Singapore Post Limited Annual Report 2012/2013

THE FUTURE OF POST

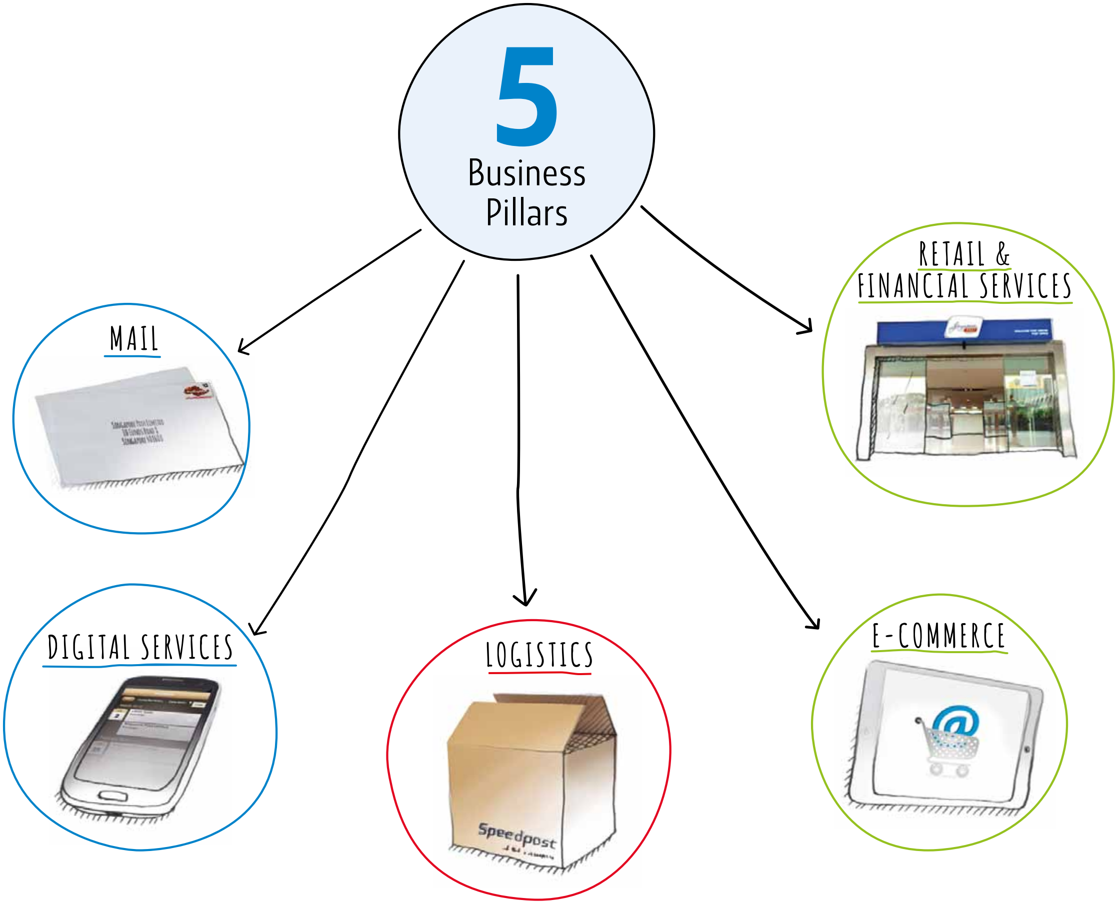
STAYING AHEAD TO SERVE OUR CUSTOMERS BETTER

We are focused on the transformation of SingPost. We are doing this for the long-term sustainability of our business and to ensure that we continue to serve the many millions in Singapore and beyond. Our strategy involves building five core pillars of our business – Mail, Digital Services, Logistics, Retail & Financial Services, e-Commerce.

Our Vision

To be the regional leader in e-commerce logistics and trusted communications

CONTENTS



Mail
Digital Services

- Domestic & International Mail
- Philately & Stamps
- Hybrid Mail
- Digital Services

Logistics

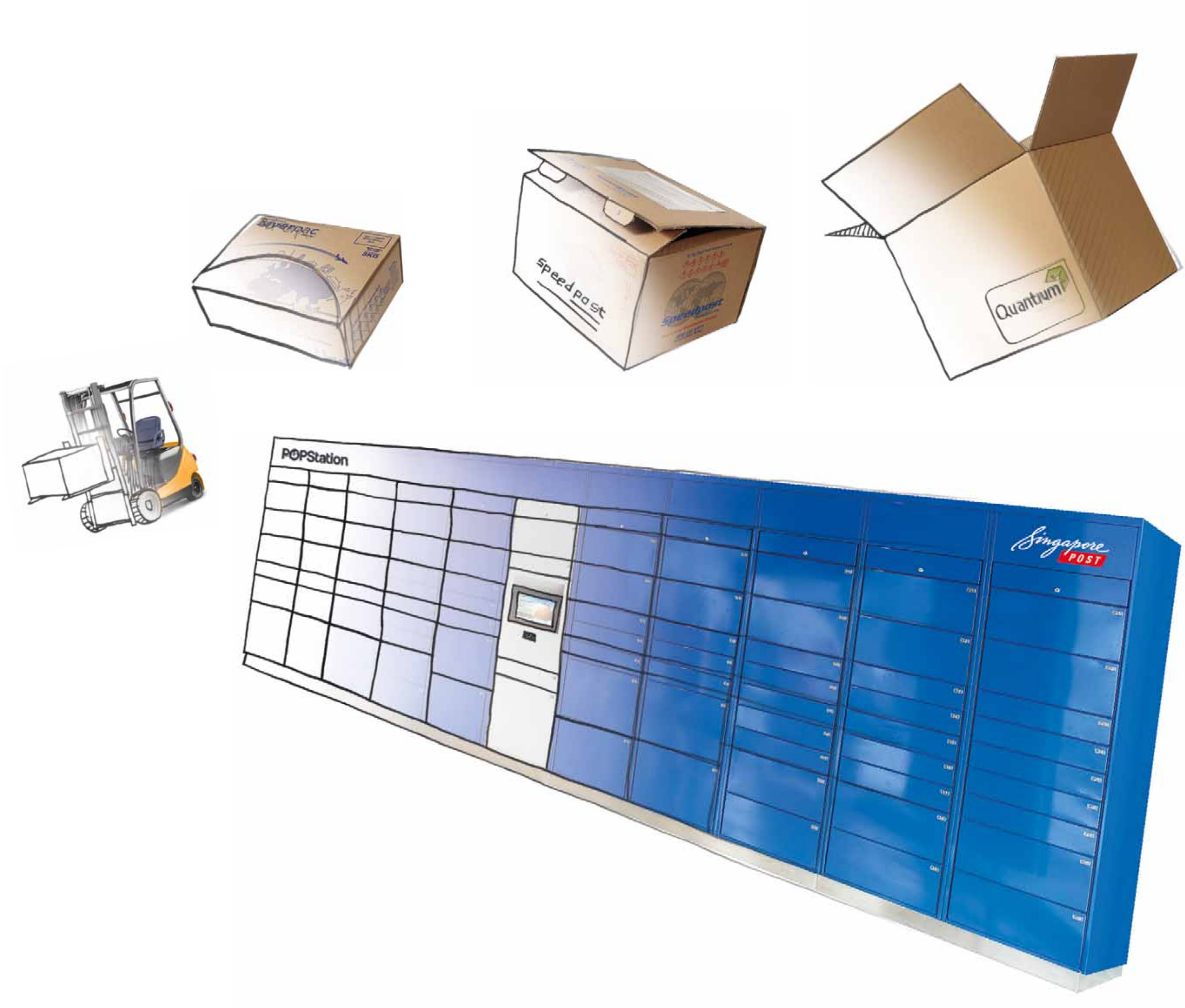
- *Speedpost*
- Quantium Solutions
- Warehousing, Fulfilment & Distribution
- Freight
- Storage

Retail & Financial Services
e-Commerce

- Agency Services
- Financial Services
- *vPOST*
- *Clout Shoppe*
- E-fulfilment

PROVIDING E-COMMERCE LOGISTICS SOLUTIONS ACROSS ASIA PACIFIC

We are growing SingPost into a regional champion, leveraging on our trusted brand and extending core competencies into fast growing areas like e-commerce, and e-fulfilment logistics. To do this, we will continue to invest in people, technology and customer service. Our focus is to build an excellent parcel network with high standards of service and delivery which will benefit our Singapore customers as well.



