STATUTORY REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2017 and the balance sheet of the Company as at 31 March 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 137 to 286 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Simon Claude Israel (Chairman)	
Ms Aliza Knox	
Mr Bob Tan Beng Hai	(Appointed on 10 October 2016)
Mr Chen Jun	
Ms Elizabeth Kong Sau Wai	(Appointed on 10 October 2016)
Mrs Fang Ai Lian	(Appointed on 10 October 2016)
Ms Lim Cheng Cheng	(Appointed on 1 April 2017)
Professor Low Teck Seng	
Mr Zulkifli Bin Baharudin	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" and "Restricted Share Plan" on pages 118 to 123 of this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.3.2017	At 1.4.2016	**At 31.3.2017**	At 1.4.2016
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Professor Low Teck Seng	**80,460**	–	**60,000[1]**	60,000[1]
Ms Aliza Knox	**20,529**	–	**–**	–

[1] Deemed interests through spouse

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.3.2017	At 1.4.2016 or date of appointment, If later	**At 31.3.2017**	At 1.4.2016 or date of appointment, If later
Company				
Singapore Post Limited				
(4.25% Singapore Post perpetual securities)				
Mrs Fang Ai Lian	**250,000**	250,000	**–**	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 118 to 123 of this statement.

	Number of unvested restricted shares held by director	
	At 31.3.2017	At 1.4.2016
Unvested restricted shares		
Ms Aliza Knox	–	20,529
Professor Low Teck Seng	–	80,460

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2017 were the same as those as at 31 March 2017.

SHARE OPTIONS

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as "The Scheme". The Scheme is administered by the Compensation Committee comprising Mrs Fang Ai Lian (Chairman[1]), Mr Simon Claude Israel and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2017.

Employees (including executive directors) and non-executive directors, subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees, and to give recognition to non-executive directors, who have contributed to the success and development of the Company and/or the Group.

[1] Mrs Fang Ai Lian was appointed as the chairperson of the Compensation Committee on 10 October 2016 in place of Mr Tan Yam Pin who stepped down as chairman and member of the Compensation Committee on 14 July 2016.

SHARE OPTIONS (continued)

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.

- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).

- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follow:

Vesting period	Proportion of Total Share Options that are exercisable
Before/On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant **OR** Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On/After third anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

SHARE OPTIONS (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before/On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On/After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On/After fourth anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company target share price performance.

- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

Since the adoption of the Scheme to 31 March 2016, a total of 171,626,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

SHARE OPTIONS (continued)

During the financial year ended 31 March 2017, 7,061,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of grant	Exercise Period	Exercise Price	Balance At 1.4.16 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.17 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
26.06.06 (1)	27.06.07 to 26.06.16	S$1.048	27	–	27	–	–
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	–	196
30.06.08	01.07.09 to 30.06.18	S$1.100	280	–	90	–	190
29.06.09 (1)	30.06.10 to 29.06.19	S$0.890	10	–	10	–	–
29.06.10	30.06.11 to 29.06.20	S$1.140	533	–	20	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	855	–	189	–	666
19.03.12 (1)	20.03.13 to 19.03.22	S$0.980	200	–	200	–	–
10.05.12 (1)	11.05.13 to 10.05.22	S$1.030	200	–	200	–	–
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	–	–	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	2,590	–	1,066	–	1,524
03.09.12 (1)	04.09.13 to 03.09.22	S$1.080	50	–	50	–	–
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	11,316	–	1,991	1,723	7,602
07.03.14	08.03.17 to 07.03.24	S$1.330	500	–	–	–	500
10.03.14	11.03.15 to 10.03.24	S$1.330	80	–	–	–	80
01.04.14	02.04.17 to 01.04.24	S$1.360	200	–	–	–	200
20.05.14	21.05.15 to 20.05.24	S$1.450	7,689	–	686	1,370	5,633
07.08.14	08.08.15 to 07.08.24	S$1.760	708	–	–	140	568
28.11.14	29.11.15 to 28.11.24	S$1.920	200	–	–	200	–
07.04.15	08.04.16 to 07.04.25	S$1.960	1,588	–	–	1,588	–
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	–	950
19.05.15	20.05.16 to 19.05.25	S$1.890	15,933	–	–	2,976	12,957
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.27	S$1.570	–	7,061	–	374	6,687
Total Share Options			45,270	7,061	4,529	8,371	39,431

(1) All outstanding share options granted on 26 June 2006, 29 June 2009, 19 March 2012, 10 May 2012 and 3 September 2012 had been exercised before the expiry date.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

SHARE OPTIONS (continued)

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

RESTRICTED SHARE PLAN

The Singapore Post Restricted Share Plan 2013 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

RESTRICTED SHARE PLAN (continued)

The release schedule for the shares granted to eligible employees (excluding non-executive directors) is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole Share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole Share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of The Plan to 31 March 2016, a total of 3,402,479 restricted shares were granted.

During the financial year ended 31 March 2017, 2,436,639 restricted shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

Date of Grant	Balance As At 1.4.16 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.17 ('000)
05.08.13	401	–	365	28	8
20.05.14	443	–	189	21	233
19.05.15	662	–	198	68	396
03.08.15	112	–	112	–	–
20.05.16	–	2,437	–	419	2,018
Total Shares	**1,618**	**2,437**	**864**	**536**	**2,655**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are as follows:

Mrs Fang Ai Lian (Chairman)
Mr Zulkifli Bin Baharudin
Mr Bob Tan Beng Hai

All members of the Audit Committee were non-executive and independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50.

The Audit Committee has reviewed the overall scopes, plans and results of both internal and independent audits and the assistance given by the Company's officers to the auditors. It has met with the Company's internal and independent auditors to discuss the results of their respective examinations and evaluations of the Company's system of internal accounting controls.

The Audit Committee has also reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

Pursuant to the requirements of the SGX-ST, the Audit Committee, with the assistance of the internal auditors, has reviewed the guidelines and procedures that were set up to identify, report and where necessary, seek appropriate approval for interested person transactions of the Group. Interested person transactions of the Group during the financial year have also been reviewed by the Audit Committee.

The Audit Committee has made its recommendations to the Board of Directors and the Board of Directors is satisfied with the proposed appointment of Deloitte & Touche LLP as external auditor of the Company in place of the retiring auditor, PricewaterhouseCoopers LLP, at the forthcoming 2017 Annual General Meeting.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, will not be seeking re-appointment and Deloitte & Touche LLP has been nominated to be the auditor for the ensuing year. The appointment of Deloitte & Touche LLP is subject to shareholders' approval at the forthcoming 2017 Annual General Meeting.

On behalf of the directors

Mr Simon Claude Israel
Chairman

Mrs Fang Ai Lian
Director

Singapore, 15 May 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 March 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated balance sheet of the Group as at 31 March 2017;
- the balance sheet of the Company as at 31 March 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended, and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill and other intangible assets *Refer to Notes 3(a) and 23 to the financial statements.* We focused on this area due to the magnitude of the goodwill balance (S$305.1 million as at 31 March 2017) across the Group and the other intangible assets (S$95.6 million as at 31 March 2017), principally customer relationships and trademarked brands with indefinite useful lives.	We agreed management's future cash flow projections to internal forecasts and strategic plans, and tested them against external data as well as historic trend analyses, expectations of the future development of the business, and market and publicly available industry and economic data. We compared the current year actual results with the prior year forecast to consider whether the assumptions made in the prior year, with hindsight, had been reasonable. We involved our valuation specialists in evaluating management's assumptions applied to future cash flow projections as follows: • terminal growth rates, by comparing them against economic and industry forecasts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill and other intangible assets (continued) In addition, management's assessment of the recoverable amounts of the cash-generating units ("CGUs") involves significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates, discount rates and royalty rates applied to the future cash flow projections. For the financial year ended 31 March 2017, a total impairment charge of S$205.7 million was recognised on certain of the Group's goodwill on acquisitions and customer relationships. Included therein was S$166.1 million for the goodwill on acquisition and S$19 million for the customer relationships in respect of TG Acquisition Corporation, the immediate holding Company of TradeGlobal. The Group appointed an independent external consulting firm to perform a review and report on the reasonableness of the valuation methodology and the key assumptions applied for the assessment of impairment of TG Acquisition Corporation.	• discount rates, by assessing the weighted average cost of capital ("WACC") used against comparable organisations, as well as considering territory specific factors. • royalty rates, by assessing them against rates charged by comparable organisations. We performed sensitivity calculations over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above. We read and considered the report obtained by the Group from the independent external consulting firm in respect of their review of the methodology and assumptions applied by management in the assessment of impairment of TG Acquisition Corporation. We considered the adequacy of the Group's disclosures (in Notes 3(a) and 23) made in relation to goodwill and other intangible assets. We found the estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be reasonable. We also found the disclosures in the financial statements in respect of goodwill and other intangible assets, and impairment thereof, to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of property, plant and equipment and investments in associated companies *Refer to Notes 3(b), 19 and 22 to the financial statements.* The Group operates various businesses globally, which utilise property, plant and equipment with a total carrying value of S$565.6 million as at 31 March 2017. The Group also has investments in associated companies with a total carrying value of S$117.8 million as at 31 March 2017. We focused on these areas due to the size of the asset carrying values as well as the significant judgment involved in management's assessment of the recoverability of the invested amounts. Such judgment relates to the determination of the recoverable amounts of the property, plant and equipment and investments in associated companies. Recoverable amounts are determined based on the higher of fair values based on valuations performed by an independent and qualified valuer, and value-in use calculations which involve management's assessment of the future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.	Our audit procedures included procedures to identify triggering events for potential impairment. *Assessment of fair values* We assessed the appropriateness of the fair values used in management's assessment of impairment. The audit procedures were performed in conjunction with the procedures performed to address the key audit matter, "Valuation of investment properties" as set out below. *Assessment of value-in-use calculations* • We agreed management's future cash flow projections to internal forecasts and strategic plans, and tested them against historic trend analyses, and expectations of the future development of the business, and market and publicly available industry and economic data. • We compared the current year actual results with the prior year forecast to consider whether the assumptions made in the prior year, with hindsight, had been reasonable. • We evaluated management's assumptions applied to future cash flow projections as follows: o terminal growth rates, by comparing them against economic and industry forecasts o discount rates, by assessing the WACC used against comparable organisations, as well as considering territory specific factors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of property, plant and equipment and investments in associated companies (continued) For the financial year ended 31 March 2017, the Group recognised impairment charges of S$20.5 million for one of the Group's investments in associated companies, and S$9.3 million for one of the Group's properties.	• We performed sensitivity calculations over the value-in-use of the Group's property, plant and equipment and investments in associated companies, based on reasonably possible changes in the key assumptions as set out above. We considered the adequacy of the Group's disclosures (in Notes 3(b), 19 and 22) made in relation to property, plant and equipment, and investments in associated companies. We found the estimates and assumptions used in the impairment assessment of property, plant and equipment and investments in associated companies to be reasonable. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Notes 3(c) and 21 to the financial statements.* The carrying value of the Group's investment properties of S$970.4 million accounted for 35% of the Group's total assets as at 31 March 2017. The net fair value gains on investment properties recognised in the financial year then ended amounted to S$108.7 million. The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities) is inherently subjective, due principally to the unique nature of each property (including its location) which heavily influences the future rental it is expected to generate. The assumptions on which the property values are based are influenced by tenure and tenancy details for each property, prevailing market yields and comparable market transactions. The significance of the value of these investment properties and the inherent judgment involved in the valuation of these properties made this a key audit matter.	The valuations were carried out by a third party valuer (the "Valuer") engaged by the Group. Our audit procedures included the assessment of the following: *Experience of the Valuer and relevance of their work* We read the Valuer's reports. We confirmed that the valuation approaches used were consistent with the requirements of FRSs. We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon their work. *Data provided to the Valuer* We tested the data provided to the Valuer by management on a sample basis by agreeing to appropriate supporting documentation. This data included tenancy schedules, capital expenditure details, acquisition cost schedules and square footage details. *Assumptions and estimates used by the Valuer* We met with the Valuer and evaluated the valuation methods and assumptions used. The nature of assumptions used varied across the portfolio depending on the nature of each property and they included, estimated capital values, investment yields, construction costs and developers' margins. In each of these areas, on a sample basis, we compared the estimates and assumptions used by the Valuer against our own expectations developed based on the location of each property, comparable market transactions and publicly available industry and economic data. We found the valuation methodologies used to be in line with generally accepted market practices and the estimates and assumptions used to be justified in the context of the Group's property portfolio. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of indefinite useful life assumption for trademarked brand *Refer to Notes 3(d) and 23(e) to the financial statements* The Group has a trademarked brand arising from the acquisition of a subsidiary, which amounted to S$42.7 million as at 31 March 2017. The assessment of the indefinite useful life assumption is an area of focus because it involves significant management judgement about the factors which could limit the useful life of the related trademarked brand, such as the typical product life cycle for the brand and useful lives of similar brands adopted by companies within the same industry and the stability of the industry in which the brand operates and changes in market demand for the services from or related to the brand.	We evaluated management's assessment of the relevant factors, including stability of the industry that the subsidiary operates and the useful lives of similar brands adopted by companies within the same industry, by reviewing comparable market transactions and publicly available industry and economic data. We considered management's assessment of whether there could be any material legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand. We considered the adequacy of the Group's disclosures (in Notes 3(d) and 23(e)) made in relation to trademarked brands with indefinite useful lives. We found management's assessment of the factors which could limit the useful life of the related trademarked brands to be reasonable. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of contingent consideration for business acquisitions *Refer to Notes 3(e) and 24 to the financial statements* In prior financial years, the Group had recognised contingent consideration in respect of the acquisitions of certain businesses. The carrying value of contingent consideration payable as at 31 March 2017 amounted to S$23.4 million. For the financial year ended 31 March 2017, the Group recognised a net write-back of the fair value of contingent consideration payable of S$25.9 million. The assessment of contingent consideration in respect of business acquisitions require significant management judgment in determining the future results of the acquired businesses which has a direct impact on the need for, and magnitude of, contingent consideration at year-end.	We agreed the expected future results of the acquired companies, used in the calculation of the contingent consideration, to internal forecasts and strategic plans. We compared the current year actual results with the prior year forecasts included in the calculations of contingent consideration to consider whether the forecasts made in the prior year, with hindsight, had been reasonable. We considered management's determination of the fair value adjustments to contingent considerations payable and tested the accuracy and appropriateness of the adjustments. We considered the adequacy of the Group's disclosures (in Notes 3(e) and 24) made in relation to contingent considerations payable. We found the results of management's determination of the fair value adjustments to contingent consideration to be reasonable. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Daniel Khoo.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 15 May 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Revenue	4	**1,348,502**	1,151,542
Other income and gains (net)			
– Rental and property-related income	4	**36,574**	39,373
– Miscellaneous	4	**9,777**	11,992
Labour and related expenses	5	**(345,099)**	(300,444)
Volume-related expenses	6	**(688,653)**	(535,425)
Administrative and other expenses	7	**(144,336)**	(131,942)
Depreciation and amortisation		**(51,018)**	(31,886)
Selling expenses		**(15,298)**	(10,025)
Finance expenses	8	**(5,674)**	(10,365)
Total expenses		**(1,250,078)**	(1,020,087)
Exceptional items	9	**(88,653)**	95,342
Share of (loss)/profit of associated companies and joint ventures	19	**(1,177)**	9,066
Profit before income tax		**54,945**	287,228
Income tax expense	10	**(25,233)**	(34,189)
Total profit		**29,712**	253,039
Profit attributable to:			
Equity holders of the Company		**33,403**	248,910
Non-controlling interests		**(3,691)**	4,129
		29,712	253,039
Earnings per share attributable to ordinary shareholders of the Company	11		
– Basic		**0.85 cent**	10.86 cents
– Diluted		**0.84 cent**	10.83 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Group	
	2017	2016
	S$'000	S$'000
Total profit	**29,712**	253,039
Other comprehensive gain/(loss) (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Available for sale financial assets:		
– Fair value gain/(loss)	**446**	(637)
Currency translation differences:		
– Gains/(losses)	**6,797**	(18,913)
– Transfers to profit or loss arising from disposals of subsidiaries, associated companies and joint venture	**73**	(2,026)
Revaluation gain on property, plant and equipment upon transfer to investment properties	**17,386**	20,029
Other comprehensive income/(loss) for the year (net of tax)	**24,702**	(1,547)
Total comprehensive income for the year	**54,414**	251,492
Total comprehensive income attributable to:		
Equity holders of the Company	**58,008**	246,794
Non-controlling interests	**(3,594)**	4,698
	54,414	251,492

