POST AND POSSIBILITIES

SINGAPORE POST ANNUAL REPORT 2005/06

Yours Always Singapore POST

SINGAPORE POST ANNUAL REPORT 2005/06

OUR VISION TO BE A WORLD-CLASS PROVIDER OF CONSUMER SERVICES FOCUSING ON MAIL, LOGISTICS AND RETAIL SOLUTIONS IN THE REGION.

SINGPOST IS MORE THAN LETTERS.

THE POSSIBILITIES ENCOMPASS MAIL, LOGISTICS, RETAIL AND FINANCIAL SERVICES. AS WE EXPLORE THE ANAGRAMS OF THE WORD 'POST', EACH ANAGRAM WILL BRING YOU CLOSER TO WHAT SINGPOST REALLY STANDS FOR.

GET READY TO WITNESS THE TRANSFORMATION.

CONTENTS

AN EPIGRAM DESIGN AND PRODUCTION

POST AND POSSIBILITIES

Possibilities abound as SingPost transforms itself for growth. Like its first-ever television commercial which features a postman morphing into a logistics specialist, financial expert and more, the transformation paves the way for many new initiatives and services.

Both tourists and locals were glued to *MyStamp*, a unique service involving personalisation of stamps. We have also made it easier for condominium residents to transact with us through SAM^{PLUS}, the world's first 24-hour automated post office that brings over 50 services to their door-steps. Not least, more than one million households welcome *SingPost Friday Mailbox Surprise!* – a direct mailer with attractive offers and discounts.

Discerning borrowers take to *James*, a new loan service for the higher income group. Customers let their fingers do the shopping via *vConcierge* and *Shop@USA*. Those who like more zip in their lives make a dash for *Speedpost Express*, our new premier international express courier service.

Our marketing initiatives are designed to connect with customers. For instance, "*Yours Always*", an interactive television drama series featuring popular artistes, was launched in March 2006. Viewers decided the ending for the 8-part TV drama series by voting through the purchase of special edition *MyStamp*.

We also ruled the airwaves with the SingPost "Seven Wonders of the World" Game Show aired over seven radio stations for seven months, enthralling customers by giving away trips to the seven wonders of the world.

"More Than You Imagine" was launched to thank SingPost customers for their support, with over 300,000 customers participating in the promotion through the use of SingPost's services. Over S$95,000 worth of prizes were given away, including the grand prize of a 2.4L Mitsubishi Grandis.

Through transformation and the reinvention of our products and services, we strive to create value for our customers and shareholders. But even as we continue to grow, we remain committed to enduring reliability and first-rate personal service – a promise encapsulated by our new tagline, *Yours Always*.


CONNECTED
BY
POST
62 post offices. 69 authorised postal agencies. 250 Self-service
Automated Machines. 841 stamp vendors. 806 post boxes.
0 excuse not to stay in touch.

SPEED IS TOPS

Our wide array of delivery services serves our customers well – from 1-hour to 3-hour services and same day service for local delivery to *Speedpost* and *Speedpost Express* for international delivery.

ONE STOP CONVENIENCE

SingPost now has a full suite of consumer services spanning mail, logistics and retail solutions. One roof. One nerve centre. One brand name.

POTS OF GOLD

Our rainbow of financial services spans *ezyCash* and *James* for personal loans, *CASHOME Remittance*, *SpeedCash* for pawnbroking and *Care for Life* for insurance needs.

LETTER TO SHAREHOLDERS

These are interesting times for the SingPost Group as we continue our transformation of SingPost from a traditional postal services provider to a consumer-oriented company. We have made great strides in our efforts to strengthen the management team and prepare the Company for the challenges ahead – deregulation in 2007, e-substitution and all-round greater competition.

FY2005/06 was a highly successful year as we achieved strong growth to post a record level for the Group's revenues.

FINANCIAL PERFORMANCE

For the financial year ended 31 March 2006, the Group's revenue rose to a record high of S$412.8 million, from S$375.8 million in FY2004/05, as we drove growth in our core business of Mail and Logistics and reaped the initial benefits of our financial services initiatives in 2004 under the Retail Division. Revenue growth was strong at 9.8 per cent – a breakthrough from the steady but flat performance in the past.

All business segments achieved significant revenue growth. The Mail Division performed exceptionally well, giving a 7.6 per cent increase in revenue from S$301.4 million to S$324.2 million, on improvement by all business lines – domestic mail, international mail, hybrid mail and philatelic. The Logistics Division did well, with revenue growing 14.7 per cent from S$51.9 million to S$59.5 million. Double-digit revenue growth of 14.6 per cent from S$44.3 million to S$50.8 million was also recorded in the Retail Division, with financial services contributions accounting for 83 per cent of the increase.

The Group achieved net profit of S$123.3 million for FY2005/06, an increase of 12.0 per cent from S$110.1 million in FY2004/05. The Group's cash generation ability remained robust, with free cash flow increasing from S$130.7 million in FY2004/05 to S$139.4 million in FY2005/06.

SHAREHOLDER VALUE

We are encouraged by the strong cash flow and positive prospects for the Group and are pleased to propose a total annual dividend of 5.5 cents per share for FY2005/06, representing 85.0 per cent of net profit. This is 10.0 per cent higher than the minimum annual dividend of 5 cents per share that the Group has indicated that it would pay out. With the payment of three tranches of quarterly dividends totalling 3.75 cents per share during the financial year, the final dividend would amount to 1.75 cents per share.

As affirmation of our policy of returning surplus cash flow generated to shareholders, a special dividend of 10 cents per share was paid in January 2006, achieving a more optimal capital structure for SingPost and increasing shareholder's returns.

We are committed to enhancing shareholder value and this is demonstrated in our robust dividend policy. Since the IPO, we have continually enhanced our dividend policy. We aim to maintain our robust dividend policy and continue to pay out 80 to 90 per cent of net profit, with a minimum annual dividend level of 5 cents per share, barring unforeseen circumstances.

We are pleased to report that the total shareholder's return (TSR) since the IPO, i.e. over a period of almost 3 years, was 148 per cent. Our one-year TSR was approximately 35 per cent. The Group's Return on Average Invested Capital (ROIC) improved from 17.9 per cent to 21.9 per cent while Return on Average Equity (ROE) rose from 35.0 per cent to 51.7 per cent.

LETTER TO SHAREHOLDERS

SIGNIFICANT DEVELOPMENTS

DEVELOPING CAPABILITIES Over the last three years, we have focused on building management capabilities across the organisation to further enhance our business and strengthen our foundation in our push for growth. Last year was particularly significant with the addition of a new Group CEO. Other additions were made to the senior management team to augment the expertise and skills required for SingPost to make the leap to a dynamic, customer-focused organisation with a committed and motivated team.

To create an encouraging environment for staff to achieve their potential and to support the achievement of our organisational goals, we have stepped up our performance-management and ensured rewards commensurate with achievements and contributions.

DRIVING GROWTH As we develop the organisation's capabilities, we are concomitantly transforming the operations and corporate culture of SingPost from one that is process-oriented to one that is commercially focused and growth-oriented.

Processes and functions are also improved, importantly to align the operations of the Group as it moves into a new phase.

The transformation of SingPost is evidenced in our continued review of the appropriate strategies for the future. During the year, we continued to execute on our strategies of enhancing our core business of Mail and Logistics and "sweating" our assets by offering higher value products and services through our retail network.

SingPost always had a good story to tell. We are now telling it much better while strengthening our capabilities. As an organisation focused on providing services to consumers, both corporate and retail, we recognise the importance of corporate branding, promotions and marketing to drive top-line growth. Hence in FY2005/06, we launched our first-ever TV commercial, undertook nation-wide promotional campaigns, and took out advertisements in various mediums such as direct mail, TV, radio and newspapers.

It was also a year marked by interesting product launches. Of note is the innovative use and treatment of SingPost's existing assets and products, resulting in a virtual reinvention of the traditional business across the business lines.

In Logistics, *Speedpost Express*, a premium courier service using DHL's international delivery network, was launched. *MyStamp* was aggressively marketed to reverse the decline in Philatelic revenue. Self-service Automated Machines (SAM) were bundled with patented Smart Lockers and post boxes creating a virtual post office and marketed to niche market segments such as condominiums. An online shopping mall, *Shop@USA*, was launched, giving easier access and more buying opportunities for online shoppers.

The strategy of leveraging our 62-strong retail network for diversification and growth is bearing fruit, with the inaugural contributions from financial services giving a strong boost to the Retail Division's performance. Along with our partners, we now offer a suite of financial services – secured and unsecured personal financing, postassurance and remittance services – to cater to the needs of our customers.

With the strong foundation and the transformation of SingPost, I believe the Group is now also better positioned to face the challenges ahead. SingPost's exclusive licence for postal services is due to end on 31 March 2007. We have taken proactive measures over the last few years and are confident that the Group has prepared well and is poised to compete in a liberalised market.

CORPORATE SOCIAL RESPONSIBILITY

Even as we transform to being a progressive company offering consumer services, we recognise the important role that we play in the community that we serve. We actively use our resources to lend a helping hand to non-profit organisations such as the Singapore Children's Society and the Singapore Philatelic Museum. By adopting good energy saving and recycling practices, we are doing our bit towards more sustainable economic growth. This is also sound financially.

GOING FORWARD

I believe SingPost can maintain its excellent performance. We have demonstrated and delivered growth in our business across the board, despite the competitive environment and the difficulties faced by the traditional postal business, in particular, the impact of e-substitution and the Government's cost-cutting measures.

With the strong foundation and the transformation of SingPost, I believe the Group is now also better positioned to face the challenges ahead. SingPost's exclusive licence for postal services is due to end on 31 March 2007. We have taken proactive measures over the last few years and are confident that the Group has prepared well and is poised to compete in a liberalised market.

Going forward, we will continue the process of building capabilities within the Group to further strengthen the organisation as we aim for a higher level of achievements. We continue to seek growth to create value for shareholders and are committed to growing the business, focusing on the Group's core competencies in Singapore and the region.

ACKNOWLEDGEMENTS

Our success would not have been possible but for the support of our shareholders, business partners and customers. I would like to take this opportunity to express my gratitude for their continued support.

Over the last few years, the staff have stepped up to the challenge of transforming for growth. I wish to thank them for their commitment and efforts.

Mr Tommie Goh resigned as Director on 10 April 2006. In December 2005, Mr William Tan, former CEO of SingPost, retired from service after stepping down from the Board during the year. I wish to thank them for their invaluable contributions to the success of the Company.

While the changing environment and operating landscape will continue to present challenges, I am confident that the Group is well positioned to meet them. With the Board's guidance and the commitment of the management and staff, we will continue to deliver a higher level of achievements to our shareholders.

LIM HO KEE
Chairman
28 April 2006

BOARD OF DIRECTORS

LIM HO KEE
Non-Executive, Independent Director

LAU BOON TUAN
Executive, Non-Independent Director
Group Chief Executive Officer

LEE HSIEN YANG
Non-Executive, Non-Independent Director

ONG AH HENG
Non-Executive, Independent Director

PHUA KOK KIM
Non-Executive, Non-Independent Director

KENNETH MICHAEL TAN WEE KHENG
Non-Executive, Independent Director

TAN YAM PIN
Non-Executive, Independent Director

KEITH TAY AH KEE
Non-Executive, Independent Director

CORPORATE CALENDAR

Throughout the year, we continued to transform and grow, constantly reinventing our businesses to enhance shareholder value. To achieve that, we introduced many services and initiatives that leverage our extensive network of post offices and our expertise in mail and logistics.

APRIL 2005 Launched *Speed Surface Parcel* Service, a more economical and faster delivery mode. *Speed Surface* is part of the *Speedpost* brand that comprises land, air and sea delivery modes.

MAY 2005 Launched *MyStamp Tourists*, part of SingPost's *MyStamp* range which enables tourists to personalise stamps showcasing their photos alongside iconic Singapore attractions.

JUNE 2005 *SingPost Friday Mailbox Surprise!*, a direct mailer that delivers attractive offers and discounts to more than one million households, took off to a flying start. Overnight queues at designated post offices saw people eager to redeem free return air tickets to Bangkok for the inaugural promotion.

JULY 2005 Our Harry Potter book promotion not only offered free book delivery, but also saw all 62 post offices open as early as 7:01am on 16 July 2005, the international release date of J. K. Rowling's sixth Harry Potter book, "Harry Potter and the Half-Blood Prince".

Launched *vConcierge*, an add-on service to *vPOSTUSA* which provides hassle-free online shopping. With *vConcierge*, customers need only go through a single point of contact, *vPOST*, SingPost's online shopping and bill payments portal.

AUGUST 2005 To commemorate Singapore's 40th birthday, more than 40 patchwork pieces from the Fabric of the Nation project were specially selected and reproduced into 40 stamps. The Fabric of the Nation is a colourful canvas for the emotions and experiences of Singaporeans – stitched in diversity, united in adversity.

SEPTEMBER 2005 Rolled out the first-ever joint stamp issue between Singapore Post and Belgian Post to mark the close relationship between the two countries.

Opened our third *SpeedCash* branch at Bukit Batok East.

(From far left)
SingPost Friday Mailbox Surprise!, launched in June 2005, took off to a flying start.

SingPost's third *SpeedCash* branch in Bukit Batok was officially opened in September 2005.

The unveiling of SAM^PLUS amid the buzz and excitement at the Parc Oasis condominium.

SingPost was one of the four pilot companies that participated in the Go the Extra Mile for Service (GEMS) initiative.

OCTOBER 2005 Launch of SAM^PLUS, the world's first 24-hour automated post office. SAM^PLUS brings our patented Smart Lockers, Self-service Automated Machine (SAM) and a post box right to the doorsteps of condominium dwellers.

Launched a maiden branding television commercial that featured our transformation and new tagline, *Yours Always*.

NOVEMBER 2005 To celebrate the festive season, the Killiney Road Post Office was transformed into a magical Santa's House in the heart of the city.

In conjunction with the Christmas light-up, SingPost pledged to donate S$2 for every item sold from its Christmas catalogue to the Singapore Children's Society. We raised about S$28,000.

SingPost also opened its fourth *SpeedCash* branch at Toa Payoh North.

DECEMBER 2005 SingPost was one of the four pilot companies that participated in the Go the Extra Mile for Service (GEMS) initiative. This nation-wide movement was started by the Singapore Workforce Development Agency (WDA) to encourage customers to recognise service staff for great service rendered.

JANUARY 2006 Flew off the starting block with the launch of *Speedpost Express*, a premium express courier service that offers customers a time-sensitive, door-to-door international express delivery service with track-and-trace features.

Launched *Shop@USA*, SingPost's online shopping service that allows customers to shop directly from U.S. merchants that neither accept Singapore credit cards nor ship internationally. Customers also enjoy a more convenient and seamless way of shopping as orders and shipping charges are clearly shown in a one-time checkout.

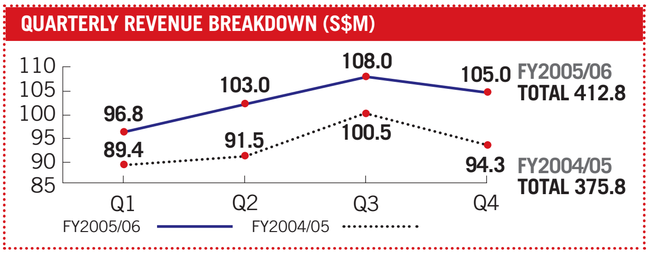
FEBRUARY 2006 The artworks of award-winning Tan Swie Hian were featured on Singapore stamps for the first time. The multi-denominational stamps immortalised 11 of his multi-disciplinary works spanning calligraphy, paintings and sculpture.

MARCH 2006 SingPost and GE Money introduced *James*, a new personal loan service at designated post offices.

Augmenting SingPost's transformation from a neighbourhood post office to a comprehensive one-stop shop, a SingPost-commissioned interactive Chinese drama series *"Yours Always"* made its debut on the small screen.

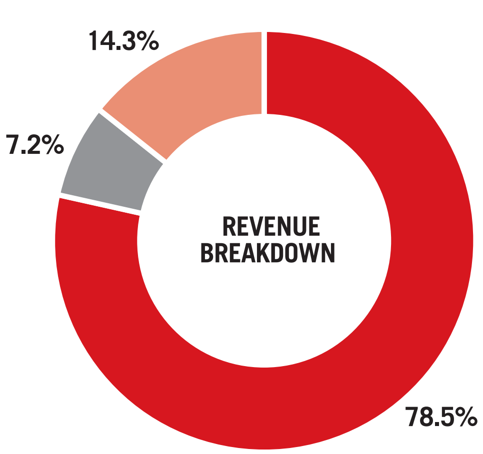
SingPost is the only postal administration to be awarded the EMS Cooperative Certification Gold Level Award by the Universal Postal Union (UPU) for five consecutive years since 2001 for its *Speedpost Worldwide* courier service.

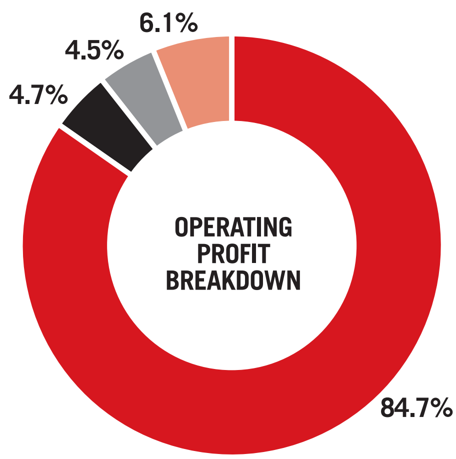
SINGPOST BUSINESSES



BUSINESS REVIEW

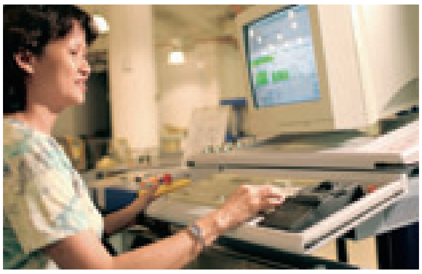
The SingPost Group has three main operating divisions: Mail, Logistics and Retail. For the financial year ended 31 March 2006, the Group recorded revenue of S$412.8 million, of which 78.5 per cent was contributed by the core business of Mail. Logistics comprised 14.3 per cent of Group revenue, while Retail contributed the remaining 7.2 per cent. The Mail Division also accounted for the bulk of Group operating profit, at 84.7 per cent, compared to 6.1 per cent by Logistics and 4.5 per cent by Retail.





MAIL LOGISTICS RETAIL OTHERS

POST YOUR THOUGHTS



MAIL

SingPost is Singapore's leading provider of domestic and international mail services, offering one-stop integrated solutions in the mail value chain. Under our hybrid mail service, businesses benefit from our cost-effective, end-to-end service covering data management, printing, enveloping, processing and delivery. Direct mail solutions are also offered to companies that seek targeted marketing reach.

PERFORMANCE REVIEW

Revenue from the Mail Division was a record high at S$324.2 million, registering a significant 7.6 per cent rise over FY2004/05. The good performance was attributed to the strong contributions from all four business lines namely domestic mail, international mail, hybrid mail and Philately and Stamps.

Operating profit rose by a healthy 16.1 per cent from S$110.8 million to S$128.7 million for FY2005/06.

OPERATIONS REVIEW

During the financial year, we focused on increasing traffic on local mail through our direct mail initiatives such as the *SingPost Friday Mailbox Surprise!* and other innovative promotions. We also extended our service offerings to corporate customers with the provision of integrated mailroom solutions and other services such as data entry.

DOMESTIC MAIL

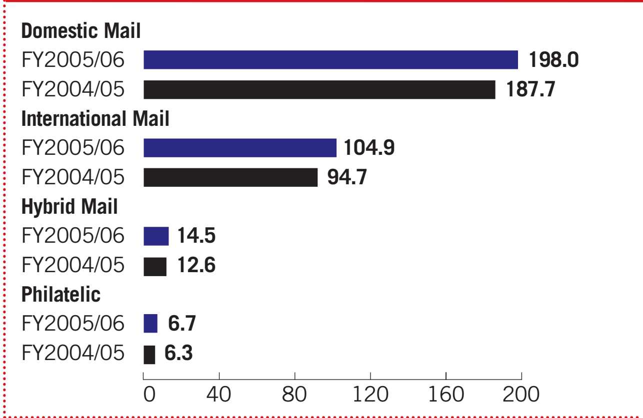
DIRECT MAIL, DIRECT IMPACT *SingPost Friday Mailbox Surprise!* is a direct mailer that was launched in June 2005. This powerful advertising medium reaches over one million households in Singapore. *SingPost Friday Mailbox Surprise!* has been highly successful, attracting favourable response from consumers and advertisers. Long queues formed at our post offices as recipients of the direct mailers responded to the offers and promotions advertised in the direct mailers. *SingPost Friday Mailbox Surprise!* counted Star Cruises, Jetstar and Far East Organization among its major advertisers during the year.

To complement the use of direct mail solutions, SingPost offers avenues for customer targeting – such as the recently enhanced Geographical Information System – for location, radial and house-type targeting. As part of our efforts to make SingPost a one-stop direct mail solutions provider, we also offer design and printing options in our Festive Admail Package during festive periods.

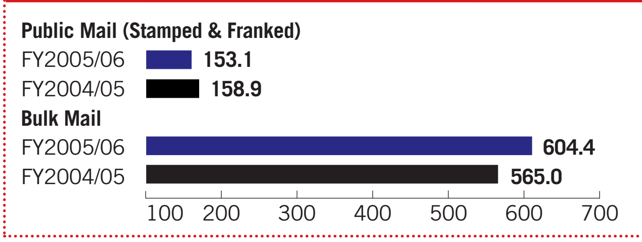
CONTINUOUS PROCESS IMPROVEMENTS

In FY2005/06, SingPost again surpassed the delivery standards set by the Infocomm Development Authority of Singapore (IDA). More than 99 per cent of mail were delivered to the Central Business District (CBD) by the next working day, while over 98 per cent of mail were delivered outside the CBD by the next working day.

