ANNUAL REPORT 2010/11

STRENGTH to STRENGTH

OUR VISION

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

CONTENTS

Cover: Postman of the Year 2010 Ravi Kumar A/L Nagantheran Top: Courier of the Year 2010 Sim Fey Yau

STRENGTH *to* STRENGTH

Over the years, SingPost has grown from strength-to-strength, helmed by a dynamic leadership and dedicated staff.

In managing our businesses and driving community initiatives, SingPost's focus is clearly on sustainable growth. We will continue building on our core strengths, adapting to the changing needs of consumers.

Even as SingPost transforms to stay relevant, its long-standing commitment to customers remain strong – to deliver an affordable and high quality service.

Come rain or shine, SingPost's trusty postmen will ensure that your mail is delivered on time. We especially relish connecting you with your loved ones. It is a role that we take seriously day-to-day for more than 150 years.

DAY to DAY

HEART *to* HEART

At SingPost, our customers are at the heart of all that we do. SingPost remains committed to its service obligation. The trust we have earned from generations of customers, coupled with our ability to push the envelope, has enabled us to offer more choices and greater convenience to you.


UOB
Fulfilling your
dream is ezy.

DOOR to DOOR

SingPost offers fast and efficient door-to-door service both within Singapore and to over 200 countries. Capitalising on its core competencies, SingPost is expanding in logistics and e-commerce through collaborations and acquisitions. We are well-placed to grow in the Asia Pacific region.


Do Not Send These Dangerous Goods
1800 222 5777
For door-to-door delivery
speedpost
worldwide

LETTER TO SHAREHOLDERS

Dear Shareholders,

SingPost achieved yet another set of good results for FY2010/11 in the face of an increasingly challenging business environment. I am happy to report that the Group has been growing from strength-to-strength since its listing in 2003, registering consistent growth in underlying profits for the last seven years.

Group revenue increased by 7.7 per cent to S$565.8 million while underlying net profit was S$149.6 million, an improvement of 1.2 per cent. The good results were underpinned by growth in our core business of Mail and Logistics. Domestic and international mail volumes surged amidst robust economic and business activities. After a major restructuring, Quantium Solutions turned in a strong performance, as it worked to entrench its presence and business in the regional markets.

SingPost's cash flows and financial position remained healthy. Free cash flow generated amounted to S$174.6 million in FY2010/11. Return on invested capital was 19.7 per cent.

The Board is proposing a final dividend of 2.5 cents per share for FY2010/11. Including the interim dividends of 1.25 cents per share paid out in the earlier three quarters, 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. Total shareholder returns (TSR) since the Group's listing amounted to about 190 per cent at the end of March 2011.

STEPPING UP TRANSFORMATION EFFORTS AMIDST CHALLENGES

Whilst SingPost has been reasonably successful in its drive to achieve higher levels of performance thus far, it has not been smooth, nor has it been easy. We continue to face challenges in the postal industry and business environment. Globally the postal industry has been experiencing a structural change with mail volumes continuing to shrink as a result of e-substitution, evolving business trends and consumer behaviour. The situation is increasingly grim in some developed markets. Additionally, the inflationary environment and tight labour market in Singapore are creating increased pressure on operating costs.

There has been greater urgency to step up transformation efforts in order for us, not just to survive but to thrive, in this challenging landscape. We continued to restructure to strengthen management so that SingPost can accelerate this transformational process. Given the rapidly evolving postal landscape, it is vital that we protect and grow the postal business, whilst continuing to respond to and serve the needs of the community in Singapore. The Group's other key priority is its diversification and regionalisation strategy – to enlarge its regional business and to diversify revenue streams from new non-postal businesses. As part of the transformation process, the focus to improve management at all levels will continue. The restructuring, along with a strengthened management team and alignment of resources, effectively brings our key priorities into a sharper focus. These measures will allow SingPost to be well-positioned to keep up with the continuing challenges in the postal world.

PROTECTING THE CORE AND GROWING THE WINGS

For over 150 years, we have been delivering a trusted and reliable postal service to citizens, residents, corporations and businesses in Singapore. To continue to serve the community and meet their needs in the digital domain, we are actively working to transform the postal platform.

In this financial year, we initiated a key project to launch Singapore's first digital mailbox. When this platform becomes available in the second half of 2011, SingPost will extend its trusted intermediary role between corporate mail senders and mail recipients from the physical to the digital. SingPost will continue to proactively find ways to respond to the changing needs of the Singapore community.

The rapid growth in e-commerce has been a source of opportunities, given SingPost's core competency in the last mile delivery and its online retail offering. We have implemented initiatives to enhance the virtual shopfront at *vPOST* and introduced new e-shopping services. We also extended our e-commerce fulfilment and logistics solutions in Singapore and the region via Quantium Solutions. In FY2010/11, SingPost launched local and cross-border "ezyparcels" to tap the fast-growing fulfilment and distribution needs of online businesses.

Strategic investments and acquisitions are integral to SingPost's growth strategy. In FY2010/11, we acquired a 27.08 per cent stake in GD Express Carrier Berhad, an express delivery and logistics service provider listed in ACE Market on Bursa Malaysia, for a total amount of S$22.9 million. This strategic investment extends our network in the region and positions us to tap the logistics needs of the growing regional markets, enabling us to leverage our Quantium Solutions network fully.

LOOKING FORWARD

Our blueprint for growth lays out a more balanced revenue and earnings profile for the Group in the mid to long term. Through our efforts in the last few years, non-mail revenue has increased, accounting for about 40.8 per cent of total revenue in FY2010/11. Overseas contribution amounted to 11.5 per cent of revenue.

Leveraging off the regional platform in Quantium Solutions, we will continue to extend our core competencies in mail-logistics and tap the overseas markets. In particular, we see great potential in the logistics space such as regional courier and parcel services and B2C e-commerce fulfilment space in the growing Asia Pacific region. Besides a focus on organic growth and building our capabilities, new investments will be key to enable us to reach our goal, and we continue to actively explore M&A and investment opportunities in Singapore and the region.

REAFFIRMING OUR SOCIAL RESPONSIBILITY

While SingPost is focused on transforming and growing its businesses, we remain mindful of our commitment and obligations as Singapore's designated Public Postal Licensee.

In May 2010, SingPost implemented a milestone change in its operations when it adjusted its collection and delivery of mail to a 5-day week. This was a considered and realistic adaption to changing trends which include lifestyle changes, and declining public mail volume. The adjustment improved productivity and enabled SingPost to remain competitive and to keep rates affordable without compromising on quality of service. SingPost's 62 post offices remain open to serve the public on Saturdays, with several outlets operating 7 days a week including on public holidays. We will continue to invest in our people and technology and improve systems and processes to enhance service quality.

As a socially responsible corporate citizen, SingPost will maintain its support for various charitable causes and provide a platform for staff to contribute meaningfully back to society through staff volunteerism programmes such as the Food Goodie Bag initiative and the Care and Share programme.

SingPost was one of the first organisations in 1994 to re-hire its retired staff and provide them the opportunity to remain relevant and economically active. We are encouraged by the results and are firm in our resolve to attend to the needs of the largest segment in our workforce – the postal workers.

APPRECIATION AND WELCOME

I would like to express my deep appreciation to the Board for their commitment and guidance to the management.

On behalf of the Board, I thank Mr Lim Eng, who stepped down in November 2010 following his retirement from NCS Pte Ltd, a wholly-owned subsidiary of Singapore Telecommunications Ltd, for his guidance and contributions to the Group. I also express my sincere appreciation to Mr Lee Chong Kwee and Mr Timothy Chia who will be stepping down as directors at the 19th Annual General Meeting, for their invaluable and significant contributions. We welcome on board Professor Low Teck Seng, who was appointed in October 2010 and Mr Bill Chang, who replaced Mr Lim Eng in November 2010. We are confident that we will benefit from their insights and experience.

We also thank our shareholders, management and staff, the union, business partners and customers for their continued support of SingPost. We are focused on steering SingPost from strength-to-strength to create long-term sustainable growth and value for all our stakeholders.

Lim Ho Kee
Chairman

BOARD OF DIRECTORS

LIM HO KEE
CHAIRMAN, BOARD AND EXECUTIVE COMMITTEE

KEITH TAY AH KEE
CHAIRMAN, AUDIT COMMITTEE

LIM HO KEE, 66
NON-EXECUTIVE,
NON-INDEPENDENT DIRECTOR

Mr Lim is the Chairman of the Executive Committee and also a member of the Compensation and Nominations Committees. Appointed in April 1998 and as Chairman of the Board of Directors since 2003, Mr Lim was last re-elected in 2010. Mr Lim is currently a Director of Jardine Cycle & Carriage Limited, Keppel Land Limited and Postea Inc.

With extensive experience in both the public and private sectors, Mr Lim's past portfolio includes directorships in UBS A.G., 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.

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

KEITH TAY AH KEE, 66
NON-EXECUTIVE,
LEAD 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 Committee and also a member of the Executive, Nominations, Compensation and Board Risk Committees.

Mr Tay was the President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992 and 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 SATS Limited. He is the Chairman of 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. He is also on the Council of the Singapore Institute of Directors.

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.

KENNETH MICHAEL TAN WEE KHENG, 52
NON-EXECUTIVE,
INDEPENDENT DIRECTOR

Mr Tan, Senior Counsel, was appointed as a director in March 2003 and was last re-elected in 2010. He is the Chairman of the

KENNETH MICHAEL TAN WEE KHENG
CHAIRMAN, NOMINATIONS COMMITTEE

TAN YAM PIN
CHAIRMAN, BOARD RISK COMMITTEE

ZULKIFLI BIN BAHARUDIN
CHAIRMAN, COMPENSATION COMMITTEE

Nominations Committee and also a member of the Executive Committee and 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.

TAN YAM PIN, 70
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 Executive Committee and 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 has also been 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.

ZULKIFLI BIN BAHARUDIN, 51
NON-EXECUTIVE, INDEPENDENT DIRECTOR

Mr Zulkifli was appointed as a director in November 2009 and was last re-elected in 2010. He is the Chairman of the Compensation Committee and a member of the Nominations Committee.

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 board 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.

BOARD OF DIRECTORS

PROFESSOR LOW TECK SENG
CHAIRMAN, TECHNOLOGY COMMITTEE

LEE CHONG KWEE

PROFESSOR LOW TECK SENG, 56
NON-EXECUTIVE, INDEPENDENT DIRECTOR
Professor Low was appointed as a director in October 2010 and as Chairman of the Technology Committee in April 2011.

Professor Low is the Managing Director of Singapore's Agency for Science, Technology and Research (A*STAR). He is a tenured Professor at Nanyang Technological University and was the founder and former Principal and CEO of Republic Polytechnic, Singapore. Professor Low joined NUS in 1983 and founded the Magnetics Technology Centre in 1992. In 1998, he returned to NUS as Dean of the Faculty of Engineering. Professor Low is a Fellow of the Institute of Electrical and Electronics Engineer. Professor Low sits on the boards of several companies, including Innotek Limited, Parkway Education Pte. Ltd. and the Workplace Safety and Health Council.

Professor Low holds a Bachelor of Science degree (First Class Honours) and Ph. D from the Southampton University, United Kingdom.

LEE CHONG KWEE, 54
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.

TIMOTHY CHIA CHEE MING, 61
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 Chairman – Asia of UBS Investment Bank and Hup Soon Global Corporation Limited. He is the Senior Advisor of EQT Funds Management Ltd. 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

TIMOTHY CHIA CHEE MING

MICHAEL JAMES MURPHY

BILL CHANG YORK CHYE

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.

MICHAEL JAMES MURPHY, 57
NON-EXECUTIVE,
NON-INDEPENDENT DIRECTOR
Mr Murphy was appointed as a director in August 2009 and a member of the Technology Committee in April 2011. He was last re-elected in 2010.

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., Postea Europe Limited 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.

BILL CHANG YORK CHYE, 45
NON-EXECUTIVE,
NON-INDEPENDENT DIRECTOR
Mr Chang was appointed as a director in November 2010 and a member of the Technology Committee in April 2011.

Mr Chang is currently the Executive Vice President of Business Group in Singapore Telecommunications Limited. He is a board member of the Workforce Development Agency (WDA), the Chairman of WDA Incentives and Grants Committee, Chairman of Grid Communications Pte Ltd and Deputy Chairman of the Singapore Polytechnic Board of Governors. He also sits on the Advisory Committee of Singapore Management University School of Information Systems.

Mr Chang was a member of the ICT sub-committee which was part of the Government's Economic Review Committee (2003), SiTF Councillor (2002/2004), Chairman of SiTF-AAC Internet Data Centre Committee (2001), and executive committee member for Think Tank (1999/2000). Mr Chang received the National Day Public Service Medal Award for his contributions to the Singapore's workforce development in 2007.

Mr Chang holds a Bachelor of Engineering (Honours) degree in Electrical and Computer Systems Engineering from the Monash University.

▲ SmartPac provides local doorstep/letter box delivery by next working day. At only S$4.20, SmartPac comes with a free packaging box for delivery of up to 3kg.

PUSHING THE ENVELOPE

As Singapore's designated Public Postal Licensee (PPL), SingPost continued to deliver value to consumers through innovative solutions that satisfy their lifestyle needs in their day-to-day lives.

In spite of declining mail volumes globally, SingPost managed to buck the trend and grew overall mail volume by 7.9 per cent in FY2010/11. This was in part due to an improved economy and population growth in Singapore and also its efforts in driving growth in direct mail. *DMrocket*, our direct mail business, introduced another creative direct mail initiative – *Things Box* during the year. *Things Box* is a box full of interesting items that recipients can play with, read or use as decorative displays. Each *Things Box*, distributed to selected subscribers, is tailored to suit different groups of people, helping advertisers to reach their targeted audience.

During the year, SingPost stepped up its response to the changing mailing needs of its customers by introducing innovative solutions. We launched *SmartPac*, a postage-paid next-day delivery solution in October 2010 to cater to the growing population of local online retailers. *SmartPac* is specially designed to fit into most letter boxes. It is ideal for accessories, clothing, electronic products, books, toys or other items of up to 3kg.

Following the launch of its internet-enabled mailing solution, *ClickPost*, in August 2009, SingPost announced in February 2011 that it will be offering mail recipients a personal digital mailbox service in the second half of 2011. With the digital mailbox, mail senders and recipients can select their preferred communication platform, i.e. digital or physical. This solution will help accelerate SingPost's engagement in the digital space. The digital mailbox will enable businesses to enjoy choices and convenience in their mailing requirements as well as savings in their operating costs. This opt-in personal digital mailbox service will allow SingPost to offer more options to recipients, for example, enabling them to pay multiple bills online with only one password, as well as accessing their mail via their mobile devices while on the move.

Our hybrid mail business, DataPost, extended its suite of printing services to include digital colour printing of statements, photo album composition and ordering services in FY2010/11. DataPost continued to entrench its presence in the regional markets, benefitting from new customers and business volumes.

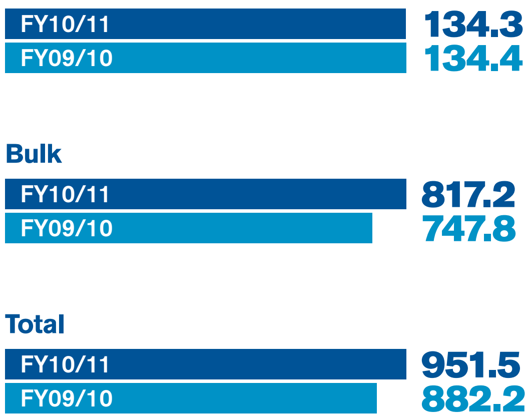
During the year, our international mail business continued to position itself as a key printing and distribution hub for the region, with focus on quality service and after-sales service.

COMMITTED TO SERVICE

SingPost has been investing considerably to improve its mail handling processes through the years to enhance efficiency and productivity. One of the initiatives implemented was the 5-day mail collection and delivery service in May 2010. This move, in response to lifestyle changes and global mail posting trends, led to more streamlined operations. It helped to raise productivity and enable SingPost to maintain an affordable service without compromising on quality of service. In tandem with this, SingPost extended the collection timings on Fridays by

Mail Volumes (million items)

Public (Stamped & Franked)



▲ Mr Lim Ho Kee, Chairman of SingPost (2nd from right) and Mr Liu Yanming (2nd from left), General Manager of China National Philatelic Corporation presenting the joint commemorative prepaid envelope to His Excellency, Mr Wei Wei, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China (extreme right) and Minister for Information, Communications and the Arts, Mr Lui Tuck Yew (extreme left) respectively.

an hour and doubled the number of collection trips on Fridays and Mondays as an added convenience to customers. Productivity gains from this initiative were passed back to customers through discounts for 1st local stamp booklets/stamp sheets of 10s and rebates to franked mail customers for a full year.

To meet the growth in e-commerce packages, SingPost is investing in new packet sorting machines to automate the packet-handling processes. Through automation, SingPost will be able to offer an even more efficient and reliable service.

In December 2010, we added resources and implemented additional and more stringent quality checks to enhance our service level including performing more quality checks at selected delivery points or letter boxes to ensure the accuracy in delivery. To motivate staff to provide an even better service, SingPost has instituted several key initiatives including incentives and special commendation awards for good performances.

CONTRIBUTING TO INTERNATIONAL AND REGIONAL POSTAL COMMUNITIES

As Singapore's PPL, SingPost is the representative in the Universal Postal Union (UPU) and other international and regional postal events.

Under the Postal Operations Council (POC) Letters and Parcels Committees, SingPost chairs the Letter Post Quality Improvement Group and Global Monitoring System Implementation Group. These two groups play important roles in defining, measuring and improving the service quality level for all member countries. SingPost also serves as a member of the Steering Committee of the Terminal Dues Work Group which looks into the design of a new terminal dues system for implementation in 2014. Additionally, SingPost is active in the UPU Letter Mail Product Development and Marketing Group which aims to develop new letter post products for UPU members.

With increasing security concerns around the world, customs clearance is becoming an important concern for postal operators, as it will affect how mail items are delivered in the future. SingPost represents Asia Pacific in the UPU World Customs Organisation (WCO) Contact Committee which looks into co-ordinating activities and issues between the WCO and UPU for customs requirements.

In the Asia Pacific region, SingPost remains fully committed to working with fellow member countries. SingPost continues to serve as a board member of the Asia Pacific Post (APP) Cooperative board, where it also remains as the Office Director of both the APP and Regional Technical Centre for Asia Pacific. SingPost also strongly supports the activities of the ASEAN Postal Business Meeting and enjoys strong ties with its ASEAN postal counterparts.

