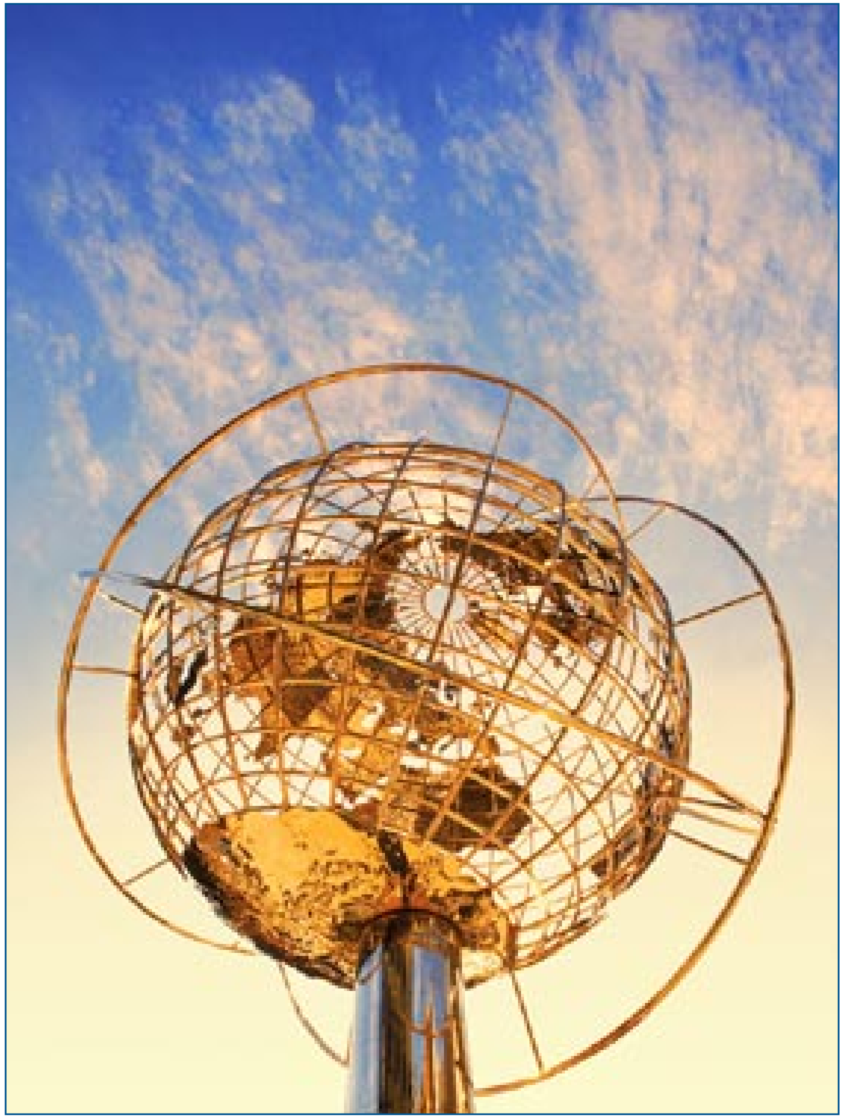
SingPost
Annual Report
2002/03



SingPost Annual Report 2002/03

We make it our business to deliver

A new beginning.
A world of opportunities.

SingPost's public listing in 2003 is another landmark in its history. As a provider of integrated communications and distribution solutions in mail, logistics and retail services, SingPost is a forward-looking and customer-focused organisation. One that delivers value to customers and returns to shareholders. Through alliances with leading partners worldwide, SingPost will continue to enhance its competitive strengths. And take its excellent services to a global market.

Contents

Letter To Shareholders

Dear Pioneer Shareholders,

Greetings and warm welcome. We begin a new and historically significant chapter in the history of Singapore Post. After eleven years of being a subsidiary of Singapore's largest listed company, SingPost itself was publicly listed on the Main Board of the Singapore Exchange Securities Trading Limited on 13 May 2003, joining an exclusive league of listed postal companies. We now have a greater role and responsibility as we take our first steps as a listed company.

Postal companies were once thought to be in a sunset industry when electronic substitutes seemed to take the world by storm. From the fax to email to online shopping, "snail mail" was considered an unsophisticated form of communication. Despite this, we have consistently delivered profits of more than S$100 million and revenues of more than S$330 million over the last five financial years since 1997/98. We are a company that believes in delivering consistent returns and value to our shareholders.

Resilient Performance

The year 2002/03 was one in which the global environment was once again in flux. The Iraq war, the onset of Severe Acute Respiratory Syndrome (SARS), the persistent decline in the world economy as well as Singapore's economy all made a severe business impact on most companies.

In spite of these challenges, we contained the decline in operating revenue to 2.1 per cent at S$373.0 million. Through continued efforts in cost control, we successfully improved the bottom line. Operating expenses declined 3.2 per cent, more than offsetting the 2.1 per cent decline in operating revenue.

As a result, operating profit grew 2.1 per cent to S$135.6 million from S$132.8 million last year. Net profit margin improved from 26.6 per cent to 29.1 per cent, compared to the previous year.

Net profit attributable to shareholders increased 7.2 per cent to S$108.7 million, up from S$101.3 million last year. Earnings before Interest and Tax (EBIT) was S$145.5 million, an increase of 8.5 per cent from S$134.1 million the previous year.

The share of results of associated and joint venture companies increased by S$9.2 million to S$14.0 million. The full-year impact for inclusion of our Spring joint ventures (which began operating in July 2001) accounted for this higher profit contribution from our associated and joint venture companies.

Moving Ahead – A World Of Opportunity

The global outlook is presently uncertain and the economic impact of SARS may well continue for some time yet. However, we do not intend to passively accept the changing circumstances and will continue our efforts to enhance shareholder value.

Cost Management

While we will continue with our stringent cost management measures to manage expenses, we will also strive to grow our top-line revenue by actively seeking new and suitable growth opportunities. We intend to do this by using our competitive strengths in operational efficiency, extensive network, expertise in distribution, effective use of technology and customer focus to introduce new and value-added services.

Competition And Deregulation

Despite being perceived as the sole player in our domestic mail market, we already compete directly and indirectly with many companies and services across several industries on a local and international level. We compete with public and private operators, integrators, consolidators, express delivery companies, freight forwarders and others. We also compete on another level with some of the mass media through our direct mail service offering.

Our exclusive licence for letters and postcards expires on 31 March 2007. Competition will intensify as our market is further deregulated. We will not rely only on this licence to derive more value for our shareholders. We will further leverage our competitive strengths to prepare for more competition when it is introduced in 2007.

With Singapore being a small and limited market, we have to look beyond our shores. We are actively pursuing meaningful alliances which will enable us to develop our business beyond territorial boundaries, in addition to or in partnership with our Spring joint ventures.

Returns

As a result of our capital restructuring exercise, a dividend of S$400 million, net of tax, comprising an interim dividend of S$100 million and a Special Dividend of S$300 million was declared to SingTel in December 2002 and March 2003 respectively. A sum of S$200 million has been paid and the remaining S$200 million will be paid before 31 December 2003.

We are pleased to say, on behalf of the Board of Directors of SingPost, that we will deliver a final gross dividend of 5.4 cents (net 4.2 cents) per share amounting to S$80.0 million in respect of the financial year ended 31 March 2003, as we had earlier proposed. Despite our higher interest expense due to our pre-IPO capital restructuring exercise, we also wish to reiterate our intention to recommend a net dividend of S$80.0 million for the financial year 2003/04. The SingPost Board and Management are extremely focused on continuing to deliver value to our shareholders and a fair return on investment.

Acknowledgements

Our Board of Directors comes together as a new team with a renewed vision. We thank our former Board members for their past advice and guidance. In particular, we thank Ang Kong Hua, our past Chairman for his direction and support as we moved towards our listing. We look forward to our new task ahead, and to do our best to deliver.

Above all, we thank our customers, business partners, staff and you, our shareholders for your support and for making SingPost what it is today.

Lim Ho Kee	William Tan Soo Hock
Chairman	CEO


Singapore Skyline

Business Overview

INTRODUCTION

SingPost is Singapore's dominant provider of domestic and international postal services. Pursuant to a licence granted by the Info-communications Development Authority of Singapore (the "IDA"), we are the exclusive provider of basic mail services with respect to letters and postcards (excluding express letters) in Singapore until 31 March 2007, and a non-exclusive provider of these services until 31 March 2017. We estimate that we have a greater than 95 per cent market share of all domestic mail in Singapore, despite approximately 60 per cent of our domestic mail volume being open to competition.

Our competitive strengths include:
• Dominant position in a growing domestic market,
• Highly efficient mail delivery services,
• Comprehensive and innovative range of products and services,
• Strong brand recognition resulting from our focus on superior customer service, efficiency and reliability,
• Commercially focused corporate culture,
• Opportunities for international expansion.

Regulation

The provision of postal services in Singapore is regulated under the Postal Services Act. The Postal Services Act provides for the operation and provision of postal systems and services in Singapore, and for the licensing and regulatory power of the IDA in respect of postal matters.

The IDA requires us to provide mandatory services in return for exclusive rights to provide basic mail services with respect to letters and postcards (excluding express letters). However, approximately 60 per cent of our domestic mail volume comprises market segments that are non-licensed and fully competitive.

Price Control

SingPost is required to seek the IDA's prior written approval for any proposed change to the tariffs relating to certain postal services. In addition, the tariffs for some of these postal services, namely, domestic and international letters and postcards, are benchmarked against the tariffs for such postal services in other newly industrialised Asian economies.

Quality Of Service Standards

The IDA regulates our performance by setting quality of service standards. We must submit quarterly reports regarding our service quality to the IDA. These include mail delivery standards, queue times at post offices and enquiry services standards.

OPERATIONAL REVIEW

Our three operating divisions are Mail, Logistics and Retail.

MAIL

The Mail Division provides comprehensive services for collecting, sorting, transporting and distributing domestic and international mail and also offers a number of direct mail products and services as part of the domestic bulk mail operations. SingPost's ePost hybrid mail service provided by our subsidiary, DataPost Pte Ltd, is a low-cost, high-speed one-stop service that allows businesses to process and deliver large quantities of data-intensive but personalised documents.

Our Mail Division, through our international mail service, handles incoming international mail from, and outgoing international mail to, foreign postal administrations. Incoming international mail from foreign postal administrations is distributed on arrival in Singapore through our domestic mail operation.

In July 2001, we entered into cross-border mail joint ventures with TNT Post Group (TPG) and Royal Mail (UK) to form Spring. Leveraging the expertise of TPG, Royal Mail and SingPost, Spring provides clients with an international network and a comprehensive global mailing solution for businesses and their customers, thereby enabling us to offer competitive delivery options.

For the year ended 31 March 2003, our Mail Division accounted for 79.2 per cent of our operating revenue and 78.7 per cent of our operating profit.

Higher Mail Delivery Standard

For the first time, throughout the year, the Mail Division provided a 99 per cent next-day delivery service for mail posted as late as 7.00 p.m. in the Central Business District (CBD) and by 5.00 p.m. outside the CBD. The present mail delivery standard is to deliver at least 98 per cent of mail addressed to CBD addresses and 95 per cent to addresses outside the CBD by the next working day.

Mail Productivity

During the year, our postman delivered an average of 2,736 mail items per effective man-day, up from 2,668 last year. Our mail processing officer processed an average of 5,397 mail items per effective man-day, up from 5,224 last year.

Registered Mail Delivery To Sm@rtLockers

Delivery of registered articles was introduced to Sm@rtLockers (a service of our subsidiary First Cube Pte Ltd) located in 18 condominiums, as at 31 March 2003. Residents who are not at home at the time of delivery can pick up their registered mail at these lockers.

Spring

Spring has direct operations in over 60 countries and territories and has a global cross-border mail delivery network encompassing over 200 countries and territories. Spring operates an asset-light business model and grows with its clients. In the year under review, Spring extended its services to Reader's Digest in the Indian market and was awarded a fulfillment contract covering the Indian Sub Continent, including services such as customer service centre, payment processing, warehousing, pick-and-pack and distribution.

As an international entity, Spring also provides a platform to capitalise and develop our core competence in the mail business beyond the shores of Singapore. This is done through Spring's network across Europe, the Asia Pacific region, Africa and America.

In June 2003, Spring entered into a joint venture with DataPost Pte Ltd, a subsidiary of ours, and ePLDT Inc, a wholly-owned subsidiary of the Philippines Long Distance Telephone Company to engage in the business of laser printing, enveloping statements, bills and invoices and related value-added services in the Philippines.

As part of Spring's continuous effort to provide excellent service to our customers and enhancing its human capital in order to compete effectively in the international arena, about 120 line managers and frontline staff went through a two-day customer excellence training programme in August – October 2002. This manifested Spring's culture and management philosophy of focusing on human capital and customer service as its competitive advantages.

LOGISTICS

The Logistics Division provides domestic and international door-to-door distribution services, including express delivery services (Speedpost) and warehousing, fulfillment and distribution services. Our Speedpost delivery service provides express delivery services for customers sending documents, parcels and freight (Speedpost Freight) both within Singapore (Speedpost Islandwide) and throughout the world (Speedpost Worldwide). Services also include warehousing and inventory management, including pick-and-pack services.

For the year ended 31 March 2003, our Logistics Division accounted for 12.9 per cent of our operating revenue and 4.3 per cent of our operating profit.

Gold Award For Speedpost Again

For the second year running, SingPost's Speedpost Worldwide Courier service was awarded the Gold Certification Level Award in 2002 by the Universal Postal Union under the EMS Cooperative Audit and Measurement Programme. This programme measures the quality of delivery of incoming Speedpost items. Only two Gold Awards were given this year.

Exclusive Wine Deliveries

In a unique initiative, SingPost delivered exclusive premium wines direct from wineries in Western Australia. In a collaborative effort with Australia Post, wines ordered in Singapore (tax and duties pre-paid) were shipped daily from Perth and delivered to customers in Singapore via Speedpost, SingPost's courier service.

RETAIL

The Retail Division offers customers a wide variety of postal services and agency services on behalf of third parties, including products and services beyond the scope of traditional postal services. These services are delivered through our three principal distribution channels: post offices, authorised postal agencies and stamp vendors; Self-service Automated Machines ("SAMs"); and the vPOST (virtual post) internet portal. As at 31 March 2003, we had 63 post offices, 123 SAMs, 83 authorised postal agencies and 708 stamp vendors strategically located throughout Singapore. Our post offices serve as one-stop convenience centres for postal and agency products and services and form one of the most extensive networks of any retail business in Singapore. The Retail Division also provides services to the Mail and Logistics Divisions.

For the year ended 31 March 2003, our Retail Division (excluding internal revenue for the provision of services to our Mail and Logistics Divisions) accounted for 6.1 per cent of our operating revenue and 5.0 per cent of our operating profit.

New Services

SingPost began accepting payments of six hospital bills at post offices, SAMs and vPOST from April 2002. A facility to make monetary donations to the Salvation Army was introduced at post offices and vPOST in December 2002 and SAMs in February 2003. More than 20 types of new services and products were introduced at post offices during the year.

On 9 September 2002, through a strategic retail agreement, SingPost and FedEx began offering drop-off services at post offices. Through this arrangement, FedEx customers have a network of 11 post offices for greater convenience in dropping off their courier items and accessing international express delivery services. The service will be extended to all post offices by mid-2003.

From 18 November 2002, the Urgent Money Transfer Service using Western Union's system was extended from 6 to 27 post offices. At the same time, special corridor rates for the People's Republic of China were introduced.

From November 2002 to February 2003, SingPost was also appointed by DBS Bank to enable the encashment of New Singapore Shares cheques to be carried out at post offices, in addition to their bank branches. The inclusion of 63 additional strategically located post offices gave Singaporeans a wider choice and greater convenience in encashing their cheques.

Enhanced SAM Network And SAM

SingPost successfully launched 34 more SAMs during the year bringing the total number of SAMs as at 31 March 2003 to 123. The expansion plan involves expanding the SAM network to a total of 150 SAMs by mid-2003. SAMs offer customers multiple transactions at one-stop convenience, in addition to 63 post offices (as at 31 March 2003) and vPOST (www.vpost.com.sg), SingPost's virtual post office.

Major enhancements made to our SAMs include the progressive installation of scanners and sound speakers to SAMs for customers to easily scan in details of their bills for faster turnaround time. Customers no longer need to key in their account numbers manually, thus reducing input errors.

vPOST

Eleven billers were introduced on the vPOST internet portal during the year. vPOST now offers bill presentment and/or payment services for 34 billers as at 31 March 2003.

OTHER PRODUCTS AND SUPPORT SERVICES

Technology And Property

Our property operations provide support for our other businesses by providing facilities, such as post offices and delivery bases, and infrastructure services, such as property management and maintenance. Our technology operations provide group-wide IT and engineering services.

New Airmail Transit Centre

The new Airmail Transit Centre was completed in April 2003. Located at the Singapore Changi Airport Airfreight Centre, it is a dedicated facility for handling incoming and outgoing international mail, parcels and Speedpost items, as well as international mail passing through Singapore en route to other destinations.

Philately And Stamps

Our philately and stamps business produces definitive, commemorative and special stamps, stamped products and collectibles for stamp collectors, the gift market and tourists. It also produces stamps and stamped stationery for our Mail Division and undertakes inventory and distribution of such products to post offices. We are the only provider of postage stamps and stamped stationery in Singapore.

World's First Branded Stamps

For the very first time in Singapore and in the world, SingPost, together with 15 world class companies, have come together to create a rare and historic collection of souvenir stamp sheets to celebrate the 150th anniversary of the first use of stamps in Singapore and the World Stamp Championship in 2004. The stamp sheets are to be released in three stamp issues in the run-up to the World Stamp Championship, another first of its kind in the world, which will be held in Singapore from 28 August to 1 September 2004.

AWARDS

SingPost garnered 14 Gold, 25 Silver and for the first time, two Star awards at the prestigious national Excellent Service Awards in 2002. This is the third year of our participation in the Awards.

SingPost participated in the Retail Courtesy Gold Award for the first time in 2002. Award winners are selected by customers of the respective retail outlets. Nine post offices clinched the 2002 Retail Courtesy Gold Award.

SingPost was conferred the Singapore Superbrands Award 2002/03 by the Superbrands Council, an independent arbiter of branding, comprising of independent, eminent media and communications executives following a strict selection criteria. Among 108 international and local brands divided among eight categories, SingPost also received the category leader award for the services industry.

SingPost was a finalist in the 2002 World Mail Awards for Marketing Campaign of the Year.

SpeeechWorks awarded SingPost the SpeechWorks Here Best Practices Award 2002 for its use of speech-recognition technology to enhance its Postal Code Helpline.

COMMUNITY SERVICE

SingPost is a participant in the Community Chest's Corporate SHARE programme. In this programme, SingPost donates one Singapore dollar for every Singapore dollar its employees donate to the Community Chest.

As a subsidiary of the SingTel Group, SingPost supported the SingTel *Touching Lives Fund* Campaign, providing processing and delivery services.