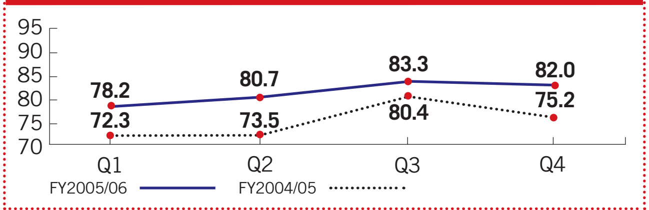
MAIL REVENUE BREAKDOWN (S$M)



DOMESTIC MAIL VOLUME (Million items)



MAIL QUARTERLY REVENUE BREAKDOWN (S$M)



During the year, we undertook several projects to improve efficiency and manage costs while maintaining a superior quality of service. For instance, we provided easier access for customers to lodge their bulk mail by adding counters at the bulk mail centre and streamlining transactions to reduce queueing time.

Other initiatives included realigning the regional delivery bases and optimising manpower in the delivery and processing operations. We also focused on revamping the computer software for better route planning and more efficient deployment of postmen.

For FY2005/06, postman productivity increased by 3.3 per cent, from 2,813 items to 2,905 items delivered per postman per effective man-day. The productivity of mail processing officers similarly increased by 4.1 per cent from 5,409 items to 5,632 items sorted per processing officer per effective man-day.

HYBRID MAIL

We continued to establish a regional presence for the hybrid mail business, which provides our corporate customers with a cost efficient, complete end-to-end service – from data management, printing, enveloping, processing to delivery. In addition to our facilities in Malaysia and the Philippines, we are in the process of setting up operations in several Asian countries.

Riding on the outsourcing trend, we provided data entry services for customers, allowing them to enjoy a one-stop business solution.

INTERNATIONAL MAIL

Our international mail business continued to grow steadily with increased mailings from international publishers and e-commerce companies, as well as existing bulk mailers.

We will continue to work with existing and prospective customers to increase their worldwide distribution outside Singapore. We will also focus on developing more value-added services for our customers.

CROSS-BORDER MAIL

FY2005/06 was a challenging year for Spring, our joint venture with TNT and Royal Mail. Spring reaped some cost savings as a result of the previous year's restructuring efforts. It aims to become a more cost-effective organisation with a focus on top-line growth.

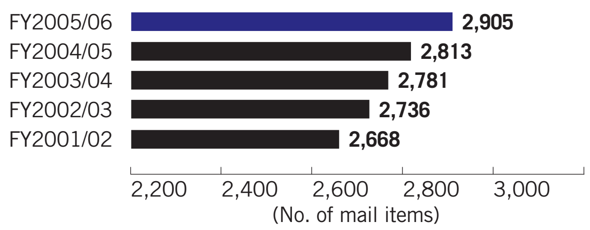
PHILATELY AND STAMPS

Special stamps were issued to mark a wide range of events in Singapore in FY2005/06.

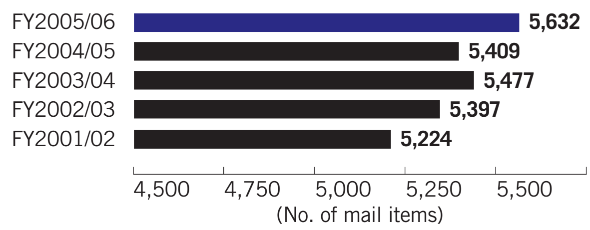
EXCITING STAMP ISSUES SingPost released 10 new stamp issues in FY2005/06 ranging from international events and anniversaries to culture, heritage and the arts.

In June 2005, Singapore joined several countries to mark the 600th Anniversary of Admiral Zheng He's Voyages. This issue was part of a series of activities spearheaded by the Singapore Tourism Board to commemorate the wondrous voyages of the Ming Dynasty explorer.

MAIL ITEMS DELIVERED PER POSTMAN PER EFFECTIVE MAN-DAY



MAIL ITEMS PROCESSED PER PROCESSING OFFICER PER EFFECTIVE MAN-DAY



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 2005 to 31 March 2006. Singapore Post's delivery targets are:

- to have at least 99% of domestic letters addressed to recipients in the Central Business District; and
- to have at least 98% of domestic letters addressed to recipients outside the Central Business District

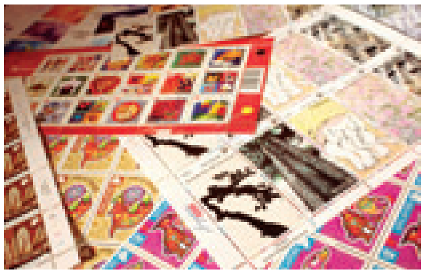
delivered on the next working day from the date of mailing at a collection point prior to the latest indicated collection time for that day. Our test covered stamped domestic letters.

Our procedures were designed to test the service performance for letters posted during the year ended 31 March 2006. 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 12,653 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 2006.

KPMG
Certified Public Accountants
Singapore
9 May 2006

*Assoc Prof Koh Hian Chye is an associate professor and dean with the SIM University.



In July 2005, the sports fraternity gathered in Singapore for the International Olympic Committee's 117th Session to decide on the venue of the 2012 Olympic Games. SingPost joined in the excitement with the issuance of a set of commemorative stamps. In addition, to celebrate the announcement of the host country for the 2012 Olympics, limited edition *MyStamp* sheets printed with the words, "LONDON 2012", were released for sale the following day to delegates and visitors, who snapped up all 10,000 sheets.

As the nation celebrated its 40th year of independence in August 2005, a set of 40 stamps was reproduced from the 15,000 patchworks from the Fabric of the Nation project launched in July 2003. The Fabric of the Nation project began as a simple call to Singaporeans to sew a patch of love for the country in the aftermath of SARS. It is a beautiful visual reminder of the emotions and experiences of Singaporeans. A limited edition uncut Printer's Sheet of four miniature sheets signifying Singapore's 40th birthday was also produced.

In September 2005, Singapore and Belgium jointly released stamps on the two countries' shophouses. The launch ceremonies to commemorate the release of the stamps were held concurrently in Singapore and Belgium, attended by ambassadors from both sides.

In October 2005, SingPost partnered HSBC to launch stamps that feature the TreeTop Walk. The TreeTop Walk, launched officially by the National Parks Board and HSBC in 2004, is the first of its kind in Singapore.

This was followed by new stamps on the Zodiac Series – Dog in January 2006, selected artworks by our renowned Singapore artist, Tan Swie Hian, in February 2006, and Undersea World in March 2006.

STAMPS WITH A PERSONAL TOUCH *MyStamp* is a unique service that allows customers' photos, messages or logos to be printed – instantly – on the blank tab beside each stamp, capturing significant events and special moments. These customised stamps have generated considerable interest among tourists, corporations and the public.

In May 2005, a whole new collection was created for tourists, youths, wedding couples, companies and those who wish to add a personal touch to their mail. Instant *MyStamp* counters are available at Changi Airport, Suntec City and the Singapore Philatelic Museum.

MyStamp mobile units have also been set up at shopping centres, so that event organisers can add a refreshing twist to their promotions and functions.

Special customised stamps were also printed for Christmas, Chinese New Year and Valentine's Day.

STAMPS ISSUED IN FY2005/06	
STAMP THEME	**DATE OF ISSUE**
100th Year of University Education	20 April 2005
Malay Heritage Centre	31 May 2005
600th Anniversary of Admiral Zheng He's Voyages	28 June 2005
117th International Olympic Committee Session	5 July 2005
National Day: Fabric of the Nation	9 August 2005
Shophouses: Singapore – Belgium Joint Issue	9 September 2005
Care-For-Nature stamp issue: TreeTop Walk	19 October 2005
Zodiac Series – Dog	6 January 2006
Art Series – Tan Swie Hian	22 February 2006
Undersea World	22 March 2006

OUTLOOK

We will strive to sustain the growth momentum of our mail business, with special emphasis on growing contributions from all business lines.

SingPost will continue to grow the direct mail business, constantly enhancing our service and offerings with quality data, excellent value and innovative concepts. We will also continue to pursue growth in new initiatives such as *MyStamp* through strategic promotions.

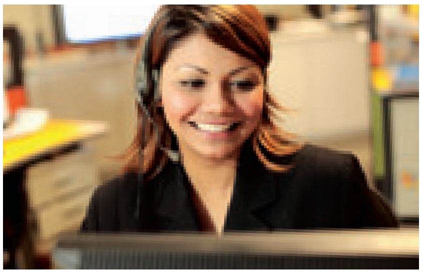
Increased terminal dues, effective 1 January 2006, coupled with rising fuel cost, have led to higher costs in providing international mail services over the year. Hence, while growing the international mail business, a key area of focus in FY2006/07 will be the careful management of costs.

A WHOLE NEW COLLECTION WAS CREATED FOR TOURISTS, YOUTHS, WEDDING COUPLES, COMPANIES AND THOSE WHO WISH TO ADD A PERSONAL TOUCH TO THEIR MAIL.

10 NEW STAMP ISSUES WERE RELEASED, FROM INTERNATIONAL EVENTS TO CULTURE, HERITAGE AND ARTS.

'THE 2005 COLLECTION OF SINGAPORE STAMPS' SHOWCASES THE YEAR'S STAMP RELEASES.

SATISFACTION IS TOPS



LOGISTICS

We offer both local and international express delivery services to suit the needs of our retail and corporate customers. As the leader in the provision of express courier services domestically, we further support our corporate customers' logistics and business needs by offering a wide range of value-added services including warehousing and fulfillment solutions.

PERFORMANCE REVIEW

The Logistics Division performed well in FY2005/06. All its services achieved double-digit growth in revenue, which increased 14.7 per cent from S$51.9 million in FY2004/05 to S$59.5 million. Operating profit grew a healthy 31.4 per cent from S$7.0 million to S$9.2 million.

OPERATIONS REVIEW

During the financial year, our Logistics Division enlarged our international footprint with the launch of *Speedpost Express*, offering customers a premium door-to-door service to more than 220 countries and territories.

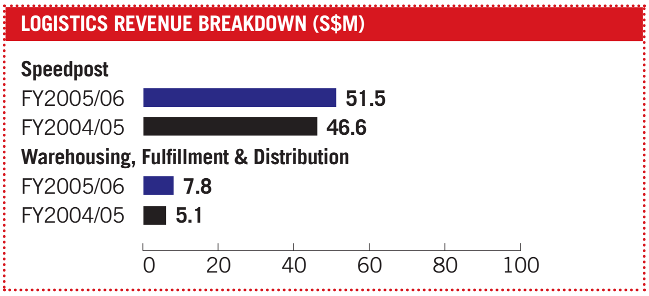
To provide a high level of service while maintaining competitive rates, the Logistics Division continued to invest in technology and constantly reviewed processes to achieve optimal process and service efficiency.

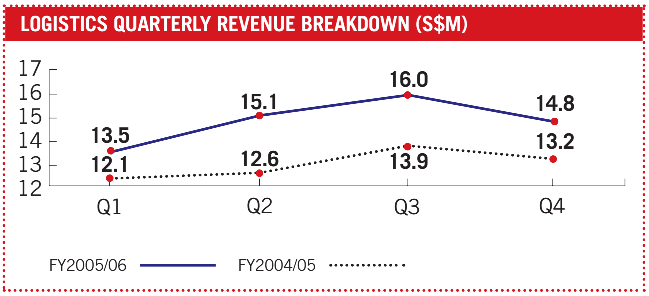
INTERNATIONAL DELIVERY Complementing our Speedpost Worldwide courier service, we launched a new premium service, *Speedpost Express*, which offers customers a faster and seamless international delivery option. Launched on 23 January 2006, *Speedpost Express* leverages DHL Express' international delivery network, providing our customers with a door-to-door delivery service with swift customs clearance and online track-and-trace convenience.

Earlier in the financial year in April 2005, we introduced *Speed Surface Parcel* service, replacing the Surface Parcel service, with improved delivery times. This was achieved by establishing direct dispatches to more countries and an improved shipping schedule.

The drive to grow our transhipment business with our strategically located Airmail Transit Centre (ATC) yielded good results. A wide array of worldwide services was offered with competitive rates to cater to the different delivery requirements of our customers. A new transhipment system was instituted to expedite documentation and dispatch process.

SingPost was awarded the EMS Cooperative Certification Gold Level Award by the Universal Postal Union (UPU) in March 2006 for our Speedpost Worldwide courier service and became the only postal administration in the world to win the award for five consecutive years since 2001.





DOMESTIC DELIVERY Our Speedpost Islandwide service continued to be the leader in the domestic market for the provision of courier and distribution services.

We successfully clinched several major contracts from customers in key industries which include publications, retail and fast-moving consumer products.

FULFILLMENT & WAREHOUSING During the financial year, we built on our capabilities to offer a wider range of value-added services, providing an integrated one-stop logistics solution for our customers. The services include order management, warehouse and inventory management, door-to-door delivery, cash on delivery and returns management. Demand has been strong, particularly from the publications, telecommunications and retail industries.

As we strive to further develop our Logistics Division, we have continued to maintain our service quality, with a high service standard of 99 per cent for on-time fulfillment and stock accuracy for all our fulfillment and warehouse customers.

CUSTOMER CARE AND CONTINUOUS PROCESS IMPROVEMENT To ensure a superior quality of service, our Logistics Division continued to invest in technology and human resources. During the year, we enhanced our systems and equipment and provided a round-the-clock track and trace option for our customers. A new Customer Contact Centre was established to assist customers with bookings and enquiries while the Customer Care team focused on customer support.

A Continuous Process Improvement (CPI) team was set up in January 2006 to review and improve the work processes of the Logistics Division. It aims to achieve excellent service quality, efficiency and cost management through continuous innovation to enhance, repackage and tailor existing services according to the needs of customers.

OUTLOOK

The focus for our Logistics Division is to strengthen and position ourselves to be the leading logistics service provider for the delivery and distribution of local courier and international express items.

We will further add value in our integrated logistics solutions through the provision of fulfillment and warehousing services to support our delivery and distribution services.

SINGPOST OFFERS DELIVERY SERVICES FOR CUSTOMERS SENDING DOCUMENTS, PARCELS AND FREIGHT BOTH WITHIN SINGAPORE AND THROUGHOUT THE WORLD.

SINGPOST DELIVERS THE FULL RANGE OF LOGISTICS SERVICES FROM EXPRESS DELIVERY TO WAREHOUSING AND FULFILLMENT SOLUTIONS, THUS GIVING CUSTOMERS MORE OPTIONS TO SUIT THEIR NEEDS.

SINGPOST IS A FIVE-TIME WINNER OF THE EMS COOPERATIVE CERTIFICATION GOLD LEVEL AWARD GIVEN BY THE UNIVERSAL POSTAL UNION.


STOP
BY
TODAY

RETAIL

Through our extensive retail network, SingPost offers a wide range of postal, agency and financial services to our customers, who have the option to use any of our key distribution channels, namely, 62 conveniently located post offices, 250 Self-service Automated Machines (SAM) and internet portal, *vPOST*.

PERFORMANCE REVIEW

Revenue for the Retail Division was S$50.8 million, an increase of 14.6 per cent over S$44.3 million in the previous financial year, owing mainly to higher contributions from financial services and increased traffic in *vPOST* services. Operating profit grew 37.0 per cent from S$5.0 million in FY2004/05 to S$6.9 million.

OPERATIONS REVIEW

In a year marked by positive developments, SingPost capitalised on its extensive network of 62 post offices, 69 authorised postal agencies, 841 stamp vendors, 248 SAMs and two SAM^{PLUS} machines, to provide a comprehensive range of postal, agency and financial services.

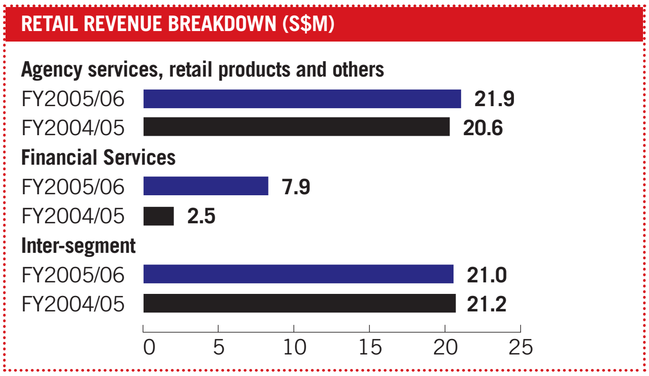
We also grew our e-business substantially, adding new services for various categories of online shoppers while increasing traffic at our internet portal, *vPOST*.

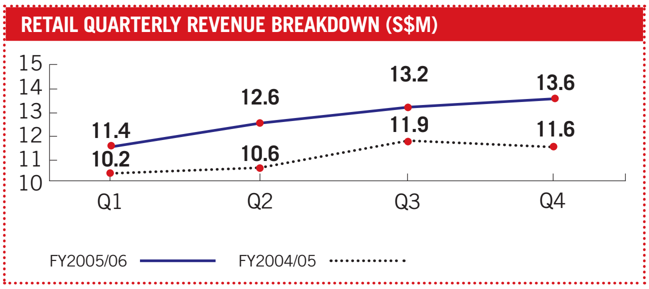
INNOVATIVE PRODUCTS AND SERVICES During the financial year, the Retail Division introduced many innovative products and services at its outlets, catering to a wide range of customers.

One of the highlights of the year was SingPost's participation in the launch of J.K. Rowling's book, "Harry Potter and The Half-Blood Prince". The effectiveness and reach of SingPost's retail network was demonstrated as every post office opened as early as 7:01am on 16 July 2005 and pre-orders for the book were delivered to buyers on the day itself.

The younger population also benefited from SingPost's partnership with Microsoft through the promotion of the attractively priced Microsoft Office Student Exclusive software. Other special products offered during the year included the *iDog* and *Uniquely Singapore Monopoly* sets.

For its convenience and reach, SingPost was appointed the collecting agent for the Ministry of Manpower and SP Services Ltd. Applications for work permits and employment passes together with payment of utility bills via the Pay-As-You-Use (PAYU) scheme can now be made at any of SingPost's 62 post offices.





Progressing with our plan to offer more lifestyle and entertainment services via our extensive SAM network, we collaborated with Gatecrash and AsiaSoft, allowing customers to book their tickets and purchase credits for their cyber games.

In addition to expanding our network of SAMs by another 50 units to 250, we brought even greater convenience to condominium dwellers with the introduction of SAM PLUS. The 24-hour automated post office – a combination of the SAM, patented Smart Lockers and a post box – offers more than 50 services including postage label purchases and bill payment services.

BANKING ON FINANCIAL SERVICES *SpeedCash*, a secured personal finance service, is part of SingPost's suite of financial services. We opened our third and fourth *SpeedCash* branches at Bukit Batok East and Toa Payoh North in September 2005 and November 2005 respectively.

To educate and engage the public on using *SpeedCash* as a safe and secured form of short-term financing, a series of road shows was launched in April 2005 in the neighbourhood communities where the outlets were located.

CASHOME, our remittance service, was available at more post offices, offering greater convenience to the public. In August 2005, *CASHOME* was re-branded *CASHOME Remittance*.

Through a partnership with Western Union, a new Direct Credit to Bank Account service for the Indonesian market was launched in August 2005 and a door-to-door delivery of cheques and drafts service for the Indian market was introduced in January 2006 to enhance our existing service.

Care for Life, comprising affordable and comprehensive life insurance policies underwritten by Prudential Assurance, was distributed at 38 post offices.

A new single premium white-labeled product, Dual Harvest Plus, was launched in September 2005, followed by another new white-labeled Medisave approved plan, MediSure Plus, in October 2005.

ezyCash, a personal loan service with our partner GE Money, was made available at 20 post offices. In March 2006, SingPost and GE Money introduced *James*, a new personal loan service targeting a higher income group. *James* offers customers a fast loan approval process in just 48 hours.

SINGPOST RETAIL NETWORK (as at 31 March 2006)	
Post Offices	62
SAMs	250
Postal agencies	69
Stamp vendors	841

***vPOST* FOR ONLINE SHOPPING** Riding on the success of *vPOSTUSA* and *vPOSTJAPAN*, new and innovative services were introduced, offering greater choices and convenience for online shoppers in Singapore.

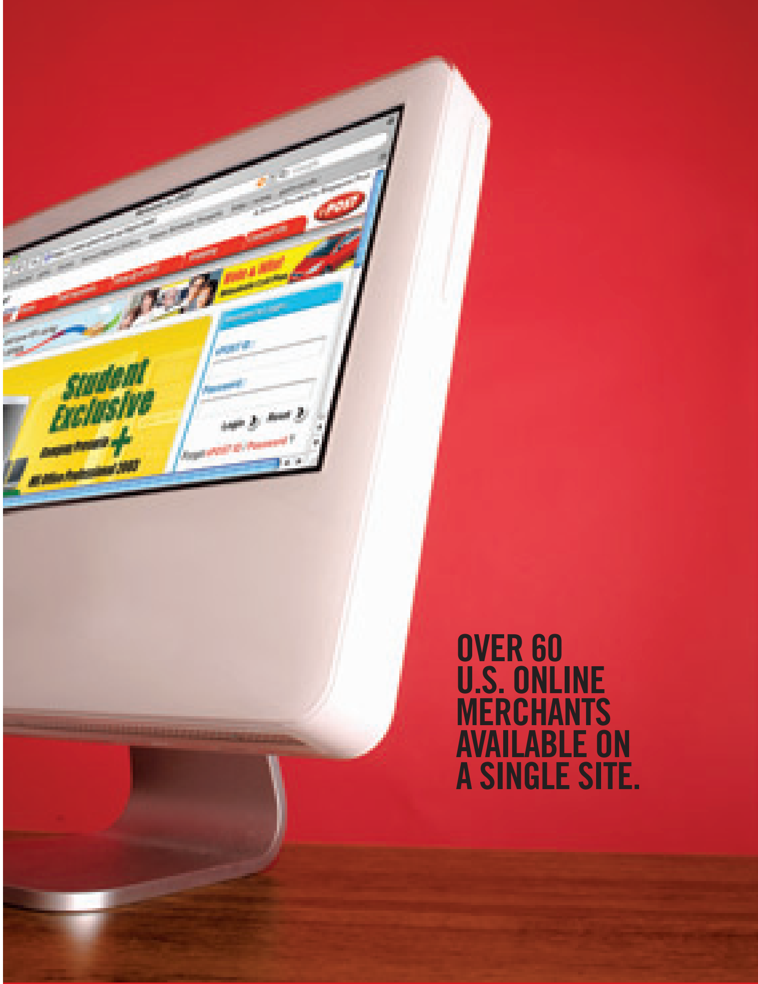
vConcierge was launched in October 2005 to cater to customers who were concerned with online security and those who shopped at websites that did not accept International Credit Cards. In December 2005, *Shop@Singapore*, accredited with TrustSG certification, was launched, offering customers special gifts, new product promotions and philately products.