Speedpost by Singapore Post

Quantium SOLUTIONS

Your Asian Fulfilment Partner

4PX

ITL CORPORATION

GDEX

LOCK+STORE

Your Private Storage Space

Singapore POST   DATAPOST   Efficient   NOVSN

YOUR TRUSTED COMMUNICATIONS PARTNER

Our innovative solutions enable us to deliver trusted services with more choices and greater convenience. We use the latest technology to bring you tangible results. We will continue to invest in innovation and productivity to create value and deliver service excellence.

LETTER TO SHAREHOLDERS

Dear Shareholder,

Despite global uncertainty, SingPost has been making good progress in its transformation. Our goal is to be the regional leader in e-commerce logistics and trusted communications. We have been innovating and introducing products and services to cater to the growing needs of our customers. We will continue to focus on delivering greater convenience and better service. This involves investing in new technologies as well as our people, especially in training and skills upgrading. Implementation of our growth strategy is key, and on that front, we are glad to report positive results.

Financial Performance

Full year revenue amounted to S$658.8 million, a 13.9 per cent growth from S$578.5 million last year. The growth was driven by the increased e-commerce activities and contributions from new acquisitions. This is against a backdrop where our Mail business is facing increasing challenges and recorded a decline in total domestic mail volumes for the first time.

The diversification into regional markets is paying off as revenue contributions from overseas increased from 12.9 per cent of revenue to 19.1 per cent.

Underlying net profit amounted to S$141.0 million, an increase of 4.1 per cent from S$135.4 million last year. The lower profit growth compared to topline growth was attributable to the stronger contributions of lower-margin businesses, continued investments into resources for our growth strategy as well as inflationary cost pressures.

The Group's financial position remained strong. Cash flows were healthy, with free cash flow of S$178.6 million generated. Cash holdings amounted to S$628.3 million as at 31 March 2013. In April 2013, we repaid S$300 million of bonds.

Dividend

The Board is proposing a final dividend of 2.5 cents per share, which comprises the fourth quarter dividend of 1.25 cents and a variable dividend of 1.25 cents. With the interim dividends of 1.25 cents per share for the first three quarters, the total annual dividend would amount to 6.25 cents per share.

Transformation Taking Shape – Our Achievements to Date

Many initiatives are taking place in SingPost. We have been investing into improvements across the organisation in all areas such as productivity, efficiency, service and staff development, while building our five business pillars in Mail, Digital Services, Logistics, Retail & Financial Services, and e-Commerce.

Mail and Digital Services

Declining letter mail volumes are now a given in the postal industry, but the impact has been mitigated by strong growth in e-commerce packages through the domestic mail and international mail networks. We built innovation into the traditional mail solutions with offerings such as *SMS Mail*, *ScanDelight* and *Post-a-Card*. We also grew our regional business process outsourcing business with the newly acquired subsidiary, Novation Solutions, in Hong Kong.

Logistics

We strengthened our logistics network with the acquisitions of the *Lock+Store* self-storage business and Famous Holdings, an established freight consolidator and forwarder. We continued to transform Quantium Solutions to become the "go-to" e-fulfilment solutions provider in Asia Pacific. Locally, we rolled out *POPStations*, smart parcel stations that provide us another delivery platform, particularly for e-commerce packages.

Retail & Financial Services

We are leveraging our retail network to introduce new products and services like more remittance channels and will also focus on the SME segment. New platforms were also introduced, including mobile apps.

e-Commerce

Talent and expertise, as well as IT capabilities, were put in place during the year as we work on developing our e-Commerce business and enhancing our *vPOST* offerings in the region. We are excited by the prospects over the next few years.

Despite these achievements, more work and investments lie ahead in this transformation journey. Besides the investments for growth, we are also making larger capex investments to strengthen the postal infrastructure and to enhance IT capabilities, as they are critical enabling platforms.

It is therefore gratifying to receive recognition for our efforts. SingPost is again the top postal agency in the world in a global study of postal organisations' performances by management consulting company Accenture. Our success was attributed to our diversification and e-commerce strategies to increase revenue amid declining global mail volume. We have also been bestowed the Service Provider of the Year Award, an international accolade by the Postal Technology International, which recognises a postal organisation that has made significant investments into the future and led the way in innovative technologies and services. Locally, SingPost was presented with two awards by the National Trade Union Congress (NTUC) – the Plaque of Commendation for promoting good labour relations as well as staff workfare and welfare, and the May Day Model Partnership Award 2013 for its good partnership with the Union.

The Future of Post – Our Vision for SingPost

The vision for SingPost is to be the regional leader in e-commerce logistics and trusted communications. Our strategic position in Asia enables us to extend our reach to consumers in the fast growing markets of the region. We are growing SingPost into a regional champion, leveraging its trusted brand and extending into new growth businesses and markets. We have been working to tap the markets of e-commerce and related logistics activities, as well as digital services and trusted communications.

We are transforming SingPost to ensure long-term sustainability so that we can continue to serve the many millions in Singapore and beyond, and to maximise long-term shareholder value.

While we work towards our growth ambitions, we will ensure that SingPost remains a Singapore icon. As Singapore's Public Postal Licensee, SingPost is committed to maintaining the highest global standards in service quality, in spite of the declining letter mail volumes. Productivity and service quality are key priorities, and we are upgrading our postal equipment to continue to improve efficiency and service standards. We are leveraging technology to improve our staff's efficiency. We have also committed resources into training, so that our staff can raise their skills. Improving the quality of our human capital is the key to sustained productivity increases.

We aim to continue to rise above the global competition and to make Singapore proud of its postal service. The next few years are especially challenging and critical in our transformation journey. We intend to make every effort possible to succeed.

Commitment to All Stakeholders

As we anticipate the future and act to build a sustainable business for our stakeholders, we also put in place targeted policies and programmes to meet our commitments to each of our stakeholders – our staff, the community, customers and shareholders.

We are appreciative of our people, for they have helped SingPost to stay relevant and deliver on our commitment to serve Singapore well. In line with the Singapore Government's efforts to build a more inclusive society, and in close consultation with the union, we set up a S$10 Million SingPost Inclusivity Fund to help our lower income employees.

Externally, we continue to leverage our network and resources to serve the community in economic, social and environmental ways. These include working with our adopted charities, supporting various charity and environmental causes, and improving environmental management.

Our service obligations and service quality standards are key commitments to customers. We are continually investing in all facets of enhancing customer experience. These include programmes on further process improvements, staff training, innovative products and services.

We are focused on building shareholder value. Over the years, we have paid out steady dividends to our shareholders, and we will continue to work on our growth strategy to deliver to our shareholders an investment proposition of not just yield but also growth.

Thank you

It is a new era for SingPost, and we are excited about the tremendous opportunities ahead as we transform the organisation into a new breed of post.

On behalf of the Board, I thank our partners, management, staff and the union for their support and commitment as we work to pursue the opportunities.

I also wish to express my gratitude to our Board of Directors for their dedication and counsel in leading the Group in this transformation journey. I especially thank Mr Kenneth Tan who is stepping down as director at the 21st Annual General Meeting for his immense contribution and invaluable counsel for the past 10 years.

We appreciate the continued trust of our shareholders and thank you for the support.

LIM HO KEE
CHAIRMAN

BOARD OF DIRECTORS

From left to right,
Standing : Michael James Murphy, Zulkifli Bin Baharudin, Keith Tay Ah Kee, Tan Yam Pin, Bill Chang York Chye.
Seated: Professor Low Teck Seng, Lim Ho Kee, Kenneth Michael Tan Wee Kheng, Dr Wolfgang Baier.