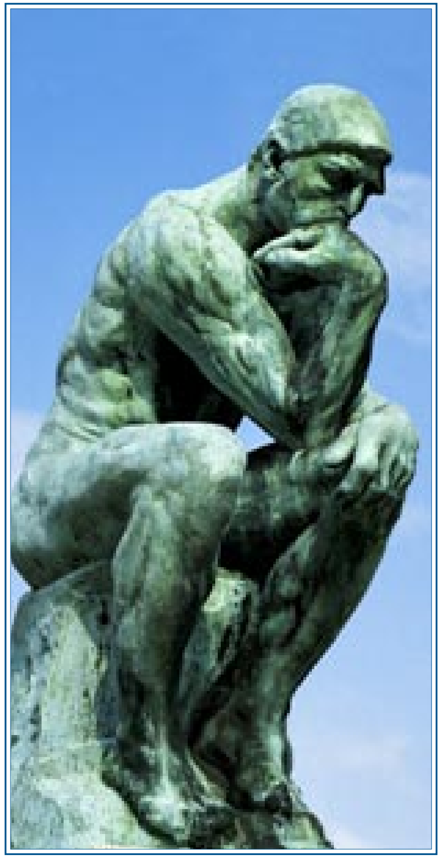
CONTRIBUTION TO THE INDUSTRY

SingPost sponsored the World Mail Conference held in Singapore from 26-28 February 2003. This conference is a meeting of minds of senior representatives from postal administrations, logistics players, courier companies and freight forwarders to develop our mailing industry throughout the world. About 180 delegates from all over the world attended the event. Held for the second time in Asia, SingPost was proud to be the host sponsor of this event.

SingPost has been a keen supporter of the Direct Marketing Association of Singapore ("DMAS") since it was established in 1983 and currently holds a voted seat in the executive committee. The DMAS is a non-profit organisation that facilitates the development of direct marketing through educating and sharing of information and ideas on direct marketing. SingPost also sponsored the Direct Marketing Asia Conference since its launch in 1996. This event brings together advertisers and marketers in an effort to develop direct marketing in Singapore. More than 150 delegates from all over Asia attend this event annually.

INTERNATIONAL AFFAIRS

SingPost participates actively in the international postal scene, attending meetings such as the 2002 Universal Postal Union (UPU) Postal Operations Council, UPU Strategy Conference and the ASEAN Postal Business Meeting.



The Thinker by Auguste Rodin, France

Management's Discussion & Analysis

For The Financial Year Ended 31 March 2003

1 Review Of Group Performance

1.1 A summary of the financial performance of the Group for the years ended 31 March is as follows:

	FY2002/03 S$M	FY2001/02 S$M	Growth %
Operating revenue	373.0	380.9	(2.1)
Operating expenses	(258.2)	(266.9)	(3.2)
Other income	20.8	20.7	0.2
Operating profit before exceptional items	135.6	134.8	0.6
Exceptional items	–	(2.0)	(100.0)
Operating profit	135.6	132.8	2.1
Associated and joint venture companies			
– Share of results	14.0	4.8	191.4
– Amortisation of goodwill	(4.0)	(3.4)	17.0
Profit before interest and tax	145.5	134.1	8.5
Net finance income	0.9	2.9	(67.2)
Profit before tax	146.4	137.0	6.9
Profit after tax	109.0	101.0	8.0
Profit attributable to shareholders	108.7	101.3	7.2
Basic earnings per share (cents)	5.72	5.33	7.3

Note: Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

1.2 The Group operating revenue decreased by S$7.9M, or 2.1%, from S$380.9M for FY 2001/02 to S$373.0M for FY 2002/03, mainly as a result of lower Mail and Philatelic revenues. Operating revenue contribution from our three operating divisions (excluding internal revenue) has remained relatively constant for the two years, with Mail contributing approximately 79% – 80% to operating revenue, Logistics contributing approximately 12%–13% to operating revenue and Retail contributing approximately 6% to operating revenue for those years.

1.3 The reduction in Mail and Philatelic revenues was partially offset by increases in Logistics, mainly from Speedpost Worldwide revenue as well as increases from Retail Division, mainly from commission earned for agency services.

1.4 With ongoing cost management efforts, operating expenses declined 3.2% from S$266.9M in the previous financial year to S$258.2M for this financial year. This improved operating profit by 2.1% to S$135.6M.

1.5 There was an impairment review of our investments in subsidiaries and joint venture companies in the previous financial year. This resulted in a S$2.0M provision for diminution in value of our investments in ID.Safe Pte Ltd and S-Net Freight (Holdings) Pte Ltd reflected under exceptional items in the Income Statement. No additional provisions were required for the Group for this financial year.

1.6 The full-year impact for inclusion of the Spring joint ventures* (which commenced operations in July 2001) accounted for the higher profit contribution from our associated and joint venture companies, increasing by S$9.2M to S$14.0M from S$4.8M for FY 2001/02.

* *Spring joint ventures refer to the G3 Group, the cross-border mail joint ventures with TNT Post Group and Royal Mail Group plc.*

1.7 Net finance income declined by S$2.0M with lower cash holdings due to dividend payments made to SingTel and lower deposit interest rate. Interest expense of S$84K was incurred for the bank term loan of S$120.0M drawdown from the credit facility arrangement entered into in February 2003. Interest expense will further increase with the S$300.0M bond issued in April 2003.

1.8 The Group profit before tax grew 6.9% to S$146.4M, as compared to S$137.0M in the previous financial year. Group profit attributable to shareholders grew 7.2% to S$108.7M from S$101.3M. Our net profit margin improved from 26.6% in FY 2001/02 to 29.1% in FY 2002/03.

1.9 A summary of the revenue and operating profit of our business segments is set forth:

FY2002/03	Mail S$M	Logistics S$M	Retail S$M	Others S$M	Elimination S$M	Group S$M
External revenue	295.5	48.1	22.6	6.8[1]	–	373.0
Inter-segment revenue	0.2	0.2	21.5	–	(21.8)	–
Operating revenue	295.6	48.3	44.1	6.8	(21.8)	373.0
% of total[2]	79.2	12.9	6.1	1.8	–	100.0
External rental and property related revenue	–	–	–	19.9	–	19.9
Inter-segment rental revenue	–	–	–	32.2	(32.2)	–
Total rental and property related revenue	–	–	–	52.1	(32.2)	19.9
Total revenue	295.6	48.3	44.1	58.9	(54.1)	392.9
% of total[2]	75.2	12.2	5.8	6.8	–	100.0
Operating profit	106.7	5.9	6.7	16.3[3]	–	135.6
% of total	78.7	4.3	5.0	12.0	–	100.0
Operating profit margin (%)[4]	36.1	12.2	15.3	27.7	–	34.5

FY2001/02	Mail S$M	Logistics S$M	Retail S$M	Others S$M	Elimination S$M	Group S$M
External revenue	305.3	46.0	21.3	8.4[1]	–	380.9
Inter-segment revenue	0.2	0.4	21.6	–	(22.3)	–
Operating revenue	305.5	46.4	43.0	8.4	(22.3)	380.9
% of total[2]	80.1	12.1	5.6	2.2	–	100.0
External rental and property related revenue	–	–	–	21.9	–	21.9
Inter-segment rental revenue	–	–	–	31.4	(31.4)	–
Total rental and property related revenue	–	–	–	53.3	(31.4)	21.9
Total revenue	305.5	46.4	43.0	61.6	(53.7)	402.8
% of total[2]	75.8	11.4	5.3	7.5	–	100.0
Operating profit	111.5	2.1	6.5	12.6[3]	–	132.8
% of total	84.0	1.6	4.9	9.5	–	100.0
Operating profit margin (%)[4]	36.5	4.6	15.1	20.5	–	33.0

Notes:
[1] Comprises philatelic revenue from the sale of definitive, commemorative and special stamps and stamp-related merchandise.
[2] Figures represent external revenue contribution by operating division.
[3] Includes primarily operating profit from philately and commercial property rental.
[4] Operating profit margin = operating profit/total revenue.

2 Operating Revenue

2.1 A summary of the operating revenue by division is as follows:

Operating revenue by Division	FY2002/03 S$M	FY2001/02 S$M	Growth %
Mail	295.6	305.5	(3.2)
Logistics	48.3	46.4	4.2
Retail	44.1	43.0	2.6
Others	6.8	8.4	(18.7)
Inter-segment eliminations	(21.8)	(22.3)	(1.9)
Operating revenue	373.0	380.9	(2.1)

2.2 Operating revenue for the SingPost Group was affected by the sustained global economic downturn, slow business and consumer spending and reduced ad spend. Operating revenue for FY 2002/03 at S$373.0M fell 2.1% as compared to S$380.9M for FY 2001/02 while total mail traffic of 833.9M items grew marginally by 0.2%.

2.3 Mail Operating Revenue

The following table sets forth Mail operating revenue by business:

Mail	FY2002/03 S$M	FY2001/02 S$M	Growth %
Domestic Mail	188.4	192.3	(2.0)
Hybrid Mail	13.5	15.8	(14.8)
International Mail	93.7	97.4	(3.7)
Mail operating revenue	295.6	305.5	(3.2)

2.3.1 Mail operating revenue decreased by S$9.9M, or 3.2%, from S$305.5M for FY 2001/02 to S$295.6M for FY 2002/03.

2.3.2 Domestic mail operating revenue decreased by S$3.9M or 2.0% compared to the previous financial year despite a 2.5% growth in domestic mail volume. This decrease was primarily the result of a change in mail profile towards lower unit revenue mail with migration from non-standard mail to standard mail and the strong growth in Admail volume.

2.3.3 The following table sets forth the domestic mail volume for the last two financial years:

Volume	FY2002/03 M items	FY2001/02 M items	Growth %
Public Mail (Stamped and Franked)	181.1	197.0	(8.0)
Bulk Mail:			
Government and Business Mail	217.3	223.9	(3.0)
Publications and Direct Mail	302.6	262.9	15.1
Total Bulk Mail	519.9	486.8	6.8
Total Domestic Mail	701.1	683.9	2.5

2.3.4 Public mail volume declined 8.0% mainly due to e-substitution. The slowdown in business activities and consumer spending were the main reasons for the decline in government and business mail. Publications and direct mail continued to experience double-digit growth, albeit a slowdown was seen in the last quarter ended 31 March 2003 due to reduced ad spend. More companies are using direct mail in conjunction with their Customer Relationship Management (CRM) strategy to collect customer information, for surveys and sampling, and advertising activities.

2.3.5 For the year ended 31 March 2003, operating revenue from hybrid mail (ePost) decreased by S$2.3M, or 14.8% compared to FY 2001/02. With effect from 1 April 2002, stationery management for DataPost customers is conducted such that only a handling charge is earned by DataPost and reflected in hybrid mail operating revenue whereas stationery costs are reimbursed by the customers. Prior to this change, the stationery charges were recorded as hybrid mail operating revenue as we charged our customers for stationery costs, including a premium. This change in recording hybrid mail revenue does not impact the operating profit of hybrid mail. Adjusting the hybrid mail revenue for FY 2001/02 to reflect this change, hybrid mail operating revenue would have been S$13.5M. This would result in a 0.4% decline in hybrid mail operating revenue as compared to FY 2001/02. The relatively flat hybrid mail operating revenue was mainly a result of reduced mailing activities of existing customers following the economic slowdown and downward pressure on our pricing.

2.3.6 International mail traffic was affected by the global economic slowdown, with outgoing mail traffic declining by 2.6% primarily in international stamped and franked public mail, and incoming mail traffic declining by 7.3% as compared to the previous year. The decline in volumes following the slowdown in the international economy was the main cause of the decline in international revenue of S$3.6M or 3.7% as compared to FY 2001/02.

2.4 Logistics Operating Revenue

The following table sets forth Logistics operating revenue by service:

Logistics	FY2002/03 S$M	FY2001/02 S$M	Growth %
Speedpost	43.4	41.6	4.5
Warehousing, fulfilment and distribution	4.9	4.8	2.0
Logistics operating revenue	48.3	46.4	4.2

2.4.1 Logistics operating revenue for FY 2002/03 increased by S$2.0M or 4.2% higher than the previous financial year. The increase was mainly contributed by the increase in Speedpost Worldwide operating revenue.

2.4.2 Operating revenue contribution from Speedpost and warehousing, fulfilment and distribution remained constant with Speedpost contributing approximately 90% to Logistics operating revenue and warehousing, fulfilment and distribution contributing approximately 10%. Warehousing, fulfilment and distribution revenue has increased in line with our strategy to provide our business customers with a one-stop logistics service.

2.4.3 While our overall Speedpost volumes have declined in FY 2002/03, Speedpost revenue has not decreased. This is because of active promotion of Speedpost Worldwide since November 2002 and an increase in the average weight, and corresponding revenue, per Speedpost item resulting in part from marketing and pricing initiatives that have focused on the market for heavier, higher margin items.

2.4.4 For the year ended 31 March 2003, warehousing, fulfilment and distribution operating revenue increased marginally by S$0.1M, or 2.0%. This increase was a result of new customers and contracts secured in the latter half of this financial year.

2.5 Retail Operating Revenue

The following table sets forth Retail operating revenue by service :

Retail	FY2002/03 S$M	FY2001/02 S$M	Growth %
Agency services	22.6	21.3	6.1
Internal revenue from Mail and Logistics	21.5	21.6	(0.8)
Retail operating revenue	44.1	43.0	2.6

2.5.1 Agency revenue for FY 2002/03 increased by S$1.3M or 6.1% as compared to the previous financial year. The increase was a result of commission from the Central Provident Fund Board (top-up for Economic Restructuring Shares) and bill collection on behalf of telecommunication companies.

2.5.2 Internal revenue from our Mail and Logistics Divisions has decreased from S$21.6M to S$21.5M in FY 2002/03, in line with the decline in stamped and franked public mail handled through our post offices.

2.6 Other Operating Revenue

2.6.1 For the year ended 31 March 2003, revenue from Philatelic sales was S$6.8M, a decline of S$1.6M or 18.7% as compared to the previous financial year. In August 2001, we recorded an exceptional sale, resulting from the Singapore-Switzerland joint stamp issue. In addition, the current economic slowdown has resulted in lower philatelic sales.

2.7 Inter-segment Eliminations

2.7.1 Inter-segment eliminations, comprising primarily internal revenue earned by our Retail Division, have remained relatively constant for each of the 2 years ended 31 March 2002 and 31 March 2003 at S$22.3M and S$21.8M respectively.

3 Operating Expenses

3.1 Operating expenses for FY 2002/03 fell by S$8.7M or 3.2% to S$258.2M from S$266.9M for FY 2001/02.

3.2 The breakdown of operating expenses by category is as follows:

Expense category	FY2002/03 S$M	FY2001/02 S$M	Growth %
Staff costs	74.5	82.4	(9.7)
Depreciation	37.6	41.4	(9.2)
Traffic expenses	57.1	56.8	0.6
Administrative expenses	34.4	37.4	(8.2)
Selling & Promotion	8.4	7.2	16.8
Property related expenses	17.6	19.2	(8.7)
Other operating expenses	28.8	22.4	28.3
Total operating expenses	258.2	266.9	(3.2)

3.3 Staff cost, the largest cost element which accounted for 30.9% of the total operating expenses in FY 2001/02 now accounted for only 28.8% of the total operating expenses in FY 2002/03. It registered a decrease of S$7.9M or 9.7% as compared to the previous financial year. Average staff strength in FY 2002/03 was at 2,235, a decrease of 28 headcount compared to the previous year's average headcount of 2,263. The decrease in bonus provision, lower overtime and lower incentive payments due to increased productivity and effective cost control accounted for the decrease in staff costs as compared to the previous financial year. In addition, with tighter control over the leave policy, there was a S$0.6M reduction in provision for unutilised leave from the S$2.3M provided in FY 2001/02.

3.4 For the year ended 31 March 2003, depreciation expense of S$37.6M was S$3.8M or 9.2% lower than the previous financial year, primarily a result of certain assets becoming fully depreciated. In addition, Crosby House was transferred to SingTel as part of the process of rationalising and re-allocating assets between SingTel and SingPost prior to the divestment.

3.5 Traffic expenses increased 0.6% or S$0.3M from S$56.8M for FY 2001/02 to S$57.1M in FY 2002/03. The increase was due to higher outpayments resulting from higher Speedpost traffic and higher accounting rates for international bulk mail.

3.6 Administrative expenses for FY 2002/03 were S$34.4M, S$3.0M or 8.2% lower than FY 2001/02. This decrease resulted primarily from a reduction in temporary and contract staff costs due to the re-engineering of our work processes. In addition, the printing of more definitive stamps in FY 2001/02 resulted in higher stamp production costs for FY 2001/02. The change in recording stationery management for DataPost with effect from 1 April 2002 also contributed to the reduction in stationery costs in FY 2002/03.

3.7 Selling and promotion expenses for FY 2002/03 increased S$1.2M or 16.8% to S$8.4M from the S$7.2M in FY 2001/02 primarily due to higher provision for doubtful debts and bad debts written off.

3.8 Property related expenses declined S$1.7M or 8.7% to S$17.6M for the financial year ended 31 March 2003. This decrease was due primarily to lower utility expenses resulting from our effort to manage usage through energy conservation measures and lower building maintenance expenses.

3.9 Other operating expenses increased by S$6.3M or 28.3% to S$28.8M for FY 2002/03. This increase was primarily due to an increase in Spring outsourcing expenses from S$19.0M for FY 2001/02 to S$24.0M for FY 2002/03 following the full period effect of the Spring joint ventures which commenced operations in July 2001.

4 Other Income

4.1 Other income of S$20.8M for the financial year ended 31 March 2003 was mainly rental and property related income from Singapore Post Centre (SPC). A gain on disposal of S$1.2M for the sale of Crosby House to SingTel in December 2002 for S$20.0M was offset by the loss of rental income from Crosby House. The occupancy rate in SPC at 92.9% accounted for lower rental as compared to 98.3% in the previous financial year.

5 Operating Profit

5.1 The following table sets forth our operating profit by division for the periods indicated:

Operating profit by Division	FY2002/03 S$M	FY2001/02 S$M	Growth %
Mail	106.7	111.5	(4.4)
Logistics	5.9	2.1	176.9
Retail	6.7	6.5	3.8
Others	16.3	12.6	28.9
Operating Profit	135.6	132.8	2.1

5.2 Continued focus on cost management boost operating profit by S$2.8M, or 2.1%, to S$135.6M for the financial year ended 31 March 2003 compared to S$132.8M for FY 2001/02. For the financial year ended 31 March 2003, our Mail Division contributed 78.7% to operating profit compared to 84.0% for FY 2001/02. Our Logistics Division contributed 4.3% for FY 2002/03 compared to 1.6% in the previous year, and our Retail Division's contribution remained at approximately 5.0% for both years.

5.3 For the financial year ended 31 March 2003, operating profit for our Mail Division decreased by S$4.9M and our Mail Division's operating margin decreased to 36.1% for FY 2002/03 from 36.5% for FY 2001/02. This decrease was primarily a result of the full period effect of outsourcing expense paid to the Spring joint ventures which commenced operations in July 2001.

5.4 Operating profit for our Logistics Division for FY 2002/03 increased by S$3.8M and our Logistics Division's operating margin increased to 12.2% from 4.6%. This increase was contributed by higher Speedpost revenue coupled with lower cost for contract and temporary staff. In addition, one-time expenses including provisions for unutilised leave for staff and for diminution in value of our investment in S-Net Freight (Holdings) Pte Ltd made in FY 2001/02 negatively impacted operating profit for the Logistics Division for that financial year.

5.5 Operating profit and operating margin for our Retail Division remained constant for the two years ended 31 March 2003 and 31 March 2002, with operating profit of S$6.7M for FY 2002/03 and S$6.5M for FY 2001/02 and operating margin of approximately 15% for both financial years.

5.6 Other operating profit has increased by S$3.7M or 28.9% compared to the previous financial year mainly as a result of lower depreciation and property related expenses related to our property operations.

6 Associated And Joint Venture Companies

6.1 For the financial year ended 31 March 2003, share of results of associated and joint venture companies increased by S$9.2M to S$14.0M from S$4.8M for the financial year ended 31 March 2002. The increase was primarily attributable to the full-year impact for inclusion of the Spring joint ventures (which commenced operations in July 2001). Amortisation of goodwill arising on acquisition of associated and joint venture companies increased by S$0.6M from S$3.4M for FY 2001/02 to S$4.0M for FY 2002/03. This increase was also primarily attributable to the full period effect of the Spring joint ventures for FY 2002/03.

