Singapore POST

annual report 2009/10

transforming to deliver

Contents

Our Vision

To be a world-class provider of consumer services focusing on mail, logistics and retail solutions in the region

Awards & Accolades

- ★ Awarded the EMS Cooperative Certification Gold Level Award by the Universal Postal Union (UPU) for our *Speedpost* Worldwide Courier Service for the ninth consecutive year since 2001. We are the only postal organisation in the world to attain this achievement.
- ★ Won the 2009 EMS Customer Care Award (Medium Category) for the second consecutive year.
- ★ Ranked 7th out of 680 SGX-listed companies in the second full year issue of the Governance and Transparency Index (GTI), which was jointly conducted by *The Business Times* and the Corporate Governance and Financial Reporting Centre. The GTI ranks companies on their governance standards, financial transparency and investor relations practices.
- ★ Presented the runner-up award for the "Most Transparent Company Award 2009" in the Services/Utilities/Agriculture category at the SIAS 10th Investors' Choice Awards for the third time.
- ★ Received the Patron of Heritage award from the National Heritage Board for the third consecutive year.
- ★ Awarded the NTUC May Day Model Partnership Award 2009 - Institutional Category.
- ★ Chairman Mr Lim Ho Kee was conferred the Medal of Commendation Award at the NTUC 2009 May Day awards ceremony for being a friend of labour, an important advocate for the workers and promoting continued employment beyond retirement.

Responding to challenges

Leveraging our strong distribution network, we expanded *vPOST* to include a shopping and shipping service in 2003. Besides offering bill payment services, *vPOST*, one of the largest online shopping and shipping service providers in the region, allows customers to shop from USA, Japan, Korea, Europe and many other countries.

SingPost started diversifying beyond postal services, to offer more value-added products and services including financial services in 2004, to grow our revenue while bringing value-enhancing services closer to customers.

We have made significant progress in enhancing our core competencies, growing in areas of direct mail, mailroom services and hybrid mail. In 2007, we launched *DMrocket,* offering a whole suite of services from highly targeted lists, printing and response handling right through to warehousing, letter shopping and delivery.

transforming to deliver **value**

Since 2003, SingPost has been growing and transforming ourselves to cater to the evolving needs of our customers while ensuring high service standards amidst the challenges of declining public mail volume, e-substitution, changing lifestyles, market liberalisation and an increasingly competitive business landscape.

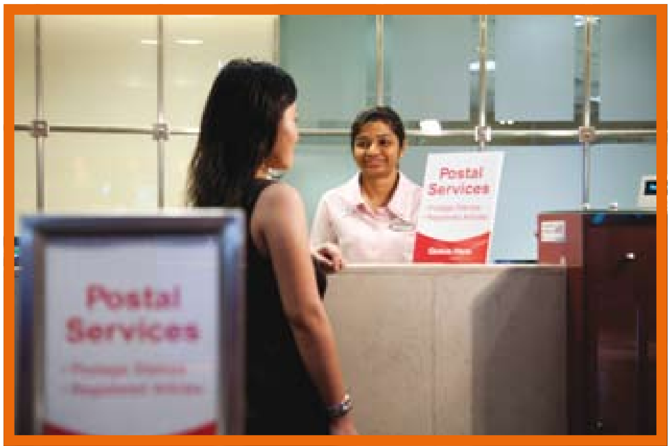
We constantly innovate and reinvent our products and services to meet customers' needs, helping them to grow their business.

To optimise our retail network while enhancing customers' in-store retail experience, we constantly refresh our post offices. In 2008, three post offices namely Alexandra, Killiney and Tanglin were repurposed to incorporate lifestyle elements. We also introduced mobile post offices, *Post-on-Wheels* at the airport transit areas to provide a unique and appealing postal experience while enhancing the convenience factor.

We continue our drive towards regionalisation. In 2009, we acquired Quantium Solutions, providing us with a ready vehicle to serve the growth markets around us, while our investment in Postea Inc. will build on our momentum in enhancing and developing innovative solutions for the postal and logistics markets.

Operating in this fast changing environment, our ability to constantly push the envelope and innovate ensures our relevance to the community as a vital and convenient network for connecting people and businesses.

As part of our transformation over the past few years, SingPost has been steadily expanding beyond our shores. In 2009, we made two strategic acquisitions - Quantium Solutions and Postea Inc. - to strengthen and extend our core competencies into the Asia Pacific region and also to tap on new market potential and opportunities.



A dedicated queue for postal services such as the purchase of postage stamps and registered article transactions was introduced at all 62 post offices to serve customers better.

We collect letters from more than 800 posting boxes islandwide every day. We consistently surpassed the Quality of Service standards set by the regulator, achieving next working day delivery for 99 per cent of mail posted within the Central Business District (CBD) and 98 per cent posted outside the CBD.

Rain or shine, we will always deliver customers' items on time.

transforming to deliver on **service obligations**

Our customers are at the centre of everything we do at SingPost. We constantly reinvent ourselves to meet their changing needs and the demands of the marketplace through improving our service and offering convenience, choices and cost-effective solutions. Even as we transform to stay relevant, our long-standing tradition and commitment to our customers remain strong - to deliver a reliable and affordable service.

We are continually improving our operations and processes to enhance productivity so as to deliver a reliable and affordable service.

We deliver customers' items to their doorstep, providing on-time and value-for-money delivery solutions.

As Singapore's Public Postal Licensee, we take our universal service obligation seriously, collecting and delivering mail to every corner of Singapore including Pulau Ubin.

Every day, rain or shine, we are driven to deliver the best for our customers, whether behind the scenes or serving them directly. Day in and day out, we are always close at hand. If you are simply keeping in touch with friends and loved ones, you can count on us to deliver your letters or parcels on time and with a smile. If you walk into any of our 62 post offices, you can expect the same great service - quick, easy and convenient from our friendly staff.

We will continue to provide an outstanding universal service, today and tomorrow.

Letter to Shareholders

Dear Shareholders,

I am glad to report that SingPost's business performance strengthened over the course of FY2009/10 and we closed the year with a healthy set of results. Our revenue increased by 9.2 per cent to S$525.5 million, mainly boosted by the consolidation of Quantium Solutions, our mail-logistics services joint venture which we acquired at the start of the financial year.

We achieved net profit of S$165.0 million, an increase of 10.9 per cent over FY2008/09. Excluding one-off items, our underlying net profit increased by 0.3 per cent to S$147.7 million.

Our cash flow continued to be robust, with free cash flow of S$196.1 million generated in FY2009/10. This compares well with the free cash flow of S$155.9 million in the last financial year.

Given the Group's healthy cash flows, the Board is recommending a final dividend of 2.5 cents per share for FY2009/10. With the interim dividend payments of 1.25 cents per share in the earlier three quarters, the proposed total dividend would amount to 6.25 cents per share. Barring unforeseen circumstances, we aim to continue paying out a minimum annual dividend of 5 cents per share.

A Transformational Company in a Changing Business Environment

We are seeing structural changes in the postal landscape arising from changing global trends in technology, business and lifestyle. Companies and government agencies are increasingly using e-platforms to communicate; the trend of e-billing and e-statements is gaining momentum. In Singapore, we have been recording a continuous decline in public mail volumes over the last decade, a trend that is experienced by many developed countries.

At the same time, our operating costs have increased. Since 1 January 2010, with the re-classification of Singapore as a New Target Country by the Universal Postal Union, SingPost has been settling its terminal dues under a new settlement structure, which resulted in an increase in payments for international mailing since the dues paid by Target Countries are generally higher. The annualised impact on our underlying net profit is expected to be around 5 per cent.

The Mail business remains the largest contributor to our top and bottom lines. It is a key challenge for us to transform SingPost so as to replace a substantial portion of this with revenue and earnings from new sources.

This transformational process has picked up in FY2009/10 with the acquisition of Quantium Solutions, whose mail-logistics services across the Asia Pacific countries has helped reduce the proportion of Mail revenue from 76.5 per cent to 64.8 per cent. Better yet, the acquisition of Quantium Solutions has enabled us to increase our overseas revenue from 0.3 per cent in FY2008/09 to 11.2 per cent. This will reduce our reliance on the Singapore market which is both small and increasingly competitive in all our business segments.

In order to build a more balanced revenue and earnings profile, SingPost has adopted the twin strategy of increasing contributions from markets outside Singapore – in particular the Asia Pacific countries; as well as expanding our non-mail businesses such as mail-logistics services, customised logistics services and financial services.

New investments will be required to enable SingPost to achieve our targets. In March 2010, we issued S$200 million of Fixed Rate Notes due 2020, which, along with our cash holdings, provides us the financial capacity to invest for growth. We are exploring new opportunities for growth through partnerships and collaborations, mergers and acquisitions, either in Singapore or Asia Pacific.

We are also strengthening our business efficiencies so as to mitigate business cost increases. The cost controls and capacity management measures that we put in place in 2008 have proven to be effective and enabled us to reduce operating expenses in tandem with the decline in our Mail and *Speedpost* businesses. This year, the Group's operating expenses decreased by 0.7 per cent to S$333.5 million (excluding the consolidation of Quantium Solutions).

As the global economies return to growth, we expect improving business conditions for our Mail, Logistics, Retail and Financial services and we see windows of opportunity ahead to create more value for our shareholders.

Reaffirming our Social Commitment

While we transform ourselves for growth, we remain highly cognisant of our role in the community. With over 150 years' history, we have become one of the most recognised brands in Singapore and are mindful of the trust the people have put in us.

As we grow and build up the businesses, we will continually strengthen SingPost to enable it to better serve and meet the needs of the community and fulfil its obligations and service standards as Singapore's designated Public Postal Licensee.

We are committed to continuing our history of social responsibility and meaningful contributions to the public and all our stakeholders.

A Word of Welcome and Thanks

I would like to welcome two new Directors to the Board – they are Michael James Murphy and Zulkifli Bin Baharudin. I am confident that the Board will be stronger for their presence and benefit from the experience and insights that they bring with them. I also want to thank Wilson Tan, who was our Group CEO and Director until April 2010 for his many contributions to SingPost.

I would also like to express my deepest gratitude to the Board members for providing strategic direction and counsel to the Company throughout the year.

As the Group accelerates its transformation, the Board is mindful that success is a team effort of the management and staff, the Union and our business partners, so I want to extend them my heartfelt gratitude for their support in this challenging transformation effort. We will continue to work together to serve our customers better and build a future for all of us.

Finally, I would like to thank you, our shareholders for your support and faith in SingPost over the last year. We will be working hard to deliver value and be a company that you can be proud of.

Yours sincerely,

Lim Ho Kee
Chairman

Board of Directors

Lee Chong Kwee

(Non-Executive, Independent Director)

Lim Eng

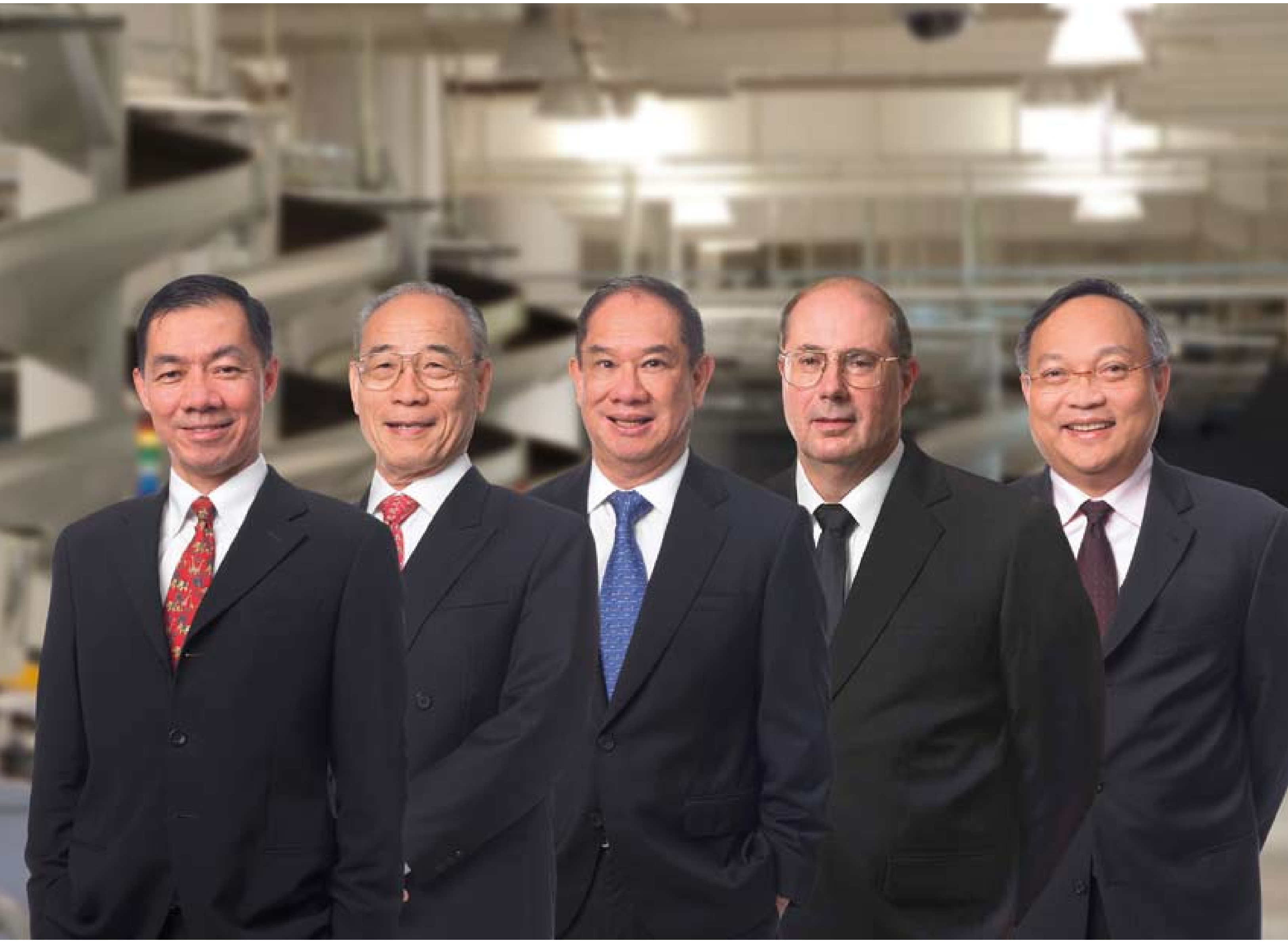
(Non-Executive, Non-Independent Director)

Keith Tay Ah Kee

(Non-Executive, Independent Director)

Lim Ho Kee

(Chairman, Non-Executive, Independent Director)



Kenneth Michael Tan Wee Kheng
(Non-Executive, Independent Director)

Tan Yam Pin
(Non-Executive, Independent Director)

Timothy Chia Chee Ming
(Non-Executive, Independent Director)

Michael James Murphy
(Non-Executive, Non-Independent Director)

Zulkifli Bin Baharudin
(Non-Executive, Independent Director)

Transforming to Deliver Value

At SingPost, we see a world of opportunities around us. Possibilities abound as we transform SingPost - a continual evolution since 2003 - from a traditional postal services provider to a more relevant and growing consumer-oriented organisation offering myriad solutions while enhancing value for stakeholders: customers, staff, shareholders and business partners.

Even as we forge ahead growing and expanding the business, we continue to sharpen our focus on enhancing our competitiveness by streamlining processes and operations, improving productivity, leveraging technology and managing costs.

Transformation paves the way for us to move into new business areas through a wider scope of innovative services, enabling us to increase our competitive edge and to continue to provide an essential postal service at an affordable price. Our investment and partnership with Postea Inc., a company focused on postal innovation and technology, in May 2009 will help accelerate our momentum in delivering innovative solutions.

As we improve our processes and strengthen our organisation to better serve the evolving needs of businesses and changing lifestyles of the modern customers, we are building a progressive SingPost of today for tomorrow.

ClickPost™ - an innovative one-stop mailing solution was launched, helping SMEs stay competitive.

Mail

Continued Optimisation and Innovation

In FY2009/10, SingPost, as Singapore's designated Public Postal Licensee (PPL) continued our stride to think out of the box, introducing innovative and cost-effective solutions to cater to customer needs and convenience while growing and enhancing our core mail business.

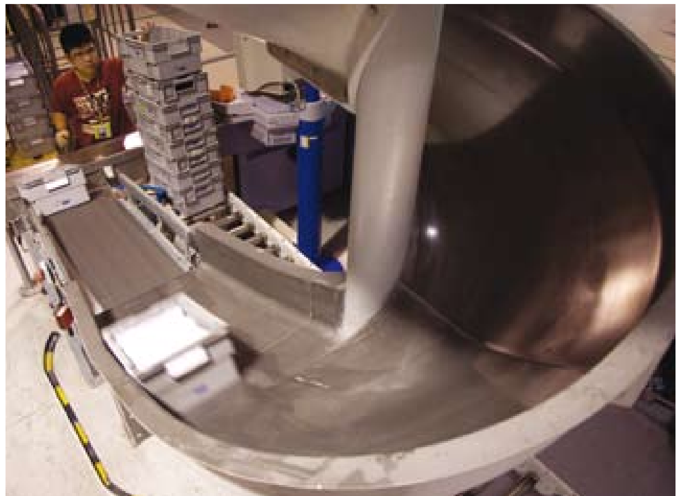
We launched *ClickPost™*, an internet-enabled hassle-free and efficient one-stop mailing solution, helping small and medium-sized enterprises stay competitive. This service allows our customers to focus on their core business while SingPost prints, envelops and delivers their mail.

To make mail a more convenient and effective communications option for consumers and businesses, we introduced another new service - *FreePost. FreePost*, a pre-paid envelope with creative advertising messages, is distributed to customers making transactions at the post office. It enables customers to post their mail free within Singapore while offering businesses another viable option to reach out to their customers in a cost-effective way.

We also continued to tap on inventive ideas to improve efficiency. Working in collaboration with the National Trades Union Congress (NTUC), we recruited some 200 back-to-work women to help in the mail sorting process at the delivery bases. This initiative freed the postmen to concentrate on outdoor delivery, leading to higher productivity. Postman productivity increased to an average of 3,180 items delivered per effective man-day while mail processing staff productivity was 6,616 items sorted per effective man-day.

Other initiatives to improve efficiency included rationalising our delivery base network from eight to seven regional delivery bases and introducing a docket imaging system for faster response to customers.

On 15 May 2010, we will be commencing the 5-day mail collection and delivery service, enabling us to further streamline our operations and optimise resources to stay competitive. This change is made after careful and thorough considerations to declining public mail volumes and lifestyle changes including companies operating on 5-day weeks. Globally, the trend has also been to similarly streamline operations. Productivity gains from this initiative will be passed back to customers - a S$0.15 discount for 5.5 million 1st local stamp booklets/stamp sheets of 10 and a 5% rebate for a period of a year to franked mail customers.



Backed by a dedicated workforce and advanced technology, we deliver to customers an efficient, reliable mail service.

Mail Volumes (Million Items)

Public (Stamped & Franked)

FY09/10	**134.4**
FY08/09	139.7

Bulk

FY09/10	**747.8**
FY08/09	740.2

Total

FY09/10	**882.2**
FY08/09	879.8

Strengthened International Collaborations

In FY2009/10, we continued to focus on regional collaborations and establishing Singapore as an e-commerce hub to strengthen our international mail business. In spite of the challenging economic environment, we achieved growth in e-commerce volume for outgoing small packet mail despatched from Singapore. Leveraging our core competencies in reliable delivery service and strong global postal network, we will continue to grow our transshipment business for e-commerce items.

With effect from 1 January 2010, Singapore was reclassified as a New Target Country from Developing Country by the Universal Postal Union (UPU), a United Nations agency that determines the terminal dues - an international remuneration system between postal administrations for the delivery of international mail. As a result of the reclassification, SingPost's terminal dues are settled under a new structure, which will result in higher outpayments for international mailing. We have taken and will continue to take measures to mitigate its impact.

During the year, we continued to expand the customer base of our hybrid mail business, DataPost in the five markets where we operate, namely Singapore, Malaysia, Hong Kong SAR, Thailand and the Philippines.

We continued to actively represent Singapore at international and regional postal events during the year. We continue to serve as Chair of the Quality Improvement Group and the Vice Chair of the Global Monitoring System Implementation Group under the Postal Operations Council (POC) Committee 1 (Letters) of UPU. SingPost also serves as a member of the Steering Committee of the UPU Terminal Dues Work Group, which is designing a new terminal dues system for implementation in 2014. We are also active in the UPU Letter Mail Product Development and Marketing Group which aims to develop new letter post products for UPU members, serving to keep the postal organisations relevant in the new generation. Under the POC Committee 2 (Parcels), we represent Asia Pacific in the UPU World Customs Organisation Contact Committee.

Closer to home, in the Asia Pacific region, SingPost continues to be a board member of the Asia Pacific Post (APP) Cooperative board and Office Director of both the APP and Regional Technical Centre for Asia Pacific. We also led several workshops on terminal dues in order to help ASEAN members understand and manage the changes in the new terminal dues system.

During the year, we continued our efforts to use innovative techniques on stamp designs. We premiered Singapore's first embroidered appliqué stamp. Featuring the white Pigeon Orchid, the flowers were delicately embroidered and affixed on this limited edition stamp, making it a unique addition to philatelists' collection. A special Collectors' Sheet of the Zodiac Tiger stamp using the offset lithography with reflective index transparent hologram with morphing effect was released. We also issued stamps with diverse themes covering significant events like the launch of the SMRT's Circle Line, the 150th anniversary of the Singapore Botanic Gardens, and the Asia-Pacific Economic Cooperation (APEC) meetings in Singapore, as well as joint stamps with the Philippines and Indonesia. Altogether 12 stamp issues were released for the year.

Evolving to be a lifestyle product, a variety of *MyStamp* sheets were made available over the last 12 months including *Precious Moments*, *2009 Formula 1 SingTel Singapore Grand Prix* and *TO-FU OYAKO MyStamp* collections to connect with the young. In conjunction with our participation in the Singapore Toy, Games and Comic Convention 2009, we organised a *TO-FU OYAKO MyStamp* Design Competition which received more than 500 entries. The public cast 5,576 votes to select the top 10 winners.