PHILATELIC BUZZ

During the year, SingPost released a total of 11 stamp issues covering significant national events such as Singapore hosting the first Youth Olympic Games and celebrating 100 years of aviation. Ongoing themes such as the Chinese Zodiac Series and Singapore Festivals re-emerged with exciting new designs and printing techniques.

In October 2010, SingPost and China Post jointly issued a commemorative prepaid envelope to celebrate 20 years of Singapore-China diplomatic relations. This is the first prepaid envelope to celebrate bilateral ties.

MyStamp, which is SingPost's unique stamp personalisation service, continued to create a buzz among collectors during the year with exciting designs such as *Harry Potter*, *Hello Kitty and Friends* and *Tokidoki Limited Edition MyStamp* collections.

▲ Evolving to be a lifestyle product, a variety of *MyStamp* designs was launched during the year.

LOGISTICS

▲ 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-logistics needs.

GROWING OUR REGIONAL PRESENCE

In FY2010/11, SingPost continued on a steady growth path in the region through its wholly owned subsidiary, Quantium Solutions International Pte. Ltd. (Quantium Solutions).

Quantium Solutions, with its strong network spanning 10 countries in Asia Pacific, galvanised SingPost's presence in the regional logistics arena with the successful bid for a regional contract with a renowned publishing company.

With the rapid rise of e-commerce, logistics and fulfilment of online transactions will be a key growth driver for SingPost. During the financial year, Quantium Solutions introduced *ezyparcels* – a distribution solution for packets and parcels to local and overseas destinations for e-commerce clients. The *ezyparcels* solution utilises technology to simplify the process of preparing, collecting, payment processing and tracking of packets, giving full control to customers in addition to heightened convenience.

As part of its strategy to offer innovative solutions, Quantium Solutions invested in a document management system for its mailroom customers. Among the benefits are enhanced visibility, ability to view physical mail online, lower operating costs and freeing up of space. This solution also allows direct marketers to view marketing activity, response management and orders online. Through intelligent solutions, we aim to streamline client workflow while improving service levels and reducing costs.

STRENGTHENING OUR HOME BASE

While SingPost forges ahead with its regional plans, the Singapore market remains a key priority as it continues to strengthen both its domestic and worldwide delivery services. As the leading provider of delivery solutions domestically as well as being the local worldwide delivery service provider with its courier brand, *Speedpost*, SingPost is focused on creating sustainable growth with emphasis on developing innovative solutions, extending reach and improving service performance to meet its customers' needs.

SingPost introduced several new proactive delivery solutions during the year to bring greater convenience and flexibility to customers. Complementing its *Speedpost Islandwide* courier service, SingPost launched a new service, *Express 9am* in October 2010, offering corporate customers a premium door-to-door delivery service with a late collection time of up to 10pm and early next day delivery before 9am.

Importing was made easier for customers with the launch of *Speedpost Import Express*. Introduced in December 2010, *Speedpost Import Express* provides customers import services from over 100 countries worldwide to their doorstep, offering customers greater convenience and better control of shipping costs.

In January 2011, together with Changi Airport Group, SingPost introduced *Speedpost@ Changi*, the first-of-its-kind delivery service in an Asian airport, at the three terminals in Changi Airport. This service offers departing passengers an option to post their hand-carried items disallowed on board flights due to security restrictions.

To bring even more convenience to customers, SingPost worked with retailers at key locations and shopping malls to act as *Speedpost* resellers and collection agents. We also continued to strengthen our current partnerships and create new collaborations with major business players and overseas postal administrations to provide value-for-money, efficient and reliable service to our customers.

BOOSTING OUR OPERATIONAL CAPABILITY

To ensure a superior quality of service, SingPost continued to invest in technology and resources while improving its processes. During the year, the processing capability of our Gateway Operations at the Airmail Transit Centre was enhanced to manage the growth in our transhipment business.

We also increased the capacity of our Contact Centre, upgraded the call recording system and enhanced the processes in handling customer enquiries and feedback for greater efficiency and better level of service. Dedicated account desk services were set up for key accounts, offering proactive monitoring of shipment and keeping clients informed of their shipment status and developments that could affect their shipments.

Our relentless efforts in upholding high service standards were recognised both locally and nationally during the year. SingPost topped the Customer Satisfaction Index of Singapore 2010 in the courier and postal services sub-sector for the second consecutive year. SingPost was also presented the *Superbrands* Awards in both the Consumer and Business Categories, achieving the mark of brand excellence. Internationally, SingPost earned the honour of being the only company to have won the Express Mail Service (EMS) Cooperative Certification Gold Level Award by the Universal Postal Union (UPU) for its *Speedpost Worldwide* service for ten consecutive years since 2001. SingPost continued to be accorded the ISO 9001 and Transported Asset Protection Association (TAPA) Class A certifications for maintaining and improving process reliability and security capabilities.

ENHANCING OFFERINGS AND IMPROVING TRACEABILITY

Our internet shipping and shopping portal, *vPOST* continued to grow and extend its offerings, providing greater choices and convenience to online shoppers.

During the year, *vPOST* collaborated with *Rakuten*, one of Japan's leading online shopping malls, to provide information on top-selling and popular Japanese products in English. We also introduced a shipping service from Amsterdam, making it easier for customers to shop online at European websites and have their purchases shipped via *vPOST*. Our *vConcierge* service was extended to regional customers in Australia, Malaysia, Thailand and India. We also initiated a white label solution for our bank partners, enabling their customers to have access to organised information, facilitating the ease of shopping in USA, Europe and Japan sites.

As part of its initiatives to enhance the quality of service, *vPOST's* website was given a fresh, upbeat look and feel with improved navigation and more user-friendly features. We also improved our track and trace system by increasing the number of scans especially at our USA warehouses, giving customers greater visibility of their shipment status.

Departing passengers at Changi Airport can make use of *Speedpost@Changi*, a joint initiative between SingPost and Changi Airport Group, to post back hand-carried items disallowed on board flights.

RETAIL

▲ Outstanding Employee of the Year 2010 Tan Kim Hong goes the extra mile to serve the customers.

GREATER CONVENIENCE AND BETTER EXPERIENCE

Our customers remain at the heart of all that we do. SingPost strives to deliver added convenience and choices to customers through its tri-channel retail network of 62 post offices, more than 300 Self-service Automated Machines (*SAM*) and its internet portal, *vPOST*.

During the year, two of our relocated post offices at Orchard and Yishun were refreshed with a more modern look and feel to enhance customers' in-store retail experience.

More services were also offered via over 300 *SAM* which provide 24/7 service island-wide. These included a mobile airtime transfer service and VISA credit card bill payment.

SingPost also continued to enhance its suite of financial services in the year. Under the financial planning service, *Care-for-Life* offered in conjunction with our partner Prudential Singapore, an innovative and affordable product "PRUterm total refund" was introduced in September 2010. This gives consumers protection against the unforeseen and a full refund of premiums upon cover expiry.

Since April 2008, SingPost has been the trusted partner of the Immigration and Checkpoints Authority of Singapore (ICA). In October 2010, SingPost started offering passport collection at 20 selected post offices. With this service, SingPost gives Singaporeans a one-stop service to apply or renew and collect their passports at locations other than ICA. This initiative was a major milestone in the government-private sector collaboration to bring greater ease to Singaporeans while underscoring a strong confidence in the reach and extent of our retail channel. They can also enjoy greater convenience as nine of our post offices operate on extended hours and five are also open on Sundays and public holidays.

TAPPING THE FOREIGN WORKERS MARKET

With a sizeable foreign worker population in Singapore, SingPost has been introducing new services to meet their needs. In February 2009, we opened Pioneer Road Post Office to provide a doorstep service to foreign workers, catering to their postal and remittance needs on a daily basis.

In July 2010, SingPost launched Singapore's first over-the-counter mobile airtime transfer service. Foreign nationals living in Singapore are able to instantaneously top up the prepaid mobile cards of their loved ones back home at any of our 62 post offices

▲ During the year, SingPost continued to add new services to its *SAM*, meeting customers' lifestyle needs.

island-wide, besides using the traditional method of cash transfers. SingPost was also the distributor for *SMILE International Calling Card*, offering foreign workers another cheaper option to call home.

In the same month, we rolled out a new loan service under the *James* brand to cater to the needs of skilled foreign workers in Singapore.

During the year, *CASHOME* expanded its Indonesia remittance corridor to allow customers to send money to five other Indonesian banks – Bank Mandiri, Bank Central Asia, Bank Danamon Indonesia, Bank Internasional Indonesia and Bank CIMB Niaga at all post offices and *SAM* located at post offices. SingPost also launched its first Mobile Money Transfer service with Western Union, offering customers another mode to send money directly to their recipient's mobile e-wallet account in the Philippines. In March 2011, SingPost announced a collaboration with State Bank of India (SBI), which operates more than 18,000 branches country-wide, to offer a new remittance service to India as part of its strategic move to tap into one of Singapore's largest overseas foreign worker remittance corridors. This fast, convenient and secure remittance under our *CASHOME* brand will allow a sender to remit money directly to a beneficiary's SBI account in India.

SingPost remains committed to providing a convenient service to all. We will continue to leverage our retail network to offer a wider range of products and services, better serving the evolving needs of businesses and changing lifestyles of customers.

PROPERTY

In FY2010/11, we continued to focus on yield enhancement of our properties. The Group's flagship building, Singapore Post Centre (SPC), enjoyed a full occupancy rate of 100 per cent as at 31 March 2011.

List of Major Properties

Name	Address	Title	Years	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	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	1,918	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

CORPORATE SOCIAL RESPONSIBILITY & HUMAN RESOURCES

Apart from extending time and money to the Food Goodie Bag programme, SingPost's staff also organised Mid Autumn Festival and Chinese New Year Party celebrations for the elderly residents of Kolam Ayer.

GIVING BACK TO THE COMMUNITY

SingPost's role in the community extends beyond products and services. We continue to be actively involved in supporting causes through SingPost's corporate social responsibility programme, giving back to and making a difference in the community we operate in. SingPost leverages its island-wide distribution network and logistics capabilities to support various meaningful causes.

For the third year running, SingPost supported Food from the Heart, a non-profit organisation that runs voluntary food distribution programmes, largely on the Bread Distribution and Food Goodie Bag initiatives. Under the Bread Distribution programme, our postmen and couriers collected unsold bread and pastries with a total value of more than S$100,000 from bakeries and hotels and delivered to the organisation's distribution points four days a week on six routes. The company also supported 50 underprivileged primary school students with monthly food essentials for the second consecutive year.

The Food Goodie Bag programme continued to provide staff with a regular platform to serve the community in the spirit of volunteerism. In FY2010/11, we saw a 46% increase in staff volunteerism as more came forward to sponsor and contribute their time to pack and deliver goodie bags to some 120 senior citizens in Kolam Ayer.

SingPost continued to support the Community Chest's Care and Share programme by matching staff's contribution dollar-for-dollar. In March 2011, SingPost's staff responded swiftly and started a collection matched by the company to help its counterparts in Japan who were affected by the massive 9.0 magnitude earthquake and the ensuing tsunami that engulfed the north-eastern part of Japan. SingPost also contributed towards the Mercy Relief Limited's disaster relief for victims of the Mentawai tsunami and Mount Merapi volcanic eruption in late October 2010 with cash donations matched by the company. We continued to waive postage for the mailing of literature for the blind, and supported our business partners in their community outreach programmes. In addition, SingPost rendered delivery and logistical support to local community projects such as SingTel Touching Lives Fund, Singapore Kindness Movement, and National Library Board's 10,000 Fathers Reading! 2010.

ENGAGING YOUNG MINDS

SingPost was proud to be the Official Postal Services Sponsor for the inaugural Youth Olympic Games (YOG) held in Singapore in August 2010. SingPost was responsible for the local and overseas delivery of the Games tickets via registered article, promoted YOG on its media spaces and sold YOG merchandise through its distribution channels. Apart from showcasing our distribution capabilities in the international sporting arena, this sponsorship was in line with our efforts to reach out to the youth segment.

Into its fifth year, our Schools' Visit programme continued to reach out to the young community, providing them with an insight into Singapore's postal system and the essential and relevant role that SingPost plays in Singapore's economy.

SingPost also engaged the young and general public by supporting the Singapore Philatelic Museum's (SPM) initiatives. Since 1995, SingPost has been contributing regularly to SPM for the upkeep and preservation of its philatelic materials and exhibits, amounting to more than S$5 million, including S$300,000 in FY2010/11. For its support of Singapore's philatelic heritage, SingPost was conferred the Patron of Heritage award by the National Heritage Board for the fourth consecutive year.

OPPORTUNITIES FOR ALL

People are SingPost's most valuable asset – the building blocks of its success as it steps up its transformation and growth.

As one of the top 10 finalists of the inaugural Tripartite Alliance for Fair Employment Practices' Exemplary Employer Award 2010 which recognises companies for their progressive and fair employment practices, SingPost continued to drive equal opportunities programmes. We collaborated with the Union of Telecoms Employees of Singapore (UTES) to step up our joint recruitment partnership with the National Trade Union Congress (NTUC) Women's Development Secretariat and the Employment and Employability Institute (e2i) to hire and train employees of all age groups. With support from UTES, we continued to encourage re-employment of older staff.

SingPost has been re-employing retired staff since 1994, tapping on the wealth of expertise and experience of the older workers. SingPost is one of the few companies that had been implementing its own re-employment policies before 2007 when the Government announced plans for a re-employment law by 2012. In May 2009, SingPost's Chairman, Mr Lim Ho Kee was conferred the NTUC's Medal of Commendation Award for helping to promote continued employment beyond retirement.

INVESTING IN OUR PEOPLE

SingPost continues to focus on people development to cultivate a dynamic and well-equipped workforce. In FY2010/11, we launched the Project Leadership programme to enhance engagement of every level of the leadership and to groom high potential staff.

We collaborated with the NTUC Unit for Contract and Casual Workers to introduce a Workfare Skill Up training programme for the neighbourhood postmen and part-time mail sorters to hone their service delivery and operational skills. Our investment in training

◄ More than 100 SingPost staff took part in the SGX Bull Run organised by the Singapore Exchange.

staff with relevant knowledge and skill sets to deliver excellent customer service bore results. Seventy-nine staff were commended for service excellence at the Excellent Service Awards 2010, up from 59 in the previous year. A total of 379 staff were also honoured at SingPost's Best Employee of the Year cum Commendation Awards 2010 ceremony.

ACCOLADES FOR SERVICE

SingPost was awarded the Singapore Service Class status by SPRING Singapore in November 2010 for putting in place management systems and processes to achieve service excellence. SingPost also achieved top score in the courier and postal services sub-sector in the national Customer Satisfaction Index of Singapore 2010 jointly developed by Singapore Management University and Singapore Workforce Development Agency. For the second consecutive year, SingPost was awarded the May Day CBF Model Partnership Award 2010 – Institutional Category by NTUC for having made a significant impact in enhancing productivity, i.e. being Cheaper, Better and/or Faster.

STAFF ENGAGEMENT

To cultivate an engaged and committed workforce, SingPost fosters open staff communication and a vibrant work culture. Initiatives to promote communication included management walkabouts, quarterly communications sessions conducted by senior management, departmental level dialogues and gatherings, as well as the company newsletter and Intranet. SingPost continued to promote staff activities including nature walks, movie screening, futsal, bowling and golfing competitions as well as the Health Week which focused on wellness.

INVESTOR RELATIONS

▲ The AGM provides a platform for shareholders to communicate with SingPost's Board and management.

CONTINUAL ENGAGEMENT WITH THE INVESTOR COMMUNITY

SingPost continues to take a proactive approach in its investor relations, especially while it steps up its transformation and growth. We are constantly engaging the investor community to keep them abreast of the company's financial performance, strategy, initiatives and business developments. It is our priority at SingPost to foster and maintain effective relationships, through quality and timeliness of information disclosure, and creating greater interaction with investors.

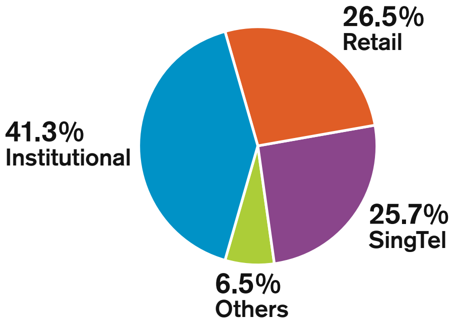
Throughout the year, we engaged analysts, media and investors using multiple platforms including results briefings, webcasts, corporate news releases and regular email alerts, to enable them to receive timely updates on SingPost. Our quarterly results briefings are webcast live, and the recordings are made available on our website. We also circulate the information to investors who have signed up for our email distribution list.

There are 11 research houses covering SingPost. New analysts are brought up to speed on the company's businesses and developments through scheduled meetings with management. Our management regularly conducts meetings with visiting local and foreign fund managers. Additionally, in FY2010/11, SingPost participated in the DB Access Asia Conference 2010 and the BNP Paribas ASEAN Conference 2010. The investor conferences provided good opportunities for management to hear directly from existing and potential investors about their expectations and to also share with them SingPost's strategic directions.

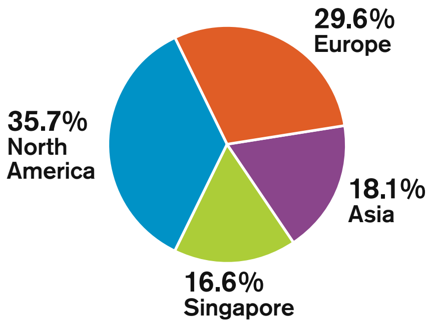
To further strengthen our communication channel and provide retail investors with a platform to better understand our business and strategies, we continued to collaborate with the Securities Investors Association of Singapore (SIAS) to organise presentations for SIAS members and SingPost shareholders. Retail investors were given a presentation and site tour of the mail processing operations on 23 June 2010.

SingPost's efforts to adhere to high standards of corporate governance and transparency were acknowledged when it was presented the runner-up award for the "Most Transparent Company Award 2010" in the Services/Utilities/Agriculture category at the SIAS Investors' Choice Awards for the fifth consecutive year. The company was also ranked second in the small- and mid-cap category for SGX-listed firms for exemplary investor relations practices in a survey conducted by the Singapore Management University and the Investor Relations Professionals Association, Singapore.

Share Ownership by Investor Groups



Institutional Holdings by Geographic Distribution



SHAREHOLDER RETURNS

The total shareholder returns amounted to 14.5 per cent for the financial year ended 31 March 2011 (source: Bloomberg).

SingPost's share price improved 9.4 per cent over the period 1 April 2010 to 31 March 2011, outperforming the FS STI by 2.9 per cent. From S$1.06 at the beginning of the financial year, the share price rose to end at S$1.16 on 31 March 2011.

