
Borrowings	208,700	209,182	202,862	203,044
Deferred income <sup>1</sup>	54,974	56,785	54,974	56,785
Deferred income tax liabilities	58,009	57,356	19,548	19,199
	<b>351,556</b>	<b>353,513</b>	<b>277,384</b>	<b>279,028</b>
<b>Total liabilities</b>	<b>961,235</b>	<b>854,302</b>	<b>727,018</b>	<b>624,437</b>
<b>NET ASSETS</b>	<b>1,593,589</b>	<b>1,561,503</b>	<b>1,652,297</b>	<b>1,608,430</b>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	450,644	448,775	450,644	448,775
Treasury shares	(1,717)	(2,116)	(1,717)	(2,116)
Other reserves	408	7,258	35,231	34,713
Retained earnings	781,790	749,647	817,604	780,232
Ordinary equity	1,231,125	1,203,564	1,301,762	1,261,604
Perpetual securities <sup>2</sup>	350,535	346,826	350,535	346,826
	<b>1,581,660</b>	<b>1,550,390</b>	<b>1,652,297</b>	<b>1,608,430</b>
Non-controlling interests	11,929	11,113	-	-
<b>Total equity</b>	<b>1,593,589</b>	<b>1,561,503</b>	<b>1,652,297</b>	<b>1,608,430</b>

<sup>1</sup> Relates to the postassurance collaboration and capital grants received.

<sup>2</sup> 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-16</b>	Mar-16
	<b>S\$'000</b>	S\$'000
Amount repayable in one year or less, or on demand		
- Borrowings (secured)	<b>11,447</b>	11,667
- Borrowings (unsecured)	<b>147,418</b>	59,423
Amount repayable after one year:		
- Borrowings (secured)	<b>5,838</b>	6,138
- Borrowings (unsecured)	<b>202,862</b>	203,044
	<b>367,565</b>	280,272

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.**

Secured borrowings comprised bank loans and are secured over investment properties, or guaranteed by directors of subsidiaries 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.**

	<b>The Group</b>	
	<b>FY2016/17</b>	<b>FY2015/16</b>
	<b>Q1</b>	<b>Q1</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total profit	37,030	47,157
Adjustments for:		
Income tax expense	11,434	10,630
Amortisation of deferred income	(1,826)	(1,933)
Amortisation of intangible assets	1,056	351
Depreciation	9,894	6,560
Gains on sale of investments, property, plant and equipment	(89)	(9,831)
Share-based staff costs	1,090	1,099
Interest expense	2,017	1,575
Interest income	(411)	(1,616)
Share of profit of associated companies and joint ventures	(574)	(1,662)
	<u>22,591</u>	<u>5,173</u>
<b>Operating cash flow before working capital changes</b>	<b>59,621</b>	<b>52,330</b>
Changes in working capital, net of effects from disposal of subsidiaries		
Inventories	(78)	(627)
Trade and other receivables	7,549	5,984
Trade and other payables	13,391	2,831
<b>Cash generated from operations</b>	<b>80,483</b>	<b>60,518</b>
Income tax paid	(1,907)	(1,285)
<b>Net cash provided by operating activities</b>	<b>78,576</b>	<b>59,233</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets	(466)	-
Additions to property, plant and equipment and investment properties	(64,365)	(75,641)
Disposal of subsidiaries, net of cash disposed of	-	16,095
Dividends received from associated company	859	-
Investment in an associated company	-	(4,519)
Interest received	293	1,156
Loan to an associated company	-	(737)
Payment relating to purchase of a business	-	(250)
Proceeds from disposal of property, plant and equipment	1,580	1,491
Proceeds on maturity of financial assets	750	4,500
Purchase of financial assets	-	(23,321)
Repayment of loans by associated companies	136	1,012
<b>Net cash used in investing activities</b>	<b>(61,213)</b>	<b>(80,214)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(454)	(233)
Proceeds from issuance of ordinary shares	1,754	3,920
Proceeds from bank loan	147,000	-
Repayment of bank term loan	(59,506)	(932)
<b>Net cash provided by financing activities</b>	<b>88,794</b>	<b>2,755</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>106,157</b>	<b>(18,226)</b>
Cash and cash equivalents at beginning of financial period	<u>126,640</u>	<u>584,140</u>
<b>Cash and cash equivalents at end of financial period</b>	<b>232,797</b>	<b>565,914</b>