Logistics

Enlarged Regional Presence

In May 2009, we acquired 100 per cent of G3 Worldwide Aspac Pte. Ltd, giving us a platform to further expand and extend our core competencies into the region.

Renamed as Quantium Solutions International Pte. Ltd. (Quantium Solutions), we now have an established network of offices in 10 countries/territories - Australia, Hong Kong SAR, India, Japan, Malaysia, New Zealand, Singapore, Taiwan, Thailand and the Philippines in the Asia Pacific region. Quantium Solutions is in the business of providing mail-logistics services such as cross border mail distribution and hand delivery, letter shopping, data management and printing, mailroom management, freight logistics, warehousing and fulfilment.

To support business operations and growth, Quantium Solutions successfully developed and launched an in-house Mail Operating System with additional capabilities to enhance workflow while allowing the monitoring of operations and tracking inter-country billings and settlements.

Leveraging the synergies within the SingPost Group, Quantium Solutions streamlined operations such as aligning procurement policies and utilising the Airmail Transit Centre to achieve cost savings and efficiency. We are also in the midst of reviewing our internal processes to further lower costs and raise productivity. This is in line with our objective to achieve ISO certification across all our entities within the next three years.

From printing and response handling right through to warehousing, freight, fulfilment, letter shopping and delivery, Quantium Solutions provides customers with a one-stop solution for all mail and logistics needs.

Quantium Solutions devised its own mailroom management solution, complete with an Integrated Mailroom System to help companies increase their competitive edge.

Besides focusing on operational efficiencies, we have also been rapidly building up our own distribution networks within the region. During the year, Quantium Solutions India successfully strengthened its presence in India. To date, it has 32 offices in 11 cities across India including the newly opened offices in Mangalore, Ghaziabad and Faridabad. The company plans to increase and open branches in new areas to further extend its business in India.

In FY2009/10, mailroom management services (MMS) continued to be a strategic growth area for Quantium Solutions. Under the MMS, we offer customised and cost-effective mailroom solutions complete with an Integrated Mailroom System to track and analyse mailing activities, as well as teams of mailroom specialists providing on-target services that have been specially designed to increase productivity, and help companies to retain their competitive edge. To further enhance the service offerings, we introduced the Virtual Mailroom that will improve service levels within the organisation as well as allow staff and clients quick access to information.

We deliver a full range of logistics solutions from express delivery to warehousing, distribution and fulfilment services, giving customers more options to suit their needs.

Growing Customised Logistics Solutions

For the past few years, we have been building our distribution capabilities to offer integrated logistics solutions that cover a wide range of value-added services including warehousing and fulfilment, and other innovative services. During the review year, we expanded our customer base in the various industries and extended our warehousing hubs to include the Airmail Transit Centre.

We were accorded the Technology Asset Protection Association Class A certification for our warehousing security capabilities and ISO 9001 certifications for process efficiency.

In line with our strategy of growing e-commerce and to be the transshipment hub for this region, we set up a dedicated Centralised Gateway Operations at our Airmail Transit Centre which is within the Free Trade Zone to handle all mail, EMS and parcel transshipment items that transit via SingPost during the year. This will enable us to improve the transit time and reduce processing costs, better serving the growing interest by international online retailers to use Singapore as a regional distribution hub.

Extended Network, Greater Convenience

On the e-commerce front, *vPOST,* with an enlarged customer base of over 400,000 continued to broaden our offerings to include new trustworthy and established partners, providing greater choices and convenience for online shoppers. Through a strategic collaboration with Malaysia's largest bank, Maybank, we further expanded our reach in Malaysia. *vPOST* also shortened delivery time by one to two days. Other service improvements included allowing *vPOST* customers to select their preferred delivery time and creating a dedicated online enquiry form for a faster response.

vPOST continued to grow and expand its offerings, making online shopping more convenient for customers.

Improved Competitiveness

In FY2009/10, SingPost improved operational efficiency by optimising and strengthening our delivery network and coverage to provide a fast, on-time and reliable collection and delivery service. Complementing our *Speedpost* worldwide courier service to more than 220 countries and territories, we launched the enhanced EMS (Express Mail Service) service with additional track and trace capabilities and high levels of delivery standards. It provides cost-effective and guaranteed day-certain delivery and visibility from collection to delivery to selected countries/territories, namely Australia, China, France, Hong Kong SAR, Japan, Korea, Spain, the United Kingdom and the United States of America.

A new Automated Courier Enterprise system was launched in August 2009. Besides having the capability to process all *Speedpost* services, it is also integrated with the relevant systems to provide real-time delivery status for both users and customers. Another key feature of this new system is its flexibility to incorporate new services, destinations, postage rates structures and system interfaces, providing the scalable infrastructural support for future expansion. We also put in place a new sorting system to strengthen the in-house sorting capability.

During the year, we aligned the various customer touch points, presenting a single 'face' to the customer. To further enhance the customer experience, we adopted a widely used CRM tool with an active tracking functionality via on-demand dashboards and reports to facilitate the management of customer feedback. This also helped to raise team productivity.

Speedpost EMS offers customers a complete range of time-sensitive, door-to-door delivery solutions to more than 220 countries and territories worldwide at their preferred speed and budget.

Retail

Added Convenience to Customers

During the year, we continued to capitalise on our tri-channel retail network to offer added convenience to customers. We supported national initiatives such as the National Day Parade ticket balloting, encashment of Goods and Services Tax Credits and Central Provident Fund (CPF) Payout for Workfare Incentive Scheme, bringing government services closer to Singaporeans and the general public. Other government services that were made available through our network include four new e-services by the Immigration and Checkpoints Authority.

We also continued to increase the range of bill payment services on SAM and expanded the number of access points to 309, satisfying the evolving needs of our customers while providing islandwide accessibility. CPF top-up payments and *ezyCash*, an unsecured personal loan service with GE Money, were made available on SAM.

Progressing with our plan to refresh our post offices, three post offices - Bukit Batok Central, Woodlands Central and Bukit Timah were modernised, enhancing customers' in-store retail experience and better serve their lifestyle needs. The Bukit Timah Post Office, relocated to the Bukit Timah Community Club premises in March 2010, became the first post office to be sited within a community club environment, raising the convenience factor even further.

At the Killiney Post Office, the post office and the café-pub are seamlessly integrated to provide added convenience to the customers.

We provide a plethora of products and services including postal, agency and financial services through our tri-channel network of 62 post offices, 300-plus SAM and internet portal, vPOST.

The CASHOME-Visa Money Transfer service is made available online via vPOST, on top of over-the-counter service at all 62 post offices and selected SAM.

Wide Spectrum of Financial Services

In FY2009/10, we launched "CPL Premium Holiday" for regular premium policy sign-up under the financial planning service Care-for-Life, allowing customers to enjoy savings on their premium. We also offered new plans such as "PruInvestor Guaranteed Plus", an endowment plan and "PruSmart Lady II Pink Campaign" - an affordable medical protection plan, serving the needs of female customers. To help customers enjoy a regular stream of income upon retirement and to protect their savings from huge medical bills, the "Retirement Saver Plus" was introduced.

CASHOME expanded its remittance network for the *CASHOME*-Visa Money Transfer (VMT) service to include 12 additional countries, bringing the service coverage to a total of 21 countries. In March 2010, the VMT service was made available for the first time online via *vPOST*, on top of over-the-counter service at all 62 post offices and selected SAM.

A new renovation loan service was introduced under the *ezyCash* brand, helping customers to realise their dream home. In partnership with UOB, the HDB Home Loan service was extended to 12 post offices, up from four previously.

Transforming to Deliver on Service Obligations

As SingPost continues to transform to better meet the increasing challenges, we remain committed to our service obligations and giving our best in serving Singaporeans and the public at large.

We consistently deliver on our commitment to customers, exceeding the regulator's standards of 99 per cent of mail posted within the CBD and 98 per cent posted outside the CBD to be delivered by the next working day.

Service First

Rain or shine, our staff are there to ensure that mail or parcel is delivered on time while friendly and helpful counter staff at our post offices serve with warmth and professionalism. It is something that we have been doing day after day, year after year for more than 150 years, giving customers the service they have come to depend on and trust.

SingPost consistently delivers on our commitment to customers. In FY2009/10, we continued to meet the Quality of Service set by the regulator, the Infocomm Development Authority of Singapore, i.e. 99 per cent of mail posted within the Central Business District (CBD) and 98 per cent posted outside the CBD to be delivered by the next working day.

During the year, SingPost topped the Customer Satisfaction Index of Singapore (CSISG) 2009 in the courier and postal services sub-sector. We were the only one with improved scores at 65.6 points, above the national courier and postal services sub-sector average of 64.1 points.

In January 2010, SingPost received the Singapore Tourism Board's Singapore Service Star award, endorsing the high level of customer service provided at all 62 post offices. SingPost was the first hybrid winner for the provision of both products and services, outperforming the retail industry in score.

On 1 March 2010, a dedicated queue for postal services was introduced at all 62 post offices for the purchase of postage stamps and registered article transactions. To serve customers better, operating hours of our post offices were extended. Five strategically located post offices at Changi Airport, Singapore Post Centre, Jurong Point, Pioneer Road and Killiney Road started operating on extended hours daily including public holidays. Three popular heartland post offices - Ang Mo Kio Central, Tampines Central and Toa Payoh Central had their operating hours extended to 8pm on weekdays while 13 other designated branches operate till 8pm on Wednesdays.

Transactions such as 'Pay-As-You-Use' (PAYU), a pre-paid metering scheme by SP Services to help residents better manage their electricity consumption along with their ability to pay, are offered at our 62 post offices.

Developing Our Staff

We are committed to delivering reliable, efficient and convenient services to the public and the businesses every day. To achieve this, we constantly invest in our staff.

In FY2009/10, we continued to step up our development programmes for staff, building a stronger team in both soft skills and work-related skills. We rolled out the Workforce Skills Qualifications' Go the Extra Mile Service (GEMS) programme by the Singapore Workforce Development Agency and launched the LCCI (London Chamber of Commerce and Industry) Selling and Sales Management programme for sales personnel to enhance their selling skills.

With the support of our staff's union, Union of Telecoms Employees of Singapore (UTES), SingPost also embarked on the Skills Programme for Upgrading and Resilience (SPUR) offered by the Employment And Employability Institute, for our in-house Workforce Skills Qualifications training.

Our ongoing investment in training frontline staff in customer service paid off. On 6 October 2009, 425 staff were honoured at the SingPost Best Employee Cum Commendation Awards Ceremony 2009. Nationally, at the Excellent Service Awards (EXSA) 2009 ceremony, a total of 59 SingPost employees were commended for outstanding service. One of our Customer Service Officers, Ms Maggie Koh Mui Keng was a Superstar finalist in the retail category.

Besides flexi work arrangements, we also offer re-employment for mature staff to continue working under the Rehire of Retiree Scheme.

Strong Industrial Relations

During the year, we continued to engage our staff through specially organised events and activities such as group walks, movie screenings, and regular communications through staff dialogue sessions.

In FY2009/10, SingPost continued to work closely with UTES to pro-actively manage our labour costs in the face of the economic downturn. Wage increment was frozen, performance-based bonus reduced and certain staff benefits suspended. To help the lower waged staff during the downturn, SingPost gave them a one-off payment.

Building on our healthy relations with the union, SingPost, jointly with UTES and the Tripartite Alliance for Fair Employment Practices (TAFEP), signed an undertaking to be a fair employer. Hiring managers underwent a workshop with trainers from TAFEP. SingPost and UTES partnered with the Ong Teng Cheong Labour Leadership Institute to organise the *"Termination, Dismissal and Discipline"* Workshops for our supervisory and managerial staff.

SingPost also collaborated with the NTUC Women's Development Secretariat (WDS) to encourage economically inactive women back to the workforce on part-time or flexible work arrangements through the *Flexi-Works!* Scheme.

Care and Share

SingPost remains committed to helping the community that we serve through our corporate social responsibility programme. We develop and drive initiatives that create value and contribute to the well-being of our stakeholders.

In FY2009/10, we continued to support Food from the Heart (FFTH), a non-profit organisation that runs voluntary food distribution programmes. Apart from the Bread Distribution Programme where we leverage our strength in collection and delivery to pick unsold bread and pastries from bakeries and hotels and transport them to Self-Collection Centres six times a week, SingPost also supported 50 underprivileged primary school students with food items during the year.

Under our staff voluntarism programme, SingPost staff also gave generously, both personal time and money, towards the Food Goodie Bag Programme. Staff contributed a total of about S$30,000 to purchase food items for some 100 elderly residents in Kolam Ayer for six sessions since the inaugural session in July 2008, on top of packing and delivering these items. To spread the festive cheer, SingPost staff also organised a year-end party for these residents and distributed red packets during the Chinese New Year period.

Since June 2008, we have supported the FFTH to collect unsold bread and pastries from hotels and bakeries six times a week.

In keeping with our efforts to connect with the community we serve, particularly the youth, SingPost announced our partnership with Singapore Youth Olympic Games Organising Committee. As the Official Postal Services Sponsor for the Singapore 2010 Youth Olympic Games (Singapore 2010) to be held in August 2010, SingPost will provide local and overseas delivery of the Games tickets via registered article and offer media spaces for the Singapore 2010, as well as sell Singapore 2010 merchandise through selected post offices and our online portal, *vPOST*.

Leveraging our core strengths, SingPost rendered delivery and logistical support to the Brooks Republic Charity Run, Breast Cancer Foundation, Dover Park Hospice Sunday Walk and SingTel Touching Lives Fund. In addition to sponsoring the Handicapped Welfare Association's (HWA) Wheel Walk or Jog event, SingPost also raised S$50,000 for the event. About 150 staff participated in the event.

Other worthwhile causes we supported included the Community Chest SHARE programme, Girl Guides Singapore Centenary Fund Raising Dinner, Autism Association, Work-based Training Programme 2010 and waiver of postage for the mailing of literature for the blind. We also supported our business partners in their community outreach programmes.

SingPost has been constantly engaging the young community through our Schools' Visit Programme. In FY2009/10, we hosted some 300 students and adults who got a close look at our operations and left with a better understanding of what it takes to run a world-class mail processing centre.

This outreach programme complemented the ongoing public awareness and education on stamps and philatelic products through the Singapore Philatelic Museum (SPM). During the year, SingPost contributed S$300,000 to the SPM for the maintenance and preservation of philatelic materials and exhibits of the museum, as well as museum activities.

Investor Relations

Proactive Engagement with the Investor Community

In FY2009/10, we continued to proactively engage the investor community by providing clear, regular and timely communication on the Group's performance, developments and initiatives, as well as management access.

Our management interact with analysts and fund managers via multiple channels including conference briefings, meetings, webcast presentations, conferences and roadshows to keep them abreast of the latest corporate developments.

We met with 67 overseas and local fund managers and complemented these meetings with regular emails or calls on corporate developments. SingPost also participated in two investor conferences in Singapore - Merrill Lynch Asian STARS Conference and UBS Asian Transport Conference. Management met a total of 22 fund managers from the United Kingdom, Australia, Japan, Hong Kong SAR and Singapore in the two days.

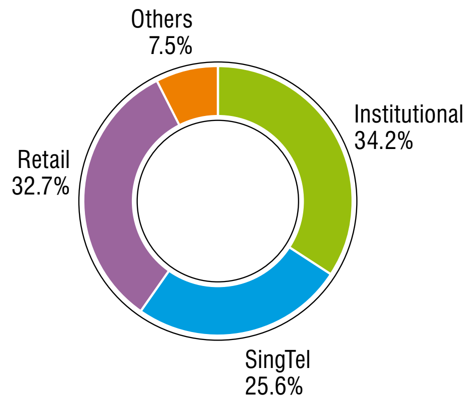
For the quarterly results briefings with the media and analysts, the Group Chief Executive Officer and Deputy Group Chief Executive Officer & Chief Financial Officer personally deliver the financial results. The results presentations are concurrently webcast, and recordings are archived on the corporate website.

There are currently 13 research houses covering SingPost. New analysts who come on board are brought through an orientation programme, which includes briefings and site tours to familiarise them with the businesses and to bring them up to speed on the latest developments.

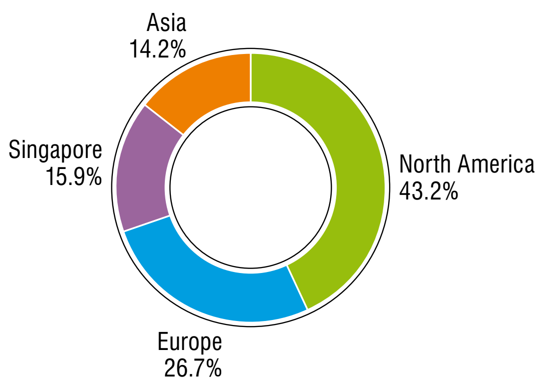
SingPost continued to leverage the Securities Investors Association Singapore (SIAS) network to reach out to retail investors. A pre-AGM luncheon cum presentation was organised for SIAS members and SingPost shareholders on 22 June 2009.

SingPost received a Certificate of Excellence in the "Best Investor Relations Professional - Small or Mid-cap Category" at the IR Magazine Award 2009. The nomination affirmed the investor community's endorsement of the Company's investor relations efforts.

Share Ownership by Investor Groups



Institutional Holdings by Geographic Distribution



The 17th AGM/EGM was well attended by shareholders and proxies.

Shareholder Returns

The total shareholders' return (TSR) was 46.9 per cent for FY2009/10 (source: Bloomberg).

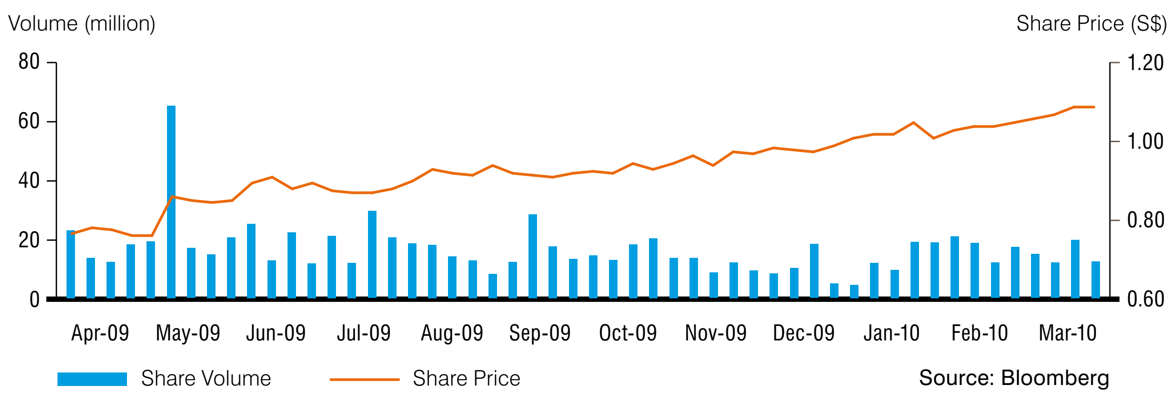
Over the period 1 April 2009 to 31 March 2010, the share price rose 35.0 per cent from 77.5 cents to S$1.05, compared to the increase of 70.0 per cent in the FS STI.

For FY2009/10, the Board of Directors has proposed a final dividend of 2.5 cents per share. Together with the interim dividends of 1.25 cents per share paid in each of the first three quarters of FY2009/10, the proposed total dividend would amount to 6.25 cents per share.

FY2009/10 Dividends (per share)	
Interim Q1 FY2009/10	1.25 cents
Interim Q2 FY2009/10	1.25 cents
Interim Q3 FY2009/10	1.25 cents
Final FY2009/10 (Proposed)*	2.50 cents
Total Dividend Paid/Proposed	6.25 cents

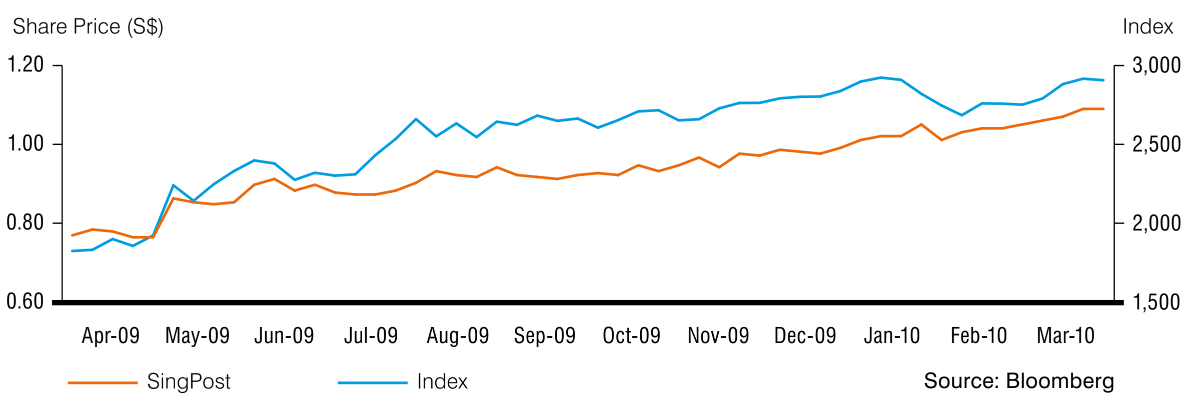
*For the approval of shareholders at the 18th Annual General Meeting.

SingPost Share Price and Trading Volume (FY2009/10)



Source: Bloomberg

SingPost Share Price vs FS STI Index (FY2009/10)



Source: Bloomberg

Property

In FY2009/10, we continued to focus on yield enhancement of our properties. The Group's flagship building, Singapore Post Centre (SPC), continued to enjoy a high occupancy rate of 98.8 per cent as at 31 March 2010.