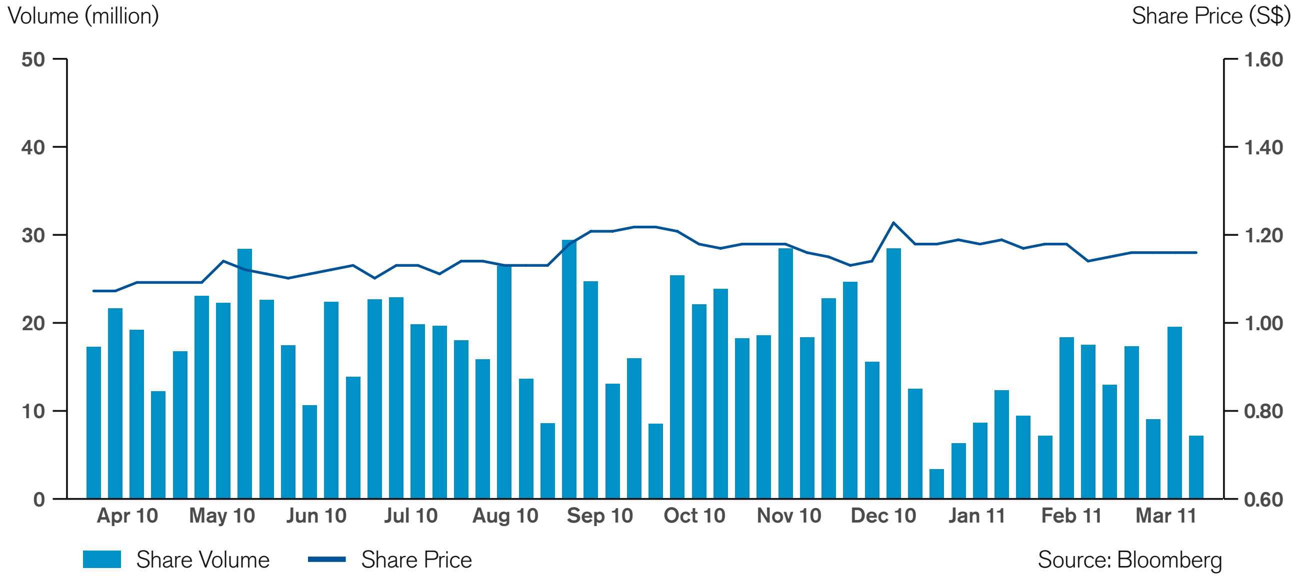
The Board of Directors has proposed a final dividend of 2.5 cents per share. Together with the interim dividends of 1.25 cents per share paid in each of the first three quarters of FY2010/11, the proposed total dividend would amount to 6.25 cents per share.

FY2010/11 Dividends (per share)

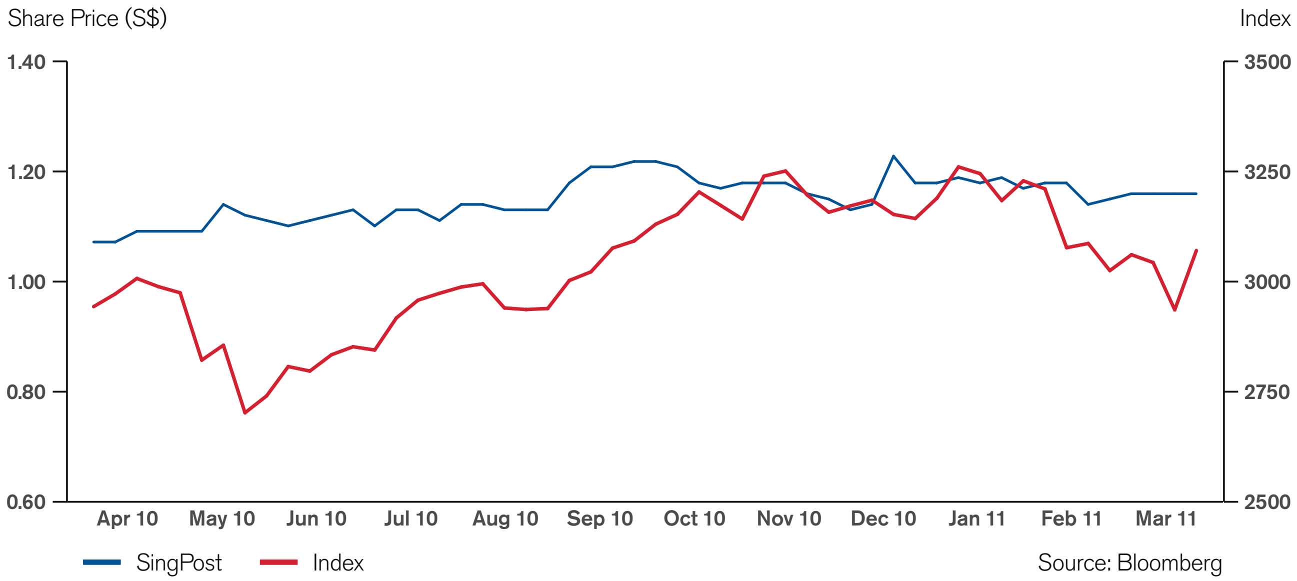
Interim Q1 FY2010/11	1.25 CENTS
Interim Q2 FY2010/11	1.25 CENTS
Interim Q3 FY2010/11	1.25 CENTS
Final FY2010/11 (Proposed)*	2.50 CENTS
Total Dividends Paid/Proposed	6.25 CENTS

*For the approval of shareholders at the 19th Annual General Meeting.

SingPost Share Price vs Trading Volume (FY2010/11)



SingPost Share Price vs FS STI (FY2010/11)



GROUP FINANCIAL HIGHLIGHTS/ BUSINESS REVIEW

Income Statement

Revenue (S$m)

FY10/11	565.8
FY09/10	525.5
FY08/09	481.1
FY07/08	472.6
FY06/07	436.0

Operating Profit (S$m)

FY10/11	206.6
FY09/10	201.5
FY08/09	178.4
FY07/08	175.3
FY06/07	169.3

Net Profit (S$m)

FY10/11	161.0
FY09/10	165.0
FY08/09	148.8
FY07/08	149.3
FY06/07	139.8

Underlying Net Profit (S$m)

FY10/11	149.6
FY09/10	147.7
FY08/09	147.2
FY07/08	140.0
FY06/07	130.8

Return on Average Invested Capital (%)

FY10/11	19.7
FY09/10	24.3
FY08/09	27.4
FY07/08	29.0
FY06/07	28.0

Free Cash Flow (S$m)

FY10/11	175.1
FY09/10	196.1
FY08/09	155.9
FY07/08	160.9
FY06/07	152.4

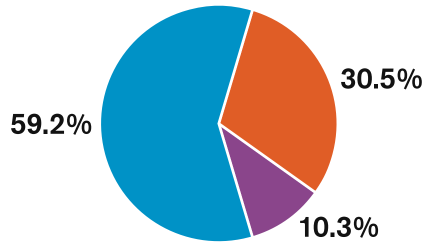
Dividend (cents per share)

FY10/11	6.25*
FY09/10	6.25
FY08/09	6.25
FY07/08	6.25
FY06/07	6.25

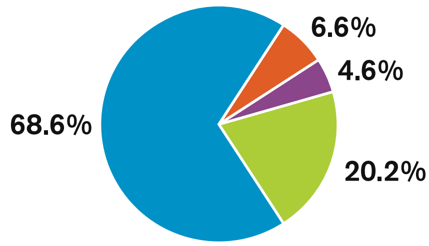
*Including proposed final dividend of 2.5 cents per share to be approved by shareholders at the AGM in June 2011.

The SingPost Group has three main operating divisions: Mail, Logistics and Retail. For the financial year ended 31 March 2011, the Group recorded revenue of S$565.8 million, of which 59.2 per cent was contributed by the core business of Mail. Logistics contributed 30.5 per cent of Group revenue, while Retail contributed the remaining 10.3 per cent. The Mail Division accounted for the bulk of the Group operating profit, at 68.6 per cent, compared to 6.6 per cent by Logistics and 4.6 per cent by Retail.

Revenue Breakdown



Operating Profit Breakdown



LEGEND

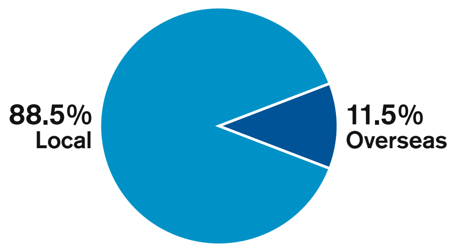
Mail
- Domestic
- International
- Hybrid
- Philatelic

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

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

Others
- Property

Geographical Breakdown



GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2011	2010	2009	2008	2007
Income Statement (S$ million)					
Revenue	**565.8**	525.5	481.1	472.6	436.0
Operating profit[1]	**206.6**	201.5	178.4	175.3	169.3
EBITDA[2]	**232.6**	232.2	212.7	214.8	201.4
Net profit[3]	**161.0**	165.0	148.8	149.3	139.8
Underlying net profit[4]	**149.6**	147.7	147.2	140.0	130.8
Balance Sheet (S$ million)					
Total assets	**1,092.9**	1,074.9	770.2	747.4	719.3
Shareholders' funds	**326.1**	292.9	251.4	221.4	185.4
Cash and cash equivalents	**338.7**	390.2	139.5	104.1	69.0
Net debt	**164.3**	112.8	163.4	197.9	247.3
Cash Flow (S$ million)					
Net cash inflow from operating activities	**186.9**	208.5	170.3	173.7	160.8
Capital expenditure (cash)	**12.3**	12.4	14.5	12.8	8.5
Free cash flow[5]	**174.6**	196.1	155.9	160.9	152.4

Key Ratios					
EBITDA margin (%)	**41.1**	44.2	44.2	45.5	46.2
Net profit margin (%)	**28.5**	31.4	30.9	31.6	32.1
Return on average invested capital (%)	**19.7**	24.3	27.4	29.0	28.0
Return on average equity (%)	**51.0**	59.5	61.8	72.6	84.2
Net debt to equity (%)	**49.3**	37.8	63.8	87.7	133.4
EBITDA to interest expense (number of times)	**16.3**	29.9	27.4	23.4	18.6
Per Share Information (S cents)					
Earnings per share – basic	**8.37**	8.56	7.73	7.77	7.30
Earnings per share – underlying net profit[4]	**7.78**	7.67	7.64	7.27	6.84
Net assets per share	**17.3**	15.5	13.3	11.7	9.9
Dividend per share – ordinary	**6.25**	6.25	6.25	6.25	6.25

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 2011 S$'000	 2010 S$'000	 Change %
Revenue	565,847	525,513	7.7
Operating profit	206,550	201,452	2.5
Share of profit of associated companies and joint ventures	(549)	957	N.M.
Net profit	160,966	164,973	(2.4)
Underlying net profit[(1)]	149,556	147,745	1.2
Basic earnings per share (S cents)	8.37	8.56	(2.2)
Underlying earnings per share (S cents)	7.78	7.67	1.4

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.

For the full year, Group revenue rose 7.7 per cent, reflecting strong performance from Mail and Logistics business segments amid a positive business environment. Net profit for the Group was S$161.0 million, a decline of 2.4 per cent. Excluding exceptional items, underlying net profit was S$149.6 million, a growth of 1.2 per cent.

Revenue	Financial Year ended 31 March 2011 S$'000	 2010 S$'000	 Change %
Mail	385,599	360,164	7.1
Logistics	198,278	173,949	14.0
Retail	66,829	66,889	(0.1)
Inter-segment eliminations	(84,859)	(75,489)	12.4
	565,847	525,513	7.7

In Mail, revenue recorded a 7.1 per cent growth to S$385.6 million. Within Mail, domestic mail revenue, accounting for 61.9 per cent of Mail revenue, rose 6.4 per cent to S$238.8 million. International mail revenue, accounting for 31.9 per cent of Mail revenue, increased 9.3 per cent to S$122.9 million. Hybrid mail's performance improved, with revenue increasing 7.1 per cent to S$19.0 million. Revenue from philately and stamps declined 11.1 per cent to S$4.8 million.

In Logistics, revenue increased with double-digit growth of 14.0 per cent. Revenue contributions from Quantium Solutions made up 62.0 per cent of Logistics revenue and registered a growth of 18.8 per cent to S$123.0 million. This was partly boosted by an additional one-month contribution, as Quantium Solutions was consolidated for the full 12 months compared to 11 months last year. Speedpost revenue, accounting for 26.7 per cent of Logistics revenue, was marginally down by 0.3 per cent to S$52.9 million. Warehousing, fulfilment, distribution and transhipment, accounting for 7.2 per cent of Logistics revenue, increased strongly by 29.8 per cent to S$14.2 million, fuelled by growth in transhipment businesses. Contributions from *vPOST* shipping activities increased 26.6 per cent to S$7.9 million.

FINANCIAL REVIEW AND OUTLOOK

In Retail, revenue was stable at S$66.8 million. Increased contributions from financial services offset the decline in agency and bill presentment services. Agency services, retail products and others, accounting for 28.2 per cent of Retail revenue, decreased 9.4 per cent to S$18.8 million. Financial services revenue, accounting for 32.9 per cent of Retail revenue, increased 7.3 per cent to S$22.0 million. Inter-segment revenue, which arose from provision of services to Mail and Logistics segments, rose 1.6 per cent to S$26.0 million.

The Group's rental and property-related income grew 2.8 per cent to S$41.6 million, as a result of higher rental income from Singapore Post Centre.

Miscellaneous income increased 13.3 per cent from S$12.6 million to S$14.3 million, mainly due to higher interest income from the Group's investment in higher-yield financial instruments during the year.

Total expenses for the Group increased 10.8 per cent to S$426.1 million. Excluding exceptional items such as the benefits from the Singapore Government's Jobs Credit Scheme and a reversal of impairment charge for properties, total expenses would have increased at a lower rate of 9.3 per cent.

	Financial Year ended 31 March		
Operating Profit	2011 S$'000	2010 S$'000	Change %
Mail	141,683	130,605	8.5
Logistics	13,654	14,384	(5.1)
Retail	9,480	10,092	(6.1)
Others	41,733	46,371	(10.0)
	206,550	201,542	2.5

The Group's operating profit rose 2.5 per cent to S$206.6 million. Excluding exceptional items, underlying operating profit grew 5.9 per cent.

Mail operating profit was up 8.5 per cent to S$141.7 million, largely benefitting from the increased economic activities. Logistics operating profit decreased 5.1 per cent to S$13.7M, impacted by lower benefits from the Jobs Credit Scheme as well as a change in revenue mix towards more transhipment businesses. Retail operating profit decreased 6.1 per cent to S$9.5 million due to increasing business costs and reduced contributions from higher-margin financial services. Operating profit from "Others" segment decreased 10.0 per cent to S$41.7 million due to higher property-related expenses and lower trade-related foreign exchange gains.

Contributions from associated companies and joint ventures amounted to a loss of S$0.5 million, compared to a profit of S$1.0 million last year. The profit recorded last year was boosted by the final equity-accounted contributions of G3 Worldwide Mail N.V. and Quantium Solutions.

Net profit for the Group was S$161.0 million, a decline of 2.4 per cent. Excluding exceptional items, the Group's underlying net profit amounted to S$149.6 million, an increase of 1.2 per cent.

FINANCIAL REVIEW AND OUTLOOK

Cash Flow	Financial Year ended 31 March 2011 S$'000	2010 S$'000	Change %
Net cash inflow from operating activities	186,883	208,517	(10.4)
Net cash used in investing activities	(98,109)	(29,629)	231.1
Net cash used in financing activities	(140,260)	71,784	N.M.
Net change in cash and cash equivalents	(51,486)	250,672	(120.5)
Cash and cash equivalents at beginning of year	390,220	139,548	179.6
Cash and cash equivalent at end of year	338,734	390,220	(13.2)
Free cash flow	174,562	196,082	(11.0)
Cash capital expenditure as a percentage of revenue	2.2%	2.4%	

Operating Activities
Net cash inflow from operating activities for the year decreased 10.4 per cent to S$186.9 million, with steady earnings but offset by higher working capital.

Investing Activities
The investing cash outflow was S$98.1 million, an increase of 231.1 per cent or S$68.5 million. In the current year, capital expenditure totalled S$12.3 million, representing 2.2 per cent of the Group's revenue. In March 2011, the Group acquired a 27.08 per cent stake in GDEX for S$22.9 million and disposed of wholly owned subsidiary SingPost Retail Services for a net amount of S$10.5 million. During the year, the Group also invested in higher yield financial instruments comprising mainly bonds and equity-linked notes relating to dividend-yielding Singapore blue-chip companies. Financial assets bought totalled S$90.5 million while financial assets that matured during the year amounted to S$16.0 million.

Financing Activities
Net cash used in financing activities was S$140.3 million, compared to an inflow of S$71.8 million last year. The Group issued the S$200 Fixed Rate Notes in the previous financial year. This was partly offset by higher interest payments and share buybacks during the year.

Free Cash Flow
Free cash flow (net cash inflow from operating activities less capital expenditure) amounted to S$174.6 million for the year, compared to S$196.1 million in FY2009/10.

FINANCIAL REVIEW AND OUTLOOK

CAPITAL MANAGEMENT

The Group is committed to an optimal capital structure and constantly reviews its capital structure to balance capital efficiency and financial flexibility.

	Financial Year ended 31 March		
Group Debt	2011 S$'000	2010 S$'000	Change %
Total Debt	503,009	502,997	-
Net Debt	164,275	112,757	45.7
Net debt to equity	49%	38%	
EBITDA to interest expense (number of times)	16.3	29.9	

Total debt remained at S$503.0 million. Net debt gearing ratio increased to 49 per cent as at 31 March 2011 from 38 per cent a year ago due to lower cash balance as the Group invested the cash in higher-yield financial instruments during the year. Interest coverage for the Group remained robust, with EBITDA to interest expense cover at 16.3 times.

DIVIDEND

Given the Group's healthy cash flows, the Board of Directors is recommending a final dividend of 2.5 per cents for the financial year ended 31 March 2011. 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 FY 2010/11	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

On 15 March 2011, the Group acquired 56.8 million shares in GDEX, increasing its stake from 4.98 per cent to 27.08 per cent. GDEX is an express carrier service provider in Malaysia offering express delivery and customised logistics services. The investment in GDEX enhances the Group's regional network and provides a platform to tap the growing logistics market in the region.

While the Group is cautiously optimistic about the business outlook, it continues to face formidable challenges in the postal industry, as a result of e-substitution, rising operating costs in the inflationary environment and the tight labour market. The Group is focused on efforts to diversify and grow its businesses, and will continue to actively explore and pursue acquisition opportunities in Singapore and the Asia Pacific region.