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS
As at 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**366,614**	126,640	**303,179**	49,626
Financial assets	13	**4,301**	8,127	**3,954**	7,780
Trade and other receivables	14	**199,007**	210,177	**173,304**	194,719
Derivative financial instruments	15	**16,079**	846	**16,142**	846
Inventories		**4,450**	4,499	**107**	367
Other current assets	16	**17,174**	17,206	**5,180**	4,915
		607,625	367,495	**501,866**	258,253
Non-current assets					
Financial assets	13	**36,010**	38,083	**35,748**	37,832
Trade and other receivables	17	**7,091**	5,351	**405,122**	563,193
Investments in associated companies and joint ventures	19	**117,783**	146,401	**14,849**	14,348
Investments in subsidiaries	20	**–**	–	**340,533**	356,229
Investment properties	21	**970,392**	745,844	**927,538**	760,842
Property, plant and equipment	22	**565,583**	517,376	**240,371**	241,943
Intangible assets	23	**400,683**	593,984	**–**	227
Deferred income tax assets	27	**6,218**	5,544	**–**	–
Other non-current assets	16	**5,198**	6,408	**–**	–
		2,108,958	2,058,991	**1,964,161**	1,974,614
Total assets		**2,716,583**	2,426,486	**2,466,027**	2,232,867

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As at 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	24	**395,084**	385,679	**353,681**	274,432
Current income tax liabilities	10	**34,774**	35,918	**30,367**	29,950
Deferred income	26	**7,413**	7,268	**7,413**	7,268
Derivative financial instruments	15	**1,055**	801	**1,055**	759
Borrowings	25	**148,786**	71,090	**117,743**	33,000
		587,112	500,756	**510,259**	345,409
Non-current liabilities					
Trade and other payables	24	**44,462**	32,225	**2,070**	–
Borrowings	25	**215,199**	209,182	**202,318**	203,044
Deferred income	26	**49,545**	56,785	**49,545**	56,785
Deferred income tax liabilities	27	**62,547**	66,035	**22,603**	19,199
		371,753	364,227	**276,536**	279,028
Total liabilities		**958,865**	864,983	**786,795**	624,437
NET ASSETS		**1,757,718**	1,561,503	**1,679,232**	1,608,430
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**638,756**	448,775	**638,756**	448,775
Treasury shares	28	**(1,227)**	(2,116)	**(1,227)**	(2,116)
Other reserves	30	**71,787**	7,258	**37,249**	34,713
Retained earnings	31	**650,007**	749,647	**657,628**	780,232
		1,359,323	1,203,564	**1,332,406**	1,261,604
Perpetual securities	29	**346,826**	346,826	**346,826**	346,826
		1,706,149	1,550,390	**1,679,232**	1,608,430
Non-controlling interests		**51,569**	11,113	**–**	–
Total equity		**1,757,718**	1,561,503	**1,679,232**	1,608,430

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	Note	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$'000	Non-controlling interests S$'000	Total equity S$'000
2017										
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**
Reclassification	20	**–**	**–**	**6,571**	**–**	**6,571**	**–**	**6,571**	**(6,571)**	**–**
Acquisition of non-controlling interest in a subsidiary	20	**–**	**–**	**–**	**(1,599)**	**(1,599)**	**–**	**(1,599)**	**(776)**	**(2,375)**
Partial divestment of a subsidiary	20	**–**	**–**	**(5,191)**	**39,437**	**34,246**	**–**	**34,246**	**51,397**	**85,643**
Distribution paid on perpetual securities	29	**–**	**–**	**–**	**–**	**–**	**(14,875)**	**(14,875)**	**–**	**(14,875)**
Dividends	32	**–**	**–**	**(119,548)**	**–**	**(119,548)**	**–**	**(119,548)**	**–**	**(119,548)**
Total comprehensive income for the period		**–**	**–**	**18,528**	**24,605**	**43,133**	**14,875**	**58,008**	**(3,594)**	**54,414**
		448,775	**(2,116)**	**650,007**	**69,701**	**1,166,367**	**346,826**	**1,513,193**	**51,569**	**1,564,762**
New shares issued	28	**183,960**	**–**	**–**	**–**	**183,960**	**–**	**183,960**	**–**	**183,960**
Employee share option scheme:										
– Value of employee services	30(b)(i)	**–**	**–**	**–**	**3,351**	**3,351**	**–**	**3,351**	**–**	**3,351**
– New shares issued	28	**6,021**	**–**	**–**	**(376)**	**5,645**	**–**	**5,645**	**–**	**5,645**
– Treasury shares re-issued	28	**–**	**889**	**–**	**(889)**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2017		**638,756**	**(1,227)**	**650,007**	**71,787**	**1,359,323**	**346,826**	**1,706,149**	**51,569**	**1,757,718**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	Note	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$'000	Non-controlling interests S$'000	Total equity S$'000
2016										
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
Transfer to statutory reserves		–	–	(2)	2	–	–	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	2,740	2,740
Distribution paid on perpetual securities	29	–	–	–	–	–	(14,915)	(14,915)	–	(14,915)
Dividends	32	–	–	(166,985)	–	(166,985)	–	(166,985)	–	(166,985)
Total comprehensive income for the year		–	–	233,995	(2,116)	231,879	14,915	246,794	4,698	251,492
		429,980	(2,831)	749,647	5,334	1,182,130	346,826	1,528,956	11,113	1,540,069
Employee share option scheme:										
– Value of employee services	30(b)(i)	–	–	–	4,053	4,053	–	4,053	–	4,053
– New shares issued	28	18,795	–	–	(1,414)	17,381	–	17,381	–	17,381
– Treasury shares re-issued	28	–	715	–	(715)	–	–	–	–	–
Balance at 31 March 2016		448,775	(2,116)	749,647	7,258	1,203,564	346,826	1,550,390	11,113	1,561,503

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Cash flows from operating activities			
Total profit		**29,712**	253,039
Adjustments for:			
– Income tax expense		**25,233**	34,189
– Depreciation and amortisation – net		**43,352**	25,865
– Fair value gain on investment properties		**(108,744)**	–
– Gains on disposals of investments, property, plant and equipment		**(4,577)**	(109,856)
– Gain on derivative financial instruments		**(16,011)**	–
– Share option expense		**3,351**	4,053
– Interest expense		**8,846**	7,766
– Interest income		**(3,439)**	(4,268)
– Impairment/write-off of intangible assets, investments and property, plant and equipment		**215,063**	256
– Share of losses/(profits) of associated companies and joint ventures		**1,177**	(9,066)
		164,251	(51,061)
Operating cash flow before working capital changes		**193,963**	201,978
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
– Inventories		**49**	332
– Trade and other receivables		**(4,867)**	(28,287)
– Trade and other payables		**41,437**	(12,008)
Cash generated from operations		**230,582**	162,015
Income tax paid		**(30,516)**	(30,582)
Net cash provided by operating activities		**200,066**	131,433

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	2016 S$'000
Cash flows from investing activities			
Acquisition of non-controlling interests	20(a)	**(2,375)**	–
Acquisition of subsidiaries, net of cash acquired		**–**	(272,480)
Additions to property, plant and equipment, investment properties and intangible assets		**(199,767)**	(279,742)
Contingent consideration paid in relation to acquisition of a subsidiary		**(528)**	–
Disposal of subsidiaries, net of cash disposed of	12	**(1,568)**	50,962
Dividend received from associated companies		**2,583**	2,167
Interest received		**2,682**	4,782
Investment in an associated companies and joint ventures		**(798)**	(49,430)
Loan to an associated company		**(1,844)**	(1,360)
Proceeds from partial divestment of interest in a subsidiary	20(b)	**85,643**	–
Payment relating to purchase of assets		**–**	(250)
Proceeds from partial divestment of shares in an associated company		**–**	78,910
Proceeds from disposal of property, plant and equipment		**1,976**	1,553
Proceeds from sale of financial assets		**–**	15,294
Proceeds from maturity of financial assets, held–to–maturity		**6,250**	19,250
Purchase of financial assets, held–to–maturity		**–**	(28,321)
Repayment of loans by associated companies		**18,147**	1,578
Net cash used in investing activities		**(89,599)**	(457,087)
Cash flows from financing activities			
Distribution paid to perpetual securities		**(14,875)**	(14,915)
Dividends paid to shareholders		**(119,548)**	(166,985)
Interest paid		**(9,637)**	(8,444)
Proceeds from issuance of ordinary shares		**189,605**	17,381
Proceeds from bank loans		**537,060**	296,029
Repayment of bank loans		**(453,098)**	(254,912)
Net cash provided by/(used in) financing activities		**129,507**	(131,846)
Net increase/(decrease) in cash and cash equivalents		**239,974**	(457,500)
Cash and cash equivalents at beginning of financial year	12	**126,640**	584,140
Cash and cash equivalents at end of financial year	12	**366,614**	126,640

Non-cash transactions

In the current financial year, contingent consideration amounting to S$2,060,000 (2016: Nil) in relation to the acquisition of subsidiaries in prior financial years was settled by way of offset against escrow deposits for the acquisition of those subsidiaries.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Singapore Post Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Eunos Road 8, Singapore Post Centre, Singapore 408600.

The principal activities of the Company consist of the operation and provision of postal, eCommerce logistics and retail services. Its subsidiaries are principally engaged in provision of business mail solutions and distribution of mail, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

As at 31 March 2017, the Company’s current liabilities exceeded their current assets by S$8,393,000 (2016: S$87,156,000). The Company and the Group have the intent and ability to take actions necessary to continue as going concerns.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2017

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.

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. It takes into account the gross income received and receivable from revenue sharing arrangements entered into with overseas postal administrations in respect of mail traffic exchanged.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement, the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods and services – Postal and Logistics-related activities

Revenue from sale of goods is recognised when there is transfer of risks and rewards of ownership to the customer, which generally coincides with their delivery and acceptance.

Revenue from the rendering of services is recognised when the services are rendered. Where services are provided over the period, revenue is recognised using the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(a) *Sales of goods and services – Postal and Logistics-related activities (continued)*

Accrual for unearned revenue is made for stamps which have been sold, but for which services have not been rendered as at the balance sheet date. This accrual is classified as advanced billings under trade and other payables.

Deferred income relates to amounts received with respect to postassurance collaboration from AXA Life Insurance Singapore Private Limited ("AXA"). Deferred income is recognised in profit or loss on a straight-line basis over the period of 10 years till 19 January 2025.

(b) *Sale of goods and services – eCommerce-related activities*

Revenue from eCommerce-related activities comprises the fair value of the consideration received or receivable for the goods and services rendered, net of goods and services tax.

Sales are recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and service tax, rebates and discounts.

Revenue from the rendering of services is recognised when the services are rendered.

(c) *Rendering of services – freight forwarding*

Revenue from the provision of freight forwarding services is recognised upon services being rendered.

Brokerage income, being net of costs of premium against premium income is recognised at the effective date of the related insurance policies. Brokerage on premium adjustments, including policy cancellations are recognised as they occur.

Interest income is recognised using the effective interest method.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and of net assets of a subsidiary attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.7 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with the non-controlling equity owners of that subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the associated companies and joint ventures and are included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence and joint control respectively. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in profit or loss.

Please refer to Note 2.7 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	30 – 99 years
Buildings	5 – 50 years
Postal equipment	3 – 20 years
Plant and machinery	3 – 20 years

Capital work-in-progress, representing costs of property, plant and equipment which have not been commissioned for use, is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(e) Transfer

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.6 for the accounting policy on the transfer from investment properties to property, plant and equipment.

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired and is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(b) Customer relationships

Customer relationships acquired in business combination are recognised at fair value at the acquisition date. The customer relationships have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over 7 years, which is the expected life of the customer relationships.

(c) Acquired licence

Licence fee represents a lump-sum fee paid to the Info-communications Media Development Authority upon the granting of the postal licence. It is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licence over the licence period of 20 years starting from 1 April 2017.

(d) Acquired software licence

Acquired software licence is initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the licence term or the estimated useful life of 5 years.

(e) Preferential rents

Preferential rent was acquired in a business combination and is amortised on a straight basis over the remaining lease terms from the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(f) Trademarked brands

Trademarked brands acquired as part of business combinations are recognised at their fair values at the acquisition date.

The trademarked brand with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised on a straight line basis over the estimated useful life of 9 years.

The trademarked brand with indefinite useful life is not amortised and is subsequently tested for impairment annually. In connection with the annual impairment assessment of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life assumption will also be reviewed.

The amortisation period and amortisation method of intangible assets other than goodwill and trademarked brand with indefinite useful life are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Investment property

Investment properties include those portions of commercial buildings that are held for long term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties. Where there is a change in intention to hold existing investment properties for sale without development, such investment properties will continue to be classified as investment properties but within current assets, until they are derecognised.

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open market values determined on an annual basis by directors based on independent professional valuations. Changes in fair values are recognised in the income statement. In determining the fair values, the valuers have used valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market values.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. The cost of maintenance, repairs and minor improvement is recognised in the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in the income statement.

2.7 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Trademarked brand with indefinite useful life

Trademarked brand with indefinite useful life is tested for impairment annually and whenever there is indication that the trademarked brand may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the trademarked brand exceeds the recoverable amount of the acquired brand. The recoverable amount of the trademarked brand is the higher of a trademarked brand's fair value less costs to sell and value-in-use.

(c) Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)
Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment, investment property and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(c) *Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)*
Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint ventures (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit and loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "cash and cash equivalents" and "other assets" on the balance sheet.

Trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets

(a) Classification

The Group classifies its financial assets other than loans and receivables as held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of other financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of another financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(d) Subsequent measurement

Financial assets, held to-maturity are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default, or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables/Held-to-maturity financial assets (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost, except for the borrowings that are designated in fair value hedges. The gain or loss on the borrowings attributable to the hedged risk shall adjust the carrying amount of the borrowings and be recognised in profit or loss. The adjustment of the fair value will be reversed when the hedging relationship is discontinued or lapsed.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet. Other borrowings with an unconditional right to defer settlement for at least twelve months after the balance sheet date are included in non–current borrowings in the balance sheet.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

Fair value hedge

The Group has entered into interest rate swaps that are fair value hedges for the fixed rate note and bonds. The fair value changes on the hedged item resulting from interest rate risk are recognised in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognised separately in profit or loss.

Net investment hedge

The Group has foreign currency forwards that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The fair value changes on the effective portion of the currency forwards designated as net investment hedges are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Operating leases

(a) *When the Group is the lessee:*

The Group leases various retail outlets, warehouse space and machinery under operating leases from non-related parties.

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor:*

The Group leases retail and office space under operating leases to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

When an operating lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) in the financial year in which termination takes place.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost are amortised on a straight-line basis over the vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation (continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, the proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are classified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on acquisition of foreign operations from January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the covering Group Chief Executive Officer/Group Chief Financial Officer who are responsible for allocating resources and assessing performance of operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.24 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.25 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income or cost recovery over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as offset against the related expenses.

2.26 Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group for the financial year.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill and other intangible assets

Goodwill and trademarked brands with indefinite useful lives are tested for impairment annually and whenever there is indication that goodwill and trademarked brand may be impaired. The recoverable amount of goodwill and trademarked brand, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Board of Directors covering, minimally, a three-year period. Significant judgements are used to estimate the terminal growth rates, discount rates and royalty rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance, its expectations of the future developments of the various businesses, and market and publicly available industry and economic data. Details of these key assumptions applied in the impairment assessment of goodwill and trademarked brand are provided in Notes 23(a) and 23(e).