7 Net Finance Income

7.1 Net finance income of S$0.9M for FY 2002/03 was S$2.0M or 67.2% lower than the previous financial year. This decrease was mainly attributable to lower interest income as a result of lower fund size and lower deposit interest rate. Interest expense of S$84K was incurred for the S$120.0M bank term loan drawdown from the credit facility arrangement entered into in February 2003.

8 Tax

8.1 There was a reduction in corporate tax rate from 24.5% to 22.0% with effect from Year of Assessment 2003 impacting FY 2001/02. This reduction in corporate tax rates resulted in a decrease in current period tax charge of S$3.8M and a downward adjustment in respect of prior financial years' tax charge of S$8.1M. The adjustment in respect of prior financial years' tax charge of S$8.1M due to the reduction in Singapore corporate tax rates was not recorded in FY 2001/02 but was reflected in the tax charge for FY 2002/03.

8.2 The above reduction in tax expense was set-off by an adjustment for deferred tax provision of S$8.1M relating to prior financial years. Together with the higher profit before tax, this accounted for the increase of 4.0% in tax expense to S$37.4M for FY 2002/03 as compared to S$36.0M for FY 2001/02.

9 Profit Attributable To Shareholders

9.1 For the reasons described above, profit attributable to shareholders increased S$7.3M or 7.2% to S$108.7M for FY 2002/03 compared to S$101.3M for FY 2001/02. The Group's net profit margin for FY 2002/03 increased to 29.1% from 26.6% for FY 2001/02.

10 Dividends

10.1 Both the interim net dividend of S$100.0M and the first instalment of S$100.0M of the special dividend have been paid to SingTel as at 31 March 2003. The remaining S$200.0M is expected to be paid by 31 December 2003. The balance of S$200.0M dividend payable is reflected under current liabilities in the balance sheets.

10.2 The directors have proposed a final gross dividend of 5.4 cents (net 4.2 cents) per share amounting to S$80.0M net of tax at 22.0% in respect of the financial year ended 31 March 2003.

11 Cash Flow And Capital Expenditure

11.1 Operating cash flow before working capital changes and tax was S$172.6M for FY 2002/03. After taking in working capital changes of S$15.3M and tax paid of S$44.6M, the net cash inflow from operating activities was S$112.7M.

11.2 Net cash inflow from investing activities for FY 2002/03 was S$23.1M as compared to the net cash outflow of S$105.4M for FY 2001/02. The net cash inflow this year was mainly from the sale of Crosby House for S$20.0M and loan repayments of S$14.4M by the Spring joint ventures offset by capital expenditure of S$12.2M mainly for development of the new Airmail Transit Centre, purchase of motor vehicles and computer equipment. The major cash outflows for FY 2001/02 were S$83.4M investment in associated company G3 Worldwide Mail N.V. and shareholder loans of S$14.4M to the Spring joint ventures and S$7.1M for investment in other joint venture companies.

11.3 During the FY 2002/03, S$270.0M was paid out as dividends to SingTel as compared to S$156.0M paid in FY 2001/02. In addition, an amount of S$120.0M was drawn down from the credit facility arrangement entered into in February 2003.

11.4 All the above factors accounted for the net decrease of S$14.3M in cash for the year ended 31 March 2003 resulting in the ending cash and cash equivalent balance of S$113.9M as at 31 March 2003.

12 Balance Sheet And Events Occurring After Balance Sheet Date

12.1 Borrowings

On 27 February 2003, a S$150.0M unsecured credit facility arrangement was entered into. The amount drawn down as at 31 March 2003 was S$120.0M.

12.2 Events occurring after balance sheet date

12.2.1 Bond issue

On 11 April 2003, the Company raised S$300.0M in long term debt from the Singapore dollar bond market by issuing unsecured bonds for its operational needs. The bonds are listed on the SGX-ST, have a maturity period of 10 years and a fixed interest rate of 3.13% per annum.

12.2.2 Initial public offering of the Company's shares

On 13 May 2003, the Company was listed on the Main Board of SGX-ST. On the same date, Singapore Telecommunications Limited and Temasek Holdings (Private) Limited ceased to be the Company's holding and ultimate holding company respectively.

12.2.3 Issue of share options

Following the listing of SingPost Shares on 13 May 2003, the outstanding and unexercised SingTel share options, held by four of our directors and some of our employees, were cancelled and new Singapore Post Share Options were offered in exchange for these cancelled SingTel share options. The Company offered 15,671,594 share options under the Singapore Post Share Option Scheme to subscribe for its ordinary shares at an exercise price of S$0.60.

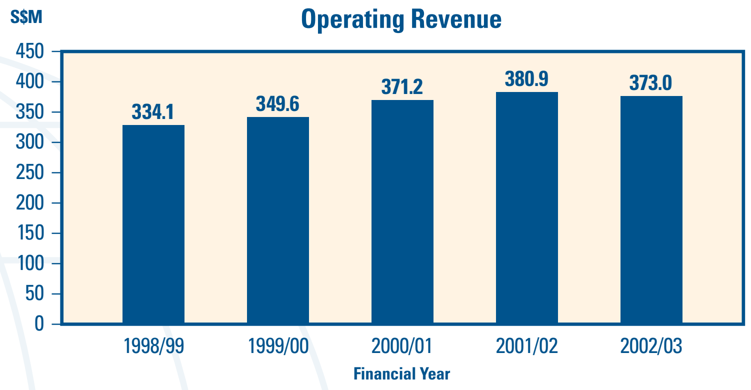
Group Financial Highlights

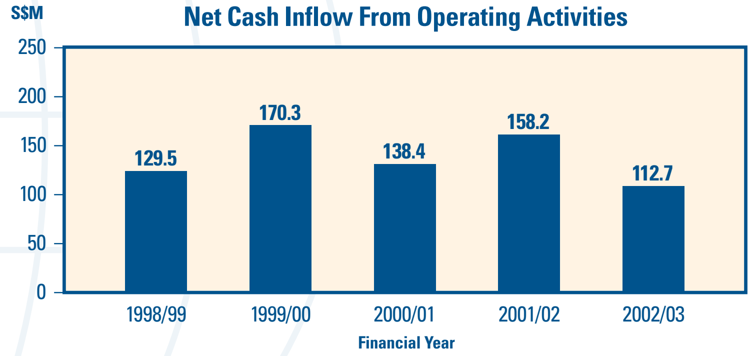
	FY2002/03 (S$M)	FY2001/02 (S$M)	FY2000/01 (S$M)	FY1999/00 (S$M)	FY1998/99 (S$M)
(A) Consolidated Income Statements					
Operating revenue	373.0	380.9	371.2	349.6	334.1
Operating profit	135.6	132.8	149.8	138.9	130.3
Associated and joint venture companies					
share of results	14.0	4.8	(0.9)	(0.1)	(0.2)
amortisation of goodwill	(4.0)	(3.4)	–	–	–
Profit attributable to shareholders	108.7	101.3	113.2	102.2	109.3
Basic earnings per Share [1] (cents)	5.72	5.33	5.96	5.38	5.75
(B) Consolidated Balance Sheets					
Current assets	149.6	184.1	280.7	172.4	218.1
Non-current assets	678.7	717.6	668.7	690.8	672.6
Total assets	828.3	901.7	949.4	863.1	890.7
Current liabilities	359.4	256.0	183.3	176.5	249.0
Non-current liabilities	150.7	36.9	32.3	37.3	29.5
Total liabilities	510.1	292.9	215.6	213.8	278.5
Net assets	318.2	608.7	733.8	649.3	612.2
Net assets per Share [1] (cents)	16.6	31.9	38.4	34.1	32.2
(C) Consolidated Cash Flow Data					
Net cash inflow from operating activities	112.7	158.2	138.4	170.3	129.5
Net cash inflow/(outflow) from investing activities	23.1	(105.4)	(14.7)	(54.7)	(159.9)
Net cash outflow from financing activities	(150.0)	(156.1)	(29.8)	(157.4)	–
Net increase/(decrease) in cash					
and cash equivalents held	(14.3)	(103.3)	93.9	(41.8)	(30.4)
(D) Other Financial Indicators					
Net profit margin (%)	29.1	26.6	30.5	29.2	32.7
Return on average shareholders' funds (%)	23.6	15.2	16.4	16.2	18.8
Proportion of net assets to total assets (%)	38.4	67.5	77.3	75.2	68.7
(E) Mail Productivity					
Average number of mail items delivered					
per postman (per effective man-day)	2,736	2,668	2,564	2,462	2,255
Average number of mail items processed					
per processing officer (per effective man-day)	5,397	5,224	4,889	4,457	3,949
(F) Personnel					
Average number of employees	2,235	2,263	2,245	2,251	2,336
Number of employees at financial year end	2,234	2,235	2,291	2,198	2,303
(G) Total mail handled (M items)	833.9	832.4	825.3	790.6	765.0

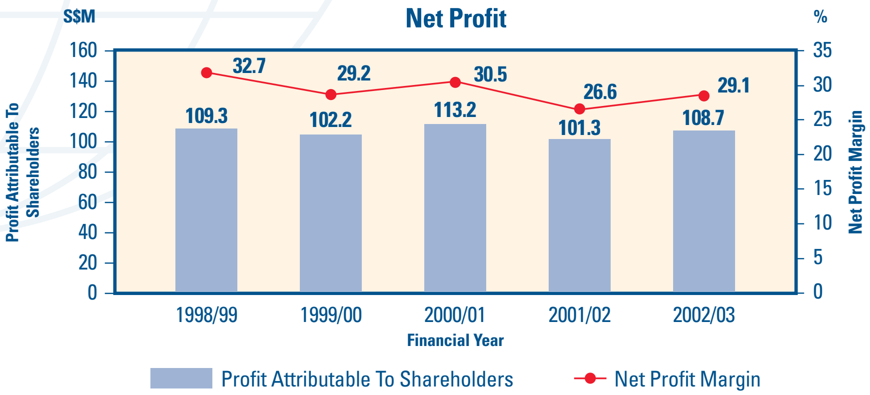
Any discrepancies in the above table between the listed amounts and totals thereof are due to rounding.

Note: [1] Based on the assumption that the issued share capital of SingPost Limited has been sub-divided into 1,900.0 million ordinary shares of par value S$0.05 each for each of the five financial years.

Financial Performance







Mail Delivery Service

Report On The Performance Of Singapore Post's Mail Delivery Service

We have undertaken an independent test of Singapore Post's Mail Delivery System against its delivery target for the year from 1 April 2002 to 31 March 2003. Singapore Post's delivery targets are:-

- to have at least 98% of domestic letters addressed to recipients in the Central Business District; and
- to have at least 95% of domestic letters addressed to recipients outside the Central Business District

delivered on the next working day from the date of mailing at a collection point prior to the latest indicated collection time for that day. Our test covered stamped domestic letters.

Our procedures were designed to test the service performance for letters posted during the year ended 31 March 2003. This was based on letters posted to a representative selection of addresses from a representative selection of entry points in the postal system. Our test was based on a statistically valid sample of 14,945 test letters determined in conjunction with Assoc Prof Koh Hian Chye.*

In our opinion, at a 95% confidence level, Singapore Post has achieved both of the above delivery targets for stamped domestic letters for the year ended 31 March 2003.

KPMG Business Advisory
Singapore
Michael Ng
Director
20 June 2003

** Assoc Prof Koh Hian Chye is an associate professor with the Nanyang Technological University.*

Corporate Governance

INTRODUCTION

SingPost believes that sound corporate governance is fundamental to our aim of building a competitive franchise and value for our stakeholders. We are committed to achieving high standards of corporate conduct and place importance on our corporate governance processes and systems so as to ensure greater transparency and protection of shareholders' interests. Since 13 May 2003, SingPost's shares have been listed and traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") and it is SingPost's intention, as far as possible, to comply with the corporate governance requirements of the SGX-ST.

The key elements underpinning SingPost's corporate governance are: timely and transparent disclosure; a management team with strong values and principles; a balanced management structure that is actively monitored by an independent Board of Directors; and a pervasive risk management and compliance culture. This report describes SingPost's corporate governance practices with specific reference to the Code of Corporate Governance (the "Code") issued by the Corporate Governance Committee. In developing its corporate governance policies and practices, SingPost has adopted a balanced approach by observing the spirit, and not just the letter, of the Code, an approach recommended by the Corporate Governance Committee.

BOARD MATTERS

The Board's Conduct Of Its Affairs

The Board oversees the business affairs of SingPost and therefore every director is expected to act in good faith and to always consider the interests of the Group. It assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. SingPost has in place financial authorisation and approval limits for operating and capital expenditure, procurement of goods and

City Hall, Singapore

services as well as acquisitions and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the Group's financial results.

The Board meets at least quarterly. In addition, the Board meets as and when warranted by particular circumstances between the scheduled meetings. In view of our preparation for listing on the SGX-ST, an aggregate of nine scheduled and special Board meetings were held in the financial year ended 31 March 2003. SingPost's Articles of Association provide for meetings to be held via telephone and video conferencing.

Details of the attendance of Board members at Board meetings for the financial year ended 31 March 2003 are as follows:

Director[1]	Notes	Number of Board meetings held	Number of Board meetings attended
Lim Ho Kee		9	8
Janet Ang Guat Har	(2)	3	3
Tommie Goh Thiam Poh	(2)	3	3
Lee Hsien Yang		9	9
Lim Hwee Hua	(2)	3	3
Ong Ah Heng		9	6
Ong Keng Yong		9	7
William Tan Soo Hock	(2)	3	3
Kenneth Michael Tan Wee Kheng	(2)	3	3
Keith Tay Ah Kee		9	8

(1) Ang Kong Hua resigned from his position as director and Chairman of the Board on 20 March 2003. He attended 5 out of 6 Board meetings between 1 April 2002 and 20 March 2003.

(2) These directors were appointed on 20 March 2003.

The various Board committees were established on 20 March 2003. Information on the Board committees is set out in the section entitled "Board Committees".

To familiarise new directors with SingPost's business, such directors were briefed on the Group's business activities, its strategic direction and the regulatory environment in which the Group operates.

Board Composition And Balance

The majority of our directors are non-executive and independent. The Board comprises ten directors, seven of whom are non-executive independent directors, two of whom are non-independent and non-executive and only one non-independent executive director. The non-independent directors are Mr Lee Hsien Yang, the President and CEO of SingTel, a substantial shareholder of SingPost; Mrs Lim Hwee Hua, Managing Director, Strategic Relations of Temasek Holdings (Private) Limited, the majority shareholder of SingTel; and Mr William Tan Soo Hock, the Chief Executive Officer of SingPost.

The Nominations Committee, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director.

As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, finance, law, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled "Information on Directors and Executive Officers".

Chairman And Chief Executive Officer

There is a clear separation of the roles and responsibilities between the non-executive Chairman and the Chief Executive Officer. Different individuals assume the Chairman and the Chief Executive Officer functions in SingPost, whose posts are, and will remain separate. The Chairman is responsible for the Board and the Board has delegated day-to-day management of SingPost to the Chief Executive Officer.

Both the Chairman's and Chief Executive Officer's appointments require the prior written approval of the Info-communications Development Authority of Singapore ("IDA").

Board Membership

The Nominations Committee reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board. In recommending new directors to the Board, the Nominations Committee takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability. The appointment of the Board of Directors requires the prior written approval of the IDA.

In evaluating a director's contribution and performance for the purpose of re-nomination, the Nominations Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

Recommendations for nominations of new directors and retirement of directors are made by the Nominations Committee and considered by the Board as a whole. At each Annual General Meeting ("AGM") of SingPost, not less than one third of the directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation. In addition, a director is required to retire at the AGM if, were he not to retire, he would at the next AGM have held office for more than three years. In accordance with the guidelines set out in the Code, SingPost's Articles of Association provide that the Chief Executive Officer, being an executive director of SingPost, will also retire by rotation. A retiring director is eligible for re-election by the shareholders of SingPost at the AGM. Also, all newly appointed directors during the year will hold office only until the next AGM and will be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation.

Board Performance

The Board and the Nominations Committee have strived to ensure that directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business to enable the Board to make sound and well-considered decisions. As five of our ten directors were appointed, and the Nominations Committee was established, only on 20 March 2003, the Nominations Committee will, in the current year, meet and decide on how the performance of the Board and individual Board members may be evaluated and propose objective performance criteria. If necessary, the Nominations Committee will seek advice from an external consultant.

Access To Information

Prior to each Board meeting, the Board is supplied with relevant information by our Management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group. The Board also has separate and independent access to our senior management and the Company Secretary at all times. To assist our Board members in fulfilling their responsibilities, procedures have been put in place for directors to seek independent professional advice, where appropriate, at the expense of SingPost.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has established various Board committees, namely the Audit Committee, the Nominations Committee and the Compensation Committee, all constituted on 20 March 2003, each of which is empowered to make decisions on matters within its terms of reference and applicable limits of authority. Membership in the different committees requires careful consideration to ensure an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board and foster active participation and contribution from Board members are also factors that are taken into consideration.

The Chief Executive Officer is in attendance at meetings of all the Board committees, although he is not a member of the committees.

Nominations Committee

The members of the Nominations Committee are Mr Lim Ho Kee (Committee Chairman), Ms Janet Ang Guat Har and Mr Ong Ah Heng, all of whom are independent non-executive directors. The responsibilities of the Nominations Committee include the following:

- reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of directors;
- reviews and recommends to the Board the retirement and re-election of directors in accordance with our Articles of Association at each annual general meeting;
- reviews the composition of the Board annually to ensure that our Board has an appropriate balance of independent directors and to ensure an appropriate balance of expertise, skills, attributes and ability among our directors; and
- reviews the independence of our directors.

The Nominations Committee held its first meeting in May 2003. The meeting was attended by Mr Lim Ho Kee and Mr Ong Ah Heng.

Compensation Committee

The Compensation Committee comprises Mr Lim Ho Kee (Committee Chairman), Mr Tommie Goh Thiam Poh, Mr Lee Hsien Yang, Mrs Lim Hwee Hua and Mr Keith Tay Ah Kee. All members are independent non-executive directors except Mr Lee Hsien Yang and Mrs Lim Hwee Hua. The Compensation Committee's responsibilities include the following:

- recommends to the Board for endorsement the remuneration policies and guidelines for setting remuneration for the directors and key executives;
- approves performance targets for assessing the performance of each executive director and the Chief Executive Officer;
- administers the Singapore Post Share Option Scheme; and
- recommends specific remuneration packages for each executive director and the Chief Executive Officer.

While the Chief Executive Officer is in attendance at Compensation Committee meetings, he does not attend discussions relating to the review of his performance and compensation.

The Compensation Committee held its first meeting in May 2003 and its second meeting in June 2003. All committee members attended both meetings.

Audit Committee

The Audit Committee comprises Mr Keith Tay Ah Kee (Committee Chairman), Mr Tommie Goh Thiam Poh and Mr Kenneth Michael Tan Wee Kheng. All members are independent non-executive directors.

The Audit Committee has written terms of reference approved by the Board. The Audit Committee's responsibilities include the following:

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the audit plans and reports of the external auditors and internal auditors and considers the effectiveness of the actions taken by management on the auditors' recommendations;
- appraises and reports to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- reviews interested person transactions, as defined in the Listing Manual of the SGX-ST.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has full access to and cooperation from management, in addition to its direct access to the external auditors.

Audit Committee Activities From March To May 2003

The Committee held its first meeting in March and its second meeting in May 2003. All members of the Committee attended both meetings.

The Committee has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the system of internal accounting controls.

The Committee has reviewed the annual financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2003 as well as the auditors' reports thereon prior to their submission to the Board for approval.