Lim Ho Kee, 68
Non-Executive, Independent Director

Date of first appointment as a director:
25 April 1998

Date of last re-election as a director:
29 June 2012

Board Committee(s) served on:
Executive Committee (Chairman)
Compensation Committee (Chairman)
Nominations Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Economics), London School of Economics, United Kingdom

Present Directorships in other listed companies *(as at 31 March 2013):*
Jardine Cycle & Carriage Limited
Keppel Land Limited

Major Appointments *(other than Directorships):*
Nil

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Transcu Group Limited
MCL Land Limited

Dr Wolfgang Baier, 39
Group Chief Executive Officer, Executive, Non-Independent Director

Date of first appointment as a director:
5 October 2011

Date of last re-election as a director:
29 June 2012

Board Committee(s) served on:
Executive Committee (Member)

Academic & Professional Qualification(s):
Ph.D in Laws (Distinction), University of Vienna
Master of Laws, University of Vienna (Austria)
Master of Business Economics, Universities of Exeter (UK) and Graz (Austria)

Present Directorships in other listed companies *(as at 31 March 2013):*
Nil

Major Appointments *(other than Directorships):*
Nil

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Nil

Keith Tay Ah Kee, 68
Non-Executive, Lead Independent Director

Date of first appointment as a director:
25 April 1998

Date of last re-election as a director:
30 June 2011

Board Committee(s) served on:
Audit Committee (Chairman)
Nominations Committee (Member)
Executive Committee (Member)
Board Risk Committee (Member)

Academic & Professional Qualification(s):
Chartered Accountant, The Institute of Chartered Accountants in England and Wales Honorary Fellow, The Institute of Certified Public Accountants of Singapore

Present Directorships in other listed companies *(as at 31 March 2013):*
Singapore Reinsurance Corporation Limited
Rotary Engineering Limited
FJ Benjamin Holdings Ltd
SATS Limited
YTL Starhill Global REIT Management Limited

Major Appointments *(other than Directorships):*
Stirling Coleman Capital Ltd (Non-Executive Chairman)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Nil

Kenneth Michael Tan Wee Kheng, 54
Non-Executive, Independent Director

Date of first appointment as a director:
20 March 2003

Date of last re-election as a director:
30 June 2010

Board Committee(s) served on:
Nominations Committee (Chairman)
Executive Committee (Member)
Audit Committee (Member)
Board Risk Committee (Member)

Academic & Professional Qualification(s):
LL. B. (First Class Honours), National University of Singapore
Academy of Law (Fellow)
Law Society of Singapore (Member)

Present Directorships in other listed companies *(as at 31 March 2013)*:
Nil

Major Appointments *(other than Directorships)*:
Kenneth Tan Partnership (Senior Partner)
Law Society Disciplinary Tribunal (President)
Singapore International Arbitration Centre (Accredited Arbitrator)
Regional Centre for Arbitration, Kuala Lumpur (Accredited Arbitrator)
Singapore Mediation Centre (Accredited Mediator and Evaluator)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013)*:
Nil

Tan Yam Pin, 72
Non-Executive, Independent Director

Date of first appointment as a director:
25 February 2005

Date of last re-election as a director:
29 June 2012

Board Committee(s) served on:
Board Risk Committee (Chairman)
Executive Committee (Member)
Audit Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Arts (Economics), University of Singapore
Master of Business Administration, University of British Columbia
Canadian Institute of Chartered Accountants, Canada (Fellow)

Present Directorships in other listed companies *(as at 31 March 2013)*:
BlueScope Steel Limited (Australia)
Keppel Land Limited
Great Eastern Holdings Limited

Major Appointments *(other than Directorships)*:
Singapore Public Service Commission (Deputy Chairman)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013)*:
Nil

Zulkifli Bin Baharudin, 53
Non-Executive, Independent Director

Date of first appointment as a director:
11 November 2009

Date of last re-election as a director:
29 June 2012

Board Committee(s) served on:
Compensation Committee (Member)
Nominations Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Estate Management),
National University of Singapore

Present Directorships in other listed companies *(as at 31 March 2013)*:
Hup Soon Global Corporation Limited

Major Appointments *(other than Directorships)*:
People's Democratic Republic of Algeria and Uzbekistan (Non-Resident Ambassador)
Mentor Media Ltd (Vice Chairman)
Indo Trans Logistics Corporation (Chairman)
Civil Aviation Authority of Singapore (Member)
Singapore Management University (Member, Board of Trustees)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013)*:
Nil

Professor Low Teck Seng, 58
Non-Executive,
Independent Director

Date of first appointment as a director:
8 October 2010

Date of last re-election as a director:
30 June 2011

Board Committee(s) served on:
Technology Committee (Chairman)
Nominations Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (First Class Honours) and Ph.D, Southampton University
Institute of Electrical and Electronics Engineer (Fellow)

Present Directorships in other listed companies *(as at 31 March 2013):*
Innotek Limited
Excelpoint Technology Ltd

Major Appointments *(other than Directorships):*
National Research Foundation (Chief Executive Officer)
National Community Leadership Institute (Member)
National University of Singapore (Tenured Professor)
Nanyang Technological University (Tenured Professor-Senior Advisor to President)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Frencken Group Limited

Michael James Murphy, 59
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
7 August 2009

Date of last re-election as a director:
29 June 2012

Board Committee(s) served on:
Technology Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Nuclear Engineering and Industrial Technology), University of Massachusetts

Present Directorships in other listed companies *(as at 31 March 2013):*
Nil

Major Appointments *(other than Directorships):*
Postea, Inc. (Founder and Chief Executive Officer)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Nil

Bill Chang York Chye, 47
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
15 Nov 2010

Date of last re-election as a director:
30 June 2011

Board Committee(s) served on:
Compensation Committee (Member)
Technology Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Engineering (Electrical and Computer Systems Engineering) (Honours), Monash University

Present Directorships in other listed companies *(as at 31 March 2013):*
Nil

Major Appointments *(other than Directorships):*
Singapore Telecommunications Limited (Chief Executive Officer, Group Enterprise)
Singapore Polytechnic (Chairman of Board of Governors)

Past Directorships in listed companies held over the preceding three years *(from 31 March 2010 to 30 March 2013):*
Nil

MAIL

Staying Ahead in the Digital Age

In response to changing lifestyle needs, SingPost has been focusing on service and product innovation. Innovative solutions like *SMS Mail* or confirmation for letterbox delivery via SMS; and *Post-a-Card*, a mobile application which enables customers to send physical postcards via smartphones to almost anywhere in the world, were introduced in July 2012.

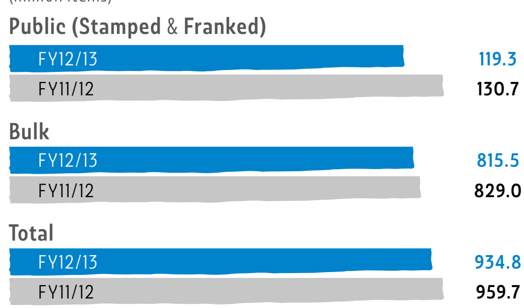
To help advertisers engage better with their target customer base, we launched *ScanDelight*, a mobile phone scanning application powered by Quick Response (QR) codes in January 2013. *ScanDelight* also offers consumers exclusive treats and other features such as location alerts, polls, and redemption history.

We continued the push to develop the digital services business through wholly-owned subsidiary DataPost which provides business process outsourcing services such as secured printing document management and mailroom management, in five countries in the region.

As part of its growth strategy for digital services, SingPost acquired Novation Solutions, a Hong Kong based security printing, document management and transaction mail provider.

To tap the strong growth in e-commerce, we provided customers with an enhanced track and trace system. Record volumes were handled during the year-end festive period at our Airmail Transit Hub, where transhipment volumes doubled.

Mail Volumes
(million items)



Delivering Better Service

SingPost remains committed to service excellence in the domestic market despite the challenges of declining mail volumes and rising operating costs. We embarked on a major initiative to upgrade our sorting machines with leading-edge equipment capable of processing mail items faster. This investment will prepare us for a new economy with fewer letters and more packages, enhancing productivity and service in the process.

Our continuous efforts to enhance service quality have generated positive results. SingPost was bestowed the Service Provider of the Year 2012 Award by the Postal Technology International, and became the first Asian postal organisation to receive this international award for its innovation and service excellence. In the 2012 Customer Satisfaction Index of Singapore (CSISG) survey jointly developed by the Institute of Excellence at SMU (ISES) and the Singapore Workforce Development Agency, SingPost scored 72.4 points, above the national transport and logistics sector average of 68.3 points.

Outstanding Employee of the Year 2012 Mr Ismail Bin Ahmad goes the extra mile to serve customers. He traced a letter with an incomplete address and delivered it.