List of Major Properties

Name	Address	Title	Yrs	With Effect From	Land Area (SQ M)	Building Gross Floor Area (SQ M)
Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,903	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	923
Ayer Rajah Delivery Base	6 Ayer Rajah Crescent	Leasehold	30	01.02.96	4,401	10,274
Bukit Panjang Post Office	10 Choa Chu Kang Track 10	Leasehold	99	31.03.92	3,264	2,015
Jurong Delivery Base	2 Kian Teck Way	Leasehold	30	16.10.95	4,016	3,574
Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	16.09.98	2,761	6,850
Killiney Road Post Office	1 Killiney Road	Leasehold	99	31.03.92	1,029	555
Loyang Delivery Base	25 Loyang Lane	Leasehold	30	16.10.95	3,519	3,225
MacPherson Post Office	70 MacPherson Road	Leasehold	99	31.03.92	2,074	315
Pasir Panjang Post Office	396 Pasir Panjang Road	Leasehold	99	31.03.92	1,726	391
Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	307
Serangoon Road Post Office	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,134	329
Singapore Post Centre	10 Eunos Road 8	Leasehold	99	30.08.82	32,738	137,134
Tanglin Post Office	56 Tanglin Road	Leasehold	99	31.03.92	2,622	2,678
Thomson Road Post Office	246T Upper Thomson Road	Leasehold	99	31.03.92	2,753	1,793
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

Group Financial Highlights/ Business Review

Revenue (S$m)

FY09/10	**525.5**
FY08/09	481.1
FY07/08	472.6
FY06/07	436.0
FY05/06	412.8

Net Profit (S$m)

FY09/10	165.0
FY08/09	148.8
FY07/08	149.3
FY06/07	139.8
FY05/06	123.3

Return On Average Invested Capital (%)

FY09/10	24.3
FY08/09	27.4
FY07/08	29.0
FY06/07	28.0
FY05/06	21.9

Operating Profit (S$m)

FY09/10	201.5
FY08/09	178.4
FY07/08	175.3
FY06/07	169.3
FY05/06	151.8

Free Cash Flow (S$m)

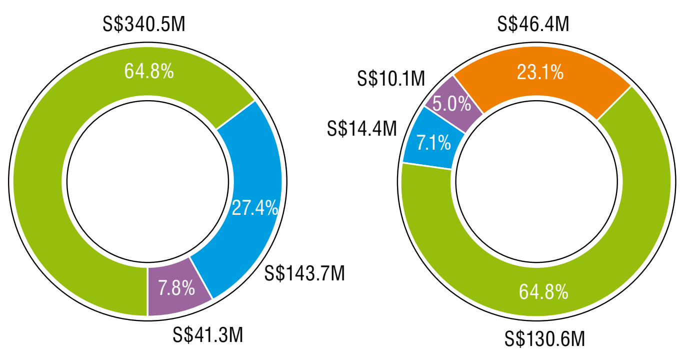
FY09/10	196.1
FY08/09	155.9
FY07/08	160.9
FY06/07	152.4
FY05/06	139.4

Dividend (Cents Per Share)

FY09/10			6.25*
FY08/09			6.25
FY07/08			6.25
FY06/07			6.25
FY05/06	5.5	10.0	15.5

The SingPost Group has three main operating divisions: Mail, Logistics and Retail. For the financial year ended 31 March 2010, the Group recorded revenue of S$525.5 million, of which 64.8 per cent was contributed by the core business of Mail. Logistics comprised 27.4 per cent of Group revenue, while Retail contributed the remaining 7.8 per cent. The Mail Division also accounted for the bulk of Group operating profit, at 64.8 per cent, compared to 7.1 per cent by Logistics and 5.0 per cent by Retail.

Revenue Breakdown **Operating Profit Breakdown**



Mail
- Domestic
- International
- Hybrid
- Philatelic

Logistics
- *Speedpost*
- Warehousing, Fulfilment & Distribution
- *vPOST* (Shop & Ship)

Retail
- Agency Services
- Financial Services
- *vPOST* (Bill Presentment/ Payment)

Others
- Property

SPECIAL DIVIDEND

* Including proposed final dividend of 2.5 cents per share to be approved by shareholders at the AGM in June 2010

Group Five-Year Financial Summary

	Financial Year ended 31 March				
	2010	**2009**	**2008**	**2007**	**2006**
Income Statement (S$ million)					
Revenue	**525.5**	481.1	472.6	436.0	412.8
Operating profit (1)	**201.5**	178.4	175.3	169.3	151.8
EBITDA (2)	**232.2**	212.7	214.8	201.4	185.3
Net profit (3)	**165.0**	148.8	149.3	139.8	123.3
Underlying net profit (4)	**147.7**	147.2	140.0	130.8	123.5
Balance Sheet (S$ million)					
Total assets	**1,074.9**	770.2	747.4	719.3	710.9
Shareholders' funds	**292.9**	251.4	221.4	185.4	146.5
Cash and cash equivalents	**390.2**	139.5	104.1	69.0	53.3
Net debt	**112.8**	163.4	197.9	247.3	296.2
Cash Flow (S$ million)					
Net cash inflow from operating activities	**208.5**	170.3	173.7	160.8	149.7
Capital expenditure (cash)	**12.4**	14.5	12.8	8.5	10.3
Free cash flow (5)	**196.1**	155.9	160.9	152.4	139.4
Key Ratios					
EBITDA margin %	**44.2**	44.2	45.5	46.2	44.9
Net profit margin %	**31.4**	30.9	31.6	32.1	29.9
Return on average invested capital %	**24.3**	27.4	29.0	28.0	21.9
Return on average equity %	**59.5**	61.8	72.6	84.2	51.7
Net debt to equity %	**37.8**	63.8	87.7	133.4	202.2
EBITDA to interest expense (number of times)	**29.9**	27.4	23.4	18.6	21.3
Per Share Information (S cents)					
Earnings per share – basic	**8.56**	7.73	7.77	7.30	6.46
Earnings per share – underlying net profit (4)	**8.56**	7.65	7.27	6.84	6.46
Net assets per share	**15.5**	13.3	11.7	9.9	7.7
Dividend per share – ordinary	**6.25**	6.25	6.25	6.25	5.5
Dividend per share – special	**-**	-	-	-	10.0

Notes

(1) Operating profit is defined as profit before interest, tax and share of profit of associated companies and joint ventures.
(2) EBITDA is defined as profit before interest, tax, depreciation, impairment and amortisation.
(3) Net profit is defined as profit after tax and minority interest.
(4) Underlying net profit is defined as net profit before one-off items, and gains and losses on sale of investments, properties, plant and equipment.
(5) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.
(6) Certain comparative figures have been adjusted to conform to current year's presentation.

Financial Review and Outlook

GROUP	Financial Year ended 31 March 2010 S$'000	 2009 S$'000	 Change %
Revenue	525,513	481,097	9.2
Operating profit	201,457	178,401	12.9
Share of profit of associated companies and joint ventures	957	7,849	(87.8)
Net profit	164,973	148,805	10.9
Underlying net profit (1)	147,745	147,268	0.3
Basic earnings per share (S cents)	8.56	7.73	10.7
Underlying earnings per share (S cents)	8.56	7.73	10.7

Note:
(1) Underlying net profit is defined as net profit before one-off items, and gains and losses on sale of investments, properties, plant and equipment.

The Group recognised the need to grow the business while maintaining competitiveness by strengthening efficiencies and leveraging synergies. During the year, the Group made two major investments – the acquisition of Quantium Solutions in a share swap transaction which involved the disposal of the Company's interest in G3 Worldwide Mail N.V. and a 30 per cent equity stake in Postea Inc.

For the financial year ended 31 March 2010, operating performance for the Group was bolstered by the acquisition of Quantium Solutions, gains on intellectual property rights from the collaboration with Postea Inc. and benefits from the Singapore government's Jobs Credit Scheme. With a stronger second half operating performance, the Group's revenue for the year rose 9.2 per cent and net profit increased 10.9 per cent. Underlying net profit was steady at S$147.7 million.

REVENUE	Financial Year ended 31 March 2010 S$'000	 2009 S$'000	 Change %
Mail	360,164	368,491	(2.3)
Logistics	173,949	72,418	140.2
Retail	66,889	65,346	2.4
Inter-segment eliminations	(75,489)	(25,158)	200.1
	525,513	481,097	9.2

Note:
(1) The increase in current year's inter-segment eliminations arose from the inclusion of outsourced services and postage revenue, following the consolidation of Quantium Solutions wef May 2009.

The Group's revenue increased 9.2 per cent to S$525.5 million, due to first-time consolidation of Quantium Solutions. Excluding Quantium Solutions, Group revenue declined by 2.0 per cent. This was due to the weaker operating performance in the first half of the financial year as a result of the poor economic environment. The Group's operating performance picked up in the second half, following the improvement in business conditions.

Financial Review and Outlook

Mail revenue, the dominant contributor to revenue at 64.8 per cent, decreased 2.3 per cent to end at S$360.2 million for the year. Within the Mail business, domestic mail revenue, accounting for 62.4 per cent of Mail revenue, decreased 1.2 per cent to S$224.6 million. International mail revenue, accounting for 31.2 per cent of Mail revenue, decreased 4.2 per cent to S$112.4 million. Hybrid mail's performance was steady, with revenue increasing 2.1 per cent to S$17.8 million. Revenue from philately and stamps declined 14.8 per cent to S$5.4 million.

With the inclusion of Quantium Solutions, revenue contribution from Logistics increased from 15.0 percent last year to 27.4 per cent of total Group's revenue this year. Logistics revenue increased 140.2 per cent to S$173.9 million. *Speedpost* revenue, accounting for 30.5 per cent of Logistics revenue, declined 4.9 per cent to S$53.3 million. Warehousing, fulfilment, distribution and others, accounting for 9.8 per cent of Logistics revenue, increased 4.3 per cent to S$17.1 million. First-time contribution from Quantium Solutions stood at S$103.5 million.

Retail revenue, contributing the remaining 7.8 per cent to total revenue, grew 2.4 per cent to S$66.9 million. Increased contributions from financial services offset the decline in agency and bill presentment services. Agency services, retail products and others, accounting for 31.1 per cent of Retail revenue, decreased 3.9 per cent to S$20.8 million. Financial services revenue, accounting for 30.6 per cent of Retail revenue, increased 5.2 per cent to S$20.5 million. Inter-segment revenue, which arose from provision of services to Mail and Logistics segments, rose 5.7 per cent to S$25.6 million.

The Group's rental and property-related income grew 20.9 per cent to S$40.4 million. The growth was underpinned by higher rental income from Singapore Post Centre and the leasing of space at the repurposed post office buildings.

Miscellaneous income increased from S$0.3 million to S$12.6 million, mainly attributable to recognition of deferred gains on intellectual property rights from the collaboration with Postea Inc. and trade-related foreign exchange gains.

The Group's total expenses increased 12.0 per cent to S$384.8 million. Excluding Quantium Solutions and one-off items such as the benefits from the Singapore government's Jobs Credit Scheme, total expenses would have increased marginally by 0.7 per cent as a result of the Group's cost-containment measures.

	Financial Year ended 31 March		
OPERATING PROFIT	**2010 S$'000**	**2009 S$'000**	**Change %**
Mail	130,605	139,605	(6.4)
Logistics	14,389	7,862	83.0
Retail	10,092	11,505	(12.3)
Others	46,371	19,429	138.7
	201,457	178,401	12.9

The Group's operating profit rose 12.9 per cent to S$201.5 million. Excluding one-off items such as the gains on intellectual property rights and benefits from the Jobs Credit Scheme, underlying operating profit grew 3.6 per cent mainly from the inclusion of Quantium Solutions.

Mail operating profit decreased 6.4 per cent to S$130.6 million, largely reflecting the impact of lower revenue and high fixed overheads. Logistics operating profit, boosted by Quantium Solutions, was up 83.0 per cent to S$14.4 million. Retail operating profit decreased 12.3 per cent to S$10.1 million due to increasing costs and reduced contributions from higher-margin financial services. Operating profit from "Others" segment increased 138.7 per cent to S$46.4 million due to higher rental and property-related income and gains on intellectual property rights.

Financial Review and Outlook

The Group's share of profit of associated companies and joint ventures was S$1.0 million, down 87.8 per cent from S$7.8 million. The decline was due mainly to the cessation of equity-accounting for Quantium Solutions and G3 Worldwide Mail N.V. as a result of the share swap transaction where the Group acquired the balance 50 per cent of Quantium Solutions in exchange for its entire 24.5 per cent interest in G3 Worldwide Mail N.V.

Net profit for the Group rose 10.9 per cent to S$165.0 million. Excluding one-off items, the Group's underlying net profit rose marginally by 0.3 per cent.

BALANCE SHEET AND CAPITAL MANAGEMENT

The Group is committed to an optimal capital structure and constantly reviews its capital structure to balance capital efficiency and financial flexibility. During the year, the Company issued S$200 million of 10-year Fixed Rate Notes to finance new investments and fund anticipated capital expenditure and working capital requirements.

Shareholders' fund was higher at S$292.9 million compared to S$251.4 million a year ago. The Group's total assets increased from S$770.2 million to S$1.1 billion, as cash and cash equivalents rose from S$139.5 million to S$390.2 million. Total liabilities increased from S$514.0 million to S$776.4 million.

	Financial Year ended 31 March		
Group Debt	**2010 S$'000**	**2009 S$'000**	**Change %**
Total debt	502,977	302,969	66.0
Net debt	112,757	163,421	(31.0)
Net debt to equity (%)	38%	64%	
EBITDA to interest expense (number of times)	29.9	27.4	

Total debt increased to S$503.0 million. Net gearing ratio declined from 64 per cent as at 31 March 2009 to 38 per cent as at 31 March 2010. Interest coverage for the Group remained robust, with EBITDA to interest expense cover increasing to 29.9 times.

	Financial Year ended 31 March		
CASH FLOW	**2010 S$'000**	**2009 S$'000**	**Change %**
Net cash inflow from operating activities	208,517	170,335	22.4
Purchase of property, plant and equipment	12,435	14,451	(14.0)
Free cash flow	196,082	155,884	25.8
Dividends paid to shareholders	120,406	120,382	0.0
Cash capital expenditure as a percentage of revenue (%)	2.4%	3.0%	

Financial Review and Outlook

Cash flow generation for the Group remained healthy, with net cash from operating activities amounting to S$208.5 million for the year ended 31 March 2010, compared to S$170.3 million last year.

Free cash flow amounted to S$196.1 million, a 25.8 per cent increase from S$155.9 million last year.

DIVIDEND

Given the Group's healthy cash flows, the Board of Directors is recommending a final dividend of 2.5 cents per share for the financial year ended 31 March 2010. Together with the interim dividend payments of 1.25 cents per share for each of the first three quarters, the annual dividend in respect of the current financial year would amount to 6.25 cents per share.

	cents per share
Interim Q1	1.25 cents
Interim Q2	1.25 cents
Interim Q3	1.25 cents
Proposed Final	2.50 cents
Total dividends paid and proposed in relation to FY2009/10	6.25 cents

Barring unforeseen circumstances, the Group will endeavour to pay a minimum annual dividend of 5 cents per share. This will continue to be paid on a quarterly basis.

OUTLOOK

In view of the strong growth for the economy in the first three months of 2010 and the overall improved outlook for external economies, the Ministry of Trade and Industry has upgraded Singapore's GDP growth forecast for 2010 from 4.5-6.5 per cent to 7.0-9.0 per cent.

The Group is cautiously optimistic about the business outlook. It continues to focus on efforts to diversify and grow its businesses in Singapore and the Asia Pacific region. Quantium Solutions provides the Group with a regional springboard to expand its business and extend its core competencies into Asia Pacific. The Group's partnership with Postea Inc., a technology company at the forefront of innovative solutions for the postal and logistics industry, adds value to its business. While much focus is on growing the business, the Group also maintains competitiveness by strengthening efficiencies and leveraging synergies.

With effect from 15 May 2010, the Group will cease to collect and deliver mail on Saturdays, enabling it to further streamline operations and optimise resources to stay competitive. Savings from this initiative will be passed back to customers via discounts on stamp booklets/sheets and rebates on franked mail for a period of a year.

As part of the Group's growth strategy, it has been actively exploring investment and business opportunities in Singapore and the region. With its strong cash position and the recent new funding from the S$200 million Fixed Rate Notes, the Group has the financial capability to fund new investments that may arise.

Corporate Governance Report

INTRODUCTION

The Board and management of SingPost firmly believe that good corporate governance is essential to the long term sustainability of the Company's businesses and performance. SingPost is committed to maintaining its high standard of corporate conduct and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and protection of shareholders' interests.

This report describes SingPost's corporate governance practices and structures that were in place during the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2005 (the Code).

A BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board oversees the business affairs of the Company and is collectively responsible for its success. 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 acquisition 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 Nominations Committee, the Compensation Committee, the Audit Committee and the Board Risk Committee. The composition and terms of reference of each Committee are described in this report.

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 2010, a total of eight Board meetings was held. 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 a formal letter by the Company Secretary setting out the directors' duties and advising of their disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules. Orientation programmes for new directors are conducted to familiarise them with the business activities of the Group, its strategic plans and direction and corporate governance practices.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises nine directors of whom seven are independent and two are non-independent. The Group Chief Executive Officer (Group CEO) is the only executive director. Mr Wilson Tan Wee Yan was the Group CEO and executive director until 3 April 2010.

The Nominations Committee reviews and determines the independence of each director on an annual basis based on the guidelines provided in the Code. In addition, the Nominations Committee requires each director to state whether he considers himself independent despite not having any of the relationships identified in the Code. Based on the above, the Nominations Committee concludes that the non-independent directors are Mr Lim Eng, the Chief Executive Officer of NCS Pte Ltd, a wholly-owned subsidiary of SingTel which is a substantial shareholder of SingPost and Mr Michael James Murphy. Mr Michael James Murphy is deemed to be a non-independent director as a result of the agreements entered into between SingPost and Postea, Inc. and Proiam Asia Pacific Pte Ltd, a related corporation of Postea, Inc. where SingPost made certain payments to Postea, Inc. and Proiam Asia Pacific Pte Ltd during the financial year (details of which are provided in the Directors' Report). Mr Michael James Murphy is the Chief Executive Officer, director and a substantial shareholder of Postea, Inc.

The size and composition of the Board are reviewed from time to time by the Nominations Committee to ensure that it has the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skill sets and core competencies for effective decision-making. The Committee also strives to ensure that the size of the Board is conducive to discussions and facilitates decision-making.

As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, finance, law, business and management, strategic planning, logistics, postal technology and customer service. The diversity of the directors' experience allows for the useful exchange of ideas and views. The non-executive directors communicate regularly without the presence of the executive director or management to review matters of a confidential nature. 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.

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

There is a clear separation of the roles and responsibilities of the chairman and the chief executive officer of SingPost. Different individuals assume the chairman and the chief executive officer functions in the Company; these 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. The Chairman monitors the translation of the Board's decisions and directions into executive action. He also ensures the quality, quantity and timeliness of information flow between the Board and management and that the Board has sufficient opportunities for interaction and informal meetings with management. Mr Wilson Tan Wee Yan as the Group CEO was the most senior executive in SingPost until he stepped down on 3 April 2010. The Group CEO implements the Board's decisions and assumes the executive responsibility of the day-to-day management of the Company, in accordance with the strategies, policies, budget and business plans approved by the Board. The Group CEO is supported by the Executive Management Committee and the Management Committee in his duties. The functions and key responsibilities of these Committees are set out under the section of "Board and Management Committees" in this report.

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).

Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

Recommendations for nominations of new directors and retirement of directors are made by the Nominations Committee and considered by the Board as a whole. The Committee is chaired by Mr Kenneth Michael Tan Wee Kheng, an independent director who is not associated with a substantial shareholder. The appointment of directors to the Board requires the prior written approval of the IDA.

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 abilities.

The process for the appointment of new directors begins with the Nominations Committee conducting a needs analysis and identifying the critical needs in terms of expertise and skills that are required in the context of the strengths and weaknesses of the current Board. The Committee then defines a profile for the new director to serve as a brief for recruitment. The Committee is empowered to engage professional search firms and will give due consideration to candidates identified by substantial shareholders, Board members and management. Potential candidates will meet with at least one member of the Board. The Committee is responsible for references, which are considered prior to its endorsement of the candidate. Where a candidate has been endorsed by the Committee, it will then make a recommendation to the Board for the approval of his appointment. Upon the Board's approval, the Company will seek IDA's approval in accordance with the requirement set out in the Company's Postal Services Act, Cap. 237A.

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.

In addition, the Nominations Committee reviews whether each director has given sufficient time and attention to the affairs of the Company and decides if a director has been adequately carrying out, and is able to carry out, his duties as a director of the Company. The Nominations Committee has determined that all the directors have adequately carried out their duties, based on their attendance as disclosed in this report.

At each Annual General Meeting (AGM) of the Company, 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, the Company'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 the Company 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.

The Nominations Committee assesses the independence of directors as described under Principle 2.

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

A process is in place to assess the performance and effectiveness of the Board as a whole and each director's contribution 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 the size and composition of the Board, the Board's access to information, Board processes, strategy and planning, accountability, Board performance in relation to discharging its principal functions, communication with management and standards of conduct of the directors.

As part of the process, the directors complete appraisal forms which are then collated by an independent consultant. The independent consultant reviews the results of the appraisal with the Chairman of the Nominations Committee and presents a report to the Board together with the recommendations of the Chairman of the Nominations Committee.

The directors also undertake individual evaluation to assess each directors' contribution to the Board's effectiveness. The results of the evaluation are used by the Nominations Committee to discuss improvements with the Board and to provide constructive feedback to individual directors. Where appropriate, the Chairman of the Board may take these results into account when the Nominations Committee is determining the re-election of directors or the appointment of directors onto Board Committees.

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.

Principle 6: Access to Information

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Board is furnished with relevant information and adequate analysis by management pertaining to matters for the Board's 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 management and the Company Secretary at all times. The Company Secretary attends to all corporate secretarial and compliance matters and is responsible for ensuring that legal and regulatory requirements as well as Board procedures are complied with. The Company Secretary also attends all Board meetings and facilitates and organises directors' induction and training. The appointment and removal of the Company Secretary are subject to the approval of the Board.