**(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					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	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2016	<b>448,775</b>	<b>(2,116)</b>	<b>749,647</b>	<b>7,258</b>	<b>1,203,564</b>	<b>346,826</b>	<b>1,550,390</b>	<b>11,113</b>	<b>1,561,503</b>
Total comprehensive income / (loss) for the period	-	-	<b>32,143</b>	<b>(7,426)</b>	<b>24,717</b>	<b>3,709</b>	<b>28,426</b>	<b>816</b>	<b>29,242</b>
	<b>448,775</b>	<b>(2,116)</b>	<b>781,790</b>	<b>(168)</b>	<b>1,228,281</b>	<b>350,535</b>	<b>1,578,816</b>	<b>11,929</b>	<b>1,590,745</b>
Employee share option scheme:									
- Value of employee services	-	-	-	<b>1,090</b>	<b>1,090</b>	-	<b>1,090</b>	-	<b>1,090</b>
- New shares issued	<b>1,869</b>	-	-	<b>(115)</b>	<b>1,754</b>	-	<b>1,754</b>	-	<b>1,754</b>
- Treasury shares re-issued	-	<b>399</b>	-	<b>(399)</b>	-	-	-	-	-
Balance at 30 June 2016	<b>450,644</b>	<b>(1,717)</b>	<b>781,790</b>	<b>408</b>	<b>1,231,125</b>	<b>350,535</b>	<b>1,581,660</b>	<b>11,929</b>	<b>1,593,589</b>
Balance at 1 April 2015	429,980	(2,831)	682,639	7,448	1,117,236	346,826	1,464,062	3,675	1,467,737
Total comprehensive income / (loss) for the period	-	-	<b>42,881</b>	<b>(5,332)</b>	<b>37,549</b>	<b>3,709</b>	<b>41,258</b>	<b>(26)</b>	<b>41,232</b>
	429,980	(2,831)	725,520	2,116	1,154,785	350,535	1,505,320	3,649	1,508,969
Employee share option scheme:									
- Value of employee services	-	-	-	<b>1,099</b>	<b>1,099</b>	-	<b>1,099</b>	-	<b>1,099</b>
- New shares issued	<b>4,227</b>	-	-	<b>(307)</b>	<b>3,920</b>	-	<b>3,920</b>	-	<b>3,920</b>
- Treasury shares re-issued	-	<b>221</b>	-	<b>(221)</b>	-	-	-	-	-
Balance at 30 June 2015	<b>434,207</b>	<b>(2,610)</b>	<b>725,520</b>	<b>2,687</b>	<b>1,159,804</b>	<b>350,535</b>	<b>1,510,339</b>	<b>3,649</b>	<b>1,513,988</b>

**The Company – Q1**

	Attributable to ordinary shareholders of the Company					Perpetual securities	Total
	Share capital	Treasury shares	Retained earnings	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2016	<b>448,775</b>	<b>(2,116)</b>	<b>780,232</b>	<b>34,713</b>	<b>1,261,604</b>	<b>346,826</b>	<b>1,608,430</b>
Total comprehensive income / (loss) for the period	-	-	<b>37,372</b>	<b>(58)</b>	<b>37,314</b>	<b>3,709</b>	<b>41,023</b>
	<b>448,775</b>	<b>(2,116)</b>	<b>817,604</b>	<b>34,655</b>	<b>1,298,918</b>	<b>350,535</b>	<b>1,649,453</b>
Employee share option scheme:							
- Value of employee services	-	-	-	<b>1,090</b>	<b>1,090</b>	-	<b>1,090</b>
- New shares issued	<b>1,869</b>	-	-	<b>(115)</b>	<b>1,754</b>	-	<b>1,754</b>
- Treasury shares re-issued	-	<b>399</b>	-	<b>(399)</b>	-	-	-
Balance at 30 June 2016	<b>450,644</b>	<b>(1,717)</b>	<b>817,604</b>	<b>35,231</b>	<b>1,301,762</b>	<b>350,535</b>	<b>1,652,297</b>
Balance at 1 April 2015	429,980	(2,831)	688,597	5,802	1,121,548	346,826	1,468,374
Total comprehensive income for the period	-	-	<b>58,949</b>	<b>(111)</b>	<b>58,838</b>	<b>3,709</b>	<b>62,547</b>
	429,980	(2,831)	747,546	5,691	1,180,386	350,535	1,530,921
Employee share option scheme:							
- Value of employee services	-	-	-	<b>1,099</b>	<b>1,099</b>	-	<b>1,099</b>
- New shares issued	<b>4,227</b>	-	-	<b>(307)</b>	<b>3,920</b>	-	<b>3,920</b>
- Treasury shares re-issued	-	<b>221</b>	-	<b>(221)</b>	-	-	-
Balance at 30 June 2015	<b>434,207</b>	<b>(2,610)</b>	<b>747,546</b>	<b>6,262</b>	<b>1,185,405</b>	<b>350,535</b>	<b>1,535,940</b>



- (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 2016, the Company issued 1,469,000 ordinary share at prices ranging from S\$0.89 to S\$1.45 upon the exercise of options granted under the Singapore Post Share Option Scheme.