The Group has recognised an impairment charge on its goodwill and customer relationships of S$186.7 million (2016: Nil) and S$19.0 million (2016: Nil) respectively during the financial year, which resulted in the carrying amount of goodwill and customer relationships as at 31 March 2017 being reduced to S$305.1 million (2016: S$482.3 million) and S$36.7 million (2016: S$57.9 million) respectively.

Other intangible assets are tested for impairment whenever there is any objective evidence of indication that these assets may be impaired.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) *Estimated impairment of other non-financial assets*

Property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amount of an asset, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculation prepared on the basis of management's assumptions and estimates.

The Group has recognised impairment charges on property, plant and equipment and investments in associated companies of S$9.3 million and S$20.5 million respectively during the financial year. Details are provided in Note 22 and Note 19 respectively.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

(c) *Valuation of investment properties*

As at 31 March 2017, the Group's investment properties of S$970.4 million (Note 21) are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) *Use of indefinite useful life assumption for trademarked brands*

Trademarked brands arise from the acquisitions of subsidiaries. In the assessment of the useful life of a trademarked brand arising from acquisition of a subsidiary in 2014, management performed an analysis of the relevant factors including stability of the industry that the subsidiary operates. Management has also considered the useful lives of similar assets adopted by companies within the same industry. The Group is also not aware of any material legal, regulatory, contractual, technological, or other factor which could limit the useful life of the trademark. Based on the mentioned factors, management has concluded that there is no foreseeable limit to the period over which the trademarked brand is expected to generate net cash inflows for the Group and hence, the trademarked brand is not amortised.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(d) Use of indefinite useful life assumption for trademarked brands (continued)

In connection with the annual impairment assessment of the indefinite useful life of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life will also be reviewed.

(e) Estimated fair values of contingent consideration for business acquisitions

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values of contingent considerations payable in respect of these acquisitions. The fair values of these contingent considerations are determined based on management's estimates of future results of the acquired companies. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amounts of the contingent considerations.

(f) Estimated residual values and useful lives of property, plant and equipment

The Group reviews the residual values and useful lives of property, plant and equipment at each balance sheet date based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2017 was S$565.6 million (2016: S$517.4 million). There were no significant revisions to the estimated residual values and useful lives as at 31 March 2017.

4. REVENUE, OTHER INCOME AND OTHER GAINS (NET)

	Group	
	2017	2016
	S$'000	S$'000
		(Restated)
Revenue from services rendered	**1,328,442**	1,130,414
Sale of products	**20,060**	21,128
Revenue	**1,348,502**	1,151,542
Other income and gains (net):		
– Rental and property-related income	**36,574**	39,373
Miscellaneous:		
– Interest income		
– Bank deposits	**1,533**	3,051
– Financial assets, held–to–maturity	**1,012**	1,138
– Others	**894**	79
	3,439	4,268
– Currency exchange gains (net)	**1,379**	4,493
– Net loss on disposal of property, plant and equipment	**(659)**	(2,242)
– Others	**5,618**	5,473
	6,338	7,724
Miscellaneous	**9,777**	11,992
Other income and other gains (net)	**46,351**	51,365
	1,394,853	1,202,907

5. LABOUR AND RELATED EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Wages and salaries	**224,090**	206,385
Employer's contribution to defined contribution plans including Central Provident Fund	**28,153**	29,044
Share options expense (Note 30(b)(i))	**3,351**	4,053
Other benefits	**10,875**	9,897
Temporary and contract staff cost	**84,301**	58,961
Government grant	**(5,671)**	(7,896)
	345,099	300,444

6. VOLUME-RELATED EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Traffic expenses	**374,111**	340,360
Outsourcing services and delivery expenses	**314,542**	195,065
	688,653	535,425

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Included in administrative and other expenses are the following:		
Professional services	**16,895**	30,663
Repair and maintenance expenses	**22,511**	18,466
Rental on operating leases	**41,615**	34,605
Supplies and services	**23,864**	19,418

8. FINANCE EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Interest expense:		
– Fixed rate notes	**6,274**	6,314
– Bank borrowings	**2,572**	1,452
	8,846	7,766
Currency exchange (gains)/losses – net	**(3,172)**	2,599
	5,674	10,365

9. EXCEPTIONAL ITEMS

	Group 2017 S$'000	Group 2016 S$'000
Fair value gains:		
– Investment properties (Note 21)	**108,744**	–
– Warrants from an associated company	**16,011**	–
Impairment losses:		
– Property, plant and equipment (Note 22)	**(9,349)**	–
– Goodwill (Note 23(a))*	**(166,063)**	–
– Customer relationships (Note 23(b))	**(18,953)**	–
– Associated company (Note 19(a))	**(20,471)**	–
Write-off of goodwill	**(227)**	–
Loss on disposal of property, plant and equipment	**(659)**	(2,242)
Net gains on disposal of investments:		
– Subsidiary	**–**	33,344
– Associated company	**–**	64,749
– Financial assets	**–**	14,005
Gain on dilution of interest in associated company (Note 19(a))	**4,892**	–
M & A related professional fees	**(1,620)**	(13,859)
Provision for the restructuring of overseas operation	**(958)**	–
Severance cost in relation to disposal of a subsidiary	**–**	(655)
	(88,653)	95,342

Details of reclassification of prior year comparatives are provided in Note 40.

* Included in exceptional items is a S$20.6 million gain arising from the full write-back of contingent consideration for a subsidiary assessed to be no longer payable. This write-back was offset by a purchase price adjustment that reduced the carrying value of goodwill on acquisition of this subsidiary by the same amount of the write-back.

10. INCOME TAXES

(a) Income tax expense

	Group	
	2017	2016
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**31,027**	33,244
– Deferred income tax (Note 27)	**(3,492)**	1,900
	27,535	35,144
Under/(over) provision in preceding financial years:		
– Current income tax	**(1,624)**	(1,151)
– Deferred income tax (Note 27)	**(678)**	196
	25,233	34,189

The tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	2017	2016
	S$'000	S$'000
Profit before tax	**54,945**	287,228
Less: Share of loss/(profit) of associated companies and joint ventures	**1,177**	(9,066)
Profit before tax and share of results of associated companies and joint ventures	**56,122**	278,162
Tax calculated at a tax rate of 17% (2016: 17%)	**9,541**	47,288
Effects of:		
– Different tax rates in other countries	**(2,776)**	1,069
– Withholding tax deducted at source	**–**	16
– Singapore statutory stepped income exemption	**(126)**	(222)
– Tax incentive	**(973)**	(1,016)
– Income not subject to tax	**(26,476)**	(20,696)
– Expenses not deductible for tax purposes	**36,335**	7,305
– Utilisation of tax losses and capital allowances	**(336)**	–
– Deferred income tax assets not recognised	**12,346**	1,400
– Over provision in preceding financial years	**(2,302)**	(955)
Tax charge	**25,233**	34,189

10. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**35,918**	35,318	**29,950**	29,704
Acquisition of subsidiaries	**–**	(235)	**–**	–
Disposal of subsidiaries	**–**	(491)	**–**	–
Currency translation difference	**(31)**	(185)	**–**	–
Income tax paid	**(30,516)**	(30,582)	**(22,756)**	(24,417)
Tax expense	**31,027**	33,244	**24,206**	24,663
Over provision in preceding financial years	**(1,624)**	(1,151)	**(1,033)**	–
End of financial year	**34,774**	35,918	**30,367**	29,950

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares, during the financial year.

	Group	
	2017	2016
Net profit attributable to equity holders of the Company (S$'000)	**33,403**	248,910
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**18,528**	233,995
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,191,060**	2,154,955
Basic earnings per share (cents per share)	**0.85**	10.86

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, excluding treasury shares, are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are in the form of share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share is calculated as follows:

	Group	
	2017	2016
Net profit attributable to equity holders of the Company (S$'000)	**33,403**	248,910
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**18,528**	233,995
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,191,060**	2,154,955
Adjustment for share options ('000)	**2,031**	6,241
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,193,091**	2,161,196
Diluted earnings per share (cents per share)	**0.84**	10.83

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**106,352**	123,184	**47,004**	46,717
Deposits with financial institutions	**260,262**	3,456	**256,175**	2,909
	366,614	126,640	**303,179**	49,626

Acquisition and disposal of subsidiaries

Please refer to Note 38 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

On 7 September 2016, the Group disposed of its entire interest in Japan Self Storage Company Limited for a cash consideration of S$2,372,000. The effects of the disposal on the cash flows of the Group were:

	Group
	2017
	$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	**3,940**
Total assets	**3,940**
Trade and other payables	**7**
Total liabilities	**7**
Net assets derecognised	**3,933**
Less: Non-controlling interest	**(1,573)**
Net assets disposed of	**2,360**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of in Japan Self Storage Company Limited were:

	Group 2017 $'000
Net assets disposed of (as above)	**2,360**
– Reclassification of currency translation reserve	**(332)**
	2,028
Gain on disposal	**344**
Cash proceeds from disposal	**2,372**
Less: Cash and cash equivalents in subsidiaries disposed of	**(3,940)**
Net cash outflow on disposal	**(1,568)**

On 20 May 2015, the Group disposed of its entire interest in Novation Solutions Limited for a cash consideration of S$25,459,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,953
Trade and other receivables	7,920
Property, plant and equipment	2,250
Investment in associated companies	6
Deferred tax assets	188
Inventory	1,862
Total assets	**22,179**
Trade and other payables	(1,927)
Current income liabilities	(20)
Deferred income tax liabilities	(69)
Total liabilities	**(2,016)**
Net assets derecognised	20,163
Less: Non-controlling interest	(736)
Net assets disposed of	**19,427**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of Novation Solutions Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	19,427
– Reclassification of currency translation reserve	(1,961)
	17,466
Gain on disposal	7,993
Cash proceeds from disposal	25,459
Less: Cash and cash equivalents in subsidiaries disposed of	(9,953)
Net cash inflow on disposal	**15,506**

On 20 May 2015, the Group disposed of its entire interest in DataPost (HK) Pte Limited for a cash consideration of S$977,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	388
Trade and other receivables	335
Property, plant and equipment	6
Total assets	**729**
Trade and other payables	(253)
Total liabilities	**(253)**
Net assets derecognised	476
Net assets disposed of	**476**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of DataPost (HK) Pte Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	476
– Reclassification of currency translation reserve	66
	542
Gain on disposal	435
Cash proceeds from disposal	977
Less: Cash and cash equivalents in subsidiaries disposed of	(388)
Net cash inflow on disposal	**589**

On 1 September 2015, the Group partially disposed 90% of its interest in its wholly-owned subsidiary, DataPost Pte Ltd for a cash consideration of S$44,516,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,649
Trade and other receivables	20,800
Property, plant and equipment	4,012
Investment in associated companies and joint venture	2,975
Total assets	**37,436**
Trade and other payables	(12,458)
Current income liabilities	(471)
Deferred income tax liabilities	(462)
Total liabilities	**(13,391)**
Net assets derecognised	24,045
Net assets disposed of	**24,045**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of DataPost Pte Ltd were:

	Group 2016 $'000
Net assets disposed of (as above)	24,045
– Reclassification of currency translation reserve	(83)
– Professional fees incurred for sale	199
	24,161
Gain on disposal	24,916
	49,077
Less: Fair value of retained interest	(4,561)
Cash proceeds from disposal	44,516
Less: Cash and cash equivalents in subsidiaries disposed of	(9,649)
Net cash inflow on disposal	**34,867**

The Group recognised a gain of S$2,511,000 as a result of measuring at fair value its equity interest of 10% in DataPost Pte Ltd retained after the disposal. The gain is included within "Other income and gains (net)" in the Group's consolidated income statement for the financial year ended 31 March 2016. Gains on disposal of DataPost Pte Ltd, Novation Solutions Limited and DataPost (HK) Pte Limited are allocated under the "Others" segment.

13. FINANCIAL ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**–**	4,272	**–**	4,272
Financial assets, available-for-sale				
– Equity securities – quoted	**3,954**	3,508	**3,954**	3,508
– Equity instrument – unquoted	**347**	347	**–**	–
	4,301	8,127	**3,954**	7,780
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**31,187**	33,271	**31,187**	33,271
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,823**	4,812	**4,561**	4,561
	36,010	38,083	**35,748**	37,832

The bonds are corporate bonds at fixed rates between 2.7% to 3.8% per annum and due between 10 April 2019 and 29 August 2022.

13. FINANCIAL ASSETS (continued)

The fair values of the financial assets at the balance sheet date are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
<u>Current</u>				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**–**	4,258	**–**	4,258
Financial assets, available-for-sale				
– Equity security – quoted	**3,954**	3,508	**3,954**	3,508
– Equity instrument – unquoted	**347**	347	**–**	–
	4,301	8,113	**3,954**	7,766
<u>Non-current</u>				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**31,371**	32,925	**31,371**	32,925
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,823**	4,812	**4,561**	4,561
	36,194	37,737	**35,932**	37,486

The fair values of quoted securities are based on published price quotations at the balance sheet date.

14. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**75,842**	85,595
– Associated company	**46,115**	31,397	**46,115**	31,397
– Companies related by a substantial shareholder	**1,776**	3,248	**1,776**	3,248
– Non-related parties	**148,904**	148,784	**46,972**	55,907
	196,795	183,429	**170,705**	176,147
Less: Allowance for impairment of receivables – non-related parties	**(5,665)**	(5,390)	**(951)**	(1,741)
Trade receivables – net	**191,130**	178,039	**169,754**	174,406
Loan to associated companies	**3,394**	19,509	**–**	17,600
Less: Non-current portion (Note 17)	**(2,423)**	(743)	**–**	–
	971	18,766	**–**	17,600
Staff loans (Note 18)	**51**	38	**51**	38
Interest receivable	**1,033**	276	**1,029**	272
Other receivables	**5,822**	13,058	**2,470**	2,403
	199,007	210,177	**173,304**	194,719

(a) The loan of S$789,000 (2016: Nil) to an associated company is unsecured, repayable in full on 15 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(b) The loan of S$1,634,000 (2016: Nil) to an associated company is unsecured, repayable in full on 29 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(c) The loan of S$647,000 (2016: S$634,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

(d) Remaining loan of S$324,000 (2016: Nil) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.

14. TRADE AND OTHER RECEIVABLES – CURRENT (continued)

(e) As at 31 March 2016, there were loans of S$18,875,000 to an associated company, of which:

- S$1,275,000 was unsecured, bore interest at 1.5% per annum for the first three years and at 8.5% per annum thereafter and payable in full by 30 November 2016; and
- S$17,600,000 was unsecured, bore interest at 1.5% per annum and payable in full on demand.

These loans were fully repaid in the current financial year.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract Notional amount 2017 S$'000	**Fair value Assets/ (liabilities) 2017 S$'000**	Contract Notional Amount 2016 S$'000	Fair value Assets/ (liabilities) 2016 S$'000
Group				
Net investment hedges				
Currency forwards	**10,210**	**20**	30,303	784
Other non-hedging derivatives				
Currency forwards	**164,905**	**(1,007)**	81,767	(739)
Warrants	**–**	**16,011**	–	–
Total derivative financial instruments	**175,115**	**15,024**	112,070	45
Company				
Net investment hedges				
Currency forwards	**10,210**	**83**	30,303	826
Other non-hedging derivatives				
Currency forwards	**164,905**	**(1,007)**	76,908	(739)
Warrants	**–**	**16,011**	–	–
Total derivative financial instruments	**175,115**	**15,087**	107,211	87

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Currency forwards

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the balance sheet date. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Changes in fair value of the currency forwards not designated as hedging are recognised in profit or loss.

Currency forwards designated for hedging as net investment hedges are accounted for in accordance with Note 2.13.

The fair value of derivative financial instruments are shown on the balance sheet as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Assets:				
– Current	**16,079**	846	**16,142**	846
Liabilities				
– Current	**(1,055)**	(801)	**(1,055)**	(759)

16. OTHER ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Deposits	**6,354**	6,531	**2,359**	2,362
Prepayments	**10,820**	10,675	**2,821**	2,553
	17,174	17,206	**5,180**	4,915
Non-current				
Deposits	**5,198**	6,408	**–**	–

Included within non-current deposits is an escrow deposit of S$5,134,000 (2016: S$5,519,000) for the acquisition of a subsidiary.