To assist Board members in fulfilling their responsibilities, procedures are 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 Executive Committee, the Nominations Committee, the Compensation Committee, the Audit Committee and the Board Risk 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 to foster active participation and contribution from Board members is also taken into consideration.

All the Board Committees' activities are reported to the Board.

Executive Committee

The members of the Executive Committee are Mr Lim Ho Kee (Committee Chairman), Mr Keith Tay Ah Kee and Mr Timothy Chia Chee Ming, all of whom are non-executive independent directors and Mr Lim Eng, a non-executive non-independent director. Mr Wilson Tan Wee Yan ceased to be a member of the Executive Committee following his resignation as a director on 3 April 2010.

The 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 Committee met two times during the financial year.

Corporate Governance Report

Nominations Committee
The members of the Nominations Committee are Mr Kenneth Michael Tan Wee Kheng (Committee Chairman), Mr Lim Ho Kee, Mr Timothy Chia Chee Ming and Mr Zulkifli Bin Baharudin, all of whom are non-executive independent directors. Mr Zulkifli Bin Baharudin was appointed as member of the Nominations Committee on 2 February 2010. The responsibilities of the Committee include the following:

- reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of directors;
- reviewing and recommending to the Board the retirement and re-election of directors in accordance with the Company's Articles of Association at each AGM;
- reviewing 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 the directors; and
- reviewing the independence of the directors.

The Nominations Committee held five meetings during the financial year.

Compensation Committee
The Compensation Committee comprises Mr Lim Eng (Committee Chairman), Mr Lim Ho Kee, Mr Keith Tay Ah Kee and Mr Lee Chong Kwee. All the Compensation Committee members are non-executive independent directors except Mr Lim Eng, who is a non-executive non-independent director.

Although Mr Lim Eng is not considered independent under the Code, he is a non-executive director with a clear separation of his role from management in the deliberations of the Compensation Committee. The responsibilities of the Committee include:

- recommending to the Board for endorsement the remuneration policies and guidelines for setting remuneration for directors and key executives;
- approving performance targets for assessing the performance of the executive director;
- recommending the specific remuneration package for the executive director; and
- administering the Singapore Post Share Option Scheme.

The Compensation Committee held two meetings during the financial year.

Corporate Governance Report

Audit Committee
The Audit Committee comprises three non-executive independent directors namely Mr Keith Tay Ah Kee (Committee Chairman), Mr Kenneth Michael Tan Wee Kheng and Mr Tan Yam Pin. The responsibilities of the Committee as specified in its written charter include:

- assisting the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviewing the audit plans and reports of the external auditors and internal auditors and considering the effectiveness of the actions taken by management on the auditors' recommendations;
- appraising and reporting 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;
- reviewing 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
- reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

The Audit Committee held four meetings during the financial year.

Board Risk Committee
The Board Risk Committee comprises three non-executive independent directors: Mr Tan Yam Pin (Committee Chairman), Mr Keith Tay Ah Kee and Mr Kenneth Michael Tan Wee Kheng. The Committee assists the Board in fulfilling its oversight responsibilities on risk management. The responsibilities of the Committee include:

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

The Board Risk Committee held four meetings during the financial year.

Executive Management Committee
The Group CEO is supported by the Executive Management Committee comprising the key executives of the Company. The Committee is responsible for recommending the Group's strategic direction to the Board and execution of its strategic plans. It also reviews and assesses the annual budget and potential investments.

Corporate Governance Report

Management Committee
The Group CEO is also supported by the Management Committee which comprises the senior management of the Company. The Committee reviews and directs management on operational policies and activities.

Attendance at Board and Board Committee Meetings
The attendance of each director at Board meetings and Board Committee meetings for the financial year ended 31 March 2010 is as follows:

	Board	Executive Committee	Nominations Committee	Compensation Committee	Audit Committee	Board Risk Committee
Number Of Meetings Held	8	2	5	2	4	4
Name						
Lim Ho Kee	8	2	5	2	-	-
Keith Tay Ah Kee	8	2	-	2	4	4
Kenneth Michael Tan Wee Kheng	8	-	5	-	2	2
Tan Yam Pin	7	-	-	-	4	4
Lee Chong Kwee	8	-	-	2	-	-
Timothy Chia Chee Ming	8	2	5	-	-	-
Lim Eng	7	2	-	2	-	-
Michael James Murphy (1)	4	-	-	-	-	-
Zulkifli Bin Baharudin (2)	2	-	1	-	-	-
Ong Ah Heng (3)	2	-	1	-	-	-
Wilson Tan Wee Yan (4)	7	2	-	-	-	-

(1) Mr Michael James Murphy was appointed as a director on 7 August 2009.
(2) Mr Zulkifli Bin Baharudin was appointed as a director on 11 November 2009.
(3) Mr Ong Ah Heng retired following the conclusion of the AGM held on 30 June 2009. Consequently, he ceased to be a member of the Nominations Committee. He attended 2 out of 4 Board meetings and 1 out of 1 Nominations Committee meeting between 1 April 2009 and 30 June 2009.
(4) Mr Wilson Tan Wee Yan ceased to be a director and a member of the Executive Committee on 3 April 2010.

Corporate Governance Report

B REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Compensation Committee meets yearly to discuss the performance assessment of the executive director as well as the level of rewards to pay. The recommendations on the remuneration of the executive director for the year of assessment are forwarded to the Board for approval. The Committee also reviews and approves the remuneration of senior management, as well as the annual increment and variable bonus for employees.

Directors' fees are recommended by the Committee and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM.

All the members of the Committee are non-executive, independent directors except Mr Lim Eng, who is non-executive and a non-independent director. No director is involved in deciding his own remuneration.

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

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Non-executive directors' remuneration takes into account the effort and time spent, and responsibilities of the directors. Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committee meetings as well as for participation in pro tem committee meeting, special projects and assignments. The non-executive directors do not receive share options as part of their remuneration. The directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders during the AGM.

For the year ended 31 March 2010, special recognition is proposed for two Board directors, Mr Lim Ho Kee and Mr Michael James Murphy, to compensate them for their substantial time and efforts beyond their normal scope of duties as Board directors. Mr Michael James Murphy provided management with detailed strategic guidance on information technology transformation and on innovation for the changing landscape of the Postal business. Mr Lim Ho Kee as Chairman provided management with protracted executive guidance during the period of leadership change. Group CEO, Mr Wilson Tan Wee Yan, tendered his resignation on 4 January 2010 and his last day of service was 3 April 2010.

The Group CEO, who is an executive director, is not paid directors' fees. The employment contract of the Group CEO is on a fixed appointment period and contains clearly spelt out terms for the discontinuation of service. The Group CEO's terms of employment and rewards, including long-term incentives in the form of SingPost share options, are approved by the Board.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Directors' Remuneration
The directors' compensation for the financial year ended 31 March 2010 is as listed below:

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$'000)	Total Compensation (S$'000)
S$500,000 to below S$1,000,000						
Wilson Tan Wee Yan (5) Group CEO	650.0	100.2	8.0	63.3	-	821.5
Below S$250,000						
Lim Ho Kee (6) Chairman	-	-	-	0.8	327.0	327.8
Keith Tay Ah Kee	-	-	-	0.8	100.8	101.6
Kenneth Michael Tan Wee Kheng	-	-	-	0.4	91.0	91.4
Tan Yam Pin	-	-	-	0.8	81.1	81.9
Lee Chong Kwee	-	-	-	0.8	53.4	54.2
Timothy Chia Chee Ming	-	-	-	-	64.3	64.3
Lim Eng	-	-	-	-	71.7	71.7
Michael James Murphy (7)	-	-	-	-	79.9	79.9
Zulkifli Bin Baharudin (8)	-	-	-	0.1	18.4	18.5
Ong Ah Heng (9)	-	-	-	-	13.2	13.2

Notes
(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2010.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2010.
(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, where applicable.
(5) Mr Wilson Tan Wee Yan ceased to be a director on 3 April 2010. He was granted 200,000 share options with a value of $18,215 on 29 June 2009. The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model.
(6) A special payment of $200,000 is included in the directors' fees for financial year ended 31 March 2010.
(7) Mr Michael James Murphy was appointed as a director on 7 August 2009 and a special payment of $50,000 is included in the directors' fees for financial year ended 31 March 2010.
(8) Mr Zulkifli Bin Baharudin was appointed as a director on 11 November 2009.
(9) Mr Ong Ah Heng retired following the conclusion of the AGM on 30 June 2009.

No employee of the Company and its subsidiary companies is an immediate family member of a director and whose remuneration exceeded S$150,000 during the financial year ended 31 March 2010.

Executives' Remuneration

The Company adopts a remuneration strategy that supports a pay-for-performance philosophy. The Company's executives participate in an annual performance review process that assesses the individual's performance against set performance targets. Performance against these targets is a key factor determining their remuneration.

The remuneration structure for the Group CEO and key executives consists of the following components:

Fixed Component

Fixed pay comprises basic salary and Annual Wage Supplement.

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 CEO and key executives.

Provident Fund

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

Benefits

Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowance and club benefits, where applicable. 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. Details of the share option scheme can be found in the "Directors' Report" section of the Annual Report.

Corporate Governance Report

The following information relates to the remuneration of the Company's key executives (not being directors) for the financial year ended 31 March 2010:

Name of Executive	Fixed Component (1) %	Variable Component (2) %	Provident Fund (3) %	Benefits (4) %	Total Compensation (5) %	SingPost Share Option Scheme (6) No. Awarded & Accepted ('000)	SingPost Share Option Scheme (6) Value (S$'000)
S$250,000 to below S$500,000							
Ng Hin Lee Deputy Group Chief Executive Officer & Chief Financial Officer	57	33	2	8	100	600	54.6
Woo Keng Leong Executive Vice President (Mail)	66	23	2	9	100	450	41.0
Teo Yew Hwa Chief Executive Officer, Quantium Solutions International	70	17	2	11	100	300	27.3
Loh Choo Beng Executive Vice President (Retail & Financial Services)	66	21	3	10	100	350	31.9

Notes

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2010.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2010.
(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 and car allowance.
(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.

C ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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.

Principle 11: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Information on the members of the Audit Committee and the Committee's responsibilities is outlined under the "Board and Management Committees" section of this report.

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 Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services.

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 Committee.

The Committee has reviewed the overall scope of both internal and external audits and the assistance given by the Company's staff 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 controls. The Committee has also met with the internal and external auditors, without the presence of management.

The Committee has reviewed the quarterly and annual financial statements of the Company and the Group for the financial year ended 31 March 2010 as well as the auditors' report 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 2010. The Committee is of the opinion that the independence of the external auditors would not be impaired by the provision of these non-audit services. The external auditors have also provided a confirmation of their independence to the Audit Committee.

Whistle-blowing Policy

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible 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 sent to the internal audit function. The Audit Committee is informed 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 briefed on these during the orientation programme.

Corporate Governance Report

Principle 12: Internal Controls

The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Management is responsible for establishing and ensuring the Group has a sound system of internal controls (including the risk management systems), with oversight from the Board and Board Committees.

The key internal controls of the Group include:

- establishment of risk management systems and policies;
- 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.

Risk management in SingPost is a continuous, iterative and integrated process which has been incorporated into the various planning, approval, execution, monitoring, review and reporting systems. These include:

- strategic, business, operations and financial planning;
- budgeting, investment, divestment and expenditure approval systems;
- business, operations and financial performance tracking, review and reporting systems; and
- preventive and detective systems to ensure compliance with legal and regulatory requirements.

The Group's risk management policy is to take calculated risks so as to maximise returns at an optimal level of risk. In determining an appropriate response to the risks identified, the costs of the mitigating measures are balanced with the benefits of eliminating or reducing the risks.

The Group adopts a top-down as well as a bottom-up approach on risk management to ensure that its strategic, business, operations, financial, reporting and compliance risk exposures are identified and appropriately managed to achieve its goals and objectives.

The Management Risk Committee is chaired by the Group CEO and all his direct reports are members of this Committee. The role of this Committee is to provide further assurance that the material risk exposures of the Group have been identified and evaluated at the group level, the measures implemented to manage these risks are adequate and effective but not excessive, and the residual risks are acceptable.

A formal risk review exercise is carried out every year for the Management Risk Committee to independently assess the material risk exposures identified by the respective business units and support units, as well as the risk management measures implemented. A risk owner is identified for each material risk exposure of the Group.

The material risk exposures of the Group as assessed by the Management Risk Committee and the measures implemented to manage these risks are presented to the Board Risk Committee for its independent review. The final risk review report, incorporating the recommendations of the Board Risk Committee, is presented to the Board.

Besides the annual risk review exercise, the Board Risk Committee also reviews specific material risks in detail from time to time. If there are events which trigger a major risk to the Group, meetings will be convened for the Committee to review the risk.

Various measures are implemented to manage the Group's operational risks. These include safety and security measures, internal control procedures, business continuity plans and appropriate insurance coverage.

Details of the Group's financial risks management measures are outlined in Note 32 to the Financial Statements.

Based on the internal controls established by the Group, work performed by the internal and external auditors, and reviews carried out by the management, various Board Committees and the Board, the Board is of the opinion that the Group has adequate internal controls.

Principle 13: Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The internal audit function's primary line of reporting is to the Chairman of the Audit Committee, while it reports administratively to the Group CEO. 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.

D COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

The Company proactively communicates with shareholders and investors by keeping them updated on the Company's growth initiatives, activities and financial performance to help them better understand the operations and prospects of the organisation.

The Company practises fair disclosure and treats all shareholders equally. To ensure a high level of transparency in disclosure, price sensitive information is swiftly disseminated to the public through SGXNET in a timely manner and posted thereafter on the corporate website at www.singpost.com. Other platforms are also employed to share pertinent information with investors, such as briefings, teleconferences, investor meetings and conferences, roadshows, the internet and email broadcasts.

The Company believes in fostering long-term working relationships with the investor community. Management actively participates in one-on-one and group meetings with analysts and investors to provide updates and insights into the business. The Company also continues to engage and partner with the Securities Investors Association (Singapore) in reaching out to retail investors.

The Company's quarterly results are promptly released within a month after the close of every financial quarter. Joint briefings for analysts and the media are organised for the first-half and full-year results releases, while teleconference calls are scheduled for the first and third quarters. The results are presented by the Group Chief Executive Officer and Deputy Group Chief Executive Officer & Chief Financial Officer. The results presentation, concurrently broadcast via live audio webcast, provides shareholders with an opportunity to gather first hand information on the performance of the Company.

Principle 15: Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company encourages shareholder participation at Annual General Meetings and Extraordinary General Meetings, which serve as a good platform for them to meet with management and the Board to clarify issues relating to the Company's performance and directions. Shareholders can also articulate their views on matters relating to the Company or question the Board on issues pertaining to the resolutions proposed at the event.

The Company's Articles of Association allow a shareholder entitled to attend and vote to appoint two proxies who need not be a shareholder of SingPost to attend and vote on behalf at general meetings. The Company proposes separate resolutions on each substantially separate issue. Proxy votes for each resolution are shown to shareholders and proxies at the AGM before voting takes place. Voting in absentia by mail, email or fax is currently not permitted under the Company's Articles of Association until security, integrity and other pertinent issues are satisfactorily resolved.

Board members and the chairpersons of the Audit, Board Risk, Nominations and Compensation Committees are present to address shareholders' questions at general meetings. The Company's external auditors are also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditors' report.

DEALINGS IN SECURITIES

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. The policy also discourages trading on short-term considerations.

Information on Directors and Key Management

Profile of Directors

Mr Lim Ho Kee, 65
Non-executive, independent director

Mr Lim was appointed as a director in April 1998 and as Chairman of the Board of Directors in March 2003. Mr Lim was last re-elected in 2008. He is the Chairman of the Executive Committee and also a member of the Compensation and Nominations Committees. Mr Lim is currently a Director of Jardine Cycle & Carriage Limited, MCL Land Limited, Keppel Land Limited, Transcu Limited and Postea, Inc.

With more than 30 years of experience in both the public and private sectors, Mr Lim's past portfolio includes directorships in SingTel, Keppel Tatlee Bank Limited and K1 Ventures Ltd. He was an independent director of SingTel between April 1992 and September 2000 and chaired the Finance and Investment committee during the period.

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 Keith Tay Ah Kee, 65
Non-executive, independent director

Mr Tay was appointed as a director in April 1998 and was last re-elected in 2009. He is the Chairman of the Audit and also a member of the Executive, Compensation and Board Risk Committees.

Mr Tay 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, FJ Benjamin Holdings Ltd and Singapore Airport Terminal Services Limited. He is Chairman of Aviva Ltd and Stirling Coleman Capital Limited. He is a board member of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997.

Mr Tay qualified as a Chartered Accountant in London, UK. 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.

Information on Directors and Key Management

Profile of Directors

Mr Kenneth Michael Tan Wee Kheng, 51
Non-executive, independent director

Mr Tan, Senior Counsel, was appointed as a director in March 2003 and was last re-elected in 2008. He is the Chairman of the Nominations Committee and also a member of the Audit and Board Risk Committees.

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 also a President of the Law Society Disciplinary Tribunal. He is an accredited Arbitrator with the Singapore International Arbitration Centre and 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.

Mr Tan Yam Pin, 69
Non-executive, independent director

Mr Tan was appointed as a director in February 2005 and was last re-elected in 2008. He is the Chairman of the Board Risk Committee and also a member of the Audit Committee.

Mr Tan is a director of Great Eastern Holdings Limited, Keppel Land Limited, BlueScope Steel Limited (Australia) and Leighton Asia Limited (Hong Kong). He is also a Member of the Singapore Public Service Commission since 1990.

Mr Tan holds a Bachelor of Arts degree in Economics from the University of Singapore and a Master of Business Administration degree from the University of British Columbia, Canada. He is a Fellow of the Canadian Institute of Chartered Accountants, Canada.

Information on Directors and Key Management

Profile of Directors

Mr Lee Chong Kwee, 53
Non-executive, independent director

Mr Lee was appointed as a director in September 2006 and was last re-elected in 2009. He is a member of the Compensation Committee.

Mr Lee is the Chairman of Jurong Port Pte Ltd and a director of Mapletree Investments Pte Ltd, Great Wall Airlines Company Limited, First Flight Couriers Pvt Ltd and Tiger Airways Holdings Limited. He is also a Corporate Advisor to Temasek Holdings (Private) Limited. Mr Lee was previously the Chief Executive Officer of Pontiac Land Private Limited and director of several companies including Sinotrans Ltd, PSB Certifications and the JTC Corporation. At JTC, he was also the Chairman of its Audit Committee and Member of the Finance and Investment Committee. He also served as Advisory Board Member of The Logistics Institute Asia-Pacific and the National University of Singapore Business School.

Mr Lee obtained his Bachelor of Science (Honours) degree in Mathematics & Statistics from the University of Malaya, Malaysia and a Certified Diploma in Accounting and Finance, ACCA.

Mr Timothy Chia Chee Ming, 60
Non-executive, independent director

Mr Chia was appointed as a director in September 2006 and was last re-elected in 2009. He is a member of the Executive and Nominations Committees.

Mr Chia is the Chairman and Founder of Gracefield Holdings Ltd and its group of companies. He is currently the Deputy Chairman and Group CEO of Hup Soon Global Corporation Limited and Chairman – Asia of UBS Investment Bank. Prior to these appointments, he was President of both PAMA Group Inc and PAMA (Singapore) Private Limited. Mr Chia holds directorships in several public listed and private companies. His board directorships include Banyan Tree Holdings Ltd, Fraser and Neave Limited and SP PowerGrid Ltd. He is also a member of the Board of Trustees of the Singapore Management University.

Mr Chia is a management graduate from the Fairleigh Dickinson University, USA.

Mr Lim Eng, 54
Non-executive, non-independent director

Mr Lim was appointed as a director in July 2007 and was last re-elected in 2008. He is the Chairman of the Compensation Committee and a member of the Executive Committee.

Mr Lim is the Chief Executive Officer of NCS Pte Ltd and sits on several boards of the NCS Group. Prior to this, Mr Lim held the position of Group Director Human Resource in Singapore Telecommunications Limited ("SingTel") and was responsible for strategic HR issues for the SingTel Group, including NCS and Optus. Since joining SingTel as an engineer in 1980, Mr Lim has held several key management positions, including that of Assistant Vice President of Business Communications, Chief Executive Officer of the General Business Group, Special Assistant to the President, and Vice President of Corporate Products. He was also President of SingTel's Taiwan Joint Venture, New Century Infocomm Co Ltd (NCIC) – a fixed-line operator in Taiwan which SingTel had a stake in until 2007.

Mr Lim holds a Bachelor of Engineering (Electrical) degree from the National University of Singapore, and a Master of Science Management from the Massachusetts Institute of Technology.

Information on Directors and Key Management

Profile of Directors

Mr Michael James Murphy, 56
Non-executive, non-independent director

Mr Murphy was appointed as a director in August 2009.

Mr Murphy is the Founder and Chief Executive Officer of Postea, Inc., a Cambridge, Massachusetts-based postal technology group. He also sits on the board of the Postea group of companies which includes The Innovations Group, Inc., Proiam, Inc. and Proiam Asia Pacific Pte Ltd.

Mr Murphy has more than 29 years of experience in the high-tech and financial services industries, building high-performance, distributed, and transaction-oriented environments. He founded Escher Group in 1989 and grew the Cambridge, Massachusetts-based company to world leadership in postal counter-automation software, with clients in more than 30 countries. He also holds a number of technology and design patents.

Mr Murphy obtained his Bachelor of Science degree in Nuclear Engineering and Industrial Technology from the University of Massachusetts, and continuing graduate studies as a sponsor of the Media Lab at Massachusetts Institute of Technology.

Mr Zulkifli Bin Baharudin, 50
Non-executive, independent director

Mr Zulkifli was appointed as a director in November 2009 and a member of the Nominations Committee on 2 February 2010.

Mr Zulkifli is currently the Managing Director of Global Business Integrators Pte Ltd and the Vice Chairman of Mentor Media Ltd. He also sits on the boards of Civil Aviation Authority of Singapore, National Volunteer and Philanthropy Centre, Indo-Trans (Vietnam) Logistics Co. Pte Ltd and Securus Partners Pte Ltd. He is also a member of the Board of Trustees of the Singapore Management University.