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, the Board Risk Committee and the Technology 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 2011, a total of six Board meetings were held. The attendance of the directors at Board meetings and Board Committees 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 ten directors of whom seven are independent and three are non-independent.

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 Ho Kee, the Chairman of the Board, Mr Bill Chang York Chye and Mr Michael James Murphy. Mr Lim Ho Kee is deemed to be non-independent as a result of his management oversight role assumed in May 2010, after Mr Wilson Tan Wee Yan, the previous Group

Chief Executive Officer (Group CEO) stepped down on 3 April 2010. Mr Bill Chang York Chye is the Executive Vice President (Business) of SingTel, which is a substantial shareholder of SingPost. Mr Michael James Murphy is deemed non-independent as a result of various agreements entered into between SingPost and Postea, Inc., Proiam, Inc. and Proiam Asia Pacific Pte Ltd respectively, of which the latter two are related corporations of Postea, Inc.. Information on payments made by SingPost to Postea, Inc. and the aforementioned entities under these various agreements during the financial year is reflected in the Statutory Reports and Financial Statements for the financial year ended 31 March 2011. Mr Michael James Murphy is the Chief Executive Officer, a director and 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 the Board 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 Nominations 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 diverse areas including accounting, finance, law, business and management, strategic planning, logistics, postal technology, information and communication technology and customer service. The diversity of the directors' experience allows for the useful exchange of ideas and views. The directors communicate regularly without the presence of management to review matters of a confidential nature. The profile of each Board member is set out in the Board of Directors section on pages 10-13.

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

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 Officers (CEOs) of SingPost. Different individuals assume the Chairman and the CEO 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. As Chairman, he 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 position of Group CEO remains vacant. Two key executives were appointed in the financial year. Mr Ng Hin Lee who was Deputy Chief Executive Officer/Chief Financial Officer was promoted to CEO (Postal and Corporate Services) with effect from 7 February 2011 to lead the transformation efforts in the Company's mail business and provide a sharper focus to its postal services. Dr Wolfgang Baier was appointed CEO (International) with effect from 7 February 2011 to accelerate the Company's regionalisation and diversification efforts. The two CEOs implement the Board's decisions and assume 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. They are supported by the Executive Management Committee and the Management Committee. 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 Group CEO of SingPost require the prior written approval of the Infocomm Development Authority of Singapore (IDA).

In line with corporate governance best practices, Mr Keith Tay Ah Kee was appointed as the Lead Independent Director of the Board in May 2010 when Mr Lim Ho Kee took on an additional role of management oversight during the financial year.

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 appointment of directors to the Board requires the prior written approval of the IDA.

The Nominations Committee at all times comprises at least three directors, the majority of whom, including its chairman, are independent. It is chaired by Mr Kenneth Michael Tan Wee Kheng, an independent director who is not associated with a substantial shareholder.

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 Nominations Committee then defines a profile for the new director to serve as a brief for recruitment. The Nominations 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 Nominations Committee is responsible for references, which are considered prior to its endorsement of the candidate. Where a candidate has been endorsed by the Nominations Committee, it will then make a recommendation to the Board for the approval of the appointment. Upon the Board's approval, the Company will seek IDA's approval in accordance with the requirement set out in the 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, the duties of 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 CEO if 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 directors newly appointed 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.

Directors who are above the age of 70 are also statutorily required to seek re-appointment at each AGM.

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 both 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 director's 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 industry-specific knowledge, changing commercial risks, 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 as a whole.

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, the Board Risk Committee and the Technology 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 (chairman of the Executive Committee), Mr Keith Tay Ah Kee, Mr Kenneth Michael Tan Wee Kheng, Mr Tan Yam Pin and Mr Timothy Chia Chee Ming, all of whom are non-executive directors. Except for Mr Lim Ho Kee who is non-independent, all the other members of the Executive Committee are independent directors.

Mr Kenneth Michael Tan Wee Kheng and Mr Tan Yam Pin were both appointed as members of the Executive Committee on 8 November 2010. Mr Lim Eng ceased to be a member of the Executive Committee following his resignation as a director on 15 November 2010.

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

The Executive Committee held four meetings during the financial year.

Nominations Committee
The members of the Nominations Committee are Mr Kenneth Michael Tan Wee Kheng (chairman of the Nominations Committee), Mr Lim Ho Kee, Mr Keith Tay Ah Kee, Mr Zulkifli Bin Baharudin and Mr Timothy Chia Chee Ming, all of whom are non-executive directors. Except for Mr Lim Ho Kee who is non-independent, all the other members of the Nominations Committee are independent directors. Mr Keith Tay Ah Kee was appointed member of the Nominations Committee on 29 March 2011.

The responsibilities of the Nominations 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 three meetings during the financial year.

Compensation Committee
The Compensation Committee comprises Mr Zulkifli Bin Baharudin (chairman of the Compensation Committee), Mr Lim Ho Kee, Mr Keith Tay Ah Kee and Mr Lee Chong Kwee, all of whom are non-executive directors. Except Mr Lim Ho Kee, who is non-independent, all the other members of the Compensation Committee are independent directors.

Mr Lim Eng ceased to be the chairman of the Compensation Committee following his resignation as a director on 15 November 2010. Mr Zulkifli Bin Baharudin was appointed member of the Compensation Committee on 8 November 2010 and subsequently its chairman on 16 November 2010.

The responsibilities of the Compensation Committee include:
- recommending to the Board for endorsement the policies and guidelines for setting remuneration for directors and key executives including directors' fees, salaries, allowances, bonuses, stock options and benefits in kind;
- approving performance targets for assessing the performance of the executive director and CEOs;
- recommending the specific remuneration package for the executive director and CEOs; and
- administering the Singapore Post Share Option Scheme.

The Compensation Committee held three meetings during the financial year.

Audit Committee
The Audit Committee comprises three non-executive independent directors namely Mr Keith Tay Ah Kee (chairman of the Audit Committee), Mr Kenneth Michael Tan Wee Kheng and Mr Tan Yam Pin.

The responsibilities of the Audit 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 (chairman of the Board Risk Committee), Mr Keith Tay Ah Kee and Mr Kenneth Michael Tan Wee Kheng. The Board Risk Committee assists the Board in fulfilling its oversight responsibilities on risk management.

The responsibilities of the Board Risk 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.

Technology Committee
On 1 April 2011, a new Technology Committee was set up to assist the Board to focus on the technology and Information Technology (IT) strategies of the Group.

The members of the Technology Committee are Professor Low Teck Seng (chairman of the Technology Committee), Mr Michael James Murphy and Mr Bill Chang York Chye, all of whom are non-executive directors. All members of the Technology Committee are non-independent except for Professor Low Teck Seng who is an independent director.

The responsibilities of the Technology Committee include the following:
- advising on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and IT; and
- reviewing and evaluating plans, policies and proposals relating to matters pertaining to technology and IT, progress of major technology and IT investments and making recommendations to the Board accordingly.

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

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

Attendance at Board and Board Committees Meetings

The attendance of each director at Board meetings and Board Committees meetings for the financial year ended 31 March 2011 is as follows:

	Board	Executive Committee	Nominations Committee	Compensation Committee	Audit Committee	Board Risk Committee
Number Of Meetings Held	6	4	3	3	4	4
Name						
Lim Ho Kee	6	4	3	3	-	-
Keith Tay Ah Kee[1]	6	4	0	3	4	4
Kenneth Michael Tan Wee Kheng[2]	5	2	3	-	2	2
Tan Yam Pin[3]	5	2	-	-	4	4
Zulkifli Bin Baharudin[4]	6	-	3	2	-	-
Professor Low Teck Seng[5]	3	-	-	-	-	-
Lee Chong Kwee	5	-	-	3	-	-
Timothy Chia Chee Ming	6	3	3	-	-	-
Michael James Murphy	5	-	-	-	-	-
Bill Chang York Chye[6]	2	-	-	-	-	-
Lim Eng[7]	4	2	-	2	-	-
Wilson Tan Wee Yan[8]	-	-	-	-	-	-

Notes

(1) Mr Keith Tay Ah Kee was appointed as a member of the Nominations Committee on 29 March 2011.
(2) Mr Kenneth Michael Tan Wee Kheng was appointed as a member of the Executive Committee on 8 November 2010.
(3) Mr Tan Yam Pin was appointed as a member of the Executive Committee on 8 November 2010.
(4) Mr Zulkifli Bin Baharudin was appointed as a member of the Compensation Committee on 8 November 2010.
(5) Professor Low Teck Seng was appointed as a director on 8 October 2010.
(6) Mr Bill Chang York Chye was appointed as a director on 15 November 2010.
(7) Mr Lim Eng ceased to be a director on 15 November 2010. Consequently, he ceased to be a member of the Executive Committee and the Compensation Committee. He attended 4 out of 4 Board meetings that were held between 1 April 2010 and 15 November 2010.
(8) Mr Wilson Tan Wee Yan ceased to be a director on 3 April 2010.

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 targets and recommend the specific remuneration packages for the executive director and CEOs, and these recommendations are submitted to the Board for approval. The Compensation 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 Compensation Committee and submitted to the Board for endorsement. Directors' fees are subject to the approval of shareholders at the AGM.

All the members of the Compensation Committee are non-executive directors. Except Mr Lim Ho Kee, who is non-independent, all other members of the Compensation Committee are independent directors.

The Compensation Committee has access to both internal and external expert advice on human resource matters whenever there is a need to consult.

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. These directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committees meetings as well as for participation in pro tem committee meetings, special projects and assignments. These 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 2011, special recognition is proposed for Mr Lim Ho Kee for his additional role of management oversight performed during this period of leadership change. The assumption of the management oversight role is outside the scope of the ordinary duties of a non-executive director. The executive guidance to the management is critical with the changing landscape of the postal business and the need to transform the SingPost business. This oversight role will end at end June 2011. The Group CEO position was vacated by Mr Wilson Tan Wee Yan, upon his resignation effective 4 April 2010. He was an executive director and was not paid directors' fees. His employment contract was on a fixed appointment period and contained clearly spelt out terms for the discontinuation of service. As Group CEO, his terms of employment and rewards, including long-term incentives in the form of SingPost share options were approved by the Board.

CORPORATE GOVERNANCE REPORT

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 2011 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						
Lim Ho Kee[5] *Chairman*	-	-	-	0.9	751.40	752.3
Below S$250,000						
Keith Tay Ah Kee	-	-	-	0.9	103.9	104.80
Kenneth Michael Tan Wee Kheng	-	-	-	0.4	95.0	95.4
Tan Yam Pin	-	-	-	0.9	86.6	87.5
Zulkifli Bin Baharudin	-	-	-	0.9	61.3	62.2
Professor Low Teck Seng[6]	-	-	-	-	20.7	20.7
Lee Chong Kwee	-	-	-	0.9	52.9	53.8
Timothy Chia Chee Ming	-	-	-	0.2	63.8	64.0
Michael James Murphy	-	-	-	-	45.0	45.0
Bill Chang York Chye[7]	-	-	-	-	16.2	16.2
Lim Eng[8]	-	-	-	-	45.6	45.6
Wilson Tan Wee Yan[9]	4.5	-	3.0	25.0	-	32.5

Notes
(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2011.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2011.
(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, annual leave payment and club benefits, where applicable.
(5) A special payment of S$675,860 is included in the directors' fees for Mr Lim Ho Kee for the financial year ended 31 March 2011. The special payment is subject to shareholders' approval at the 19th Annual General Meeting to be held on 30 June 2011. Out of the S$675,860 proposed, the SingPost Board may determine, in its absolute discretion, to pay Mr Lim Ho Kee S$100,000 in the form of the grant of share options under the Singapore Post Share Option Scheme. The number of share options to be granted will be determined by reference to the fair value of the share options prevailing as at the date of grant. The option valuation will adopt the simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model.
(6) Professor Low Teck Seng was appointed as a director on 8 October 2010.
(7) Mr Bill Chang York Chye was appointed as a director on 15 November 2010.
(8) Mr Lim Eng ceased to be a director on 15 November 2010.
(9) Mr Wilson Tan Wee Yan ceased to be a director on 3 April 2010. In addition to the above, Mr Tan was paid a lump sum of S$265,000 upon his cessation of service.

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 2011.

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 CEOs 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 CEOs 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.

The following information relates to the remuneration of the Company's key executives (not being directors) for the financial year ended 31 March 2011:

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)	Value (S$'000)
S$500,000 to below S$750,000							
Ng Hin Lee Chief Executive Officer (Postal and Corporate Services)	56	37	1	6	100	800	92.6
S$250,000 to below S$500,000							
Woo Keng Leong Executive Vice President (Mail)	60	31	1	8	100	400	46.3
Loh Choo Beng Executive Vice President (Retail & Financial Services)	64	24	2	10	100	300	34.7
Wong Hok Siong[7] Executive Vice President (Sales & Marketing)	86	-	3	11	100	500	55.4
Below S$250,000							
Dr Wolfgang Baier[8] Chief Executive Officer (International)	90	-	-	10	100	2,000	258.3

Notes
(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2011.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2011.
(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, housing subsidy 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.
(7) Mr Wong Hok Siong joined the Company on 21 June 2010.
(8) Dr Wolfgang Baier joined the Company on 7 February 2011.

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 Audit 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 the full cooperation of management. In addition, the Audit Committee has direct access to the external auditors. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services.

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. If any material internal control weaknesses are noted by the auditors, these weaknesses and the auditors' recommendations are reported to the Audit Committee.

The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets 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 Audit Committee also meets with the internal and external auditors, without the presence of management, at least annually.

The Audit Committee has reviewed the quarterly and annual financial statements of the Company and the Group for the financial year ended 31 March 2011 as well as the auditors' reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Audit Committee.

The Audit 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 2011. The Audit 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 Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group 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 received must be sent to the Group's internal audit function. The Audit Committee is informed of all whistle-blowing reports received. Details of the whistle-blowing policies and arrangements are posted on the Company's intranet for staff's easy reference. New staff are briefed on these during the staff orientation programme.

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. 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. Various measures are implemented to manage the Group's risks and these include safety and security measures, internal control procedures, business continuity plans and appropriate insurance coverage. Risk awareness and ownership of risk treatments are continuously fostered across the Group.

Supporting the Board Risk Committee is the Management Risk Committee which is currently chaired by the CEO (Postal and Corporate Services). Senior management of the Company are members of the Management Risk Committee. The role of the Management Risk Committee is to provide further assurance that the material risk exposures of the Group have been identified and evaluated at the group level, the risk management 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 by 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. These risk assessment and management measures 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 Board Risk Committee to review the risk.

Details of the Group's financial risk management measures are outlined in Note 33 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, although it would also report 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 believes in regular and open communication with shareholders to establish an understanding of the Company's objectives, strategies and developments amid the challenging operating landscape. We seek to build a relationship with shareholders based on trust and confidence through clear and effective channels of communication.

Pertinent information relating to the Company's financial performance and strategic directions is disseminated through SGXNET and news releases in a timely manner to keep shareholders updated on the latest developments of the organisation. The information is thereafter uploaded onto the Investor Relations page of the Company's corporate website at www.singpost.com for shareholders' easy reference.

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 briefings are chaired by the CEO (Postal and Corporate Services), who is also covering the Group Chief Financial Officer position. Senior management are present at all the briefings. The results presentation is concurrently broadcast via live audio webcast to ensure that the Company is simultaneously releasing material information to the public in a non-selective manner.

Key management proactively participates in regular face-to-face dialogues with shareholders to provide updates and insights into the business. Site tours of the Company's mail processing facilities are also arranged for visiting shareholders. To encourage active investor participation in the matters of the Company, shareholders are welcome to email their questions to a dedicated mailbox at investor@singpost.com whereby the Company responds promptly to their enquiries. The Company complements the communication channels to shareholders with other effective platforms such as teleconferences, investor conferences and non-deal roadshows.

Good corporate governance practices are integral to SingPost. In conjunction with the inaugural Singapore Corporate Governance Week from 4 – 8 October 2010, the Company joined 80 other companies in an initiative by the Securities Investors Association (Singapore) to pledge its support in upholding good corporate governance practices.

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 AGMs 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 shareholders 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.

CORPORATE GOVERNANCE 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. Directors are to consult with the CEO (Postal and Corporate Services) and Company Secretary before trading in SingPost shares to ensure compliance with securities law.