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Loans to subsidiaries	**–**	–	**599,242**	562,956
Less: Allowance for impairment	**–**	–	**(194,365)**	–
	–	–	**404,877**	562,956
Loan to an indirect associated company (Note 14)	**2,423**	743	**–**	–
Loan to a shareholder of a subsidiary	**4,423**	4,371	**–**	–
Staff loans (Note 18)	**245**	237	**245**	237
	7,091	5,351	**405,122**	563,193

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT (continued)

Loan to a subsidiary of S$75,065,000 (2016: S$260,080,000) is non-trade related, unsecured and interest-free. Although there are no fixed terms of repayment, the loan is not expected to be repayable within the next twelve months. The loan is considered part of the Company's net investment in subsidiaries.

Loans to subsidiaries of S$33,963,000 (2016: S$43,613,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and will be repaid in full on 7 July 2019. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S$5,817,000 (2016: Nil) is non-trade related, unsecured, interest bearing at KLIBOR plus 1.2% per annum and is repayable in full on demand. Settlement of the loan is not foreseeable within the next 12 months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S$2,272,000 (2016: S$4,616,000) is non-trade related, unsecured, interest bearing at ABS SIBOR plus 1.2% per annum and is payable in full on demand. Settlement of the loan is not foreseeable within the next 12 months. The carrying amount of these loans approximates their fair value.

Loans to subsidiaries of S$287,760,000 (2016: S$254,647,000) are non-trade related, unsecured, interest bearing at 2.2% to 4.1% per annum and repayable in full on various dates up to 31 October 2019. The fair value of the loans is S$283,171,000 (2016: S$248,494,000). The fair value of the loans is computed based on cash flows discounted at market borrowing rates of 1.264% to 1.755% (2016: 1.798% to 2.146%). The fair value is within Level 2 of the fair value hierarchy.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.6% to 2.1% per annum (2016: 1.3% to 1.7% per annum) and repayable in full by 19 May 2019. The carrying amount of the loan approximates its fair value.

18. STAFF LOANS

	Group and Company	
	2017	2016
	S$'000	S$'000
Not later than one year (Note 14)	**51**	38
Later than one year (Note 17)	**245**	237
– Between one and five years	**113**	37
– Later than five years	**132**	200
	296	275

As at balance sheet date, no loan was made to the key management personnel of the Group.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**117,783**	146,401	**14,849**	14,348
Investments in joint ventures (Note (b))	**–**	–	**–**	–
	117,783	146,401	**14,849**	14,348

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Associated companies

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**14,849**	14,348
Beginning of financial year	**146,401**	104,413		
Acquisition of an associated company	**–**	20,222		
Additional investment in an associated company	**798**	36,181		
Gain on dilution of interest in an associated company (Note (i), 9)	**4,892**	–		
Partial disposal of an associated company	**–**	(12,262)		
Disposal of an associated company	**–**	(2,142)		
Impairment of an associated company (Note (ii), 9)	**(20,471)**	–		
Reversal of contingent consideration of an associated company (Note (iii))	**(7,215)**	–		
Share of (loss)/profit	**(1,177)**	9,031		
Dividends received	**(2,583)**	(2,167)		
Currency translation differences	**(2,862)**	(6,875)		
End of financial year	**117,783**	146,401		

(i) During the current financial year, the Group has recognised a gain on dilution of interest in an associated company amounting to S$4,892,000 (2016: Nil) arising from an additional capital injection by an external party into the associated company.

(ii) During the current financial year, the Group has recognised an impairment loss of S$20,471,000 (2016: Nil) against the carrying amount of its investment in an associated company, being the difference between the carrying amount of the Group's investment and its recoverable amount. The recoverable amount represents the Group's share in the net assets of the associated company. The impairment charge arose from cumulative losses incurred by the associated company.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Associated companies (continued)

(iii) During the current financial year, the Group has derecognised contingent consideration payable for an acquisition of an associated company amounting to S$7,215,000 (2016: Nil) upon reassessment of the earn-out conditions.

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$27,655,000 (2016: S$30,500,000), for which the published price quotations are S$119,376,044 (2016: S$100,683,000) at the balance sheet date, and classified within Level 1 of the fair value hierarchy.

There are no contingent liabilities relating to the Group's interest in the associated companies.

Details of associated companies are disclosed in Note 42. In the opinion of the directors, these associated companies listed are individually immaterial to the Group.

(b) Joint ventures

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Equity investments at cost			**–**	–
Beginning of financial year	**–**	693		
Disposal of joint venture	**–**	(839)		
Incorporation of joint venture	**–**	255		
Share of profit	**–**	35		
Write-off	**–**	(255)		
Currency translation difference	**–**	111		
End of financial year	**–**	–		

Details of the joint ventures are included in Note 42.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**362,654**	299,315
Additional capital injection to an existing subsidiary	**4,775**	71,439
Disposal of subsidiaries	**–**	(8,100)
	367,429	362,654
Less: Allowance for impairment	**(26,896)**	(6,425)
End of financial year	**340,533**	356,229

In the current financial year, an impairment loss of S$20,471,000 (2016: Nil) was recognised for a certain subsidiary of the Company as a result of its recoverable amount being estimated to be less than its carrying amount, which mainly arose from cumulative losses incurred by the subsidiary.

Details of the subsidiaries are included in Note 42. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group.

Carrying value of non-controlling interests

	2017	2016
	S$'000	S$'000
Quantium Solutions International Pte Ltd ("QSI")	**47,768**	–
Other subsidiaries with immaterial non-controlling interests	**3,801**	11,113
Total	**51,569**	11,113

Transactions with non-controlling interests for the financial year ended 31 March 2017 are set out below. There were no such transactions for the financial year ended 31 March 2016.

20. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of additional interest in a subsidiary

On 16 March 2017, the Group acquired an additional 0.9% interest in TG Acquisition Corporation and its subsidiaries ("TG Group") for a purchase consideration of S$2,375,000. The Group now holds 97.3% of the equity share capital of TG Group. The carrying amount of the non-controlling interests in TG Group on the date of acquisition was S$1,334,000. The Group derecognised non-controlling interests of S$776,000 and recorded a decrease in equity attributable to owners of the parent of S$1,599,000. The effect of changes in the ownership interest of TG Group during the year is summarised as follows:

	2017 **S$'000**
Carrying amount of non-controlling interests acquired	**776**
Consideration paid to non-controlling interests	**(2,375)**
Excess of consideration paid recognised in parent's equity	**(1,599)**

(b) Disposal of interest in a subsidiary without loss of control

On 27 October 2016, the Group disposed of a 34% interest out of the 100% interest held in Quantium Solutions International Pte. Ltd. ("QSI") at a net consideration of S$85,643,000. This resulted in an increase in non-controlling interests of S$51,397,000 and an increase in equity attributable to owners of the parent of S$34,246,000. The effect of changes in the ownership interest of QSI during the year is summarised as follows:

	2017 **S$'000**
Carrying amount of non-controlling interests acquired	**51,397**
Consideration received from non-controlling interests	**(85,643)**
Excess of consideration received recognised in parent's equity	**(34,246)**

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Arising from the full write-back of the contingent consideration in relation to the acquisition of a subsidiary assessed to be no longer payable (Note 9), this subsidiary is now deemed to be a wholly-owned subsidiary of the Group. Accordingly, the non-controlling interest of S$6.6 million was reclassified to retained earnings in the current financial year.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has a non-controlling interest that is material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	QSI As at 31 March 17 S$'000
Current	
Assets	99,276
Liabilities	(23,432)
Total current net assets	**75,844**
Non-current	
Assets	64,823
Liabilities	(171)
Total non-current net assets	**64,652**
Net assets	**140,496**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

20. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised income statement

	QSI For the year ended 31 March 2017 S$'000
Revenue	115,843
Loss before income tax	**(16,570)**
Income tax credit	328
Post-tax loss from continuing operations	**(16,242)**
Other comprehensive income	1,045
Total comprehensive loss	**(15,197)**
Total comprehensive loss allocated to non-controlling interests	**(3,629)**

Summarised cash flows

	QSI 31 March 2017 $'000
Cash flows from operating activities	
Cash used in operations	(22,838)
Income tax paid	(152)
Net cash used in operating activities	**(22,990)**
Net cash used in investing activities	**(10,299)**
Net cash provided by financing activities	**25,589**
Net decrease in cash and cash equivalents	**(7,700)**
Cash and cash equivalents at beginning of year	22,317
Cash and cash equivalents at end of year	**14,617**

21. INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**745,844**	638,818	**760,842**	633,826
Additions	**97,818**	88,983	**97,818**	88,980
Reclassification from/(to) property plant and equipment (Note 22)	**19,200**	18,952	**(3,244)**	34,934
Fair value gain recognised in profit or loss (Note 9)	**108,744**	–	**72,122**	3,102
Currency translation differences	**(1,214)**	(909)	**–**	–
End of financial year	**970,392**	745,844	**927,538**	760,842

Certain investment properties of the Group with carrying amounts of S$49.3 million (2016: S$51.0 million) are mortgaged to secure bank borrowings (Note 25).

The following amounts are recognised in profit or loss:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income (Note 4)	**36,574**	39,373	**39,235**	41,723
Direct operating expenses arising from:				
– Investment property that generated income	**(9,949)**	(11,799)	**(8,579)**	(9,801)

Investment properties are leased to non-related parties under operating leases (Note 34(c)).

21. INVESTMENT PROPERTIES (continued)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
10 Eunos Road 8, Singapore Post Centre	Building for commercial and retail	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing and self-storage	Leasehold of 30 years expiring on 30 April 2031
No. 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Warehousing	Freehold
110 Alexandra Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
10 Choa Chu Kang Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
373 Tanjong Katong Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
1 Killiney Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
396 Pasir Panjang Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
10 Palm Avenue	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091

21. INVESTMENT PROPERTIES (continued)

Location	Description/existing use	Tenure
350 Bedok Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
56 Tanglin Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
6 Ayer Rajah Crescent	Building for warehousing and self-storage	Leasehold of 30 years expiring on 1 February 2026
755 Upper Serangoon Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
5 Mandai Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
21 Ghim Moh Road	Building for commercial and retail	Leasehold of 82 years expiring on 01 April 2076

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) S$'000	**Significant other observable inputs (Level 2) S$'000**	**Significant unobservable inputs (Level 3) S$'000**
31 March 2017			
– Commercial and retail – Singapore	–	2,812	956,215
– Commercial and retail – Malaysia	–	–	11,365
31 March 2016			
– Commercial and retail – Singapore	–	2,863	731,312
– Commercial and retail – Malaysia	–	–	11,669

21. INVESTMENT PROPERTIES (continued)

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group properties have been derived using the sales comparison approach. Sales proceeds of comparable properties in close proximity are adjusted for differences in key attributes such as property size and timing of sale. The most significant input in this valuation approach is the selling price per square metre.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using capitalisation/income approach and discounted cash flow approach. In the capitalisation/income approach, the net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use tenure and reflective of the quality of the investment. The revenue is adjusted for outgoings such as property tax and also vacancies to arrive at net income. The discounted cash flow approach involved the estimation and projection of the net rent over a period and discounting the future income stream to arrive at a present value. Net rent is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The residual land approach involves deducting current estimated construction costs and other relevant costs from the estimated gross development value of the proposed development assuming satisfactory completion. The comparable sales method is used as reference.

No transfers into or out of fair value hierarchy levels for the financial years ended 31 March 2017 and 2016.

21. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3:

Description	Fair value (S$'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2017			**2017**	
Group					
Building for commercial and retail * (Singapore Post Centre)	**814,132** (2016: 588,964)	Discounted cash flow approach	Discount rate	7.25-7.75% (2016: 7.5%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.5-6.25% (2016: 5-6.75%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**100,386** (2016: 98,642)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2016: 4.75-5%)	The higher the capitalisation rate, the lower the valuation
Building for warehousing and self-storage – Singapore	**41,697** (2016: 43,706)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2016: 7-7.5%)	The higher the capitalisation rate, the lower the valuation
Warehousing – Malaysia	**11,365** (2016: 11,669)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2016: 7.5-9%)	The higher the capitalisation rate, the lower the valuation

* There was a change in valuation technique arising from a change in circumstances. The above approaches are used instead of the residual land approach as rental income will be derived from tenants upon attaining temporary occupation permit status on 20 April 2017.

21. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value (S$'000) 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2017	Relationship of unobservable inputs to fair value
Company					
Building for commercial and retail (Singapore Post Centre)	**824,339** (2016: 659,337)	Discounted cash flow approach	Discount rate	7.25-7.75% (2016: 7.5%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.5-6.25% (2016: 5-6.75%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**100,386** (2016: 98,642)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2016: 4.75-5%)	The higher the capitalisation rate, the lower the valuation

Valuation processes used by the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2017 and 2016, the fair values of the Group's investment properties have been determined by Knight Frank Pte Ltd.

22. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2017						
Cost						
Beginning of financial year	57,653	306,558	45,312	215,357	131,426	756,306
Additions	–	8,478	–	67,583	29,564	105,625
Reclassifications to investment properties						
– At fair value (Note 21)	(4,924)	(14,276)	–	–	–	(19,200)
– Transfer to assets valuation reserve (Note 30(b)(v))	3,673	12,659	–	–	–	16,332
	(1,251)	(1,617)	–	–	–	(2,868)
Disposals	–	(2,127)	(113)	(41,568)	–	(43,808)
Transfers	23,477	96,680	536	24,168	(144,861)	–
Currency translation differences	80	84	–	1,819	–	1,983
End of financial year	79,959	408,056	45,735	267,359	16,129	817,238
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,009	91,470	4,620	124,831	–	238,930
Depreciation charge	1,671	10,399	3,022	28,742	–	43,834
Impairment charge (Note (a), 9)	–	9,349	–	–	–	9,349
Disposals	–	(1,899)	(93)	(39,181)	–	(41,173)
Currency translation differences	–	3	–	712	–	715
End of financial year	19,680	109,322	7,549	115,104	–	251,655
Net book value						
End of financial year	**60,279**	**298,734**	**38,186**	**152,255**	**16,129**	**565,583**

(a) During the current financial year, the Group recognised an impairment loss amounting to S$9,349,000 (2016: Nil) on its building at 3B Toh Guan Road East arising from a decline in the market value of the building.

The building was valued by an independent professional valuer based on its highest and best use using the discounted cash flow approach at the balance sheet date. The fair value is within Level 3 of the fair value hierarchy. A description of the valuation technique and the valuation processes of the Group are provided in Note 21.

22. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2016						
Cost						
Beginning of financial year	60,038	217,749	133,231	198,666	55,415	665,099
Acquisition of subsidiaries	–	4,478	–	33,112	–	37,590
Additions	–	66,708	–	13,656	109,767	190,131
Reclassifications to investment properties						
– At fair value (Note 21)	(10,048)	(8,904)	–	–	–	(18,952)
– Transfer to assets valuation reserve (Note 30(b)(v))	7,726	12,303	–	–	–	20,029
	(2,322)	3,399	–	–	–	1,077
Disposals	–	(3,505)	(88,103)	(23,196)	–	(114,804)
Transfers	–	17,920	184	15,395	(33,499)	–
Currency translation differences	–	(191)	–	(1,801)	–	(1,992)
Disposal of subsidiaries (Note 12)	(63)	–	–	(20,475)	(257)	(20,795)
End of financial year	57,653	306,558	45,312	215,357	131,426	756,306
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,187	86,574	89,602	141,752	–	335,115
Depreciation charge	873	5,766	3,032	20,211	–	29,882
Disposals	–	(867)	(88,014)	(22,128)	–	(111,009)
Disposal of subsidiaries (Note 12)	(51)	–	–	(14,476)	–	(14,527)
Currency translation differences	–	(3)	–	(528)	–	(531)
End of financial year	18,009	91,470	4,620	124,831	–	238,930
Net book value						
End of financial year	**39,644**	**215,088**	**40,692**	**90,526**	**131,426**	**517,376**

22. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2017						
Cost						
Beginning of financial year	58,003	180,814	45,312	138,338	29,998	452,465
Additions	–	2,070	–	4,612	8,039	14,721
Reclassifications from investment properties						
– At fair value (Note 21)	124	3,124	–	–	–	3,248
	124	3,124	–	–	–	3,248
Disposals	–	(2,127)	(113)	(35,922)	–	(38,162)
Transfers	–	354	536	21,592	(22,482)	–
End of financial year	58,127	184,235	45,735	128,620	15,555	432,272
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	16,850	79,998	4,620	109,054	–	210,522
Depreciation charge	838	4,017	3,022	10,712	–	18,589
Disposals	–	(1,899)	(93)	(35,218)	–	(37,210)
End of financial year	17,688	82,116	7,549	84,548	–	191,901
Net book value						
End of financial year	**40,439**	**102,119**	**38,186**	**44,072**	**15,555**	**240,371**

22. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2016						
Cost						
Beginning of financial year	61,675	187,958	133,231	154,604	15,026	552,494
Additions	–	–	–	3,368	28,048	31,416
Reclassifications to investment properties						
– At fair value (Note 21)	(13,034)	(21,900)	–	–	–	(34,934)
– Transfer to asset valuation reserve (Note 30(b)(v))	9,362	18,262	–	–	–	27,624
	(3,672)	(3,638)	–	–	–	(7,310)
Disposals	–	(3,506)	(88,103)	(32,526)	–	(124,135)
Transfers	–	–	184	12,892	(13,076)	–
End of financial year	58,003	180,814	45,312	138,338	29,998	452,465
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	15,997	76,923	89,602	119,686	–	302,208
Depreciation charge	853	3,942	3,032	9,770	–	17,597
Disposals	–	(867)	(88,014)	(20,402)	–	(109,283)
End of financial year	16,850	79,998	4,620	109,054	–	210,522
Net book value						
End of financial year	**41,153**	**100,816**	**40,692**	**29,284**	**29,998**	**241,943**

23. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Composition:				
Goodwill on acquisitions (Note (a))	**305,118**	482,322	**–**	227
Customer relationships (Note (b))	**36,683**	57,944	**–**	–
Preferential rent (Note (c))	**4,667**	5,393	**–**	–
Acquired software licence (Note (d))	**11,040**	6,441	**–**	–
Trademarked brands (Note (e))	**43,175**	41,884	**–**	–
	400,683	593,984	**–**	227

Details of restatement of prior year comparatives are provided in Note 38.

(a) Goodwill on acquisitions

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Cost				
Beginning of financial year	**482,322**	267,278	**227**	227
Acquisition of subsidiaries	**–**	224,274	**–**	–
Write-off	**(227)**	–	**(227)**	–
Currency translation differences	**9,686**	(9,230)	**–**	–
End of financial year	**491,781**	482,322	**–**	227
Accumulated impairment				
Beginning of financial year	**–**	–	**–**	–
Impairment charge (Note 9)	**(186,663)**	–	**–**	–
End of financial year	**(186,663)**	–	**–**	–
Net book value	**305,118**	482,322	**–**	227

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Impairment tests for goodwill

Goodwill arising from acquisition of subsidiaries is allocated to the Group's cash-generating units or groups of cash-generating units as follows:

	Group	
	2017	2016
	S$'000	S$'000
		(Restated)
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**59,908**	80,508
CouriersPlease Holdings Pty Limited	**78,521**	76,066
Tras – Inter Co. Ltd	**2,369**	2,272
F.S. Mackenzie Limited	**4,952**	5,520
Famous Pacific Shipping (NZ) Limited	**5,515**	5,271
The Store House Limited	**11,264**	10,875
EK Media	**–**	227
Rotterdam Harbour Holding B.V.	**15,812**	16,280
L+S Self Storage Pte Ltd (formerly known as Store Friendly Self Storage Group Pte Ltd)	**10,646**	10,646
Jagged Peak, Inc	**21,860**	20,710
TG Acquisition Corporation	**9,556**	169,232
	305,118	482,322

* TG Acquisition Corporation is the immediate holding company of TradeGlobal.

The recoverable amount of each CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets covering, minimally, a three-year period. Cash flows beyond the periods covered by the financial budgets were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the country in which the CGU operates.

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Key assumptions used for value-in-use calculations for goodwill are as follows:

	Quantium Solutions International Pte. Ltd.	General Storage Company Limited	Famous Holdings Pte Ltd	Couriers-Please Pty Limited	F.S Mackenzie Limited	Famous Pacific Shipping (NZ) Limited	The Store House Limited	Rotterdam Harbour Holding B.V.	L+S Self Storage Pte Ltd	TG Acquisition Corporation	Jagged Peak, Inc
2017											
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate	9.0%	7.0%	10.0%	8.7%	10.0%	10.0%	7.0%	10.0%	7.0%	10.5%	10.0%
2016											
Terminal growth rate	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%
Discount rate	–	5.7%	10.0%	8.7%	10.0%	9.7%	5.7%	11.4%	5.7%	10.5%	10.5%

The above assumptions were used for the analysis of each material CGU.

A total impairment charge of $186.7 million (2016: Nil) is included within “Exceptional items” in the consolidated statement of comprehensive income. The total impairment charge consists of :

- S$166.1 million for the TG Acquisition Corporation CGU which arose as a result of the CGU not achieving the underlying profit assumptions of the business plan which supported the investment; and

- S$20.6 million for the Famous Holding Pte. Ltd CGU which arose as a result of the acquisition of Famous Holdings Pte. Ltd purchase price adjustment that reduced the carrying value of goodwill on acquisition.

The impairment test carried out as at 31 March 2017 for the Quantium Solutions International Pte. Ltd. CGU, which comprises 26% of the goodwill recognised on the balance sheet, has revealed that the recoverable amount of the CGU is S$3,707,000 or 4% higher than its carrying amount. A further decrease in the terminal growth rate by 0.4% or an increase in the discount rate by 0.3% would result in the recoverable amount of the Quantium Solutions International Pte. Ltd. CGU being equal to its carrying amount.

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

The impairment test carried out as at 31 March 2017 for the General Storage Company Group ("GSC Group") CGU (consisting of General Storage Company Pte. Ltd., the Store House Limited and L+S Self Storage Pte. Ltd.), which comprises 3% of the goodwill recognised on the balance sheet, has revealed that the recoverable amount of the CGU is S$5,213,000 or 7% higher than its carrying amount. A further decrease in the terminal growth rate by 0.3% or an increase in the discount rate by 0.3% would result in the recoverable amount of the GSC Group CGU being equal to its carrying amount.

(b) Customer relationships

	Group	
	2017	2016
	S$'000	S$'000 (Restated)
Cost		
Beginning of financial year	**65,395**	6,360
Acquisition of subsidiaries	**–**	61,180
Additions	**–**	250
Currency translation differences	**2,129**	(2,395)
End of financial year	**67,524**	65,395
Accumulated amortisation and impairment		
Beginning of financial year	**(7,451)**	(5,396)
Amortisation charge	**(4,437)**	(1,799)
Impairment charge (Note 9)	**(18,953)**	–
Write-off	**–**	(256)
End of financial year	**(30,841)**	(7,451)
Net book value	**36,683**	57,944

In the current financial year, the Group recognised an impairment charge of $19.0 million (2016: Nil) on its customer relationships in relation to the acquisition of TG Acquisition Corporation. The impairment charge arose as a result of the loss of two major customers of TradeGlobal, and was included within "Exceptional items" in the consolidated statement of comprehensive income (Note 9).

23. INTANGIBLE ASSETS (continued)

(c) Preferential rent

	Group 2017 S$'000	Group 2016 S$'000
Cost		
Beginning of financial year	**7,474**	7,497
Currency translation differences	**33**	(23)
End of financial year	**7,507**	7,474
Accumulated amortisation		
Beginning of financial year	**(2,081)**	(989)
Amortisation charge	**(759)**	(1,092)
End of financial year	**(2,840)**	(2,081)
Net book value	**4,667**	5,393

(d) Acquired software licence

	Group 2017 S$'000	Group 2016 S$'000 (Restated)
Cost		
Beginning of financial year	**6,703**	–
Acquisition of subsidiaries	**–**	6,425
Additions	**6,891**	342
Currency translation differences	**139**	(64)
End of financial year	**13,733**	6,703
Accumulated amortisation		
Beginning of financial year	**(262)**	–
Amortisation charge	**(2,431)**	(262)
End of financial year	**(2,693)**	(262)
Net book value	**11,040**	6,441

23. INTANGIBLE ASSETS (continued)

(e) Trademarked brands

	Group 2017 S$'000	2016 S$'000
Cost		
Beginning of financial year	**41,907**	41,856
Acquisition of subsidiary	**–**	560
Currency translation differences	**1,355**	(509)
End of financial year	**43,262**	41,907
Accumulated amortisation		
Beginning of financial year	**(23)**	–
Amortisation charge	**(64)**	(23)
End of financial year	**(87)**	(23)
Net book value	**43,175**	41,884

Included in the carrying amount is a trademarked brand with indefinite useful life of S$42,704,000 (2016: S$41,368,000).

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life:

	Group 2017	2016
Royalty rate	**1.8%**	1.8%
Terminal growth rate	**2.5%**	0.0%
Discount rate	**8.7%**	8.7%

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
<u>Current</u>				
Trade payables				
– Subsidiaries	**–**	–	**79,343**	21,102
– Companies related by a substantial shareholder	**346**	315	**346**	315
– Non-related parties	**200,982**	166,214	**163,779**	125,541
	201,328	166,529	**243,468**	146,958
Advance billings	**31,712**	29,892	**18,525**	16,785
Accrual for other operating expenses	**105,681**	95,962	**48,754**	64,445
Interest payable	**631**	65	**631**	65
Customers' deposits	**4,630**	4,723	**4,630**	4,723
Collections on behalf of third parties	**18,540**	22,071	**18,540**	22,071
Contingent consideration payable (Note (a))	**–**	27,815	**–**	–
Tender deposits	**19,758**	18,699	**12,473**	11,204
Other creditors	**12,804**	19,923	**6,660**	8,181
	395,084	385,679	**353,681**	274,432
<u>Non-current</u>				
Contingent consideration payable (Note (a))	**23,363**	25,401	**–**	–
Deferred lease	**2,574**	2,318	**–**	–
Accrual for other operating expenses	**1,805**	4,506	**–**	–
Provision for reinstatement costs (Note (b))	**16,720**	–	**2,070**	–
	44,462	32,225	**2,070**	–
Total trade and other payables	**439,546**	417,904	**355,751**	274,432

Details of restatement of prior year comparatives are provided in Note 38.

24. TRADE AND OTHER PAYABLES (continued)

(a) Contingent consideration payable

(i) *F.S. Mackenzie Limited ("FSML")*

The balance of the consideration is dependent on the adjusted average net profit after tax of FSML for 3 consecutive financial years ending 31 March 2015 to 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S$3,083,000 based on estimated adjusted average net profit after tax of S$1,436,000 for the relevant financial years and discounted at 2% per annum.

As at 31 March 2017, the fair value of contingent consideration amounted to S$1,540,000 (2016: S$2,216,000).

(ii) *Famous Pacific Shipping (NZ) Limited ("FPSNZ")*

The balance of the consideration is dependent on the adjusted average net profit after tax of FPSNZ for financial year ending 31 March 2016 and 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S$894,000 based on estimated adjusted average net profit after tax of S$797,000 for the relevant financial years and discounted at 2% per annum.

As at 31 March 2017, the fair value of contingent consideration amounted to S$2,240,000 (2016: S$2,578,000).

(iii) *Rotterdam Harbour Holding B.V. ("FPS Rotterdam")*

The consideration for the remaining 20% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 31 March 2017, and the cumulative net profit after tax of FPS Rotterdam for the five financial years prior to 14 July 2020. The fair value of the consideration at acquisition date, discounted at 2.18% per annum, is at its maximum of S$5,222,000 based on the criteria above.

As at 31 March 2017, the fair value of contingent consideration amounted to S$3,797,000 (2016: S$5,394,000).

24. TRADE AND OTHER PAYABLES (continued)

(a) Contingent consideration payable (continued)

(iv) Jagged Peak, Inc. ("JP")

In accordance with the key Stockholder Agreement between the Group and the key stockholder, a call option was granted to the Group to purchase the remaining 28.9% interest in JP and a put option was granted to the key stockholder to sell the remaining 28.9% interest in JP to the Group.

The consideration for the 28.9% under option is dependent on the audited average earnings before interest, tax, depreciation and amortisation ("EBITDA") of JP for the 3 consecutive financial years ending 31 December 2015 to 31 December 2017. The fair value of the consideration at the acquisition date was estimated at S$13,809,000 based on a multiple of forecasted average EBITDA for the relevant financial years and estimated net debt of S$6,731,000, discounted at 2.9% per annum.

The maximum amount that the Group is expected to pay to the key stockholders of Jagged Peak will be S$33,163,000 if the above mentioned criteria are met.

As at 31 March 2017, the fair value of contingent consideration amounted to S$15,786,000 (2016: S$15,213,000).

The fair value of contingent consideration payable was derived using the income approach and is classified as a Level 3 fair value under the fair value hierarchy.

(b) Provision for reinstatement costs

A provision is recognised for the present value of costs to be incurred for the restoration of the Group's investment properties and property, plant and equipment.

Movement in this provision is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**–**	–	**–**	–
Provision made	**16,720**	–	**2,070**	–
End of financial year	**16,720**	–	**2,070**	–

25. BORROWINGS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Other borrowings	**363,985**	280,272	**320,061**	236,044

The analysis of the current and non-current borrowings is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**14,043**	11,667	**–**	–
– Borrowings (unsecured)	**134,743**	59,423	**117,743**	33,000
	148,786	71,090	**117,743**	33,000
Non-current				
– Borrowings (secured)	**12,881**	6,138	**–**	–
– Borrowings (unsecured)	**202,318**	203,044	**202,318**	203,044
	215,199	209,182	**202,318**	203,044
	363,985	280,272	**320,061**	236,044

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$49.3 million (2016: S$51.0 million) (Note 21) at the balance sheet date, or guaranteed by a director of a subsidiary with non-controlling interests.

The Group's unsecured borrowings mainly comprised S$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010. The Notes are listed on the SGX-ST and carry a fixed interest rate of 3.5% (2016: 3.5%) per annum respectively.

25. BORROWINGS (continued)

Fair value of non-current borrowings

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**12,881**	6,138	**–**	–
– Borrowings (unsecured)	**207,896**	208,946	**207,896**	208,946
	220,777	215,084	**207,896**	208,946

The fair value of the Notes above are determined based on the over-the-counter quoted price.

The fair value of external bank loans are computed based on cash flows discounted at market borrowing rates. The fair value is classified within Level 2 of the fair value hierarchy.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 35(a)(ii).

26. DEFERRED INCOME

Deferred income relates to:

(a) Definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") commenced on 19 January 2017. Deferred income received from AXA is recognised in profit or loss over the period of 10 years till 19 January 2025; and

(b) Capital grants received from the Universal Postal Union, National Trade Union Congress and Economic Development Board. Deferred capital grants are recognised in profit or loss over the periods necessary to match the depreciation of the assets purchased.

The current and non-current portion of the deferred income for the Group and the Company at the balance sheet date are S$7,413,000 (2016: S$7,268,000) and S$49,545,000 (2016: S$56,785,000).

27. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Deferred income tax assets				
– To be recovered within one year	**1,024**	1,351	**–**	–
– To be recovered after one year	**5,194**	4,193	**–**	–
	6,218	5,544	**–**	–
Deferred income tax liabilities				
– To be settled within one year	**4,079**	5,199	**1,353**	1,473
– To be settled after one year	**58,468**	60,836	**21,250**	17,726
	62,547	66,035	**22,603**	19,199

Details of restatement of prior year comparatives are provided in Note 38.