A Nominated Member of Parliament from 1997 to 2001, Mr Zulkifli is Singapore's Non-Resident Ambassador to the People's Democratic Republic of Algeria.

Mr Zulkifli holds a Bachelor of Science degree in Estate Management from the National University of Singapore.

Information on Directors and Key Management

Present and Past Directorships

Name of director	**Present directorships and major appointments** (as at 31 March 2010)	**Past directorships over the preceding three years** (from 31 March 2007 to 30 March 2010)
Lim Ho Kee	Jardine Cycle & Carriage Limited	Singapore Shipping Corporation Limited
	Keppel Land Limited	Mentor Media Ltd
	MCL Land Limited	Southern Capital Group Private Limited
	Cypress Woods Pte Ltd	CWT Limited *(formerly known as CWT Distribution Limited)*
	RedFire Investments Pty Ltd (Australia) *(Chairman)*	HerbalScience Singapore Pte. Ltd.
	Transcu Group Limited	
	Postea, Inc.	

Information on Directors and Key Management

Present and Past Directorships

Name of director	**Present directorships and major appointments** (as at 31 March 2010)	**Past directorships over the preceding three years** (from 31 March 2007 to 30 March 2010)
Keith Tay Ah Kee	**Singapore Listed Companies:**	
	Singapore Reinsurance Corporation Ltd and subsidiary	Singapore Power Limited
	Rotary Engineering Limited	Pokka Corporation (Singapore) Limited
	FJ Benjamin Holdings Ltd	
	Allgreen Properties Limited	
	Singapore Airport Terminal Services Limited	
	Other Companies:	
	Stirling Coleman Capital Limited and related companies *(Chairman)*	
	Aviva Ltd and related companies *(Chairman)*	
	AMVIG Holdings Limited (HK)	
	YTL Pacific Star REIT Management Limited	
	Singapore International Chamber of Commerce *(Board Member)*	
	Singapore Institute of Directors	
	Subsidiaries of Singapore Power Limited: *SP PowerAssets Limited* *PowerGas Limited*	
Kenneth Michael Tan Wee Yan	–	–

Information on Directors and Key Management

Present and Past Directorships

Name of director	Present directorships and major appointments (as at 31 March 2010)	Past directorships over the preceding three years (from 31 March 2007 to 30 March 2010)
Tan Yam Pin	BlueScope Steel Limited (Australia)	Certis CISCO Security Pte. Ltd.
	Keppel Land Limited	PowerSeraya Limited *(Chairman)*
	Great Eastern Holdings Limited	Seraya Energy Pte Ltd
	Leighton Asia Limited (Hong Kong)	Singapore Food Industries Limited *(Chairman)*
Lee Chong Kwee	Mapletree Investments Pte Ltd *(Director and Chairman of Audit Committee)*	–
	Temasek Holdings (Private) Limited *(Corporate Advisor)*	
	Great Wall Airlines Company Limited	
	First Flight Couriers Pvt Ltd	
	Jurong Port Pte Ltd *(Chairman)*	
	Tiger Airways Holdings Limited	

Information on Directors and Key Management

Present and Past Directorships

Name of director	Present directorships and major appointments (as at 31 March 2010)	Past directorships over the preceding three years (from 31 March 2007 to 30 March 2010)
Timothy Chia Chee Ming	Guan-Leng Holdings Pte. Ltd.	Frasers Centrepoint Limited
	Banyan Tree Holdings Limited	Macquarie Pacific Star Prime REIT Management Limited
	Singapore Management University *(Member, Board of Trustees)*	Hup Soon Global Pte Ltd *(Chairman/GCEO)*
	Parkesville Pte. Ltd.	Borneo Technical Co. (M) Sdn Bhd
	SP PowerGrid Limited	Meritz Securities Co. Ltd
	Fraser and Neave Limited	Magnecomp Precision Technology Public Co., Ltd
	Gracefield Holdings Limited *(Chairman)*	United Motor Works Pte Ltd (under voluntary liquidation)
	United Motor Works (Siam) Public Co., Ltd *(Chairman)*	FJ Benjamin Holdings Ltd
	United Motor Works (Mauritius) Limited	Anglo-Thai Company Limited
	Hup Soon Global Corporation Limited *(Deputy Chairman/Group CEO)*	Borneo Technical (Thailand) Limited
	UBS AG, Singapore Branch *(Chairman)*	Nichiyu Asia Pte Ltd
	SPI (Australia) Assets Pty Ltd	HSG Investments Pte Ltd
Lim Eng	NCS Pte. Ltd. *(Director and Chief Executive Officer)* *(Director of its related companies)*	–

Information on Directors and Key Management

Present and Past Directorships

Name of director	**Present directorships and major appointments** (as at 31 March 2010)	**Past directorships over the preceding three years** (from 31 March 2007 to 30 March 2010)
Michael James Murphy	Postea, Inc. *(Chief Executive Officer)* The Innovations Group, Inc. Proiam, Inc. Proiam Asia Pacific Pte Ltd	–
Zulkifli Bin Baharudin	Mentor Media Ltd *(Vice Chairman)* Global Business Integrators Pte Ltd *(Managing Director)* GBI Capital Pte Ltd Securus Partners Pte Ltd Indo-Trans (Vietnam) Logistics Co. Pte Ltd Civil Aviation Authority of Singapore *(Member)* GB Vietnam Investments Pte Ltd Singapore Management University *(Member, Board of Trustees)* National Volunteer and Philanthropy Centre	Communication Design International Limited

Information on Directors and Key Management

Profile of Key Executives

Mr Ng Hin Lee, 53
Deputy Group Chief Executive Officer & Chief Financial Officer

Mr Ng joined SingPost in 2006, bringing with him more than 20 years of experience in key financial and managerial positions. In January 2010, he was appointed Deputy Group Chief Executive Officer of SingPost. Before joining SingPost, Mr Ng was 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 is the Chairman of Singapore Post Enterprise Private Limited, SingPost Retail Services Pte Ltd, First Cube Pte Ltd and director of several boards of SingPost's subsidiaries which include Quantium Solutions International Pte Ltd and DataPost Pte Ltd. He is also a director of Proiam, Inc., Proiam Asia Pacific Pte Ltd and The Innovations Group, Inc..
Mr Ng obtained his Bachelor of Accountancy degree from University of Singapore and is a Fellow Member of the Institute of Certified Public Accountants of Singapore.

Mr Woo Keng Leong, 54
Executive Vice President (Mail)

A Public Service Commission scholar, Mr Woo was posted to the then Postal Services Department in 1980. He is responsible for transforming SingPost's Mail business into one of the most efficient and admired mail service providers in the world. Mr Woo is the Chairman of DataPost Pte Ltd, eP2M Services Sdn. Bhd. and DataPost (HK) Private Limited and an Executive Director of Quantium Solutions International Pte Ltd. He also sits on the boards of Singapore Post Enterprise Private Limited, Thai British DPost Company Limited and Singapore Philatelic Museum. He is a board member of Kahala Posts Group (KPG) and is also a member of the Stamp Advisory Committee and the Global Mail Security Working Group, an international body under the Universal Postal Union. Mr Woo obtained his Bachelor of Arts (Honours) from the Nanyang University in Singapore and attended a four-month International Post Office Management course in the UK.

Mr Teo Yew Hwa, 52
Chief Executive Officer, Quantium Solutions International

Mr Teo started his career with SingTel in 1982 and was posted to SingPost in 1989. He managed the postal operations till his posting to the SingPost joint venture, G3 Worldwide Aspac Pte Ltd in 2001 as the Chief Executive Officer. He oversaw the successful transition of the joint venture to Quantium Solutions International Pte Ltd after it was fully acquired by SingPost in 2009. From 1998 to 1999, he was the Managing Director of SingTel'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. He 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.

Mr Loh Choo Beng, 49
Executive Vice President (Retail & Financial Services)

Mr Loh joined SingPost in 2003 to spearhead the Company's foray into financial services. In April 2006, his role was expanded to include the retail business. 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 banking 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 is a board member of the Intellectual Property Office of Singapore and is a member of their Audit Committee. Mr Loh graduated from the National University of Singapore with a Bachelor of Business Administration degree.

Statutory Reports and Financial Statements

Contents

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2010 and the balance sheet of the Company as at 31 March 2010.

DIRECTORS

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

Mr Lim Ho Kee (Chairman)
Mr Keith Tay Ah Kee
Mr Kenneth Michael Tan Wee Kheng
Mr Tan Yam Pin
Mr Lee Chong Kwee
Mr Timothy Chia Chee Ming
Mr Lim Eng
Mr Michael James Murphy (appointed on 7 August 2009)
Mr Zulkifli Bin Baharudin (appointed on 11 November 2009)

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 58 to 61 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.3.10	At 1.4.09 or date of appointment, if later	At 31.3.10	At 1.4.09 or date of appointment, if later
The Company				
Singapore Post Limited				
<u>Ordinary shares</u>				
Lim Ho Kee	**428,350**	128,350	**1,300,000**	1,300,000
Lee Chong Kwee	**50,000**	50,000	**-**	-
Kenneth Michael Tan Wee Kheng	**230,000**	230,000	**60,000**	60,000
Tan Yam Pin	**500,000**	500,000	**-**	-
Keith Tay Ah Kee	**128,350**	128,350	**-**	-

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) The directors' interests in the shares and convertible securities of the Company as at 21 April 2010 were the same as those as at 31 March 2010.

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 accompanying financial statements and in this report, and except that Mr Michael James Murphy is the Chief Executive Officer, director and a substantial shareholder of Postea, Inc., and the Company made certain payments to Postea, Inc. and Proiam Asia Pacific Pte Ltd (a related corporation of Postea, Inc.) during the financial year under agreements entered into between the Company and Postea, Inc. and Proiam Asia Pacific Pte Ltd.

SHARE OPTIONS

The Singapore Post Share Option Scheme (the "Scheme") was adopted on 21 March 2003 and administered by the Compensation Committee comprising Mr Lim Eng (Chairman), Mr Lee Chong Kwee, Mr Lim Ho Kee, and Mr Keith Tay Ah Kee during the financial year ended 31 March 2010.

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

The principal terms of the Scheme are as follows:

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

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

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

SHARE OPTIONS (continued)

- Other than the share options granted on 16 May 2005 which has vested 100% after the third anniversary of the date of grant, the vesting schedule for the share options granted to eligible employees (including executive directors) prior to 26 June 2006 is as follows:

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

- Other than the share options granted on 24 October 2007 and 13 January 2010, share options granted to eligible employees (including executive directors) effective 26 June 2006 have a four-year vesting schedule and the details are as follows:

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

SHARE OPTIONS (continued)

- On 24 October 2007, share options were granted to Mr Wilson Tan Wee Yan (former Group Chief Executive Officer), as well as other eligible employees. With the exception of the share options granted to Mr Tan, 100% of the share options will vest after the third anniversary of the date of grant and lapse on the sixth anniversary. Share options granted to Mr Tan have a three-year vesting schedule, and only vested options remain exercisable for a period of one year from 3 April 2010 following his resignation.

  100% of the share options granted on 13 January 2010 will vest after the third anniversary and lapse on the sixth anniversary.

  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 to 31 March 2009, a total of 52,128,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

During the financial year ended 31 March 2010, 8,375,000 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 At 1.4.09 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.10[4] ('000)**
For employess (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	2	-	-	-	2
28.07.03	29.07.04 to 28.07.13	S$0.615	26	-	(26)	-	-
19.07.04	20.07.05 to 19.07.14	S$0.731	121	-	(83)	-	38
16.05.05[3]	17.05.08 to 16.05.11	S$0.811	893	-	(325)	-	568
01.07.05	02.07.06 to 01.07.15	S$0.923	1,371	-	(186)	(20)	1,165
03.01.06	04.01.07 to 03.01.16	S$1.194	600	-	-	-	600
26.06.06	27.06.07 to 26.06.16	S$1.048	2,528	-	-	(205)	2,323
02.04.07	03.04.08 to 02.04.17	S$1.126	300	-	-	(300)	-
26.06.07	27.06.08 to 26.06.17	S$1.278	3,138	-	-	(92)	3,046
24.10.07[3]	25.10.10 to 24.10.13	S$1.216	2,795	-	-	(300)	2,495
24.10.07	25.10.08 to 24.10.11	S$1.216	2,100	-	-	(840)	1,260
02.06.08	03.06.09 to 02.06.18	S$1.100	100	-	-	(100)	-
30.06.08	01.07.09 to 30.06.18	S$1.100	5,020	-	-	(610)	4,410
21.07.08	22.07.09 to 21.07.18	S$1.040	100	-	-	(100)	-
29.06.09	30.06.10 to 29.06.19	S$0.890	-	7,575	-	(1,000)	6,575
13.01.10	14.01.13 to 13.01.16	S$1.020	-	800	-	-	800
Total Share Options			**19,094**	**8,375**	**(620)**	**(3,567)**	**23,282**

SHARE OPTIONS (continued)

(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 2005 have been reduced in view of the Special Dividend payment during the financial year ended 31 March 2006. Exercise prices disclosed are the revised exercise prices.

(3) Options, with a 3-year lock-in period, were granted on 16 May 2005, 24 October 2007 and 13 January 2010 to retain key staff critical for business continuity by providing them with a meaningful reward for driving the business forward and reaping the benefits. 100% of the share options will vest after the third anniversary.

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

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

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

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

AUDIT COMMITTEE

The members of the Audit Committee comprised the following non-executive and independent directors at the end of the financial year:

Mr Keith Tay Ah Kee (Chairman)
Mr Kenneth Michael Tan Wee Kheng
Mr Tan Yam Pin

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 2010 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

Pursuant to the requirements of the SGX-ST, the Audit Committee, with the assistance of the internal auditors, has reviewed the guidelines and procedures 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 independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Lim Ho Kee
Chairman

Mr Keith Tay Ah Kee
Director

Singapore
3 May 2010

Statement by Directors

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 136 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 2010, 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 Keith Tay Ah Kee
Director

Singapore
3 May 2010

Independent Auditor's Report

TO THE MEMBERS OF SINGAPORE POST LIMITED

We have audited the accompanying financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 136, which comprise the balance sheets of the Company and of the Group as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor’s Report

TO THE MEMBERS OF SINGAPORE POST LIMITED

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of 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 2010, 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 auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore
3 May 2010

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group 2010 S$'000	Group 2009 S$'000
Revenue	4	**525,513**	481,097
Other income and gains (net)			
- Rental and property-related income	4	**40,411**	33,426
- Miscellaneous	4	**12,644**	329
Labour and related expenses	5	**(147,757)**	(130,008)
Volume-related expenses	6	**(133,107)**	(123,739)
Administrative and other expenses	7	**(58,793)**	(44,551)
Depreciation		**(28,954)**	(26,408)
Selling expenses		**(8,238)**	(11,205)
Finance expenses	8	**(7,907)**	(7,721)
Total expenses		**(384,756)**	(343,632)
Share of profit of associated companies and joint ventures		**957**	7,849
Profit before income tax		**194,769**	179,069
Income tax expense	9	**(29,028)**	(29,598)
Total profit		**165,741**	149,471
Attributable to:			
Equity holders of the Company		**164,973**	148,805
Minority interest		**768**	666
		165,741	149,471
Earnings per share	10		
- Basic		**8.56 cents**	7.73 cents
- Diluted		**8.56 cents**	7.73 cents

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Group	
	2010 **S$'000**	**2009** **S$'000**
Total profit	**165,741**	149,471
Other comprehensive income / (loss) (net of tax):		
- Currency translation differences	**(2,575)**	(892)
- Release of other capital reserves on disposal of an associated company	**(1,596)**	-
- Cash flow hedges – fair value (losses) / gains	**(32)**	185
Other comprehensive loss for the year (net of tax)	**(4,203)**	(707)
Total comprehensive income for the year	**161,538**	148,764
Total comprehensive income attributable to:		
Equity holders of the Company	**160,788**	148,090
Minority interest	**750**	674
	161,538	148,764

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

Balance Sheets

AS AT 31 MARCH 2010

		Group		Company	
	Note	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**390,220**	139,548	**358,746**	131,255
Trade and other receivables	12	**87,311**	69,303	**63,467**	52,243
Inventories		**803**	678	**800**	674
Other current assets	13	**6,804**	5,708	**3,374**	4,523
Non-current asset held for sale		**-**	84,275	**-**	80,922
		485,138	299,512	**426,387**	269,617
Non-current assets					
Derivative financial instruments	14	**3,494**	3,258	**3,494**	3,258
Trade and other receivables	15	**2,688**	359	**9,754**	9,859
Investments in associated companies and joint ventures	17	**42,989**	9,021	**-**	2,450
Investments in subsidiaries	18	**-**	-	**145,907**	12,105
Investment property	19	**199,054**	204,941	**204,741**	209,131
Property, plant and equipment	20	**251,285**	252,408	**231,114**	243,584
Intangible assets	21	**89,585**	252	**216**	252
Deferred income tax assets		**352**	-	**-**	-
Other non-current assets		**317**	412	**317**	412
		589,764	470,651	**595,543**	481,051
Total assets		**1,074,902**	770,163	**1,021,930**	750,668

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

Balance Sheets

AS AT 31 MARCH 2010

	Note	Group		Company	
		2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	22	**195,182**	159,358	**173,170**	160,091
Deferred gain on intellectual property rights	23	**11,741**	-	**11,741**	-
Deferred income	24	**70**	70	**70**	70
Current income tax liabilities	9	**34,177**	35,014	**31,700**	34,624
		241,170	194,442	**216,681**	194,785
Non-current liabilities					
Borrowings	25	**502,977**	302,969	**502,977**	302,969
Deferred income tax liabilities	26	**17,283**	16,200	**15,299**	15,811
Deferred gain on intellectual property rights	23	**14,676**	-	**14,676**	-
Deferred income	24	**281**	351	**281**	351
		535,217	319,520	**533,233**	319,131
Total liabilities		**776,387**	513,962	**749,914**	513,916
NET ASSETS		**298,515**	256,201	**272,016**	236,752
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	27	**115,238**	114,673	**115,238**	114,673
Other reserves	28	**2,132**	5,700	**3,214**	2,597
Retained earnings	29	**175,551**	130,984	**153,564**	119,482
		292,921	251,357	**272,016**	236,752
Minority interest		**5,594**	4,844	**-**	-
Total equity		**298,515**	256,201	**272,016**	236,752

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Attributable to equity holders of the Company					
		Share capital	Retained earnings	Other reserves	Total	Minority interest	Total equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2010							
Beginning of financial year		114,673	130,984	5,700	251,357	4,844	256,201
Dividends	30	-	(120,406)	-	(120,406)	-	(120,406)
Total comprehensive income for the year		-	164,973	(4,185)	160,788	750	161,538
Employee share option scheme:							
- Value of employee services	28(b)(i)	-	-	669	669	-	669
- Proceeds from shares issued	28(b)(i)	565	-	(52)	513	-	513
End of financial year		**115,238**	**175,551**	**2,132**	**292,921**	**5,594**	**298,515**
2009							
Beginning of financial year		113,053	102,561	5,800	221,414	4,170	225,584
Dividends	30	-	(120,382)	-	(120,382)	-	(120,382)
Total comprehensive income for the year		-	148,805	(715)	148,090	674	148,764
Employee share option scheme:							
- Value of employee services	28(b)(i)	-	-	769	769	-	769
- Proceeds from shares issued	28(b)(i)	1,620	-	(154)	1,466	-	1,466
End of financial year		114,673	130,984	5,700	251,357	4,844	256,201

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

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group 2010 S$'000	Group 2009 S$'000
Cash flows from operating activities			
Total profit		**165,741**	149,471
Adjustments for:			
Income tax expense		**29,028**	29,598
Depreciation and amortisation		**29,756**	26,374
Share-based staff costs		**669**	769
Gains / (losses) on disposals of investment, property, plant and equipment		**56**	(111)
Interest expense		**7,769**	7,754
Interest income		**(267)**	(540)
Share of profit of associated companies and joint ventures		**(957)**	(7,849)
Amortisation of deferred gain on intellectual property rights		**(8,806)**	-
		57,248	55,995
Operating cash flow before working capital changes		**222,989**	205,466
Changes in working capital, net of effects from acquisition of subsidiary			
Inventories		**(125)**	(509)
Trade and other receivables		**2,764**	1,909
Trade and other payables		**15,821**	(3,806)
Cash generated from operations		**241,449**	203,060
Income tax paid		**(32,932)**	(32,725)
Net cash provided by operating activities		**208,517**	170,335
Cash flows from investing activities			
Dividends received from a joint venture		**550**	5,660
Interest received		**237**	537
Acquisition of subsidiary, net of cash acquired (Note 11)		**(4,523)**	-
Investment in an associated company (Note 17 (a))		**(10,726)**	-
Loan to an indirect associated company		**(3,436)**	-
Repayments of loan by an associated company		**429**	-
Purchases of property, plant and equipment		**(12,435)**	(14,451)
Proceeds from disposal of property, plant and equipment		**275**	433
Net cash used in investing activities		**(29,629)**	(7,821)

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

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group 2010 S$'000	Group 2009 S$'000
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(120,406)**	(120,382)
Fees paid on issuance of fixed rate notes		**(300)**	-
Interest paid		**(8,023)**	(8,239)
Proceeds from issuance of ordinary shares		**513**	1,466
Proceeds from issuance of fixed rate notes		**200,000**	-
Proceeds from grants		**-**	47
Net cash provided by / (used in) financing activities		**71,784**	(127,108)
Net increase in cash and cash equivalents		**250,672**	35,406
Cash and cash equivalents at beginning of financial year	11	**139,548**	104,142
Cash and cash equivalents at end of financial year	11	**390,220**	139,548

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

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

1. GENERAL INFORMATION

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

The Company is listed on the Singapore Exchange.

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

The Group acquired control of Quantium Solutions International Pte. Ltd. (formerly known as G3 Worldwide Aspac Pte. Ltd.) ("Quantium Solutions") in a share swap transaction during the financial year (Note 18).

