



**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 profit³	41,888	49,369	(15.2%)
Underlying net profit⁴	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	FY2016/17	
	Q1	Q1	Variance
	S\$'000	S\$'000	%
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 S\$'000	Mar-17 S\$'000	Jun-17 S\$'000	Mar-17 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					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 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				Perpetual securities	Total	
	Share capital	Treasury shares	Retained earnings	Other reserves			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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	<u>1.20 cents</u>	1.49 cents
On fully diluted basis	<u>1.20 cents</u>	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)	<u>76.28</u>	75.03	<u>75.43</u>	73.85
	The Group Jun-17	Mar-17	The Company 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)	<u>60.86</u>	59.78	<u>60.00</u>	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*	<u>(26,698)</u>	<u>(25,633)</u>	<u>4.2%</u>
Total	<u>354,122</u>	<u>333,372</u>	<u>6.2%</u>

* 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 Quantum 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 transshipment 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 Quantum 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 transshipment 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

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 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
Chairman



MRS FANG AI LIAN
Director

Singapore
3 August 2017