27. DEFERRED INCOME TAXES (continued)

Movement in the deferred income tax account is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Beginning of financial year	**60,491**	31,799	**19,199**	17,278
Acquisition of subsidiaries	**–**	27,033	**–**	–
Disposal of subsidiaries (Note 12)	**–**	(320)	**–**	–
Currency translation differences	**1,062**	(117)	**–**	–
Tax (credited)/charged to profit or loss (Note 10(a))	**(4,170)**	2,096	**3,404**	1,921
Revaluation of properties, plant and equipment transferred to investment properties	**(1,054)**	–	**–**	–
End of financial year	**56,329**	60,491	**22,603**	19,199

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$155,354,000 (2016: S$91,975,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

27. DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2017			
Beginning of financial year	**27,128**	**39,091**	**66,219**
Currency translation differences	**201**	**528**	**729**
Charged/(credited) to profit or loss	**12,650**	**(7,759)**	**4,891**
Revaluation of property, plant and equipment transferred to investment properties (Note 30(b)(v))	**–**	**(1,054)**	**(1,054)**
End of financial year	**39,979**	**30,806**	**70,785**
2016 (Restated)			
Beginning of financial year	20,343	16,109	36,452
Currency translation differences	(524)	19	(505)
Acquisition of subsidiaries	4,510	24,125	28,635
Disposal of subsidiaries	(533)	(1)	(534)
Charged to profit or loss	3,332	(1,161)	2,171
End of financial year	27,128	39,091	66,219

27. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2017			
Beginning of financial year	**(3,216)**	**(2,512)**	**(5,728)**
Currency translation difference	**24**	**309**	**333**
(Credited)/charged to profit or loss	**(9,637)**	**576**	**(9,061)**
End of financial year	**(12,829)**	**(1,627)**	**(14,456)**
2016			
Beginning of financial year	(1,806)	(2,847)	(4,653)
Currency translation difference	53	335	388
Acquisition of subsidiaries	(1,602)	–	(1,602)
Disposal of subsidiaries	214	–	214
Credited to profit or loss	(75)	–	(75)
End of financial year	(3,216)	(2,512)	(5,728)

27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2017			
Beginning of financial year	**18,731**	**632**	**19,363**
Charged/(credited) to profit or loss	**3,606**	**(180)**	**3,426**
End of financial year	**22,337**	**452**	**22,789**
2016			
Beginning of financial year	17,144	243	17,387
Charged to profit or loss	1,587	389	1,976
End of financial year	18,731	632	19,363

Company

Deferred income tax assets

	Provisions S$'000
2017	
Beginning of financial year	**(164)**
Credited to profit or loss	**(22)**
End of financial year	**(186)**
2016	
Beginning of financial year	(109)
Credited to profit or loss	(55)
End of financial year	(164)

28. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2017				
Beginning of financial year	**2,163,001**	**(2,046)**	**448,775**	**(2,116)**
– New shares issued	**107,554**	**–**	**183,960**	**–**
Employee share option scheme				
– New shares issued	**4,529**	**–**	**6,021**	**–**
– Treasury shares re-issued	**–**	**865**	**–**	**889**
End of financial year	**2,275,084**	**(1,181)**	**638,756**	**(1,227)**
2016				
Beginning of financial year	2,149,518	(2,744)	429,980	(2,831)
Employee share option scheme				
– New shares issued	13,483	–	18,795	–
– Treasury shares re-issued	–	698	–	715
End of financial year	2,163,001	(2,046)	448,775	(2,116)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 10 January 2017, the Company issued 107,553,907 ordinary shares for a total consideration of S$183,960,000 (net of transaction costs of S$3,184,000) for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Treasury shares

The Company re-issued 865,000 (2016: 698,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices at S$1.03 (2016: S$1.03) each. The cost of the treasury shares re-issued amounted to S$889,000 (2016: S$715,000).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as "The Scheme". The Scheme is administered by the Compensation Committee comprising Mrs Fang Ai Lian (Chairman[1]), Mr Simon Claude Israel and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2017.

Employees (including executive directors) and non-executive directors, subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees, and to give recognition to non-executive directors, who have contributed to the success and development of the Company and/or the Group.

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.

- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).

- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

[1] Mrs Fang Ai Lian was appointed as the chairperson of the Compensation Committee on 10 October 2016 in place of Mr Tan Yam Pin who stepped down as chairman and member of the Compensation Committee on 14 July 2016.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follow:

Vesting period	**Proportion of Total Share Options that are exercisable**
Before/On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant **OR** Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On/After third anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before/On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On/After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On/After fourth anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company target share price performance.

- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Since the adoption of the Scheme to 31 March 2016, a total of 171,626,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

During the financial year ended 31 March 2017, 7,061,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of grant	**Exercise Period**	**Exercise Price**	**Balance At 1.4.16 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.17 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
26.06.06 [1]	27.06.07 to 26.06.16	S$1.048	27	–	27	–	–
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	–	196
30.06.08	01.07.09 to 30.06.18	S$1.100	280	–	90	–	190
29.06.09 [1]	30.06.10 to 29.06.19	S$0.890	10	–	10	–	–
29.06.10	30.06.11 to 29.06.20	S$1.140	533	–	20	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	855	–	189	–	666
19.03.12 [1]	20.03.13 to 19.03.22	S$0.980	200	–	200	–	–
10.05.12 [1]	11.05.13 to 10.05.22	S$1.030	200	–	200	–	–
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	–	–	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	2,590	–	1,066	–	1,524
03.09.12 [1]	04.09.13 to 03.09.22	S$1.080	50	–	50	–	–
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	11,316	–	1,991	1,723	7,602
07.03.14	08.03.17 to 07.03.24	S$1.330	500	–	–	–	500
10.03.14	11.03.15 to 10.03.24	S$1.330	80	–	–	–	80
01.04.14	02.04.17 to 01.04.24	S$1.360	200	–	–	–	200

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

			Number of ordinary shares under options outstanding				
Date of grant	**Exercise Period**	**Exercise Price**	**Balance At 1.4.16 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.17 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
20.05.14	21.05.15 to 20.05.24	S$1.450	7,689	–	686	1,370	5,633
07.08.14	08.08.15 to 07.08.24	S$1.760	708	–	–	140	568
28.11.14	29.11.15 to 28.11.24	S$1.920	200	–	–	200	–
07.04.15	08.04.16 to 07.04.25	S$1.960	1,588	–	–	1,588	–
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	–	950
19.05.15	20.05.16 to 19.05.25	S$1.890	15,933	–	–	2,976	12,957
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.27	S$1.570	–	7,061	–	374	6,687
Total Share Options			45,270	7,061	4,529	8,371	39,431

(1) All outstanding share options granted on 26 June 2006, 29 June 2009, 19 March 2012, 10 May 2012 and 3 September 2012 had been exercised before the expiry date.

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole Share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole Share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of The Plan to 31 March 2016, a total of 3,402,479 restricted shares were granted.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

During the financial year ended 31 March 2017, 2,436,639 restricted shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

Date of Grant	Balance As At 1.4.16 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.17 ('000)
05.08.13	401	–	365	28	8
20.05.14	443	–	189	21	233
19.05.15	662	–	198	68	396
03.08.15	112	–	112	–	–
20.05.16	–	2,437	–	419	2,018
Total Shares	**1,618**	**2,437**	**864**	**536**	**2,655**

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 39,431,000 (2016: 45,270,000) shares, 17,219,000 (2016: 10,407,000) options are exercisable as at 31 March 2017. Options exercised in the financial year ended 31 March 2017 resulted in 4,529,000 (2016: 13,483,000) new ordinary shares being issued for options with average exercise price of S$1.247 (2016: S$1.289), rounded to 3 decimal places. Options were exercised throughout the year. The weighted average share price during the financial year was S$1.49 (2016: S$1.76).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

Following is the details of the significant inputs into the valuation model to determine fair value of the share incentive granted during the financial year.

Type of Share Options	Singapore Post Share Option Scheme 2012	Restricted Share Plan
2017		
Total fair value of options granted during financial year	**S$989,225**	**S$2,840,681**
Valuation Model	**Trinomial option Pricing model**	**Adjusted Share Price model**
Weighted average share price at the grant dates	**S$1.58**	**S$1.58**
Weighted average exercise price	**S$1.57**	**S$1.55**
Expected volatility	**14%**	**–**
Expected option life	**10 years**	**3 years**
Annual risk-free interest rate (per annum)	**1.6%**	**0.9%**
Expected dividend yield	**4.5%**	**4.5%**
2016		
Total fair value of options granted during financial year	S$3,373,539	S$1,361,024
Valuation Model	Trinomial option Pricing model	Adjusted Share Price model
Weighted average share price at the grant dates	S$1.871	S$1.872
Weighted average exercise price	S$1.896	S$1.882
Expected volatility	16%	–
Expected option life	5 years	10 years
Annual risk-free interest rate (per annum)	1.7%	0.9%
Expected dividend yield	3.4%	3.5%

The volatility measured was based on the historical volatility of the rate of returns of the Company’s shares since listing date of 13 May 2003.

The fair value is within Level 3 of the fair value hierarchy.

29. PERPETUAL SECURITIES

On 2 March 2012, the Company issued senior perpetual cumulative securities (the "perpetual securities") with an aggregate principal amount of S$350,000,000. Incremental cost incurred amounting to S$4,397,000 incurred were recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 4.25% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to S$14,875,000 (2016: S$14,915,000) were made to perpetual securities holders.

30. OTHER RESERVES

	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
(a) Composition:				
Share option reserve	**8,990**	6,904	**8,990**	6,904
Fair value reserve	**(659)**	(1,105)	**(659)**	(1,105)
Currency translation reserve	**(17,841)**	(25,042)	**–**	–
Other capital reserve	**37,447**	37	**–**	–
Asset valuation reserve	**43,850**	26,464	**28,918**	28,914
	71,787	7,258	**37,249**	34,713
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**6,904**	4,980	**6,904**	4,980
Employee share option scheme:				
– Value of employee services (Note 5)	**3,351**	4,053	**3,351**	4,053
– Issue of shares	**(376)**	(1,414)	**(376)**	(1,414)
– Re-issuance of treasury shares	**(889)**	(715)	**(889)**	(715)
End of financial year	**8,990**	6,904	**8,990**	6,904
(ii) Fair value reserve				
Beginning of financial year	**(1,105)**	(468)	**(1,105)**	(468)
Fair value gain/(loss)	**446**	(637)	**446**	(637)
End of financial year	**(659)**	(1,105)	**(659)**	(1,105)
(iii) Currency translation reserve				
Beginning of financial year	**(25,042)**	(3,534)	**–**	–
Acquisition of non-controlling Interests (Note 20)	**23**	–	**–**	–
Partial divestment of a subsidiary	**405**	–	**–**	–
Reclassification on disposal of subsidiaries, associated companies and joint venture	**73**	(2,026)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**6,797**	(18,913)	**–**	–
Less: Non-controlling interests	**(97)**	(569)	**–**	–
End of financial year	**(17,841)**	(25,042)	**–**	–

30. OTHER RESERVES (continued)

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
(b) Movements: (continued)				
(iv) Other capital reserve				
Beginning of financial year	**37**	35	**–**	–
Acquisition of non-controlling interests (Note 20)	**(1,622)**	–	**–**	–
Partial divestment of a subsidiary (Note 12)	**39,032**	–	**–**	–
Transfer from retained earnings of subsidiaries to statutory reserves	**–**	2	**–**	–
End of financial year	**37,447**	37	**–**	–
(v) Asset valuation reserve				
Beginning of financial year	**26,464**	6,435	**28,914**	1,290
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 22, Note 27)	**17,386**	20,029	**4**	27,624
End of financial year	**43,850**	26,464	**28,918**	28,914

Other reserves are non-distributable.

31. RETAINED EARNINGS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to S$9,295,000 (2016: S$18,871,000) and the amount of S$1,227,000 (2016: S$2,116,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S$1,227,000 (2016: S$2,116,000) utilised to purchase treasury shares.

(b) Movement in retained earnings for the Company is as follows:

	Company	
	2017	2016
	S$'000	S$'000
Beginning of financial year	**780,232**	688,597
Net profit	**11,819**	273,535
Dividends paid (Note 32)	**(119,548)**	(166,985)
Reserved distribution to perpetual securities (Note 29)	**(14,875)**	(14,915)
End of financial year	**657,628**	780,232

32. DIVIDENDS

	Group and Company	
	2017	2016
	S$'000	S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.50 cents (2016: 2.50 cents) per share	**54,075**	53,777
Special exempt (one-tier) dividend paid in respect of the previous financial year of Nil (2016: 0.75 cent) per share	**–**	16,133
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.50 cents (2016: 1.50 cents) per share	**32,457**	32,291
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.00 cent (2016: 1.50 cents) per share	**21,648**	32,375
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 0.50 cent (2016: 1.50 cents) per share	**11,368**	32,409
	119,548	166,985

At the Annual General Meeting on 20 July 2017, a final exempt (one-tier) dividend of 0.50 cent per share amounting to S$11.4 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

33. CONTINGENT LIABILITIES

A foreign subsidiary has tax-related contingent liabilities arising from certain tax compliance issues which, due to inherent uncertainties, is not possible to make an accurate quantification of such liability at this juncture. The Company had notified the relevant regulatory authorities regarding these tax compliance issues. These tax-related contingent liabilities are subject to an indemnity claim by the Group against the vendor under the sale and purchase agreement entered into between the Company and the vendor for which the acquisition of the foreign subsidiary was made.

34. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Property, plant and equipment	**111,762**	246,774	**103,286**	215,974

(b) Operating lease commitments – where the Group is a lessee

The Group and Company leases various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**38,776**	35,454	**9,413**	12,597
Between one and five years	**65,278**	60,750	**11,307**	16,586
Later than five years	**43,513**	53,112	**2,209**	3,456
	147,567	149,316	**22,929**	32,639

34. COMMITMENTS (continued)

(c) Operating lease commitments – where the Group is a lessor

The Group and Company leases out various retail and office space under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**44,214**	34,059	**39,575**	33,760
Between one and five years	**58,558**	54,117	**55,143**	53,723
Later than five years	**3,750**	4,686	**3,750**	4,686
	106,522	92,862	**98,468**	92,169

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The Group uses financial instruments such as interest rate swaps and currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board Risk Committee then performs oversight responsibilities to ensure the financial risks are managed in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The currency transaction risk of the Group arises mainly from the international mail business, which generates inpayments and outpayments denominated in foreign currencies. The currency exposure is primarily in Special Drawing Rights ("SDR"), Euro ("EUR") and United States Dollar ("USD"). SDR is an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement is usually in US Dollars. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

In addition, the Group is exposed to currency translation risk on net assets in foreign subsidiaries, associated companies and joint ventures. Currency exposure to the net assets in foreign subsidiaries, associated companies and joint ventures where a divestment is not foreseeable is not hedged by the Group.