Online shopping became even more hassle-free with the launch of *Shop@USA* in January 2006. With over 60 U.S. online merchants available on a single site, customers were able to shop and have their items delivered directly to their homes, all in one single transaction.

OUTLOOK

Moving forward, the thrust is to broaden the host of value-added products and services offered at our post offices. We also aim to cater to untapped customer segments to provide financial services.

With the rising trend in online shopping, we will roll out more innovative *vPOST* services for eager Singapore shoppers and also explore the possibility of strategic collaborations in various markets.



RIDING ON THE SUCCESS OF *vPOSTUSA* AND *vPOSTJAPAN*, NEW AND INNOVATIVE SERVICES WERE INTRODUCED OFFERING GREATER CHOICES AND CONVENIENCE FOR ONLINE SHOPPERS IN SINGAPORE.

POTS OF ASSET

PROPERTY

During FY2005/06, the Group continued to focus on yield enhancement of its flagship building, Singapore Post Centre (SPC). This was mainly through the optimisation of SingPost's office space, resulting in a total of 4,754 square metres of additional space created for commercial lease. SPC continued to enjoy a high occupancy rate of 99.2 per cent as at 31 March 2006.

LIST OF MAJOR PROPERTIES

						Land	Building
Serial No.	Name	Address	Title	Yrs	With Effect From	Area (SQ M)	Gross Floor Area (SQ M)
1	Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,903	8,862
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 Jalah 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	30	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	10 Eunos Road 8	Leasehold	99	30.08.82	32,738	137,266
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 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

SPOT ON ATTITUDE

HUMAN RESOURCES

Talent management and succession planning were pursued actively during the year to ensure that staff are well-equipped to support business expansion and continuity.

As SingPost continued to grow, new talents were recruited to meet increasing business demands. Talent management and succession planning were pursued actively during the year to ensure that staff were well-equipped to support business expansion and continuity.

The Management Associates Programme was launched with an inaugural intake of five fresh university graduates and a second intake of another three, seven months later. The Management Associates are attached to the business units on a rotation basis, and supervised by senior management.

HAPPIER STAFF Recognising that happy staff give better performance, SingPost has put in place many new initiatives to make the workplace more conducive.

Joy breaks or token snacks are provided once a month to all staff including our supplementary workforce of part-timers, temporary workers and the Neighbourhood Postmen.

We also introduced Happy Pay Day to promote work-life balance. On pay days, staff are encouraged to go home on time, to be with their family. In addition to fun thematic activities, SingPost has also invested in recreational facilities for staff.

The SingPost Sports & Recreation Club (SSRC) was formed to promote camaraderie and a healthier, sporting lifestyle. The multi-purpose hall at Singapore Post Centre was furnished with facilities such as a gymnasium, karaoke room, table-tennis tables and a badminton court for racket and ball games. A "Mini Olympics" of sporting games among the various departments kicked-off the launch of the SSRC.

COMMUNICATION AND MORE COMMUNICATION Senior management constantly communicate with staff. The quarterly communication sessions by the Group CEO are well received by staff who learn about the Company's business directions and performance. Through these sessions, staff are able to align their aspirations with that of the Company.

A key communication event was the inaugural Total System Management (TSM) session, during which business units presented their 3-year plans to the staff. Led by the Group CEO, the full-day TSM session was engaging, interactive and informative and helped galvanise the staff.

AWARD-WINNING SERVICE CULTURE Our continued investment in training frontline staff in customer service has paid off, with 37 Excellent Service Awards (EXSA) bestowed upon our staff. During the year, we also directed our efforts to being a customer-centric organisation by participating in the nation-wide Go the Extra Mile for Service (GEMS) initiative. In the months since the launch of the campaign, our dedicated retail staff have received more than 3,500 compliments.

UNITED WITH THE UNION Union-Management relationship continues to be excellent. Union membership remains strong at 80 per cent of total staff strength.

In support of the Government's drive to help lower income workers, staff earning S$1,200 and below were granted a one-off bonus of S$200, on top of the yearly performance bonus.

The close collaboration and excellent relationship was further attested by the Comrade of Labour award given by NTUC to our long-time unionist Mr Jamal Bin Alimat of the Union of Telecoms Employees of Singapore (UTES).

Following close consultation with the union, the salary structure of the sales staff has been changed to a commission-based system. Other new incentive schemes and enhancement of such schemes within the Retail & Financial Services and Mail Divisions were similarly supported by the union.

CORPORATE SOCIAL RESPONSIBILITY

While we transform ourselves into a one-stop solutions company offering a suite of value-added consumer services, we remain committed to helping the community that we serve.

THEMATIC TRANSFORMATION For the first time ever, we decorated one of our post offices for the festive season, bringing cheer and festivity to all. Killiney Road Post Office, a quaint building in the Orchard area, was transformed into Santa's House. Families, tourists and the public flocked to the Christmas country home for photo-taking sessions and to soak in the festive atmosphere.

NEEDY KIDS In conjunction with the Christmas light-up, we helped to brighten the lives of underprivileged children under the care of the Singapore Children's Society (SCS) by pledging to donate S$2 for every item sold from our Christmas catalogue to SCS. With the support of our corporate partners, about S$28,000 was raised for the worthwhile cause.

STAMPING SINGAPORE'S HERITAGE As a major corporate sponsor of the Singapore Philatelic Museum, we continue to play an active role in the promotion of stamps and philately. SingPost contributed S$300,000 in FY2005/06 to the Singapore Philatelic Museum for the upkeep and preservation of philatelic materials and displays at the museum, as well as museum activities.

STOKING THE SINGAPORE SPIRIT Our island-wide network of 250 Self-service Automated Machines was one of the facilitating channels for the public to apply for tickets and fun pack coupons for Singapore's 40th birthday celebrations.

To facilitate access for Singaporeans to pen their well-wishes and support the Singapore athletes competing in the 23rd Southeast Asian (SEA) Games in Cebu City, Philippines, SingPost sponsored the Admail service to randomly deliver well-wisher stickers to 250,000 households in Singapore. Singaporeans dropped the completed stickers at the designated boxes placed at the 62 post offices located across the island. These stickers were eventually printed on a banner and unveiled during a flag presentation ceremony before the SEA Games.

CARE AND SHARE As a caring organisation, we supported the Community Chest in its SHARE programme and also gave it access to the public through the placement of its donation boxes at our post offices. Under the SHARE programme, SingPost matched dollar-for-dollar our staff contributions, with a total of S$40,000 donated in FY2005/06. Through the donation boxes, more than S$14,000 was collected from the public.

Foreign workers were not forgotten. Appreciating their role in Singapore, we sponsored the postage for foreign workers who wished to send home postcards after a postcard exhibition organised by a volunteer group, on the lives of such workers in Singapore. We further sponsored

5,000 pre-paid postcards for the first International Migrants' Day, encouraging the foreign workers to write home to their loved ones.

ENERGY AND THE ENVIRONMENT During the year, we embarked on an energy conservation campaign to encourage staff to adopt good energy saving practices. Some of the energy saving measures that we adopted included tailoring the air-conditioning hours to fit the specific needs of each operation floor and optimising the temperature at the air-conditioning chiller plants at Singapore Post Centre. This resulted in a reduction in energy consumption by an estimated 18 per cent. We also held competitions among our delivery bases to promote lower energy usage.

We continued our recycling efforts with IT giant, Hewlett Packard, offering the Singapore public the convenience of dropping off their used ink cartridges at 10 post offices.

We are also committed to helping our customers achieve their corporate social responsibility aspirations, aligning them with our own objectives. We supported Blackwell Publishing's green efforts as it became the first global publisher to attain carbon neutral status, making a commitment to reduce its impact on the environment. Blackwell aims to mitigate the carbon dioxide emissions caused by its use of energy, shipment of its books and journals and business travel, thereby reducing the impact to global climatic change.

SINGPOST REMAINS COMMITTED TO HELPING THE COMMUNITY THAT IT SERVES BY ENGAGING IN A SERIES OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES.

INDEX CONSTITUENT
SingPost shares are a constituent of several key indices, locally and overseas:
MSCI Singapore Free Index
MSCI Singapore Small Cap Index
FTSE All-World Asia Pacific ex Japan Index
FTSE Global Islamic Index
FTSE/ASEAN Index
Straits Times Index
All-Singapore Equities Index
All Singapore Equities Transport/Storage/Communications Index
Singapore Equities Mainboard Index

INVESTOR RELATIONS

We have a proactive investor relations programme that aims to reach out to a greater number of existing and potential shareholders. To provide investors with a better understanding of our business and strategies, management regularly meets up with the investment and analyst communities through investor conferences and meetings, results briefings and annual general meetings.

During the financial year, management participated in several investor conferences, both locally and overseas. These included the CLSA Investors' Forum 2005 and CSFB Asian Investment Conference in Hong Kong, as well as the Morgan Stanley Asia Pacific Summit 2005, DBS-Vickers Singapore Corporate Day 2006 and UBS Asian Transport Conference 2006 in Singapore.

Management also met with visiting analysts and fund managers. During the financial year, SingPost conducted more than 50 meetings with visiting fund managers from the U.S., Europe and Asia. Site visits to the mail processing centre, post offices and *SpeedCash* outlets were also arranged for visitors to allow them a better understanding of the operations.

We support the investor education programme of the Securities Investors Association of Singapore (SIAS). During the year, management conducted a presentation to provide SIAS members with a better insight into the business.

The 13th Annual General Meeting held on 30 June 2005 at Singapore Post Centre was attended by more than 200 shareholders. The board of directors and senior management were present to address shareholders' queries.

FINANCIAL CALENDAR

31 March 2005	Financial year-end (FY2004/05)	**31 August 2005**	Payment of interim dividend for Q1 FY2005/06
4 May 2005	Q4 and full year FY2004/05 results release	**28 October 2005**	Q2 and half-year FY2005/06 results release
7 June 2005	Notice of 13th Annual General Meeting Extraordinary General Meeting	**30 November 2005**	Payment of interim dividend for Q2 FY2005/06
		16 January 2006	Payment of special dividend
30 June 2005	13th Annual General Meeting/ Extraordinary General Meeting	**27 January 2006**	Q3 FY2005/06 results release
		28 February 2006	Payment of interim dividend for Q3 FY2005/06
15 July 2005	Payment of final dividend for FY2004/05	**31 March 2006**	Financial year-end (FY2005/06)
27 July 2005	Q1 FY2005/06 results release	**27 April 2006**	Q4 and full year FY2005/06 results release

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FY2005/06	FY2004/05	FY2003/04	FY2002/03	FY2001/02
Income Statement (S$ million)					
Revenue	**412.8**	375.8	368.2	373.0	380.9
Operating profit [(1)]	**151.8**	130.4	128.2	135.0	134.8
EBITDA [(2)]	**185.3**	176.7	171.1	182.3	177.0
Net profit [(3)]	**123.3**	110.1	103.7	108.7	101.3
Balance Sheet (S$ million)					
Total assets	**710.9**	823.4	772.3	828.3	901.7
Shareholders' funds	**146.5**	331.1	300.4	316.0	605.9
Cash and cash equivalents	**53.3**	159.0	98.4	113.9	128.1
Net debt/(cash)	**296.2**	141.0	201.6	6.1	(128.1)
Cash Flow (S$ million)					
Net cash inflow from operating activities	**149.7**	144.4	121.7	112.7	158.2
Capital expenditure (cash)	**10.3**	13.8	7.3	12.2	6.3
Free cash flow [(4)]	**139.4**	130.7	114.4	100.5	151.9
Key Ratios					
EBITDA margin %	**44.9**	47.0	46.5	48.9	46.5
Net profit margin %	**29.9**	29.3	28.2	29.1	26.6
Return on average invested capital %	**21.9**	17.9	20.0	20.9	15.2
Return on average equity %	**51.7**	35.0	33.8	23.6	15.2
Net debt to equity %	**202.2**	42.6	67.1	n.m.	n.a.
EBITDA to interest expense (number of times)	**21.3**	34.3	24.2	n.m.	n.a.
Per Share Information (cents) [(5)]					
Earnings per share – basic	**6.46**	5.79	5.49	5.72	5.33
Net assets per share	**7.7**	17.4	15.8	16.6	31.9
Dividend per share – ordinary [(6)]	**5.5**	5.0	4.2	4.2	n.a.
Dividend per share – special [(6)]	**10.0**	n.a.	n.a.	n.a.	n.a.

NOTES:

(1) Operating profit is defined as profit before interest, tax, exceptional items and share of profit of associated company and joint ventures.
(2) EBITDA is defined as profit before interest, tax, depreciation and amortisation.
(3) Net profit is defined as profit after tax and minority interest.
(4) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.
(5) Computed based on the assumption that the issued share capital of SingPost has been sub-divided into 1.9 billion ordinary shares for each of the financial years before FY2003/04.
(6) Refers to dividends paid/payable post IPO.

Certain comparatives have been restated to conform to current year's presentation.

n.m. denotes not meaningful; n.a. denotes not applicable.

FINANCIAL REVIEW

GROUP PERFORMANCE

	FY2005/06 S$'000	FY2004/05 S$'000	Change %
Revenue	412,799	375,811	9.8%
Total expenses	289,750	268,406	8.0%
Share of profit of associated company and joint ventures	8,349	8,237	1.4%
Net profit	123,344	110,122	12.0%
Underlying net profit [(1)]	115,052	106,197	8.3%
Operating profit	151,829	130,390	16.4%
EBITDA	185,266	176,667	4.9%

(1) Underlying net profit is defined as profit after tax and minority interest, excluding exceptional gain and depreciation impact from the change in assets' useful lives on 1 April 2005.

FY2005/06 was a milestone for the Group, as it posted strong business growth and a record high for revenues. The Group's revenue improved 9.8% from S$375.8 million to S$412.8 million. This was the result of strong performances by all business segments during the financial year.

With the growth in the Group's business, total expenses have increased in tandem, rising 8.0% from S$268.4 million to S$289.8 million. On 1 April 2005, the Group revised the useful lives of certain assets to be in line with other postal operators. This reduced the Group's depreciation expense by S$8.3 million for the financial year ended 31 March 2006. Excluding the impact from the depreciation change, total expenses increased by 11.0% to S$298.0 million. Labour and related expenses were higher by 11.6% at S$112.2 million, compared to S$100.5 million previously, due to additional hires and higher wage costs. Volume-related costs, which comprised mainly of traffic and mail outsourcing expenses, increased 12.7% from S$86.2 million to S$97.1 million, in line with the business growth. Selling expenses were up by 42.2% from S$7.3 million to S$10.3 million as the Group increased its marketing and promotional efforts during the year. The increase in administrative and other expenses was capped at 4.0% while depreciation declined 26.5% due to the change in assets' useful lives.

Contributions from associated company and joint ventures rose slightly by 1.4% from S$8.2 million to S$8.3 million in FY2005/06. The improvement was mainly due to the one-off restructuring cost at Spring JV recorded in the second half of the previous financial year. This was partially offset by the reduction in commission payable to the Spring JV by SingPost effective in the fourth quarter of the previous financial year. The reduction in commission payable by SingPost to the Spring JV has an overall benefit of approximately S$3.0 million to the Group due to lower outsourcing cost.

As a result of the strong business performance, the Group's net profit improved significantly by 12.0% from S$110.1 million to S$123.3 million in FY2005/06. Excluding the exceptional gains recorded last year and depreciation change impact, the Group's underlying net profit grew 8.3% from S$106.2 million to S$115.1 million.

REVENUE

	FY2005/06 S$'000	FY2004/05 S$'000	Change %
Revenue by segment:			
Mail	324,151	301,353	7.6%
Logistics	59,503	51,875	14.7%
Retail	50,806	44,338	14.6%
Inter-segment eliminations	(21,661)	(21,755)	(0.4%)
Total	412,799	375,811	9.8%

FINANCIAL REVIEW

REVENUE (cont'd)

Mail revenue grew 7.6% from S$301.4 million to S$324.2 million in FY2005/06. Contributions by all business lines, namely domestic mail, international mail, hybrid mail and philatelic, showed significant improvements during the financial year as the Group focused on efforts to enhance and grow the core business.

Logistics revenue rose 14.7% from S$51.9 million to S$59.5 million, on the back of higher contributions from *Speedpost*, warehousing, fulfillment and distribution. The Group also benefited from the fuel and security surcharge implemented in December 2004.

Retail revenue improved 14.6% from S$44.3 million to S$50.8 million in FY2005/06. The decline in agency services was offset by growing contributions from financial services, retail product revenue, as well as mail-order transactions on *vPOST*. Financial services accounted for S$5.4 million, or about 83%, of Retail's revenue growth in FY2005/06.

OPERATING PROFIT

	FY2005/06 S$'000	FY2004/05 S$'000	Change %
Operating profit by segment:			
Mail	128,663	110,819	16.1%
Logistics	9,226	7,024	31.3%
Retail	6,877	5,021	37.0%
Others	7,063	7,526	(6.2%)
Total	151,829	130,390	16.4%

The Group's operating profit grew 16.4% from S$130.4 million to S$151.8 million. Excluding the depreciation impact, operating profit increased 10.1% to S$143.5 million.

BALANCE SHEET AND CAPITAL MANAGEMENT

The Group's total assets declined by S$112.5 million from S$823.4 million to S$710.9 million as at 31 March 2006, mainly attributable to lower cash and cash equivalents. During the financial year, the Board made a special dividend payout of 10 cents per share, or S$190.9 million, to achieve a more optimal capital structure.

Shareholders' funds reduced by S$184.6 million from S$331.1 million as at 31 March 2005 to S$146.5 million as at 31 March 2006 as a result of the special dividend payout mentioned above.

	FY2005/06	FY2004/05	Change
Total debt (S$'000)	349,452	300,000	16.5%
Net debt (S$'000)	296,194	140,952	110.1%
Net debt to equity (%)	202%	43%	
EBITDA to interest expense (number of times)	21	34	

Total borrowings increased by S$49.5 million from S$300 million to S$349.5 million as at 31 March 2006. The Group has obtained a bank term loan of principal amount S$60 million in March 2006 for general operational purposes.

For the financial year ended 31 March 2006, the Group achieved improvements in Return on Average Invested Capital (ROIC) and Return on Average Equity (ROE) of 4.0 and 16.7 percentage points respectively.

FINANCIAL REVIEW

CASH FLOW

	FY2005/06	FY2004/05	Change
Net cash inflow from operating activities (S$'000)	149,735	144,435	3.7%
Purchase of property, plant and equipment (S$'000)	10,334	13,750	(24.8%)
Free cash flow (S$'000)	139,401	130,685	6.7%
Dividends paid to shareholders (S$'000)	314,002	83,716	275.1%
Cash capital expenditure as a percentage of revenue	2.5%	3.7%	

The Group's cash flow generation remained robust. Net cash inflow from operating activities amounted to S$149.7 million for FY2005/06, compared to S$144.4 million for the previous year. Free cash flow (defined as net cash inflow from operating activities less cash capital expenditure) totalled S$139.4 million for the year, compared to S$130.7 million for the previous financial year.

DIVIDEND

Given the good performance and robust cash flow generation of SingPost, the Board has proposed a final dividend of 1.75 cents per share be paid after approval has been obtained at the coming Annual General Meeting in June 2006. Together with the three interim dividends of 1.25 cents per quarter paid during the financial year, the total annual dividend of 5.5 cents represents a 10% increase over last year and a payout of 85% of net profit.

During the financial year, the Board made a special dividend payout of 10 cents per share, or S$190.9 million, to achieve a more optimal capital structure.

OUTLOOK

SingPost is positive on its growth prospects over the next 12 months, despite declines in public mail volumes. It will continue to implement initiatives to enhance and grow its core business of Mail and Logistics.

The Group believes it is well positioned to address the challenges of potential deregulation when its exclusive licence for basic mail services (letters and postcards) expires on 31 March 2007. As part of its diversification strategy, the Group has focused on leveraging its retail and distribution network comprising the post offices, Self-service Automated Machines (SAM) and internet portal, *vPOST*. While agency/bill presentment contributions are expected to continue to decline, the Group is positive on the prospects of financial services and *vPOST* mail-order business. It will enhance its service offerings through its retail network to offer higher value products and services to customers. The Group will continue to roll out its financial services offerings to more post offices over the next 12 months.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

SingPost continues to be committed to achieving high standards of corporate conduct and to place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and protection of shareholders' interests.

In 2005, the Singapore Council on Corporate Disclosure and Governance introduced enhancements to its Code of Corporate Governance (Code). Notwithstanding that the changes in the Code will only take effect from annual general meetings held from 1 January 2007 onwards, the Company has, in line with its commitment to maintaining a high standard of corporate governance, implemented a number of recommendations made in the revised Code of 2005.

This report describes SingPost's corporate governance practices and structures that were in place during the financial year, with specific reference to the principles and guidelines of the Code. In developing and reviewing its corporate governance policies and practices, SingPost has sought to adopt a balanced approach by observing the spirit, and not just the letter, of the Code.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

The Board oversees the business affairs of SingPost and is collectively responsible for the success of the Company. 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. It provides leadership and guidance to management. The Company has in place financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services as well as acquisitions and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the annual budget and financial results for release to the Singapore Exchange Securities Trading Limited (SGX-ST).

The Board is supported in its tasks by Board committees that have been established to assist in the execution of its responsibilities. In order to facilitate decision-making and to ensure the smooth operation of the Company, the Board has delegated some of its powers to the Executive Committee. The Board is also supported by the Audit Committee, the Board Risk Committee, the Compensation Committee and the Nominations Committee.

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between the scheduled meetings. The Company's Articles of Association provide for meetings to be held via telephone and video conferencing. In the financial year ended 31 March 2006, a total of six Board meetings were held. In addition, the directors also participated in an offsite workshop with management on the Group's strategic plan and direction. The attendance of the directors at Board meetings and Board committee meetings, as well as the frequency of such meetings, is disclosed in this report.

Newly appointed directors are issued with a formal letter by the Company Secretary setting out the director's duties and advising of their disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules. Management also conducts orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices.

BOARD COMPOSITION AND GUIDANCE

The size and composition of the Board are reviewed from time to time by the Nominations Committee which strives to ensure that the size of the Board is conducive to effective discussions and decision-making and that the Board has an appropriate balance of independent directors.