As the designated Public Postal Licensee, SingPost is required to meet stringent Quality of Service (QoS) standards for basic letter delivery services set by the Infocomm Development Authority of Singapore (IDA). Under the QoS, 99 per cent of local basic letters addressed to a recipient within the Central Business District have to be delivered by the next working day. The QoS framework was revised on 1 July 2012 to include an increased financial penalty for any non-compliance as well as the appointment of an Independent Assessor. SingPost met the QoS standards for next day delivery for the financial year.

Strengthening Collaborations to Facilitate Growth

As Singapore's representative at the Universal Postal Union (UPU), we successfully ended our tenure as the Chair of the Quality Improvement Group of Committee, Global Monitoring System Implementation Group and Vice-Chair of the GMS Quality of Service Link User Group in October 2012. Through the active involvement in these various groups, as well as being Asia Pacific's representative in the World Customs Organisation/UPU Joint Contact Committee, SingPost has promoted the growth of quality of service for international letters as well as helped members of Asia Pacific prepare for changes in terminal dues, parcels remuneration and customs issues.

Besides the UPU, SingPost is also an active member of the Asian-Pacific Postal Union and ASEAN post grouping. We hosted regional workshops and shared postal best practices to facilitate the growth of the posts in this region. We were also the host sponsor of the prestigious World Mail & Express Asia Pacific Conference in June 2012.

Connecting through Stamps

In FY2012/13, 13 stamp issues were released, covering significant national and international events such as the opening of the Gardens by the Bay, the arrival of the two giant pandas from the People's Republic of China, the Games of XXX Olympiad and the 45th Anniversary of Currency Interchangeability Agreement between Singapore and Brunei Darussalam.

MyStamp, which is SingPost's unique stamp personalisation service, continued to create buzz. A special limited *MyStamp* was released to mark Singapore's historic win of two bronze medals in table tennis at the Games of XXX Olympiad. In conjunction with The Singapore Toy, Game & Comic Convention 2012, we collaborated with Marvel World, Inc. to release a special collector's edition of *Avenger MyStamp* collection as well as with Lucasfilm, a *Limited Edition Star Wars MyStamp* collection.

LOGISTICS

The new 24/7 POPStation, the first-of-its-kind in Southeast Asia, enhances the entire customer experience while driving productivity for the consumer, the worker and the business.

Leveraging Technology and Innovation to Enhance Customer Experience and Convenience

SingPost continued to strengthen its *Speedpost* services by investing in technology and process improvements to further enhance service and productivity. Initiatives include *ezy2ship*, a self-help web-booking tool, improved track and trace facilities, and the *Electronic Proof of Delivery* solution which not only provides faster and greater visibility of item delivery, but is eco-friendly as acknowledgement is done on handheld devices. Courier productivity is increased with minimised handling and processing of physical consignment notes.

Our service quality was boosted with the introduction of the one-stop screening process at the Airmail Transit Centre for incoming air parcels in October 2012, made possible with the good support of the relevant authorities. The second phase on EMS items is scheduled for implementation in April 2013.

To tap the rise of e-commerce in Singapore, we launched *Next Day Saver* in September 2012, offering local online retailers an affordable and reliable next day delivery solution. We also introduced *EzyReturn* which provides sellers and buyers a quick and easy way to return purchases via the post office.

In addition, SingPost invested in convenient self-service parcel pick-up stations to further raise the level of convenience for customers, particularly with the growth of e-commerce packages. In April 2013, SingPost rolled out five *POPStations* on a pilot basis, enabling customers to retrieve their parcels 24/7 at their convenience. More *POPStations* will be rolled out across Singapore within the next few years.

Growing Regional E-fulfilment Presence

E-commerce continues to be a key driver for parcel growth, both domestically as well as in the region. Through its wholly owned subsidiary, Quantium Solutions, SingPost is accelerating its regional and diversification efforts with key focus on the e-commerce and e-fulfilment segment in 10 markets across Asia Pacific.

Quantium Solutions is reaching its goal of becoming a regional fulfilment provider. It successfully acquired over 200 e-commerce customers across the region, and recorded a marked increase in e-commerce related warehousing services. Its distribution solution for packets and parcels to local and overseas destinations for e-commerce clients, *ezyparcels*, also experienced triple digit growth. To further complement its e-commerce offerings, Quantium Solutions is in the process of rolling out domestic and international returns management solution across its countries of operations. To better serve the Japanese market, Quantium Solutions Japan and Japan Post formed a strategic alliance in November 2012 to provide comprehensive e-commerce logistics solutions for online merchants.

Quantium Solutions continued to invest in infrastructure and process redesigns to further enhance productivity and service. It streamlined hub operations to better serve customers and handle growth in international shipments. It also invested in an improved system for its mailroom customers, streamlining mailroom processes and improving the efficiency of mailroom resources significantly.

Strengthening Capabilities to Provide Fully Integrated Solutions

SingPost continued to strengthen its capabilities to provide fully integrated logistics solutions. In January 2013, SingPost acquired a 100 per cent stake in General Storage Company Pte. Ltd., a self-storage provider operating the *Lock+Store* brand. This acquisition will enable us to further expand our self-storage business *S3*, while offering synergies with our existing businesses in logistics and e-commerce. With this expanded service offering, SingPost will be able to better serve individual and SME customers.

To complement our e-commerce logistics capabilities in regional fulfilment and warehousing, as well as our postal and parcel delivery networks, SingPost acquired a 62.5 per cent stake in Famous Holdings Pte Ltd, an established Singapore-based sea freight consolidator and forwarder with offices in six countries, in February 2013.

SingPost will continue to invest in strategic opportunities to enhance its network and capabilities in regional e-commerce logistics.

Quantium Solutions offers a one-stop e-fulfilment solution from warehousing and inventory management to pick and pack to delivery.

RETAIL

Providing Greater Convenience

SingPost focuses on giving our customers greater access, convenience and choice. To better serve growing new estates, two new post offices, namely Bishan and Punggol post offices, were opened in May and October 2012 respectively.

Leveraging our network, we broadened our agency services to include additional government applications and payment services by the Ministry of Manpower, collection of Identity Cards and Long-Term Visitor Pass by the Immigration Checkpoints Authority, and payment service for budget airline – Scoot and educational institution – Republic Polytechnic. Customers can also top up their Ez-link cards at our self-service automated machines (*SAM*) round-the-clock.

We also expanded our distribution channels with more self-help services like *POPStations* and mobile applications. A mobile application for smartphones was launched that allows customers-on-the-move quick access to track their parcels, locate a post office, find a postal code or calculate postage, providing them greater convenience and 24/7 access.

In addition, SingPost launched its first co-brand credit card, *Standard Chartered SingPost Platinum Visa Credit Card*, offering online and supermarket shoppers a great and convenient way to enjoy savings, rewards and benefits while having different aspects of their lifestyle needs met.

Growing Remittance Business

CASHOME, our remittance business, expanded the Indonesia remittance corridor for the *CASHOME*-Bank Negara Indonesia service to include a new next day cash pick-up service, *BNI WESEL Pin*, at 5,364 payout locations in October 2012.

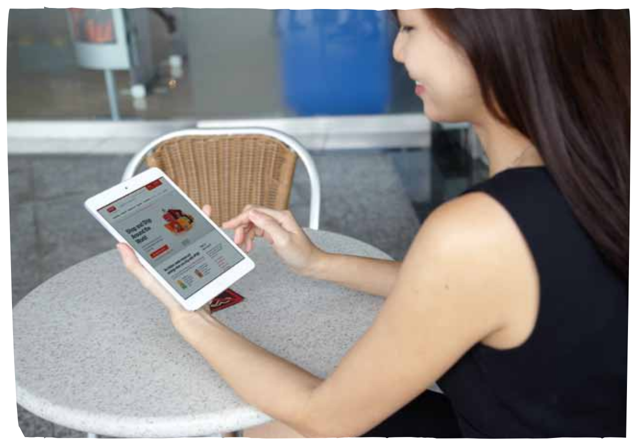
In November 2012, SingPost launched *CASHOME* to Myanmar with two Myanmar banks, offering Myanmar people working in Singapore a safe and secure way to remit money home. Beneficiaries can collect cash at any branch of Tun Foundation Bank or Co-operative Bank as well as their affiliated banks in Myanmar.