As at 30 June 2016, there were unexercised options for 49,886,000 (30 June 2015: 69,650,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Share Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 3,655,262 (30 June 2015: 2,116,711) unissued ordinary shares under the Restricted Share Plan.

As at 30 June 2016, the Company held 1,658,277 treasury shares (30 June 2015: 2,527,478).

- (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 2016, total issued shares were 2,162,812,341 (31 March 2016: 2,160,955,909).

- (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 2016, the Company re-issued 387,432 treasury shares at a prices ranging from S\$1.025 to S\$1.0289 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 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 2016.

- (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 2016, 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>FY2016/17</b>	<b>FY2015/16</b>
	<b>Q1</b>	<b>Q1</b>
Based on weighted average number of ordinary shares in issue	<u>1.49 cents</u>	2.00 cents
On fully diluted basis	<u>1.48 cents</u>	1.99 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-16</b>	<b>Mar-16</b>	<b>Jun-16</b>	<b>Mar-16</b>
Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	<u>73.68</u>	72.26	<u>76.40</u>	74.43

	<b>The Group</b>		<b>The Company</b>	
	<b>Jun-16</b>	<b>Mar-16</b>	<b>Jun-16</b>	<b>Mar-16</b>
Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	<u>56.92</u>	55.70	<u>60.19</u>	58.38

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

**First Quarter Ended 30 June 2016**

*Revenue*

	<b>FY2016/17</b>	<b>FY2015/16</b>	<b>Variance</b>
	<b>Q1</b>	<b>Q1</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
Postal	<b>137,042</b>	135,076	1.5%
Logistics	<b>156,682</b>	140,071	11.9%
eCommerce	<b>65,281</b>	7,766	@
Inter-segment eliminations*	<b>(25,633)</b>	(28,306)	(9.4%)
<b>Total</b>	<b>333,372</b>	254,607	30.9%

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

The Group registered strong revenue growth of 30.9% for the first quarter ended 30 June 2016, with continued growth in cross-border eCommerce-related activities and the inclusion of new subsidiaries.

In the Postal segment, revenue increased 1.5% despite the deconsolidation of subsidiaries divested during the previous financial year. Excluding the impact of the divestments, Postal revenue would have grown by 7.8% compared to the same quarter last year. This was driven by higher International mail revenue as a result of increased cross-border eCommerce-related activities.

Logistics revenue rose by 11.9% in Q1, with steady organic growth led by Quantum Solutions and Couriers Please, as well as the inclusion of a new subsidiary under Famous Holdings.

eCommerce revenue rose strongly with the consolidation of new US subsidiaries, Trade Global from 14 November 2015 and Jagged Peak from 8 March 2016.

*Other Income*

Rental and property-related income decreased 8.6% as a result of lower retail rental revenue with the redevelopment of Singapore Post Centre ("SPC") retail mall, which is due for completion by mid-2017.

Miscellaneous income amounted to S\$2.4 million in Q1 compared to \$13.6 million in the comparable quarter last year. The drop was mainly due to one-off gains from the disposal of Novation Solutions and DataPost HK in Q1 last year.

*Total Expenses*

Total expenses increased 33.6% in Q1, driven by the inclusion of new subsidiaries and growth in business volumes.

Labour and related expenses were higher mainly due to additional headcount from new subsidiaries and the Group's growth initiatives.

The increase in volume-related expenses reflects the growth in international mail traffic as well as increased eCommerce Logistics volumes as part of the Group's transformation.

Administrative and other expenses increased largely due to higher property-related expenses such as warehouse rental costs.

Depreciation and amortisation expenses were higher due to amortisation of intangible assets from customer relationship in TradeGlobal and depreciation cost from the Regional eCommerce Logistics Hub, which attained TOP in April 2016.

Finance expenses were lower by S\$1.3 million in Q1 due mainly to higher non-trade related foreign exchange translation gains.