BOARD COMPOSITION AND GUIDANCE (cont'd)

The majority of our directors are non-executive and independent. The Board comprises eight directors, five of whom are non-executive independent directors, two of whom are non-executive, non-independent directors and one of whom is an executive non-independent director. The Nominations Committee reviews the independence of each director on an annual basis and it considers a director as independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. The non-independent directors are Mr Lee Hsien Yang, the Group Chief Executive Officer of SingTel, a substantial shareholder of SingPost; Mr Phua Kok Kim, Executive Vice President, Capital Management, of Mapletree Investments Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited which is the majority shareholder of SingTel; and Mr Lau Boon Tuan, the Group Chief Executive Officer of SingPost.

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

The Board considers the present Board size appropriate for the current nature and scope of the Group's operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In SingPost, there is a clear separation of the roles and responsibilities of the chairman and the chief executive officer. Different individuals assume the chairman and the chief executive officer functions in SingPost, which posts are, and will, remain separate. Mr Lim Ho Kee, a non-executive director, is the Chairman and assumes responsibility for the workings of the Board. Mr Lau Boon Tuan, the Group Chief Executive Officer, is the most senior executive in SingPost and assumes the executive responsibility of the day-to-day management of SingPost.

The appointments of the chairman and the chief executive officer of SingPost require the prior written approval of the Infocomm 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 directors to the Board 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 a 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

A process is in place to assess the performance and effectiveness of the Board as a whole and each individual director's contributions to the effectiveness of the Board. The performance criteria for the Board evaluation are based on financial and non-financial indicators such as an evaluation of size and composition of the Board, the Board's access to information, Board processes, strategy and planning, risk management, accountability, Board performance in relation to discharging its principal functions, communication with senior management and standards of conduct of the directors.

The evaluation of the Board is done once a year. As part of the appraisal process, the directors will complete appraisal forms which are then collated by an independent consultant. The independent consultant will then review the results of the appraisal with the Chairman of Nominations Committee and present a report to the Board.

In the case of the evaluation of the individual director's contribution, such assessment will be undertaken at a later date.

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.

ACCESS TO INFORMATION

The Board is supplied with relevant information and comprehensive analysis by management pertaining to matters to be brought before the Board for discussion and decision. Management also ensures that the Board receives regular reports on the Group's financial performance and operations. The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to all corporate secretarial and compliance matters and also attends all Board meetings. To assist 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 the Company.

BOARD AND MANAGEMENT COMMITTEES

To assist the Board in the execution of its duties, the Board has established various Board committees, namely the Audit Committee, the Board Risk Committee, the Nominations Committee, the Compensation Committee and the Executive Committee, 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.

NOMINATIONS COMMITTEE

The members of the Nominations Committee are Mr Lim Ho Kee (Committee Chairman), Mr Ong Ah Heng and Mr Kenneth Michael Tan Wee Kheng, all of whom are non-executive independent 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 the Company's Articles of Association at each AGM;
- reviews the composition of the Board annually to ensure that the 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 the directors.

NOMINATIONS COMMITTEE (cont'd)

The Nominations Committee held five meetings during the financial year. The Committee met to review and affirm the independence of the Company's independent directors as well as the retirement and re-election of directors in accordance with the Company's Articles of Association. It reviewed the composition of the Board and the Board committees in relation to the needs of the Group.

COMPENSATION COMMITTEE

During the financial year, the Compensation Committee comprised Mr Lim Ho Kee (Committee Chairman), Mr Tommie Goh Thiam Poh, Mr Lee Hsien Yang and Mr Keith Tay Ah Kee. All the Committee members are non-executive independent directors except Mr Lee Hsien Yang, who is a non-executive, non-independent director. Mr Tommie Goh Thiam Poh ceased to be a member of the Compensation Committee following his resignation as a director on 10 April 2006. The key responsibilities of the Compensation Committee include the following:

- recommends to the Board for endorsement the remuneration policies and guidelines for setting remuneration for directors and key executives;
- approves performance targets for assessing the performance of the executive director;
- recommends the specific remuneration package for the executive director; and
- administers the SingPost Share Option Scheme.

The Compensation Committee held three meetings during the financial year. The Committee also endorsed the engagement of compensation consultants to review the salary and reward structures of management to ensure that they are competitive and effective for the retention of key staff.

AUDIT COMMITTEE

During the financial year, the Audit Committee comprised four non-executive independent directors: Mr Keith Tay Ah Kee (Committee Chairman), Mr Tommie Goh Thiam Poh, Mr Kenneth Michael Tan Wee Kheng and Mr Tan Yam Pin. Mr Tommie Goh Thiam Poh ceased to be a member of the Audit Committee following his resignation as a director on 10 April 2006. The responsibilities of the Audit Committee as specified in its written charter 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;
- reviews the cost effectiveness of the audit and the independence and objectivity of the external auditors annually, taking into account the nature and extent of non-audit services supplied by the external auditors and seeking to balance the maintenance of objectivity and value for money; and
- reviews interested person transactions, as defined in the Listing Manual of the SGX-ST.

The Audit Committee has explicit authority to investigate any matters within its terms of reference and has full access to and cooperation from management, in addition to its direct access to the external auditors. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services. The Committee held four meetings during the financial year.

Internal Audit performs detailed work to assist the Audit Committee in the evaluation of material internal controls of the Group. 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.

AUDIT COMMITTEE (cont'd)

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 Company's system of internal accounting controls. The Committee has also met with the internal and external auditors, without the presence of management.

The Committee has also reviewed the quarterly and annual financial statements of the Company and the Group for the financial year ended 31 March 2006 as well as the auditors' reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Committee.

The Committee has reviewed with management all the non-audit services provided by the external auditors to the Company and the Group in the financial year ended 31 March 2006. The Committee is of the opinion that the independence and objectivity of the external auditors would not be impaired by the provision of these non-audit services.

WHISTLE-BLOWING POLICY

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are to be sent to the head of the internal audit function. The Chairman of the Audit Committee and the Chairman of the Board will be informed immediately of all whistle-blowing reports received. Details of the whistle-blowing policies and arrangements are posted in the Company's intranet for staff's easy reference. New staff are also briefed on these during the orientation programme.

The Board is kept informed of the Audit Committee's activities.

BOARD RISK COMMITTEE

In September 2005, a new Board Risk Committee was set up to assist the Board in fulfilling its oversight responsibilities on risk management. During the financial year, the Committee comprised four non-executive independent directors: Mr Keith Tay Ah Kee (Committee Chairman), Mr Tommie Goh Thiam Poh, Mr Kenneth Michael Tan Wee Kheng and Mr Tan Yam Pin. Mr Tommie Goh Thiam Poh ceased to be a member of the Board Risk Committee following his resignation as a director on 10 April 2006. The responsibilities of the Board Risk Committee include the following:

- reviews the overall risk management system and process and makes recommendations on changes as and when considered appropriate, having regard to costs and benefits;
- reviews the Group's risk policies, guidelines and limits; and
- reviews the Group's material risk exposures and evaluates the adequacy and effectiveness of the mitigating measures implemented by management.

Since its inception in September 2005, the Board Risk Committee has held two meetings in the financial year. The Committee has reviewed the overall risk management system and process of the Group. As in the previous financial year, an enterprise risk management review was carried out in this financial year to identify the material risks faced by the Group and to review the adequacy and effectiveness of the measures implemented to mitigate the Group's exposure to these risks. The Board Risk Committee has also reviewed the material risk exposures of the Group and the adequacy and effectiveness of the mitigating measures implemented.

For an independent assessment, KPMG Singapore was engaged in March 2006 to conduct an objective "health check" on the Group's risk management system and process to assess and identify areas for further enhancement.

EXECUTIVE COMMITTEE

The members of the Executive Committee are Mr Lim Ho Kee (Committee Chairman) and Mr Keith Tay Ah Kee, both of whom are non-executive independent directors, Mr Lau Boon Tuan, an executive non-independent director, Mr Lee Hsien Yang and Mr Phua Kok Kim, both of whom are non-executive, non-independent directors. Mr Keith Tay Ah Kee was appointed as a member of the Executive Committee on 23 February 2006.

The Executive Committee develops and recommends to the Board the overall strategy for the Group, considers and approves major investment projects, determines investment policies and manages the Group's assets and liabilities in line with the Board's policies and directives. The Executive Committee met three times during the financial year.

MANAGEMENT COMMITTEE

In addition to the five Board committees, SingPost has a Management Committee that comprises the Group Chief Executive Officer and his direct reports. The Management Committee meets every week to review and direct management and operational policies and activities.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The attendance of each director at Board meetings and Board committee meetings during the financial year ended 31 March 2006 is as follows:

	BOARD	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	BOARD RISK COMMITTEE [1]	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE
Number Of Meetings Held:	6	3	4	2	5	3
NAME	**NUMBER OF MEETINGS ATTENDED**					
Lim Ho Kee	6	3	–	–	5	3
Tommie Goh Thiam Poh [2]	5	–	4	2	–	3
Lau Boon Tuan [3]	6	3	–	–	–	–
Lee Hsien Yang	6	3	–	–	–	2
Ong Ah Heng	4	–	–	–	4	–
Phua Kok Kim [3]	6	3	–	–	–	–
William Tan Soo Hock [4]	2	–	–	–	–	–
Kenneth Michael Tan Wee Kheng	4	–	2	2	4	–
Tan Yam Pin	5	–	3	2	–	–
Keith Tay Ah Kee [5]	6	–	4	2	–	3

NOTES

(1) The Board Risk Committee was established on 23 September 2005.
(2) Mr Tommie Goh Thiam Poh ceased to be a director on 10 April 2006.
(3) Mr Phua Kok Kim and Mr Lau Boon Tuan were appointed to the Executive Committee on 15 April 2005 with the latter to replace Mr William Tan Soo Hock.
(4) Mr William Tan Soo Hock ceased to be a director on 30 June 2005. He attended two out of two Board meetings between 1 April 2005 and 30 June 2005.
(5) Mr Keith Tay Ah Kee was appointed as a member of the Executive Committee on 23 February 2006.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
The Compensation Committee meets yearly to discuss the performance assessment of the executive director as well as to discuss the level of rewards to pay. The recommendations are forwarded to the Board for approval on the remuneration of the executive director for the year of assessment.

Level and mix of remuneration
The Compensation Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally.

Non-executive directors' remuneration comprises a basic retainer fee, additional fees for appointment to Board committees and attendance fees for Board and Committee meetings. Directors' fees for non-executive directors are subject to the approval of shareholders at the AGM.

The Group Chief Executive Officer, who is an executive director, is not paid directors' fees. The remuneration structure for the Group Chief Executive Officer and other key executive officers consists of the following components:

Fixed Component
Fixed pay comprises basic salary, Annual Wage Supplement (AWS) and fixed allowances. Eligibility for the AWS and fixed allowances will depend on the scheme of service. To ensure key executives' remuneration is consistent and comparable with market practice, the Compensation Committee benchmarks remuneration components against those of comparable companies.

Variable Component
This component refers to the variable bonus that is paid based on the Company's and individual's performance. To ensure rewards are closely linked to performance, the percentage of the variable component against total compensation is higher for the Group Chief Executive Officer/executive director and other key executives.

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

Benefits
Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowance, club benefits and housing subsidy. Eligibility for these benefits will depend on individual salary grade and scheme of service.

Share Options
Share options are granted to align staff's interests with that of shareholders. These options are granted with reference to the desired remuneration structure target and valued based on the Trinomial option pricing model.

DISCLOSURE ON REMUNERATION

DIRECTORS' REMUNERATION

The directors' compensation table for the financial year ended 31 March 2006 is as follows:

NAME OF DIRECTOR	FIXED COMPONENT (1) (S$'000)	VARIABLE COMPONENT (2) (S$'000)	PROVIDENT FUND (3) (S$'000)	BENEFITS (4) (S$'000)	DIRECTORS' FEES (S$'000)	TOTAL COMPENSATION (5) (S$'000)	SINGPOST SHARE OPTION SCHEME NO. AWARDED & ACCEPTED ('000)	SINGPOST SHARE OPTION SCHEME (6) VALUE (S$'000)
S$500,000 to below S$750,000								
Lau Boon Tuan [7] Group Chief Executive Officer and Director (Non-Independent)	600			108		708	200	21.2
S$250,000 to below S$500,000								
William Tan Soo Hock [8] Executive Vice President (Postal Services & Administration) and Director (Non-Independent)	189	105	4	34		332		
Below S$250,000								
Lim Ho Kee Chairman and Director (Independent)					129	129		
Tommie Goh Thiam Poh [9] Director (Independent)					46	46		
Lee Hsien Yang Director (Non-Independent)					42	42		
Ong Ah Heng Director (Independent)					30	30		
Phua Kok Kim Director (Non-Independent)					36	36		
Kenneth Michael Tan Wee Kheng Director (Independent)					44	44		
Tan Yam Pin Director (Independent)					39	39		
Keith Tay Ah Kee Director (Independent)					73	73		

NOTES

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2006.
(2) Variable Component refers to variable bonus for the financial year ended 31 March 2006.
(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. These include medical benefits, flexible benefits, car allowance, club benefits and housing subsidy.
(5) Total Compensation excludes the value of share options.
(6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial option pricing model.
(7) Mr Lau Boon Tuan joined the Company on 1 February 2005. For his contributions for the financial year ended 31 March 2006, he will be paid variable bonus in May 2006.
(8) Mr William Tan Soo Hock ceased to be a director on 30 June 2005. He retired from the service of SingPost on 1 January 2006.
(9) Mr Tommie Goh Thiam Poh ceased to be a director on 10 April 2006.

No employee of the Company and its subsidiary companies was an immediate family member of a director and whose remuneration exceeded S$150,000 during the financial year ended 31 March 2006.

EXECUTIVES' REMUNERATION

The following information relates to the remuneration of the top five executives (not being directors) of SingPost for the financial year ended 31 March 2006.

NAME OF EXECUTIVE	FIXED COMPONENT (1) %	VARIABLE COMPONENT (2) %	PROVIDENT FUND (3) %	BENEFITS (4) %	TOTAL COMPENSATION (5) %	SINGPOST SHARE OPTION SCHEME NO. AWARDED & ACCEPTED ('000)	SINGPOST SHARE OPTION SCHEME (6) VALUE (S$'000)
(in alphabetical order)							
S$250,000 to below S$500,000							
Loh Choo Beng Senior Vice President (Retail & Financial Services)	71	24	4	1	100	320	28.8
Teo Yew Hwa Senior Vice President (International Mail Business)	63	22	3	12	100	150	15.9
Celine Wang Chi Lin Senior Vice President (Regulatory Affairs & Corporate Administration)	63	21	4	12	100	120	12.7
Woo Keng Leong Senior Vice President (Mail Business)	61	25	4	10	100	550	49.0
Below S$250,000							
Lynette Koh Hwee Ching Senior Vice President (Sales & Marketing)	73	21	5	1	100	320	28.8

NOTES

(1) Fixed Component refers to base salary earned, Annual Wage Supplement and leave compensation allowance, if applicable, for the financial year ended 31 March 2006.

(2) Variable Component refers to variable bonus for the financial year ended 31 March 2006.

(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. These include medical benefits, flexible benefits, car allowance and club benefits.

(5) Total Compensation excludes the value of share options.

(6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial option pricing model.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting the Group's annual and quarterly financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Management provides the Board with management accounts and other financial statements on a monthly basis.

INTERNAL CONTROLS

Key internal controls of the Group include:

- identification of risks and implementation of risk management measures;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- documentation of key processes and procedures;
- segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected;
- safeguarding of assets;
- maintenance of proper accounting records;
- ensuring compliance with appropriate legislation and regulations; and
- having qualified and experienced persons to take charge of important functions.

Operational risks management measures implemented include the implementation of safety, security and internal control measures, development of business continuity plans and taking up appropriate insurance coverage.

Details of the Group's financial risks management measures are outlined in Note 33 to the Financial Statements.

INTERNAL AUDIT

The internal audit function's primary line of reporting is to the Chairman of the Audit Committee, although it also reports administratively to the Group 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 believes in engaging in regular, effective and fair communication with shareholders and is committed to conveying pertinent information to shareholders on a timely basis.

In recognition of its efforts at disclosure, SingPost was ranked 14th among 641 SGX-listed companies in the Business Times Corporate Transparency Index, which measures the quality of companies' disclosure of financial results. The Company's quarterly financial results are released within 30 days after the close of every financial quarter. Briefings for the half-year and full year results are conducted for analysts and the media following the release of the results via SGXNET.

The Company takes care to ensure that information is made publicly available on a timely basis. Disclosure of information is made through announcements to the SGX-ST, the Company's annual reports, circulars for Extraordinary General Meetings, press releases, as well as on the corporate website (www.singpost.com) which has a dedicated investor relations section.

More details on the Company's investor relations programmes are set out in the "Investor Relations" segment of the Business Review section.

GREATER SHAREHOLDER PARTICIPATION

SingPost believes in encouraging shareholder participation at general meetings. The Company's Articles of Association allow a shareholder entitled to attend and vote to appoint a proxy who need not be a shareholder of SingPost to attend and vote at the meetings. Separate resolutions are proposed on each substantially separate issue at general meetings.

The chairmen of the Board committees are present and available to address questions at general meetings. The external auditors are also present to address shareholders' queries relating to the conduct of audits and the preparation and contents of the auditors' reports.

DEALINGS IN SECURITIES

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 results, and two weeks before the announcement of its 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. Under the Company's current corporate policy, officers who attend Management Committee meetings have to observe longer "closed window" periods.

INFORMATION ON DIRECTORS AND MANAGEMENT

PROFILE OF DIRECTORS

MR LIM HO KEE, 62
Non-executive, independent director

Mr Lim was appointed as a director in April 1998 and subsequently as Chairman of the Board of Directors in March 2003. Mr Lim was last re-elected in 2004. He is also the chairman of the Executive, Nominations and Compensation Committees. Mr Lim is currently a director of Jardine Cycle & Carriage Limited, MCL Land Limited, Keppel Land Limited and CWT Distribution Limited.

With more than 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.

MR LAU BOON TUAN, 49
Group Chief Executive Officer
Executive, non-independent director

Mr Lau was appointed Group Chief Executive Officer and a director in February 2005 and was appointed as a member of the Executive Committee on 15 April 2005. Mr Lau was last re-elected in 2005.

Prior to joining SingPost, Mr Lau spent almost 14 years with Pepsi-Cola International Ltd, beginning first as a Financial Accountant and rising to the position of Chief Financial Officer of Serm Suk Public Co. Ltd., Bangkok, Thailand, a position to which he was seconded by Pepsi-Cola. Following a brief stint as Chief Operating Officer of Yeo Hiap Seng of Singapore, he joined Citibank N.A. in 1999 as Country Business Manager – Global Consumer Bank, Bangkok, and subsequently became Division Executive – Global Consumer Bank, where he oversaw and grew the consumer banking business of Citibank in Taiwan, Thailand, Malaysia and Vietnam.

Mr Lau obtained his Bachelor of Commerce degree from the University of Western Australia, Australia.

MR LEE HSIEN YANG, 48
Non-executive, non-independent director

Mr Lee was appointed a director in May 1995 and was last re-elected in 2005. Mr Lee is a member of the Executive and Compensation Committees. He is currently the Group Chief Executive Officer of SingTel. Mr Lee is also Chairman of the Republic Polytechnic's Board of Governors. He sits on the Board of Directors of INSEAD, France and is also a director of the Singapore Exchange Limited.

Mr Lee obtained first class honours in engineering from the University of Cambridge, UK, and a Master of Science (Management) degree from Stanford University, USA.

INFORMATION ON DIRECTORS AND MANAGEMENT

MR ONG AH HENG, 62
Non-executive, independent director
Mr Ong was appointed as a director in November 1999 and was last re-elected in 2004. 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 Director of the Community Development Department of the National Trades Union Congress as well as consultant to the National Transport Workers' Union.

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

MR PHUA KOK KIM, 43
Non-executive, non-independent director
Mr Phua was appointed as a director in November 2004 and a member of the Executive Committee on 15 April 2005. Mr Phua was last re-elected in 2005.

Mr Phua is currently the Executive Vice President, Capital Management of Mapletree Investments Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited. Mr Phua presently serves on the boards of several companies including Lentor Investments Pte Ltd, Fullerton (Pte) Ltd and NIB Bank Limited (formerly known as NDLC-IFIC Bank Ltd). Mr Phua was previously also a board member of Gas Supply Pte Ltd, Jetstar Asia Airways Pte Ltd, Heliconia Realty Pte Ltd, Cantonment Realty Pte Ltd, Vista Real Estate Investments Pte Ltd and Bougainvillea Realty Pte Ltd.

Mr Phua obtained his Bachelor of Economics (Hons) from the University of Adelaide, Australia.

MR KENNETH MICHAEL TAN WEE KHENG, 48
Non-executive, independent director
Mr Tan, Senior Counsel, was appointed as a director in March 2003 and a member of the Board Risk Committee on 23 September 2005. He is also a member of the Audit and Nominations Committees. Mr Tan was last re-elected in 2003.

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.

INFORMATION ON DIRECTORS AND MANAGEMENT

MR TAN YAM PIN, 65
Non-executive, independent director
Mr Tan was appointed as a director in February 2005 and a member of the Board Risk Committee on 23 September 2005. He is also a member of the Audit Committee. Mr Tan was last re-elected in 2005.

Mr Tan is currently the Chairman of PowerSeraya Ltd (Singapore) and presently serves on the boards of BlueScope Steel Limited (Australia), Singapore Food Industries Limited, Keppel Land Limited, Great Eastern Holdings Limited, The Great Eastern Life Assurance Company Limited and The Overseas Assurance Corporation Limited. Mr Tan has been a Member of the Public Service Commission of Singapore since 1990. A Chartered Accountant by profession, Mr Tan retired as Managing Director of the Fraser and Neave Group in October 2002.

Mr Tan holds a Bachelor of Arts in Economics, University of Singapore; a Master of Business Administration, University of British Columbia and is a member of the Canadian Institute of Chartered Accountants.

MR KEITH TAY AH KEE, 62
Non-executive, independent director
Mr Tay was appointed as a director in April 1998 and was last re-elected in 2003. Mr Tay was appointed as Chairman of the Board Risk Committee and a member of the Executive Committee on 23 September 2005 and 23 February 2006 respectively. He is also 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, Singapore Power Ltd and Stirling Coleman Capital Ltd. He is a board member of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997. He is also Vice Chairman of the Singapore Institute of Directors.