Enlarging E-commerce Presence

Our new e-commerce division was set up during the review year to spearhead SingPost's e-commerce drive. Its focus is on providing manufacturers, brand owners and e-retailers end-to-end e-commerce solutions with full backend e-fulfilment services, from the e-commerce site to warehousing and pick and pack to final delivery. SingPost also continued to extend its presence in the online retail space with its shipping and shopping portal *vPOST* and luxury store *Clout Shoppe*.

In September 2012, *vPOST* partnered New Zealand Post to introduce a new service that allows Kiwi shoppers to have purchases from online stores in the US delivered to New Zealand. *vPOST* launched a brand new user experience in November 2012, giving customers a better and more systematic way of tracking their packages. In the same month, *vPOSTUSA* recorded a doubling in volumes due to the Black Friday and Cyber Monday sales, the biggest sale in the US right after the Thanksgiving holidays.

Clout Shoppe touted as the online luxury fashion destination launched *Clout Mobile* in December 2012, enabling customers to enjoy optimised shopping on any mobile device with no installation required. It is also proving its presence in the global e-marketplace with aggressive online marketing campaigns, product variety and differentiation, as well as increased social content for its website.



SingPost continues its drive towards establishing a significant global e-marketplace by expanding its suite of e-commerce solutions.

CSR & HUMAN RESOURCES

As an e-commerce logistics and trusted communications company in the region, SingPost is committed to making a difference in the community.

Making a Difference

SingPost contributes to various charitable causes, many on an ongoing basis. For the fifth year running, we deployed our postmen and couriers to collect unsold bread and pastries from hotels and confectioneries, four days a week, and deliver them to self-collection centres across Singapore under our adopted charity programme, Food from the Heart (FFTH). As part of our support for FFTH, we also provided a group of underprivileged primary school students with monthly food essentials, and our staff expended personal time and money every quarter to donate, pack and deliver food items to senior citizens in Kolam Ayer.

We also contributed S$300,000 to the Singapore Philatelic Museum for the upkeep and preservation of philatelic materials and exhibits, as well as museum activities. Other causes include Community Chest's Care and Share programme, waiver of postage for the mailing of literature for the blind, and a company-wide blood donation drive. Additionally, we supported our business partners in their community outreach programmes.

Going Green

We continued to do our part to reduce carbon emissions and energy consumption, and encourage staff to conserve and recycle.

We implemented various initiatives to promote more environment-friendly practices. Many of our vehicles are Euro IV-compliant, which translates into lower carbon emissions. We set up green corners in our operation areas and offices to encourage recycling, and continued efforts to manage fuel use by optimising our delivery routes. In April 2013, all our post offices were certified as Eco-Post Offices by the Singapore Environment Council for practising environment-friendly habits at our workplace.

SingPost was a main sponsor of the Earth Hour 2013, and supported the event by switching off non-essential lights for an hour from 8.30pm to 9.30pm on 23 March 2013. We have also turned up the temperature of the air-conditioning on our premises by 1°C. We also worked with the Singapore Red Cross Society to organise two company-wide donation drives to collect usable items in the year. For the second consecutive year, we sponsored the Green Carpet Awards, an environmental education programme for students to contribute to environmental awareness.

Fostering Inclusivity

We are committed to providing a fair, diverse and inclusive workplace, and to continuous improvement in our human resources and people development practices.

In March 2013, SingPost, in close consultation with the Union of Telecoms Employees of Singapore (UTES), set up a S$10 Million Inclusivity Fund for staff. The Fund is in support of the Government's call to build an inclusive Singapore and serves to help our staff earn a better income, move up the ranks and enhance employability of older staff. The Fund,

The S$10 Million SingPost Inclusivity Fund, launched by Minister for Communications and Information, Dr Yaacob Ibrahim, will benefit lower-income staff.

to be disbursed over five years, will help low income staff and frontliners to cope with the rising cost of living, raise their skill level and provide educational opportunities for their children in the form of scholarships and bursaries.

To increase the sense of belonging and unity, we organised regular staff communication sessions. We also continued to promote a balanced lifestyle and encouraged employees to participate in sports and social activities including futsal, bowling and movie nights.

Building Competency

SingPost believes in the value of investing in human capital to support our vision and transformation. Leveraging social media platforms like LinkedIn Recruiter, we expanded our talent pool to include new hires in areas of e-commerce, regional logistics and marketing.

We continued to develop the competence and capabilities of our people. With support from UTES, we launched an Operational Excellence journey through LEAN Six Sigma tools to build operating discipline and improve efficiency. These tools also helped empower our staff to make changes in their workplace and strengthen employee engagement.

Kaizen events were used to drive improvements in 5S and Visual Management standards so as to promote teamwork and enhance work environment. Finally, we also set up a Workplace Safety & Health (WSH) committee to promote compliance and a safety mindset across SingPost.

INVESTOR RELATIONS

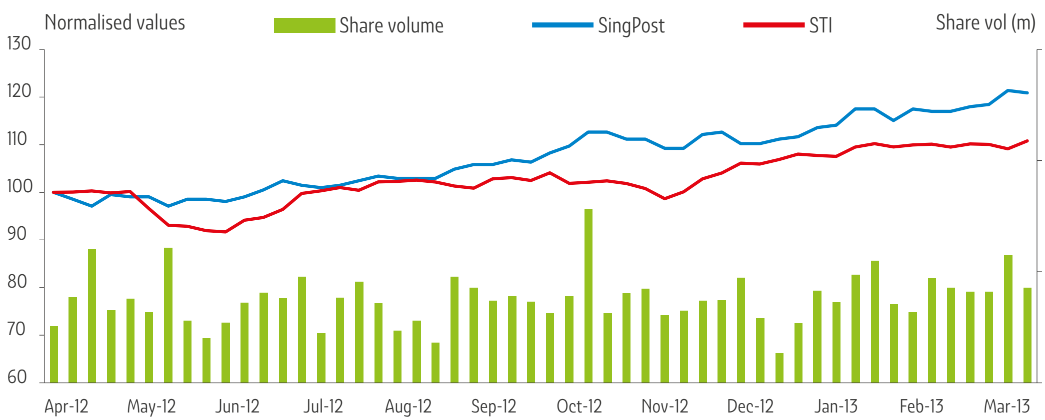
Ensuring Sustainable Shareholder Return through Our Transformation

We are committed to building a sustainable future for SingPost and maximising shareholder return over the long-term. As such, in spite of the uncertainties and volatility in the global environment, we have embarked on a transformation to become the regional leader in e-commerce logistics and trusted communications.

SingPost's transformation programme has gained good traction. We continued to actively engage the investor community through multiple platforms to communicate and share corporate developments and pertinent issues that arose over the year. Engagement include results briefings, webcasts, investor conferences and the corporate website.

SingPost Share Price and Trading Volume vs FS STI (FY2012/13)

Volume (million)



Source : Bloomberg

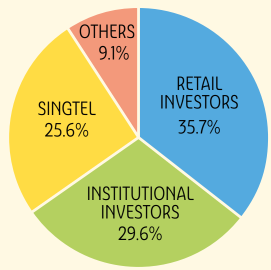
During the year, management engaged with over 71 fund managers and took part in the UBS ASEAN Conference 2012. We also partnered with the Securities Investors Association of Singapore (SIAS) for the eighth consecutive year to organise presentations and site tours for SIAS members.

We were honoured when our Group Chief Financial Officer (CFO) was named the CFO of the Year 2012 at the Singapore Corporate Awards (SCA) organised by Business Times and supported by SGX in recognition of the best in corporate governance and shareholder communication.

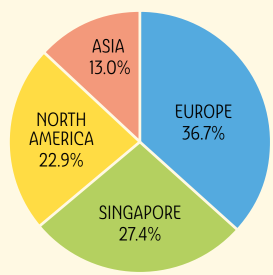
FY2012/13 Dividends (per share)	
Interim Q1 FY2012/13	1.25 cents
Interim Q2 FY2012/13	1.25 cents
Interim Q3 FY2012/13	1.25 cents
Final FY2012/13 (Proposed) *	2.50 cents
Total Dividends Paid/Proposed	6.25 cents

**For the approval of shareholders at the 21st Annual General Meeting*

Share Ownership by Investor Groups



Institutional Holdings by Geographic Distribution



PROPERTY

In FY2012/13, we continued to focus on yield enhancement of our properties. The Group's flagship building, Singapore Post Centre, continued to enjoy a high occupancy rate of 98.6 per cent as at 31 March 2013.