The Committee, with the assistance of the internal auditors, has reviewed the interested person transactions of the Group.

The Committee has reviewed with management the nature of non-audit services provided by the external auditors to the Company and the Group during the financial year ended 31 March 2003. The Committee is of the opinion that the provision of these non-audit services would not affect the independence of the external auditors. The Committee has recommended the nomination of the external auditors for re-appointment at the forthcoming Annual General Meeting of the Company.

ACCOUNTABILITY AND AUDIT

Internal Controls

Key internal controls of the Group include the establishment of approval limits for key financial and operational matters, rules relating to the delegation of authorities and the documentation of key processes.

The internal auditors perform detailed work to assist the Audit Committee in the evaluation of internal controls. The external auditors, in the course of conducting their normal audit procedures on the statutory financial statements of the Group, also review the Group's material internal controls to the extent of their scope as laid out in their audit plan. Material internal control weaknesses noted, if any, by the auditors and their recommendations are reported to the Audit Committee. The Board is kept informed of the Audit Committee's activities.

Internal Audit

The internal audit function reports functionally to the Chairman of the Audit Committee and administratively to the Chief Executive Officer. The Audit Committee reviews the adequacy of the internal audit function and its standing within the Company to ensure it is able to perform its functions effectively and objectively.

COMMUNICATION WITH SHAREHOLDERS

SingPost is committed to conveying accurate and timely information to our shareholders. In disseminating material information, we take care to ensure that the information is made publicly available on a timely and non-selective basis to all shareholders.

With the objective to better meet the different concerns and information needs of retail and institutional investors, our communications with shareholders are jointly managed by our Corporate Communications and Investor Relations Departments. Our Corporate Communications Department focuses on the needs and concerns of retail investors while our Investor Relations Department is responsible for servicing institutional investors. We believe that this will facilitate a more targeted and effective investor communication.

In our maiden results announcement on 19 May 2003 for the financial year ended 31 March 2003, material information was first made available to the investment community through MASNET to ensure that there is fair disclosure of information. Thereafter, the media and investment analysts were invited to meet the Management for a briefing and clarification session.

To ensure the ease of providing investors with relevant information, we have a dedicated investor relations webpage on the company's website. Here we provide copies of our annual reports and results briefing presentation materials for investors who wish to download the documents.

We are in full support of the Code's principle to encourage shareholder participation. SingPost's Articles of Association allow a member entitled to attend and vote to appoint a proxy to attend and vote instead of the member and that proxy need not be a member of SingPost. Voting in absentia by mail, fax or e-mail may only be possible following careful study to ensure that integrity of information so transmitted and authentication of the identity of shareholders are not compromised.

RISK MANAGEMENT

Operational risk reviews are carried out annually to identify areas of significant risks with the objective of implementing measures to mitigate and manage the risks identified. These measures include the development of business continuity plans and taking up appropriate insurance coverage.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Details of the various risk factors and the management of such risks are outlined in Note 31 to the Financial Statements.

SECURITIES TRADING

The Group has adopted the SGX-ST Best Practices Guide with respect to the dealings in securities for the guidance of directors and officers. SingPost's securities trading policy provides that directors and officers of the Group should not deal in SingPost's shares during the periods commencing one month before the announcement of SingPost's annual, half-yearly and quarterly results and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished price-sensitive information on the Group.

MATERIAL CONTRACTS

Other than the contracts disclosed below, there are no other material contracts entered into by SingPost or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

1. On 31 December 2002, SingPost entered into an agreement with SingTel to dispose of the whole of the interest SingPost owned in Crosby House as at that date to SingTel for a purchase price of S$20.0 million.
2. On 17 January 2003, SingPost entered into five leases with SingTel for 33 office units and a storeroom in the Singapore Post Centre. The initial term of each lease is three years and the total rent and service charges payable under the leases by SingTel is S$13.7 million over the three years.

DIRECTORS' REMUNERATION

The non-executive directors are paid directors' fees according to their roles and responsibilities in the Board and the various Board committees. For the financial year ended 31 March 2003, the directors' contribution to the successful listing of the company on the SGX-ST was taken into account in determining directors' fees. This recognition is extended to all new members of the Board, who also played an active role in the listing of SingPost. Directors' fees are subject to shareholders' approval. The executive director and Chief Executive Officer, who is a lead member of the Management team, is not paid directors' fees.

The directors' remuneration for the financial year ended 31 March 2003 is as follows:

	Fixed Component (1)	Variable Component (2)	Provident Fund (3)	Directors' Fees (4)	Benefits (5)	Total Compensation (6)	SingTel Share Option Scheme 1999(7)		SingPost Share Option Scheme (10)
	%	%	%	%	%	%	Number of SingTel shares in respect of which options were granted	Value(8)	Number of SingPost shares in respect of which options were offered
Below S$250,000									
Lim Ho Kee Chairman and Director (Independent)				100		100	20,000	S$7,200	48,350
Janet Ang Guat Har Director (Independent)				100		100			
Tommie Goh Thiam Poh Director (Independent)				100		100			
Lee Hsien Yang Director				100		100			
Lim Hwee Hua Director				100		100			
Ong Ah Heng Director (Independent)				100		100	20,000	S$7,200	48,350
Ong Keng Yong Director (Independent)				100		100			
Kenneth Michael Tan Wee Kheng Director (Independent)				100		100			
Keith Tay Ah Kee Director (Independent)				100		100	20,000	S$7,200	48,350
Ang Kong Hua(11) Director				100		100	40,000	S$14,400	
S$250,000 to below S$500,000									
William Tan Soo Hock Chief Executive Officer and Director	59	24	6	0	11	100	1,137,500 (9)	S$586,625	4,862,368

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2003.
(2) Variable Component refers to variable bonus for the year ended 31 March 2003.
(3) Provident Fund represents payment in respect of the company's statutory contributions to the Singapore Central Provident Fund.
(4) The newly appointed directors will each be paid directors' fees of S$10,000 for FY02/03. For Mr Ang Kong Hua who retired from the Board on 20 March 2003, he will be paid S$30,000. Mr William Tan Soo Hock, executive director and Chief Executive Officer, who was appointed director on 20 March 2003, was paid S$12,660 in total remuneration, excluding stock options, for the period 20 March 2003 to financial year ended 31 March 2003.
(5) Benefits are stated on the basis of direct costs to the company. Include benefits such as medical scheme, flexible benefits, club membership and car allowance.
(6) Total Compensation excludes the value of share options.
(7) The SingTel share options pertain to those granted during the financial year ended 31 March 2003. Refer to section on "Singapore Post Share Option Scheme".
(8) Options were valued at issuance and the option valuation adopted simulation methodologies consistent with assumptions that apply under the Modified Roll Model valuation methodology. None of the share options has been granted at a discount.
(9) Total share options include 487,500 Performance Share Options.
(10) SingPost share options offered on 13 May 2003 in return for the cancellation of outstanding and unexercised SingTel share options granted from 1998 to 2002. Refer to section on "Singapore Post Share Option Scheme".
(11) Mr Ang Kong Hua resigned from his position as director and Chairman of the Board on 20 March 2003.

REMUNERATION POLICY FOR EXECUTIVE MANAGEMENT

Singapore Post has a remuneration strategy that supports a pay for performance philosophy. Rewards are directly aimed at:

- supporting business plans and corporate strategies; and
- rewarding performance improvement.

Our executives participate in an annual performance review process that assesses the individual's performance against set performance factors and accountabilities. Performance against these factors impacts on their remuneration.

The components that make up total compensation are:

Fixed Component

The fixed component comprises the base salary and the annual wage supplement, which is normally paid out in December each year. Progress to the next higher salary grade is subject to good performance, increase in job responsibilities and the individual's potential. References are made to market surveys when considering the remuneration components of its executives. The Compensation Committee meets yearly to recommend the compensation for the executive director and Chief Executive Officer based on his performance for the year of review and comparable market total cash and benefits, before submitting the proposal to the Board for approval.

Variable Component

The variable component comprises the variable bonus that is paid based on the company and individual performance. To ensure rewards are closely linked to performance, the percentage of the variable component against total compensation is higher for the executive director and Chief Executive Officer, and key executives. This short-term incentive is paid based on the actual achievement of targets and assessment of the individual across five areas, namely, Financials, Business Processes, Strategy, Customer and Synergy.

Provident Fund

This component is made up of the company's contribution towards the Singapore Central Provident Fund.

Benefits

Benefits are provided consistent with market practice, and include medical scheme and flexible benefits. Car allowance and club membership are granted to the executive director and Chief Executive Officer and the Deputy Chief Executive Officer, as part of their total remuneration package.

Share Options

The company adopted the Singapore Post Share Option Scheme (the "Share Option Scheme") on 21 March 2003 (see section on "Singapore Post Share Option Scheme").

Executive Officers' Remuneration

The following information relates to the remuneration of the top five (in terms of amount of compensation) executive officers (not being directors) of Singapore Post Limited:

	Fixed Component (1)	Variable Component (2)	Provident Fund (3)	Benefits (4)	Total Compensation (5)	SingTel Share Option Scheme 1999(6)		SingPost Share Option Scheme (8)
	%	%	%	%	%	Number of SingTel shares in respect of which options were granted	Value(7)	Number of SingPost shares in respect of which options were offered
Below S$250,000								
Celine Wang Chi Lin	65	25	9	1	100	305,000	S$167,750	1,211,012
Tan Swee Guan	71	18	9	2	100	136,000	S$74,800	661,779
Tan Wee Lam	80	13	6	1	100	72,000	S$39,600	392,392
Woo Keng Leong	72	15	10	3	100	91,000	S$50,050	449,121
S$250,000 to below S$500,000								
Teo Yew Hwa	56	26	7	11	100	566,000	S$311,300	2,751,099

(1) Fixed Component refers to base salary earned for the year ended 31 March 2003. Includes Annual Wage Supplement and Leave Compensation Allowance, if applicable.
(2) Variable Component refers to variable bonus for the year ended 31 March 2003.
(3) Provident Fund represents payment in respect of the company's statutory contributions to the Singapore Central Provident Fund.
(4) Benefits are stated on the basis of direct costs to the company. Include benefits such as medical scheme, flexible benefits and long service award.
(5) Total Compensation excludes the value of share options.
(6) The SingTel share options pertain to those granted during the financial year ended 31 March 2003. Refer to section on "Singapore Post Share Option Scheme".
(7) Options were valued at issuance and the option valuation adopted simulation methodologies consistent with assumptions that apply under the Modified Roll Model valuation methodology. None of the share options has been granted at a discount.
(8) SingPost share options offered on 13 May 2003 in return for the cancellation of outstanding and unexercised SingTel share options granted from 1998 to 2002. Refer to section on "Singapore Post Share Option Scheme".

Singapore Post Share Option Scheme

The Singapore Post Share Option Scheme (the "Share Option Scheme") was adopted on 21 March 2003. Prior to the adoption of the Share Option Scheme, four of our directors, namely Mr Lim Ho Kee, Mr Ong Ah Heng, Mr William Tan Soo Hock and Mr Keith Tay Ah Kee and some of our employees held share options granted by SingTel. As at 31 March 2003, the SingTel share options held by such directors and employees, which were granted from 1998 to 2002, were in respect of a total of 8,134,800 SingTel shares.

The above mentioned directors and employees have been offered share options in respect of a total of 15,671,594 SingPost shares under the Share Option Scheme on 13 May 2003 in return for the cancellation of their outstanding and unexercised SingTel share options (the "Options Exchange"). A conversion ratio, which is derived from dividing the value of SingTel share options by the value of the share options offered under the Share Option Scheme pursuant to the Options Exchange, using the Modified Roll Model valuation methodology (taking into account relevant assumptions) to value both of these options, has been applied. Such SingPost share options are market price options and are exercisable for a period of ten years, or five years in the case of a non-executive director, after the date of the grant, subject to the vesting schedule set forth below. The exercise price of these share options is the Offering Price of S$0.60.

The vesting schedule for the share options under the Share Option Scheme offered to Mr William Tan Soo Hock and employees under the Options Exchange is set forth in the table below:

Vesting Period	Proportion Of Total Share Options That Are Exercisable
Before 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 10th anniversary of date of grant	Balance OR 100.0 per cent. of grant

The vesting schedule for the share options under the Share Option Scheme offered to the directors (other than Mr William Tan Soo Hock) under the Options Exchange is set forth in the table below:

Vesting Period	Proportion Of Total Share Options That Are Exercisable
Before first anniversary of date of grant	0 per cent.
On first anniversary till fifth anniversary of date of grant	100.0 per cent. of grant

The Share Option Scheme was established on the basis that it is important to retain and to give recognition to our employees (including executive directors) and non-executive directors, who have contributed to our success and development. The Share Option Scheme will give such persons an opportunity to have a real and personal direct interest in us and to align the interests of such persons with those of our shareholders.

While the Share Option Scheme caters principally to employees, we recognise that there are and may be other persons who can make significant contributions to us through their close working relationships with us, even though they are not employed by us. The Share Option Scheme therefore allows for participation by non-executive members of our Board of Directors and the boards of directors of our subsidiaries.

The total number of shares over which we may grant options under the Share Option Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Share Option Scheme, shall not exceed 10.0 per cent. of our issued share capital.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

Profile Of Directors

Mr Lim Ho Kee is a non-executive, independent Director of SingPost. He was appointed as a Director in April 1998 and subsequently as Chairman in March 2003. Mr Lim was last re-elected in 1999. He is also the chairman of the Nominations and Compensation Committees. Mr Lim is currently a Director of Cycle & Carriage Limited, MCL Land Limited, Keppel Land Limited and Vertex Venture Holdings Limited.

With 35 years of experience in both the public and private sectors, Mr Lim's portfolio includes directorship of the former TAS Board, SingTel and Keppel Tatlee Bank Limited. He was an independent director of SingTel between April 1992 and September 2000.

Mr Lim had a career spanning 15 years with UBS A.G. Switzerland from 1984 to 1999. He was the Chief Executive Officer of UBS East Asia from 1991 to 1993, Executive Vice President of the UBS Group from 1993 to 1996 and Chairman of UBS East Asia from 1997 to 1999.

Before his appointment at UBS A.G. Switzerland, Mr Lim was General Manager of Treasury at Overseas Union Bank from 1982 to 1983 and was Deputy Managing Director (Operations) of the Monetary Authority of Singapore (on secondment from Overseas Union Bank) from 1981 to 1982. Prior to joining Overseas Union Bank, Mr Lim had a career spanning seven years with JP Morgan from 1975 to 1981. He held positions as Managing Director of Morgan Guaranty Pacific as well as Head of Treasury of JP Morgan Singapore.

Mr Lim obtained his Bachelor of Science degree in Economics from the London School of Economics, UK, in 1968.

Mr William Tan Soo Hock is the Chief Executive Officer of SingPost and was appointed as a Director in March 2003. Mr Tan has had a career spanning more than 30 years with the SingTel Group. He held various management positions in the engineering, finance, and operations departments in the SingTel Group. He was also the Managing Director of Singapore Telecom International Pte Ltd's Indonesian joint venture project which involved the management and operation of domestic and long distance telephone service in the East Indonesia Region, Division VII, from 1996 to 1997. Mr Tan was the Vice President for corporate finance of SingTel from 1987 to 1992, and the Deputy Chief Executive Officer of SingPost from 1992 to 1995.

A Colombo Plan scholar, Mr Tan obtained his Bachelor of Engineering degree with honours from the University of Auckland, New Zealand, in 1971. He attended the Advanced Management Program at Harvard Business School, USA, in 1999. Mr Tan was awarded the Public Administration Medal (Bronze) in 1985.

Ms Janet Ang Guat Har is a non-executive, independent Director of SingPost. She was appointed as a Director in March 2003 and is a member of the Nominations Committee. Ms Ang is currently the Managing Director of IBM Singapore. Her career with IBM spans more than 20 years. Before her appointment as Managing Director of IBM Singapore in April 2001, she was the Director of Sales Operations for IBM Asia Pacific from 1999 to 2001, Director of Marketing (Global, Small and Medium Business) for IBM Asia Pacific from 1998 to 1999 and General Manager (Government and Education Industries) for IBM ASEAN/South Asia from 1995 to 1998. She served as Vice-President of the Singapore Computer Society between 1996 and 1997 and helped launch the National IT Leaders' Award in 1997.

Ms Ang is presently a member of the Singapore Tourism Board, the National University of Singapore Business School Advisory Board and Singapore Management University School of Business Advisory Board.

Ms Ang obtained her Bachelor of Business Administration (Honours) degree from the National University of Singapore in 1982.

Mr Tommie Goh Thiam Poh is a non-executive, independent Director of SingPost. He was appointed as a Director in March 2003 and is a member of the Compensation and Audit Committees. Mr Goh is currently the Chairman of 2G Capital Pte Ltd. He also sits on the boards of Vision Technologies System Inc, Flextronics International Ltd and SGX-listed Seksun Corporation Ltd. Mr Goh was the co-founder and Executive Chairman of JIT Holdings Ltd from 1988 to 2000. He founded JIT Electronics in 1988 with 20 employees in a 5,000 square feet rented factory space. He spearheaded JIT Electronics' rise to become one of the top 20 largest electronics manufacturing service providers in the world before its merger in August 2000 with Flextronics International. By 2000, JIT Electronics had over 5,000 employees with over 1 million square feet of owned factory space in Singapore, Malaysia, Indonesia, China and Hungary, as well as a sales and marketing network in Asia Pacific and the United States.

In 2000, Mr Goh was conferred the Doctor of Philosophy in Business Administration by Wisconsin International University. In recognition of his business achievements, he was named the Rotary-Asme Entrepreneur of the Year in 1997 by the Rotary Club of Singapore. He was also named Businessman of the Year in Singapore in 1999 at the Singapore Business Awards jointly organised by The Business Times and DHL Worldwide Express. In 1998, JIT Holdings Limited was awarded the Singapore Business Enterprise Award. In 2002, Mr Goh was conferred the Public Service Medal.

Mr Lee Hsien Yang is a non-executive, independent Director of SingPost. He was appointed as a Director in May 1995 and was last re-elected in 2000. Mr Lee is a member of the Compensation Committee. He is currently the President and Chief Executive Officer, and an Executive Director, of SingTel. Prior to joining SingTel, Mr Lee served in a variety of command and staff appointments in the Singapore Armed Forces between 1975 and 1994. He was the Director of Joint Operations and Planning Directorate of the Singapore Armed Forces from 1991 to 1994. Presently, Mr Lee is the Chairman of the Singapore Science Centre Board and Republic Polytechnic. He is also a board member of Singapore's Land Transport Authority and sits on the Board of Directors, INSEAD. Mr Lee was previously also a board member of the Defence Science & Technology Agency.

Mr Lee was a President's Scholar and obtained first class honours in engineering from the University of Cambridge, UK, in 1979, and a Master of Science (Management) degree from Stanford University, USA, in 1989.

Mrs Lim Hwee Hua is a non-executive, non-independent Director of SingPost. She was appointed as a Director in March 2003 and is a member of the Compensation Committee. Mrs Lim is currently the Managing Director, Strategic Relations of Temasek Holdings (Private) Limited ("Temasek"). In addition, she is the Deputy Speaker of the Parliament of Singapore and a Member of Parliament for Marine Parade GRC in Singapore. She has been a Member of Parliament since 1997. Mrs Lim serves on the boards of Singapore Pools (Private) Limited, Fullerton Management Private Limited, Mapletree Investments Pte Ltd, The HarbourFront Pte Ltd, PSA Corporation Limited and Keppel Corporation Limited, and is also the Chairman of Temasek Management Services Pte Ltd. Prior to joining Temasek, Mrs Lim spent a total of 8 years with Jardine Fleming Singapore Securities Pte Ltd as the Head of Research as well as Director from 1997 to 2000. Mrs Lim was previously also a board member of ECICS Holdings Ltd., the Maritime & Port Authority of Singapore, Media Corporation of Singapore Ltd, Senoko Power Limited and Sentosa Development Corporation.