#### *Operating Profit*

	<b>FY2016/17</b>	FY2015/16	
	<b>Q1</b>	Q1	<b>Variance</b>
	<b>S\$'000</b>	S\$'000	<b>%</b>
Postal	<b>42,089</b>	41,936	0.4%
Logistics	<b>7,238</b>	6,849	5.7%
eCommerce	<b>(3,519)</b>	(1,926)	(82.7%)
Property & others <sup>#</sup>	<b>3,561</b>	10,849	(67.2%)
<b>Operating Profit</b>	<b>49,369</b>	57,708	(14.5%)

<sup>#</sup> Others refer to the commercial property rental operations and unallocated corporate overhead items.

Operating profit decreased 14.5% in Q1 due to one-off gains from divestments of subsidiaries recorded in Q1 last year. Excluding the one-off gains, operating profit decreased by 4.1% largely attributable to the impact of loss of rental income arising from the SPC retail mall redevelopment, as well as investments in the eCommerce business.

Postal operating profit was steady in Q1. The strong growth in international mail volumes from eCommerce-related activities helped offset the effects of lower domestic letter mail volumes as well as the deconsolidation of subsidiaries divested last year.

In Logistics, operating profit increased 5.7% in Q1. The Group continued to strengthen its eCommerce Logistics network with the ongoing integration of newly acquired subsidiaries.

Operating losses from eCommerce segment in Q1 increased from S\$1.9 million to S\$3.5 million. The Group continues to invest in IT and operational capabilities as part of its integration efforts but these investment costs more than offset the contributions from the newly acquired subsidiaries in the US.

Property & others segment profit decreased 67.2% mainly due to one-off gains from divestments of subsidiaries in Q1 last year.

#### *Share of profit of associated companies and joint ventures*

Share of profit of associated companies and joint ventures decreased to S\$0.6 million in Q1, mainly due to lower contributions from associated companies. There was a reduction in share of profits from GD Express following a partial divestment last year.

#### *Net Profit and Underlying Net Profit*

Net profit attributable to equity holders was down 23.0% for Q1. Excluding one-off items, Q1 underlying net profit declined 11.2% from S\$40.3 million to S\$35.8 million due mainly to the impact of loss of rental income arising from the SPC retail mall redevelopment, depreciation charges for Regional eCommerce Logistics Hub which attained TOP in April 2016 and continued investments in eCommerce.

## Balance Sheet

The Group's total assets amounted to S\$2.6 billion as at 30 June 2016, compared to S\$2.4 billion as at 31 March 2016. Higher cash, investment properties and property, plant and equipment, were offset by lower trade receivables, investments in associated companies and joint ventures and intangible assets.

Total liabilities were S\$961.2 million, compared to S\$854.3 million as at 31 March 2016. The increase was mainly due to higher trade payables as a result of consolidation of new subsidiaries, higher current tax liabilities and higher short-term borrowings.

As a result of the increase in short-term borrowings, the Group showed a net current liability position of S\$141.2 million, compared to S\$133.2 million as at 31 March 2016. The cash and short-term funds were largely utilised for the acquisition of TradeGlobal and capital expenditure. This resulted in the Group holding higher non-current assets that were funded by cash and short term borrowings. The Group has sufficient banking lines for its funding needs.

As at 30 June 2016, the Group was in a net debt position<sup>[1]</sup> of S\$134.8 million. Total borrowings increased from S\$280.3 million as at 31 March 2016 to S\$367.6 million as at 30 June 2016. Interest coverage ratio<sup>[2]</sup> remained healthy at 30.2 times, compared to 42.1 times last year. The decrease was due to higher interest on borrowings incurred for the current period as well as the inclusion of the one-off divestment gains for the comparative period last year.

Ordinary shareholders' equity was slightly higher as at 30 June 2016 at S\$1.2 billion, compared to the opening position as at 31 March 2016 due to retained profit for the period.

## Cash Flow

Net cash inflow from operating activities for Q1 amounted to S\$78.6 million, compared to S\$59.2 million last year.

Net cash outflow for investing activities was S\$61.2 million, compared to S\$80.2 million for the same quarter last year. Capital expenditure of S\$64.4 million for Q1 comprised committed capital expenditures for the ongoing redevelopment of Singapore Post Centre retail mall and the construction of the Regional eCommerce Logistics Hub.

Net cash inflow from financing activities was S\$88.8 million, compared to net cash inflow of S\$2.8 million last year, largely due to net proceeds from bank loans which have a positive carry.

The use of the proceeds from the share issue to Alibaba Investment Limited is in line with the intended use originally stated in the SGXNET announcement dated 28 May 2014 and the subsequent SGXNET announcement dated 10 May 2016.

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

Not applicable.