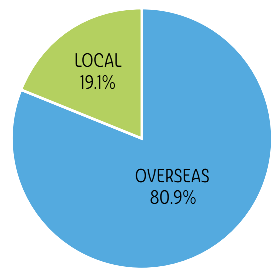
List of Major Properties

Name	Address	Title	Yrs	With Effect From	Land Area (SQ M)	Building Gross Floor Area (SQ M)
Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,903	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	923
Ayer Rajah Delivery Base	6 Ayer Rajah Crescent	Leasehold	30	01.02.96	4,401	10,274
Bukit Panjang Post Office	10 Choa Chu Kang	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

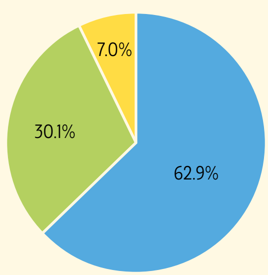
BUSINESS REVIEW

The SingPost Group has three main operating divisions: Mail, Logistics and Retail. For the financial year ended 31 March 2013, the Group recorded revenue of S$658.8 million, of which 62.9 per cent was contributed by the core business of Mail. Logistics comprised 30.1 per cent of Group revenue, while Retail contributed the remaining 7.0 per cent. The Mail Division accounted for the bulk of the Group operating profit, at 81.0 per cent, compared to 6.1 per cent by Logistics and 6.3 per cent by Retail.

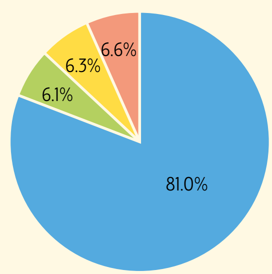
Geographical Revenue Breakdown



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

GROUP FINANCIALS

Income Statement

Revenue (S$M)

FY12/13	**658.8**
FY11/12	578.5
FY10/11	565.8
FY09/10	525.5
FY08/09	481.1

Operating Profit (S$M)

FY12/13	**174.4**
FY11/12	182.9
FY10/11	206.6
FY09/10	201.5
FY08/09	178.4

Net Profit (S$M)

FY12/13	**136.5**
FY11/12	142.0
FY10/11	161.0
FY09/10	165.0
FY08/09	148.8

Underlying Net Profit (S$M)

FY12/13	**141.0**
FY11/12	135.4
FY10/11	149.6
FY09/10	147.7
FY08/09	147.2

Return on Average Invested Capital (%)

FY12/13	**11.5**
FY11/12	14.2
FY10/11	19.8
FY09/10	24.5
FY08/09	27.6

Free Cash Flow (S$M)

FY12/13	**178.6**
FY11/12	150.5
FY10/11	174.6
FY09/10	196.1
FY08/09	155.9

Dividend (cents per share)

FY12/13	**6.25**
FY11/12	6.25
FY10/11	6.25
FY09/10	6.25
FY08/09	6.25

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2013	2012	2011	2010	2009
Income Statement (S$ million)					
Revenue	**658.8**	578.5	565.8	525.5	481.1
Operating profit [1]	**174.4**	182.9	206.6	201.5	178.4
EBITDA [2]	**214.1**	214.8	232.6	232.2	212.7
Net profit [3]	**136.5**	142.0	161.0	165.0	148.8
Underlying net profit [4]	**141.0**	135.4	149.6	147.7	147.2
Balance Sheet (S$ million)					
Total assets	**1,562.3**	1,430.2	1,092.9	1,074.9	770.2
Ordinary shareholders' equity	**320.7**	313.0	326.1	292.9	251.4
Cash and cash equivalents	**628.3**	617.4	338.7	390.2	139.5
Net (cash)/net debt	**(91.8)**	(111.6)	164.3	112.8	163.4
Perpetual securities	**346.8**	346.8	-	-	-
Net debt plus perpetual securities [5]	**255.1**	235.2	164.3	112.8	163.4
Cash Flow (S$ million)					
Net cash inflow from operating activities	**203.0**	176.6	186.9	208.5	170.3
Capital expenditure (cash)	**12.7**	26.1	12.3	12.4	14.5
Free cash flow [6]	**178.6**	150.5	174.6	196.1	155.9

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2013	**2012**	**2011**	**2010**	**2009**
Key Ratios					
EBITDA margin (%)	**32.5**	37.1	41.1	44.2	44.2
Net profit margin (%)	**20.7**	24.5	28.5	31.4	30.9
Return on average invested capital (%)	**11.5**	14.2	19.8	24.5	27.6
Return on average ordinary shareholders equity (%)	**20.6**	44.4	52.0	60.6	62.9
Net debt to ordinary shareholders equity (%)	**N.M.**	N.M.	50.4	38.5	65.0
Net debt plus perpetual securities to ordinary shareholders equity (%) [5]	**79.5**	75.1	50.4	38.5	65.0
EBITDA to interest expense (number of times)	**16.8**	17.2	16.3	29.9	27.4
Per Share Information (S cents)					
Earnings per share - basic	**6.44**	7.41	8.37	8.56	7.73
Earnings per share - underlying net profit [4]	**7.45**	7.17	7.78	7.67	7.64
Net assets per share	**35.3**	34.9	17.3	15.5	13.3
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) Net debt plus perpetual securities and its ratio to ordinary shareholders equity are presented for comparative purposes.
(6) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.
(7) Certain comparative figures have been adjusted to conform to current year's presentation.
(8) N.M. Not meaningful.

FINANCIAL REVIEW AND OUTLOOK

	FINANCIAL YEAR ENDED 31 MARCH		
	2013 S$'000	2012 S$'000	CHANGE %
Group			
Revenue	658,760	578,518	13.9
Operating profit	174,353	182,924	(4.7)
Share of profit of associated companies and joint ventures	2,432	664	266.3
Net profit	136,481	141,974	(3.9)
Underlying net profit [1]	140,960	135,403	4.1
Basic earnings per share (S cents)	6.44	7.41	(13.1)
Underlying earnings per share (S cents)	7.45	7.17	3.9

Note

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

The Group's transformation and growth initiatives continued to yield results during the financial year. Group revenue rose 13.9 per cent, with growth from all its business segments. The consolidation of new subsidiaries – Novation Solutions, General Storage and Famous Group – provided a boost to the Group's revenue. Besides the inorganic growth, the Group also benefitted from strong organic growth in its business segments, driven by e-commerce activities in Singapore and the region.

	FINANCIAL YEAR ENDED 31 MARCH		
	2013 S$'000	2012 S$'000	CHANGE %
Revenue			
Mail	440,273	385,433	14.2
Logistics	251,587	215,295	16.9
Retail	73,303	69,372	5.7
Inter-segment eliminations	(106,403)	(91,582)	16.2
	658,760	578,518	13.9

FINANCIAL REVIEW AND OUTLOOK

In Mail, revenue was boosted by the consolidation of Novation Solutions, acquired in May 2012. Excluding Novation Solutions, Mail revenue grew by 8.2 per cent. Within Mail, domestic mail revenue, accounting for 55.2 per cent of Mail revenue, increased 2.2 per cent to S$242.9 million. International mail revenue, accounting for 33.8 per cent of Mail revenue, increased 25.1 per cent to S$148.7 million. Hybrid mail revenue improved, rising 1.0 per cent to S$20.2 million. Revenue from philately and stamps increased slightly, rising 0.3 per cent to S$5.2 million. First-year revenue contributed by Novation Solutions was S$23.3 million, accounting for 5.3 per cent of Mail revenues.

In Logistics, revenue was also boosted by the consolidation of General Storage and Famous Group, both acquired in the fourth quarter of this financial year. Excluding the new subsidiaries, Logistics revenue grew by 9.4 per cent. Revenue contributions from Quantium Solutions made up 63.0 per cent of Logistics revenue and registered a growth of 12.1 per cent to S$158.6 million. *Speedpost*, transhipment and other revenue, accounting for 26.5 per cent of Logistics revenue, improved 3.4 per cent to S$66.7 million. Contributions from *vPOST* shipping activities increased 10.8 per cent to S$10.4 million. Revenue contributions from General Storage and Famous Group totalled S$15.9 million, accounting for 6.3 per cent of Logistics revenues this year.