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PRESENT AND PAST DIRECTORSHIPS

Name of director	Present directorships and major appointments (as at 31 March 2011)	Past directorships over the preceding three years (from 31 March 2008 to 30 March 2011)
Lim Ho Kee	Jardine Cycle & Carriage Limited	Southern Capital Group Private Limited
	Keppel Land Limited	CWT Limited *(formerly known as CWT Distribution Limited)*
	Cypress Woods Pte Ltd	HerbalScience Singapore Pte. Ltd.
	Postea, Inc.	Transcu Group Limited
		MCL Land Limited
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	Aviva Ltd and related companies *(Chairman)*
	Allgreen Properties Ltd	
	SATS Limited	
	Other Companies:	
	Stirling Coleman Capital Limited and related companies *(Chairman)*	
	AMVIG Holdings Limited (HK)	
	YTL Starhill Global 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 Kheng	-	-
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)*

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PRESENT AND PAST DIRECTORSHIPS

Name of director	Present directorships and major appointments (as at 31 March 2011)	Past directorships over the preceding three years (from 31 March 2008 to 30 March 2011)
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
Professor Low Teck Seng	Agency for Science, Technology and Research (A*STAR) *(Managing Director)* Innotek Limited *(Chairman of Audit Committee)* Excelpoint Technology Ltd Parkway Education Pte Ltd Pantai Education Sdn Bhd Revantha Technologies Pte. Ltd.	Republic Polytechnic International Pte. Ltd. Semicaps Corporation Pte Ltd Frencken Group Limited Precico Singapore Pte Ltd Select Group Limited

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PRESENT AND PAST DIRECTORSHIPS

Name of director	Present directorships and major appointments (as at 31 March 2011)	Past directorships over the preceding three years (from 31 March 2008 to 30 March 2011)
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	
	Jurong Port Rizhao Holdings Pte Ltd	
Timothy Chia Chee Ming	Guan-Leng Holdings Pte. Ltd.	United Motor Works Pte Ltd (under voluntary liquidation)
	Banyan Tree Holdings Limited	FJ Benjamin Holdings Ltd
	Singapore Management University *(Member, Board of Trustees)*	Anglo-Thai Company Limited
	Parkesville Pte. Ltd.	Borneo Technical (Thailand) Limited
	SP PowerGrid Limited	Nichiyu Asia Pte Ltd
	Fraser and Neave Limited	HSG Investments Pte Ltd
	Gracefield Holdings Limited *(Chairman)*	
	United Motor Works (Siam) Public Co., Ltd *(Chairman)*	
	United Motor Works (Mauritius) Limited	
	Hup Soon Global Corporation Limited *(Chairman)*	
	UBS AG, Singapore Branch *(Chairman)*	
	SPI (Australia) Assets Pty Ltd	
	EQT Funds Management Ltd *(Senior Advisor)*	
Michael James Murphy	Postea, Inc. *(Chief Executive Officer)*	-
	The Innovations Group, Inc.	
	Proiam, Inc.	
	Proiam Asia Pacific Pte Ltd	
	Postea Europe Limited	

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PRESENT AND PAST DIRECTORSHIPS

Name of director	Present directorships and major appointments (as at 31 March 2011)	Past directorships over the preceding three years (from 31 March 2008 to 30 March 2011)
Bill Chang York Chye	Singapore Telecommunications Ltd *(Executive Vice President, Business Group)*	International Cableship Pte Ltd
	SingTel Taiwan Limited	ACPL Marine Pte Ltd
	Singapore Telecom Korea Limited	Subsea Network Services Pte Ltd
	SingTel Services Australia Pty. Limited	SingTel i2i Private Limited
	ASEAN Telecom Holdings Sdn Bhd *(Alternate Director)*	Singapore Telecom Hong Kong Ltd
	Information Network Services Sdn. Bhd.	SingTel Philippines Inc.
	Singapore Telecom (Malaysia) Sdn. Bhd.	Singapore Telecom India Pte Ltd
	Grid Communications Pte. Ltd.	Singapore Telecom USA
	SingTelSat Pte Ltd	Singapore Telecom Japan
	ST-2 Satellite Ventures Private Limited	Bharti Airtel Limited
	Singapore Polytechnic *(Member of Board of Governors and Admin & Development Committee)*	Globe Telecom, Inc.
	Singapore Management University – School of Information System *(Advisory Member)*	Asiacom Philippines, Inc.
	Workforce Development Agency *(Board Member and Chairman of Incentives and Grants Committee)*	Nanyang Polytechnic *(Member of Engineering Advisory Committee)*
		Southern Cross Cables Holdings Limited *(Alternate Director)*
		Southern Cross Cables Limited *(Alternate Director)*
		Cable Management Limited *(Alternate Director)*
		SCCL Australia Limited *(Alternate Director)*
		SCCL Fiji Limited *(Alternate Director)*
		SCCL New Zealand Limited *(Alternate Director)*
		Pacific Carriage Holdings Limited *(Alternate Director)*
		Pacific Carriage Limited *(Alternate Director)*

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PROFILE OF KEY EXECUTIVES

Mr Ng Hin Lee, 54
Chief Executive Officer (Postal and Corporate Services)

Mr Ng joined SingPost in 2006, bringing with him more than 20 years of experience in key financial and managerial positions. In February 2011, he was promoted to Chief Executive Officer (Postal and Corporate Services) overseeing SingPost's mail business as well as its strategic acquisitions and corporate support services. In addition, Mr Ng covers the Group Chief Financial Officer position. 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 and Gul Technologies Singapore Ltd. Mr Ng is the Chairman of Singapore Post Enterprise Private Limited, 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, The Innovations Group, Inc. and GD Express Carrier Berhad. Mr Ng obtained his Bachelor of Accountancy degree from the University of Singapore and is a Fellow Member of the Institute of Certified Public Accountants of Singapore.

Dr Wolfgang Baier, 37
Chief Executive Officer (International)

Dr Wolfgang Baier recently joined Singapore Post as Chief Executive Officer (International) to oversee SingPost's growth in non-mail business such as logistics, retail and e-commerce as well as to accelerate SingPost's regional expansion. Dr Baier has worked the last 10 years with McKinsey & Company in Europe and Asia. He was a Partner at the Singapore office leading the Transportation and Logistics as well as Operations activities of McKinsey & Company in South East Asia. Besides having worked on logistics and postal topics across the globe, Dr Baier was also involved in several important initiatives with SingPost over the last 5 years. Dr Baier holds a PhD in Law with distinction from the University of Vienna as well as two Masters Degrees: A Master Degree in Law from the University of Vienna (Austria) as well as a Master Degree in Business Economics from the Universities of Exeter (UK) and Graz (Austria).

Mr Woo Keng Leong, 55
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.

INFORMATION ON DIRECTORS AND KEY MANAGEMENT

PROFILE OF KEY EXECUTIVES

Mr Loh Choo Beng, 50
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 its Audit Committee. Mr Loh graduated from the National University of Singapore with a Bachelor of Business Administration degree.

Mr Wong Hok Siong, 46
Executive Vice President (Sales & Marketing)

Mr Wong joined SingPost in 2010 to head the Sales & Marketing and Customer Services division. Mr Wong has over twenty years' industry experience in the software and services industries. Prior to this role, he was a senior director at Sun Microsystems and responsible for driving business opportunities and market share across the Asia Pacific region where he was regularly invited to speak at international business and technology conferences. Mr Wong earned his Bachelor of Commerce degree from the National University of Ireland Galway and holds a Post Graduate Diploma in Computer Science from the University of Cork (Ireland).

STATUTORY REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

For the Financial Year Ended 31 March 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2011 and the balance sheet of the Company as at 31 March 2011.

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 Zulkifli Bin Baharudin
Professor Low Teck Seng (appointed on 8 October 2010)
Mr Lee Chong Kwee
Mr Timothy Chia Chee Ming
Mr Michael James Murphy
Mr Bill Chang York Chye (appointed on 15 November 2010)

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 53 to 56 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 31.3.11	At 1.4.10 or date of appointment, if later	At 31.3.11	At 1.4.10 or date of appointment, if later
The Company **Singapore Post Limited** **Ordinary shares**				
Lim Ho Kee	**428,350**	428,350	**1,300,000**[(1)]	1,300,000[(1)]
Keith Tay Ah Kee	**128,350**	128,350	**-**	-
Kenneth Michael Tan Wee Kheng	**230,000**	230,000	**60,000**[(2)]	60,000[(2)]
Tan Yam Pin	**500,000**	500,000	**-**	-
Lee Chong Kwee	**50,000**	50,000	**-**	-
Professor Low Teck Seng	**-**	-	**40,000**[(3)]	40,000[(3)]

(1) Deemed interests through a trust arrangement where Mr Lim is a beneficiary of the trust
(2) Deemed interests through spouse
(3) Deemed interests through spouse

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme as set out below and under "Share Options" on page 53 to 56 of this report.

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2011 were the same as those as at 31 March 2011.

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 except that during the financial year, payments were made to Postea, Inc., Proiam, Inc. and Proiam Asia Pacific Pte Ltd, under various agreements entered into between the Company and the aforementioned entities. Mr Michael James Murphy is the Chief Executive Officer, a director and substantial shareholder of Postea, Inc., an associated company of the Group. Proiam, Inc. and Proiam Asia Pacific Pte Ltd are related corporations of Postea, Inc..

SHARE OPTIONS

The Singapore Post Share Option Scheme (the "Scheme") was adopted on 21 March 2003 and administered by the Compensation Committee comprising Mr Zulkifli Bin Baharudin (Chairman), Mr Lee Chong Kwee, Mr Lim Ho Kee, and Mr Keith Tay Ah Kee during the financial year ended 31 March 2011.

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 had 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, 13 January 2010 and 25 February 2011, 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 had vested after the third anniversary of the date of grant and will 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 on 25 February 2011 have a three-year vesting schedule and will lapse on the fourth anniversary. The vesting schedule 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 fourth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

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

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

Since the adoption of the Scheme to 31 March 2010, a total of 60,503,936 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 2011, 8,745,000 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 1.4.10 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.11[4] ('000)
For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	2	-	-	1	1
19.07.04	20.07.05 to 19.07.14	S$0.731	38	-	20	-	18
16.05.05[3]	17.05.08 to 16.05.11	S$0.811	568	-	528	-	40
01.07.05	02.07.06 to 01.07.15	S$0.923	1,165	-	438	14	713
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	2,323	-	693	78	1,552
26.06.07	27.06.08 to 26.06.17	S$1.278	3,046	-	-	404	2,642
24.10.07[3]	25.10.10 to 24.10.13	S$1.216	2,495	-	-	330	2,165
24.10.07	25.10.08 to 24.10.11	S$1.216	1,260	-	-	-	1,260
30.06.08	01.07.09 to 30.06.18	S$1.100	4,410	-	425	360	3,625
29.06.09	30.06.10 to 29.06.19	S$0.890	6,575	-	1,279	561	4,735
13.01.10[3]	14.01.13 to 13.01.16	S$1.020	800	-	-	-	800
29.06.10	30.06.11 to 29.06.20	S$1.140	-	6,145	-	180	5,965
30.06.10	01.07.11 to 30.06.20	S$1.140	-	500	-	-	500
11.08.10	12.08.11 to 11.08.20	S$1.140	-	100	-	-	100
25.02.11	26.02.12 to 25.02.15	S$1.150	-	2,000	-	-	2,000
Total Share Options			**23,282**	**8,745**	**3,383**	**1,928**	**26,716**

(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 independent audits and the assistance given by the Company's officers to the auditors. It has met with the Company's internal and independent auditors to discuss the results of their respective examinations and 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 2011 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 2011

STATEMENT BY DIRECTORS

For the Financial Year Ended 31 March 2011

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 60 to 132 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 2011, 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	**Mr Keith Tay Ah Kee**
Chairman	Director

Singapore
3 May 2011

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 60 to 132, which comprise the balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that 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.

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 about 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 controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company 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 Group and of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore
3 May 2011

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2011

		Group	
	Note	**2011 S$'000**	2010 S$'000
Revenue	4	**565,847**	525,513
Other income and gains (net):			
- Rental and property-related income	4	**41,552**	40,411
- Miscellaneous	4	**14,330**	12,644
Labour and related expenses	5	**(163,326)**	(147,757)
Volume-related expenses	6	**(152,246)**	(133,107)
Administrative and other expenses	7	**(61,006)**	(58,793)
Depreciation and write-back of impairment		**(25,655)**	(28,954)
Selling expenses		**(9,524)**	(8,238)
Finance expenses	8	**(14,382)**	(7,907)
Total expenses		**(426,139)**	(384,756)
Share of (losses) / profit of associated companies and joint ventures		**(549)**	957
Profit before income tax		**195,041**	194,769
Income tax expense	9	**(33,476)**	(29,028)
Total profit		**161,565**	165,741
Profit attributable to -			
Equity holders of the Company		**160,966**	164,973
Non-controlling interest		**599**	768
		161,565	165,741
Earnings per share:	10		
- Basic		**8.37 cents**	8.56 cents
- Diluted		**8.36 cents**	8.56 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2011

	Group	
	2011 S$'000	2010 S$'000
Total profit	**161,565**	165,741
Other comprehensive loss (net of tax):		
- Currency translation differences	**(1,520)**	(2,575)
- Release of other capital reserves on disposal of an associated company	**-**	(1,596)
- Cash flow hedges – fair value losses	**-**	(32)
Other comprehensive loss for the year (net of tax)	**(1,520)**	(4,203)
Total comprehensive income for the year	**160,045**	161,538
Total comprehensive income attributable to -		
Equity holders of the Company	**159,475**	160,788
Non-controlling interest	**570**	750
	160,045	161,538

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

BALANCE SHEETS

As at 31 March 2011

	Note	Group 2011 S$'000	Group 2010 S$'000	Company 2011 S$'000	Company 2010 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**338,734**	390,220	**308,087**	358,746
Trade and other receivables	12	**84,430**	87,311	**61,559**	63,467
Financial assets, held-to-maturity	13	**56,290**	-	**56,290**	-
Inventories		**919**	803	**919**	800
Other current assets	14	**8,348**	6,804	**3,920**	3,374
		488,721	485,138	**430,775**	426,387
Non-current assets					
Derivative financial instruments	15	**3,423**	3,494	**3,423**	3,494
Trade and other receivables	16	**2,203**	2,688	**199**	9,754
Financial assets, held-to-maturity	13	**19,285**	-	**19,285**	-
Investments in associated companies and joint ventures	18	**53,888**	42,989	**23,422**	-
Investments in subsidiaries	19	**-**	-	**141,111**	145,907
Investment property	20	**195,425**	199,054	**203,720**	204,741
Property, plant and equipment	21	**240,684**	251,285	**216,673**	231,114
Intangible assets	22	**88,625**	89,585	**180**	216
Deferred income tax assets		**377**	352	**-**	-
Other non-current asset		**222**	317	**222**	317
		604,132	589,764	**608,235**	595,543
Total assets		**1,092,853**	1,074,902	**1,039,010**	1,021,930

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

BALANCE SHEETS

As at 31 March 2011

	Note	Group 2011 S$'000	Group 2010 S$'000	Company 2011 S$'000	Company 2010 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	23	**195,915**	195,182	**182,663**	173,170
Deferred gain on intellectual property rights	24	**6,252**	11,741	**6,252**	11,741
Deferred income	25	**168**	70	**168**	70
Current income tax liabilities	9	**35,944**	34,177	**32,950**	31,700
		238,279	241,170	**222,033**	216,681
Non-current liabilities					
Borrowings	26	**503,009**	502,977	**503,009**	502,977
Deferred gain on intellectual property rights	24	**1,564**	14,676	**1,564**	14,676
Deferred income	25	**896**	281	**896**	281
Deferred income tax liabilities	27	**16,793**	17,283	**14,909**	15,299
		522,262	535,217	**520,378**	533,233
Total liabilities		**760,541**	776,387	**742,411**	749,914
NET ASSETS		**332,312**	298,515	**296,599**	272,016

	Note	Group 2011 S$'000	Group 2010 S$'000	Company 2011 S$'000	Company 2010 S$'000
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**118,789**	115,238	**118,789**	115,238
Treasury shares	28	**(9,695)**	-	**(9,695)**	-
Retained earnings	30	**216,171**	175,551	**184,056**	153,564
Other reserves	29	**883**	2,132	**3,449**	3,214
		326,148	292,921	**296,599**	272,016
Non-controlling interest		**6,164**	5,594	**-**	-
Total equity		**332,312**	298,515	**296,599**	272,016

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2011

		Attributable to equity holders of the Company						
	Note	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
2011								
Beginning of financial year		115,238	-	175,551	2,132	292,921	5,594	298,515
Re-classification to other reserves		-	-	(7)	7	-	-	-
Dividends	31	-	-	(120,339)	-	(120,339)	-	(120,339)
Total comprehensive income/(loss) for the year		-	-	160,966	(1,491)	159,475	570	160,045
Employee share option scheme:								
- Value of employee services	29(b)(i)	-	-	-	607	607	-	607
- Proceeds from shares issued	29(b)(i)	3,551	-	-	(372)	3,179	-	3,179
Purchase of treasury shares	28	-	(9,695)	-	-	(9,695)	-	(9,695)
End of financial year		**118,789**	**(9,695)**	**216,171**	**883**	**326,148**	**6,164**	**332,312**
2010								
Beginning of financial year		114,673	-	130,984	5,700	251,357	4,844	256,201
Dividends	31	-	-	(120,406)	-	(120,406)	-	(120,406)
Total comprehensive income/(loss) for the year		-	-	164,973	(4,185)	160,788	750	161,538
Employee share option scheme:								
- Value of employee services	29(b)(i)	-	-	-	669	669	-	669
- Proceeds from shares issued	29(b)(i)	565	-	-	(52)	513	-	513
End of financial year		**115,238**	**-**	**175,551**	**2,132**	**292,921**	**5,594**	**298,515**

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

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 March 2011

	Note	Group 2011 S$'000	Group 2010 S$'000
Cash flows from operating activities			
Total profit		**161,565**	165,741
Adjustments for:			
Income tax expense		**33,476**	29,028
Depreciation, amortisation and write-back of impairment		**26,480**	29,756
Share-based staff costs		**607**	669
(Gains) / losses on disposals of investment, property, plant and equipment		**(100)**	56
Interest expense		**14,258**	7,769
Interest income		**(3,422)**	(267)
Share of losses / (profit) of associated companies and joint ventures		**549**	(957)
Amortisation of deferred gain on intellectual property rights		**(8,310)**	(8,806)
		63,538	57,248
Operating cash flow before working capital changes		**225,103**	222,989
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
Inventories		**(123)**	(125)
Trade and other receivables		**(10,608)**	2,764
Trade and other payables		**4,632**	15,821
Cash generated from operations		**219,004**	241,449
Income tax paid		**(32,121)**	(32,932)
Net cash provided by operating activities		**186,883**	208,517

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

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 March 2011

	Note	Group 2011 S$'000	Group 2010 S$'000
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	11,36	**(175)**	(4,523)
Additions to property, plant and equipment		**(12,321)**	(12,435)
Investment in an associated company		**(22,937)**	(10,726)
Instalment payment for investment in an associated company		**(2,960)**	-
Purchase of financial assets, held-to-maturity		**(90,456)**	-
Proceeds from disposal of a subsidiary, net of cash disposed of	11	**10,518**	-
Disposal of property, plant and equipment		**199**	275
Proceeds from maturity of financial assets, held-to-maturity		**16,000**	-
Loan to an associated company		**-**	(3,436)
Repayment of loans by an associated company		**430**	429
Dividend received from a joint venture		**447**	550
Interest received		**3,146**	237
Net cash used in investing activities		**(98,109)**	(29,629)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**3,179**	513
Proceeds from grants		**836**	-
Proceeds from issuance of fixed rate notes		**-**	200,000
Purchase of treasury shares		**(9,695)**	-
Fees paid on issuance of fixed rate notes		**-**	(300)
Interest paid		**(14,241)**	(8,023)
Dividends paid to shareholders		**(120,339)**	(120,406)
Net cash (used in) / provided by financing activities		**(140,260)**	71,784
Net (decrease) / increase in cash and cash equivalents		**(51,486)**	250,672
Cash and cash equivalents at beginning of financial year	11	**390,220**	139,548
Cash and cash equivalents at end of financial year	11	**338,734**	390,220

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

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, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

During the financial year, the Group acquired control of Clout Shoppe Pte. Ltd. (previously known as Supertoken Pte. Ltd.), an e-commerce company specialising in the provision of online shopping platforms and services and disposed its wholly-owned subsidiary, SingPost Retail Services Pte. Ltd. (Note 19).

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

Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as disclosed below:

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

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interest. Please refer to Note 2.3(a)(iii) for the revised accounting policy on changes in ownership interest that results in a lost of control and Note 2.3(b) for that on changes in ownership interest that do not result in lost of control.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. There were no transactions with non-controlling interest in the current financial year. Accordingly, these changes do not have any impact on the financial statements for the current financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *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 change does not have any material impact on the financial statements for the current financial year.