Mrs Lim was awarded an Overseas Merit Scholarship from the Singapore Government in 1978 and obtained her Bachelor of Arts and Master of Arts from the University of Cambridge, UK, in 1981 and 1984 respectively and a Master of Business Administration from the University of California, Los Angeles in 1989.

Mr Ong Ah Heng is a non-executive, independent Director of SingPost. He was appointed as a Director in November 1999. Mr Ong is a member of the Nominations Committee. He is a Member of Parliament of Nee Soon Central and has been a Member of Parliament since 1997. Mr Ong is actively involved in local union activities and is presently Assistant Secretary-General and Director of the Community Development Department of the National Trades Union Congress as well as Executive Secretary of the National Transport Workers' Union. Mr Ong is a Director of PSA Corporation Limited and Comfort Group Ltd.

Mr Ong obtained his Bachelor of Arts degree in Government and Public Administration from Nanyang University, Singapore, in 1972, and a Master of Arts degree in political science from the University of Arkansas, USA, in 1974.

Mr Ong Keng Yong is a non-executive, independent Director of SingPost. He was appointed as a Director in April 1999 and was last re-elected in 2001. Mr Ong is a career diplomat. He joined the Singapore Ministry of Foreign Affairs in June 1979 and was Singapore's High Commissioner to India and Ambassador to Nepal from 1996 to 1998. Prior to that, he was Minister-Counsellor and Deputy Chief of Mission in the Singapore Embassy in Washington DC (USA) between 1991 and 1994, Counsellor and Deputy Chief of Mission in the Singapore High Commission in Kuala Lumpur (Malaysia) between 1989 and 1991, and the Charge d'Affaires of the Singapore Embassy in Riyadh (Saudi Arabia) between 1984 and 1988.

Mr Ong was seconded to the Prime Minister's Office in September 1998 as the Press Secretary to the Prime Minister and concurrently to the Ministry of Information, Communications and the Arts as Deputy Secretary. In June 1999, he took on the concurrent job of Chief Executive Director of the People's Association and served on the People's Association Board as Secretary cum Treasurer. In December 2002, Mr Ong stepped down from his appointments in the Prime Minister's Office, Ministry of Information, Communications and the Arts and the People's Association and all the boards (except SingPost) he served on to return to the Ministry of Foreign Affairs prior to his assumption of duty as Secretary General of ASEAN (Association of Southeast Asian Nations), based in Jakarta (Indonesia) with effect from 1 January 2003. Mr Ong was previously a Board member of NTUC Media Co-operative Ltd, Singapore Management University, The Esplanade Co Ltd, the Housing and Development Board and the National Heritage Board.

Mr Ong graduated from the University of Singapore with a Bachelor of Law (Honours) degree and the Georgetown University (Washington DC, USA) with a Master of Arts in Arab Studies (Distinction) degree. He was bestowed the Public Administration Medal (Silver) by the President of the Republic of Singapore in 1997 and the Long Service Medal in 2002.

Mr Kenneth Michael Tan Wee Kheng, Senior Counsel, is a non-executive, independent Director of SingPost. He was appointed as a Director in March 2003 and is a member of the Audit Committee. He is currently the Senior Partner of Kenneth Tan Partnership. He was admitted as an Advocate and Solicitor to the Supreme Court of the Republic of Singapore in 1984 and was appointed Senior Counsel in 1997. He taught at the Faculty of Law of the National University of Singapore from 1983 as a Senior Tutor until 2001 when he was an Adjunct Senior Fellow. He was also a partner of Drew & Napier between 1988 and 1989, a partner of Rajah & Tann between 1989 and 1994 and a partner of Shook Lin & Bok between 1994 and 1996. From 1992 to 1997, he was a member of the Senate of the Academy of Law.

Mr Tan is a fellow of the Academy of Law, a member of the Law Society of Singapore and a member of the International Bar Association. He is an accredited Arbitrator with the Regional Centre for Arbitration in Kuala Lumpur and an accredited Mediator and Evaluator with the Singapore Mediation Centre. Mr Tan graduated with an LLB, First Class honours from the National University of Singapore in 1983.

Mr Keith Tay Ah Kee is a non-executive, independent Director of SingPost. He was appointed as a Director in April 1998 and was last re-elected in 1999. He is a member of the Compensation Committee and is chairman of the Audit Committee. Mr Tay's career in the local and regional financial industry spans over 30 years. He was the President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992 and was the Singapore Representative on the Council of the International Federation of Accountants from 1987 to 1990. Mr Tay was Chairman and Managing Partner of KPMG Peat Marwick from 1984 to 1993. Mr Tay presently serves on the boards of several public companies, including Singapore Reinsurance Corporation Limited, Elec & Eltek International Company Limited, FJ Benjamin Holdings Ltd and Allgreen Properties Ltd. He is presently a board member of the Singapore International Chamber of Commerce, of which he was a Past Chairman from 1995 to 1997. He is also Honorary Vice President of the Singapore Institute of Directors. Mr Tay was previously also a board member of SingTel.

Mr Tay qualified as a Chartered Accountant in London, UK, in 1968, and is a Fellow of the Institute of Chartered Accountants of England and Wales. He was conferred the first International Award for outstanding contribution to the profession by the Institute of Chartered Accountants in England & Wales in 1988 and the BBM Public Service Star in 1990. The Institute of Certified Public Accountants of Singapore conferred upon Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow in 1993.

Profile Of Executive Officers

Mr Teo Yew Hwa is the Deputy Chief Executive Officer of SingPost. As Deputy Chief Executive Officer, Mr Teo is responsible for the business performance of the key business units of SingPost. He was the Managing Director of Singapore Telecom International Pte Ltd's Indonesian joint venture project which involved the management and operation of domestic and long distance telephone service in the East Indonesia Region, Division VII, from 1998 to 1999. Prior to joining SingPost in 1989, Mr Teo had spent seven years in SingTel working in areas such as Special Operations, Human Resource Development and Manpower & Industrial Relations. He was posted to SingPost in 1989 as Department Manager in charge of the mail business and subsequently moved on to become the Senior Director for Retail and International Business in 1995. Mr Teo was the Chief Operating Officer of SingPost in 1997, responsible for the business performance of the key business units of SingPost. He is also currently the Chief Executive Officer of G3 AsPac and a Management Board member of G3 Worldwide Mail N.V. Mr Teo obtained a Bachelor of Science degree with honours from the National University of Singapore in 1982 and a Master of Science (Management) degree from the Massachusetts Institute of Technology, USA, in 1995.

Ms Celine Wang Chi Lin is the Chief Financial Officer of SingPost. Ms Wang joined the SingTel Group in 1979 as an Accountant, and moved to SingPost in 1992 as its Financial Controller. In 1997, as Director of Finance and Business Development, she further assumed responsibility for the business development of SingPost. This included managing the operations and business performance of DataPost from November 1997 to July 2002. Prior to joining SingPost as Financial Controller, Ms Wang had spent 13 years working in various finance sections in SingTel, including billing, costing, management accounting and financial management. Ms Wang is concurrently the Chief Financial Officer of G3 AsPac and also sits on the Management Committee of G3 AsPac and all the boards of its subsidiaries, and the board of DataPost. Ms Wang graduated with honours from the University of Singapore in 1977, with a Bachelor of Accountancy degree. Ms Wang has been a member of the Institute of Certified Public Accountants of Singapore since 1992.

Mr Tan Swee Guan is the Senior Director of the eBusiness and Engineering operations of SingPost. He is responsible for engineering, information technology and property management. Since his appointment as Senior Director of the eBusiness and Engineering operations of SingPost in September 2000, he has been actively involved in developing eBusiness strategies and managing the engineering operations of SingPost. Mr Tan was responsible for the successful completion of the SPC in 1998 and the commissioning of its state-of-the-art mail processing equipment. The equipment was operational from 1998. Mr Tan has accumulated more than 20 years of engineering experience with the SingTel Group. He joined SingTel in 1977 before moving to SingPost in 1988. In SingTel, he held the position of Engineer in various areas such as Aeradio Projects, Aeradio Planning and Navaids & Information Systems. He is currently the Chairman of First Cube and is also a member of the Institute of Electrical Engineers, UK. Mr Tan graduated with a Bachelor of Science (Honours) degree in Electrical and Electronics Engineering from Heriot-Watt University, Edinburgh, UK in 1977, and obtained a Master of Business Administration from the Massachusetts Institute of Technology, USA, in 1997.

Mr Tan Wee Lam is the Director of the Logistics Division of SingPost. He is primarily responsible for the distribution and logistics business of SingPost. He joined the SingTel Group in 1976 and moved to SingPost in April 1989 as the Division Manager for Policy and Planning. Prior to his appointment in his current position in 1999, Mr Tan was the Director for Property Management and was instrumental for the seamless transition from the former Mail and Parcel Centre to the current SPC. In his 13 years with SingTel, he was responsible for human resource administration. Prior to joining the SingTel Group, Mr Tan worked in Texas Instrument as a Senior Supervisor from 1971 to 1975 and in Squire Burgham Manufacturing as a Research Assistant from 1975 to 1976. He is currently serving as a Director of First Cube. Mr Tan obtained his Science degree from the University of Singapore in 1969, and subsequently a Master of Management degree from the Asian Institute of Management, Philippines, in 1976.

Mr Woo Keng Leong is the Director of the Mail Division of SingPost. He is responsible for the operations and financial performance of the Mail Division and DataPost. He was also responsible for the successful transition of operations from the former Mail and Parcel Centre to the highly automated SPC in 1998. Mr Woo was a Public Services Commission scholar and was posted to the then Postal Services Department in 1980 as the Assistant Controller of Post. He was the Department Manager responsible for the post office operations and business between April 1989 and May 1994. His previous experience includes serving as a postal consultant to the Fiji Post in 1990. Mr Woo has been a member of the Street and Building Names Advisory Committee since 1994. The Committee is now renamed as the Street and Building Names Board. He is currently a member of the Global Mail Security Working Group which is an international body under the Universal Postal Union. He is currently serving as a Director in DataPost. Mr Woo graduated from the Nanyang University of Singapore in 1980, with honours in Geography, and attended a 15-week International Post Office Management Course in the UK in 1989.

Shareholders Information As At 16 July 2003

ORDINARY SHARES

Number of ordinary shareholders – 20,985

Voting rights:

On show of hands – each member present in person and each proxy shall have one vote.

On poll – every member present in person or by proxy shall have one vote for every share he holds or represents.

Substantial Shareholders

	Direct interest	Deemed interest
Temasek Holdings (Private) Limited	–	596,339,000 [1]
Singapore Telecommunications Limited	589,000,000	–
Schroder Investment Management Group	–	116,802,000 [2]

[1] Temasek Holdings (Private) Limited is deemed to be interested in 596,339,000 SingPost shares held by Singapore Telecommunications Limited, the DBS Bank Ltd group of companies and Singapore Pools (Pte) Ltd.

[2] Schroder Investment Management Group, including its subsidiaries and affiliates, hold 116,802,000 SingPost shares. The shares are held in portfolios managed on a discretionary basis for clients under investment management agreements.

Analysis Of Shareholdings

Range of shareholdings	No. of shareholders	% of holders	No. of shares	% of issued share capital
1 – 999	4	0.02	758	0.00
1,000 – 10,000	19,407	92.48	53,920,000	2.84
10,001 – 1,000,000	1,541	7.34	102,410,019	5.39
1,000,001 and above	33	0.16	1,743,669,223	91.77
	20,985	100.00	1,900,000,000	100.00

Major Shareholders List

No.	Name	No. of shares held	% of issued share capital
1	Singapore Telecommunications Limited	589,000,000	31.00
2	Raffles Nominees Pte Ltd	328,713,019	17.30
3	DBS Nominees Pte Ltd	248,223,117	13.06
4	Citibank Nominees Singapore Pte Ltd	170,980,239	9.00
5	HSBC (Singapore) Nominees Pte Ltd	107,322,659	5.65
6	Morgan Stanley Asia (Singapore)	78,686,225	4.14
7	United Overseas Bank Nominees Pte Ltd	58,031,500	3.05
8	DB Nominees (S) Pte Ltd	49,670,464	2.61
9	The Asia Life Assurance Society Ltd – Singapore Life Fund	36,500,000	1.92
10	Oversea-Chinese Bank Nominees Pte Ltd	21,772,000	1.15
11	Liew Chee Kong	5,765,000	0.30
12	The Asia Insurance Company Limited – Fund Account	5,000,000	0.26
13	Chin Lee Keow	4,450,000	0.23
14	BNP Paribas Nominees Singapore Pte Ltd	4,262,000	0.22
15	Loh Wing Kiong Anthony	3,800,000	0.20
16	National Council Of Social Service	3,600,000	0.19
17	Asia General Holdings Limited	3,350,000	0.18
18	Holland-Bukit Panjang Town Council	2,000,000	0.11
19	Ng Kin In	2,000,000	0.11
20	Shaw Investments (1988) Pte Ltd	2,000,000	0.11
21	Tang Wee Loke	2,000,000	0.11
22	The Shaw Foundation Pte Ltd	2,000,000	0.11
		1,729,126,223	**91.01**

Note: Based on information available to the Company, approximately 61% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Charging Bull – New York, USA

Directors' Report

The directors present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2003.

On 24 March 2003, the Company converted from a private company into a public company and changed its name to Singapore Post Limited. This was done in contemplation of the offering of the Company's ordinary shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 13 May 2003, the Company was listed on the Main Board of SGX-ST.

DIRECTORS

The directors of the Company at the date of this report are as follows:

Mr Lim Ho Kee (Chairman) (appointed as Chairman on 20 March 2003)
Ms Janet Ang Guat Har (appointed on 20 March 2003)
Mr Tommie Goh Thiam Poh (appointed on 20 March 2003)
Mr Lee Hsien Yang
Mrs Lim Hwee Hua (appointed on 20 March 2003)
Mr Ong Ah Heng
Mr Ong Keng Yong
Mr William Tan Soo Hock (appointed on 20 March 2003)
Mr Kenneth Michael Tan Wee Kheng (appointed on 20 March 2003)
Mr Keith Tay Ah Kee

Mr Ang Kong Hua, who served during the financial year, resigned as Chairman and director on 20 March 2003.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the operation and provision of postal services. Its subsidiary companies are principally engaged in electronic printing and despatching services, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS FOR THE FINANCIAL YEAR

The consolidated profit after tax attributable to shareholders for the financial year was S$108,677,000. The Company made a profit after tax for the financial year of S$101,953,000.

MATERIAL TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Details of material movements in reserves during the financial year are set out in the Statements of Changes in Equity.

Material movements in provisions during the financial year are set out in the notes to the financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the Company acquired an additional 29% interest in its 71% subsidiary, First Cube Pte Ltd, for a cash consideration of S$474,000. The attributable net asset value of First Cube Pte Ltd at the date of acquisition was S$474,000.

There were no other acquisitions or disposals of interests in subsidiaries during the financial year.

ISSUE OF SHARES AND DEBENTURES

On 10 July 2002, the one special share of par value S$0.50 held by the Minister for Finance (Incorporated) was converted into an ordinary share of par value S$0.50 in the share capital of the Company, and was subsequently transferred from the Minister for Finance (Incorporated) to the Company's holding company, Singapore Telecommunications Limited ("SingTel"), on 22 August 2002 for a cash consideration of S$3.18.

ISSUE OF SHARES AND DEBENTURES (Continued)

On 21 March 2003, the Company carried out a share capital restructuring exercise by sub-dividing each ordinary share of S$0.50 in the existing authorised and issued and paid-up share capital of the Company into 4,000,000,000 and 1,900,000,000 ordinary shares respectively of S$0.05 each.

The Company did not issue any shares or debentures during the financial year.

There were no other issues of shares or debentures by any corporation in the Group during the financial year.

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 is 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" on page 36.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(a) The interests of the directors holding office at the end of the financial year in the share capital and debentures of the Company and related corporations according to the register of directors' shareholdings were as follows:

Name of directors and corporations in which interest held	Holdings registered in the name of director or nominee: At 31.3.03	Holdings registered in the name of director or nominee: At 1.4.02 or date of appointment, if later	Holdings in which a director is deemed to have an interest: At 31.3.03	Holdings in which a director is deemed to have an interest: At 1.4.02 or date of appointment, if later
Holding company:				
– Singapore Telecommunications Limited				
(Ordinary shares of S$0.15 each)				
Mr Lim Ho Kee	200	200	200	200
Ms Janet Ang Guat Har *(appointed on 20 March 2003)*	200	200	200	200
Mr Tommie Goh Thiam Poh *(appointed on 20 March 2003)*	1,880	1,880	1,540	1,540
Mr Lee Hsien Yang	752,393	252,333	1,740	1,690
Mrs Lim Hwee Hua *(appointed on 20 March 2003)*	1,690	1,690	1,820	1,820
Mr Ong Ah Heng	1,680	1,620	650	600
Mr Ong Keng Yong	1,820	1,750	1,540	1,490
Mr William Tan Soo Hock *(appointed on 20 March 2003)*	39,860	39,860	–	–
Mr Kenneth Michael Tan Wee Kheng *(appointed on 20 March 2003)*	2,020	2,020	1,740	1,740
Mr Keith Tay Ah Kee	31,750	31,700	–	–
(Options to purchase ordinary shares of S$0.15 each)				
Mr Lim Ho Kee				
At exercise price of S$1.42 per share	20,000	–	–	–
Mr Lee Hsien Yang				
At exercise price of between S$1.36 and S$3.03	6,170,000	4,020,000	–	–
Mr Ong Ah Heng				
At exercise price of S$1.42 per share	20,000	–	–	–
Mr William Tan Soo Hock				
At exercise price of between S$1.36 and S$2.26	2,247,500	2,247,500	–	–
Mr Keith Tay Ah Kee				
At exercise price of S$1.42 per share	20,000	–	–	–

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

Name of directors and corporations in which interest held	Holdings registered in the name of director or nominee: At 31.3.03	Holdings registered in the name of director or nominee: At 1.4.02 or date of appointment, if later	Holdings in which a director is deemed to have an interest: At 31.3.03	Holdings in which a director is deemed to have an interest: At 1.4.02 or date of appointment, if later
– CapitaLand Limited				
(Ordinary shares of S$1.00 each)				
Mr Lee Hsien Yang	10,000	10,000	–	–
– SembCorp Logistics Limited				
(Ordinary shares of S$0.25 each)				
Mr Lee Hsien Yang	–	–	384,000	234,000
– Singapore Technologies Engineering Ltd				
(Ordinary shares of S$0.10 each)				
Ms Janet Ang Guat Har	4,505	4,505	–	–
Mr Kenneth Michael Tan Wee Kheng	–	–	1,145	1,145
– Singapore Airlines Limited				
(Ordinary shares of S$0.50 each)				
Mr Lee Hsien Yang	16,000	16,000	–	–
Mr Tommie Goh Thiam Poh	52,000	52,000	–	–
Mr Kenneth Michael Tan Wee Kheng	–	–	5,000	5,000
– SMRT Corporation Ltd				
(Ordinary shares of S$0.10 each)				
Mr Keith Tay Ah Kee	–	140,000	–	–

(b) The directors' interests in the share capital of the Company as at 21 April 2003 were the same as at 31 March 2003.