Retail revenue rose 5.7 per cent to S$73.3 million mainly due to growth in financial services and its online store, *Clout Shoppe*. Agency services, retail products and others, accounting for 23.9 per cent of Retail revenue, decreased 0.4 per cent to S$17.5 million. Financial services revenue, accounting for 32.3 per cent of Retail revenue, improved 8.7 per cent to S$23.7 million. Contributions from *Clout Shoppe* increased 97.9 per cent to S$5.0 million. Inter-segment revenue, which arose from the provision of post office services to Mail and Logistics segments, rose 0.5 per cent to S$27.1 million.

The Group's rental and property-related income grew 1.4 per cent to S$42.9 million, as a result of higher rental income from Singapore Post Centre.

Miscellaneous income was S$9.7 million, compared to S$11.5 million in the previous year. The difference was mainly attributable to lower amortisation of deferred gain on intellectual property rights. These were partly offset by gains on partial divestment of shares in a joint venture.

The Group continued to invest in resources and capabilities to enhance service quality and productivity, and to drive its diversification and regionalisation efforts. Total expenses increased 19.1 per cent to S$546.9 million. Current year included write-off of intangible assets totalling S$7.0 million. In addition, total expenses were also higher with the inclusion of Novation Solutions, General Storage and Famous Group.

FINANCIAL REVIEW AND OUTLOOK

	FINANCIAL YEAR ENDED 31 MARCH		
	2013 S$'000	2012 S$'000	CHANGE %
Operating Profit			
Mail	141,291	133,117	6.1
Logistics	10,664	8,895	19.9
Retail	10,984	9,756	12.6
Others	11,414	31,156	(63.4)
	174,353	182,924	(4.7)

The Group's operating profit fell 4.7 per cent to S$174.4 million. Excluding the effect of the lower amortisation of deferred gain on intellectual property rights and intangible assets write-off, operating profit would have been higher by 1.4 percent. Organic business growth and contributions from new subsidiaries were mostly offset by increased business costs and investments in capabilities and resources during the year.

Mail operating profit improved 6.1 per cent to S$141.3 million as improvements in international mail, hybrid mail and philatelic offset the decline in domestic mail contributions. Logistics operating profit improved 19.9 percent to S$10.7 million with stronger revenue performance and contributions from new subsidiaries. Retail operating profit improved 12.6 per cent to S$11.0 million with higher contributions from financial services. Operating profit from "Others" segment decreased 63.4 per cent to S$11.4 million due to higher corporate costs for the Group's transformation and development of businesses, higher property related expenses, lower amortisation of deferred gain on intellectual property rights and intangible assets write-off.

Contributions from associated companies and joint ventures amounted to S$2.4 million, compared to S$0.7 million last year. The improvement was mainly due to the better performances by the Group's associated companies and full year contributions from associated companies acquired during the previous financial year.

Net profit for the Group was S$136.5 million, a decline of 3.9 per cent. Excluding exceptional items, underlying net profit was S$141.0 million, an improvement of 4.1 per cent in spite of rising business costs and the Group's investment in its operating capabilities, people, IT and operations.

FINANCIAL REVIEW AND OUTLOOK

	FINANCIAL YEAR ENDED 31 MARCH		
	2013 S$'000	2012 S$'000	CHANGE %
Cash Flow			
Net cash inflow from operating activities	202,990	176,629	14.9
Net cash used in investing activities	(51,987)	(77,398)	(32.8)
Net cash (used in)/provided by financing activities	(140,053)	179,392	N.M.
Net increase in cash and cash equivalents	10.950	278,623	(96.1)
Cash and cash equivalents at beginning of year	617,357	338,734	82.3
Cash and cash equivalents at end of year	628,307	617,357	1.8
Free cash flow	178,550	150,483	18.7
Cash capital expenditure as a percentage of revenue	3.7%	4.5%	

Operating activities

Net cash from operating activities was at S$203.0 million, compared to S$176.6 million last year due to increase in working capital and higher profits.

Investing activities

Net cash used in investing activities was S$52.0 million, compared to S$77.4 million previously. During the year, the Group made acquisitions of subsidiaries (S$92.4 million), financial assets (S$29.1 million), additions to property, plant and equipment (S$12.7 million) and intangible assets (S$11.8 million). These were partially offset by proceeds from the maturity of financial assets (S$90.7 million).

Financing activities

Net cash used in financing activities was S$140.1 million, compared to net cash provided of S$179.4 million in the previous year from the issue of the perpetual securities. During the year, the Group made dividend payments of S$118.1 million to shareholders and distribution of S$14.9 million to perpetual securities holders. The Group also made interest payments of S$9.6 million.

FINANCIAL REVIEW AND OUTLOOK

Free cash flow
The Group's free cash flow (net cash from operating activities less capital expenditure) amounted to S$178.6 million in FY 2012/13, compared to S$150.5 million in the previous financial year.

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		
	2013 S$'000	2012 S$'000	CHANGE %
Group Debt And Perpetual Securities			
Total debt	536,550	505,719	6.1
Net cash	(91,757)	(111,638)	(17.8)
Total debt plus perpetual securities *	883,376	852,545	3.6
Net debt plus perpetual securities *	255,069	235,188	8.5
Net debt plus perpetual securities to ordinary shareholders equity (%) *	79.5%	75.1%	
EBITDA to interest expense (number of times)	16.8	17.2	

* Presented for comparative purposes.

Total debt plus perpetual securities comprised mainly S$200 million 10-year Fixed Rate Notes issued in March 2010, S$300 million 10-year bond issued in April 2003 and S$350 million senior perpetual cumulative securities issued in March 2012. Net debt plus perpetual securities to ordinary shareholders equity ratio increased to 79.5 per cent as at 31 March 2013 from 75.1 per cent a year ago. Interest coverage for the Group remained robust, with EBITDA to interest expense cover of 16.8 times.

FINANCIAL REVIEW AND OUTLOOK

DIVIDEND

Given the Group's healthy cash flows, the Board of Directors is recommending a final dividend of 2.5 cents per share for the financial year ended 31 March 2013. 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 2012/13	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

The Group is making good progress in its growth initiatives and continues to invest in resources to drive its transformation program, Ready for the Future. It continues to build its digital services and e-commerce businesses, and pursue growth in regional logistics and e-fulfilment.

The Group is also focusing on cost management and investing in technologies and resources to further enhance productivity, given the inflationary environment and rising labour related expenses. It will be making larger capital expenditure investments to strengthen the postal infrastructure and to enhance IT capabilities.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Good corporate governance is essential to the long term sustainability of the Company's businesses and performance. The Board and Management of SingPost is committed to maintaining a high standard of corporate conduct and places importance on its corporate governance processes and systems 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). This report has been structured to correspond with the sequence of principles as set out in the Code. The 2012 revision to the Code is to take effect from next year's Annual Report. SingPost has nevertheless complied with certain key revised guidelines including determination of directors' independence and appointment of a lead independent auditor.

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 SingPost Group and is collectively responsible for the SingPost 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 discharge of the Board's oversight function and 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. Further details on each of those Board Committees including the composition and terms of reference of each Board Committee can be found subsequently 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. In the financial year ended 31 March 2013, a total of seven Board meetings were held. Once a year, the Board participates in an offsite strategy workshop with Management to strategize and plan the Group's longer term strategy. Typically it is held in a country where the Group has significant investment allowing the Board to meet with the Group's business partners, thereby developing stronger business relationships and greater insight into the business. The attendance of the directors at Board meetings and Board Committee meetings, as well as the frequency of such meetings, are 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 present Board comprises nine directors. Except for the Group Chief Executive Officer (Group CEO), Dr Wolfgang Baier, all the other directors are non-executive directors.

The Nominations Committee determines the independence of each director on an annual basis and as and when circumstances require 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 six of the directors are independent and three are non-independent. The non-independent directors are the Group CEO, Mr Bill Chang York Chye and Mr Michael James Murphy. Mr Bill Chang York Chye is the Chief Executive Officer (Group Enterprise) 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 various agreements during the financial year is reflected in the Statutory Reports and Financial Statements for the financial year ended 31 March 2013. Mr Michael James Murphy is the Chief Executive Officer, a director and substantial shareholder of Postea, Inc.