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

Please refer to Note 2.3(a)(ii) for the revised accounting policy on business combinations which the Group has applied for its acquisition of Clout Shoppe Pte. Ltd. (formerly known as Supertoken Pte. Ltd.) on 15 February 2011 (Note 36).

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(d) *INT FRS 117 Distributions of Non-Cash Assets to Owners*

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 authorised, 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 profit or loss. INT FRS 117 applies to pro rata distributions of non-cash assets except for distributions to a party or parties under common control.

The changes had no material impact on the financial statements for the current financial year.

(e) *INT FRS 118 Transfer of Assets to Customers*

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 changes had no material impact on the financial statements for the current financial year.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

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

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

2.3 Group accounting

(a) *Subsidiaries*

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a 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. 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 asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Acquisition of businesses

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(iii) Disposals of subsidiaries or businesses

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

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

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

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

(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, if any.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies and joint ventures (continued)*

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.

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

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

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

2.4 Property, plant and equipment

(a) *Measurement*

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

The cost of 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 profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

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

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(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.

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 profit or loss when the changes arise.

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 profit or loss 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 recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

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 profit or loss.

2.8 Impairment of non-financial assets

(a) Goodwill

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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
Investment property
Investments in subsidiaries, associated companies and joint ventures

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash 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 profit and loss.

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 profit or loss.

2.9 Loans and receivables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Loans and receivables (continued)

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 Other financial assets

(a) *Classification*

The Group classifies its financial assets other than loans and receivables as held-to-maturity. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

(b) *Recognition and derecognition*

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

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

(c) *Initial measurement*

Financial assets, held-to-maturity are initially recognised at fair value plus transaction costs, except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) *Subsequent measurement*

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

(e) *Impairment*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other financial assets (continued)

(e) *Impairment (continued)*

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

2.11 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 profit or loss over the period of the borrowings using the effective interest method.

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

2.12 Trade and other payables

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

2.13 Derivative financial instruments and hedging activities

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

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

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

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

Fair value hedge

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

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 profit or loss over the period to maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 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 financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and make assumptions that are based on market conditions existing at each 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.

2.15 Operating leases

(a) When the Group is the lessee:

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

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

(b) When the Group is the lessor:

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

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

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

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

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

2.16 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

2.18 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.

2.19 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Employee compensation (continued)

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

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

2.20 Currency translation

(a) *Functional and presentation currency*

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

(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 profit or loss, 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 profit or loss as part of the gain or loss on disposal of the foreign operation.

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Segment reporting

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

2.22 Cash and cash equivalents

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

2.23 Share capital and treasury shares

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

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

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

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

2.24 Dividends to Company's shareholders

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

2.25 Government grants

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

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

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 22(a)).

Management performed impairment tests on the above mentioned assets and concluded that no impairment is required for the financial year ended 31 March 2011 (2010: NIL).

Management recognised a write-back of impairment of S$2.5 million (2010: NIL) for certain property, plant and equipment (refer to Note 21 for details).

(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 2011 was S$240.7 million (2010: S$251.3 million). There were no significant revision to the estimated residual values and useful lives as at 31 March 2011 and 2010.

(c) Fair value estimation on financial assets, held-to-maturity

As at 31 March 2011, the carrying amount of the Group's portfolio of equity-linked notes and credit-linked notes that are not traded in an active market was S$44.4 million (2010: Nil). The Group has developed a valuation model for fair valuing embedded derivatives as at balance sheet date. The fair value determined by the valuation model is based on a number of key assumptions including the discount rate and issuer's credit risks.

Any reasonable change of the key assumptions used in the valuation model would not result in any significant impact to the financial statements as at 31 March 2011.

4. REVENUE AND OTHER INCOME AND GAINS (NET)

	Group	
	2011 S$'000	2010 S$'000
Revenue from services rendered	**559,069**	517,640
Sale of products	**4,846**	5,819
Interest income from secured personal finance services	**1,932**	2,054
Revenue	**565,847**	525,513
Other income and gains (net) -		
Rental and property-related income	**41,552**	40,411
Interest income:		
- Bank deposits	**913**	238
- Financial assets, held-to-maturity	**2,489**	-
- Others	**20**	29
	3,422	267
Miscellaneous:		
- Currency exchange gain (net)	**2,843**	3,270
- Net gain / (loss) on disposal of investment, property, plant and equipment	**100**	(56)
- Write-back in relation to the winding up of an associated company	**-**	455
- Amortisation of deferred gain on intellectual property	**8,310**	8,806
- Others	**(345)**	(98)
	10,908	12,377
Other income and gains (net)	**55,882**	53,055
	621,729	578,568

5. LABOUR AND RELATED EXPENSES

	Group	
	2011 S$'000	2010 S$'000
Wages and salaries	**100,362**	99,084
Employer's contribution to defined contribution plans including Central Provident Fund	**11,914**	10,416
Share options expense (Note 29)	**607**	669
Other benefits	**5,696**	4,582
Temporary and contract staff cost	**45,217**	40,183
Government Grant – Jobs credit scheme	**(470)**	(7,177)
	163,326	147,757

5. LABOUR AND RELATED EXPENSES (continued)

The Jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme. The scheme ended in June 2010.

6. VOLUME-RELATED EXPENSES

	Group	
	2011 S$'000	2010 S$'000
Traffic expenses	**100,115**	85,423
Mail outsourcing services and cost of sales	**52,131**	47,684
	152,246	133,107

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2011 S$'000	2010 S$'000
Included in administrative and other expenses are the following:		
Repair and maintenance expenses	10,506	9,909
Rental on operating leases	9,059	8,844

8. FINANCE EXPENSES

	Group	
	2011 S$'000	2010 S$'000
Interest expense:		
- Bonds	**9,530**	9,438
- Fixed rate notes	**7,000**	-
Effect of hedging using interest rate swaps	**(2,272)**	(1,669)
Currency exchange gains – net	**124**	138
	14,382	7,907

9. INCOME TAXES

(a) Income tax expense

	Group	
	2011 S$'000	2010 S$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**33,963**	32,734
- Deferred tax (Note 27)	**(417)**	(423)
	33,546	32,311
Withholding tax	**134**	146
	33,680	32,457
(Over) / under-provision in preceding financial year:		
- Current income tax	**(193)**	(3,483)
- Deferred tax (Note 27)	**(11)**	54
	33,476	29,028

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	
	2011 S$'000	2010 S$'000
Profit before tax	**195,041**	194,769
Tax calculated at a tax rate of 17% (2010: 17%)	**33,157**	33,110
Effects of:		
Different tax rates in other countries	**(104)**	123
Tax calculated on share of profit of associated companies and joint ventures	**93**	(162)
Withholding tax	**134**	146
Singapore statutory stepped income exemption	**(171)**	(158)
Income not subject to tax	**(278)**	(1,098)
Expenses not deductible for tax purposes	**806**	548
Utilisation of tax losses and capital allowance	**-**	(104)
Deferred tax assets not recognised	**43**	52
Tax charge	**33,680**	32,457

9. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Beginning of financial year	**34,177**	35,014	**31,700**	34,624
Acquisition of subsidiary (Note 11)	**-**	2,698	**-**	-
Income tax paid	**(31,987)**	(32,786)	**(30,507)**	(30,720)
Tax expense	**33,963**	32,734	**31,757**	30,580
Over provision in prior financial years	**(193)**	(3,483)	**-**	(2,784)
Disposal of subsidiary (Note 11)	**(16)**	-	**-**	-
End of financial year	**35,944**	34,177	**32,950**	31,700

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, excluding treasury shares, during the financial year.

	Group	
	2011	2010
Net profit attributable to equity holders of the Company (S$'000)	**160,966**	164,973
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,923,299**	1,926,472
Basic earnings per share (cents per share)	**8.37**	8.56

(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, excluding treasury shares, are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are in the form of share options.

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

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share is calculated as follows:

	Group	
	2011	2010
Net profit attributable to equity holders of the Company (S$'000)	**160,966**	164,973
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,923,299**	1,926,472
Adjustment for share options ('000)	**1,462**	106
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,924,761**	1,926,578
Diluted earnings per share (cents per share)	**8.36**	8.56

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Cash at bank and on hand	**49,692**	58,636	**37,887**	46,567
Deposits with financial institutions	**289,042**	331,584	**270,200**	312,179
	338,734	390,220	**308,087**	358,746

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries

On 15 February 2011, the Company acquired 95% of the issued share capital of Clout Shoppe Pte. Ltd. (previously known as Supertoken Pte. Ltd.) for a cash consideration of S$204,000. Please refer to Note 36 for the effects of acquisition of subsidiary on the cash flows of the Group.

On 14 March 2011, the Company disposed of its entire interest in SingPost Retail Services Pte. Ltd. for a consideration of S$11,368,000, which comprised cash consideration of S$10,518,000 and future payments totalling S$850,000 payable in 17 instalments. The effects of the disposal on the cash flows of the Group were:

	Group
2011	S$'000
Carrying amounts of assets and liabilities disposed	
Trade and other receivables	**(24,560)**
Property, plant and equipment (Note 21)	**(154)**
Other current assets	**(143)**
Total assets	**(24,857)**
Trade and other payables	**13,704**
Current income tax liabilities (Note 9(b))	**16**
Deferred income tax liabilities (Note 27)	**11**
Total liabilities	**13,731**
Net assets derecognised and disposed	**(11,126)**

The aggregate cash inflows arising from the disposal of SingPost Retail Services Pte. Ltd. were:

	Group
	S$'000
Net assets disposed (as above)	11,126
Gain on disposal	242
Consideration from disposal	11,368
Less: Unpaid instalments	(850)
Net cash inflow on disposal	10,518

11. CASH AND CASH EQUIVALENTS (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 of 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 19).

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

2010	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 21)	8,632	8,632
Other current assets	278	278
Customer relationship (Note 22(b))	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 27)	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 22(a))	78,047	
Total consideration	96,648	
Less: 24.5% interest in G3 Worldwide sold	(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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Trade receivables				
- Subsidiaries	**-**	-	**12,794**	21,752
- Joint ventures	**63**	24	**-**	-
- Associated company	**-**	45	**-**	45
- Companies related by a substantial shareholder	**5,440**	2,854	**4,967**	2,556
- Third parties	**77,420**	82,550	**42,297**	39,368
	82,923	85,473	**60,058**	63,721
Less: Allowance for impairment of receivables – third parties	**(2,330)**	(2,792)	**(1,670)**	(2,195)
Trade receivables – net	**80,593**	82,681	**58,388**	61,526
Loan to an indirect associated company	**3,007**	3,007	**-**	-
Less: Non-current portion (Note 16)	**(2,434)**	(2,434)	**-**	-
	573	573	**-**	-
Other receivables	**1,706**	2,899	**1,640**	804
Interest receivable	**354**	45	**327**	24
Accrued interest receivable on interest rate swap contracts	**1,116**	992	**1,116**	992
Staff loans (Note 17)	**88**	121	**88**	121
	84,430	87,311	**61,559**	63,467

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. FINANCIAL ASSETS, HELD-TO-MATURITY

	Group and Company	
	2011 S$'000	2010 S$'000
Current		
Unquoted securities:		
- Equity-linked notes	**36,430**	-
- Credit-linked notes	**8,000**	-
Quoted securities:		
- Bonds	**11,860**	-
	56,290	-
Non-current		
Quoted securities:		
- Bonds	**19,285**	-
	19,285	-

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

	Group and Company	
	2011 S$'000	2010 S$'000
Current		
Unquoted securities:		
- Equity-linked notes	**36,431**	-
- Credit-linked notes	**8,003**	-
Quoted securities:		
- Bonds	**11,858**	-
	56,292	-
Non-current		
Quoted securities:		
- Bonds	**19,420**	-
	19,420	-

The fair values of unquoted securities are determined by using a valuation model with adjusted market observable inputs at 31 March 2011. The adjusted market observable inputs include the Singapore Swap Offer Rate (SOR), the issuer's credit default swap (CDS) price, the reference entity's share price and dividend yield. The fair values of quoted securities are based on published price quotations at the balance sheet date.

14. OTHER CURRENT ASSETS

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Deposits	**3,279**	3,364	**1,751**	1,429
Prepayments	**5,069**	3,440	**2,169**	1,945
	8,348	6,804	**3,920**	3,374

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company		
	Contract / Notional Amount S$'000	Fair value Assets S$'000	Fair value Liabilities S$'000
2011			
Fair-value hedges			
- Interest-rate swaps (non-current)	570,000	3,423	-
2010			
Fair-value hedges			
- Interest-rate swaps (non-current)	510,000	3,494	-

Interest rate swaps are entered into to minimise the half-yearly interest payments on borrowings that will mature on 11 April 2013 and 30 March 2020. Changes in the fair values of interest rate swaps that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged item.

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Loan to an indirect associated company (Note 12)	**2,004**	2,434	**-**	-
Loan to subsidiary	**-**	-	**-**	9,500
Staff loans (Note 17)	**199**	254	**199**	254
	2,203	2,688	**199**	9,754

The loan to subsidiary in the Company's balance sheet as at 31 March 2010 was unsecured, had no fixed terms of repayment and was not expected to be repaid within 12 months from 31 March 2010. The balance had been fully settled as at the balance sheet date.

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

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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000	**2011 %**	2010 %
Loan to an indirect associated company	**1,566**	1,874	**-**	-	**1.9**	3.8
Loan to subsidiary	**-**	-	**-**	8,654	**-**	3.2
Staff loans	**177**	212	**177**	212	**1.9**	3.7

17. STAFF LOANS

	Group and Company	
	2011 S$'000	2010 S$'000
Not later than one year (Note 12)	**88**	121
Later than one year (Note 16)	**199**	254
- Between one and five years	**196**	168
- Later than five years	**3**	86
	287	375

As at 31 March 2011 and 31 March 2010, no loan is made to the key management personnel of the Group.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

		Group		Company	
	Notes	**2011 S$'000**	2010 S$'000	**2011 S$'000**	2010 S$'000
Investment in associated companies	(a)	**52,183**	41,468	**23,422**	-
Investment in joint ventures	(b)	**1,705**	1,521	**-**	-
		53,888	42,989	**23,422**	-

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

(a) Associated companies

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Equity investment at cost			**23,422**	-
Beginning of financial year	**41,468**	-		
Acquisition of an associated company during the year (Note (i))	**23,422**	43,050		
Adjustment of non-cash contributions (Note (ii))	**(10,291)**	-		
Share of losses	**(1,277)**	(443)		
Currency translation differences	**(1,139)**	(813)		
Winding up of an associated company	**-**	(326)		
End of financial year	**52,183**	41,468		
The summarised financial information of associated companies are as follows:				
- Assets	**91,161**	52,957		
- Liabilities	**(30,968)**	(11,622)		
- Revenue	**33,835**	127,236		
- Net profit	**(3,046)**	(665)		

(i) During the financial year, the Company acquired a 27.08% equity interest at a cost of S$23,422,000 in GD Express Carrier Berhad ("GDEX"), a listed company, which provides express delivery and customised logistics services. As of the balance sheet date, the total fair value based on the published price quotation of GDEX is S$32,783,000.

(ii) During the financial year ended 31 March 2011, the Group recognised a S$10.3 million one-off downward valuation adjustment on the non-cash purchase consideration of Postea, Inc., an associated company which was purchased in the prior financial year. The non-cash consideration comprised the Company's intellectual property rights in its Self-Service Automated Machine ("SAM") and SAM^{PLUS}, retail system POST21 and vPOST online bill payment. The valuation adjustment resulted from an external valuation exercise undertaken by Postea, Inc.. The financial impact of this is a reduction of the Group's profit after tax of S$3.4 million, reduction of cost of investment in associated company of S$10.3 million and reduction of deferred gain of S$6.9 million.

Details of associated companies are provided in Note 39.

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

(b) Joint ventures

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Equity investments at cost			**-**	-
Beginning of financial year	**1,521**	9,021		
Acquisition of full control of a joint venture	**-**	(8,619)		
Share of profits	**728**	1,400		
Dividends received	**(447)**	(550)		
Share of cash flow hedge reserve	**-**	40		
Currency translation difference	**(97)**	229		
End of financial year	**1,705**	1,521		

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	
	2011 S$'000	2010 S$'000
Assets:		
- Current assets	**2,141**	1,981
- Non-current assets	**581**	759
	2,722	2,740
Liabilities:		
- Current liabilities	**699**	819
- Non-current liabilities	**318**	400
	1,017	1,219
Net assets	**1,705**	1,521
Sales	**3,737**	22,634
Expenses	**(2,710)**	(20,752)
Profit before tax	**1,027**	1,882
Income tax	**(299)**	(482)
Profit after tax	**728**	1,400

Details of the joint ventures are provided in Note 39.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 S$'000	2010 S$'000
Equity investments at cost		
Beginning of financial year	**152,064**	12,105
Acquisition (Note 36)	**204**	139,959
Disposal	**(5,000)**	-
	147,268	152,064
Less: Allowance for impairment	**(6,157)**	(6,157)
	141,111	145,907

On 15 February 2011, the Company acquired 95% equity interest at a cost of S$204,000 in Clout Shoppe Pte. Ltd. (previously known as Supertoken Pte. Ltd.). The fair value of 95% of identifiable net assets of the acquiree at the date of acquisition amounted to S$27,000, resulting in goodwill on acquisition of S$177,000. Details of identifiable net assets acquired are disclosed in Note 36.

On 14 March 2011, the Company disposed its wholly-owned subsidiary, SingPost Retail Services Pte. Ltd.. Details of net assets disposed are disclosed in Note 11.

Details of subsidiaries are provided in Note 39.

20. INVESTMENT PROPERTY

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Cost				
Beginning of financial year	**270,123**	271,074	**277,875**	276,636
Reclassifications (Note 21)	**2,129**	(951)	**5,992**	1,239
End of financial year	**272,252**	270,123	**283,867**	277,875
Accumulated depreciation				
Beginning of financial year	**71,069**	66,133	**73,134**	67,505
Reclassifications (Note 21)	**-**	(481)	**-**	-
Depreciation charge	**5,758**	5,417	**7,013**	5,629
End of financial year	**76,827**	71,069	**80,147**	73,134
Net book value				
End of financial year	**195,425**	199,054	**203,720**	204,741

The fair values of the investment property based on an independent professional valuer are S$429.0 million (2010: S$423.0 million) and S$446.0 million (2010: S$438.0 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.