DIVIDENDS

Dividends paid, declared or proposed since the end of the Company's preceding financial year are as follows:

	S$'000
An interim gross dividend of 67.5 cents (net 52.7 cents) per share based on 190 million ordinary shares, net of tax at 22.0%, was declared on 11 December 2002 in respect of the financial year ended 31 March 2003 and was fully paid by 14 January 2003	100,035
A special gross dividend of 20.2 cents (net 15.8 cents) per share based on 1,900 million ordinary shares, net of tax at 22.0%, was declared on 21 March 2003 in respect of the financial year ended 31 March 2003 of which S$100.0 million was paid on 28 March 2003	299,965

The directors propose a final gross dividend of 5.4 cents (net 4.2 cents) per share based on 1,900 million ordinary shares, amounting to a total of S$80 million net of tax at 22.0%, in respect of the financial year ended 31 March 2003.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts of the Company have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any other corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for exceptional items disclosed in Note 9 to the financial statements.

UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would substantially affect the results of the operations of the Company and of the Group for the financial year in which this report is made, except as disclosed in Note 36 to the financial statements.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except that Mr Lee Hsien Yang has employment relationships with the Company's holding company, Singapore Telecommunications Limited, and have received remuneration in those capacities.

SHARE OPTIONS

Singapore Post Share Option Scheme

On 21 March 2003, the Company adopted the Singapore Post Share Option Scheme (the "Share Option Scheme"). The Share Option Scheme provides for the participation of its employees (including executive directors) and non-executive directors of the Company and its subsidiaries, subject to certain conditions. The total number of ordinary shares over which the Company may grant options under the Share Option Scheme shall not exceed 10% of its issued share capital.

The Share Option Scheme will be administered by the Company's Compensation Committee, which is appointed by the Board of Directors.

Four of our directors, namely Mr Lim Ho Kee, Mr Ong Ah Heng, Mr William Tan Soo Hock and Mr Keith Tay Ah Kee, and all of our employees who hold outstanding and unexercised SingTel share options have agreed to the offer of share options under the Singapore Post Share Option Scheme in return for the cancellation of their outstanding and unexercised SingTel share options. Such share options will be Market Price Options and will be exercisable for a period of 10 years, or 5 years in the case of a non-executive director, after the date of grant, subject to a vesting schedule. The number of Singapore Post shares over which share options have, on 13 May 2003, been offered in exchange for the cancelled SingTel share options is as follows:

	No of shares
Mr Lim Ho Kee	48,350
Mr Ong Ah Heng	48,350
Mr William Tan Soo Hock	4,862,368
Mr Keith Tay Ah Kee	48,350
Other employees	10,664,176
	15,671,594

During the financial year, no option to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary whether granted before or during the financial year. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

AUDIT COMMITTEE

The Company's Audit Committee was constituted on 20 March 2003 and comprises the following members, all of whom are non-executive directors and independent:

Mr Keith Tay Ah Kee (Chairman)
Mr Tommie Goh Thiam Poh
Mr Kenneth Michael Tan Wee Kheng

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

The Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls.

The Audit Committee also reviewed the annual financial statements of the Company and the consolidated financial statements of the Group as well as the auditors' reports 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, reviewed the procedures set up by the Company and the Group to identify, report, and where necessary, seek appropriate approval for interested person transactions in order to discharge the responsibilities specified in the requirements.

The Audit Committee has recommended to the Board of Directors that the auditors, PricewaterhouseCoopers, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

Lim Ho Kee
Chairman

William Tan Soo Hock
Director

Singapore
16 May 2003

Statement By Directors

In the opinion of the directors, the financial statements set out on pages 40 to 62 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2003 and of the results of the business, and changes in equity, of the Company and of the Group and the cash flows of the Group for the financial year then ended, and 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.

On behalf of the directors

Lim Ho Kee
Chairman

William Tan Soo Hock
Director

Singapore
16 May 2003

Auditors' Report To The Members Of Singapore Post Limited

We have audited the financial statements of Singapore Post Limited and the consolidated financial statements of the Group for the financial year ended 31 March 2003 set out on pages 40 to 62. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

(i) the state of affairs of the Company and of the Group at 31 March 2003, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and

(ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and

(b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore
16 May 2003

Income Statements
For The Financial Year Ended 31 March 2003

	Notes	The Group 2003 S$'000	The Group 2002 S$'000	The Company 2003 S$'000	The Company 2002 S$'000
Operating revenue	3	**373,009**	380,917	**359,663**	365,106
Staff costs	4	**(74,452)**	(82,439)	**(71,254)**	(79,032)
Depreciation	6	**(37,589)**	(41,386)	**(36,127)**	(39,380)
Other operating expenses	7	**(146,175)**	(143,039)	**(140,914)**	(134,376)
Total operating expenses		**(258,216)**	(266,864)	**(248,295)**	(252,788)
Other income	8	**20,769**	20,718	**23,180**	25,969
Operating profit before exceptional items		**135,562**	134,771	**134,548**	138,287
Exceptional items	9	**–**	(2,014)	**(474)**	(8,753)
Operating profit		**135,562**	132,757	**134,074**	129,534
Associated and joint venture companies	10				
– Share of results		**13,952**	4,788	**–**	–
– Amortisation of goodwill		**(4,001)**	(3,419)	**–**	–
Profit before interest and tax		**145,513**	134,126	**134,074**	129,534
Net finance income	11	**936**	2,850	**931**	2,789
Profit before tax		**146,449**	136,976	**135,005**	132,323
Tax	12	**(37,420)**	(35,982)	**(33,052)**	(33,480)
Profit from ordinary activities before minority interest		**109,029**	100,994	**101,953**	98,843
Minority interest		**(352)**	354	**–**	–
Profit attributable to shareholders		**108,677**	101,348	**101,953**	98,843
Earnings per share	13				
Basic		**5.72 cents**	5.33 cents		
Diluted		**5.72 cents**	5.33 cents		

The accompanying notes form an integral part of these financial statements.
Auditors' report – page 39.

Balance Sheets
As At 31 March 2003

	Notes	The Group 2003 S$'000	The Group 2002 S$'000	The Company 2003 S$'000	The Company 2002 S$'000
Current assets					
Cash and cash equivalents	14	**113,863**	128,113	**108,921**	125,805
Trade and other receivables	15	**35,552**	41,344	**31,942**	36,429
Loans receivable	16	**–**	14,368	**–**	14,368
Inventories	17	**138**	266	**138**	138
		149,553	184,091	**141,001**	176,740
Non-current assets					
Property, plant and equipment	18	**580,651**	625,184	**577,323**	621,341
Subsidiary companies	19	**–**	–	**7,105**	7,105
Associated company	20	**84,908**	83,966	**83,377**	83,377
Joint venture companies	21	**11,433**	5,304	**2,450**	2,450
Other non-current assets	22	**1,269**	2,631	**1,269**	2,631
Intangible asset	23	**468**	504	**468**	504
		678,729	717,589	**671,992**	717,408
Total assets		**828,282**	901,680	**812,993**	894,148
Current liabilities					
Trade and other payables	24	**113,188**	122,719	**110,472**	120,186
Due to holding company (trade)		**207**	13,827	**366**	14,030
Due to subsidiary companies (trade)		**–**	–	**1,143**	1,145
Due to joint ventures companies (trade)		**5,660**	2,859	**5,660**	2,859
Due to related companies (trade)		**448**	951	**448**	951
Provision	25	**159**	643	**159**	643
Provision for current tax	12	**39,675**	45,049	**38,885**	44,063
Dividend payable	29	**200,105**	70,000	**199,965**	70,000
		359,442	256,048	**357,098**	253,877
Non-current liabilities					
Borrowings	26	**120,000**	–	**120,000**	–
Deferred tax liabilities	12	**30,315**	36,456	**29,592**	35,826
Deferred income	27	**338**	433	**338**	433
		150,653	36,889	**149,930**	36,259
Total liabilities		**510,095**	292,937	**507,028**	290,136
Net current liabilities		**209,889**	71,957	**216,097**	77,137
Net assets		**318,187**	608,743	**305,965**	604,012
Share capital and reserves					
Share capital	28	**95,000**	95,000	**95,000**	95,000
Revenue reserve		**219,538**	510,861	**210,965**	509,012
Foreign currency translation reserve		**1,504**	55	**–**	–
Interests of shareholders of the Company		**316,042**	605,916	**305,965**	604,012
Minority interest		**2,145**	2,827	**–**	–
		318,187	608,743	**305,965**	604,012

The accompanying notes form an integral part of these financial statements.
Auditors' report – page 39.

Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 March 2003

The Group	Notes	Share capital S$'000	Retained earnings S$'000	Foreign currency translation reserve S$'000	Total S$'000
Balance at 1 April 2002		**95,000**	**510,861**	**55**	**605,916**
Net gains not recognised in income statement					
– Currency translation differences		**–**	**–**	**1,449**	**1,449**
Net profit		**–**	**108,677**	**–**	**108,677**
Total recognised gains for the financial year		**–**	**108,677**	**1,449**	**110,126**
Dividends	29	**–**	**(400,000)**	**–**	**(400,000)**
Balance at 31 March 2003		**95,000**	**219,538**	**1,504**	**316,042**
Balance at 1 April 2001		95,000	635,513	–	730,513
Net gains not recognised in income statement					
– Currency translation differences		–	–	55	55
Net profit		–	101,348	–	101,348
Total recognised gains for the financial year		–	101,348	55	101,403
Dividends	29	–	(226,000)	–	(226,000)
Balance at 31 March 2002		95,000	510,861	55	605,916

The accompanying notes form an integral part of these financial statements.
Auditors' report – page 39.

Statement Of Changes In Equity

For The Financial Year Ended 31 March 2003

The Company	Notes	Share capital	Retained earnings	Total
		S$'000	S$'000	S$'000
Balance at 1 April 2002		**95,000**	**509,012**	**604,012**
Net profit		**–**	**101,953**	**101,953**
Total recognised gains for the financial year		**–**	**101,953**	**101,953**
Dividends	29	**–**	**(400,000)**	**(400,000)**
Balance at 31 March 2003		**95,000**	**210,965**	**305,965**
Balance at 1 April 2001		95,000	636,169	731,169
Net profit		–	98,843	98,843
Total recognised gains for the financial year		–	98,843	98,843
Dividends	29	–	(226,000)	(226,000)
Balance at 31 March 2002		95,000	509,012	604,012

The accompanying notes form an integral part of these financial statements.
Auditors' report – page 39.

Consolidated Cash Flow Statement

For The Financial Year Ended 31 March 2003

	Notes	2003 S$'000	2002 S$'000
Cash flows from operating activities			
Profit before tax		**146,449**	136,976
Adjustments for:			
Amortisation of franchise fees received		**(95)**	(95)
Amortisation of licence fee		**36**	36
Amortisation of management fee for bank borrowings		**27**	–
Depreciation of property, plant and equipment		**37,589**	41,386
Exceptional items		**–**	2,014
Goodwill amortisation		**4,001**	3,419
Impairment charge on property, plant and equipment		**–**	1,442
Interest expense		**84**	–
Interest income		**(1,047)**	(2,850)
Profit on sale of property, plant and equipment		**(928)**	(129)
Provision for / (write-back of) doubtful debts		**422**	(2)
Share of profit of associated company		**(5,481)**	(3,742)
Share of profit of joint venture companies		**(8,471)**	(1,046)
		26,137	40,433
Operating cash flow before working capital changes		**172,586**	177,409
Changes in operating assets and liabilities			
Inventories		**128**	2
Trade and other receivables		**6,467**	7,799
Trade and other payables		**(21,840)**	16,552
Cash generated from operations		**157,341**	201,762
Income tax paid		**(44,607)**	(43,557)
Net cash inflow from operating activities		**112,734**	158,205
Cash flows from investing activities			
Investment in joint venture companies		**–**	(7,091)
Investment in associated company		**–**	(83,377)
Proceeds from sale of joint venture companies		**–**	1,118
Purchase of additional shares in a subsidiary company		**(474)**	–
Purchase of property, plant and equipment (net of refund received)		**(12,211)**	(6,292)
Proceeds from sale of property, plant and equipment		**20,083**	2,034
Interest received		**1,285**	2,689
Loan to joint venture companies		**–**	(4,620)
Loan to associated company		**–**	(9,868)
Proceeds from loan repayments by joint venture and associated companies		**14,368**	–
Net cash inflow / (outflow) from investing activities		**23,051**	(105,407)
Cash flows from financing activities			
Dividends paid to a shareholder		**(270,035)**	(156,000)
Dividends paid to a minority shareholder		**–**	(136)
Proceeds from bank loan		**120,000**	–
Net cash outflow from financing activities		**(150,035)**	(156,136)
Net decrease in cash and cash equivalents held		**(14,250)**	(103,338)
Cash and cash equivalents at beginning of financial year	14	**128,113**	231,451
Cash and cash equivalents at end of financial year	14	**113,863**	128,113

The accompanying notes form an integral part of these financial statements.
Auditors' report – page 39.

Notes To The Financial Statements
For The Financial Year Ended 31 March 2003

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

1. GENERAL

The Company is incorporated and domiciled in Singapore.

The address of its registered office is 31 Exeter Road, Comcentre, Singapore 239732.

On 24 March 2003, the Company converted from a private company into a public company and changed its name to Singapore Post Limited. This was done in contemplation of the offering of the Company's ordinary shares on the Main Board of SGX-ST. On 13 May 2003, the Company was listed on the Main Board of SGX-ST.

The Company is principally engaged in the operation and provision of postal services. Its subsidiary companies are principally engaged in electronic printing and despatching services, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard. The financial statements have been prepared under the historical cost convention.

The financial statements are expressed in Singapore Dollars.

(b) Group accounting

(i) Subsidiary companies

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Subsidiary companies are consolidated from the date of effective control and are no longer consolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

(ii) Associated companies

An associated company is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions, or a company which the Group generally has between 20% and 50% of the voting rights.

Investment in associated companies are accounted for under the equity method of accounting whereby the Group's share of results of associated companies and amortisation of goodwill arising on acquisition of associated companies is included in the consolidated income statement and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited financial statements of the companies concerned, made up to the date not more than three months prior to the end of the financial year of the Group. In cases where the most recent audited financial statements are not available, the latest management accounts are used for the purposes of equity accounting. Where the accounting policies of the associated companies do not conform with those of the Group, adjustments are made where the amounts involved are considered significant to the Group.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associated companies include goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment, including loans that are in fact extension of the Group's investment, is reduced to zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(b) Group accounting (continued)

(iii) Joint venture companies

A joint venture company is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

The Group's interest in jointly controlled entities is accounted for under the equity method of accounting as set out above. The Group's share of operating revenue, net profit or loss after taxation, assets and liabilities of the joint venture companies are disclosed in the notes to the financial statements.

(iv) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiary, associated and joint venture companies when acquired. Goodwill is amortised on a straight-line basis, through the consolidated income statement, over its useful economic life up to a maximum of 20 financial years. Goodwill which is assessed as having no continuing economic value is written off to the consolidated income statement.

On the acquisition of subsidiary, associated and joint venture companies, the goodwill arising is translated at the exchange rate prevailing at the date of acquisition.

Goodwill on acquisitions that occurred prior to 1 April 2001 has been adjusted against shareholders' equity. As allowed under the transitional provision of SAS 22 (2000) – Business Combinations, such goodwill has not been retrospectively capitalised and amortised. Following the adoption of the revised SAS 22 – Business Combinations, goodwill on acquisition of subsidiary, associated and joint venture companies on or after 1 April 2001 is capitalised and amortised over its estimated useful life. The gain or loss on disposal of subsidiary, associated and joint venture companies include the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 April 2001 acquisition, the goodwill directly adjusted against shareholders' equity.

(c) Foreign currencies

Transactions in foreign currencies during the year are converted to Singapore dollars at exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated into Singapore dollars at rates of exchange prevailing at that date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statements.

For the purpose of equity accounting of associated and joint venture companies, the balance sheets of foreign entities are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results of foreign entities are translated using the average monthly exchange rates for the financial year. The Group's share of exchange differences arising from the translation of the financial statements of foreign entities are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, accumulated exchange differences relating to that entity are recognised in the consolidated income statement as part of the gain or loss on disposal.

(d) Operating revenue and revenue recognition

Operating revenue represents the value of postal services and electronic printing and despatching services rendered, net of goods and services tax. 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.

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

Provision 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.

Dividend income is recorded gross in the income statement in the accounting period in which a dividend is declared payable by the investee company.

Rental and interest income are recognised on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits.

(f) Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(g) Inventories

Inventories, comprising spare parts, are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Provision for obsolescence is based on a review of the age and usage of inventories.

The production costs of stamps and stamped stationery inventory are expensed in the year in which they are incurred as the amounts involved are immaterial.

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the income statement.

Depreciation is calculated using the straight-line method to write-off the cost of the property, plant and equipment over their estimated useful lives.

The estimated useful lives of property, plant and equipment are:

Buildings	5 – 40 years
Postal equipment	3 – 10 years
Other property, plant and equipment	3 – 20 years

Other property, plant and equipment consist mainly of accommodation plant, motor vehicles, computer hardware and furniture and fittings.

No depreciation is provided on freehold land, long-term leasehold land with remaining lease period of more than 100 years and capital work-in-progress. Leasehold land with remaining lease period of 100 years or less is depreciated in equal instalments over the remaining lease period.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(j) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(k) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary, associated and joint venture companies, except where the timing of reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(l) Accounting for leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Accounting for leases (continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(m) Share capital

Ordinary shares are classified as equity.

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. OPERATING REVENUE

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Revenue from services rendered	**373,009**	380,917	**359,663**	365,106

4. STAFF COSTS

Included in the staff costs are contributions made to a defined contribution plan of S$8,863,000 (2002: S$9,959,000) and S$8,793,000 (2002: S$9,894,000) for the Group and the Company respectively.