Mr Tay qualified as a Chartered Accountant in London, UK, in 1968. 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) by The President of the Republic of Singapore 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 MANAGEMENT
(in alphabetical order)

MS LYNETTE KOH HWEE CHING, 40
Senior Vice President (Sales & Marketing)

Ms Koh is the Senior Vice President of Sales & Marketing Division. She joined SingPost in 2000, from Procter & Gamble and Cerebos Pacific Ltd where she held the positions of Brand Manager and Marketing Director respectively. Ms Koh has more than 10 years of marketing and brand management experience and is tasked to raise the profile of SingPost's wide range of services and to lead the current re-branding and transformation of the SingPost brand. She also heads the sales function and is responsible for corporate customer acquisition and expansion of revenue base. Ms Koh speaks at selected Direct Mail industry platforms. She graduated with honours in Business Administration from the National University of Singapore.

MR LOH CHOO BENG, 46
Senior Vice President (Retail & Financial Services)

Mr Loh is the Senior Vice President of the Retail & Financial Services Division. He joined SingPost in 2003. Mr Loh started his career with Overseas Union Bank Limited in 1984 and moved to Keppel Bank of Singapore Limited in 1992 where he pursued his banking career through the subsequent merger of Keppel Bank and Tat Lee Bank Limited, and the final merger with Oversea-Chinese Banking Corporation Limited. With 18 years of experience in the financial business, Mr Loh has held various functions covering branch operation, product development in consumer and small and medium enterprise lending, and initiation of strategic business units including the priority banking and wealth management businesses. Mr Loh graduated from the National University of Singapore with a Bachelor of Business Administration degree.

MR NG HIN LEE, 50
Chief Financial Officer

Mr Ng was appointed the Chief Financial Officer (CFO) with effect from 1 April 2006, after joining SingPost in January 2006 as its Deputy CFO. He brings more than 20 years of experience in key financial and managerial positions. He was most recently the Executive Director of Valen Technologies (S) Pte Ltd. His career history included employment with KPMG, Banque Paribas (Singapore Branch), Data General Hong Kong Ltd as well as with Gul Technologies Singapore Ltd. Mr Ng obtained his Bachelor of Accountancy degree from the University of Singapore and is a Fellow Member of the Institute of Certified Public Accountants of Singapore and a Member of the Singapore Institute of Directors.

MR TEO YEW HWA, 49
Senior Vice President (International Mail Business)

Mr Teo is the Senior Vice President of International Mail Business. He is also the Chief Executive Officer of G3 Worldwide Aspac Pte Ltd (SPRING) and a Management Board member of G3 Worldwide Mail N.V.. Mr Teo started his career with SingTel in 1982 and was posted to SingPost in 1989. He was the Managing Director of Singapore Telecom's Indonesian joint venture which involved the installation/management and operation of domestic and long distance telephone network and services in the East Indonesia Region, from 1998 to 1999. He was instrumental in the transformation of the postal operations to its world-class status in terms of delivery standards and profitability. Mr Teo obtained his Bachelor of Science degree with honours from the National University of Singapore. He also obtained a Master of Science (Management) degree from the Massachusetts Institute of Technology, USA.

INFORMATION ON DIRECTORS AND MANAGEMENT

MS CELINE WANG CHI LIN, 51
Senior Vice President (Regulatory Affairs & Corporate Administration)
Ms Wang was appointed to head the Regulatory Affairs & Corporate Administration Division with effect from 1 April 2006. She joined SingPost as a financial controller in 1992 from SingTel and was responsible for setting up the financial systems and processes of the then newly corporatised SingPost. Ms Wang was the Chief Financial Officer of SingPost from 2002 to 2006 and was a core team member in the preparation for the listing of SingPost in May 2003. She sits on the boards of a number of SingPost's subsidiaries and associated companies and is the Chief Financial Officer of G3 Worldwide Aspac Pte Ltd (SPRING). Ms Wang, a Certified Public Accountant in Singapore, graduated with a Bachelor of Accountancy (Honours) degree from the University of Singapore.

MR WOO KENG LEONG, 51
Senior Vice President (Mail Business)
Mr Woo is the Senior Vice President of the Mail Business Division and serves as a director on the boards of DataPost Pte Ltd, eP2M Services Sdn. Bhd. and ePDS, Inc.. He is a member of the Street and Building Names Board, as well as a member of the Global Mail Security Working Group, an international body under the Universal Postal Union. A Public Services Commission scholar, Mr Woo was posted to the then Postal Services Department in 1980. He was responsible for the seamless transition of the operations when SingPost relocated to Singapore Post Centre in 1998. Mr Woo obtained his Bachelor of Arts (Honours) from the Nanyang University in Singapore and attended the International Post Office Management course in UK.

STATUTORY REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the financial year ended 31 March 2006

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2006 and the balance sheet of the Company at 31 March 2006.

DIRECTORS

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

Mr Lim Ho Kee (Chairman)
Mr Lau Boon Tuan
Mr Lee Hsien Yang
Mr Ong Ah Heng
Mr Phua Kok Kim
Mr Kenneth Michael Tan Wee Kheng
Mr Tan Yam Pin
Mr Keith Tay Ah Kee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 59 to 62.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
The Company	**At 31.3.06**	**At 1.4.05 or date of appointment, if later**	**At 31.3.06**	**At 1.4.05 or date of appointment, if later**
Singapore Post Limited Ordinary shares				
Lim Ho Kee	1,128,350	8,128,350	–	–
Lee Hsien Yang	1,080,000	1,080,000	–	–
Phua Kok Kim	10,000	10,000	10,000	10,000
Kenneth Michael Tan Wee Kheng	80,000	80,000	–	–
Tan Yam Pin	500,000	500,000	–	–
Keith Tay Ah Kee	128,350	128,350	–	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

(b) According to the register of directors' shareholdings, certain of the directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme as set out below and in the paragraphs on "Share Options".

The Company	Number of unissued ordinary shares under options held by director At 31.3.06	At 1.4.05 or date of appointment, if later
Lau Boon Tuan	3,200,000	3,000,000

(c) The directors' interests in the shares and convertible securities of the Company at 21 April 2006 were the same at 31 March 2006.

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 in this report.

SHARE OPTIONS

The Singapore Post Share Option Scheme (the Scheme) was adopted on 21 March 2003. During the financial year, the Scheme was administered by the Compensation Committee comprising Mr Lim Ho Kee, Mr Tommie Goh Thiam Poh, Mr Lee Hsien Yang and Mr Keith Tay Ah Kee.

Mr Tommie Goh Thiam Poh ceased to be a member of the Compensation Committee following his resignation as a director of the Company on 10 April 2006.

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

The principal terms of the Scheme are as follows:

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

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

SHARE OPTIONS (cont'd)

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

- The vesting schedule for the share options offered to eligible employees (including executive directors) is as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before first anniversary of date of grant	0 per cent
On/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 if share options were not exercised after the first and second vesting years

  Share options granted to non-executive directors vest after one year from the date of grant, and are exercisable for a period of five years.

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

Since the adoption of the Scheme, a total of 18,503,936 share options were granted, of which 96,700 were granted to non-executive directors, in the financial year ended 31 March 2004, and a further 6,080,000 share options were granted in the financial year ended 31 March 2005. Particulars of the 2004 and 2005 options were set out in the Directors' Report for the financial years ended 31 March 2004 and 31 March 2005 respectively.

SHARE OPTIONS (cont'd)

During the financial year ended 31 March 2006, 8,197,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding [(1)]				
Date of grant	Exercise Period	Exercise Price [(2)]	Balance as at 1.4.05 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31.3.06 [(4)] ('000)
For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	11,745	–	(7,424)	(307)	4,014
28.07.03	29.07.04 to 28.07.13	S$0.615	2,104	–	(608)	(122)	1,374
18.08.03	19.08.04 to 18.08.13	S$0.547	278	–	(118)	–	160
18.08.03	19.08.04 to 18.08.13	S$0.657	40	–	(16)	–	24
19.07.04	20.07.05 to 19.07.14	S$0.731	2,530	–	(412)	(163)	1,955
15.10.04	16.10.05 to 15.10.14	S$0.791	100	–	–	(100)	–
07.01.05	08.01.06 to 07.01.15	S$0.809	100	–	(30)	(70)	–
01.02.05	02.02.06 to 01.02.15	S$0.813	3,000	–	–	–	3,000
16.05.05 [(3)]	17.05.08 to 16.05.11	S$0.811	–	3,885	–	(820)	3,065
01.07.05	02.07.06 to 01.07.15	S$0.923	–	3,512	–	(277)	3,235
01.08.05	02.08.06 to 01.08.15	S$0.899	–	200	–	(200)	–
03.01.06	04.01.07 to 03.01.16	S$1.194	–	600	–	–	600
Total Share Options			**19,897**	**8,197**	**(8,608)**	**(2,059)**	**17,427**

(1) No share option was issued to non-executive directors during the financial year and there were no outstanding share options previously granted to the non-executive directors at end of financial year.

(2) Exercise prices of all outstanding share options granted before 29 Dec 05 have been reduced in view of the Special Dividend payment during the financial year. Exercise prices disclosed are the revised exercise prices.

(3) Options, with a 3-year lock-in period, were granted on 16 May 05 to retain key staff critical for business continuity by providing them with a meaningful reward for driving the business forward and reaping the benefits beyond April 2007. 100% of the share options will vest after the third anniversary.

(4) None of the above options granted have expired.

SHARE OPTIONS (cont'd)

The 2006 options include options granted to the executive director for the number of shares set out below:

Name of Director	Options granted in financial year ended 31.3.06	Aggregate options granted since commencement of Scheme to 31.3.06	Aggregate options exercised since commencement of Scheme to 31.3.06	Aggregate options outstanding as at 31.3.06
Lau Boon Tuan	200,000	3,200,000	–	3,200,000

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

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

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

AUDIT COMMITTEE

During the financial year, the Company's Audit Committee comprised the following four non-executive and independent directors:

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

Mr Tommie Goh Thiam Poh ceased to be a member of the Audit Committee following his resignation as a director of the Company on 10 April 2006.

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

The Audit Committee has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It has 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 has also reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2006 as well as the auditors' report thereon prior to their submission to the Board of Directors for approval.

AUDIT COMMITTEE (cont'd)

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

The Audit Committee has 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

MR LIM HO KEE
Chairman

MR LAU BOON TUAN
Director

Singapore
28 April 2006

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2006

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 66 to 114 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 2006, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

MR LIM HO KEE
Chairman

MR LAU BOON TUAN
Director

Singapore
28 April 2006

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE POST LIMITED

We have audited the accompanying financial statements of Singapore Post Limited set out on pages 66 to 114 for the financial year ended 31 March 2006, comprising the balance sheet of the Company and the consolidated financial statements of the Group. 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 balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards 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 2006, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records 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.

PRICEWATERHOUSECOOPERS
Certified Public Accountants
Singapore
28 April 2006

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2006

	Notes	The Group 2006 S$'000	The Group 2005 S$'000
Revenue	4	**412,799**	375,811
Other gains (net)			
– Rental and property related income	4	**17,848**	16,611
– Miscellaneous	4	**4,992**	2,163
– Exceptional gain	5	**–**	3,925
Labour and related costs	6	**(112,174)**	(100,547)
Volume related costs	7	**(97,085)**	(86,152)
Administrative and others	8	**(36,381)**	(34,984)
Depreciation		**(25,052)**	(34,079)
Selling expenses		**(10,349)**	(7,276)
Finance expenses	9	**(8,709)**	(5,368)
Total expenses		**(289,750)**	(268,406)
Share of profit of associated company and joint ventures	10	**8,349**	8,237
Profit before income tax		**154,238**	138,341
Income tax expense	11	**(30,361)**	(27,859)
Total profit		**123,877**	110,482
Attributable to:			
Equity holders of the Company		**123,344**	110,122
Minority interest		**533**	360
		123,877	110,482
Earnings per share			
– Basic	12	**6.46 cents**	5.79 cents
– Diluted		**6.45 cents**	5.78 cents

The accompanying notes form an integral part of these financial statements. Auditors' report – page 65.

BALANCE SHEETS
As at 31 March 2006

	Notes	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	**53,258**	159,048	**45,659**	153,479
Trade and other receivables	14	**52,346**	37,888	**43,447**	30,478
Inventories		**5**	18	**–**	–
Other current assets	15	**3,632**	2,951	**2,228**	1,900
		109,241	199,905	**91,334**	185,857
Non-current assets					
Trade and other receivables	16	**504**	513	**3,260**	513
Investments in associated company and joint ventures	18	**87,120**	87,865	**83,372**	83,372
Investments in subsidiaries	19	**–**	–	**12,105**	12,105
Property, plant and equipment	20	**513,436**	533,946	**509,379**	530,013
Intangible asset	21	**360**	396	**360**	396
Other non-current assets	22	**200**	778	**200**	778
		601,620	623,498	**608,676**	627,177
Total assets		**710,861**	823,403	**700,010**	813,034
LIABILITIES					
Current liabilities					
Trade and other payables	23	**140,584**	134,332	**141,981**	136,259
Current income tax liabilities	11	**38,415**	31,356	**37,486**	30,366
		178,999	165,688	**179,467**	166,625
Non-current liabilities					
Borrowings	24	**349,452**	300,000	**349,452**	300,000
Derivative financial instruments	25	**9,922**	–	**9,922**	–
Deferred income tax liabilities	26	**22,491**	23,577	**22,057**	23,078
Deferred income	27	**57**	148	**57**	148
		381,922	323,725	**381,488**	323,226
Total liabilities		**560,921**	489,413	**560,955**	489,851
NET ASSETS		**149,940**	333,990	**139,055**	323,183
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital and share premium	28	**103,057**	97,362	**103,057**	97,362
Other reserves	29	**4,424**	4,048	**1,209**	728
Retained earnings	30	**39,003**	229,661	**34,789**	225,093
		146,484	331,071	**139,055**	323,183
Minority interest		**3,456**	2,919	**–**	–
Total equity		**149,940**	333,990	**139,055**	323,183

The accompanying notes form an integral part of these financial statements. Auditors' report – page 65.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2006

	Notes	Attributable to equity holders of The Company: Share capital and share premium S$'000	Other reserves S$'000	Retained earnings S$'000	Minority interest S$'000	Total equity S$'000
Balance at 1 April 2005						
– As previously reported		**97,125**	**3,320**	**230,626**	**2,919**	**333,990**
– Effect of changes in accounting policy		**237**	**728**	**(965)**	**–**	**–**
– As restated		**97,362**	**4,048**	**229,661**	**2,919**	**333,990**
Currency translation differences	29(b)(iii)	**–**	**181**	**–**	**4**	**185**
Cash flow hedges	29(b)(ii)	**–**	**(286)**	**–**	**–**	**(286)**
Net (losses)/gains recognised directly in equity		**–**	**(105)**	**–**	**4**	**(101)**
Net profit		**–**	**–**	**123,344**	**533**	**123,877**
Total recognised (losses)/gains		**–**	**(105)**	**123,344**	**537**	**123,776**
Dividends	31	**–**	**–**	**(314,002)**	**–**	**(314,002)**
Employee share option scheme:						
– Value of employee services	29(b)(i)	**–**	**1,016**	**–**	**–**	**1,016**
– Proceeds from shares issued	29(b)(i)	**5,695**	**(535)**	**–**	**–**	**5,160**
Balance at 31 March 2006		**103,057**	**4,424**	**39,003**	**3,456**	**149,940**
Balance at 1 April 2004						
– As previously reported		**95,000**	**1,598**	**203,807**	**2,558**	**302,963**
– Effect of changes in accounting policy		**–**	**552**	**(552)**	**–**	**–**
– As restated		**95,000**	**2,150**	**203,255**	**2,558**	**302,963**
Net gains recognised directly in equity						
– Currency translation differences		–	126	–	1	127
Net profit						
– As previously reported		–	–	110,535	360	110,895
– Effect of changes in accounting policy		–	–	(413)	–	(413)
– As restated		–	–	110,122	360	110,482
Total recognised gains		–	126	110,122	361	110,609
Dividends	31	–	–	(83,716)	–	(83,716)
Employee share option scheme:						
– Value of employee services	29(b)(i)	–	413	–	–	413
– Proceeds from shares issued	29(b)(i)	2,362	(237)	–	–	2,125
Capital injection by a shareholder of associated company		–	1,596	–	–	1,596
Balance at 31 March 2005		**97,362**	**4,048**	**229,661**	**2,919**	**333,990**

The accompanying notes form an integral part of these financial statements. Auditors' report – page 65.

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 March 2006

	Notes	The Group 2006 S$'000	The Group 2005 S$'000
Cash flows from operating activities			
Total profit		**123,877**	110,482
Adjustments for:			
Tax		**30,361**	27,859
Amortisation of franchise fees received		**(91)**	(95)
Amortisation of licence fee		**36**	36
Amortisation of management fee for borrowings		**–**	72
Depreciation of property, plant and equipment		**25,052**	34,079
Exceptional gain		**–**	(3,925)
Loss/(gain) on disposal of property, plant and equipment		**154**	(238)
Interest expense		**8,698**	5,158
Interest income		**(2,769)**	(1,157)
Share of profit of associated company and joint ventures		**(8,349)**	(8,237)
Impairment of receivables/(write-back of provision for impairment of receivables)		**217**	(359)
		53,309	53,193
Operating cash flow before working capital changes		**177,186**	163,675
Changes in operating assets and liabilities			
Inventories		**13**	(18)
Trade and other receivables		**(9,012)**	(10,147)
Trade and other payables		**5,712**	19,583
Cash generated from operations		**173,899**	173,093
Income tax paid		**(24,164)**	(28,658)
Net cash inflow from operating activities		**149,735**	144,435
Cash flows from investing activities			
Dividends received from associated company		**1,269**	2,190
Dividends received from joint venture		**7,500**	7,000
Interest received		**2,889**	1,072
Purchase of property, plant and equipment		**(10,334)**	(13,750)
Proceeds from sale/liquidation of joint ventures		**–**	3,686
Proceeds from sale of property, plant and equipment		**44**	1,329
Net cash inflow from investing activities		**1,368**	1,527
Cash flows from financing activities			
Dividends paid to shareholders		**(314,002)**	(83,716)
Interest paid		**(7,931)**	(3,686)
Proceeds from draw down of short term credit facility		**25,000**	–
Repayment of short term credit facility		**(25,000)**	–
Proceeds from bank term loan		**59,880**	–
Proceeds from issue of shares		**5,160**	2,125
Net cash outflow from financing activities		**(256,893)**	(85,277)
Net (decrease)/increase in cash and cash equivalents		**(105,790)**	60,685
Cash and cash equivalents at beginning of financial year	13	**159,048**	98,363
Cash and cash equivalents at end of financial year	13	**53,258**	159,048

The accompanying notes form an integral part of these financial statements. Auditors' report – page 65.

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

1. GENERAL

Singapore Post Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange. The address of its registered office is 10 Eunos Road 8, Singapore Post Centre, Singapore 408600.

The principal activities of the Company consist of the operation and provision of postal and logistics services. Its subsidiaries are principally engaged in electronic printing and despatching services, secured personal finance services, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

During the financial year ended 31 March 2006, the Group and the Company adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are applicable in the current financial year. The financial statements for the financial year ended 31 March 2005 have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the new or revised FRS and INT FRS that are relevant to the Group:

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 28 (revised 2004) Investments in Associates
FRS 31 (revised 2004) Interests in Joint Ventures
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 102 Share-based Payment
INT FRS 101 Changes in Existing Decommissioning, Restoration and Similar Liabilities

The adoption of the above new or revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies except as disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable for postal services, electronic printing and despatching services rendered, commissions and interest earned from financial services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. It takes into account the gross income received and receivable from revenue sharing arrangements entered into with overseas postal administrations in respect of mail traffic exchanged.

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

Revenue from the rendering of services is recognised over the period in which the services are performed based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

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

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and thereafter amortising the discount as interest income.

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

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

2.3 Group accounting

(a) *Subsidiaries*

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2.5(a) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Group accounting (cont'd)

(a) *Subsidiaries (cont'd)*

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the dates of acquisition by the Group and the minorities' share of changes in equity since the dates of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributable to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

Please refer to Note 2.6 for the Company's accounting policy on investments in subsidiaries.

(b) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Joint ventures are entities over which the Group has contractual arrangements to jointly share the control with one or more parties.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies and joint ventures in the consolidated balance sheet include goodwill (net of accumulated amortisation up to 31 March 2004) identified on acquisition, where applicable. Please refer to Note 2.5(a) for the Group's accounting policy on goodwill.

Equity accounting involves recording investments in associated companies and joint ventures initially at cost, and recognising the Group's share of its associated companies' and joint ventures' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

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

Please refer to Note 2.6 for the Company's accounting policy on investments in associated companies and joint ventures.

(c) *Transaction costs*

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2.7).

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) *Depreciation*

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

	Useful lives
Leasehold land	30 – 99 years
Buildings	5 – 50 years
Postal equipment	3 – 15 years
Plant and equipment	3 – 20 years

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

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

Following a review of the useful lives of property, plant and equipment on 1 April 2005, the useful lives of certain buildings, postal equipment and plant and equipment have been extended to be in line with market practices:

	Existing	New
Buildings	5 – 40 years	5 – 50 years
Postal equipment	3 – 10 years	3 – 15 years
Plant and equipment:		
– Printing and enveloping machines	5 – 6 years	7 – 8 years
– Immovable furniture and fittings	3 years	6 years

The effect of the revision of useful lives is a decrease in depreciation charge of S$8.3 million for the Group for the financial year ended 31 March 2006.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition of subsidiaries, associated companies or joint ventures over the fair value at the date of acquisition of the Group's share of their identifiable net assets.

Acquisitions pre-1 April 2001

Goodwill on acquisitions was adjusted against retained earnings in the year of acquisition. On disposal of the subsidiaries, associated companies or joint ventures, such goodwill previously adjusted against retained earnings is not recognised in the income statement.

Acquisitions post 1 April 2001

Goodwill on acquisitions of subsidiaries is included as intangible assets. Goodwill on acquisition of associated companies and joint ventures is included in investments in associated companies and joint ventures.

Goodwill for acquisitions post 1 April 2004 is determined after deducting the Group's share of their identifiable net assets and contingent liabilities.

From 1 April 2004, goodwill recognised as intangible assets is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2.7).

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

(b) *Licence*

Licence is stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.7). Amortisation is calculated using the straight-line method to allocate the cost of the licence over the licence period of 25 years.