20. INVESTMENT PROPERTY (continued)

The following amounts are recognised in profit or loss:

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Rental income	**38,098**	36,469	**40,546**	38,221
Direct operating expenses arising from investment property that generated rental income	**(10,037)**	(10,294)	**(10,553)**	(10,804)
Property tax and other direct operating expenses arising from investment property that did not generate rental income	**(3,518)**	(3,254)	**(4,946)**	(3,308)

21. PROPERTY, PLANT AND EQUIPMENT

Group 2011	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
Cost						
Beginning of financial year	83,358	184,366	91,156	152,379	2,186	513,445
Reclassifications (Note 20)	(293)	(1,836)	-	-	-	(2,129)
Acquisition of a subsidiary (Note 36)	-	-	-	3	-	3
Additions	-	11	-	5,176	6,801	11,988
Disposals	-	-	(60)	(4,682)	-	(4,742)
Disposal of subsidiary	-	-	-	(1,798)	-	(1,798)
Transfers	-	79	7	4,077	(4,163)	-
Currency translation differences	-	-	-	(281)	-	(281)
End of financial year	83,065	182,620	91,103	154,874	4,824	516,486
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,268	64,969	76,001	103,922	-	262,160
Depreciation charge	1,080	4,170	3,858	13,319	-	22,427
Write-back of impairment	-	(2,530)	-	-	-	(2,530)
Disposals	-	-	(59)	(4,342)	-	(4,401)
Disposal of subsidiary	-	-	-	(1,644)	-	(1,644)
Currency translation differences	-	-	-	(210)	-	(210)
End of financial year	18,348	66,609	79,800	111,045	-	275,802
Net book value						
End of financial year	**64,717**	**116,011**	**11,303**	**43,829**	**4,824**	**240,684**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

Write-back of impairment amounting to S$2,530,000 for the Group and Company is recorded in the current financial year (2010: NIL) as a result of improved market values of certain buildings.

Group 2010	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
Cost						
Beginning of financial year	83,340	176,859	94,816	143,928	6,998	505,941
Reclassifications (Note 20)	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 20)	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**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2011	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
Cost						
Beginning of financial year	82,366	170,858	91,156	129,198	1,931	475,509
Reclassifications (Note 20)	(785)	(5,207)	-	-	-	(5,992)
Additions	-	-	-	2,595	6,785	9,380
Disposals	-	-	(60)	(8,588)	-	(8,648)
Transfers	-	79	7	4,009	(4,095)	-
End of financial year	81,581	165,730	91,103	127,214	4,621	470,249
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,078	62,632	76,001	88,684	-	244,395
Depreciation charge	968	2,550	3,858	10,792	-	18,168
Write-back of impairment	-	(2,530)	-	-	-	(2,530)
Disposals	-	-	(59)	(6,398)	-	(6,457)
End of financial year	18,046	62,652	79,800	93,078	-	253,576
Net book value						
End of financial year	**63,535**	**103,078**	**11,303**	**34,136**	**4,621**	**216,673**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2010	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
Cost						
Beginning of financial year	82,625	172,012	94,816	124,030	6,897	480,380
Reclassifications (Note 20)	(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**

22. INTANGIBLE ASSETS

Composition:

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Goodwill on acquisitions (Note (a))	**78,035**	78,047	**-**	-
Customer relationship (Note (b))	**4,612**	5,524	**-**	-
Acquired licence (Note (c))	**180**	216	**180**	216
Intellectual property right (Note (d))	**5,798**	5,798	**-**	-
	88,625	89,585	**180**	216

22. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions

	Group	
	2011 S$'000	2010 S$'000
Cost		
Beginning of financial year	**78,047**	-
Adjustment	**(189)**	-
Acquisition of subsidiary (Notes 11 and 36)	**177**	78,047
End of financial year	**78,035**	78,047
Net book value		
Beginning and end of financial year	**78,035**	78,047

Impairment test for goodwill

Goodwill of S$77,858,000 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:

Quantium Solutions and its subsidiaries	**2011**	**2010**
Cash flow growth rate	5.5% to 16.0%	9.4% to 14.2%
Terminal growth rate	0.0%	0.0%
Discount rate	6.4%	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 2011 (2010: 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.

22. INTANGIBLE ASSETS (continued)

(b) Customer relationship

	Group	
	2011 S$'000	2010 S$'000
Cost		
Beginning of financial year	**6,360**	-
Acquisition of subsidiary (Note 11)	**-**	6,360
End of financial year	**6,360**	6,360
Accumulated amortisation		
Beginning of financial year	**(836)**	-
Amortisation charge	**(912)**	(836)
End of financial year	**(1,748)**	(836)
Net book value		
End of financial year	**4,612**	5,524

(c) Acquired licence

	Group and Company	
	2011 S$'000	2010 S$'000
Cost		
Beginning and end of financial year	**900**	900
Accumulated amortisation		
Beginning of financial year	**(684)**	(648)
Amortisation charge	**(36)**	(36)
End of financial year	**(720)**	(684)
Net book value		
End of financial year	**180**	216

22. INTANGIBLE ASSETS (continued)

(d) Intellectual property right

	Group	
	2011 S$'000	2010 S$'000
Cost		
Beginning of financial year	**5,798**	-
Additions	**-**	5,798
End of financial year	**5,798**	5,798
Net book value		
Beginning and end of financial year	**5,798**	5,798

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. The benefits arising from the intellectual property right will be amortised when it is available for use.

23. TRADE AND OTHER PAYABLES – CURRENT

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Trade payables:				
- Subsidiaries	**-**	-	**1,830**	1,888
- Joint ventures	**299**	-	**299**	-
- Companies related by a substantial shareholder	**380**	448	**380**	448
- Third parties	**69,250**	63,379	**62,064**	52,879
	69,929	63,827	**64,573**	55,215
Advance billings	**14,483**	11,853	**14,213**	11,716
Accrual for other operating expenses	**44,853**	52,784	**39,224**	41,649
Interest payable	**4,463**	4,425	**4,463**	4,425
Other creditors	**10,879**	12,023	**9,026**	9,984
Customers' deposits	**4,410**	3,875	**4,358**	3,819
Collections on behalf of third parties	**37,595**	37,680	**37,595**	37,680
Tender deposits	**9,303**	8,715	**9,211**	8,682
	195,915	195,182	**182,663**	173,170

24. DEFERRED GAIN ON INTELLECTUAL PROPERTY RIGHTS

	Group and Company	
	2011 S$'000	2010 S$'000
Current		
Balance as at beginning of financial year	**11,741**	-
Transfer from non-current	**13,112**	20,547
Adjustment of non-cash contributions (Note 18(a)(ii))	**(10,291)**	-
Amount recognised as income during the year	**(8,310)**	(8,806)
Balance as at end of financial year	**6,252**	11,741
Non-current		
Balance as at beginning of financial year	**14,676**	-
Acquisition of associated company	**-**	35,223
Transfer to current	**(13,112)**	(20,547)
Balance as at end of financial year	**1,564**	14,676

25. 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 profit or loss 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$168,000 (2010: S$70,000).

26. BORROWINGS

	Group and Company	
	2011 S$'000	2010 S$'000
Non-current		
Borrowings (unsecured)	**503,009**	502,977

Borrowings comprised S$300 million bonds issued in April 2003 (the "Bonds") and S$200 million Fixed Rate Notes (the "Notes") issued in March 2010. Both the Bonds 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.

26. BORROWINGS (continued)

Fair value of non-current borrowings

	Group and Company	
	2011 S$'000	2010 S$'000
Borrowings (unsecured)	**514,390**	508,802

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 33.

27. DEFERRED INCOME TAXES

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

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Deferred income tax liabilities				
- to be settled within one year	**375**	716	**336**	674
- to be settled after one year	**16,418**	16,567	**14,573**	14,625
	16,793	17,283	**14,909**	15,299

Movement in the deferred income tax account is as follows:

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Beginning of financial year	**17,283**	16,200	**15,299**	15,811
Currency translation differences	**(51)**	-	**-**	-
Acquisition of subsidiary (Note 11)	**-**	1,452	**-**	-
Tax credited to profit or loss	**(428)**	(369)	**(390)**	(512)
Disposal of subsidiary (Note 11)	**(11)**	-	**-**	-
End of financial year	**16,793**	17,283	**14,909**	15,299

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$5,180,000 (2010: S$4,532,000) and capital allowances of S$768,000 (2010: S$428,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

27. DEFERRED INCOME TAXES (continued)

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
2011			
Beginning of financial year	**15,705**	**1,743**	**17,448**
Currency translation differences	**(51)**	**-**	**(51)**
(Credited) / charged to profit or loss	**(572)**	**149**	**(423)**
Disposal of subsidiary (Note 11)	**(11)**	**-**	**(11)**
End of financial year	**15,071**	**1,892**	**16,963**
2010			
Beginning of financial year	16,148	298	16,446
Acquisition of subsidiary (Note 11)	350	1,102	1,452
(Credited) / charged to profit or loss	(793)	343	(450)
End of financial year	15,705	1,743	17,448

Group *Deferred income tax assets*	Provisions S$'000	Total S$'000
2011		
Beginning of financial year	**(165)**	**(165)**
Credited to profit or loss	**(5)**	**(5)**
End of financial year	**(170)**	**(170)**
2010		
Beginning of financial year	(246)	(246)
Charged to profit or loss	81	81
End of financial year	(165)	(165)

27. DEFERRED INCOME TAXES (continued)

Company *Deferred income tax liabilities*	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2011			
Beginning of financial year	**14,861**	**596**	**15,457**
(Credited) / charged to profit or loss	**(600)**	**215**	**(385)**
End of financial year	**14,261**	**811**	**15,072**
2010			
Beginning of financial year	15,750	298	16,048
(Credited) / charged to profit or loss	(889)	298	(591)
End of financial year	14,861	596	15,457

Company *Deferred income tax assets*	Provisions S$'000	Total S$'000
2011		
Beginning of financial year	**(158)**	**(158)**
Credited to profit or loss	**(5)**	**(5)**
End of financial year	**(163)**	**(163)**
2010		
Beginning of financial year	(237)	(237)
Charged to profit or loss	79	79
End of financial year	(158)	(158)

28. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
2011				
Beginning of financial year	**1,926,881**	**-**	**115,238**	**-**
Treasury shares purchased	**-**	**(8,597)**	**-**	**(9,695)**
Employee share option scheme:				
- Value of employee services	**-**	**-**	**372**	**-**
- Proceeds from shares issued	**3,383**	**-**	**3,179**	**-**
End of financial year	**1,930,264**	**(8,597)**	**118,789**	**(9,695)**
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	-

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

(a) Treasury Shares

The Company acquired 8,597,000 (2010: NIL) of its issued shares in the open market during the financial year. The total amount paid to acquire the shares was S$9,695,000 (2010: NIL) and this was presented as a component within shareholders' equity.

(b) Share Options

The Singapore Post Share Option Scheme (the "Scheme") was adopted on 21 March 2003 and administered by the Compensation Committee comprising Mr Zulkifli Bin Baharudin (Chairman), Mr Lee Chong Kwee, Mr Lim Ho Kee, and Mr Keith Tay Ah Kee during the financial year ended 31 March 2011.

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).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

- 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

- Other than the share options granted on 24 October 2007, 13 January 2010 and 25 February 2011, 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

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) 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 on 25 February 2011 have a three-year vesting schedule and will lapse on the fourth anniversary. The vesting schedule 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 fourth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

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

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

Since the adoption of the Scheme to 31 March 2010, a total of 60,503,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

During the financial year ended 31 March 2011, 8,745,000 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 1.4.10 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.11[4] ('000)
For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	2	-	-	1	1
19.07.04	20.07.05 to 19.07.14	S$0.731	38	-	20	-	18
16.05.05[3]	17.05.08 to 16.05.11	S$0.811	568	-	528	-	40
01.07.05	02.07.06 to 01.07.15	S$0.923	1,165	-	438	14	713
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	2,323	-	693	78	1,552
26.06.07	27.06.08 to 26.06.17	S$1.278	3,046	-	-	404	2,642
24.10.07[3]	25.10.10 to 24.10.13	S$1.216	2,495	-	-	330	2,165
24.10.07	25.10.08 to 24.10.11	S$1.216	1,260	-	-	-	1,260
30.06.08	01.07.09 to 30.06.18	S$1.100	4,410	-	425	360	3,625
29.06.09	30.06.10 to 29.06.19	S$0.890	6,575	-	1,279	561	4,735
13.01.10[3]	14.01.13 to 13.01.16	S$1.020	800	-	-	-	800
29.06.10	30.06.11 to 29.06.20	S$1.140	-	6,145	-	180	5,965
30.06.10	01.07.11 to 30.06.20	S$1.140	-	500	-	-	500
11.08.10	12.08.11 to 11.08.20	S$1.140	-	100	-	-	100
25.02.11	26.02.12 to 25.02.15	S$1.150	-	2,000	-	-	2,000
Total Share Options			**23,282**	**8,745**	**3,383**	**1,928**	**26,716**

(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.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

Of the outstanding options for 26,715,977 (2010: 23,281,958) shares, 3,383,429 (2010: 620,121) options are exercisable as at 31 March 2011. Options exercised in the financial year ended 31 March 2011 resulted in 3,383,000 shares (2010: 620,000) being issued at an average price of S$0.942 (2010: S$0.862). Options were exercised throughout the year. The weighted average share price during the financial year was S$1.15 (2010: S$0.94).

The weighted average fair value of options granted during the financial year ended 31 March 2011, determined using the Trinomial option pricing model, was S$1,015,728 (2010: S$631,378). The significant inputs into the model were:

- Weighted average share price of S$1.141 (2010: S$0.90) at the grant date.
- Weighted average exercise price of S$1.142 (2010: S$0.902).
- Expected volatility of 23% (2010: 23%).
- Expected option life of 5 years (2010: 5 years).
- The annual risk-free interest rate of 0.9% (2009: 1.4%) per annum.

The model factored in discrete dividends based on expected yield of 5.4% (2010: 6.7%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

29. OTHER RESERVES

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
(a) Composition:				
Share option reserve	**3,449**	3,214	**3,449**	3,214
Cash flow hedge reserve	**-**	-	**-**	-
Currency translation reserve	**(2,573)**	(1,082)	**-**	-
Other capital reserve	**7**	-	**-**	-
	883	2,132	**3,449**	3,214
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**3,214**	2,597	**3,214**	2,597
Employee share option scheme:				
• Value of employee services (Note 5)	**607**	669	**607**	669
• Issue of shares (Note 28)	**(372)**	(52)	**(372)**	(52)
End of financial year	**3,449**	3,214	**3,449**	3,214
(ii) Cash flow hedge reserve				
Beginning of financial year	**-**	32	**-**	-
Transfer to income statement on reclassification of a joint venture to subsidiary	**-**	(32)	**-**	-
End of financial year	**-**	-	**-**	-
(iii) Currency translation reserve				
Beginning of financial year	**(1,082)**	1,475	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**(1,491)**	(2,557)	**-**	-
End of financial year	**(2,573)**	(1,082)	**-**	-
(iv) Other capital reserve				
Beginning of financial year	**-**	1,596	**-**	-
Reclassification from retained earnings	**7**	-	**-**	-
Transfer on sale of an associated company	**-**	(1,596)	**-**	-
End of financial year	**7**	-	**-**	-

Other reserves are non-distributable.

30. RETAINED EARNINGS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to NIL (2010: NIL) and the amount of S$9,695,000 (2010: NIL) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S$9,695,000 utilised to purchase treasury shares.

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

	Company	
	2011 S$'000	2010 S$'000
Beginning of financial year	**153,564**	119,482
Net profit	**150,831**	154,488
Dividends paid (Note 31)	**(120,339)**	(120,406)
End of financial year	**184,056**	153,564

31. DIVIDENDS

	Group and Company	
	2011 S$'000	2010 S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2010: 2.5 cents) per share	**48,194**	48,160
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.25 cents (2010: 1.25 cents) per share	**24,107**	24,079
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.25 cents (2010: 1.25 cents) per share	**24,017**	24,081
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.25 cents (2010: 1.25 cents) per share	**24,021**	24,086
	120,339	120,406

At the Annual General Meeting on 30 June 2011, 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 2012.

32. 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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Property, plant and equipment	**10,549**	2,903	**10,428**	2,736

32. COMMITMENTS (continued)

(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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Not later than one year	**4,945**	6,841	**5,799**	5,713
Between one and five years	**8,733**	6,657	**8,633**	4,651
Later than five years	**4,024**	4,728	**4,024**	3,745
	17,702	18,226	**18,456**	14,109

(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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Not later than one year	**35,316**	36,094	**41,009**	38,828
Between one and five years	**47,917**	38,529	**51,730**	41,149
Later than five years	**-**	-	**-**	-
	83,233	74,623	**92,739**	79,977

33. 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 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.

33. FINANCIAL RISK MANAGEMENT (continued)

(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.

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

Group	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
As at 31 March 2011				
Financial assets				
Cash and cash equivalents	331,098	-	7,636	338,734
Trade and other receivables	69,267	3,562	13,804	86,633
Other financial assets	2,439	-	840	3,279
Financial assets, held-to-maturity	75,575	-	-	75,575
Derivative financial instruments	3,423	-	-	3,423
	481,802	3,562	22,280	507,644
Financial liabilities				
Borrowings	(503,009)	-	-	(503,009)
Trade and other payables	(142,645)	(45,729)	(7,541)	(195,915)
	(645,654)	(45,729)	(7,541)	(698,924)
Net financial (liabilities) / assets	**(161,603)**	**(42,167)**	**14,739**	**(191,280)**
Less: Net financial liabilities / (assets) denominated in the respective entities' functional currencies	(161,603)	-	12,119	
Currency exposure	**-**	**(42,167)**	**2,620**	

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

Group	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
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**	

33. 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:

Company	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
As at 31 March 2011				
Financial assets				
Cash and cash equivalents	307,716	-	371	308,087
Trade and other receivables	58,196	3,562	-	61,758
Other financial assets	1,751	-	-	1,751
Financial assets, held-to-maturity	75,575	-	-	75,575
Derivative financial instruments	3,423	-	-	3,423
	446,661	3,562	371	450,594
Financial liabilities				
Borrowings	(503,009)	-	-	(503,009)
Trade and other payables	(136,934)	(45,729)	-	(182,663)
	(639,943)	(45,729)	-	(685,672)
Net financial (liabilities) / assets	**(193,282)**	**(42,167)**	**371**	**(235,078)**
Less: Net financial liabilities denominated in the respective entities' functional currencies	(193,282)	-	-	
Currency exposure	**-**	**(42,167)**	**371**	

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

Company	SGD S$'000	SDR S$'000	Others S$'000	Total S$'000
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**	

The Group and Company monitor the currency exposure and enter into currency forwards where appropriate based on anticipated payments.