	The Group		The Company	
	2003	2002	**2003**	2002
Number of staff employed at the end of the financial year	**2,234**	2,235	**2,229**	2,223

5. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

	2003	2002
Number of directors of the Company in remuneration bands:		
S$250,000 to below S$500,000	**1**	–
Below S$250,000	**9**	6
Total	**10**	6

6. DEPRECIATION

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Depreciation charge comprises the following:				
Leasehold land	**1,921**	2,015	**1,921**	2,015
Buildings	**14,816**	15,875	**14,816**	15,875
Postal equipment	**9,709**	10,023	**9,709**	10,023
Other property, plant and equipment	**11,143**	13,473	**9,681**	11,467
	37,589	41,386	**36,127**	39,380

7. OTHER OPERATING EXPENSES

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Other operating expenses are:				
Auditors' remuneration:				
– Current year	**38**	52	**35**	46
– Prior year's over-provision	**(3)**	(25)	**–**	(25)
Non-audit fees paid to the auditors	**150**	121	**105**	121
Amortisation of licence fee	**36**	36	**36**	36
Bad debts written off-non trade	**393**	–	**393**	–
Director's remuneration*				
– Company	**413**	–	**413**	–
– Subsidiary companies	**–**	22	**–**	–
Directors' fee				
– Company	**180**	65	**180**	65
Provision for/(write-back of) doubtful trade debts	**422**	(2)	**425**	103
Rental expenses (for operating leases)	**4,373**	4,400	**4,373**	4,361

** Director's remuneration includes salaries, bonus and other emoluments (including benefits-in-kind). For the year ended 31 March 2003, this relates to the remuneration for the Chief Executive Officer for the full year.*

8. OTHER INCOME

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Other income is arrived at after crediting/(charging):				
Dividend income from unquoted subsidiary company	**–**	–	**420**	420
Rental income	**18,248**	20,054	**20,277**	22,126
Net gain on disposal of property, plant and equipment	**928**	129	**927**	152
Net exchange loss	**(118)**	(300)	**(118)**	(300)
Impairment charge on property, plant and equipment	**–**	(1,442)	**–**	–

9. EXCEPTIONAL ITEMS

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
The exceptional items comprise:				
Provision for diminution in value of investment				
– Subsidiary company	**–**	–	**474**	5,683
– Joint venture company	**–**	1,416	**–**	1,550
Gain on sale of joint venture companies	**–**	(102)	**–**	–
Provision for winding down of a joint venture company	**–**	643	**–**	643
Write-off of non-trade receivable from a joint venture company	**–**	57	**–**	57
Write-off of shareholder's loan to a joint venture company	**–**	–	**–**	820
	–	2,014	**474**	8,753

10. ASSOCIATED AND JOINT VENTURE COMPANIES

	The Group	
	2003	2002
	S$'000	S$'000
Share of results of associated company	**5,481**	3,742
Share of results of joint venture companies	**8,471**	1,046
	13,952	4,788
Amortisation of goodwill arising from acquisition of:		
– Associated company	**(4,001)**	(2,000)
– Joint venture company	**–**	(1,419)
	(4,001)	(3,419)
	9,951	1,369

11. NET FINANCE INCOME

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Interest income from				
– Fixed deposits and current accounts	**717**	2,546	**712**	2,485
– Loans in associated and joint venture companies	**247**	160	**247**	160
– Others	**83**	144	**83**	144
	1,047	2,850	**1,042**	2,789
Interest expense on				
– Bank loan	**(84)**	–	**(84)**	–
Amortisation of management fee for bank borrowings	**(27)**	–	**(27)**	–
	(111)	–	**(111)**	–
	936	2,850	**931**	2,789

12. TAX

(a) Tax expense

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Tax expense attributable to profit is made up of:				
– Current income tax	**35,880**	39,679	**35,803**	39,410
– Deferred tax	**(3,189)**	(1,797)	**(3,346)**	(1,928)
	32,691	37,882	**32,457**	37,482
Share of tax of associated company	**2,057**	1,208	**–**	–
Share of tax of joint venture companies	**2,271**	894	**–**	–
	37,019	39,984	**32,457**	37,482
Under/(over) provision in preceding financial year:				
– Current income tax	**(4,787)**	(314)	**(4,657)**	(314)
– Deferred tax	**5,188**	(3,688)	**5,252**	(3,688)
	37,420	35,982	**33,052**	33,480

12. TAX (Continued)

(a) Tax expense (continued)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Profit before tax	**146,449**	136,976	**135,005**	132,323
Tax calculated at tax rate of 22.0% (2002: 24.5%)	**32,219**	33,559	**29,701**	32,419
Singapore statutory stepped income exemption	**(36)**	(39)	**(12)**	(13)
Effect of different tax rates in other countries	**713**	355	**–**	–
Income not subject to tax	**(516)**	(163)	**(515)**	–
Expenses not deductible for tax purposes	**4,525**	5,448	**3,283**	5,076
Tax losses not recognised	**114**	824	**–**	–
	37,019	39,984	**32,457**	37,482

(b) Movements in provision for current tax

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Balance at beginning of financial year	**45,049**	59,503	**44,063**	58,761
Income tax paid	**(44,607)**	(43,557)	**(44,372)**	(43,429)
Current financial year's tax expense on profit	**35,880**	39,679	**35,803**	39,410
Over provision in preceding financial year	**(4,787)**	(314)	**(4,657)**	(314)
Tax deducted at source	**–**	–	**(92)**	(103)
Transfer from/(to) deferred tax liabilities	**8,140**	(10,262)	**8,140**	(10,262)
Balance at end of financial year	**39,675**	45,049	**38,885**	44,063

(c) Deferred income tax

The Group has unutilised tax losses and capital allowances of S$3,741,000 and S$1,897,000 (2002: S$3,223,000 and S$1,914,000) respectively to carry forward for setting off against future taxable income subject to meeting certain statutory requirements. The deferred tax benefit of these unutilised tax losses and capital allowances have not been recognised in the financial statements.

The movement in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

The Group

Deferred tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
Balance at 1 April 2002	**37,146**	**16**	**37,162**
Charged/(credited) to income statement	**5,743**	**(12)**	**5,731**
Transferred to provision for current tax	**(8,140)**	**–**	**(8,140)**
Effect of changes in tax rates	**(3,790)**	**(2)**	**(3,792)**
Balance at 31 March 2003	**30,959**	**2**	**30,961**

Deferred tax assets

	Provisions S$'000	Others S$'000	Total S$'000
Balance at 1 April 2002	**(665)**	**(41)**	**(706)**
Charged/(credited) to income statement	**131**	**(143)**	**(12)**
Effect of changes in tax rates	**68**	**4**	**72**
Balance at 31 March 2003	**(466)**	**(180)**	**(646)**

The Company

Deferred tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
Balance at 1 April 2002	**36,503**	**15**	**36,518**
Charged/(credited) to income statement	**5,587**	**(12)**	**5,575**
Transferred to provision for current tax	**(8,140)**	**–**	**(8,140)**
Effect of changes in tax rates	**(3,725)**	**(2)**	**(3,727)**
Balance at 31 March 2003	**30,225**	**1**	**30,226**

Deferred tax assets

	Provisions S$'000	Others S$'000	Total S$'000
Balance at 1 April 2002	**(651)**	**(41)**	**(692)**
Charged/(credited) to income statement	**131**	**(143)**	**(12)**
Effect of changes in tax rates	**66**	**4**	**70**
Balance at 31 March 2003	**(454)**	**(180)**	**(634)**

12. TAX (Continued)

(c) Deferred income tax (continued)

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

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Deferred tax liabilities	**30,315**	36,456	**29,592**	35,826

The amounts shown in the balance sheet included the following:

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Deferred tax liabilities to be settled after more than 12 months	**26,623**	31,818	**26,131**	31,175

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2003	2002
Net profit attributable to shareholders (S$'000)	**108,677**	101,348
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**1,900,000**	1,900,000
Basic earnings per share	**5.72¢**	5.33¢

The weighted average number of ordinary shares in issue for the financial year ended 31 March 2002 has been restated to reflect the sub-division of ordinary shares from S$0.50 each to S$0.05 each on 21 March 2003 (Note 28).

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 31 March 2002 and 2003. Accordingly, the diluted earnings per share is the same as the basic earnings per share.

14. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**90,274**	101,054	**86,601**	98,860
Cash and bank balances	**23,589**	27,059	**22,320**	26,945
	113,863	128,113	**108,921**	125,805

The fixed deposits with financial institutions mature on varying dates within 3 months (2002: 3 months) from the financial year end. The weighted effective interest rate of these fixed deposits as at 31 March 2003 was 0.5% (2002: 0.8%) per annum.

15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Trade debtors (net of provision)	**29,782**	33,392	**22,224**	23,801
Other debtors	**1,431**	2,555	**1,430**	2,555
Due from related companies (trade)	**513**	1,299	**214**	162
Due from joint venture companies (trade)	**716**	846	**716**	846
Due from associated company (non-trade)	**–**	132	**–**	132
Due from subsidiary companies (trade)	**–**	–	**4,539**	6,282
Dividend receivable	**–**	–	**328**	–
Interest receivable	**5**	72	**3**	67
Deposits	**1,032**	781	**577**	566
Prepayment	**1,778**	1,645	**1,616**	1,396
Staff loans	**295**	622	**295**	622
	35,552	41,344	**31,942**	36,429

Movements in provision for doubtful trade debts are as follows:

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Balance at beginning of financial year	**732**	831	**723**	707
Provision/(write-back) for the financial year	**422**	(2)	**425**	103
Bad debts written off against provision	**(18)**	(97)	**(16)**	(87)
Balance at end of financial year	**1,136**	732	**1,132**	723

16. LOANS RECEIVABLE

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
Shareholder's loan to an associated company	**–**	9,868	**–**	9,868
Shareholder's loan to a joint venture company	**–**	4,500	**–**	4,500
	–	14,368	**–**	14,368

17. INVENTORIES

	The Group		The Company	
	2003	2002	**2003**	2002
	S$'000	S$'000	**S$'000**	S$'000
At cost				
Spare parts for machinery and equipment	**138**	266	**138**	138

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Other property, plant and equipment S$'000	Capital work-in-progress S$'000	Total S$'000
The Group						
Cost						
At 1 April 2002	151,436	418,355	97,422	128,499	3,306	799,018
Additions	–	–	61	2,585	9,565	12,211
Disposals	(22,968)	(13,252)	(1)	(7,166)	–	(43,387)
Transfers	991	(1,067)	13	2,650	(2,587)	–
At 31 March 2003	129,459	404,036	97,495	126,568	10,284	767,842
Accumulated depreciation						
At 1 April 2002	16,755	57,154	32,295	67,630	–	173,834
Depreciation charge	1,921	14,816	9,709	11,143	–	37,589
Disposals	(4,191)	(13,252)	(1)	(6,788)	–	(24,232)
At 31 March 2003	14,485	58,718	42,003	71,985	–	187,191
Net book value at 31 March 2003	**114,974**	**345,318**	**55,492**	**54,583**	**10,284**	**580,651**
Net book value at 31 March 2002	134,681	361,201	65,127	60,869	3,306	625,184
The Company						
Cost						
At 1 April 2002	151,436	418,355	97,422	115,797	3,116	786,126
Additions	–	–	61	1,671	9,509	11,241
Disposals	(22,968)	(13,252)	(1)	(6,399)	–	(42,620)
Transfers	991	(1,067)	13	2,650	(2,587)	–
At 31 March 2003	129,459	404,036	97,495	113,719	10,038	754,747
Accumulated depreciation						
At 1 April 2002	16,755	57,154	32,295	58,581	–	164,785
Depreciation charge	1,921	14,816	9,709	9,681	–	36,127
Disposals	(4,191)	(13,252)	(1)	(6,044)	–	(23,488)
At 31 March 2003	14,485	58,718	42,003	62,218	–	177,424
Net book value at 31 March 2003	**114,974**	**345,318**	**55,492**	**51,501**	**10,038**	**577,323**
Net book value at 31 March 2002	134,681	361,201	65,127	57,216	3,116	621,341

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Leased assets included in this note, where the Group is a lessor, comprise building space leased to third parties under operating leases:

	The Group	
	2003 S$'000	2002 S$'000
Cost	**386,333**	423,619
Accumulated depreciation	**(46,742)**	(50,645)
Net book value	**339,591**	372,974
Depreciation charged to income statement	**9,425**	14,914

Based on total net lettable area of 1,477,115 sq ft (2002: 1,576,497 sq ft), 11.9% is leased to third parties as at 31 March 2003 (2002: 14.4%).

19. SUBSIDIARY COMPANIES

	The Company	
	2003 S$'000	2002 S$'000
Unquoted equity shares at cost	**13,262**	12,788
Less: Provision for diminution in value	**(6,157)**	(5,683)
	7,105	7,105

Movements in provision for diminution in value are as follows:

	The Company	
	2003 S$'000	2002 S$'000
Balance at beginning of financial year	**5,683**	–
Provision made during the financial year	**474**	5,683
Balance at end of financial year	**6,157**	5,683

The details of the subsidiary companies are set out in Note 38.

20. ASSOCIATED COMPANY

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Unquoted equity shares at cost	**83,377**	83,377	**83,377**	83,377
Share of post-acquisition reserves	**(43)**	534	**–**	–
Exchange differences	**1,574**	55	**–**	–
	84,908	83,966	**83,377**	83,377

The Group's investment in associated company includes goodwill of S$74,015,000 (2002: S$78,016,000) net of accumulated amortisation of S$6,001,000 (2002: S$2,000,000).

The details of the associated company are set out in Note 38.

21. JOINT VENTURE COMPANIES

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Unquoted equity share at cost	**8,491**	8,491	**4,000**	4,000
Share of post-acquisition reserves	**4,428**	(1,771)	**–**	–
Exchange differences	**(70)**	–	**–**	–
Provision for diminution in value	**(1,416)**	(1,416)	**(1,550)**	(1,550)
	11,433	5,304	**2,450**	2,450

The Group's investment in joint venture companies includes goodwill of S$Nil (2002: S$Nil) net of accumulated amortisation of S$1,419,000 (2002: S$1,419,000).

Movements in provision for diminution in value are as follows:

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Balance at beginning of financial year	**1,416**	–	**1,550**	–
Provision during the financial year	**–**	1,416	**–**	1,550
Balance at end of financial year	**1,416**	1,416	**1,550**	1,550

The unrecognised share of losses for the year and cumulatively as at 31 March 2003 in respect of two joint venture companies amounted to approximately S$49,000 (2002: S$Nil).

The details of the joint venture companies are set out in Note 38.

The Group's share of operating revenue, net profit after taxation, assets and liabilities of the joint venture companies are as follows:

	The Group	
	2003 S$'000	2002 S$'000
Operating revenue	**67,133**	42,770
Net profit after taxation	**6,200**	970
Non-current assets	**6,825**	8,816
Current assets	**28,082**	19,317
Current liabilities	**(20,316)**	(15,803)
Non-current liabilities	**(693)**	(3,144)
Net assets	**13,898**	9,186

22. OTHER NON-CURRENT ASSETS

	The Group and The Company	
	2003 S$'000	2002 S$'000
Staff loans	**616**	2,431
Management fees prepayment – bank borrowings	**453**	–
Transferable club membership at cost	**200**	200
	1,269	2,631

Staff loans are interest-bearing with interest rates at 5.5% (2002: 4.0% to 5.5%) per annum and are repayable in equal monthly instalments over periods up to 8 years.

23. INTANGIBLE ASSET

	The Group and The Company	
	2003 S$'000	2002 S$'000
Licence fee at cost	**900**	900
Accumulated amortisation	**(432)**	(396)
	468	504

Movements in accumulated amortisation are as follows:

Balance at beginning of financial year	**396**	360
Amortisation for the financial year	**36**	36
Balance at end of financial year	**432**	396

Licence fee represents a lump-sum fee paid to the Info-communications Development Authority of Singapore upon the granting of the postal licence. It is stated at cost less amounts amortised on a straight-line basis over the licence period of 25 years starting 1992.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Trade creditors	**37,592**	35,282	**36,722**	34,806
Advance billings	**8,148**	8,086	**8,148**	8,086
Accrual for capital expenditure	**9,797**	14,165	**9,797**	14,165
Accrual for other operating expenses	**21,056**	23,573	**20,258**	22,871
Hire purchase creditors	**–**	19	**–**	–
Other creditors	**9,429**	6,851	**8,399**	5,539
Customers' deposits	**2,266**	2,324	**2,266**	2,324
Collections on behalf of third parties	**22,168**	29,741	**22,168**	29,741
Tender deposits	**2,732**	2,678	**2,714**	2,654
	113,188	122,719	**110,472**	120,186

25. PROVISION

	The Group and The Company	
	2003 S$'000	2002 S$'000
Provision for winding down of a joint venture company	**159**	643

Movements in provision for winding down of a joint venture company are as follows:

	The Group and The Company	
	2003 S$'000	2002 S$'000
Balance at beginning of financial year	**643**	–
Utilisation of provision during the financial year	**(484)**	–
Provision made during the financial year	**–**	643
Balance at end of financial year	**159**	643

26. BORROWINGS

	The Group and The Company	
	2003 S$'000	2002 S$'000
Non-current		
Bank term loan (unsecured)	**120,000**	–

(a) The bank term loan is part of the S$150 million unsecured credit facility which was obtained on 27 February 2003 for the Group's general operational purposes. The loan has a term of three years from 27 February 2003 and is repayable in full at the maturity of that term. Interest is charged at a floating rate pegged to the Singapore dollars swap offer rate prevailing for each short-term interest period plus a fixed margin. Interest is payable at the end of each interest period.

(b) The weighted average effective interest rate at the balance sheet date is 1.2% per annum.

(c) The fair value is based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The carrying amount of the bank term loan approximates its fair value.

27. DEFERRED INCOME

Deferred income represents franchise fees received in advance.

28. SHARE CAPITAL

	The Group and The Company	
	2003 S$'000	2002 S$'000
Authorised share capital		
4,000,000,000 (2002: 399,999,999) ordinary shares of S$0.05 (2002:S$0.50) each and S$Nil (2002: 1) special share of S$0.05 (2002: S$0.50) each	**200,000**	200,000
Issued and fully paid ordinary share capital		
1,900,000,000 (2002: 189,999,999) ordinary shares of S$0.05 (2002:S$0.50) each and S$Nil (2002: 1) special share of S$0.05 (2002: S$0.50) each	**95,000**	95,000

Pursuant to Section 47 of the Telecommunication Authority of Singapore ("TAS") Act 1992 and Article 6 of the Articles of Association, the Company issued one special share at par to the Minister for Finance (Incorporated) (Special Member) for purposes of incorporation and as a consequence of the property, rights and liabilities of TAS vested in the Company on 1 April 1992.

The special share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 6 of the Articles of Association, no resolution may be passed on certain matters without the prior written approval of the Special Member.

On 10 July 2002, the one special share of par value S$0.50 held by the Minister for Finance (Incorporated) was converted into an ordinary share of S$0.50 in the capital of the Company and was subsequently transferred from the Minister for Finance (Incorporated) to the holding company on 22 August 2002 for a cash consideration of S$3.18.

On 21 March 2003, the Company carried out a capital restructuring exercise by sub-dividing each ordinary share of S$0.50 in the existing authorised and issued and paid-up share capital of the Company into 4,000,000,000 and 1,900,000,000 ordinary shares respectively of S$0.05 each.

Singapore Post Share Option Scheme

On 21 March 2003, the Company adopted the Singapore Post Share Option Scheme (the "Share Option Scheme"). The Share Option Scheme provides for the participation of its employees (including executive directors) and non-executive directors of the Company and its subsidiaries, subject to certain conditions. The total number of ordinary shares over which the Company may grant options under the Share Option Scheme shall not exceed 10% of its issued share capital.

The Share Option Scheme will be administered by the Company's Compensation Committee, which is appointed by the Board of Directors.

Four of our directors and all of our employees who hold outstanding and unexercised SingTel share options have agreed to the offer of share options under the Singapore Post Share Option Scheme in return for the cancellation of their outstanding and unexercised SingTel share options. Such share options will be Market Price Options and will be exercisable for a period of 10 years, or 5 years in the case of a non-executive director, after the date of grant, subject to a vesting schedule.

During the financial year, no option to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary whether granted before or during the financial year. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

29. DIVIDENDS

	The Group and The Company	
	2003 S$'000	2002 S$'000
Ordinary dividends declared		
Interim gross dividend of 67.5 cents (net 52.7 cents) per share (2002: gross S$1.575 per share, net S$1.190 per share) based on 190 million ordinary shares, declared net of tax at 22.0% (2002: 24.5%). This was fully paid since 14 January 2003.	**100,035**	226,000
Special gross dividend of 20.2 cents (net: 15.8 cents) per share (2002: Nil) based on 1,900 million ordinary shares, declared net of tax at 22.0% (2002: 24.5%). – S$100,000,000 was paid on 28 March 2003 – S$199,965,000 is expected to be paid by 30 September 2003	**299,965**	–
	400,000	226,000

The above dividends declared before the Company's listing on the Main Board of SGX-ST are for SingTel.

The directors have proposed a final gross dividend of 5.4 cents (net 4.2 cents) per share based on 1,900 million ordinary shares, amounting to a total of S$80.0 million net of tax at 22.0%, in respect of financial year ended 31 March 2003. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2004.