2.6 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses (Note 2.7) in the balance sheets. On disposal of investments in subsidiaries, associated companies and joint ventures, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

2.7 Impairment of assets

(a) *Goodwill*

Goodwill is tested annually for impairment, as well as when there is an indication that the goodwill may be impaired.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Impairment of assets (cont'd)

(a) *Goodwill (cont'd)*

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

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

Impairment loss on goodwill is not reversed in a subsequent period.

(b) *Intangible assets*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

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

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

2.10 Trade and other payables

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

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities (Fair value hedge); or (2) hedges of highly probable for forecast transactions (Cash flow hedge).

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

(a) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The Group has entered into interest rate swaps that are fair value hedges for the fixed rate bonds. These derivatives qualify for hedge accounting.

(b) *Cash flow hedge*

The Group's cash flow hedge reserve arises from hedging activities of a joint venture. The joint venture enters into forward currency contracts to hedge its highly probable forecasted foreign currency purchases. The effective portion of changes in fair values of these contracts are recognised in the hedging reserve within equity and transferred to the income statement in the periods when the asset acquired or liability assumed affects the income statement. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

2.12 Fair value estimation

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) is based on quoted market prices at the balance sheet date. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying amount of current receivables and payables are assumed to approximate their fair values.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Operating leases

(a) *When a group company is the lessee:*
Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

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.

(b) *When a group company is the lessor:*
Assets leased out under operating leases are included in property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.15 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. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 subsidiaries, associated companies and joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.16 Provisions for other liabilities and charges

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(b) *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.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Currency translation (cont'd)

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

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on acquisition of a foreign entity on or after 1 April 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 April 2005, the exchange rates at the dates of acquisition were used.

(d) *Consolidation adjustments*

On consolidation, currency translation differences arising from the net investment in foreign entities and borrowings and other currency instruments designated as hedges of such investments are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.19 Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. As the Group operates primarily in one geographical segment, which is in Singapore, segment information by geographical segment is not presented.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

2.21 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.22 Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS

The effects on adoption of the following FRS during the financial year ended 31 March 2006 are set out below:

3.1 FRS 16 (revised 2004) Property, plant and equipment

Depreciable amount

Previously, in accordance with the requirements of FRS 16 (now superseded by FRS 16 (revised 2004)), residual values were estimated only at the date of acquisition and not subsequently increased for changes in price.

The Group has re-measured the residual value of its property, plant and equipment on 1 April 2005 in accordance with the requirements of FRS 16 (revised 2004) which requires the re-measurement of the residual value of an item of property, plant and equipment at least at each financial year end (Note 2.4(b)). This change did not materially affect the financial statements for the financial year ended 31 March 2006.

3.2 FRS 27 (revised 2004) Consolidated and Separate Financial Statements

Previously, there was no requirement for the presentation of minority interests within equity. FRS 27 (revised 2004) requires minority interests to be presented with equity of the Group retrospectively.

3.3 FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation

(a) *Classification and consequential accounting for financial assets and financial liabilities*

Previously, trade and other receivables, trade and other payables and borrowings were stated at cost. Borrowings were stated based on proceeds received and transaction costs on borrowings were classified as other non-current assets and amortised on a straight-line basis over the period of the borrowings.

These financial assets and financial liabilities are not held for trading nor designated as fair value through profit or loss at inception and adoption of FRS 39 (revised 2004). In accordance with FRS 39 (revised 2004), these financial assets are initially recognised at their fair values and subsequently accounted for at amortised costs using the effective interest method and these financial liabilities are initially recognised at their fair values less transaction costs and subsequently accounted for at amortised costs using the effective interest method. This change did not materially affect the financial statements for the financial year ended 31 March 2006.

(b) *Impairment and uncollectibility of financial assets*

Previously, the Group maintains a general provision against its trade and other receivables for risks that are not specifically identified to any customer.

On adoption of FRS 39 (revised 2004), the Group is now required to assess at each balance sheet date if there is any objective evidence that trade and other receivables are impaired. Impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Note 2.8). This change did not materially affect the financial statements for the financial year ended 31 March 2006.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (cont'd)

3.3 FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation (cont'd)

(c) *Accounting for derivative financial instruments, hedging activities and issued fixed rate bonds*

(i) Fair value hedge

The Group enters into interest rate swaps to hedge its exposure to interest rate risk on the issued fixed rate bonds. Under the interest rate swaps, the Group agreed with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Previously, the above-mentioned difference was taken to the income statement on an accrual basis. The excess of fixed rate interest payable over floating rate interest receivable was recorded as current payable; the excess of floating interest receivables over fixed rate interest payables was recorded as current receivables.

In accordance with FRS 39 (revised 2004), these interest rate swaps qualify as fair value hedges and were initially recognised at fair values on the dates the interest rate swaps were entered into and changes in the fair values were recorded in the income statement, together with any changes in the fair values of the hedged items (fixed rate bonds) that were attributable to the hedged interest rate risk.

(ii) Cash flow hedge

The Group's cash flow hedge reserve arises from hedging activities of a joint venture (Note 2.11(b)).

The changes described in paragraph (c) above were effected prospectively from 1 April 2005 and consequently affected the following balance sheet items as at 1 April 2005:

	The Group S$'000	The Company S$'000
Increase/(decrease) in:		
Derivative financial instruments	5,327	5,327
Borrowings	(5,327)	(5,327)

The effects on the balance sheet as at 31 March 2006 and income statement for the financial year ended 31 March 2006 are set out in Note 3.5.

3.4 FRS 102 Share-based payment

Previously, the provision of share options to employees did not result in any charge in the income statement. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. On adoption of FRS 102, an expense is recognised in the income statement for share options issued with a corresponding increase in the share option reserve (Note 2.17(c)).

This change was effected retrospectively for share options granted after 22 November 2002 and not yet vested by 1 April 2005. Consequently, the following previously reported balances as at/for the year ended 31 March 2005 were adjusted.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (cont'd)

3.4 FRS 102 Share-based payment (cont'd)

	The Group and The Company S$'000
Increase/(decrease) in:	
Retained earnings	(965)
Share option reserve	728
Share capital and share premium	237
Labour and related costs	413
Total profit	(413)
Basic earnings per share (cents per share)	(0.02)
Diluted earnings per share (cents per share)	(0.02)

The effects on the balance sheet as at 31 March 2006 and income statement for the financial year ended 31 March 2006 are set out in Note 3.5.

3.5 Summary of effects on adoption of new or revised FRS on:

(a) *Consolidated balance sheet as at 31 March 2006*

	Increase / (Decrease) $'000		
Description of change	FRS 39 (revised 2004)	FRS 102	TOTAL
Cash flow hedge reserves	(286)	–	(286)
Share option reserves	–	1,209	1,209
Derivative financial instruments (non-current liabilities)	9,922	–	9,922
Borrowings	(9,922)	–	(9,922)
Retained earnings	–	(1,981)	(1,981)
Investment in joint venture	(286)	–	(286)
Share capital and share premium	–	772	772

(b) *Company balance sheet as at 31 March 2006*

	Increase / (Decrease) $'000		
Description of change	FRS 39 (revised 2004)	FRS 102	TOTAL
Share option reserves	–	1,209	1,209
Derivative financial instruments (non-current liabilities)	9,922	–	9,922
Borrowings	(9,922)	–	(9,922)
Retained earnings	–	(1,981)	(1,981)
Share capital and share premium	–	772	772

(c) *Consolidated income statement for the financial year ended 31 March 2006*

	Increase / (Decrease) $'000		
Description of change	FRS 39 (revised 2004)	FRS 102	TOTAL
Labour and related costs	–	1,016	1,016
Total profit for the period	–	(1,016)	(1,016)
Basic earnings per share (cents per share)	–	(0.05)	(0.05)
Diluted earnings per share (cents per share)	–	(0.05)	(0.05)

4. REVENUE AND OTHER MISCELLANEOUS GAINS (NET)

	The Group	
	2006 S$'000	2005 S$'000
Revenue from services rendered	**411,823**	375,511
Interest income from secured personal finance services	**976**	300
Revenue	**412,799**	375,811
Other gains (net):		
Rental and property related income	**17,848**	16,611
Miscellaneous		
– Currency exchange gain (net)	**2,233**	673
– Interest income	**2,769**	1,157
– Net (loss)/gain on disposal of property, plant and equipment	**(154)**	238
– Others	**144**	95
	4,992	2,163
Other gains (net)	**22,840**	18,774
	435,639	394,585

5. EXCEPTIONAL GAIN

	The Group	
	2006 S$'000	2005 S$'000
Gain on disposal of a joint venture company	–	3,682
Write back of provision for winding down of a joint venture company	–	243
	–	3,925

6. LABOUR AND RELATED COSTS

	The Group	
	2006 S$'000	2005 S$'000
Wages and salaries	**71,532**	67,411
Employer's contribution to defined contribution plans including Central Provident Fund	**8,024**	7,559
Share options granted to directors and employees (Note 29)	**1,016**	413
Other benefits	**4,155**	3,535
Temporary and contract staff cost	**27,447**	21,629
	112,174	100,547

7. VOLUME RELATED COSTS

	The Group	
	2006 S$'000	2005 S$'000
Traffic expenses	**89,420**	81,703
Mail outsourcing services and cost of sales	**7,665**	4,449
	97,085	86,152

8. ADMINISTRATIVE AND OTHERS

	The Group 2006 S$'000	The Group 2005 S$'000
Included in administrative and other expenses are the following:		
Auditors' remuneration paid/payable to:		
– Auditors of the Company	**108**	94
– Other auditors	**2**	1
Other fees paid/payable to the auditors of the Company	**70**	60
Repair and maintenance expenses	**8,068**	8,378
Rental on operating leases	**4,985**	4,597

9. FINANCE EXPENSES

	The Group 2006 S$'000	The Group 2005 S$'000
Interest expense:		
– Bank borrowings	**594**	–
– Bonds	**9,488**	9,390
– Forward rate agreement	**–**	53
Effect of hedging using interest rate swaps	**(1,384)**	(4,285)
Amortisation of management fee for bonds	**–**	72
Currency exchange losses – net	**11**	138
	8,709	5,368

10. ASSOCIATED COMPANY AND JOINT VENTURES

	The Group 2006 S$'000	The Group 2005 S$'000
Share of profit/(loss) of associated company	**1,794**	(442)
Share of profit of joint ventures	**6,555**	8,679
	8,349	8,237

11. INCOME TAXES

(a) Income tax expense

	The Group 2006 S$'000	The Group 2005 S$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**32,049**	28,856
– Deferred tax	**(1,086)**	(1,385)
	30,963	27,471
Withholding tax on dividend	**224**	388
	31,187	27,859
Over provision in preceding financial year:		
– Current income tax	**(826)**	–
	30,361	27,859

11. INCOME TAXES (cont'd)

(a) Income tax expense (cont'd)

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	
	2006 S$'000	2005 S$'000
Profit before tax	**154,238**	138,341
Tax calculated at a tax rate of 20% (2005: 20%)	**30,848**	27,668
Tax calculated on share of profit of associated company and joint ventures	**(1,670)**	(1,648)
Singapore statutory stepped income exemption	**(22)**	(22)
Effect of withholding tax on dividend	**224**	388
Items not deductible for tax purposes	**1,990**	1,358
Items subject to concessionary tax rates	**(61)**	–
Utilisation of previously unrecognised capital allowances	**(122)**	–
Deferred tax assets not recognised	**–**	115
Tax charge	**31,187**	27,859

(b) Movements in current income tax liabilities

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Balance at beginning of financial year	**31,356**	31,158	**30,366**	30,227
Income tax paid	**(24,164)**	(28,658)	**(23,599)**	(28,237)
Tax expense on profit for the current financial year	**32,049**	28,856	**31,545**	28,376
Overprovision in preceeding year	**(826)**	–	**(826)**	–
Balance at end of financial year	**38,415**	31,356	**37,486**	30,366

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

	The Group	
	2006	2005
Net profit attributable to members of Singapore Post Limited (S$'000)	**123,344**	110,122
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**1,907,989**	1,902,345
Basic earnings per share (cents per share)	**6.46**	5.79

(b) Diluted earnings per share

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

In determining the diluted earnings per share, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

12. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share (cont'd)

	The Group 2006	The Group 2005
Net profit attributable to members of Singapore Post Limited (S$'000)	**123,344**	110,122
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,907,989**	1,902,345
Adjustment for share options ('000)	**4,248**	3,628
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,912,237**	1,905,973
Diluted earnings per share (cents per share)	**6.45**	5.78

13. CASH AND CASH EQUIVALENTS

	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
Deposits with financial institutions	**23,250**	135,600	**19,100**	131,250
Cash at bank and on hand	**30,008**	23,448	**26,559**	22,229
	53,258	159,048	**45,659**	153,479

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents are principally denominated in Singapore Dollar.

The deposits with financial institutions mature on varying dates within 3 months (2005: 3 months) from the end of the financial year with the following weighted average effective per annum interest rates:

	The Group 2006	The Group 2005	The Company 2006	The Company 2005
Singapore Dollar	**3.1%**	1.8%	**3.1%**	1.8%
United States Dollar	**–**	2.6%	**–**	2.6%

14. TRADE AND OTHER RECEIVABLES – CURRENT

	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
Trade receivables				
– Third parties	**45,178**	30,679	**24,855**	17,078
– Subsidiaries	**–**	–	**11,996**	6,925
– Joint ventures	**3,434**	3,666	**3,401**	3,409
– Related parties	**1,277**	929	**643**	428
Less: Provision for impairment of receivables – third parties	**(406)**	(685)	**(406)**	(667)
Trade receivables – net	**49,483**	34,589	**40,489**	27,173
Other receivables	**1,960**	1,083	**2,055**	1,093
Interest receivable	**8**	128	**8**	124
Accrued interest receivable on interest rate swap contracts	**691**	1,863	**691**	1,863
Staff loans (Note 17)	**204**	225	**204**	225
	52,346	37,888	**43,447**	30,478

14. TRADE AND OTHER RECEIVABLES – CURRENT (cont'd)

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers which cover a large spectrum of industries and having a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond the amounts of allowance for impairment made is inherent in the Group's and the Company's trade receivables.

The related parties refer to companies related by a common shareholder.

The carrying amounts of current trade and other receivables approximate their fair values and are principally denominated in Singapore dollar. Impairment loss on trade receivables recognised as an expense and included under "Selling expenses" amounted to S$235,000 (2005: S$30,000).

15. OTHER CURRENT ASSETS

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Deposits	**1,743**	1,398	**841**	685
Prepayment	**1,889**	1,553	**1,387**	1,215
	3,632	2,951	**2,228**	1,900

The carrying amounts of deposits approximate their fair values.

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Loan to subsidiary	**–**	–	**2,756**	–
Staff loans (Note 17)	**504**	513	**504**	513
	504	513	**3,260**	513

The carrying amounts of trade and other receivables – non-current at balance sheet date approximate their fair values and are denominated in Singapore Dollar.

Trade and other receivables (current (Note 14) and non-current) are interest-free, except for staff loans which has a weighted average interest rate of 5.5% (2005: 5.5%) per annum. The loan to subsidiary has no fixed terms of repayment and is not expected to be repaid within 12 months from 31 March 2006.

17. STAFF LOANS

	The Group and The Company	
	2006 S$'000	2005 S$'000
Not later than one year (Note 14)	**204**	225
Later than one year but not later than five years	**471**	489
Later than 5 years	**33**	24
Total non-current (Note 16)	**504**	513
	708	738

Loans are made under an approved staff loan scheme. As at 31 March 2006 and 31 March 2005, no loan is made to the key management staff of the Group.

18. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES

	Notes	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
Investment in associated company	(a)	**78,085**	77,507	**80,922**	80,922
Investment in joint ventures	(b)	**9,035**	10,358	**2,450**	2,450
		87,120	87,865	**83,372**	83,372

The Group's carrying amount in investments in associated company and joint ventures include goodwill of S$70,014,000 (2005: S$70,014,000).

(a) Associated company

	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
Equity investment at cost			**80,922**	80,922
Balance at beginning of financial year	**77,507**	78,772		
Share of results	**1,794**	(442)		
Withholding tax	**(224)**	(388)		
Dividends received, net of tax	**(1,269)**	(2,190)		
Capital injection from a shareholder of associated company	**–**	1,596		
Exchange differences	**277**	159		
Balance at end of financial year	**78,085**	77,507		

	The Group 2006 S$'000	The Group 2005 S$'000
The summarised financial information of the associated company is as follows:		
– Assets	**132,353**	159,266
– Liabilities	**(106,707)**	(136,578)
– Revenue	**402,910**	465,662
– Net profit	**8,081**	(2,526)

Details of the associated company are set out in Note 38.

(b) Joint ventures

	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
Equity investments at cost			**2,450**	2,450
Balance at beginning of financial year	**10,358**	8,461		
Share of profits	**6,555**	8,679		
Dividends received, net of tax	**(7,500)**	(7,000)		
Share of cash flow hedge reserve	**(286)**	–		
Disposal	**–**	239		
Exchange differences	**(92)**	(21)		
Balance at end of financial year	**9,035**	10,358		

18. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURES (cont'd)

(b) Joint ventures (cont'd)

The following amounts represent the Group's share of revenue and expenses and assets and liabilities of the joint ventures. The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

	The Group	
	2006 S$'000	2005 S$'000
Revenue	**67,466**	69,464
Expenses	**(59,117)**	(58,192)
Profit before tax	**8,349**	11,272
Income tax	**(1,794)**	(2,593)
Profit after tax	**6,555**	8,679
Current assets	**25,101**	26,341
Non-current assets	**3,301**	3,627
	28,402	29,968
Current liabilities	**(19,000)**	(19,056)
Non-current liabilities	**(367)**	(554)
	(19,367)	(19,610)
Net assets	**9,035**	10,358

Details of the joint ventures are set out in Note 38.

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2006 S$'000	2005 S$'000
Equity investments at cost	**18,262**	18,262
Less: Allowance for impairment	**(6,157)**	(6,157)
	12,105	12,105

Details of the subsidiaries are set out in Note 38.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
The Group						
Cost						
At 1 April 2005	129,475	414,411	97,265	134,401	1,741	777,293
Additions	–	–	3	2,173	8,515	10,691
Disposals/adjustments	(1,033)	(3,206)	(228)	(8,413)	–	(12,880)
Transfers	–	136	–	8,873	(9,009)	–
Currency translation differences	–	–	–	(2)	–	(2)
At 31 March 2006	128,442	411,341	97,040	137,032	1,247	775,102
Accumulated depreciation						
At 1 April 2005	17,811	80,968	60,967	83,601	–	243,347
Depreciation charge	1,658	8,511	5,023	9,860	–	25,052
Disposals/adjustments	(141)	(219)	(228)	(6,145)	–	(6,733)
At 31 March 2006	19,328	89,260	65,762	87,316	–	261,666
Net book value						
At 31 March 2006	**109,114**	**322,081**	**31,278**	**49,716**	**1,247**	**513,436**
The Company						
Cost						
At 1 April 2005	129,475	414,411	97,265	119,770	1,468	762,389
Additions	–	–	3	973	8,343	9,319
Disposals/adjustments	(1,033)	(3,206)	(228)	(8,410)	–	(12,877)
Transfers	–	136	–	8,476	(8,612)	–
At 31 March 2006	128,442	411,341	97,040	120,809	1,199	758,831
Accumulated depreciation						
At 1 April 2005	17,811	80,968	60,967	72,630	–	232,376
Depreciation charge	1,658	8,511	5,023	8,616	–	23,808
Disposals/adjustments	(141)	(219)	(228)	(6,144)	–	(6,732)
At 31 March 2006	19,328	89,260	65,762	75,102	–	249,452
Net book value						
At 31 March 2006	**109,114**	**322,081**	**31,278**	**45,707**	**1,199**	**509,379**

20. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
The Group						
Cost						
At 1 April 2004	129,460	414,104	97,392	127,495	1,516	769,967
Additions	–	–	–	4,752	9,720	14,472
Disposals	–	–	(219)	(6,914)	–	(7,133)
Transfers	15	307	92	9,081	(9,495)	–
Currency translation differences	–	–	–	(13)	–	(13)
At 31 March 2005	129,475	414,411	97,265	134,401	1,741	777,293
Accumulated depreciation						
At 1 April 2004	16,148	69,919	51,469	77,775	–	215,311
Depreciation charge	1,663	11,049	9,672	11,695	–	34,079
Disposals	–	–	(174)	(5,868)	–	(6,042)
Currency translation differences	–	–	–	(1)	–	(1)
At 31 March 2005	17,811	80,968	60,967	83,601	–	243,347
Net book value						
At 31 March 2005	**111,664**	**333,443**	**36,298**	**50,800**	**1,741**	**533,946**

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
The Company						
Cost						
At 1 April 2004	129,460	414,104	97,392	115,264	1,063	757,283
Additions	–	–	–	2,464	9,620	12,084
Disposals	–	–	(219)	(6,759)	–	(6,978)
Transfers	15	307	92	8,801	(9,215)	–
At 31 March 2005	129,475	414,411	97,265	119,770	1,468	762,389
Accumulated depreciation						
At 1 April 2004	16,148	69,919	51,469	68,335	–	205,871
Depreciation charge	1,663	11,049	9,672	10,008	–	32,392
Disposals	–	–	(174)	(5,713)	–	(5,887)
At 31 March 2005	17,811	80,968	60,967	72,630	–	232,376
Net book value						
At 31 March 2005	**111,664**	**333,443**	**36,298**	**47,140**	**1,468**	**530,013**

20. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	The Group 2006 S$'000	The Group 2005 S$'000
Cost	**383,446**	386,298
Accumulated depreciation	**(71,959)**	(65,287)
Net book value	**311,487**	321,011
Depreciation charged to income statement	**6,673**	9,191

Based on total net lettable area of 980,366 sq ft (2005: 951,591 sq ft), 47.9% is leased to third parties as at 31 March 2006 (2005: 44.9%).

21. INTANGIBLE ASSET

	The Group and The Company 2006 S$'000	The Group and The Company 2005 S$'000
Licence fee at cost	**900**	900
Accumulated amortisation	**(540)**	(504)
Net book value	**360**	396
Balance at beginning of financial year	**396**	432
Amount amortised during the financial year	**(36)**	(36)
Balance at end of financial year	**360**	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.