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 certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2009

On 1 April 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

- FRS 1(revised) Presentation of Financial Statements (effective for the Group from 1 April 2009). The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the second alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2009 (continued)

- FRS 108 Operating segments (effective for the Group from 1 April 2009) replaces FRS 14 Segment reporting, and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting (Note 34).

- Amendment to FRS 107 Improving disclosures about financial instruments (effective for the Group from 1 April 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 32(e)). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

- FRS 40 (amendment) Investment property (and consequential amendments to FRS 16) (effective for the Group from 1 April 2009). Prior to 1 April 2009, property that is under construction or development for future use as an investment property was accounted for under FRS 16 Property, plant and equipment at cost less impairment. With effect from 1 April 2009, such property is accounted in accordance with FRS 40 Investment property at cost less accumulated depreciation and accumulated impairment losses as the Group has adopted the cost model for accounting of investment property. The amendment did not have any impact on the financial statements of the Group.

2.2 Revenue recognition

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

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

Revenue from the rendering of services is recognised 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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) *Subsidiaries*

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority 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 dates 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 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. They are de-consolidated from the date on which control ceases.

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

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

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

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies and joint ventures*

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

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

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition.

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

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of 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.

Dilution gains and losses arising from investments in associated companies and joint ventures are recognised in the income statement.

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

-

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) *Measurement*

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

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be operating in the manner intended by management.

(b) *Depreciation*

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

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

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

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets

(a) *Goodwill on acquisitions*

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

Goodwill on acquisitions of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on acquisition of associated companies and joint ventures is included in investments in associated companies and joint ventures.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold except for goodwill arising from acquisitions prior to 1 April 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

(b) *Customer relationship*

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

(c) *Acquired licence*

Licence fee represents a lump-sum fee paid to the Infocomm Development Authority of Singapore upon the granting of the postal licence. It is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licence over the licence period of 25 years starting from year 1992.

(d) *Intellectual property right*

Intellectual property right represents a right to use the resultant intellectual property arising from the collaboration with an associated company. It is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over the useful life of the resultant intellectual property of 3 years starting from year 2009.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment properties

Investment properties comprise significant portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

Leasehold land	99 years
Building	50 years

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

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

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

2.7 Investments in subsidiaries, associated companies and joint ventures

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets

(a) *Goodwill*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company and/or joint venture is tested for impairment as part of the investment, rather than separately.

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

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

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

An impairment loss on goodwill is recognised as an expense and 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 tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss 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 asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Trade and other receivables

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.10 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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 with an unconditional right to defer settlement for at least twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

2.11 Trade and other payables

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

2.12 Derivative financial instruments and hedging activities

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Derivative financial instruments and hedging activities (continued)

Fair value hedge

The Group has entered into interest rate swaps that are fair value hedges for the fixed rate bonds. The fair value changes on the hedged item resulting from interest rate risk are recognised in the income statement. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognised in the income statement within the same line item as the fair value changes from the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method was used is amortised to the income statement over the period to maturity.

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the balance sheet date.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

2.14 Operating leases

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Inventories

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

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

2.17 Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(b) *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 on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

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

2.19 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

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

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

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

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the 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 currency translation differences are recognised in the currency translation reserve.

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

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

2.22 Share capital

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

2.23 Dividends to Company's shareholders

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

2.24 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Government grants

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

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

Government grants relating to assets are deducted against the carrying amount of the assets.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Estimated impairment of non-financial assets

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

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 21(a)).

Management performed impairment tests on the above mentioned assets and concluded that no impairment is required for the financial year ended 31 March 2010 (2009: nil).

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

The Group reviews the residual values and useful lives of property, plant and equipment at each balance sheet date based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2010 was S$251.3 million (2009: S$252.4 million). There were no significant revision to the estimated residual values and useful lives as at 31 March 2010 and 2009.

4. REVENUE AND OTHER INCOME AND GAINS (NET)

	Group	
	2010 S$'000	**2009 S$'000**
Revenue from services rendered	**517,640**	473,747
Sale of products	**5,819**	5,446
Interest income from secured personal finance services	**2,054**	1,904
Revenue	**525,513**	481,097
Other income and gains (net):		
Rental and property-related income	**40,411**	33,426
Miscellaneous		
- Currency exchange gain (net)	**3,270**	1,107
- Interest income	**267**	540
- Net (loss) / gain on disposal of investment, property, plant and equipment	**(56)**	111
- (Write-back) / expense in relation to the winding up of an associated company	**455**	(1,862)
- Amortisation of deferred gain on intellectual property	**8,806**	-
- Others	**(98)**	433
	12,644	329
Other income and gains (net)	**53,055**	33,755
	578,568	514,852

5. LABOUR AND RELATED EXPENSES

	Group	
	2010 S$'000	**2009 S$'000**
Wages and salaries	**99,084**	82,595
Employer's contribution to defined contribution plans including Central Provident Fund	**11,541**	10,554
Share options expense (Note 28)	**669**	769
Other benefits	**4,582**	4,524
Temporary and contract staff cost	**39,058**	33,572
Government Grant – Jobs credit scheme	**(7,177)**	(2,006)
	147,757	130,008

The Jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit will be paid to eligible employers in 2010 in four payments and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

6. VOLUME-RELATED EXPENSES

	Group	
	2010 **S$'000**	**2009** **S$'000**
Traffic expenses	**85,423**	99,565
Mail outsourcing services and cost of sales	**47,684**	24,174
	133,107	123,739

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2010 **S$'000**	**2009** **S$'000**
Included in administrative and other expenses are the following:		
Repair and maintenance expenses	**9,909**	8,681
Rental on operating leases	**8,844**	6,467

8. FINANCE EXPENSES

	Group	
	2010 **S$'000**	**2009** **S$'000**
Interest expense:		
- Bonds	**9,438**	9,486
Effect of hedging using interest rate swaps	**(1,669)**	(1,732)
Currency exchange gains / (losses) – net	**138**	(33)
	7,907	7,721

9. INCOME TAXES

(a) Income tax expense

	Group	
	2010 S$'000	**2009 S$'000**
Tax expense attributable to profit is made up of:		
- Current income tax	**32,734**	31,169
- Deferred tax (Note 26)	**(423)**	(198)
	32,311	30,971
Withholding tax on dividend	**146**	28
	32,457	30,999
(Over)/under provision in preceding financial year:		
- Current income tax	**(3,483)**	(385)
- Deferred tax (Note 26)	**54**	(1,016)
	29,028	29,598

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	Group	
	2010 S$'000	**2009 S$'000**
Profit before tax	**194,769**	179,069
Tax calculated at a tax rate of 17% (2009: 17%)	**33,110**	30,441
Effects of:		
Different tax rates in other countries	**123**	-
Tax calculated on share of profit of associated companies and joint ventures	**(162)**	(1,404)
Withholding tax	**146**	28
Singapore statutory stepped income exemption	**(158)**	(78)
Income not subject to tax	**(1,098)**	(347)
Expenses not deductible for tax purposes	**548**	2,250
Utilisation of tax losses and capital allowance	**(104)**	-
Deferred tax assets not recognised	**52**	109
Tax charge	**32,457**	30,999

9. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Beginning of financial year	**35,014**	36,955	**34,624**	36,238
Acquisition of subsidiary (Note 11)	**2,698**	-	**-**	-
Income tax paid	**(32,786)**	(32,725)	**(30,720)**	(32,444)
Tax expense	**32,734**	31,169	**30,580**	30,830
Over provision in prior financial years	**(3,483)**	(385)	**(2,784)**	-
End of financial year	**34,177**	35,014	**31,700**	34,624

10. 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.

	Group	
	2010	**2009**
Net profit attributable to equity holders of the Company (S$'000)	**164,973**	148,805
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,926,472**	1,925,955
Basic earnings per share (cents per share)	**8.56**	7.73

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the 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.

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

Diluted earnings per share is calculated as follows:

	Group	
	2010	**2009**
Net profit attributable to equity holders of the Company (S$'000)	**164,973**	148,805
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,926,472**	1,925,955
Adjustment for share options ('000)	**106**	141
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,926,578**	1,926,096
Diluted earnings per share (cents per share)	**8.56**	7.73

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Cash at bank and on hand	**58,636**	42,548	**46,567**	35,255
Deposits with financial institutions	**331,584**	97,000	**312,179**	96,000
	390,220	139,548	**358,746**	131,255

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition of subsidiary

On 6 May 2009, the Company acquired control of Quantium Solutions in a share swap transaction where the Company acquired the balance 50% direct interest in Quantium Solutions in exchange for its entire 24.5% interest in G3 Worldwide Mail N.V. ("G3") and a cash consideration of €7.5 million (approximately S$15 million) (Note 18).

The aggregate effects of the acquisition on the cash flows of the Group were:

	Group	
	At fair values S$'000	**At carrying amounts in acquiree's books S$'000**
Identifiable assets and liabilities		
Cash and cash equivalents	**11,082**	11,082
Trade and other receivables	**21,027**	21,027
Property, plant and equipment (Note 20)	**8,632**	8,632
Other current assets	**278**	278
Customer relationship (Note 21)	**6,360**	-
Total assets	**47,379**	41,019
Trade and other payables	**7,739**	7,739
Provisions and other liabilities and charges	**8,499**	8,499
Current income tax liabilities (Note 9)	**2,698**	2,698
Deferred income tax liabilities (Note 26)	**1,452**	371
Total liabilities	**20,388**	19,307
Identifiable net assets acquired	**26,991**	21,712
Less: share of identifiable net assets held previously	**(8,390)**	
Goodwill (Note 21)	**78,047**	
Total consideration	**96,648**	
Less: 24.5% interest in G3 Worldwide sold (Note 17 (a))	**(81,043)**	
Less: Cash and cash equivalents in subsidiary acquired	**(11,082)**	
Net cash outflow on acquisition	**4,523**	

12. TRADE AND OTHER RECEIVABLES - CURRENT

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Trade receivables				
- Subsidiaries	**-**	-	**21,752**	8,511
- Joint ventures	**24**	2,689	**-**	2,666
- Associated company	**45**	-	**45**	-
- Companies related by a substantial shareholder	**2,854**	3,277	**2,556**	2,774
- Third parties	**82,550**	65,020	**39,368**	39,669
	85,473	70,986	**63,721**	53,620
Less: Allowance for impairment of receivables – third parties	**(2,792)**	(2,868)	**(2,195)**	(2,460)
Trade receivables – net	**82,681**	68,118	**61,526**	51,160
Loan to an indirect associated company	**3,007**	-	**-**	-
Less: Non-current portion (Note 15)	**(2,434)**	-	**-**	-
	573	-	**-**	-
Other receivables	**2,899**	329	**804**	227
Interest receivable	**45**	15	**24**	15
Accrued interest receivable on interest rate swap contracts	**992**	690	**992**	690
Staff loans (Note 16)	**121**	151	**121**	151
	87,311	69,303	**63,467**	52,243

The loan to an indirect associated company is unsecured and repayable in full by 31 May 2015. Interest is fixed at 1.5% per annum for the first three years and at 8.5% per annum thereafter.

13. OTHER CURRENT ASSETS

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Deposits	**3,364**	2,160	**1,429**	1,472
Prepayments	**3,440**	3,548	**1,945**	3,051
	6,804	5,708	**3,374**	4,523

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company		
	Contract/ Notional Amount S$'000	Fair values Assets S$'000	Fair values Liabilities S$'000
2010			
Fair-value hedges			
- Interest-rate swaps (non-current)	510,000	3,494	-
2009			
Fair-value hedges			
- Interest-rate swaps (non-current)	510,000	3,258	-

Interest rate swaps are entered into to minimise the half-yearly interest payments on borrowings that will mature on 11 April 2013. Changes in the fair values of interest rate swaps 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 item.

15. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Loan to an indirect associated Company (Note 12)	**2,434**	-	**-**	-
Loan to subsidiary	**-**	-	**9,500**	9,500
Staff loans (Note 16)	**254**	359	**254**	359
	2,688	359	**9,754**	9,859

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

The loan to subsidiary is unsecured, has no fixed terms of repayment and is not expected to be repaid within 12 months from 31 March 2010.

The fair values of trade and other receivables – non-current are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	Group		Company		Borrowing Rates	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 %	2009 %
Loan to an indirect associated company	**1,874**	-	**-**	-	**3.8**	-
Loan to subsidiary	**-**	-	**8,654**	8,669	**3.2**	3.1
Staff loans	**212**	298	**212**	298	**3.7**	3.6

16. STAFF LOANS

	Group and Company	
	2010 S$'000	**2009 S$'000**
Not later than one year (Note 12)	**121**	151
Later than one year (Note 15)	**254**	359
- Between one and five years	**168**	351
- Later than five years	**86**	8
	375	510

As at 31 March 2010 and 31 March 2009, no loan is made to the key management personnel of the Group.

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

		Group		Company	
	Notes	**2010 S$'000**	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Investment in associated companies	(a)	**41,468**	-	**-**	-
Investment in joint ventures	(b)	**1,521**	9,021	**-**	2,450
		42,989	9,021	**-**	2,450

(a) Associated companies

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Equity investment at cost			**-**	-
Beginning of financial year	**-**	81,149		
Acquisition of an associated company during the year	**43,050**	-		
Share of (losses) / profits	**(443)**	3,579		
Currency translation differences	**(813)**	(778)		
Winding up of an associated company	**(326)**	325		
Transferred to non-current asset held for sale	**-**	(84,275)		
End of financial year	**41,468**	-		
The summarised financial information of associated companies are as follows:				
- Assets	**52,957**	-		
- Liabilities	**(11,622)**	-		
- Revenue	**115,481**	-		
- Net profit	**2,006**	-		

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

(a) Associated companies (continued)

On 6 May 2009, the Company disposed G3 through a share swap transaction where the Company swapped its entire 24.5% interest in G3 and a cash consideration of €7.5 million (approximately S$15 million) for the balance of 50% direct interest in Quantium Solutions. G3 was classified as a non-current asset held for sale as at 31 March 2009.

On 29 May 2009, the Company's wholly-owned subsidiary, Singapore Post Enterprise Private Limited ("SPE"), invested in a 30% equity interest at a cost of S$43.1 million in Postea Inc. ("Postea") comprising of cash consideration of US$9.4 million (S$13.7 million)* and a non-cash consideration for the Company's intellectual property rights in its Self-service Automated Machine ("SAM") and SAM^{PLUS}, retail system POST21 and vPOST online bill payment valued at US$24.3 million (S$35.2 million). This is offset by a right to use the resultant intellectual property arising from the collaboration with Postea value at S$5.8 million. Postea, incorporated in the United States of America, is a company that develops and operates companies which provide the technology and support to the postal, courier and logistics markets.

* As at 31 March 2010, S$10.7 million has been paid. The balance of S$3 million will be paid over 2 years.

Details of associated companies are provided in Note 37.

(b) Joint ventures

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Equity investments at cost			**-**	2,450
Beginning of financial year	**9,021**	10,437		
Acquisition of full control of a joint venture	**(8,619)**	-		
Share of profits	**1,400**	4,270		
Dividends received	**(550)**	(5,689)		
Share of cash flow hedge reserve	**40**	185		
Currency translation difference	**229**	(182)		
End of financial year	**1,521**	9,021		

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

(b) Joint ventures (continued)

The following amounts represent the Group's share of the assets and liabilities and income and expenses 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.

	Group	
	2010 S$'000	**2009 S$'000**
Assets		
- Current assets	**1,981**	18,006
- Non-current assets	**759**	3,491
	2,740	21,497
Liabilities		
- Current liabilities	**819**	12,215
- Non-current liabilities	**400**	261
	1,219	12,476
Net assets	**1,521**	9,021
Sales	**22,634**	66,057
Expenses	**(20,752)**	(60,596)
Profit before tax	**1,882**	5,461
Income tax	**(482)**	(1,191)
Profit after tax	**1,400**	4,270

The Company acquired the balance 50% direct interest of Quantium Solutions on 6 May 2009 through a share swap transaction. Quantium Solutions ceased to be a joint venture and became a wholly-owned subsidiary of the Company on the same date (Note 18).

Details of the joint ventures are provided in Note 37.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 S$'000	**2009 S$'000**
Equity investments at cost		
Beginning of financial year	**12,105**	18,262
Acquisition	**139,959**	-
	152,064	18,262
Less: Allowance for impairment	**(6,157)**	(6,157)
	145,907	12,105

18. INVESTMENTS IN SUBSIDIARIES (continued)

On 6 May 2009, the Company acquired control of Quantium Solutions in a share swap transaction where the Company acquired the balance 50% direct interest in Quantium Solutions in exchange for its entire 24.5% interest in G3 Worldwide Mail N. V. ("G3") and a cash consideration of €7.5 million (approximately S$15 million).

The fair value of identifiable net assets of the acquiree at the date of acquisition amounted to S$27.0 million, resulting in a goodwill on acquisition of S$78.0 million. Details of identifiable net assets acquired are disclosed in Note 11.

The goodwill was attributable to the distribution network of the acquired business and the synergies expected to arise after the acquisition.

The acquired subsidiary contributed revenue of S$103.3 million and net profit of S$10.1 million to the Group for the period from 6 May 2009 to 31 March 2010. The subsidiary's assets and liabilities as at 31 March 2010 were S$101.8 million and S$56.6 million respectively. If the acquisition had occurred on 1 April 2009, Group revenue would have been S$531.8 million and total profit would have been S$166.2 million.

Details of subsidiaries are provided in Note 37.

19. INVESTMENT PROPERTY

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Cost				
Beginning of financial year	**271,074**	272,635	**276,636**	278,515
Reclassifications (Note 20)	**(951)**	(1,561)	**1,239**	(1,879)
End of financial year	**270,123**	271,074	**277,875**	276,636
Accumulated depreciation				
Beginning of financial year	**66,133**	61,344	**67,505**	62,683
Reclassifications	**(481)**	(777)	**-**	(835)
Depreciation charge	**5,417**	5,566	**5,629**	5,657
End of financial year	**71,069**	66,133	**73,134**	67,505
Net book value				
End of financial year	**199,054**	204,941	**204,741**	209,131

The fair values of the investment property based on an independent professional valuer are S$423.0 million (2009: S$418.0 million) and S$438.0 million (2009: S$429.0 million) respectively for the Group and the Company at the balance sheet date. For the current financial year, valuation was based on the property's highest-and-best-use using the Discounted Cash Flow method.

19. INVESTMENT PROPERTY (continued)

The following amounts are recognised in the income statement:

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Rental income	**36,469**	28,644	**38,221**	29,845
Direct operating expenses arising from investment property that generated rental income	**(10,294)**	(9,953)	**(10,804)**	(10,248)
Property tax and other direct operating expenses arising from investment property that did not generate rental income	**(3,254)**	(1,665)	**(3,308)**	(1,727)

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
Group						
2010						
Cost						
Beginning of financial year	83,340	176,859	94,816	143,928	6,998	505,941
Reclassifications (Note 19)	17	934	-	-	-	951
Acquisition of a subsidiary (Note 11)	-	6,698	-	1,828	106	8,632
Additions	-	53	-	6,068	7,624	13,745
Disposals	-	(237)	(4,522)	(11,110)	-	(15,869)
Transfers	1	62	862	11,617	(12,542)	-
Currency translation differences	-	(3)	-	48	-	45
End of financial year	83,358	184,366	91,156	152,379	2,186	513,445
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	16,125	60,055	76,115	101,238	-	253,533
Reclassifications (Note 19)	45	436	-	-	-	481
Depreciation charge	1,098	4,503	4,408	13,528	-	23,537
Disposals	-	(25)	(4,522)	(10,886)	-	(15,433)
Currency translation differences	-	-	-	42	-	42
End of financial year	17,268	64,969	76,001	103,922	-	262,160
Net book value						
End of financial year	**66,090**	**119,397**	**15,155**	**48,457**	**2,186**	**251,285**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2009						
Cost						
Beginning of financial year	83,559	175,066	94,772	140,250	4,709	498,356
Reclassifications (Note 19)	(219)	1,780	-	-	-	1,561
Additions	-	-	-	2,330	10,955	13,285
Disposals	-	-	-	(7,299)	-	(7,299)
Transfers	-	13	44	8,609	(8,666)	-
Currency translation differences	-	-	-	38	-	38
End of financial year	83,340	176,859	94,816	143,928	6,998	505,941
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	15,023	55,396	71,832	96,642	-	238,893
Reclassifications (Note 19)	-	777	-	-	-	777
Depreciation charge	1,102	3,882	4,283	11,575	-	20,842
Disposals	-	-	-	(6,977)	-	(6,977)
Currency translation differences	-	-	-	(2)	-	(2)
End of financial year	16,125	60,055	76,115	101,238	-	253,533
Net book value						
End of financial year	**67,215**	**116,804**	**18,701**	**42,690**	**6,998**	**252,408**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2010						
Cost						
Beginning of financial year	82,625	172,012	94,816	124,030	6,897	480,380
Reclassifications (Note 19)	(260)	(979)	-	-	-	(1,239)
Additions	-	-	-	2,188	7,470	9,658
Disposals	-	(237)	(4,522)	(8,531)	-	(13,290)
Transfers	1	62	862	11,511	(12,436)	-
End of financial year	82,366	170,858	91,156	129,198	1,931	475,509
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	15,996	58,812	76,115	85,873	-	236,796
Depreciation charge	1,082	3,845	4,408	11,300	-	20,635
Disposals	-	(25)	(4,522)	(8,489)	-	(13,036)
End of financial year	17,078	62,632	76,001	88,684	-	244,395
Net book value						
End of financial year	**65,288**	**108,226**	**15,155**	**40,514**	**1,931**	**231,114**
Company						
2009						
Cost						
Beginning of financial year	82,835	169,910	94,772	121,852	4,541	473,910
Reclassifications (Note 19)	(210)	2,089	-	-	-	1,879
Additions	-	-	-	843	10,955	11,798
Disposals	-	-	-	(7,207)	-	(7,207)
Transfers	-	13	44	8,542	(8,599)	-
End of financial year	82,625	172,012	94,816	124,030	6,897	480,380
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	14,900	54,180	71,832	82,576	-	223,488
Reclassifications (Note 19)	-	835	-	-	-	835
Depreciation charge	1,096	3,797	4,283	10,210	-	19,386
Disposals	-	-	-	(6,913)	-	(6,913)
End of financial year	15,996	58,812	76,115	85,873	-	236,796
Net book value						
End of financial year	**66,629**	**113,200**	**18,701**	**38,157**	**6,897**	**243,584**

21. INTANGIBLE ASSETS

Composition:

	Group 2010 S$'000	Group 2009 S$'000	Company 2010 S$'000	Company 2009 S$'000
Goodwill on acquisitions (Note (a))	**78,047**	-	**-**	-
Customer relationship (Note (b))	**5,524**			
Acquired licence (Note (c))	**216**	252	**216**	252
Intellectual property right (Note (d))	**5,798**	-	**-**	-
	89,585	252	**216**	252

(a) Goodwill on acquisition

	Group 2010 S$'000	Group 2009 S$'000
Cost		
Beginning of financial year	**-**	-
Acquisition of subsidiary (Note 11)	**78,047**	-
End of financial year	**78,047**	-
Net book value		
Beginning and end of financial year	**78,047**	-

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified as Quantium Solutions and its subsidiaries due to the integrated nature of its business operations. The CGU is expected to benefit from the synergies arising from goodwill acquired. The recoverable amount of the CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period.