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the SDR changes against the SGD by 2% (2010: 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:

	2011		2010	
	Increase/(decrease)			
	Profit after tax S$'000	Equity S$'000	Profit after tax S$'000	Equity S$'000
Group				
SDR against SGD				
- strengthened	(700)	(700)	(614)	(614)
- weakened	700	700	614	614
Company				
SDR against SGD				
- strengthened	(700)	(700)	(614)	(614)
- weakened	700	700	614	614

(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% (2010: 0.60%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$747,000 (2010: S$448,000).

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

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

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

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

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

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
By geographical areas				
Singapore	**62,864**	66,390	**50,428**	55,629
Other countries	**17,729**	16,291	**7,960**	5,897
	80,593	82,681	**58,388**	61,526
By types of customers				
Related parties	**5,503**	2,923	**17,761**	24,353
Non-related parties:				
- Government bodies	**6,734**	5,575	**4,795**	4,830
- Banks	**17,968**	14,641	**5,873**	5,408
- Overseas postal administrations	**3,453**	2,666	**3,453**	2,666
- Other companies	**46,935**	56,876	**26,506**	24,269
	80,593	82,681	**58,388**	61,526

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

(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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Past due 0 to 3 months	**28,379**	20,271	**18,548**	14,837
Past due over 3 months	**7,311**	5,428	**2,396**	2,400
	35,690	25,699	**20,944**	17,237

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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Gross amount	**2,330**	2,792	**1,670**	2,195
Less: Allowance for impairment	**(2,330)**	(2,792)	**(1,670)**	(2,195)
	-	-	**-**	-
Beginning of financial year	**2,792**	2,868	**2,195**	2,460
Acquisition of subsidiary	**-**	370	**-**	-
Allowance made	**308**	498	**146**	101
Allowance reversed	**(468)**	(597)	**(438)**	(130)
Allowance utilized	**(302)**	(347)	**(233)**	(236)
End of financial year	**2,330**	2,792	**1,670**	2,195

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

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

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 March 2011				
Favourable interest rate swaps	**8,572**	**8,656**	**7,724**	**5,434**
Unfavourable interest rate swaps	**(4,813)**	**(4,885)**	**(2,442)**	**-**
Trade and other payables	**(195,915)**	**-**	**-**	**-**
Borrowings	**(16,390)**	**(16,390)**	**(325,695)**	**(228,000)**
	(208,546)	**(12,619)**	**(320,413)**	**(222,566)**
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)

	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
Company				
At 31 March 2011				
Favourable interest rate swaps	**8,572**	**8,656**	**7,724**	**5,434**
Unfavourable interest rate swaps	**(4,813)**	**(4,885)**	**(2,442)**	**-**
Trade and other payables	**(182,663)**	**-**	**-**	**-**
Borrowings	**(16,390)**	**(16,390)**	**(325,695)**	**(228,000)**
	(195,294)	**(12,619)**	**(320,413)**	**(222,566)**
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)

33. 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 2010, 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	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Net debt	**164,275**	112,757	**194,922**	144,231
Total equity	**332,312**	298,515	**296,599**	272,016
Gearing ratio	**49%**	38%	**66%**	53%

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2011 and 2010.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified 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:

2011 Group and Company	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Assets				
Derivatives used for hedging	-	3,423	-	3,423

2010 Group and Company	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
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. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

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

	Group		Company	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Loans and receivables	**421,022**	477,856	**363,975**	427,670
Financial liabilities at amortised cost	**698,924**	698,159	**685,672**	676,147

34. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Group	
	2011 S$'000	2010 S$'000
Services rendered to related companies of a substantial shareholder	**19,476**	18,926
Services received from related companies of a substantial shareholder	**3,865**	3,351
Consultancy fees paid to a related corporation of an associated company	**771**	489

During the financial year ended 31 March 2011, the Company made payments on behalf of subsidiaries totalling S$9.7 million (2010: S$7.0 million) which were subsequently reimbursed.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2011 S$'000	2010 S$'000
Salaries and other short-term employee benefits	**3,308**	3,266
Post-employment benefits – contribution to CPF	**37**	43
Termination benefits	**-**	265
Share-based staff costs	**145**	184
	3,490	3,758

Included in the above is total compensation to non-executive directors of the Company amounting to S$1,347,414 (2010: S$904,456).

35. 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 Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. 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 (*S3*).

- **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 (*SAM*); 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.

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2011 is as follows:

2011	Mail S$'000	Logistics S$'000	Retail S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
Revenue:						
- External	366,875	158,144	40,828	-	-	565,847
- Inter-segment	18,724	40,134	26,001	-	(84,859)	-
	385,599	198,278	66,829	-	(84,859)	565,847
Other income and gains (net):						
- Rental, property-related and miscellaneous income						
- External	89	112	967	51,292	-	52,460
- Inter-segment	-	-	-	39,078	(39,078)	-
	89	112	967	90,370	(39,078)	52,460
Operating profit	141,683	13,654	9,480	41,733	-	206,550
Depreciation	6,425	3,366	2,138	16,256	-	28,185
Segment assets	81,147	175,638	17,736	438,856	-	713,377

35. SEGMENT INFORMATION (continued)

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

2011	Mail S$'000	Logistics S$'000	Retail S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
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

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:

	2011 S$'000	2010 S$'000
Operating profit for reportable segments	**164,817**	155,081
Other segments operating profit	**41,733**	46,371
Finance expense	**(14,382)**	(7,907)
Interest income	**3,422**	267
Share of (losses) / profit of associated companies and joint ventures	**(549)**	957
Profit before tax	**195,041**	194,769

35. SEGMENT INFORMATION (continued)

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

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

	2011 S$'000	2010 S$'000
Segment assets for reportable segments	**274,521**	254,677
Other segments assets	**438,856**	463,697
Unallocated -		
Cash and cash equivalents	**300,478**	353,034
Financial assets, held-to-maturity	**75,575**	-
Derivative financial instruments	**3,423**	3,494
Total assets	**1,092,853**	1,074,902

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.

	2011 S$'000	2010 S$'000
Domestic and International Mail services	**366,875**	340,483
Domestic and International distribution and delivery services	**158,144**	143,736
Retail sale of products and services	**40,828**	41,294
Revenue	**565,847**	525,513

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.

36. BUSINESS COMBINATIONS

On 15 February 2011, the Group acquired 95% equity interest of Clout Shoppe Pte. Ltd. ("Clout Shoppe") (formerly know as Supertoken Pte. Ltd.) The principal activity of Clout Shoppe is that of carrying on the business of e-commerce specialising in the provision of online shopping platforms and services. The acquisition of Clout Shoppe is in line with the Group's strategy of growing its e-commerce business.

	Group S$'000
(a) Purchase consideration	
Cash paid	163
Deferred payment	41
Total purchase consideration and consideration transferred for the business	**204**
(b) Effect on cash flows of the Group	
Cash paid (as above)	204
Less: cash and cash equivalents in subsidiary acquired	(29)
Cash outflow on acquisition	**175**

	At fair value S$'000
(c) Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	29
Property, plant and equipment (Note 21)	3
Total assets	32
Trade and other payables	(3)
Total liabilities	(3)
Total identifiable net assets	**29**
Less: Non-controlling interest at fair value (Note (d) below)	(2)
Add: Goodwill (Note 22(a) and (e) below)	177
Consideration transferred for the business	**204**

(d) Non-controlling interest

The group has chosen to recognise the 5% non-controlling interest at its fair value of S$2,000. The fair value represents the non-controlling interest's share of net identifiable assets.

(e) Goodwill

The goodwill of S$177,000 arising from the acquisition is attributable to the management capabilities in e-commerce and retail business.

36. BUSINESS COMBINATIONS (continued)

(f) Revenue and profit contribution

The acquired business contributed no revenue to the Group for the period from 15 February 2011 to 31 March 2011. Net loss of S$41,000 was contributed to the Group from this period.

Had Clout Shoppe been consolidated from the date of incorporation on 19 August 2010, consolidated revenue and consolidated profit for the year ended 31 March 2011 would have been S$565,847,000 and S$161,542,000 respectively.

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011).
- Amendments to FRS 32 Financial Instruments: Presentation – Classification of rights issues (effective for annual periods beginning on or after 1 February 2010).
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011).
- INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010).

The management anticipates that adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the amendments to FRS 24 – related party disclosures.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 3 May 2011 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

39. LISTING OF COMPANIES IN THE GROUP

The following were subsidiaries, associated companies and joint ventures as at 31 March 2011 and 31 March 2010.

			Percentage of effective equity held by the Group		Cost of investment	
Name	Principal activities	Country of incorporation	**2011 %**	2010 %	**2011 S$'000**	2010 S$'000
SUBSIDIARIES						
Held by the Company						
Clout Shoppe Pte. Ltd.[(1)]	e-commerce specialising in the provision of online shopping platforms and services	Singapore	**95.00**	-	**204**	-
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 International Pte. Ltd.	Investment holding, provision of business management and consultancy services to related corporations, provision of global business development services and the provision of international mail delivery services through appointed agents	Singapore	**100.00**	100.0	**98,579**	98,579
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100.00**	100.00	**40,228**	40,228
SingPost Retail Services Pte. Ltd.	Secured personal finance services	Singapore	**-**	100.00	**-**	5,000
					147,268	152,064

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		Cost of investment	
			2011 %	2010 %	**2011 S$'000**	2010 S$'000
SUBSIDIARIES (continued)						
Held by subsidiaries						
DataPost (HK) Pte Limited(3)	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**	100.00	**4,699**	4,699
Quantium Solutions Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	100.00	**1,910**	1,910
Quantium Mail Logistics Solutions (India) Private Limited	Provision of business mail solutions	India	**100.00**	100.00	**4**	4
Quantium Solutions (Australia) Pty Limited	Provision of business mail solutions and distribution of mail	Australia	**100.00**	100.00	**5,404**	5,404
Quantium Solutions (Hong Kong) Limited	Provision of business mail solutions and distribution of mail	Hong Kong	**100.00**	100.00	**93**	93
Quantium Solutions (Japan) Inc.	Provision of business mail solutions	Japan	**100.00**	100.00	**1,479**	1,479
Quantium Solutions International (Malaysia) Sdn. Bhd.	Provision of business mail solutions	Malaysia	**100.00**	100.00	**6**	6

39. LISTING OF COMPANIES IN THE GROUP (continued)

			Percentage of effective equity held by the Group		Cost of investment	
Name	Principal activities	Country of incorporation	**2011 %**	2010 %	**2011 S$'000**	2010 S$'000
SUBSIDIARIES (continued)						
Held by a subsidiary (continued)						
Quantium Solutions (New Zealand) Pty Limited	Provision of business mail solutions	New Zealand	**100.00**	100.00	**10**	10
Quantium Solutions (Philippines) Inc	Provision of business mail solutions	Philippines	**100.00**	100.00	**76**	76
Quantium Solutions (Taiwan) Co., Ltd	Provision of business mail solutions	Taiwan	**100.00**	100.00	**220**	220
Quantium Solutions (Thailand) Co., Ltd.	Provision of business mail solutions	Thailand	**100.00**	100.00	**44**	44
					14,960	14,960
ASSOCIATED COMPANIES						
Held by the Company						
GD Express Carrier Berhad(4)	Provision of express delivery and customised logistics services	Malaysia	**27.08**	-	**23,422**	-
Held by a subsidiary						
Postea, Inc.	Provision of technology and support in postal, courier and other distribution markets	USA	**30.00**	30.0	**32,759**	43,050
					56,181	43,050
JOINT VENTURES						
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 Supertoken Pte. Ltd.
(2) Denotes cost less than S$1,000

All companies as at 31 March 2011 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:
(3) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
(4) Audited by Deloitte KassimChan, Malaysia
(5) Audited by SyCip Gorres Velayo & Co, Philippines
(6) Audited by KPMG Phoomchai Audit Ltd, Thailand

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2011

1. MATERIAL CONTRACTS

In May 2010, the Company entered into a seven-year contract with Proiam, Inc., a wholly-owned subsidiary of Postea, Inc.. Mr Michael James Murphy, a director of the Company, is the Chief Executive Officer, a director and substantial shareholder of Postea, Inc., an associated company of the Group. Based on the contract, the Company is able to obtain use of a system on a managed services basis and the estimated charges payable over the contract term is S$17.6 million.

2. AUDITOR'S REMUNERATION

	2011 S$'000	2010 S$'000
Other fees paid / payable to:		
- Auditor of the Company	**435**	248
- Other auditors*	**53**	-
	488	248

* Includes the network of member firms of PricewaterhouseCoopers International Limited

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2011, 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$100,000)	
	2011 S$'000	2010 S$'000	**2011 S$'000**	2010 S$'000
Sales				
Singapore Airlines Limited and its associates	**-**	-	**-**	1,129*
Singapore Telecommunications Limited and its associates	**-**	-	**10,440***	11,251*
Starhub Ltd and its associates	**-**	-	**1,339**	1,589
Temasek Holdings (Private) Limited and its associates	**-**	-	**3,152***	2,596
	-	-	**14,931**	16,565
Purchases				
Postea, Inc. and its associates	**-**	-	**20,168*#**	248
Singapore Airlines Limited and its associates	**-**	-	**1,800**	2,600
Singapore Airport Terminal Services Limited and its associates	**-**	-	**417***	-
Singapore Telecommunications Limited and its associates	**-**	-	**1,197***	358
Temasek Holdings (Private) Limited and its associates	**-**	-	**-**	800*
	-	-	**23,582**	4,006
Total interested person transactions	**-**	-	**38,513**	20,571

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 7 years) or the annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

Include a 7-year usage based service contract valued at S$17.6 million estimated based on current volumes.

SHAREHOLDING STATISTICS

As at 10 May 2011

No. Of Issued Ordinary Shares: 1,930,326,618
No. Of Issued Ordinary Shares (Excluding Treasury Shares): 1,921,729,618
No./Percentage Of Treasury Shares: 8,597,000 (0.45%)

Class Of Shares: Ordinary Shares
Number Of Shareholders: 25,567

Voting Rights (Excluding Treasury Shares)
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	-	498,350,497[1]
Singapore Telecommunications Limited	494,000,000	-
The Capital Group Companies, Inc.	-	173,949,000[2]

Notes
(1) Deemed through its subsidiaries, Singapore Telecommunications Limited and Fullerton Fund Management Company 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	%*	No. of Shares (excluding Treasury Shares)	%*
1 – 999	29	0.11	6,081	0.00
1,000 – 10,000	19,002	74.32	84,301,483	4.39
10,001 – 1,000,000	6,489	25.38	332,743,024	17.31
1,000,001 and above	47	0.19	1,504,679,030	78.30
	25,567	100.00	1,921,729,618	100.00

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 10 May 2011, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 10 May 2011

Major Shareholders List – Top 20

No.	Name	No. of Shares Held	%*
1	Singapore Telecommunications Limited	494,000,000	25.71
2	Citibank Nominees Singapore Pte Ltd	326,993,363	17.02
3	DBSN Services Pte Ltd	204,023,485	10.62
4	DBS Nominees Pte Ltd	164,238,544	8.55
5	HSBC (Singapore) Nominees Pte Ltd	118,701,427	6.18
6	United Overseas Bank Nominees Pte Ltd	43,939,924	2.29
7	BNP Paribas Securities Services Singapore	36,881,585	1.92
8	Raffles Nominees (Pte) Ltd	20,210,693	1.05
9	DB Nominees (S) Pte Ltd	10,342,380	0.54
10	OCBC Nominees Singapore Pte Ltd	5,631,000	0.29
11	Bank of Singapore Nominees Pte Ltd	5,397,035	0.28
12	HL Bank Nominees (S) Pte Ltd	5,247,000	0.27
13	Merrill Lynch (Singapore) Pte Ltd	4,908,893	0.25
14	Peh Kwee Chim	4,563,000	0.24
15	Lim Boon Noi	2,800,000	0.15
16	Phillip Securities Pte Ltd	2,762,480	0.14
17	UOB Kay Hian Pte Ltd	2,753,000	0.14
18	Teo Yew Hwa	2,575,099	0.13
19	Oversea Chinese Bank Nominees Pte Ltd	2,479,000	0.13
20	OCBC Securities Private Limited	2,399,409	0.12
		1,460,847,317	76.02

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 10 May 2011, excluding any ordinary shares held in treasury as at that date.

Shareholding Held In Hands Of Public

Based on information available to the Company as at 10 May 2011, approximately 64.87% of the issued ordinary shares (excluding ordinary shares held in treasury) are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited 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 19TH 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 Thursday, 30 June 2011 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 2011, 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 2011. (Resolution 2)

3. To re-elect Mr Keith Tay Ah Kee[(1)] who retires by rotation in accordance with Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election[(2)].

   Mr Keith Tay 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"). (Resolution 3)

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) Professor Low Teck Seng[(1)] (Resolution 4)
   (b) Mr Bill Chang York Chye[(1)] (Resolution 5)

5. To re-appoint Mr Tan Yam Pin[(1)] as a director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Tan Yam Pin will, upon re-appointment as a 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 SGX-ST. (Resolution 6)

6. To approve directors' fees payable by the Company of S$1,342,375[(3)] for the financial year ended 31 March 2011 (2010: S$900,690). (Resolution 7)

7. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration. (Resolution 8)

8. 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 2010/11.
(2) In relation to the retirement of Directors by rotation at the 19th Annual General Meeting, Mr Timothy Chia Chee Ming and Mr Lee Chong Kwee are also due to retire by rotation, but have given notice to the Company that they do not wish to be re-elected to office thereat.
(3) Detailed information on directors' fees can be found under Directors' Remuneration in the "Corporate Governance Report" section of the Company's Annual Report 2010/11.

SPECIAL BUSINESS

9. 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 9)

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 10)

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Company Secretary
Singapore
8 June 2011

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 9 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 SGX-ST 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 9 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 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 10 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 10 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 2011 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 2011 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 2011 will rank for the proposed final dividend. Payment of the dividend, if approved by members at the 19th Annual General Meeting, will be made on 15 July 2011.

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Company Secretary
Singapore
8 June 2011

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 19th 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 Thursday, 30 June 2011 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 Keith Tay Ah Kee as director		
4.	To re-elect Professor Low Teck Seng as director		
5.	To re-elect Mr Bill Chang York Chye as director		
6.	To re-appoint Mr Tan Yam Pin as director		
7.	To approve directors' fees payable by the Company		
8.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration		
9.	To authorise directors to issue shares and to make or grant convertible instruments		
10.	To authorise directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme		
11.	Any other business		

Dated this ______ day of ________________ 2011

Total number of shares held	

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

____

Notes:
IMPORTANT
Please read Notes.

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Secretariat

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

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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 OFFICE
Singapore Post Limited
10 Eunos Road 8
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Singapore 408600
Tel: +65 6845 6775
Email: investor@singpost.com
Web: www.singpost.com

COMPANY SECRETARY
Genevieve Tan McCully (Mrs)

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
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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