Group Treasury's risk management policy is to hedge planned divestment of overseas investments using currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group									
As at 31 March 2017									
Financial assets									
Cash and cash equivalents	259,026	–	4,926	59,105	8,834	12,319	2,144	20,260	366,614
Trade and other receivables	102,197	5,710	5,009	37,129	8,936	21,859	1,436	23,822	206,098
Other financial assets	3,639	–	–	266	1,251	183	137	878	6,354
Financial asset	40,049	–	–	–	–	–	–	262	40,311
Derivative financial instruments	–	–	–	–	–	–	16,079	–	16,079
	404,911	5,710	9,935	96,500	19,021	34,361	19,796	45,222	635,456
Financial liabilities									
Derivative financial instruments	–	–	(357)	(597)	–	–	–	(101)	(1,055)
Borrowings	(346,805)	–	–	(11,497)	–	–	(4,809)	(874)	(363,985)
Trade and other payables	(195,099)	(145,249)	(3,412)	(46,194)	(2,709)	(22,482)	(1,376)	(23,025)	(439,546)
	(541,904)	(145,249)	(3,769)	(58,288)	(2,709)	(22,482)	(6,185)	(24,000)	(804,586)
Net financial assets/ (liabilities)	(136,993)	(139,539)	6,166	38,212	16,312	11,879	13,611	21,222	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(136,993)	–	5,284	(18,027)	12,768	10,363	(2,468)	15,896	
Add/(Less): Currency forwards	–	79,565	–	(85,340)	–	–	–	–	
Currency exposure	–	(59,974)	882	(29,101)	3,544	1,516	16,079	5,326	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group (continued)									
As at 31 March 2016 (Restated)									
Financial assets									
Cash and cash equivalents	50,926	–	14,258	11,241	10,452	10,779	3,219	25,765	126,640
Trade and other receivables	119,562	6,263	6,450	33,863	8,256	19,830	1,441	19,863	215,528
Other financial assets	4,190	–	–	321	1,136	45	40	799	6,531
Financial asset	46,210	–	–	–	–	–	–	–	46,210
Derivative financial instruments	846	–	–	–	–	–	–	–	846
	221,734	6,263	20,708	45,425	19,844	30,654	4,700	46,427	395,755
Financial liabilities									
Derivative financial instruments	–	–	(207)	(465)	–	–	–	(129)	(801)
Borrowings	(263,531)	–	–	(9,423)	–	–	(5,887)	(1,431)	(280,272)
Trade and other payables	(202,909)	(104,233)	(4,896)	(43,968)	(3,140)	(22,341)	(2,256)	(34,161)	(417,904)
	(466,440)	(104,233)	(5,103)	(53,856)	(3,140)	(22,341)	(8,143)	(35,721)	(698,977)
Net financial assets/ (liabilities)	**(244,706)**	**(97,970)**	**15,605**	**(8,431)**	**16,704**	**8,313**	**(3,443)**	**10,706**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(244,706)	–	4,702	(14,523)	10,464	7,992	(3,373)	14,795	
Add: Currency forwards	–	64,115	10,498	6,731	–	423	–	–	
Currency exposure	**–**	**(33,855)**	**21,401**	**12,823**	**6,240**	**744**	**(70)**	**(4,089)**	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Company								
As at 31 March 2017								
Financial assets								
Cash and cash equivalents	245,017	–	972	54,510	25	–	2,655	303,179
Trade and other receivables	534,448	5,710	–	32,437	–	–	5,831	578,426
Other financial assets	2,359	–	–	–	–	–	–	2,359
Financial asset	39,702	–	–	–	–	–	–	39,702
Derivative financial instruments	–	–	–	–	–	16,142	–	16,142
	821,526	5,710	972	86,947	25	16,142	8,486	939,808
Financial liabilities								
Derivative financial instruments	–	–	(357)	(597)	–	–	(101)	(1,055)
Borrowings	(320,061)	–	–	–	–	–	–	(320,061)
Trade and other payables	(210,502)	(145,249)	–	–	–	–	–	(355,751)
	(530,563)	(145,249)	(357)	(597)	–	–	(101)	(676,867)
Net financial assets/(liabilities)	290,963	(139,539)	615	86,350	25	16,142	8,385	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	290,963	–	–	–	–	–	–	
Add/(Less): Currency forwards	–	79,565	–	(85,340)	–	–	–	
Currency exposure	–	(59,974)	615	1,010	25	16,142	8,385	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Company (continued)								
As at 31 March 2016 (Restated)								
Financial assets								
Cash and cash equivalents	28,292	–	10,005	3,510	21	–	7,798	49,626
Trade and other receivables	751,649	6,263	–	–	–	–	–	757,912
Other financial assets	2,362	–	–	–	–	–	–	2,362
Financial asset	45,612	–	–	–	–	–	–	45,612
Derivative financial instruments	846	–	–	–	–	–	–	846
	828,761	6,263	10,005	3,510	21	–	7,798	856,358
Financial liabilities								
Derivative financial instruments	–	–	(129)	(493)	–	–	(137)	(759)
Borrowings	(236,044)	–	–	–	–	–	–	(236,044)
Trade and other payables	(170,199)	(104,233)	–	–	–	–	–	(274,432)
	(406,243)	(104,233)	(129)	(493)	–	–	(137)	(511,235)
Net financial assets/(liabilities)	**422,518**	**(97,970)**	**9,876**	**3,017**	**21**	**–**	**7,661**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	422,518	–	–	–	–	–	–	
Add: Currency forwards	–	64,115	5,639	6,731	423	–	–	
Currency exposure	**–**	**(33,855)**	**15,515**	**9,748**	**444**	**–**	**7,661**	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 3% (2016: 2%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
SDR against SGD		
– strengthened	**(1,515)**	(562)
– weakened	**1,515**	562
Company		
SDR against SGD		
– strengthened	**(1,515)**	(562)
– weakened	**1,515**	562

If the EUR changes against the SGD by 4% (2016: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
EUR against SGD		
– strengthened	**29**	889
– weakened	**(29)**	(889)
Company		
EUR against SGD		
– strengthened	**20**	644
– weakened	**(20)**	(644)

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 4% (2016: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
USD against SGD		
– strengthened	**(936)**	426
– weakened	**936**	(426)
Company		
USD against SGD		
– strengthened	**64**	324
– weakened	**(64)**	(324)

(ii) Fair value interest rate risks

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

The Group's policy is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debt based on the assessment of interest rate trends is used to achieve this objective. The Group was exposed to fair value interest rate risk from its bonds and fixed rate notes.

As at 31 March 2017 and 2016, if the interest rate had increased/decreased by 1% with all other variables, including tax rate being held constant, it would have insignificant impact on the profit after tax for the year.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade receivables, investments in financial assets and financial instruments used in hedging activities. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. The trade receivables of the Group and the Company comprise 1 debtor (2016: 1 debtor) that individually represented 18% to 27% of trade receivables. Revenues of S$161,198,000 (2016: S$71,227,000) are derived from an associated company. These revenues are attributable to the Logistics segment.

Bank deposits are placed in banks which are regulated. The Group limits its credit risk exposure in respect of investments in financial assets and derivative financial instruments by dealing with counterparties with high credit quality.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**56,373**	75,105	**115,720**	133,685
Other countries	**134,757**	102,934	**54,034**	40,721
	191,130	178,039	**169,754**	174,406
By types of customers				
Related parties	**47,891**	34,645	**123,733**	120,240
Non-related parties:				
– Government bodies	**6,321**	6,936	**6,321**	6,885
– Banks	**6,360**	8,704	**6,109**	8,448
– Overseas postal administrations	**5,615**	6,167	**5,615**	6,167
– Other companies	**124,943**	121,587	**27,976**	32,666
	191,130	178,039	**169,754**	174,406

(i) Financial assets that are neither past due nor impaired

Bank deposits, investments in financial assets and financial instruments used in hedging activities that are neither past due nor impaired are mainly deposited and transacted with high credit-ratings counterparties. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Past due up to 3 months	**69,076**	64,668	**42,459**	38,658
Past due over 3 months	**5,143**	8,872	**1,058**	2,302
	74,219	73,540	**43,517**	40,960

The carrying amount of trade receivables individually and collectively determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Gross amount	**5,665**	5,390	**951**	1,741
Less: Allowance for impairment	**(5,665)**	(5,390)	**(951)**	(1,741)
	–	–	**–**	–
Beginning of financial year	**5,390**	5,273	**1,741**	1,566
Allowance made	**1,356**	472	**–**	351
Allowance utilised	**(1,081)**	(355)	**(790)**	(176)
End of financial year	**5,665**	5,390	**951**	1,741

The impaired trade receivables arise mainly from sales to certain customers that are in significant financial difficulty.

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and cash equivalents to enable them to meet their normal operating commitments, having an adequate amount of both committed and uncommitted credit facilities and the ability to close market positions at short notice.

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 March 2017				
Trade and other payables	**(395,084)**	**(41,888)**	**–**	**–**
Borrowings	**(155,786)**	**(7,000)**	**(219,881)**	**–**
Gross settled currency forwards	**(1,055)**	**–**	**–**	**–**
	(551,925)	**(48,888)**	**(219,881)**	**–**
At 31 March 2016 (Restated)				
Trade and other payables	(385,679)	(29,907)	–	–
Borrowings	(78,090)	(7,000)	(220,138)	–
Gross settled currency forwards	(801)	–	–	–
	(464,570)	(36,907)	(220,138)	–
Company				
At 31 March 2017				
Trade and other payables	**(353,681)**	**(2,070)**	**–**	**–**
Borrowings	**(124,743)**	**(7,000)**	**(207,000)**	**–**
Gross settled currency forwards	**(1,055)**	**–**	**–**	**–**
	(479,479)	**(9,070)**	**(207,000)**	**–**
At 31 March 2016 (Restated)				
Trade and other payables	(274,432)	–	–	–
Borrowings	(40,000)	(7,000)	(214,000)	–
Gross settled currency forwards	(759)	–	–	–
	(315,191)	(7,000)	(214,000)	–

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend policy, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets.

Management monitors capital based on gearing ratio. In the management of the debt and capital structure, the Group and Company aim to sustain a strong investment-grade credit profile.

The gearing ratio is calculated as net debt divided by total equity. Net debt/(cash) is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Net (cash)/debt	**(2,629)**	153,632	**16,882**	186,418
Total equity	**1,757,718**	1,561,503	**1,679,232**	1,608,430
Gearing ratio	**(0.1%)**	10%	**1%**	12%

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2017 and 2016.

(e) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking prices. The instruments are presented within Level 1 of the fair value hierarchy.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and make assumptions based on market conditions existing at each balance sheet date. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

The fair values of currency forwards are determined using actively quoted forward exchange rates. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

These investments are classified as Level 2 and comprise derivative financial instruments.

The fair value of contingent consideration payable is estimated by using a valuation technique that is not based on observable market data and is accordingly classified as a Level 3 fair value measurement. Refer to Note 24 for details.

The fair values of current and non-current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2017				
Assets				
Available-for-sale financial assets	**3,954**	**–**	**5,170**	**9,124**
Held-to-maturity financial assets	**31,187**	**–**	**–**	**31,187**
Derivative financial instruments	**16,011**	**68**	**–**	**16,079**
Liabilities				
Derivative financial instruments	**–**	**1,055**	**–**	**1,055**
Contingent consideration payable	**–**	**–**	**23,363**	**23,363**
2016 (Restated)				
Assets				
Available-for-sale financial assets	3,508	–	5,159	8,667
Held-to-maturity financial assets	37,543	–	–	37,543
Derivative financial instruments	–	846	–	846
Liabilities				
Derivative financial instruments	–	801	–	801
Contingent consideration payable	–	–	53,216	53,216

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Company				
2017				
Assets				
Available-for-sale financial assets	**3,954**	**–**	**4,561**	**8,515**
Held-to-maturity financial assets	**31,187**	**–**	**–**	**31,187**
Derivative financial instruments	**16,011**	**131**	**–**	**16,142**
Liabilities				
Derivative financial instruments	**–**	**1,055**	**–**	**1,055**
2016				
Available-for-sale financial assets	3,508	–	4,561	8,069
Held-to-maturity financial assets	37,543	–	–	37,543
Derivative financial instruments	–	846	–	846
Liabilities				
Derivative financial instruments	–	801	–	801

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

The following table presents the changes in Level 3 instruments:

	Group and Company		Group	
	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Contingent consideration $'000	Total $'000
2017				
Beginning of financial year (Restated)	–	5,159	53,216	58,375
Fair value losses recognised in				
– Profit or loss	–	–	(196)	(196)
Partial settlement of contingent consideration	–	–	(2,588)	(2,588)
Write-down of contingent consideration (Note 24)	–	–	(27,816)	(27,816)
Currency translation differences	–	11	747	758
End of financial year	–	5,170	23,363	28,533
Total losses for the year included in the profit or loss for assets and liabilities held at the end of the financial year	–	–	(196)	(196)

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Group and Company		Group	
	Held-to-maturity financial assets $'000	**Available-for-sale financial assets $'000**	**Contingent consideration $'000**	**Total $'000**
2016 (Restated)				
Beginning of financial year	1,289	414	26,772	28,475
Purchases	–	4,745	–	4,745
Disposal	(1,289)	–	(1,301)	(2,590)
Acquisition of subsidiaries and associates	–	–	28,359	28,359
Fair value gains recognised in				
– Profit or loss	–	–	201	201
Currency translation differences	–	–	(815)	(815)
End of financial year	–	5,159	53,216	58,375
Total gains for the year included in the profit or loss for assets and liabilities held at the end of the financial year	–	–	201	201

There were no transfers between Levels 1, 2 and 3 during the year.

35. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets and in Notes 13, 15 and 25 to the financial statements, except for the following:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		(Restated)
Loans and receivables	**584,264**	355,107	**883,964**	809,900
Financial liabilities at amortised cost	**803,531**	698,176	**675,812**	510,476

(g) Offsetting financial assets and financial liabilities

The Group has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	(a)	(b)	(c)=(a)–(b)	(d)		(e)=(c)+(d)
	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	Gross amounts of recognised financial assets S$'000	Gross amounts of recognised financial liabilities S$'000	Net amounts of financial assets/ (liabilities) presented in the balance sheet S$'000	(d)(i), (d)(ii) Financial instruments S$'000	(d)(ii) Cash collateral pledged S$'000	Net amount S$'000
At 31 March 2017						
Currency forwards	**724**	**(1,779)**	**(1,055)**	**–**	**–**	**(1,055)**

There were no financial instruments subject to enforceable master netting arrangement for the year ended 31 March 2016.

36. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group 2017 S$'000	Group 2016 S$'000
Services rendered to an associated company	**161,198**	71,227
Services received from an associated company	**76**	64
Services rendered to related companies of a substantial shareholder	**14,629**	14,747
Services received from related companies of a substantial shareholder	**1,080**	910
Interest received from loans to associated companies	**812**	26

During the financial year ended 31 March 2017, the Company made payments on behalf of subsidiaries totalling S$47.5 million (2016: S$46.2 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2017, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 14 and 24 respectively.

(b) Key management personnel compensation is as follows:

	Group 2017 S$'000	Group 2016 S$'000
Salaries and other short-term employee benefits	**6,534**	7,198
Post-employment benefits – contribution to CPF	**68**	47
Share-based staff costs	**540**	721
	7,142	7,966

Included in the above is total compensation to directors of the Company amounting to S$1,525,000 (2016: S$1,690,000).

37. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the covering Group Chief Executive Officer/Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. From 1 April 2016, the Group has reclassified the reporting of certain business units into three business segments, namely Postal, Logistics and eCommerce. Management manages and monitors the business in these primary business areas:

Postal – Postal segment provides comprehensive services for collecting, sorting, transporting and distributing domestic and international mail as well as sale of philatelic products, agency services and financial services. International mail service covers the handling of incoming international mail and outgoing international mail. Mail division also offers ePost hybrid mail service which integrates electronic data communication with traditional mail.

Logistics – Logistics segment provides a diverse range of logistics solutions, comprising freight, warehousing, domestic and international distribution, and delivery services. The services include eCommerce logistics, warehousing, fulfilment and distribution, and other value-added services (Quantium Solutions), parcel delivery (SP Parcels), freight forwarding (Famous Holdings) and self-storage solutions (General Storage).

eCommerce – eCommerce segment provides front-end eCommerce solutions.

Other operations include the provision of commercial property rental and investment holding; but these are not included within the reportable operating segments, as they are not included in the reports provided to the CODM. The results of these operations are included in the "all other segments" column.

In line with the change in reporting structure of the Group as set out above, segment information for the financial year ended 31 March 2016 has been reclassified to conform to current year's presentation.

37. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2017 and 31 March 2016 are as follows:

	Postal S$'000	Logistics S$'000	eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2017						
Revenue:						
– External	518,637	562,785	267,080	–	–	1,348,502
– Inter-segment	25,504	74,016	2	–	(99,522)	–
	544,141	636,801	267,082	–	(99,522)	1,348,502
Other income and gains (net)						
Rental, property-related and miscellaneous income						
– External	1,105	2,900	317	42,029	–	46,351
– Inter-segment	–	–	–	30,326	(30,326)	–
	1,105	2,900	317	72,355	(30,326)	46,351
Operating profit/(loss)	150,707	23,596	(33,790)	(82,156)	–	58,357
Depreciation and amortisation	9,249	9,419	15,857	16,493	–	51,018
Segment assets	103,117	667,184	183,816	1,408,877	–	2,362,994
Segment assets includes:						
Investment in associated companies	–	62,367	–	55,416	–	117,783
Intangible assets	–	136,058	264,625	–	–	400,683
Additions to:						
– Property, plant and equipment	6,693	13,595	21,171	64,166	–	105,625
– Investment properties	–	–	–	97,818	–	97,818

37. SEGMENT INFORMATION (continued)

	Postal S$'000	Logistics S$'000	eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2016 (Restated)						
Revenue:						
– External	500,956	552,173	98,413	–	–	1,151,542
– Inter-segment	35,280	73,799	10	–	(109,089)	–
	536,236	625,972	98,423	–	(109,089)	1,151,542
Other income and gains/(losses) (net)						
Rental, property-related and miscellaneous income/(losses)						
– External	1,063	2,910	(658)	48,050	–	51,365
– Inter-segment	–	–	–	33,977	(33,977)	–
	1,063	2,910	(658)	82,027	(33,977)	51,365
Operating profit	157,324	38,812	(7,300)	95,423	–	284,259
Depreciation and amortisation	8,758	9,092	4,146	9,890	–	31,886
Segment assets	118,542	670,626	334,931	1,214,327	–	2,338,426
Segment assets includes:						
Investment in associated companies	–	70,238	–	76,163	–	146,401
Intangible assets	227	338,999	254,758	–	–	593,984
Additions to:						
– Property, plant and equipment	5,270	14,381	7,365	163,115	–	190,131
– Investment property	–	3	–	88,980	–	88,983

37. SEGMENT INFORMATION (continued)

Sales between segments are carried out at market terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

(a) Reconciliation of segment profits

The CODM assesses the performance of the operating segments based on a measure of operating profit, which is profit before interest, tax and share of results of associated companies and joint ventures. Interest income and finance expenses are not allocated to segments.

A reconciliation of operating profit to profit before tax is provided as follows:

	2017 **S$'000**	2016 S$'000
Operating profit for reportable segments	**140,513**	188,836
Other segments operating profit	**(82,156)**	95,423
Finance expense	**(5,674)**	(10,365)
Interest income	**3,439**	4,268
Share of (loss)/profit of associated companies and joint ventures	**(1,177)**	9,066
Profit before tax	**54,945**	287,228

37. SEGMENT INFORMATION (continued)

(b) Reconciliation of segment assets

Reportable segments' assets are reconciled to total assets as follows:

Segment assets are measured in a manner consistent with that of the financial statements. The CODM does not review balance sheet items by reportable segments, but rather monitors them at the Group level. All assets are allocated to reportable segments other than derivative financial instruments and financial assets, held-to-maturity. Cash and cash equivalents are allocated to reportable segments where applicable.

	2017 **S$'000**	2016 S$'000
Segment assets for reportable segments	**954,117**	1,124,099
Other segments assets	**1,408,877**	1,214,327
Unallocated:		
Cash and cash equivalents	**297,808**	41,602
Financial assets, held-to-maturity	**39,702**	45,612
Derivative financial instruments	**16,079**	846
Total assets	**2,716,583**	2,426,486

37. SEGMENT INFORMATION (continued)

(c) Revenue from major products and services

Revenue from external customers is derived from the provision of mail, logistics solutions, agency and financial services and front-end eCommerce solutions.

	2017 S$'000	2016 S$'000
Domestic and International Mail services	**518,637**	500,956
Domestic and International distribution and delivery services	**562,785**	552,173
Retail and eCommerce sale of products and services	**267,080**	98,413
Revenue	**1,348,502**	1,151,542

(d) Geographical information

The Group's three business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 50% (2016: 56%) of its revenues are generated. The operations in this area comprise principally of the core postal business, post office products and services, courier activities and investment holding.
- The United States – the operations in this area are principally front-end related e-commerce businesses.
- Australia – The operations in this area are principally delivery services and e-commerce logistics solutions.
- Other countries – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2017 S$'000	2016 S$'000
Singapore	**667,474**	646,063
The United States	**236,337**	66,639
Australia	**188,087**	173,724
Other countries	**256,604**	265,116
	1,348,502	1,151,542

38. BUSINESS COMBINATIONS

During the financial year ended 31 March 2016, the Group acquired L+S Self Storage Pte Ltd ("LSSS") (formerly known as Store Friendly Self Storage Group Pte Ltd) and Jagged Peak, Inc. ("JP"). The fair values of assets and liabilities of LSSS and JP from the acquisitions had initially been determined in the financial statements of the Group for the financial year ended 31 March 2016 based on provisional fair values. The Group completed the Purchase Price Allocation ("PPA") exercise in the financial year ended 31 March 2017 for LSSS and JP and the effects of the PPA exercise, together with the revision to contingent consideration payable, is summarised below. These adjustments are accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements as prior year adjustments. The effects to the 31 March 2016 Group balance sheet are as follows:

	As previously reported S$'000	After adjustment S$'000	Increase/ (Decrease) S$'000
As at 31 March 2016			
Assets			
Goodwill	493,504	482,322	(11,182)
Intangible assets, excluding goodwill	89,689	111,662	21,973
Trade and other receivables	210,287	210,177	(110)
Net increase			**10,681**
Liabilities			
Trade and other payables – current	385,712	385,679	(33)
Trade and other payables – non current	30,190	32,225	2,035
Deferred income tax liabilities	57,356	66,035	8,679
Net increase			**10,681**

There is no material effect to the 31 March 2016 Group financial results.

For the acquisition of Rotterdam Harbour Holding B.V. and TG Acquisition Corporation completed in the financial year ended 31 March 2016, there were no material revisions to the provisional fair values arising from the completion of the PPA exercise in the current financial year.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2017 and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 April 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 April 2018) (continued)

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  (i) Variable consideration – FRS 115 requires an estimate of variable consideration to be included in the transaction price at the inception of the transaction, but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved; and

  (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

  At this stage, the Group anticipates that the adoption of the new standard in future periods will not have a material impact on the Group's financial statements in the period of initial adoption.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 April 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets held by the Group include:

  - equity instruments currently classified as AFS for which fair value through OCI election is available; and

  - bond instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 April 2018) (continued)

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. The Group does not expect the new guidance to have significant impact on the Group's accounting for financial liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. The new model may result in an earlier recognition of credit losses for the Group.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 April 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$147.6 million (Note 34(b)). The Group has performed a preliminary assessment to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

40. COMPARATIVES

Certain comparative figures were reclassified from other income and gains (net) of S$109.2 million and administrative and other expenses of S$13.9 million to exceptional items, in order to conform to current year's presentation and better reflect the nature or magnitude of these items of income or expenses. The reclassification does not have a material impact on the financial position of the Group and the Company as at 31 March 2016.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 15 May 2017 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

42. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte Ltd.	Online sale of luxury products	Singapore	**100**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holding Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017	2016	**2017**	2016
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries						
SP Jagged Peak LLC [(2)]	Investment holding	United States	**100**	100	**–**	–
Jagged Peak, Inc [(2)]	eCommerce logistics enabler for high-velocity consumer products	United States	**100**	71.1	**–**	28.9
Jagged Peak Canada, Inc [(2)]	eCommerce logistics enabler for high-velocity consumer products	Canada	**100**	71.1	**–**	28.9
SingPost Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100**	100	**–**	–
SP Commerce Holdings, Inc [(2)]	Investment holding	United States	**100**	100	**–**	–
SP Commerce, Inc [(2)]	Provison of global sale & marketing services	United States	**100**	100	**–**	–
TG Acquisition Corporation [(2)]	Investment holding	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal Holdings, Inc [(2)]	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
TradeGlobal North America Holding, Inc. (2)	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal LLC (2)	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal Asia Holdings Limited (2)	eCommerce enablement provider	Hong Kong	**97.3**	96.4	**2.7**	3.6
Trade Global Europe GmbH (2)	eCommerce enablement provider	Germany	**97.3**	96.4	**2.7**	3.6
Netrada Trade and Consulting (Shanghai) Co Ltd (2)	eCommerce enablement provider	China	**97.3**	96.4	**2.7**	3.6
SingPost Logistics Enterprise Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Australia Holdings Pty Ltd	Investment holding	Australia	**100**	100	**–**	–
Quantium Solutions International Pte. Ltd.	Investment holding, provision of management and consultancy services to related entities	Singapore	**66**	100	**34**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		Percentage of effective equity held by the NCI	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	**66**	100	**34**	–
Quantium Mail Logistics Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	100	**34**	–
Quantium Express Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	100	**34**	–
Quantium Solutions (Australia) Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**66**	100	**34**	–
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	**66**	100	**34**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	**66**	100	**34**	–
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of delivery services and eCommerce logistics solutions	Malaysia	**66**	100	**34**	–
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	**66**	100	**34**	–
Quantium Solutions (Philippines) Inc +	Provision of delivery services and eCommerce logistics solutions	Philippines	**26.4**	40	**73.6**	60
Quantium Solutions (Taiwan) Co., Ltd	Provision of delivery services and eCommerce logistics solutions	Taiwan	**66**	100	**34**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	**66**	100	**34**	–
PT Quantium Solutions Logistics Indonesia +	Provision of delivery services and eCommerce logistics solutions	Indonesia	**32.34**	49	**67.66**	51
CouriersPlease Holdings Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
CouriersPlease Australia Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
CouriersPlease Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
SingPost Storage Company Ltd	Investment holding	Mauritius	**100**	100	**–**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SingPost Investments (Tampines) Pte Ltd	Investment holding and real estate activities with owned or leased property	Singapore	**100**	100	**–**	–
SingPost Investments (Toh Guan) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments (Ecommerce Logistics) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Centre (Retail) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost eCommerce Logistics Holdings Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
General Storage Company Pte Ltd	Investment holding & provision of management services	Singapore	**100**	100	**–**	–
Lock + Store (Chai Chee) Pte Ltd	Self storage solutions and warehousing	Singapore	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017	2016	**2017**	2016
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Lock + Store (Tanjong Pagar) Pte Ltd	Self storage solutions	Singapore	**100**	100	**–**	–
Lock + Store (Ayer Rajah) Pte Ltd	Self storage solutions	Singapore	**100**	100	**–**	–
The Store House Limited (3)	Self storage solutions	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited (3)	Self storage management services	Hong Kong	**75**	75	**25**	25
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	**100**	100	**–**	–
L+S Self Storage Pte Ltd (1)	Self storage solutions	Singapore	**100**	100	**–**	–
Japan Self Storage Company Ltd	Dormant	Japan	**–**	60	**–**	40
SP Parcels Pte Ltd	Courier activities other than national post activities	Singapore	**100**	100	**–**	–
Famous Holdings Pte Ltd**	Investment holding and provision of management services	Singapore	**100.0**	62.5	**–**	37.5

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		Percentage of effective equity held by the NCI	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Air & Sea Services Pte Ltd**	Freight forwarding	Singapore	**100.0**	62.5	**–**	37.5
FPS Global Logistics Pte Ltd**	Freight forwarding	Singapore	**100.0**	62.5	**–**	37.5
FPS Famous Pacific Shipping Sdn Bhd (4)**	Freight forwarding	Malaysia	**100.0**	62.5	**–**	37.5
Famous Pacific Shipping (WA) Pty Ltd **	Freight collections transhipments	Australia	**100.0**	62.5	**–**	37.5
F.S. Mackenzie Limited (5)**	Freight forwarding	United Kingdom	**100.0**	62.5	**–**	37.5
Famous Pacific Shipping (NZ) Limited (6)**	Freight forwarding	New Zealand	**90.0**	56.25	**10.0**	43.75
Mercury Worldwide (NZ) Limited (2)**	Freight forwarding	New Zealand	**90.0**	56.25	**10.0**	43.75
Eazyshipping (NZ) Limited (2)**	Freight forwarding	New Zealand	**45.0**	28.12	**55.0**	71.88
FPS Logistics (USA) Inc. (7)**	Logistics management and services	USA	**100.0**	62.5	**–**	37.5
Sino Famous Intertrans Co Ltd (8)**	Freight forwarding	China	**100.0**	62.5	**–**	37.5

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Container Lines Co Ltd (8)**	Freight forwarding	China	**100.0**	62.5	**–**	37.5
Shinyei Shipping Co Ltd**	Freight forwarding	Japan	**89.0**	55.6	**11.0**	44.4
Tras – Inter Co. Ltd (9)**	Customs brokerage and freight forwarding	Japan	**89.0**	55.6	**11.0**	44.4
Rotterdam Harbour Holding B.V. (10)+**	Investment holdings	Netherlands	**80.0**	50.0	**20.0**	50.0
FPS Famous Pacific Shipping B.V. (2)+**	Logistics services	Netherlands	**80.0**	50.0	**20.0**	50.0
Trans Ocean Pacific Forwarding B.V. (2)+**	Logistics services	Netherlands	**80.0**	50.0	**20.0**	50.0
EWC East Way Commodities B.V. (2)+**	Trading company and purchase organisation for oceanfreight services	Netherlands	**80.0**	50.0	**20.0**	50.0
FPS Famous Pacific Shipping Germany GmbH (2)+**	Sales company for logistics services	Germany	**80.0**	50.0	**20.0**	50.0

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
FPS Famous Pacific Shipping s.r.o. (2)+**	Logistics services	Netherlands	**40.8**	25.5	**59.2**	74.5
SP eCommerce (Thailand) Co Ltd (11)	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co Ltd (11)	eCommerce specialising in the provision of online shopping platforms and services	Korea	**100**	100	**–**	–
SP eCommerce (Malaysia) Sdn. Bhd	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	**100**	100	**–**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	2016 %
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Berhad (12)*	Provision of express delivery and customised logistics services	Malaysia	**11.22**	11.23
Held by subsidiaries				
Postea, Inc. (2)	Provision of technology and support in postal, courier and other distribution markets	USA	**27**	27
Indo Trans Logistics Corporation (13)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Dash Logistics Company Ltd (11)*	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**51**	51
Shenzhen 4PX Information and Technology Co Ltd. (14)	Provision of international express delivery services, international freight forwarding, import and export of goods and technology	China	**20.14**	35.91

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	2016 %
ASSOCIATED COMPANIES (continued)				
Held by subsidiaries (continued)				
Efficient E-Solutions Berhad (15)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd (16)	eCommerce and logistics retail network	Australia	**30**	30
Morning Express & Logistics Holding Ltd (17)	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	33
E Link Station Ltd (17)	Provision of redemption services	Hong Kong	**50**	50
JOINT VENTURES				
Held by subsidiaries				
PT Trio Specommerce Indonesia (2)	eCommerce specialising in the provision of online sale of products	Indonesia	**33**	33

42. LISTING OF COMPANIES IN THE GROUP (continued)

Notes

(1) Formerly known as Store Friendly Self Storage Group Pte Ltd

All companies as at 31 March 2017 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(2) Not required to be audited for the financial year ended 31 March 2017
(3) Audited by Cheng & Cheng Limited, Hong Kong
(4) Audited by Thiang & Co, Malaysia
(5) Audited by Blick Rothenberg LLP, United Kingdom
(6) Audited by KPMG LLP, New Zealand
(7) Audited by DNW & Associates Inc. United States of America
(8) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd, China
(9) Audited by HLB Meisei LLC, Japan
(10) Audited by Crowe Horwath Peak, The Netherlands
(11) Audited by local statutory auditors in the countries of incorporation
(12) Audited by Deloitte KassimChan, Malaysia
(13) Audited by KPMG Limited, Vietnam
(14) Audited by Deloitte Touche Tohmatsu, Certified Public Accountants LLP, Shenzhen Branch, China
(15) Audited by PKF International, Malaysia
(16) Audited by Assura Group
(17) Audited by Esmond W.T. Leung & Co
+ It is considered to be a subsidiary of the Company as the Company can exercise control over its financial and operating policies and voting rights
* It is considered to be an associate of the Company as the Company can exercise significant influence over its financial and operating policies and voting rights.
** Arising from the full write-back of the contingent consideration in relation to the acquisition of a subsidiary assessed to be no longer payable (Note 9), this subsidiary is now deemed to be a wholly-owned subsidiary by the Group. Accordingly, the Group's effective interest in the entities held by this subsidiary has been re-assessed.