22. OTHER NON-CURRENT ASSETS

	The Group and The Company 2006 S$'000	The Group and The Company 2005 S$'000
Prepayment	**–**	578
Transferable club membership at cost	**200**	200
	200	778

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Trade payables				
– Third parties	**47,670**	42,454	**45,603**	40,940
– Subsidiaries	**–**	–	**4,846**	4,846
– Joint ventures	**3,229**	5,099	**3,229**	5,099
– Related parties	**1,044**	796	**1,044**	796
Advance billings	**9,088**	7,060	**8,999**	6,971
Accrual for other operating expenses	**26,010**	30,273	**25,192**	29,575
Interest payable	**4,450**	3,683	**4,450**	3,683
Accrued interest payable on interest rate swap contracts	**89**	1,350	**89**	1,350
Other creditors	**13,248**	15,553	**12,791**	14,953
Customers' deposits	**2,419**	2,561	**2,419**	2,561
Collections on behalf of third parties	**29,761**	22,666	**29,761**	22,666
Tender deposits	**3,576**	2,837	**3,558**	2,819
	140,584	134,332	**141,981**	136,259

The carrying amounts of current trade and other payables approximate their fair values.

The related parties refer to companies related by a common shareholder.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Singapore Dollar	**98,747**	97,718	**100,774**	99,864
SDR*	**41,207**	36,395	**41,207**	36,395
Malaysia Ringgit	**630**	219	**–**	–
	140,584	134,332	**141,981**	136,259

* *Special Drawing Rights – an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement of the transaction is usually in US dollars.*

24. BORROWINGS

	The Group and The Company	
	2006 S$'000	2005 S$'000
Non-current		
Bank term loan (unsecured)	**59,880**	–
Bonds (unsecured)	**289,572**	300,000
	349,452	300,000

24. BORROWINGS (cont'd)

(a) Maturity of borrowings

(i) The bank term loan of principal amount S$60 million was obtained on 6 March 2006 for the Group's general operational purposes. The loan has a term of 3 years from 28 March 2006 and is repayable in full upon maturity of that term. Interest is charged at a floating rate pegged to the Singapore dollar swap offer rate prevailing for each short-term interest period plus a fixed margin. Interest is payable at the end of each interest period.

(ii) The Singapore Dollar unsecured bonds of principal amount S$300 million listed on the SGX-ST have a maturity period of 10 years from 11 April 2003 and a fixed interest rate of 3.13% (2005: 3.13%) per annum.

(b) Interest rate risks

The weighted average effective per annum interest rate of total borrowings at the balance sheet date after the effects of hedging are as follows:

	The Group and The Company	
	2006	2005
Bank term loan (unsecured)	**3.70%**	–
Bonds (unsecured)	**2.70%**	2.54%

The exposure of non-current borrowings to interest rate risks is disclosed in Note 33.

(c) Carrying amounts and fair values

The carrying amounts and fair values of non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
The Group and The Company				
Bank term loan (unsecured)	**59,880**	–	**59,880**	–
Bonds (unsecured)	**289,572**	300,000	**284,001**	293,073

The fair values of the bank term loan and bonds are estimated based on independent market quotations from reputable financial institutions.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group and The Company	
	2006 S$'000	2005 S$'000
Balance at beginning of financial year		
– As previously reported	**–**	–
– Effect of adoption of FRS 39 on 1 April 2005 (Note 3.3(c))	**(5,327)**	–
– As restated	**(5,327)**	–
Fair value losses		
– Included in income statement	**(4,595)**	–
Balance at end of financial year	**(9,922)**	–

25. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Analysed as:

	The Group and The Company		
	Contract/ Notional Amount S$'000	Fair Values Assets S$'000	Fair Values Liabilities S$'000
Fair-value hedges			
– Interest-rate swaps (non-current)	550,000	–	9,922

At 31 March 2006, the fixed interest rates of the outstanding interest rate swap contracts vary from 1.3% to 2.7% (2005: 1.0% to 2.7%) per annum, while the floating interest rates are pegged to Singapore dollar swap offer rate. Their contractual repricing dates are disclosed in Note 33(ii).

26. DEFERRED INCOME TAX LIABILITIES

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

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Deferred income tax liabilities:				
– To be settled within one year	**1,790**	4,359	**1,727**	4,147
– To be settled after one year	**20,701**	19,218	**20,330**	18,931
	22,491	23,577	**22,057**	23,078

The movement in the deferred income tax account is as follows:

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Balance at beginning of financial year	**23,577**	24,962	**23,078**	24,260
Tax credited to income statement	**(1,086)**	(1,385)	**(1,021)**	(1,182)
Balance at end of financial year	**22,491**	23,577	**22,057**	23,078

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unutilised tax losses and capital allowances of S$2,830,000 and S$188,000 (2005: S$2,830,000 and S$795,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The deferred tax benefits of these unutilised tax losses and capital allowances have not been recognised in the financial statements. These tax losses and unutilised capital allowance have no expiry dates.

26. DEFERRED INCOME TAX LIABILITIES (cont'd)

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

The Group

Deferred tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2006			
Balance at beginning of financial year	**23,537**	**399**	**23,936**
(Credited)/charged to income statement	**(1,136)**	**41**	**(1,095)**
Balance at end of financial year	**22,401**	**440**	**22,841**
2005			
Balance at beginning of financial year	25,541	8	25,549
(Credited)/charged to income statement	(2,004)	391	(1,613)
Balance at end of financial year	23,537	399	23,936

Deferred tax assets

	Provisions S$'000	Others S$'000	Total S$'000
2006			
Balance at beginning of financial year	**(296)**	**(63)**	**(359)**
(Credited)/charged to income statement	**(54)**	**63**	**9**
Balance at end of financial year	**(350)**	**–**	**(350)**
2005			
Balance at beginning of financial year	(407)	(180)	(587)
Charged to income statement	111	117	228
Balance at end of financial year	(296)	(63)	(359)

26. DEFERRED INCOME TAX LIABILITIES (cont'd)

The Company

Deferred tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2006			
Balance at beginning of financial year	**23,030**	**397**	**23,427**
(Credited)/charged to income statement	**(1,074)**	**43**	**(1,031)**
Balance at end of financial year	**21,956**	**440**	**22,396**
2005			
Balance at beginning of financial year	24,833	3	24,836
(Credited)/charged to income statement	(1,803)	394	(1,409)
Balance at end of financial year	23,030	397	23,427

Deferred tax assets

	Provisions S$'000	Others S$'000	Total S$'000
2006			
Balance at beginning of financial year	**(286)**	**(63)**	**(349)**
(Credited)/charged to income statement	**(53)**	**63**	**10**
Balance at end of financial year	**(339)**	**–**	**(339)**
2005			
Balance at beginning of financial year	(396)	(180)	(576)
Charged to income statement	110	117	227
Balance at end of financial year	(286)	(63)	(349)

27. DEFERRED INCOME

Deferred income represents franchise fees received in advance.

28. SHARE CAPITAL AND SHARE PREMIUM

	No. of shares		Amount			
	Authorised share capital '000	Issued share capital '000	Authorised share capital S$'000	Issued share capital S$'000	Share premium S$'000	Total share capital and share premium S$'000
2006						
Balance at beginning of financial year						
– As previously reported	4,000	1,903,508	200,000	95,175	1,950	97,125
– Effect of changes in accounting policy	–	–	–	–	237	237
– As restated	4,000	1,903,508	200,000	95,175	2,187	97,362
Effect of Companies (Amendment) Act 2005 (see note (a) below)	(4,000)	–	(200,000)	2,187	(2,187)	–
Employee share option scheme						
– Value of employee services	–	–	–	535	–	535
– Proceeds from shares issued	–	8,608	–	5,160	–	5,160
Balance at end of financial year	–	1,912,116	–	103,057	–	103,057

(a) Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 is required to become part of the Company's share capital.

All issued shares are fully paid.

Share Options

The Singapore Post Share Option Scheme (the Scheme) was adopted on 21 March 2003 and is administered by the Compensation Committee.

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

The principal terms of the Scheme are as follows:

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

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

28. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

Share Options (cont'd)

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

- The vesting schedule for the share options offered to eligible employees (including executive directors) is as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before first anniversary of date of grant	0 per cent
On/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 if share options were not exercised after the first and second vesting years

  Share options granted to non-executive directors vest after one year from the date of grant, and are exercisable for a period of five years.

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

28. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

Share Options (cont'd)

During the financial year ended 31 March 2006, 8,197,000 share options were granted. Movements in the number of ordinary shares of the Company outstanding under options are as follows:

			Number of ordinary shares under options outstanding [1]				
Date of grant	Exercise Period	Exercise Price [2]	Balance as at 1.4.05 ('000)	Granted during financial year ('000)	Options Exercised ('000)	Options Cancelled ('000)	Balance as at 31.3.06 [4] ('000)
For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	11,745	–	(7,424)	(307)	4,014
28.07.03	29.07.04 to 28.07.13	S$0.615	2,104	–	(608)	(122)	1,374
18.08.03	19.08.04 to 18.08.13	S$0.547	278	–	(118)	–	160
18.08.03	19.08.04 to 18.08.13	S$0.657	40	–	(16)	–	24
19.07.04	20.07.05 to 19.07.14	S$0.731	2,530	–	(412)	(163)	1,955
15.10.04	16.10.05 to 15.10.14	S$0.791	100	–	–	(100)	–
07.01.05	08.01.06 to 07.01.15	S$0.809	100	–	(30)	(70)	–
01.02.05	02.02.06 to 01.02.15	S$0.813	3,000	–	–	–	3,000
16.05.05 [3]	17.05.08 to 16.05.11	S$0.811	–	3,885	–	(820)	3,065
01.07.05	02.07.06 to 01.07.15	S$0.923	–	3,512	–	(277)	3,235
01.08.05	02.08.06 to 01.08.15	S$0.899	–	200	–	(200)	–
03.01.06	04.01.07 to 03.01.16	S$1.194	–	600	–	–	600
Total Share Options			**19,897**	**8,197**	**(8,608)**	**(2,059)**	**17,427**

(1) No share option was issued to non-executive directors during the financial year and there were no outstanding share options previously granted to the non-executive directors at end of financial year.

(2) Exercise prices of all outstanding share options granted before 29 December 05 have been reduced in view of the Special Dividend payment during the financial year. Exercise prices disclosed are the revised exercise prices.

(3) Options, with a 3-year lock-in period, were granted on 16 May 05 to retain key staff critical for business continuity by providing them with a meaningful reward for driving the business forward and reaping the benefits beyond April 2007. 100% of the share options will vest after the third anniversary.

(4) None of the above options granted have expired.

Of the outstanding options on 17,427,441 (2005: 19,897,250) shares, 2,584,368 shares (2005: 1,951,000) are exercisable as at 31 March 2006. Options exercised in the financial year ended 31 March 2006 resulted in 8,608,006 shares (2005: 3,507,700) being issued at an average price of S$0.668 (2005: S$0.619). Options were exercised on a regular basis throughout the year. The weighted average share price during the financial year was S$1.08 (2005: S$0.84).

The weighted average fair value of options granted during the financial year ended 31 March 2006 determined using the Trinomial option pricing model was S$314,500 (2005: S$259,650). The significant inputs into the model were:

- Weighted average share price of S$0.96 (2005: S$0.85) at the grant date.
- Weighted average exercise price of S$0.949 before 29 December 2005 and S$1.194 after 29 December 2005 (2005: S$0.848).
- Expected volatility of 22% (2005: 22%).
- Expected option life of 5 years (2005: 5 years).
- The annual risk-free interest rate of 2.5% (2005: 2.4%) per annum.

28. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

Share Options (cont'd)

The model factored in discrete dividends based on expected yield of 4.7% per annum. The volatility measured was based on the historical volatility of the daily rate of returns of the Company's shares since listing date 13 May 2003.

The Modification Exercise

As a result of the special dividend of 10 cents per ordinary share which was paid on 16 January 2006, the exercise prices of outstanding share options as at 29 December 2005 (ex-date for the special dividend) under the Scheme were revised from prices ranging from S\$0.60 to S\$1.013 to S\$0.547 to S\$0.923.

Incremental fair value of S\$372,204 was recognised in the financial year ended 31 March 2006 and the significant inputs into the Trinomial option pricing model were:

- Share price of S\$1.23 prior to modification date and S\$1.13 on modification date.
- Revised exercise price ranging from S\$0.547 to S\$0.923.
- Expected volatility of 22% (2005: 22%).
- Option life ranging from 2.4 to 4.6 years.
- The annual risk-free interest rate ranging from 2.8% to 3.1% per annum.

The model factored in discrete dividends based on expected yield of 4.7% per annum. The volatility measured was based on the historical volatility of the daily rate of returns of the Company's shares since listing date 13 May 2003.

29. OTHER RESERVES

	The Group		The Company	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
(a) Composition:				
Share option reserve	**1,209**	728	**1,209**	728
Cash flow hedge reserve	**(286)**	–	**–**	–
Currency translation reserve	**1,905**	1,724	**–**	–
Other capital reserve	**1,596**	1,596	**–**	–
	4,424	4,048	**1,209**	728

29. OTHER RESERVES (cont'd)

	The Group 2006 S$'000	The Group 2005 S$'000	The Company 2006 S$'000	The Company 2005 S$'000
(b) Movements:				
(i) Share option reserve				
Balance at beginning of financial year				
– As previously reported	**–**	–	**–**	–
– Effects of adoption of FRS 102 adjusted retrospectively (Note 3.4)	**728**	552	**728**	552
– As restated	**728**	552	**728**	552
Employee share option scheme:				
– Value of employee services (Note 6)	**1,016**	413	**1,016**	413
– Issue of shares	**(535)**	(237)	**(535)**	(237)
Balance at end of financial year	**1,209**	728	**1,209**	728
(ii) Cash flow hedge reserve				
Balance at beginning of financial year	**–**	–	**–**	–
Share of joint venture cash flow hedge reserve	**(286)**	–	**–**	–
Balance at end of financial year	**(286)**	–	**–**	–
(iii) Currency translation reserve				
Balance at beginning of financial year	**1,724**	1,598	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries, associated company and joint ventures	**181**	126	**–**	–
Balance at end of financial year	**1,905**	1,724	**–**	–
(iv) Other capital reserve				
Balance at beginning of financial year	**1,596**	–	**–**	–
Capital injection by a shareholder of associated company	**–**	1,596	**–**	–
Balance at end of financial year	**1,596**	1,596	**–**	–

Other reserves are non-distributable.

30. RETAINED EARNINGS

(a) Retained profits of the Group and the Company are distributable except for accumulated retained profits of associated company and joint ventures amounting to S$10,015,000 (2005: S$10,659,000) which are included in the Group's retained earnings.

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

	The Company	
	2006 S$'000	2005 S$'000
Balance at beginning of financial year		
– As previously reported	**226,058**	201,099
– Effect of changes in accounting policies	**(965)**	(552)
– As restated	**225,093**	200,547
Total profit	**123,698**	108,262
Dividends paid (Note 31)	**(314,002)**	(83,716)
Balance at end of financial year	**34,789**	225,093

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

31. DIVIDENDS

	The Group and The Company	
	2006 S$'000	2005 S$'000
Dividends paid		
Interim dividend of 1.25 cents per ordinary share (tax exempt one-tier) in relation to the third quarter ended 31 December 2005 paid on 28 February 2006	**23,901**	–
Special dividend of 10 cents per ordinary share (tax exempt one-tier) paid on 16 January 2006	**190,941**	–
Interim dividend of 1.25 cents per ordinary share (tax exempt one-tier) in relation to the second quarter ended 30 September 2005 paid on 30 November 2005	**23,865**	–
Interim dividend of 1.25 cents per ordinary share (tax exempt one-tier) in relation to the first quarter ended 30 June 2005 paid on 31 August 2005	**23,841**	–
Final dividend of 2.7 cents per ordinary share (tax exempt one-tier) in relation to the financial year ended 31 March 2005 paid on 15 July 2005.	**51,454**	–
Interim dividend of 2.3 cents per ordinary share (tax exempt one-tier) in relation to the financial year ended 31 March 2005 paid on 30 November 2004	**–**	43,773
Final tax exempt dividend of 2.1 cents per ordinary share in relation to the financial year ended 31 March 2004 paid on 6 August 2004	**–**	39,943
	314,002	83,716

The directors have proposed a final dividend of 1.75 cents per ordinary share (tax exempt one-tier) amounting to S$33.5 million in relation to the financial year ended 31 March 2006 (2005: final dividend of 2.7 cents per ordinary share (tax exempt one-tier) amounting to S$51.5 million). The dividends have not been recognised as a liability as at the financial year end as it is subject to approval at the Annual General Meeting of the Company.

32. COMMITMENTS

(a) Capital commitments

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

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Property, plant and equipment	**1,656**	1,730	**1,627**	1,626

(b) Operating lease commitments – where a group company is a lessee

The Group leases various retail outlets and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Not later than 1 year	**4,184**	4,305	**4,085**	4,205
Later than 1 year but not later than 5 years	**9,554**	3,939	**9,501**	3,885
Later than 5 years	**4,060**	5,105	**4,060**	5,105
	17,798	13,349	**17,646**	13,195

(c) Operating lease commitments – where a group company is a lessor

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

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

	The Group		The Company	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Not later than 1 year	**15,132**	12,271	**16,880**	14,169
Later than 1 year but not later than 5 years	**23,956**	12,000	**24,582**	14,311
	39,088	24,271	**41,462**	28,480

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The main risks arising from the Group's financial assets and liabilities are currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management policy is to minimise potential adverse effects caused by interest and exchange rate fluctuations on the Group's financial performance. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

The Group has established risk management policies, guidelines and control procedures approved by the Board of Directors to manage its exposure to financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk and investing excess liquid funds.

(i) Currency risk

The currency risk of the Group arises mainly from the international mail business, which generates inpayments and outpayments denominated in foreign currencies. The currency exposures are primarily in United States Dollar and the Euro. The Group uses foreign currency purchases and forward contracts to manage the foreign exchange risk exposures. Foreign exchange instruments are used mainly to hedge underlying exposures and the transactions are not entered into for speculative reasons.

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 are denominated in currencies other than the Euro. The associated company's management has implemented appropriate hedging policies to reduce its currency risk.

(ii) Interest rate risks

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The interest income is dependent on the changes in market interest rates. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group is exposed to interest rate risk from its non-current borrowings. The Group's policy in managing interest rate exposure to interest rate fluctuations is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debts based on the 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 swaps that have the effect of converting specific debt obligations of the Group from fixed to variable, or vice versa, as deemed appropriate.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk factors (cont'd)

(ii) Interest rate risks (cont'd)

The tables below set out the Group's and the Company's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable rates	Fixed rates				
	Less than 6 months S$'000	6 to 12 months S$'000	1 to 5 years S$'000	Over 5 years S$'000	Non-interest bearing S$'000	Total S$'000
The Group						
At 31 March 2006						
Cash and cash equivalents	**53,258**	**–**	**–**	**–**	**–**	**53,258**
Trade and other receivables	**–**	**204**	**471**	**33**	**52,142**	**52,850**
Investments	**–**	**–**	**–**	**–**	**87,120**	**87,120**
Property, plant and equipment	**–**	**–**	**–**	**–**	**513,436**	**513,436**
Other assets	**–**	**–**	**–**	**–**	**4,197**	**4,197**
Total assets	**53,258**	**204**	**471**	**33**	**656,895**	**710,861**
Borrowings	**–**	**–**	**59,880**	**289,572**	**–**	**349,452**
Derivative financial instruments	**17,602**	**(7)**	**(2,668)**	**(5,005)**	**–**	**9,922**
Other liabilities	**–**	**–**	**–**	**–**	**201,547**	**201,547**
Total liabilities	**17,602**	**(7)**	**57,212**	**284,567**	**201,547**	**560,921**
At 31 March 2005						
Cash and cash equivalents	159,048	–	–	–	–	159,048
Trade and other receivables	–	225	489	24	37,663	38,401
Investments	–	–	–	–	87,865	87,865
Property, plant and equipment	–	–	–	–	533,946	533,946
Other assets	–	–	–	–	4,143	4,143
Total assets	159,048	225	489	24	663,617	823,403
Borrowings	–	–	–	300,000	–	300,000
Other liabilities	–	–	–	–	189,413	189,413
Total liabilities	–	–	–	300,000	189,413	489,413

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk factors (cont'd)

(ii) Interest rate risks (cont'd)

	Variable rates	Fixed rates				
	Less than 6 months S$'000	6 to 12 months S$'000	1 to 5 years S$'000	Over 5 years S$'000	Non-interest bearing S$'000	Total S$'000
The Company						
At 31 March 2006						
Cash and cash equivalents	**45,659**	**–**	**–**	**–**	**–**	**45,659**
Trade and other receivables	**–**	**204**	**471**	**33**	**45,999**	**46,707**
Investments	**–**	**–**	**–**	**–**	**95,477**	**95,477**
Property, plant and equipment	**–**	**–**	**–**	**–**	**509,379**	**509,379**
Other assets	**–**	**–**	**–**	**–**	**2,788**	**2,788**
Total assets	**45,659**	**204**	**471**	**33**	**653,643**	**700,010**
Borrowings	**59,880**	**–**	**–**	**289,572**	**–**	**349,452**
Derivative financial instruments	**17,602**	**(7)**	**(2,668)**	**(5,005)**	**–**	**9,922**
Other liabilities	**–**	**–**	**–**	**–**	**201,581**	**201,581**
Total liabilities	**77,482**	**(7)**	**(2,668)**	**284,567**	**201,581**	**560,955**
At 31 March 2005						
Cash and cash equivalents	153,479	–	–	–	–	153,479
Trade and other receivables	–	225	489	24	30,253	30,991
Investments	–	–	–	–	95,477	95,477
Property, plant and equipment	–	–	–	–	530,013	530,013
Other assets	–	–	–	–	3,074	3,074
Total assets	153,479	225	489	24	658,817	813,034
Borrowings	–	–	–	300,000	–	300,000
Other liabilities	–	–	–	–	189,851	189,851
Total liabilities	–	–	–	300,000	189,851	489,851

Generally, the Group manages its cash flow interest rate risk from borrowings by using fixed-to-floating interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates. Occasionally, the Group enters into floating-to-fixed interest rate swaps to hedge the fair value of interest rate risk.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk factors (cont'd)

(ii) Interest rate risks (cont'd)

The exposure of non-current borrowings to interest rate risks is as follows:

	Variable rates	Fixed rates			
	Less than 6 months S$'000	6 to 12 months S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
The Group and The Company					
At 31 March 2006					
Liabilities					
Borrowings	**59,880**	**–**	**–**	**289,572**	**349,452**
Effect of interest rate swaps					
– Fixed to floating	**300,000**	**–**	**–**	**(300,000)**	**–**
– Floating to fixed	**(250,000)**	**25,000**	**150,000**	**75,000**	**–**
	109,880	**25,000**	**150,000**	**64,572**	**349,452**
At 31 March 2005					
Liabilities					
Borrowings	–	–	–	300,000	300,000
Effect of interest rate swaps					
– Fixed to floating	300,000	–	–	(300,000)	–
– Floating to fixed	(300,000)	50,000	175,000	75,000	–
	–	50,000	175,000	75,000	300,000

(iii) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

(iv) Liquidity risk

In the management of the 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. The Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

34. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group 2006 S$'000	The Group 2005 S$'000
Services rendered to related parties		
– Postal services	**17,602**	17,891
– Printing services	**2,498**	3,373
– Property related services	**4,383**	4,669
	24,483	25,933
Services received from related parties		
– Net service fee to a joint venture for international mail handling and processing	**18,563**	22,753
– Telecommunications services	**1,720**	1,537
– Professional services and others	**1,380**	2,284
	21,663	26,574

The related parties refer to companies related by a common shareholder and a joint venture.