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<sup>[1]</sup> Cash and cash equivalents less borrowings

<sup>[2]</sup> 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.**

Domestic mail remains under pressure with declining volumes but this was offset by growth from International mail volumes. The Group will continue to defend the core postal business, while growing its global end-to-end eCommerce Logistics network.

The acquisitions of Trade Global and Jagged Peak in the US have provided the Group with a foothold in one of the world's most important eCommerce markets. The business is highly seasonal and peaks in November and December, leading into Christmas. The Group will maintain a sharp focus on execution over this upcoming period.

As SingPost continues its transformation into an eCommerce Logistics enabler, the Group will focus on integration and extracting synergies from its acquisitions.

Capital expenditure is expected to remain high in FY2016/17 from committed capital expenditures for the ongoing redevelopment of Singapore Post Centre retail mall and the construction of the Regional eCommerce Logistics Hub.

The Group had announced a new share issue of 5% of its existing share capital to Alibaba Investment Limited. The Group had also entered into a conditional joint venture agreement with Alibaba Investment Limited where the latter will acquire a 34% stake in Quantum Solutions International Pte Ltd.

The new share issue is subject to conditions precedent, including Alibaba obtaining regulatory approval to increase their stake and being satisfied with any conditions that might be imposed.

The proposed Alibaba joint venture with Quantum Solutions is also subject to conditions precedent. Given business opportunities arising from related investments, both parties are working to finalise the joint venture agreement.

**(11) Dividends**

**Current financial period reported on**

Interim dividend

In relation to financial period ended 30 June 2016, the Board of Directors has declared an interim dividend of 1.50 cents per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 1.50 cents per ordinary share will be paid on 31 August 2016. The transfer book and register of members of the Company will be closed on 19 August 2016 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 2016 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 2015 was declared on 29 July 2015 and paid on 27 August 2015.

## **Dividend Policy**

SingPost will be reviewing the dividend policy to ensure there is a clear link to underlying earnings. The dividend must be sustainable through the transformation of the business, and provide for future growth.

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

Not applicable.

### **(13) Group Segment Information**

Segment information is presented based on the information reviewed by the chief operating decision maker for performance measurement and resource allocation.

From 1 April 2016, SingPost Group has reclassified the reporting of certain business units into three business segments, namely Postal, Logistics and eCommerce:

- Postal segment comprises the core postal business of the Group. This includes both Domestic mail and International mail, as well as products and services transacted at the post offices. The comparative period last year included DataPost and Novation Solutions, the hybrid mail businesses which were divested during the financial year ended 31 March 2016.
- Logistics segment comprises the Logistics businesses of the Group. This includes Quantum Solutions, Couriers Please, SP Parcels, Famous Holdings and other logistics entities.
- eCommerce segment comprises the front-end related eCommerce businesses. This includes SP eCommerce in Asia Pacific and the US, as well as TradeGlobal and Jagged Peak.

The segment revenue and profit figures in paragraph 8 have been reclassified for comparative purposes.

Other operations include the provision of commercial property rental and corporate costs of the Group not allocated to the reportable operating segments. These are disclosed under "Property & others". The comparative period last year included investment gains from the divestments of certain subsidiaries.

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purpose.

## (14) Interested Person Transactions

During the first quarter ended 30 June 2016, 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)	
	FY2016/17 Q1 S\$'000	FY2015/16 Q1 S\$'000	FY2016/17 Q1 S\$'000	FY2015/16 Q1 S\$'000
<b>Sales</b>				
Mediacorp Group	-	-	-	799*
Singapore Airlines Group	-	-	-	1,260*
Singapore Telecommunications Group	-	-	1,801*	1,653*
Starhub Group	-	-	759	860
	-	-	2,560	4,572
<b>Purchases</b>				
Certis Cisco Group	-	-	450	162*
PSA Corporation	-	-	-	1,808*
Sembcorp Group	-	-	4,809*	-
Singapore Airlines Group	-	-	4,588	1,540
	-	-	9,847	3,510
<b>Total interested person transactions</b>	-	-	12,407	8,082

### 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 1 year to 3 years) or annual values for open-ended contracts.

\*Include contracts of duration exceeding one year.



**(15) 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.

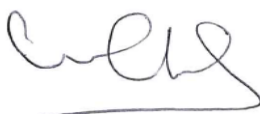
**(16) Confirmation by the Board pursuant to rule 705(5) of the Listing Manual**

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 2016 to be false or misleading.

On behalf of the Board of Directors



**MR SIMON CLAUDE ISRAEL**  
Chairman



**MR SOO NAM CHOW**  
Director

Singapore  
4 August 2016