Key assumptions used for value-in-use calculations:

	2010
Cash flow growth rate	9.4% to 14.2%
Terminal growth rate	0.0%
Discount rate	7.3%

The above assumptions were used for the analysis of the CGU. Management determined cash flow growth based on past performance and its expectations of the market development. The terminal growth rate of 0% that was used to extrapolate cash flows beyond the budget period did not exceed the long term average growth rate for the business.

The Group recorded no impairment charge for the year ended 31 March 2010 (2009: nil) after performing the impairment test. As the recoverable amount was significantly higher than carrying amount of the investment, management believes that any reasonable change to the key assumptions of which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

21. INTANGIBLE ASSETS (continued)

(b) Customer relationship

	Group	
	2010 S$'000	**2009 S$'000**
Cost		
Beginning of financial year	**-**	-
Acquisition of subsidiary (Note 11)	**6,360**	-
End of financial year	**6,360**	-
Accumulated amortisation		
Beginning of financial year	**-**	-
Amortisation charge	**(836)**	-
End of financial year	**(836)**	-
Net book value	**5,524**	-

(c) Acquired licence

	Group and Company	
	2010 S$'000	**2009 S$'000**
Cost		
Beginning and end of financial year	**900**	900
Accumulated amortisation		
Beginning of financial year	**(648)**	(612)
Amortisation charge	**(36)**	(36)
End of financial year	**(684)**	(648)
Net book value	**216**	252

21. INTANGIBLE ASSETS (continued)

(d) Intellectual property right

	Group	
	2010 S$'000	2009 S$'000
Cost		
Beginning of financial year	**-**	-
Additions	**5,798**	-
End of financial year	**5,798**	-
Net book value		
Beginning and end of financial year	**5,798**	-

Intellectual property right represents a right to use the resultant intellectual property arising from the collaboration with an associated company (Note 17 (a)). It is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The benefits arising from the intellectual property right will be amortised when it is available for use.

22. TRADE AND OTHER PAYABLES - CURRENT

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Trade payables				
- Subsidiaries	**-**	-	**1,888**	4,557
- Joint ventures	**-**	2,146	**-**	2,146
- Companies related by a substantial shareholder	**448**	409	**448**	409
- Third parties	**63,379**	52,976	**52,879**	50,947
	63,827	55,531	**55,215**	58,059
Advance billings	**11,853**	10,505	**11,716**	10,502
Accrual for other operating expenses	**52,784**	35,160	**41,649**	34,109
Interest payable	**4,425**	4,449	**4,425**	4,449
Other creditors	**12,023**	11,491	**9,984**	11,221
Customers' deposits	**3,875**	2,612	**3,819**	2,605
Collections on behalf of third parties	**37,680**	31,087	**37,680**	30,641
Tender deposits	**8,715**	8,523	**8,682**	8,505
	195,182	159,358	**173,170**	160,091

23. DEFERRED GAIN ON INTELLECTUAL PROPERTY RIGHTS

	Group and Company	
	2010 S$'000	2009 S$'000
Current		
Balance as at beginning of financial year	-	-
Transfer from non-current	20,547	-
Amount recognised as income during the year	(8,806)	-
Balance as at end of financial year	11,741	-
Non-current		
Balance as at beginning of financial year	-	-
Acquisition of associated company	35,223	-
Transfer to current	(20,547)	-
Balance as at end of financial year	14,676	-

Deferred gain on intellectual property rights arose from the non-cash portion of the Group's investment in Postea. It represents the Company's intellectual property rights in its Self-service Automated Machine ("SAM") and SAM^{PLUS}, retail system POST21 and vPOST online bill payment and was valued at US$24.3 million (S$35.2 million) (Note 17 (a)). Deferred gain on intellectual property rights is recognised as income on a straight-line basis over the period of the Group's collaboration with Postea, which is three years starting from financial year ended 31 March 2010.

24. DEFERRED INCOME

Deferred income relates to capital grants received from the Universal Postal Union and National Trade Union Congress. Deferred capital grants are recognised in the income statement over the periods necessary to match the depreciation of the assets purchased.

The current portion of the deferred income for the Group and the Company at the balance sheet date is S$70,000 (2009: S$70,000).

25. BORROWINGS

	Group and Company	
	2010 S$'000	**2009 S$'000**
Non-current		
Borrowings (unsecured)	**502,977**	302,969

Borrowings comprised of S$300 million bonds issued in April 2003 and S$200 million Fixed Rate Notes (the "Notes") issued in March 2010. Both the bond and the Notes have a maturity period of 10 years, are listed on the SGX-ST and carry a fixed interest rate of 3.13% per annum and 3.5% per annum respectively.

Fair value of non-current borrowings

	Group and Company	
	2010 S$'000	**2009 S$'000**
Borrowings (unsecured)	**508,802**	305,784

The fair value above is determined based on independent market quotation from a reputable financial institution.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 32.

26. DEFERRED INCOME TAXES

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

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Deferred income tax liabilities				
- to be settled within one year	**716**	1,558	**674**	1,508
- to be settled after one year	**16,567**	14,642	**14,625**	14,303
	17,283	16,200	**15,299**	15,811

26. DEFERRED INCOME TAXES (continued)

Movement in the deferred income tax account is as follows:

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Beginning of financial year	**16,200**	17,414	**15,811**	16,916
Effects of change in Singapore tax rate	**-**	(968)	**-**	(940)
Acquisition of subsidiary (Note 11)	**1,452**	-	**-**	-
Tax credited to income statement	**(369)**	(246)	**(512)**	(165)
End of financial year	**17,283**	16,200	**15,299**	15,811

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax benefits of tax losses of S$4,532,000 (2009: S$3,032,000) and capital allowances of S$428,000 (2009: S$486,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2010			
Beginning of financial year	**16,148**	**298**	**16,446**
Acquisition of subsidiary (Note 11)	**350**	**1,102**	**1,452**
(Credited) / charged to income statement	**(793)**	**343**	**(450)**
End of financial year	**15,705**	**1,743**	**17,448**
2009			
Beginning of financial year	17,389	318	17,707
Effect of change in Singapore tax rate	(967)	(18)	(985)
Credited to income statement	(274)	(2)	(276)
End of financial year	16,148	298	16,446

26. DEFERRED INCOME TAXES (continued)

Group

Deferred income tax assets

	Provisions S$'000	Total S$'000
2010		
Beginning of financial year	**(246)**	**(246)**
Charged to income statement	**81**	**81**
End of financial year	**(165)**	**(165)**
2009		
Beginning of financial year	(293)	(293)
Effect of change in Singapore tax rate	17	17
Charged to income statement	30	30
End of financial year	(246)	(246)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2010			
Beginning of financial year	**15,750**	**298**	**16,048**
(Credited) / charged to income statement	**(889)**	**298**	**(591)**
End of financial year	**14,861**	**596**	**15,457**
2009			
Beginning of financial year	16,970	228	17,198
Effect of change in Singapore tax rate	(943)	(13)	(956)
(Credited) / charged to income statement	(277)	83	(194)
End of financial year	15,750	298	16,048

26. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax assets

	Provisions S$'000	Total S$'000
2010		
Beginning of financial year	**(237)**	**(237)**
Charged to income statement	**79**	**79**
End of financial year	**(158)**	**(158)**
2009		
Beginning of financial year	(282)	(282)
Effect of change in Singapore tax rate	16	16
Charged to income statement	29	29
End of financial year	(237)	(237)

27. SHARE CAPITAL

	Number of ordinary shares	
	Issued share capital '000	Share capital S$'000
2010		
Beginning of financial year	**1,926,261**	**114,673**
Employee share option scheme		
- Value of employee services	**-**	**52**
- Proceeds from shares issued	**620**	**513**
End of financial year	**1,926,881**	**115,238**
2009		
Beginning of financial year	1,924,510	113,053
Employee share option scheme		
- Value of employee services	-	154
- Proceeds from shares issued	1,751	1,466
End of financial year	1,926,261	114,673

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

27. SHARE CAPITAL (continued)

Share Options

The Singapore Post Share Option Scheme (the "Scheme") was adopted on 21 March 2003 and administered by the Compensation Committee comprising directors Mr Lim Eng (Chairman), Mr Lee Chong Kwee, Mr Lim Ho Kee, and Mr Keith Tay Ah Kee during the financial year ended 31 March 2010.

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

The principal terms of the Scheme are as follows:

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

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

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

- Other than the share options granted on 16 May 2005 which has vested 100% after the third anniversary of the date of grant, the vesting schedule for the share options granted to eligible employees (including executive directors) prior to 26 June 2006 is as follows:

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

27. SHARE CAPITAL (continued)

Share Options (continued)

- Other than the share options granted on 24 October 2007 and 13 January 2010, share options granted to eligible employees (including executive directors) effective 26 June 2006 have a four-year vesting schedule and the details are as follows:

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

- On 24 October 2007, share options were granted to Mr Wilson Tan Wee Yan (former Group Chief Executive Officer), as well as other eligible employees. With the exception of the share options granted to Mr Tan, 100% of the share options will vest after the third anniversary of the date of grant and lapse on the sixth anniversary. Share options granted to Mr Tan have a three-year vesting schedule, and only vested options remain exercisable for a period of one year from 3 April 2010 following his resignation.

  100% of the share options granted on 13 January 2010 will vest after the third anniversary and lapse on the sixth anniversary.

  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.

27. SHARE CAPITAL (continued)

Share Options (continued)

Since the adoption of the Scheme to 31 March 2009, a total of 52,128,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

During the financial year ended 31 March 2010, 8,375,000 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 At 1.4.09 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.10[(4)] ('000)
For employess (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	2	-	-	-	2
28.07.03	29.07.04 to 28.07.13	S$0.615	26	-	(26)	-	-
19.07.04	20.07.05 to 19.07.14	S$0.731	121	-	(83)	-	38
16.05.05[(3)]	17.05.08 to 16.05.11	S$0.811	893	-	(325)	-	568
01.07.05	02.07.06 to 01.07.15	S$0.923	1,371	-	(186)	(20)	1,165
03.01.06	04.01.07 to 03.01.16	S$1.194	600	-	-	-	600
26.06.06	27.06.07 to 26.06.16	S$1.048	2,528	-	-	(205)	2,323
02.04.07	03.04.08 to 02.04.17	S$1.126	300	-	-	(300)	-
26.06.07	27.06.08 to 26.06.17	S$1.278	3,138	-	-	(92)	3,046
24.10.07[(3)]	25.10.10 to 24.10.13	S$1.216	2,795	-	-	(300)	2,495
24.10.07	25.10.08 to 24.10.11	S$1.216	2,100	-	-	(840)	1,260
02.06.08	03.06.09 to 02.06.18	S$1.100	100	-	-	(100)	-
30.06.08	01.07.09 to 30.06.18	S$1.100	5,020	-	-	(610)	4,410
21.07.08	22.07.09 to 21.07.18	S$1.040	100	-	-	(100)	-
29.06.09	30.06.10 to 29.06.19	S$0.890	-	7,575	-	(1,000)	6,575
13.01.10	14.01.13 to 13.01.16	S$1.020	-	800	-	-	800
Total Share Options			**19,094**	**8,375**	**(620)**	**(3,567)**	**23,282**

(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 2005 have been reduced in view of the Special Dividend payment during the financial year ended 31 March 2006. Exercise prices disclosed are the revised exercise prices.

(3) Options, with a 3-year lock-in period, were granted on 16 May 2005, 24 October 2007 and 13 January 2010 to retain key staff critical for business continuity by providing them with a meaningful reward for driving the business forward and reaping the benefits. 100% of the share options will vest after the third anniversary.

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

27. SHARE CAPITAL (continued)

Share Options (continued)

Of the outstanding options for 23,281,958 (2009: 19,094,079) shares, 620,121 (2009: 5,603,079) options are exercisable as at 31 March 2010. Options exercised in the financial year ended 31 March 2010 resulted in 620,000 shares (2009: 1,751,000) being issued at an average price of S$0.862 (2009: S$0.875). Options were exercised throughout the year. The weighted average share price during the financial year was S$0.94 (2009: S$0.92).

The weighted average fair value of options granted during the financial year ended 31 March 2010, determined using the Trinomial option pricing model, was S$631,378 (2009: S$605,059). The significant inputs into the model were:

- Weighted average share price of S$0.90 (2009: S$1.10) at the grant date.
- Weighted average exercise price of S$0.902 (2009: S$1.099).
- Expected volatility of 23% (2009: 22%).
- Expected option life of 5 years (2009: 5 years).
- The annual risk-free interest rate of 1.4% (2009: 2.5%) per annum.

The model factored in discrete dividends based on expected yield of 6.7% (2009: 6.8%) per annum. The volatility measured was based on the historical volatility of the rate of returns of the Company's shares since listing date 13 May 2003.

28. OTHER RESERVES

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
(a) Composition:				
Share option reserve	**3,214**	2,597	**3,214**	2,597
Cash flow hedge reserve	**-**	32	**-**	-
Currency translation reserve	**(1,082)**	1,475	**-**	-
Other capital reserve	**-**	1,596	**-**	-
	2,132	5,700	**3,214**	2,597
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**2,597**	1,982	**2,597**	1,982
Employee share option scheme:				
- Value of employee services (Note 5)	**669**	769	**669**	769
- Issue of shares (Note 27)	**(52)**	(154)	**(52)**	(154)
End of financial year	**3,214**	2,597	**3,214**	2,597
(ii) Cash flow hedge reserve				
Beginning of financial year	**32**	(153)	**-**	-
Share of joint venture cash flow hedge reserve	**-**	185	**-**	-
Transfer to income statement on reclassification of a joint venture to subsidiary	**(32)**	-	**-**	-
End of financial year	**-**	32	**-**	-
(iii) Currency translation reserve				
Beginning of financial year	**1,475**	2,375	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**(2,557)**	(900)	**-**	-
End of financial year	**(1,082)**	1,475	**-**	-
(iv) Other capital reserve				
Beginning of financial year	**1,596**	1,596	**-**	-
Transfer on sale of an associated company	**(1,596)**	-	**-**	-
End of financial year	**-**	1,596	**-**	-

Other reserves are non-distributable.

29. RETAINED EARNINGS

(a) Retained earnings of the Group are distributable except for accumulated retained earnings of associated companies and joint ventures amounting to Nil (2009: S$14,949,000). Retained earnings of the Company are distributable.

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

	Company	
	2010 S$'000	**2009 S$'000**
Beginning of financial year	**119,482**	94,698
Net profit	**154,488**	145,166
Dividends paid (Note 30)	**(120,406)**	(120,382)
End of financial year	**153,564**	119,482

30. DIVIDENDS

	Group and Company	
	2010 S$'000	**2009 S$'000**
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2009: 2.5 cents) per share	**48,160**	48,147
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.25 cents (2009: 1.25 cents) per share	**24,079**	24,078
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.25 cents (2009: 1.25 cents) per share	**24,081**	24,079
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.25 cents (2009: 1.25 cents) per share	**24,086**	24,078
	120,406	120,382

At the Annual General Meeting on 30 June 2010, a final exempt (one-tier) dividend of 2.5 cents per share amounting to a total of S$48.2 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2011.

31. COMMITMENTS

(a) Capital commitments

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

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Property, plant and equipment	**2,903**	4,493	**2,736**	3,873

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

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

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

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Not later than one year	**6,841**	6,290	**5,713**	6,218
Between one and five years	**6,657**	4,963	**4,651**	4,893
Later than five years	**4,728**	3,792	**3,745**	3,792
	18,226	15,045	**14,109**	14,903

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

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

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

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Not later than one year	**36,094**	34,270	**38,828**	36,719
Between one and five years	**38,529**	51,010	**41,149**	56,669
Later than five years	**-**	-	**-**	-
	74,623	85,280	**79,977**	93,388

32. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board Risk Committee then establishes the detailed policies such as oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(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 exposure is primarily in Special Drawing Rights ("SDR"). SDR is an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement is usually in US dollars. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the transactions are not entered into for speculative reasons.

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

32. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
Group				
As at 31 March 2010				
Financial assets				
Cash and cash equivalents	383,086	-	7,134	390,220
Trade and other receivables	76,956	2,767	10,276	89,999
Other financial assets	2,333	-	1,031	3,364
Derivative financial instruments	3,494	-	-	3,494
	465,869	2,767	18,441	487,077
Financial liabilities				
Borrowings	(502,977)	-	-	(502,977)
Trade and other payables	(146,583)	(39,755)	(8,844)	(195,182)
	(649,560)	(39,755)	(8,844)	(698,159)
Net financial (liabilities) / assets	**(183,691)**	**(36,988)**	**9,597**	**(211,082)**
Less: Net financial liabilities / (assets) denominated in the respective entities' functional currencies	(183,691)	-	8,873	
Currency exposure	**-**	**(36,988)**	**724**	

32. FINANCIAL RISK MANAGEMENT (continued)

a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
Group				
As at 31 March 2009				
Financial assets				
Cash and cash equivalents	138,685	-	863	139,548
Trade and other receivables	66,783	2,154	725	69,662
Other financial assets	2,096	-	64	2,160
Derivative financial instruments	3,258	-	-	3,258
	210,822	2,154	1,652	214,628
Financial liabilities				
Borrowings	(302,969)	-	-	(302,969)
Trade and other payables	(119,372)	(39,048)	(938)	(159,358)
	(422,341)	(39,048)	(938)	(462,327)
Net financial (liabilities) / assets	**(211,519)**	**(36,894)**	**714**	**(247,699)**
Less: Net financial liabilities / (assets) denominated in the respective entities' functional currencies	(211,519)	-	96	
Currency exposure	**-**	**(36,894)**	**618**	

32. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

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

	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
Company				
As at 31 March 2010				
Financial assets				
Cash and cash equivalents	358,581	-	165	358,746
Trade and other receivables	70,454	2,767	-	73,221
Other financial assets	1,429	-	-	1,429
Derivative financial instruments	3,494	-	-	3,494
	433,958	2,767	165	436,890
Financial liabilities				
Borrowings	(502,977)	-	-	(502,977)
Trade and other payables	(133,415)	(39,755)	-	(173,170)
	(636,392)	(39,755)	-	(676,147)
Net financial (liabilities) / assets	**(202,434)**	**(36,988)**	**165**	**(239,257)**
Less: Net financial liabilities denominated in the respective entities' functional currencies	(202,434)	-	-	
Currency exposure	**-**	**(36,988)**	**165**	

32. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
Company				
As at 31 March 2009				
Financial assets				
Cash and cash equivalents	130,637	-	618	131,255
Trade and other receivables	59,948	2,154	-	62,102
Other financial assets	1,472	-	-	1,472
Derivative financial instruments	3,258	-	-	3,258
	195,315	2,154	618	198,087
Financial liabilities				
Borrowings	(302,969)	-	-	(302,969)
Trade and other payables	(121,043)	(39,048)	-	(160,091)
	(424,012)	(39,048)	-	(463,060)
Net financial (liabilities) / assets	**(228,697)**	**(36,894)**	**618**	**(264,973)**
Less: Net financial liabilities denominated in the respective entities' functional currencies	(228,697)	-	-	
Currency exposure	**-**	**(36,894)**	**618**	

The Group and Company monitor the currency exposure and enter into currency forwards where appropriate based on anticipated payments. The Group and Company did not enter into any currency forwards during the financial year.

32. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 2% (2009: 2%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2010		2009	
	Increase/(decrease)			
	Profit after tax S$'000	**Equity S$'000**	**Profit after tax S$'000**	**Equity S$'000**
Group				
SDR against SGD				
- strengthened	**(614)**	**(614)**	(612)	(612)
- weakened	**614**	**614**	612	612
Company				
SDR against SGD				
- strengthened	**(614)**	**(614)**	(612)	(612)
- weakened	**614**	**614**	612	612

(ii) Cash flow and fair value interest rate risks

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

The Group's policy is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debts based on the assessment of interest rate trends is used to achieve this objective. The Group is exposed to fair value interest rate risk from its fixed rate bonds. The Group has entered into interest rate swaps that are fair value hedges for the fixed rate bonds. The Group's exposure to cash flow interest rate risks arises mainly from fixed-to-floating interest rate swaps. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's and Company's fixed-to-floating interest rate swaps are denominated in SGD. If the SGD interest rates increase/decrease by 0.60% (2009: 0.60%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$448,000 (2009: S$660,000).

32. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. The Group and the Company have no significant concentrations of credit risk.