30. COMMITMENTS FOR EXPENDITURE

(a) Capital and investment commitments

The following commitments for capital expenditure and investments have not been provided for in the financial statements:

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Authorised and contracted for	**5,067**	10,899	**4,879**	10,899
Authorised but not contracted for	**4,737**	130,297*	**4,197**	130,047*
	9,804	141,196	**9,076**	140,946

* *This relates primarily to the planned redevelopment of Crosby House. This plan was abandoned with transfer of Crosby House to SingTel in December 2002.*

(b) Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting dates but not recognised as liabilities, are payable as follows:

	The Group		The Company	
	2003 S$'000	2002 S$'000	**2003 S$'000**	2002 S$'000
Not later than one financial year	**4,765**	4,542	**3,240**	3,886
Later than one financial year but not later than five financial years	**5,354**	5,050	**4,312**	4,685
Later than five financial years	**6,973**	7,696	**6,973**	7,696
	17,092	17,288	**14,525**	16,267

31. FINANCIAL RISK MANAGEMENT

Financial risk factors

The main risks arising from the Group's financial assets and liabilities are foreign exchange, interest rate, credit and liquidity risks.

The financial risk management of the Group is handled by Singapore Telecommunications Limited ("SingTel") (the holding company) under a corporate services agreement for one year from 1 March 2003.

The Group's overall risk policy is to minimise potential adverse effects of financial risks on the financial performance of the Group. The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly. Financial instruments are used to hedge underlying commercial exposures and are not held for speculative purposes.

(i) Foreign exchange risk

The Group has minimal foreign currency exposures and purchase foreign currencies when required to meet the Group's obligations.

Profit contribution from the associated company, G3 Worldwide Mail N.V., is denominated in Euro and not hedged by the Group. The associated company derives revenues from a number of countries that have functional currencies other than the Euro. The associated company's management has implemented appropriate hedging policies to reduce its foreign exchange risk.

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (continued)

(ii) Interest rate risk

The Group's objective in managing exposure to interest rate fluctuations is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A targeted mix of fixed and floating debt based on assessment of interest rate trends is used to achieve this objective. To obtain this mix in a cost efficient manner, the Group primarily uses interest rate swap that have the effect of converting specific debt obligations of the Group from variable to fixed rate, or vice versa, as deemed appropriate.

(iii) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that credit sales of products and services are made to customers with appropriate credit histories.

(iv) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Due to the nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

32. NET FAIR VALUES

The carrying amounts of the following financial assets and financial liabilities approximate their fair values: cash and cash equivalents, trade and other receivables, other non-current assets and trade and other payables. Information on the fair values of borrowings is included in Note 26.

33. HOLDING AND ULTIMATE HOLDING COMPANIES

During the financial year, the Company is a wholly-owned subsidiary of Singapore Telecommunications Limited. The Company's ultimate holding company is Temasek Holdings (Private) Limited. Both companies are incorporated in Singapore.

Subsequent to the listing of the Company's ordinary shares on the Main Board of SGX-ST on 13 May 2003, Singapore Telecommunications Limited and Temasek Holdings (Private) Limited ceased to be the holding and ultimate holding company respectively (Note 36).

34. RELATED PARTY TRANSACTIONS

Under Singapore Statement of Accounting Standard No. 21 on Related Party Disclosures, no disclosure of related party transactions are required in the financial statements of a wholly-owned subsidiary if its holding company is incorporated in the same country and provides consolidated financial statements. As at 31 March 2003, the holding company, Singapore Telecommunications Limited, with its registered office at 31 Exeter Road, Comcentre, Singapore 239732, prepares consolidated financial statements, hence related party transactions have not been disclosed in these financial statements.

35. SEGMENT INFORMATION

Primary reporting format – business segments

	Mail S$'000	Logistics S$'000	Retail S$'000	Others S$'000	Eliminations S$'000	Group S$'000
2003						
External revenue	295,487	48,086	22,630	6,806	–	373,009
Inter-segment revenue	161	234	21,470	–	(21,865)	–
Operating revenue	295,648	48,320	44,100	6,806	(21,865)	373,009
External rental and property related revenue	–	–	–	19,869	–	19,869
Inter-segment rental revenue	–	–	–	32,209	(32,209)	–
Total rental and property related revenue	–	–	–	52,078	(32,209)	19,869
Operating profit before exceptional items	106,655	5,896	6,748	16,263	–	135,562
Operating profit	106,655	5,896	6,748	16,263	–	135,562
Share of results of associated and joint venture companies (after goodwill amortisaton)	9,881	–	70	–	–	9,951
Profit before interest and tax						145,513
Net finance income						936
Profit before tax						146,449
Tax						(37,420)
Profit after tax						109,029
Minority interest						(352)
Net profit attributable to shareholders						108,677
Segment assets	90,644	13,749	30,570	509,772	–	644,735
Investment in net assets of associated and joint venture companies	96,414	–	165	(238)	–	96,341
Unallocated assets						87,206
Consolidated total assets						828,282
Segment liabilities	54,557	11,162	29,632	23,300	–	118,651
Unallocated liabilities						391,444
Consolidated total liabilities						510,095
Capital expenditure	1,758	696	1,869	7,888	–	12,211
Depreciation	11,600	2,180	3,063	20,746	–	37,589
Amortisation	4,037	–	–	–	–	4,037

35. SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (continued)

	Mail S$'000	Logistics S$'000	Retail S$'000	Others S$'000	Eliminations S$'000	Group S$'000
2002						
External revenue	305,275	45,964	21,328	8,350	–	380,917
Inter-segment revenue	237	398	21,644	19	(22,298)	–
Operating revenue	305,512	46,362	42,972	8,369	(22,298)	380,917
External rental and property related revenue	–	–	–	21,886	–	21,886
Inter-segment rental revenue	–	–	–	31,383	(31,383)	–
Total rental and property related revenue	–	–	–	53,269	(31,383)	21,886
Operating profit before exceptional items	111,415	3,545	6,499	13,312	–	134,771
Exceptional items	102	(1,416)	–	(700)	–	(2,014)
Operating profit	111,517	2,129	6,499	12,612	–	132,757
Share of results of associated and joint venture companies (after goodwill amortisation)	5,739	(2,667)	(22)	(1,681)	–	1,369
Profit before interest and tax						134,126
Net finance income						2,850
Profit before tax						136,976
Tax						(35,982)
Profit after tax						100,994
Minority interest						354
Net profit attributable to shareholders						101,348
Segment assets	102,528	15,239	40,359	543,852	–	701,978
Investment in net assets of associated and joint venture companies	89,411	–	95	(236)	–	89,270
Unallocated assets						110,432
Consolidated total assets						901,680
Segment liabilities	50,418	10,288	37,228	30,250	–	128,184
Unallocated liabilities						164,753
Consolidated total liabilities						292,937
Capital expenditure	1,814	2,474	2,613	(609)*	–	6,292
Depreciation	12,150	1,890	3,364	23,982	–	41,386
Amortisation	2,036	1,419	–	–	–	3,455
Impairment charge	–	–	–	1,442	–	1,442

* After refunds received of S$3,217,000 during the financial year from vendors for reductions in purchase price of property, plant and equipment capitalised in prior financial years.

35. SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (continued)

The Group is organised into the following business segments:

Mail – Mail division provides comprehensive services for collecting, sorting, transporting and distributing domestic and international mail. International mail service covers the handling of incoming international mail from, and outgoing international mail to, foreign postal administrations as well as via a global cross-border network through Spring. It also offers ePost hybrid mail service which integrates electronic data communication with traditional mail.

Logistics – Logistics division provides domestic and international door-to-door distribution services, including express delivery services (Speedpost) and warehousing, fulfilment and distribution services.

Retail – Retail division provides a wide variety of postal services and agency services on behalf of third parties, including products and services beyond the scope of traditional postal services through three principal distribution channels: post offices, authorised postal agencies and stamp vendors; self-service automated machines ("SAMs"); and vPOST (virtual post) internet portal.

Others – represents the balance of the Group's operations including the provision of philatelic products and commercial property rental.

The accounting policies used to derive reportable segment results are consistent with those described in the "Significant Accounting Policies" note to the consolidated financial statements. Inter-segment transactions are conducted on a fair and reasonable basis.

The asset totals disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment and investment. Corporate-held assets managed at the corporate level not allocated to the segments include cash and fixed deposits held at corporate.

Segment liabilities comprise operating liabilities and exclude corporate borrowings, provisions for taxes, deferred taxation and dividends payable.

Segment capital expenditure comprises additions to property, plant and equipment .

Secondary reporting format – geographical segments

As the Group operates principally in one geographical segment, which is in Singapore, segment information by geographical segment is not presented.

36. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(i) Bond issue

On 11 April 2003, the Company raised S$300 million in long term debt from the Singapore dollar bond market by issuing unsecured bonds for its operational needs. The bonds are listed on the SGX-ST, have a maturity period of 10 years and a fixed interest rate of 3.13% per annum.

(ii) Initial public offering of the Company's shares

On 13 May 2003, the Company was listed on the Main Board of SGX-ST. On the same date, Singapore Telecommunications Limited and Temasek Holdings (Private) Limited ceased to be the Company's holding and ultimate holding company respectively (Note 33).

(iii) Issue of share options

Following the listing of SingPost Shares on 13 May 2003, the outstanding and unexercised SingTel share options were cancelled and new Singapore Post Share Options were offered in exchange for these cancelled SingTel share options. The Company offered 15,671,594 share options under the Share Option Scheme to subscribe for its ordinary shares at an exercise price of S$0.60.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the directors dated 16 May 2003.

38. COMPANIES IN THE GROUP

The following are the subsidiary, associated and joint venture companies as at 31 March 2003 and 31 March 2002.

Name	Principal activities	Country of incorporation and place of business	Percentage of effective equity held by the Group % 2003	2002	Cost of investment S$'000 2003	2002
SUBSIDIARY COMPANIES						
Held by the Company						
DataPost Pte Ltd	Electronic printing and despatching services	Singapore	**70**	70	**2,100**	2,100
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100**	100	**5,005**	5,005
First Cube Pte Ltd	Provision of electronic platform and recyclable lockers for merchandise distribution	Singapore	**100**	71	**6,157**	5,683
Investment in subsidiary companies – at cost					**13,262**	12,788

Name	Principal activities	Country of incorporation and place of business	Percentage of effective equity held by the Group % 2003	2002	Cost of investment S$'000 2003	2002
ASSOCIATED COMPANY						
Held by the Company						
# G3 Worldwide Mail N.V.	Provision of cross-border international mail	Netherlands	**24.5**	24.5	**83,377**	83,377
Associated company held by the Group – at cost					**83,377**	83,377

38. COMPANIES IN THE GROUP (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of effective equity held by the Group % 2003	2002	Cost of investment S$'000 2003	2002
JOINT VENTURE COMPANIES						
Held by the Company						
## ID.Safe Pte Ltd	Dormant	Singapore	**50**	50	**1,550**	1,550
+ G3 Worldwide Aspac Pte Ltd	Investment holding, provision of business management and consultancy services to related corporations, provision of global business development services and the provision of international mail delivery services through appointed agents	Singapore	**62.25**	62.25	**2,450**	2,450
+ G3 Worldwide Distribution (Singapore) Pte Ltd	To carry on the business of the collection, receipt, sortation and delivery of cross-border mail	Singapore	**62.25***	62.25*	**	**
Held by subsidiary company						
Mail Boxes Exchange (MBE) Pte Ltd	Provision of business and communication services	Singapore	**50**	50	**400**	400
S-Net Freight (Holdings) Pte Ltd	Investment holding and management consultancy services in respect of international freight forwarding and logistics services	Singapore	**36.8**	40.0	**4,091**	4,091
Joint venture companies held by the Group – at cost					**8,491**	8,491

Notes:

** S$1 Golden share*
*** Denotes cost less than S$1,000*
+ The Group regards G3 Worldwide Aspac Pte Ltd and G3 Worldwide Distribution (Singapore) Pte Ltd as joint venture companies because it exercises joint control.

All companies are audited by PricewaterhouseCoopers, Singapore except for the following:
 # Audited by other members of the worldwide PricewaterhouseCoopers organisation
Audited by Chio Lim & Associates

Interested Person Transactions

During the financial year, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial year (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2003 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2003 S$'000
Sales		
Singapore Telecommunications Limited and its associates	48,194	–
Pacific Internet Limited	155	–
	48,349	–
Purchases		
Singapore Telecommunications Limited and its associates	6,862	–
PSA Corporation Limited and its associates	2,960	–
	9,822	–
Total Interested Person Transactions	58,171	–

List Of Major Properties In Singapore

Serial No.	Name	Address	Land				Building Gross Floor Area (SQ M)
			Title	Years	With Effect From	Area (SQ M)	
1	Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,903	9,043
2	Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,621	802
3	Ayer Rajah Delivery Base	6 Ayer Rajah Crescent	Leasehold	30	01.02.96	4,401	10,274
4	Bukit Panjang Post Office	10 Choa Chu Kang Track 10	Leasehold	99	31.03.92	3,264	2,015
5	Jurong Delivery Base	2 Kian Teck Way	Leasehold	30	16.10.95	4,008	3,574
6	Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	16.09.98	2,761	6,850
7	Killiney Road Post Office	1 Killiney Road	Leasehold	99	31.03.92	1,029	493
8	Loyang Delivery Base	25 Loyang Lane	Leasehold	30	16.10.95	3,519	3,225
9	MacPherson Road Post Office	70 MacPherson Road	Leasehold	99	31.03.92	2,074	315
10	Pasir Panjang Post Office	396 Pasir Panjang Road	Leasehold	99	31.03.92	1,726	391
11	Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	307
12	Serangoon Road Post Office	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
13	Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,134	329
14	Singapore Post Centre (Headquarters)	10 Eunos Road 8	Leasehold	99	30.08.82	32,738	137,262
15	Tanglin Post Office	56 Tanglin Road	Leasehold	99	31.03.92	2,622	3,750
16	Thomson Road Post Office	246T Upper Thomson Road	Leasehold	99	31.03.92	2,753	1,793
17	Woodlands Delivery Base	9 Woodland Walk	Leasehold	30	16.10.95	3,040	2,393

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 11TH ANNUAL GENERAL MEETING of the Company will be held at 10 Eunos Road 8, Singapore Post Centre, SingPost Pavilion (Theatrette), #05-30, Singapore 408600 on Tuesday, 26 August 2003 at 2.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 March 2003 and the Directors' Report and the Auditors' Report thereon. (Resolution 1)

2. To declare a final dividend of 5.4 cents per share less income tax in respect of the financial year ended 31 March 2003. (Resolution 2)

3. To re-elect the following Directors who retire by rotation in accordance with Article 91 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   a) Mr Lee Hsien Yang [1] (Resolution 3)

   b) Mr Keith Tay Ah Kee [1] (Resolution 4)

4. To re-elect the following Directors who cease to hold office in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   a) Ms Janet Ang Guat Har [1] (Resolution 5)

   b) Mr Tommie Goh Thiam Poh [1] (Resolution 6)

   c) Mrs Lim Hwee Hua [1] (Resolution 7)

   d) Mr William Tan Soo Hock [1] (Resolution 8)

   e) Mr Kenneth Michael Tan Wee Kheng [1] (Resolution 9)

5. To approve Directors' fees payable by the Company of S$180,000 for the financial year ended 31 March 2003 (2002: S$65,000; increase S$115,000). (Resolution 10)

6. To appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 11)

7. To transact any other business of an Annual General Meeting.

[1] Detailed information about these Directors can be found in the "Corporate Governance" section of the Company's Annual Report 2002/03.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without any amendments the following resolutions as ordinary resolutions:-

   a) That authority be and is hereby given to the Directors to:

   (i) (1) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (ii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution is in force,

   provided that:

   (I) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (II) below);

   (II) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

   (1) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

   (2) any subsequent consolidation or sub-division of shares;

   (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

   (IV) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 12)

   b) That approval be and is hereby given to the Directors to offer and grant options ("**Options**") in accordance with the provisions of the Singapore Post Share Option Scheme ("**Share Option Scheme**") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the Options under the Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to the Share Option Scheme shall not exceed 10 per cent. of the total issued share capital of the Company from time to time. (Resolution 13)

BY ORDER OF THE BOARD

Chan Su Shan (Ms)
Company Secretary
Singapore
1 August 2003

STATEMENT PURSUANT TO ARTICLE 52(C) OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Resolution 12 is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in total 50 per cent. of the issued share capital of the Company, with a sub-limit of 20 per cent. for shares issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital as at the time of the passing of the Resolution after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting as at the time of the passing of the Resolution and any subsequent consolidation or subdivision of shares.

Resolution 13 is to empower the Directors to offer and grant options, and to issue shares in the capital of the Company, pursuant to the Singapore Post Share Option Scheme provided that the aggregate number of shares to be issued does not exceed 10 per cent. of the issued share capital of the Company for the time being.

NOTES:

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him and such proxy need not be a member of the Company. Every instrument of proxy shall be deposited at the registered office of the Company at 31 Exeter Road, Comcentre, Singapore 239732 (Attention: Secretariat) not less than 48 hours before the time appointed for the Annual General Meeting.

In relation to the retirement of Directors by rotation at the 11th Annual General Meeting, Mr Ong Keng Yong is also due to retire by rotation, but has given notice to the Company that he does not wish to be re-elected to office thereat.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and Register of Members of the Company will be closed on 3 September 2003 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares of S$0.05 each in the capital of the Company ("Shares") received by the Company's Registrar, M & C Services Private Limited of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 2 September 2003 will be registered to determine members' entitlements to the proposed final dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 2 September 2003 will be entitled to the proposed final dividend less income tax. Payment of the dividend, if approved by members at the 11th Annual General Meeting, will be made on 12 September 2003.

BY ORDER OF THE BOARD

Chan Su Shan (Ms)
Company Secretary
Singapore
1 August 2003

Singapore Post Limited
(Incorporated in the Republic of Singapore)
Annual General Meeting
Proxy Form

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of Singapore Post Limited, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____________________ NRIC No. ____________

of ____________________ being a member/members

of the abovenamed Company, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)
and/or (delete as appropriate)			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 11th Annual General Meeting of the Company to be held at 10 Eunos Road 8, Singapore Post Centre, SingPost Pavilion (Theatrette), #05-30, Singapore 408600 on 26 August 2003 at 2.30 p.m. and at any adjournment thereof.

(Fold here) (Fold here)

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

Ordinary Resolutions	**For**	**Against**
1. To receive and adopt the Audited Accounts, Directors' Report and Auditors' Report		
2. To declare a final dividend of 5.4 cents per share less income tax		
3. To re-elect Mr Lee Hsien Yang as Director		
4. To re-elect Mr Keith Tay Ah Kee as Director		
5. To re-elect Ms Janet Ang Guat Har as Director		
6. To re-elect Mr Tommie Goh Thiam Poh as Director		
7. To re-elect Mrs Lim Hwee Hua as Director		
8. To re-elect Mr William Tan Soo Hock as Director		
9. To re-elect Mr Kenneth Michael Tan Wee Kheng as Director		
10. To approve Directors' fees payable by the Company		
11. To appoint Auditors and authorise the Directors to fix their remuneration		
12. To authorise Directors to issue shares and to make or grant convertible instruments		
13. To authorise Directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme		

(Please glue here) (Please glue here)

Total Number of Ordinary Shares held	

Dated this ____________ day of ____________ , 2003.

____
Signature(s) of member(s) or Common Seal

(Please glue here)

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PERMIT NO. 00003

The Secretariat
Singapore Post
31 Exeter Road
Comcentre
Singapore 239732

IMPORTANT: Please read the following notes

NOTES

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Ordinary Shares in the capital of the Company held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. In the case of a joint appointment of two proxies, the Chairman of the Meeting will be a member's proxy by default if either or both of the proxies appointed do not attend the Annual General Meeting. In the case of an appointment of two proxies in the alternative, the Chairman of the Meeting will be a member's proxy by default if both of the proxies appointed do not attend the Annual General Meeting.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 31 Exeter Road, Comcentre, Singapore 239732 (Attention: Secretariat), not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Ordinary Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Ordinary Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Contact Points

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Company Secretary
Chan Su Shan (Ms)

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