During the financial year ended 31 March 2006, the Company made payments on behalf of subsidiaries totalling S$5.0 million (2005: S$4.5 million) which were subsequently reimbursed.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group 2006 S$'000	The Group 2005 S$'000
Salaries and other short-term employee benefits	**2,427**	2,189
Post-employment benefits – contribution to CPF	**53**	66
Share options granted	**475**	270
	2,955	2,525

Included above is total compensation to directors of the Company amounting to S$438,099 (2005: S$323,066).

35. SEGMENT INFORMATION

Primary reporting format – business segments

2006	Mail S$'000	Logistics S$'000	Retail S$'000	Others S$'000	Eliminations S$'000	Group S$'000
Revenue:						
– External	323,891	59,131	29,777	–	–	412,799
– Inter-segment	260	372	21,029	–	(21,661)	–
	324,151	59,503	50,806	–	(21,661)	412,799
Other gains (net) – Rental, property related and miscellaneous income						
– External	88	14	275	19,694	–	20,071
– Inter-segment	–	–	–	33,573	(33,573)	–
	88	14	275	53,267	(33,573)	20,071
Segment results	128,663	9,226	6,877	7,063	–	151,829
Interest income						2,769
Finance expense						(8,709)
Share of profit of associated company and joint ventures	8,349	–	–	–	–	8,349
Profit before income tax						154,238
Income tax expense						(30,361)
Total profit						123,877
Segment assets	80,412	11,839	46,745	468,847	–	607,843
Investment in net assets of associated company and joint ventures	86,971	–	149	–	–	87,120
Unallocated assets						15,898
Consolidated total assets						710,861
Segment liabilities	59,614	13,333	44,045	17,421	–	134,413
Unallocated liabilities						426,508
Consolidated total liabilities						560,921
Capital expenditure	2,227	1,597	3,226	3,641	–	10,691
Depreciation	6,584	1,758	2,426	14,284	–	25,052
Amortisation	36	–	–	–	–	36
Impairment of receivables	213	4	–	–	–	217

35. SEGMENT INFORMATION (cont'd)

Primary reporting format – business segments (cont'd)

2005	Mail S$'000	Logistics S$'000	Retail S$'000	Others S$'000	Eliminations S$'000	Group S$'000
Revenue:						
– External	301,188	51,497	23,126	–	–	375,811
– Inter-segment	165	378	21,212	–	(21,755)	–
	301,353	51,875	44,338	–	(21,755)	375,811
Other gains (net) – Rental, property related and miscellaneous income						
– External	13	173	264	17,167	–	17,617
– Inter-segment	–	–	–	31,546	(31,546)	–
	13	173	264	48,713	(31,546)	17,617
Segment results	110,819	7,024	5,021	7,526	–	130,390
Other gains (net) – exceptional gain	–	–	–	3,925	–	3,925
Interest income						1,157
Finance expense						(5,368)
Share of profit of associated company and joint ventures	8,264	–	(27)	–	–	8,237
Profit before income tax						138,341
Income tax expense						(27,859)
Total profit						110,482
Segment assets	73,906	11,819	39,688	479,312		604,725
Investment in net assets of associated company and joint ventures	87,716	–	149	–		87,865
Unallocated assets						130,813
Consolidated total assets						823,403
Segment liabilities	57,303	11,859	31,310	28,096		128,568
Unallocated liabilities						360,845
Consolidated total liabilities						489,413
Capital expenditure	1,941	2,213	8,893	1,425		14,472
Depreciation	11,455	2,364	3,461	16,799		34,079
Amortisation	36	–	–	72		108
Write-back of provision for impairment of receivables	(359)	–	–	–		(359)

35. SEGMENT INFORMATION (cont'd)

Primary reporting format – business segments (cont'd)

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 as well as sale of philatelic products. 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 (G3 WW Group of companies). Mail division 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, agency and remittance 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"); vPOST ("virtual post") internet portal; and commissions and interest earned from financial services.

Others – represents the balance of the Group's operations including the provision of 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 financial statements. Inter-segment transactions are determined on an arm's length basis. Unallocated income statement items represent income tax expense, finance expense and interest income.

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 cash equivalents held at corporate.

Segment liabilities comprise operating liabilities and exclude corporate borrowings, current tax liabilities and deferred taxation.

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. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are mandatory for the Group for accounting periods beginning on or after 1 April 2006. The Group's assessment of those standards and interpretations that are relevant to the Group is set out below.

FRS 40 Investment Property

The Group will adopt FRS 40 on 1 April 2007, the effective date of the Standard being 1 January 2007. Implementation of this FRS is not expected to significantly affect the financial statements for the financial year ended 31 March 2006.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 28 April 2006 by the Board of Directors of Singapore Post Limited.

38. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group % 2006	2005	Cost of investment S$'000 2006	2005
SUBSIDIARIES						
Held by the Company						
DataPost Pte Ltd	Electronic printing and despatching services	Singapore	**70.00**	70.00	**2,100**	2,100
SingPost Retail Services Pte. Ltd.	Secured personal finance services	Singapore	**100.00**	100.00	**5,000**	5,000
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100.00**	100.00	**5,005**	5,005
First Cube Pte Ltd	Provision of electronic platform and recyclable lockers for merchandise distribution	Singapore	**100.00**	100.00	**6,157**	6,157
					18,262	18,262
Held by a subsidiary						
ePM2 Services Sdn Bhd. (4)	Electronic printing and despatching services	Malaysia	**70.00**	70.00	**46**	46
ASSOCIATED COMPANY						
Held by the Company						
G3 Worldwide Mail N.V. (5)	Provision of cross-border international mail	Netherlands	**24.50**	24.50	**80,922**	80,922

38. LISTING OF COMPANIES IN THE GROUP (cont'd)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by The Group % 2006	2005	Cost of investment S$'000 2006	2005
JOINT VENTURES						
Held by The Company						
G3 Worldwide Aspac Pte Ltd [3]	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 [3]	To carry on the business of the collection, receipt, sortation and delivery of cross-border mail	Singapore	**62.25** [1]	62.25 [1]	[2]	[2]
					2,450	2,450
Held by subsidiaries						
Mail Boxes Exchange (MBE) Pte Ltd	Provision of business and communication services	Singapore	**50.00**	50.00	**400**	400
ePDS, Inc. [6]	Provision of electronic printing and despatching services	Philippines	**33.45**	33.45	**108**	108
					508	508

NOTES

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

All companies are audited by PricewaterhouseCoopers, Singapore, except for the following:

(4) Audited by Roger, Yue, Tan and Associates
(5) Audited by PricewaterhouseCoopers N.V.
(6) Audited by SyCip Gorres Velayo & Co

SGX LISTING MANUAL REQUIREMENTS

For the financial year ended 31 March 2006

1 DIRECTORS' REMUNERATION BAND

The following information relates to remuneration of directors of Singapore Post Limited:

	The Group and The Company 2006	2005
Number of directors in remuneration bands		
S$500,000 to below S$750,000	**1**	–
S$250,000 to below S$500,000	**–**	1
Below S$250,000	**7**	11
	8	12

2 MATERIAL CONTRACTS

There are no material contracts entered into by SingPost or any of its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder (as defined in the SGX Listing Manual), 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, other than:

(i) On 28 February 2006, SingPost entered into 2 contracts with SingTel to provide letter processing and delivery services, as well as acceptance of bill payments and bill presentment services. The term of the contracts is three years and the estimated value of the services is S$22.0 million over the three years.

3 INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2006, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Sales				
Singapore Power Limited and its associates	**–**	1,863	**–**	–
Singapore Airlines Limited and its associates	**920**	414	**2,820**	–
PSA International Pte Ltd and its associates	**–**	227	**–**	–
Temasek Holdings (Private) Limited and its associates	**–**	134	**–**	–
Singapore Telecommunications Limited and its associates	**–**	1,007	**26,489**	
	920	3,645	**29,309**	–
Purchases				
SembCorp Industries Ltd and its associates	**5,700**	–	**590**	–
Tuas Power Limited and its associates	**–**	5,130	**–**	–
Singapore Telecommunications Limited and its associates	**495**	845	**573**	–
Singapore Power Limited and its associates	**–**	202	**–**	–
Singapore Technologies Engineering Ltd and its associates	**–**	120	**470**	–
PSA International Pte Ltd and its associates	**–**	575	**–**	–
Fullerton Management Pte Ltd and its associates	**–**	529	**–**	–
Singapore Airlines Limited and its associates	**–**	465	**1,680**	–
Mapletree Investments Pte Ltd and its associates	**–**	–	**411**	–
	6,195	7,866	**3,724**	–
Total interested person transactions	**7,115**	11,511	**33,033**	–

NOTE

All the transactions set out in the above tables were either based on contractual values for the duration of the contracts (which may vary from 6 months to 5 years) or based on actual transacted values during the period for open-ended contracts.

SHAREHOLDING STATISTICS

As at 9 May 2006

NUMBER OF SHARES IN ISSUE

1,912,115,706

CLASS OF SHARES

Ordinary Shares

NUMBER OF SHAREHOLDERS

20,676

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	–	508,067,000 [1]
Singapore Telecommunications Limited	494,000,000	–
The Capital Group Companies, Inc.	–	148,549,000 [2]
FMR Corp. and Fidelity International Limited	–	134,672,000 [3]

NOTES

(1) Temasek Holdings (Private) Limited is deemed to be interested in 508,067,000 SingPost shares held by Singapore Telecommunications Limited group of companies and the DBS Group Holdings Ltd group of companies.

(2) The Capital Group Companies, Inc. is deemed to be interested in 148,549,000 SingPost shares owned by accounts under the discretionary investment management of one or more of the investment management companies in the group.

(3) FMR Corp. and Fidelity International Limited are deemed to be interested in 134,672,000 SingPost shares on behalf of the managed accounts of its direct and indirect subsidiaries.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 999	13	0.06	1,527	0.00
1,000 – 10,000	16,939	81.93	65,702,687	3.44
10,001 – 1,000,000	3,688	17.84	190,081,271	9.94
1,000,001 and above	36	0.17	1,656,330,221	86.62
	20,676	100.00	1,912,115,706	100.00

SHAREHOLDING STATISTICS

MAJOR SHAREHOLDERS LIST
(As shown in the Register of Members)

No.	Name	No. of Shares Held	% of Issued Share Capital
1	Singapore Telecommunications Limited	494,000,000	25.84
2	DBS Nominees Pte Ltd	404,578,735	21.16
3	DBSN Services Pte Ltd	218,454,238	11.42
4	HSBC (Singapore) Nominees Pte Ltd	158,348,496	8.28
5	United Overseas Bank Nominees Pte Ltd	103,623,343	5.42
6	Citibank Nominees Singapore Pte Ltd	101,740,948	5.32
7	Raffles Nominees Pte Ltd	64,883,556	3.39
8	The Asia Life Assurance Society Ltd – Par Fund	25,200,000	1.32
9	DB Nominees (S) Pte Ltd	11,952,509	0.63
10	Societe Generale S'pore Branch	6,719,810	0.35
11	The Asia Life Assurance Society Ltd – Non-Par Fund	6,700,000	0.35
12	DBS Vickers Securities (S) Pte Ltd	6,170,100	0.32
13	Merrill Lynch (S'pore) Pte Ltd	5,177,000	0.27
14	The Asia Insurance Company Limited – Fund Account	3,700,000	0.19
15	Morgan Stanley Asia (S'pore)	3,506,436	0.18
16	Asia General Holdings Limited	3,350,000	0.18
17	Tan Soo Hock	3,200,000	0.17
18	OCBC Nominees Singapore Private Limited	3,128,500	0.16
19	OCBC Securities Private Ltd	3,076,200	0.16
20	UOB Kay Hian Pte Ltd	2,824,000	0.15
		1,630,333,871	85.26

SHAREHOLDING HELD IN HANDS OF PUBLIC

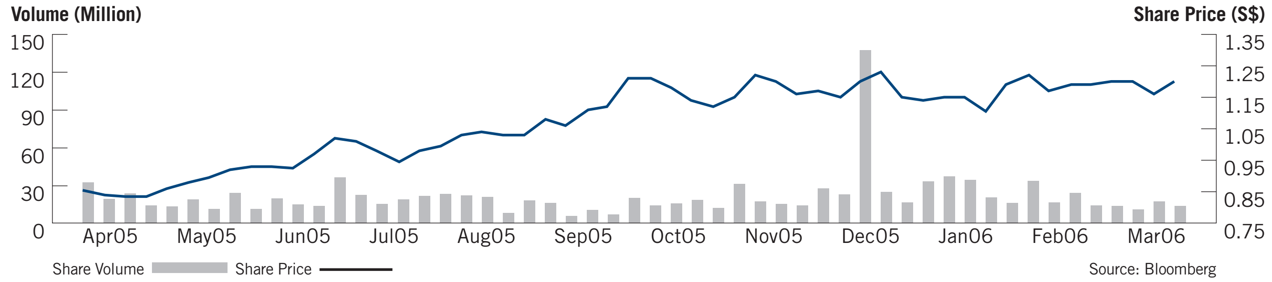
Based on information available to the Company as at 9 May 2006, approximately 58.76% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires that at least 10% of the ordinary shares of the Company be at all times held by the public, is complied with.

SHAREHOLDER RETURNS

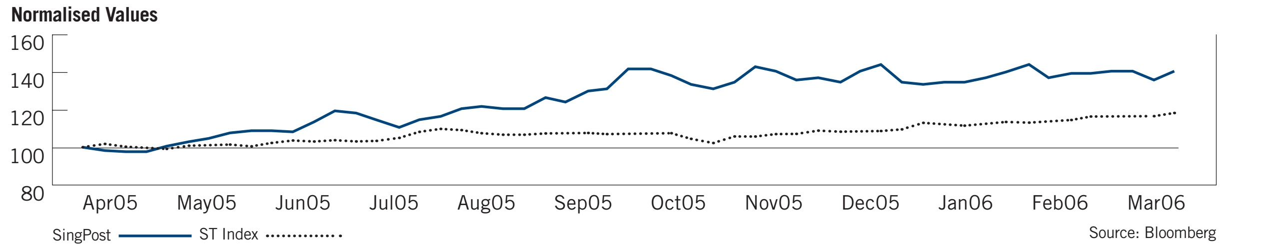
SHARE PRICE PERFORMANCE

During the financial year, SingPost's share price rose 40.4 per cent from 85.5 cents to S$1.20 as at 31 March 2006. Over the same period, the Straits Times Index (STI) increased 18.2 per cent from 2,143.8 to 2,533.4 while the MSCI Singapore Free Index rose 18.5 per cent from 253.8 to 300.8.

SingPost share price vs volume (1 April 2005 – 31 March 2006)



SingPost share price vs ST Index (1 April 2005 – 31 March 2006)



In December 2005, Singapore Telecommunications Ltd (SingTel) made a share placement of 95 million shares for S$105.2 million. Following the placement, SingTel's holdings of SingPost shares were reduced to 494 million shares, or approximately 25.8 per cent of the total issued share capital.

As at 31 March 2006, other substantial shareholders included The Capital Group Companies, Inc. (7.78 per cent) and FMR Corp. (7.05 per cent).

DIVIDENDS

Given the good performance and robust cashflow generation of SingPost, the Board has proposed a total annual dividend of 5.5 cents per share (tax exempt one-tier) for FY2005/06. This represents a 10 per cent increase over the dividend of 5.0 cents per share for FY2004/05 and a payout ratio of 85 per cent, which is within the target range of 80 to 90 per cent of net profit.

FY2005/06 Dividends	Cents per Share
Interim Q1 FY2005/06	1.25
Interim Q2 FY2005/06	1.25
Interim Q3 FY2005/06	1.25
Proposed Final FY2005/06	1.75
Total Ordinary Dividend Paid/Proposed	5.50

During the financial year, the Board reviewed SingPost's capital structure and made a special dividend payout of 10 cents per share, or approximately S$190.9 million, in January 2006.

TOTAL SHAREHOLDER'S RETURN

The 1-year total shareholder's return (TSR) of SingPost shares for FY2005/06 was approximately 35 per cent. The TSR of the shares since the initial public offering in May 2003, a period of almost 3 years, amounted to approximately 148 per cent.

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE POST LIMITED (Incorporated in the Republic of Singapore) Company Registration Number: 199201623M

NOTICE IS HEREBY GIVEN THAT THE 14TH 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 Friday, 30 June 2006 at 10.30 a.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 March 2006 and the Directors' Report and the Auditors' Report thereon. (Resolution 1)

2. To declare a final tax exempt 1-tier dividend of 1.75 cents per ordinary share in respect of the financial year ended 31 March 2006. (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 Lim Ho Kee (1) (Resolution 3)
   (b) Mr Kenneth Michael Tan Wee Kheng (1) (Resolution 4)
   (c) Mr Keith Tay Ah Kee (1) (Resolution 5)

   Mr Kenneth Tan and Mr Keith Tay will, upon re-election as directors of the Company, remain as members of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve directors' fees payable by the Company of S$438,099 for the financial year ended 31 March 2006 (2005: S$323,066). (Resolution 6)

5. To appoint Auditors and to authorise the directors to fix their remuneration. (Resolution 7)

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

NOTE

(1) Detailed information about these directors can be found in the "Corporate Governance Report" section of the Company's Annual Report 2005/06.

SPECIAL BUSINESS

7. 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 shares in the 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 10 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 the Singapore Exchange Securities Trading Limited (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 shares shall be based on the number of issued shares in the 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 or vesting of share awards 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

SPECIAL BUSINESS (cont'd)

(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 8)

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 5 per cent of the total number of issued shares in the capital of the Company from time to time. (Resolution 9)

BY ORDER OF THE BOARD

LEONG CHEE SIAN (MS)
Company Secretary
Singapore
7 June 2006

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

RESOLUTION 8 is to empower the directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the issued shares in the capital of the Company, with a sub-limit of 10 per cent for issues other than on a pro rata basis to shareholders. The 10 per cent sub-limit for non-pro rata share issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited and the Articles of Association of the Company. The Company is seeking approval from shareholders for a lower sub-limit for non-pro rata share issues as it does not anticipate that it will require a higher sub-limit before the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital shall be based on the issued shares in the capital of the Company at the time that Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time that Resolution 8 is passed, and (b) any subsequent consolidation or subdivision of shares.

RESOLUTION 9 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 (the Share Option Scheme) provided that the aggregate number of shares to be issued does not exceed 5 per cent of the total number of issued shares in the capital of the Company for the time being. Although the Rules of the Share Option Scheme provide that the maximum number of shares which may be issued under the Share Option Scheme is limited to 10 per cent of the total number of issued shares in the capital of the Company, Resolution 9 provides for a lower limit, namely, 5 per cent of the total number of issued shares in the capital of the Company, as the Company does not anticipate that it will require a higher limit before the next Annual General Meeting.

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 10 Eunos Road 8, Singapore Post Centre, Singapore 408600 (Attention: Secretariat) not less than 48 hours before the time appointed for the Annual General Meeting.

NOTICE OF BOOKS CLOSURE

SINGAPORE POST LIMITED (Incorporated in the Republic of Singapore) Company Registration Number: 199201623M

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and Register of Members of the Company will be closed on 7 July 2006 for the preparation of dividend warrants. Duly completed registrable transfers of ordinary shares 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 p.m. on 6 July 2006 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 p.m. on 6 July 2006 will be entitled to the proposed final net dividend. Payment of the dividend, if approved by members at the 14th Annual General Meeting, will be made on 18 July 2006.

BY ORDER OF THE BOARD

LEONG CHEE SIAN (MS)
Company Secretary
Singapore
7 June 2006

SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 199201623M

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.

ANNUAL GENERAL MEETING PROXY FORM

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 14th 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 Friday, 30 June 2006 at 10.30 a.m. and at any adjournment thereof.

(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 tax exempt 1-tier dividend of 1.75 cents per ordinary share		
3.	To re-elect Mr Lim Ho Kee as director		
4.	To re-elect Mr Kenneth Michael Tan Wee Kheng as director		
5.	To re-elect Mr Keith Tay Ah Kee as director		
6.	To approve directors' fees payable by the Company		
7.	To appoint Auditors of the Company and to authorise the directors to fix their remuneration		
8.	To authorise directors to issue shares and to make or grant convertible instruments		
9.	To authorise directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme		
TOTAL NUMBER OF ORDINARY SHARES HELD			

Dated this .... day of 2006

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

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Secretariat

Singapore Post Limited
(Co. Reg. No. 199201623M)
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

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1st fold here

IMPORTANT
Please read the following notes to the proxy form

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 10 Eunos Road 8, Singapore Post Centre, Singapore 408600 (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

REGISTERED OFFICE

Singapore Post Limited
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

Tel: +65 6841 2000
Fax: +65 6841 5745
Email: singpost@singpost.com
Web: www.singpost.com

Company Secretary
Leong Chee Sian (Ms)

SHARE REGISTRAR

M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Tel: +65 6227 6660
Fax: +65 6225 1452

AUDITORS

PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424

Tel: +65 6236 3388
Fax: +65 6236 3300

Audit Partner
Soh Kok Leong
Appointed with effect from
financial year ended 31 March 2003