The Group and Company, except for a subsidiary whose business is to provide small loans to customers on the security of pawned articles, do not hold any collateral. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

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

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
By geographical areas				
Singapore	**66,390**	64,031	**55,629**	47,697
Other countries	**16,291**	4,087	**5,897**	3,463
	82,681	68,118	**61,526**	51,160
By types of customers				
Related parties	**2,923**	5,966	**24,353**	13,951
Non-related parties:	**-**			
- Government bodies	**5,575**	7,619	**4,830**	6,099
- Banks	**14,641**	12,312	**5,408**	5,952
- Overseas postal administrations	**2,666**	2,102	**2,666**	2,102
- Other companies	**56,876**	40,119	**24,269**	23,056
	82,681	68,118	**61,526**	51,160

32. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

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

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

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

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Past due 0 to 3 months	**20,271**	19,052	**14,837**	16,364
Past due over 3 months	**5,428**	1,568	**2,400**	1,525
	25,699	20,620	**17,237**	17,889

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

	Group		Company	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Gross amount	**2,792**	2,868	**2,195**	2,460
Less: Allowance for impairment	**(2,792)**	(2,868)	**(2,195)**	(2,460)
	-	-	**-**	-
Beginning of financial year	**2,868**	503	**2,460**	491
Acquisition of subsidiary	**370**	-	**-**	-
Allowance made	**498**	2,495	**101**	2,095
Allowance reversed	**(597)**	(21)	**(130)**	(17)
Allowance utilised	**(347)**	(109)	**(236)**	(109)
End of financial year	**2,792**	2,868	**2,195**	2,460

(c) Liquidity risk

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

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

32. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 March 2010				
Favourable interest rate swaps	**6,356**	**6,582**	**9,873**	**-**
Unfavourable interest rate swaps	**(4,225)**	**(4,384)**	**(6,575)**	**-**
Trade and other payables	**(195,182)**	**-**	**-**	**-**
Borrowings	**(16,390)**	**(16,390)**	**(330,647)**	**(235,000)**
	(209,441)	**(14,192)**	**(327,349)**	**(235,000)**
At 31 March 2009				
Favourable interest rate swaps	3,492	2,847	7,118	-
Unfavourable interest rate swaps	(2,221)	(1,769)	(4,423)	-
Trade and other payables	(159,358)	-	-	-
Borrowings	(9,390)	(9,390)	(28,170)	(300,257)
	(167,477)	(8,312)	(25,475)	(300,257)
Company				
At 31 March 2010				
Favourable interest rate swaps	**6,356**	**6,582**	**9,873**	**-**
Unfavourable interest rate swaps	**(4,225)**	**(4,384)**	**(6,575)**	**-**
Trade and other payables	**(173,170)**	**-**	**-**	**-**
Borrowings	**(16,390)**	**(16,390)**	**(330,647)**	**(235,000)**
	(187,429)	**(14,192)**	**(327,349)**	**(235,000)**
At 31 March 2009				
Favourable interest rate swaps	3,492	2,847	7,118	-
Unfavourable interest rate swaps	(2,221)	(1,769)	(4,423)	-
Trade and other payables	(160,091)	-	-	-
Borrowings	(9,390)	(9,390)	(28,170)	(300,257)
	(168,210)	(8,312)	(25,475)	(300,257)

32. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

Management monitors capital based on gearing ratio. The Group and Company aim to sustain a strong investment-grade credit profile and the strategy, which was unchanged from 2009, is to maintain gearing ratios within 200%.

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

	Group		Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Net debt	**112,757**	163,421	**144,231**	171,714
Total equity	**298,515**	256,201	**272,016**	236,752
Gearing ratio	**38%**	64%	**53%**	73%

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2010 and 2009.

(e) Fair value measurements

Effective 1 April 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 March 2010.

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group and Company				
Assets				
Derivatives used for hedging	-	3,494	-	3,494

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows and included in Level 2.

33. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Group	
	2010 S$'000	**2009 S$'000**
Services rendered to related companies of a substantial shareholder	**18,926**	19,827
Services received from related companies of a substantial shareholder	**3,351**	2,656
Consultancy fees paid to an affiliated company	**489**	-

During the financial year ended 31 March 2010, the Company made payments on behalf of subsidiaries totalling S$7.0 million (2009: S$6.3 million) which were subsequently reimbursed.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2010 S$'000	**2009 S$'000**
Salaries and other short-term employee benefits	**3,266**	3,673
Post-employment benefits – contribution to CPF	**43**	59
Termination benefits	**265**	-
Share-based staff costs	**184**	335
	3,758	4,067

Included in the above is total compensation to non-executive directors of the Company amounting to S$904,456 (2009: S$644,562).

34. SEGMENT INFORMATION

In accordance with FRS 108 (Operating Segments), Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer and Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. Management manages and monitors the business in the three primary business areas: Mail, Logistics and Retail:

- **Mail** – Mail segment 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 and outgoing international mail. Mail division also offers ePost hybrid mail service which integrates electronic data communication with traditional mail.

- **Logistics** – Logistics segment provides diverse range of mail logistic services comprising domestic and international distribution and delivery services. The services include cross-border mail services and other value-added services (Quantium Solutions), express delivery services (Speedpost), shipping services at vPOST internet portal, warehousing, fulfilment and distribution services and self storage solutions (S^3).

- **Retail** – Retail segment provides a wide variety of products and services beyond the scope of traditional postal services, including agency and remittance services as well as financial services. The three principal distribution channels are: post offices, authorised postal agencies and stamp vendors; Self-service Automated Machines ("SAMs"); and vPOST internet portal for bill presentment / payment.

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

34. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2010 is as follows:

	Mail S$'000	Logistics S$'000	Retail S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2010						
Revenue:						
- External	340,483	143,736	41,294	-	-	525,513
- Inter-segment	19,681	30,213	25,595	-	(75,489)	-
	360,164	173,949	66,889	-	(75,489)	525,513
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	324	898	937	50,629	-	52,788
- Inter-segment	-	-	-	38,886	(38,886)	-
	324	898	937	89,515	(38,886)	52,788
Operating profit	130,605	14,384	10,092	46,371	-	201,452
Depreciation	6,344	3,524	2,296	16,790	-	28,954
Segment assets	78,380	150,234	26,063	463,697	-	718,374

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2009 is as follows:

	Mail S$'000	Logistics S$'000	Retail S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2009						
Revenue:						
- External	368,032	71,935	41,130	-	-	481,097
- Inter-segment	459	483	24,216	-	(25,158)	-
	368,491	72,418	65,346	-	(25,158)	481,097
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	210	73	766	32,166	-	33,215
- Inter-segment	-	-	-	36,916	(36,916)	-
	210	73	766	69,082	(36,916)	33,215
Operating profit	139,605	7,862	11,505	19,429	-	178,401
Depreciation	6,244	1,771	2,099	16,294	-	26,408
Segment assets	176,058	13,935	53,043	423,254	-	666,290

34. SEGMENT INFORMATION (continued)

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

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

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

	2010 S$'000	2009 S$'000
Operating profit for reportable segments	**155,081**	158,972
Other segments operating profit	**46,371**	19,429
Finance expense	**(7,907)**	(7,721)
Interest income	**267**	540
Share of profit of associated companies and joint ventures	**957**	7,849
Profit before tax	**194,769**	179,069

<u>Reportable segments' assets are reconciled to total assets as follows:</u>

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

	2010 S$'000	2009 S$'000
Segment assets for reportable segments	**254,677**	243,036
Other segments assets	**463,697**	423,254
Unallocated:		
Cash and cash equivalents	**353,034**	100,615
Derivative financial instruments	**3,494**	3,258
Total assets	**1,074,902**	770,163

34. SEGMENT INFORMATION (continued)

Revenue from major products and services

Revenue from external customers is derived from the provision of mail, distribution, agency and financial services, sale of products and interest income from secured personnel financial services.

	2010 S$'000	2009 S$'000
Domestic and International Mail services	**340,483**	368,032
Domestic and International distribution and delivery services	**143,736**	71,935
Retail sale of products and services	**41,294**	41,130
Revenue	**525,513**	481,097

Geographical information

The Group's three business segments operate principally in one geographical area, which is in Singapore. Hence, the revenues and non-current assets are principally generated from and located in Singapore respectively.

The Group does not rely on any major customers.

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009)

The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group will apply this amendment from 1 April 2010, but it is not expected to have a material impact on the financial statements.

(b) INT FRS 117 Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)

INT FRS 117 clarifies how the Group should measure distributions of assets, other than cash, to its owners. INT FRS 117 specifies that such a distribution should only be recognised when appropriately authorized, and that the dividend should be measured at the fair value of the assets to be distributed. The difference between the fair value and the carrying amount of the assets distributed should be recognised in the income statement. INT FRS 117 applies to pro rata distributions of non-cash assets except for distributions to a party or parties under common control.

The Group will apply INT FRS 117 from 1 April 2010, but it is not expected to have a material impact on the financial statements.

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

(c) INT FRS 118 Transfer of Assets to Customers (effective for annual periods beginning on or after 1 July 2009)

INT FRS 118 prescribes the accounting requirements for arrangements where the Group receives an item of property, plant and equipment from a customer which must be used to provide an ongoing service to the customer. It also applies to cash received from a customer that must be used to acquire or construct such property, plant and equipment.

The Group will apply INT FRS 118 from 1 April 2010, but it is not expected to have a material impact on the financial statements.

(d) FRS 27(revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 April 2010.

(e) FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 April 2010.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 3 May 2010 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

37. LISTING OF COMPANIES IN THE GROUP

The following were subsidiaries, associated companies and joint ventures as at 31 March 2010 and 31 March 2009.

			Percentage of effective equity held by the Group		Cost of investment	
Name	**Principal activities**	**Country of incorporation**	**2010 %**	**2009 %**	**2010 S$'000**	**2009 S$'000**
SUBSIDIARIES						
Held by the Company						
DataPost Pte Ltd	Electronic printing and despatching services	Singapore	**70.00**	70.00	**2,100**	2,100
First Cube Pte Ltd	Provision of electronic platform and recyclable lockers for merchandise distribution	Singapore	**100.00**	100.00	**6,157**	6,157
Quantium Solutions Distribution Pte. Ltd. (1)	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	-	**(3)**	-
Quantium Solutions International Pte. Ltd. (2)	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	**100.00**	-	**98,579**	-
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100.00**	100.00	**40,228**	5,005
SingPost Retail Services Pte. Ltd.	Secured personal finance services	Singapore	**100.00**	100.00	**5,000**	5,000
					152,064	18,262

37. LISTING OF COMPANIES IN THE GROUP (continued)

			Percentage of effective equity held by the Group		Cost of investment	
Name	**Principal activities**	**Country of incorporation**	**2010 %**	**2009 %**	**2010 S$'000**	**2009 S$'000**
SUBSIDIARIES (continued)						
Held by subsidiaries						
DataPost (HK) Pte Limited (4)	Electronic printing and enveloping services	Hong Kong	**70.00**	70.00	**969**	969
eP2M Services Sdn. Bhd.	Electronic printing and despatching services	Malaysia	**70.00**	70.00	**46**	46
Quantium Solutions (Singapore) Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	*	**4,699**	-
Quantium Solutions Distribution Pte. Ltd. (1)	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	*	**1,910**	-
Quantium Mail Logistics Solutions (India) Private Limited	Provision of business mail solutions	India	**100.00**	*	**4**	-
Quantium Solutions (Australia) Pty Limited	Provision of business mail solutions and distribution of mail	Australia	**100.00**	*	**5,404**	-
Quantium Solutions (Hong Kong) Limited	Provision of business mail solutions and distribution of mail	Hong Kong	**100.00**	*	**93**	-
Quantium Solutions (Japan) Inc.	Provision of business mail solutions	Japan	**100.00**	*	**1,479**	-
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of business mail solutions	Malaysia	**100.00**	*	**6**	-

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2010 %	2009 %	Cost of investment 2010 S$'000	2009 S$'000
SUBSIDIARIES (continued)						
Held by a subsidiary (continued)						
Quantium Solutions (New Zealand) Pty Limited	Provision of business mail solutions	New Zealand	**100.00**	*	**10**	-
Quantium Solutions (Philippines) Inc	Provision of business mail solutions	Philippines	**100.00**	*	**76**	-
Quantium Solutions (Taiwan) Co., Ltd	Provision of business mail solutions	Taiwan	**100.00**	*	**220**	-
Quantium Solutions (Thailand) Co., Ltd.	Provision of business mail solutions	Thailand	**100.00**	*	**44**	-
					14,960	1,015
ASSOCIATED COMPANIES						
Held by the Company						
G3 Worldwide Mail N.V.	Disposed	Netherlands	**-**	24.50	**-**	80,922
					-	80,922
Held by a subsidiary						
Postea Inc.	Provision of technology and support in postal, courier and other distribution markets	USA	**30.00**	-	**43,050**	-
GPN Asia Pte. Ltd. (7)	Print-on-demand business	Singapore	**-**	20.00	**-**	412
					43,050	412

37. LISTING OF COMPANIES IN THE GROUP (continued)

			Percentage of effective equity held by the Group		Cost of investment	
Name	**Principal activities**	**Country of incorporation**	**2010 %**	**2009 %**	**2010 S$'000**	**2009 S$'000**
JOINT VENTURES						
Held by the Company						
Quantium Solutions International Pte. Ltd. (2)	Became a wholly-owned subsidiary with effect from 6 May 2009	Singapore	**-**	62.25	**-**	2,450
Quantium Solutions Distribution Pte. Ltd. (1)	Became a wholly-owned subsidiary with effect from 6 May 2009	Singapore	**-**	62.25	**-**	(3)
					-	2,450
Held by subsidiaries						
ePDS, Inc. (5)	Provision of electronic printing and despatching services	Philippines	**41.0**	33.45	**318**	318
Thai British DPost Company Limited (6)	Provision of laser printing and enveloping services	Thailand	**34.30**	34.30	**827**	827
					1,145	1,145

Notes

(1) Formerly known as G3 Worldwide Distribution (Singapore) Pte Ltd
(2) Formerly known as G3 Worldwide Aspac Pte. Ltd.
(3) Denotes cost less than S$1,000

All companies as at 31 March 2010 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(4) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
(5) Audited by SyCip Gorres Velayo & Co, Philippines
(6) Audited by KPMG Phoomchai Audit Ltd, Thailand
(7) Dissolved on 31 March 2010

* Subsidiary companies of Quantium Solutions International Pte. Ltd. As at 31 March 2009, Quantium Solutions International Pte. Ltd., (formerly known as G3 Worldwide Aspac Pte. Ltd.) was a joint venture of the Group.

SGX Listing Manual Requirements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

1. 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.

2. AUDITOR'S REMUNERATION

	2010 S$'000	2009 S$'000
Other fees paid / payable to		
- Auditor of the Company	**248**	143

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2010, 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$100,000)	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Sales				
Singapore Airlines Limited and its associates	**-**	-	**1,129***	108
Singapore Telecommunications Limited and its associates	**-**	-	**11,251***	6,981*
Starhub Ltd and its associates	**-**	-	**1,589**	1,668
Temasek Holdings (Private) Limited and its associates	**-**	-	**2,596**	2,645*
	-	-	**16,565**	11,402
Purchases				
Michael James Murphy and his associates	**-**	-	**248**	-
PowerSeraya Ltd and its associates#	**-**	-	**-**	7,250
Singapore Airlines Limited and its associates	**-**	-	**2,600**	2,300
Singapore Telecommunications Limited and its associates	**-**	-	**358**	1,800*
SMRT Corporation Ltd and its associates	**-**	-	**-**	983*
Temasek Holdings (Private) Limited and its associates	**-**	-	**800***	540
	-	-	**4,006**	12,873
Total interested person transactions	**-**	-	**20,571**	24,275

Note

All the transactions set out in the above tables were based on the Group's interested person transactions register. They were based on either the contractual values for the duration of the contracts (which vary from 3 months to 3 years) or the annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

During the first quarter ended 30 June 2009, PowerSeraya Ltd ceased to be an associate of Temasek Holdings (Private) Limited as defined under the Listing Manual of SGX. As such, subsequent transactions with PowerSeraya Ltd and its associates are not defined as interested person transactions under the Listing Manual.

Shareholding Statistics

AS AT 10 MAY 2010

NUMBER OF SHARES IN ISSUE

1,927,021,189

CLASS OF SHARES

Ordinary Shares

NUMBER OF SHAREHOLDERS

25,269

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	-	500,025,817 (1)
Singapore Telecommunications Limited	494,000,000	-
The Capital Group Companies, Inc.	-	154,965,000 (2)

Notes

(1) Deemed through its subsidiary, Singapore Telecommunications Limited and its associated company, DBS Group Holdings Ltd.

(2) Deemed through DBS Nominees Pte. Ltd. and Raffles Nominees Pte. Ltd.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 999	26	0.10	4,791	0.00
1,000 – 10,000	18,911	74.84	82,828,432	4.30
10,001 – 1,000,000	6,283	24.87	322,875,450	16.75
1,000,001 and above	49	0.19	1,521,312,516	78.95
	25,269	100.00	1,927,021,189	100.00

Shareholding Statistics

AS AT 10 MAY 2010

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	25.64
2	Citibank Nominees Singapore Pte Ltd	333,964,211	17.33
3	DBS Nominees Pte Ltd	208,648,656	10.83
4	DBSN Services Pte Ltd	184,073,085	9.55
5	HSBC (Singapore) Nominees Pte Ltd	112,539,805	5.84
6	United Overseas Bank Nominees Pte Ltd	60,248,316	3.13
7	Raffles Nominees (Pte) Ltd	21,714,190	1.13
8	BNP Paribas Securities Services Singapore	10,455,145	0.54
9	DB Nominees (S) Pte Ltd	9,697,200	0.50
10	Societe Generale Singapore Branch	6,094,654	0.32
11	OCBC Nominees Singapore Private Limited	5,554,000	0.29
12	Merrill Lynch (S'pore) Pte Ltd	5,145,988	0.27
13	Bank of Singapore Nominees Pte Ltd	3,286,520	0.17
14	DBS Vickers Securities (Singapore) Pte Ltd	3,154,000	0.16
15	Teo Yew Hwa	3,132,099	0.16
16	Peh Kwee Chim	2,670,000	0.14
17	Morgan Stanley Asia (S'pore) Securities Pte Ltd	2,618,222	0.14
18	CIMB-GK Securities Pte. Ltd.	2,514,000	0.13
19	Phillip Securities Pte Ltd	2,493,550	0.13
20	OCBC Securities Private Ltd	2,470,400	0.13
		1,474,474,041	76.52

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 10 May 2010, approximately 65.87% 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.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN THAT THE 18TH 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 Wednesday, 30 June 2010 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 2010, and the Directors' Report and Independent Auditor's Report thereon. (Resolution 1)

2. To declare a final tax exempt 1-tier dividend of 2.5 cents per ordinary share in respect of the financial year ended 31 March 2010. (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 Eng(1) (Resolution 3)
   (b) Mr Lim Ho Kee(1) (Resolution 4)
   (c) Mr Kenneth Michael Tan Wee Kheng(1) (Resolution 5)

   Mr Kenneth Tan will, upon his re-election as director of the Company, remain as a member 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 (the "SGX-ST").

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

   (a) Mr Michael James Murphy(1) (Resolution 6)
   (b) Mr Zulkifli Bin Baharudin(1) (Resolution 7)

5. To approve directors' fees payable by the Company of S$900,690(2) for the financial year ended 31 March 2010 (2009: S$641,090). (Resolution 8)

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration. (Resolution 9)

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

NOTES

(1) Detailed information about these directors can be found in the "Corporate Governance Report" section of the Company's Annual Report 2009/10.

(2) Detailed information on directors' fees can be found under Directors' Remuneration in the "Corporate Governance Report" section of the Company's Annual Report 2009/10.

SPECIAL BUSINESS

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

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

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

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

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

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

provided that:

(I) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury 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 total number of issued shares (excluding treasury shares) in the 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 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 total number of issued shares (excluding treasury 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 bonus issue or consolidation or sub-division of shares;

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

(IV) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 10)

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 (excluding treasury shares) in the capital of the Company from time to time. (Resolution 11)

BY ORDER OF THE BOARD

Leong Chee Sian (Ms)
Company Secretary
Singapore
8 June 2010

Notice of Annual General Meeting

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

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

Resolution 10 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 total number of issued shares (excluding treasury 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 shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 10 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 10 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 11 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 (excluding treasury 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 11 provides for a lower limit, namely, 5 per cent of the total number of issued shares (excluding treasury 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 2010 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 2010 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 2010 will rank for the proposed final dividend. Payment of the dividend, if approved by members at the 18th Annual General Meeting, will be made on 15 July 2010.

BY ORDER OF THE BOARD

Leong Chee Sian (Ms)
Company Secretary
Singapore
8 June 2010

SINGAPORE POST LIMITED

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

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

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

I/We ______________________________ NRIC No./Passport 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 18th 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 Wednesday, 30 June 2010 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 Independent Auditor's Report		
2.	To declare a final tax exempt 1-tier dividend of 2.5 cents per ordinary share		
3.	To re-elect Mr Lim Eng as director		
4.	To re-elect Mr Lim Ho Kee as director		
5.	To re-elect Mr Kenneth Michael Tan Wee Kheng as director		
6.	To re-elect Mr Michael James Murphy as director		
7.	To re-elect Mr Zulkifli Bin Baharudin as director		
8.	To approve directors' fees payable by the Company		
9.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration		
10.	To authorise directors to issue shares and to make or grant convertible instruments		
11.	To authorise directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme		
12.	Any other business		

Dated this __________ day of __________ 2010

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

Total Number of Shares Held	

____

Notes:
IMPORTANT
Please read Notes.

Fold flap
3rd fold here

Postage will be paid by
Singapore POST
For posting in Singapore only

BUSINESS REPLY SERVICE
PERMIT NO. 00003

Secretariat

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

2nd fold here

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. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

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 Ofice

Singapore Post Limited
10 Eunos Road 8
Singapore Post Centre
Singapore 408600
Tel: +65 6841 2000
Email: investor@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

Trillion So (Ms)
Appointed with effect from financial
year ended 31 March 2008

SINGAPORE POST LIMITED
Co. Reg. No.: 199201623M
Registered Office
10 Eunos Road 8
Singapore Post Centre
Singapore 408600