CORPORATE GOVERNANCE REPORT

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 engineering and regional business experience. 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 11 to 13.

The Nominations Committee is considering the appointment of additional directors with specific areas of expertise to increase the collective competency of the Board as well as for Board rejuvenation.

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.

Role of Chairman and Group Chief Executive Officer

There is a clear separation of the roles and responsibilities of the Chairman and the Group CEO of SingPost. To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the Chairman and the Group CEO are separate persons. The Chairman and the Group CEO are not related. Mr Lim Ho Kee, a non-executive director, is the Chairman leading the Board to ensure its effectiveness on all aspects of the Board's role and promoting high standards of corporate governance. The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the Group CEO and Management in the drive to transform the Singpost Group. At Board meetings, he sets the agenda and ensures that adequate time is available for discussion of all agenda items especially strategic issues, promotes a culture of openness and debate at the Board, and facilitates effective contribution of non-executive directors. He ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction with Management through meetings, both formal and informal, telephone calls as well as by electronic mail. The Chairman also monitors the translation of the Board's decisions and directions into executive action. The Chairman maintains effective communication with shareholders and also engages with a wide range of other stakeholders such as customers, the media, governments and regulators. The Group CEO is responsible for implementing the SingPost Group's strategies and policies as well as the Board's decisions. He assumes the executive responsibility of the day-to-day management of the Company, with the support of the Executive Management Committee and Management Committee. The function 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 the Company require the prior written approval of the Infocomm Development Authority of Singapore (IDA).

Lead Independent Director

Mr Keith Tay Ah Kee was appointed as the Lead Independent Director in May 2010 when the Chairman had management oversight. In line with corporate governance best practices, Mr Keith Tay Ah Kee has continued in this role even after Mr Lim Ho Kee relinquished the additional role of management oversight. As the Lead Independent Director, he leads and coordinates the activities of the non-executive directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company. As the Lead Independent Director, he is also available to shareholders in the event of shareholders' concerns which contact through the normal channels of the Chairman, Group CEO or Group CFO would have failed to resolve or for which such contact is inappropriate.

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 regarding board appointments to the Company's 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.

CORPORATE GOVERNANCE REPORT

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 diversity of attributes 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 of the Company. 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 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, preparedness, participation and candour.

In evaluating a director's commitment, contribution and performance for the purpose of re-nomination and re-appointment, the Nominations Committee takes into consideration a variety of factors such as attendance, preparedness, participation, candour and where appropriate, the results of the evaluation described under Principle 5.

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 the Group 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 newly appointed directors during the year will hold office only until the next AGM and will be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation.

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

Before each Board meeting, Management ensures the Board receives information relevant to the meeting's agenda. Management also ensures that the Board receives regular reports on industry-specific knowledge including information on other postal companies and the SingPost Group's competitors, changing commercial risks, the Group's financial performance and operations. In addition, the Board receives analysts' reports on the Company on a quarterly basis. Directors are encouraged to request from Management such additional information as needed to make informed decisions. Management provides the same in a timely manner. 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, paid for by 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. The Board Committees may also make decisions by way of circulating resolutions.

Membership in the different Board 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.

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 Dr Wolfgang Baier, all of whom are non-executive independent directors, except for Dr Wolfgang Baier who is an executive non-independent director.

CORPORATE GOVERNANCE REPORT

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.

Nominations Committee

The members of the Nominations Committee are Mr Kenneth Michael Tan Wee Kheng (chairman of the Nominations Committee), Mr Lim Ho Kee, Professor Low Teck Seng, Mr Keith Tay Ah Kee and Mr Zulkifli Bin Baharudin, all of whom are non-executive independent directors.

Professor Low Teck Seng was appointed member of the Nominations Committee on 1 July 2012.

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.

Compensation Committee

The Compensation Committee comprises Mr Lim Ho Kee (chairman of the Compensation Committee), Mr Bill Chang York Chye and Mr Zulkifli Bin Baharudin, all of whom are non-executive independent directors, except for Mr Bill Chang York Chye, who is a non-independent director.

Mr Lim Ho Kee was appointed as chairman of the Compensation Committee on 1 July 2012 in place of Mr Zulkifli Bin Baharudin.

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 Group CEO;
- recommending the specific remuneration package for the executive director and Group CEO; and
- administering the Singapore Post Share Option Scheme.

CORPORATE GOVERNANCE REPORT

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.

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.

Technology Committee

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. The members of the Technology Committee are non-independent except for the chairman, 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 is supported by the Executive Management Committee comprising the key executives of the Company. The Executive Management Committee is responsible for shaping the Group's strategic direction, making key strategic decisions and executing the strategic plans and investment plans. The Executive Management Committee is the highest management decision body in SingPost.

Management Committee

The Group CEO is also supported by the Management Committee which comprises the heads of departments of the Company. The Management Committee reviews and evaluates the business and operational policies and activities.

CORPORATE GOVERNANCE REPORT

Attendance at Board and Board Committee Meetings

The attendance of each director at Board meetings and Board Committee meetings for the financial year ended 31 March 2013 is as follows:

	BOARD	EXECUTIVE COMMITTEE	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE	AUDIT COMMITTEE	BOARD RISK COMMITTEE	TECHNOLOGY COMMITTEE
Number Of Meetings Held	7	4	3	2	4	2	3
Name							
Lim Ho Kee [(1)]	7	4	3	2	-	-	-
Dr Wolfgang Baier	7	4	-	-	-	-	-
Keith Tay Ah Kee	7	3	3	-	4	2	-
Kenneth Michael Tan Wee Kheng	7	4	3	-	4	2	-
Tan Yam Pin	7	4	-	-	4	2	-
Zulkifli Bin Baharudin	5	-	3	2	-	-	-
Professor Low Teck Seng [(2)]	6	-	2	-	-	-	3
Michael James Murphy	5	-	-	-	-	-	3
Bill Chang York Chye	5	-	-	2	-	-	3

Notes

(1) Mr Lim Ho Kee was appointed as Chairman of the Compensation Committee on 1 July 2012 in place of Mr Zulkifli Bin Baharudin.

(2) Professor Low Teck Seng was appointed as a member of the Nominations Committee on 1 July 2012.

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 recommends the specific remuneration package for the executive director and Group CEO, and these recommendations are submitted to the Board for approval. The Compensation Committee also reviews and approves the remuneration of key executives, 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 independent directors, except for Mr Bill Chang York Chye, who is a non-independent director. No director is involved in deciding his own remuneration.

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 Committee meetings as well as for participation in pro tem committee meetings, special projects and assignments. The directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders during the AGM.

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

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 2013 is as listed below:

	FIXED COMPONENT [1]	VARIABLE COMPONENT [2]	DIRECTORS' FEES	BENEFITS [3]	TOTAL COMPENSATION [4]	SINGPOST SHARE OPTION SCHEME [5]	
NAME OF DIRECTOR	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)	NO. AWARDED & ACCEPTED ('000)	VALUE (S$'000)
Lim Ho Kee [6] *Chairman*	-	-	180.6	1.3	181.9	1,071	99.9
Keith Tay Ah Kee	-	-	142.5	1.3	143.8	-	-
Kenneth Michael Tan Wee Kheng	-	-	138.8	0.6	139.4	-	-
Tan Yam Pin	-	-	119.3	1.3	120.6	-	-
Zulkifli Bin Baharudin [7]	-	-	92.8	1.3	94.1	-	-
Professor Low Teck Seng [8]	-	-	100.6	-	100.6	-	-
Michael James Murphy	-	-	69.5	-	69.5	-	-
Bill Chang York Chye	-	-	86.0	-	86.0	-	-
Dr Wolfgang Baier	759.0	400.0	-	73.8	1,232.8	4,500 [9]	435.5

Notes
(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2013.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2013.
(3) Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance and housing benefits, where applicable.
(4) Total Compensation excludes the value of share options.
(5) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model.
(6) Mr Lim Ho Kee was appointed as the chairman of Compensation Committee on 1 July 2012. He was appointed as Chairman of the Quantium Solutions International Board on 10 September 2012.
(7) Mr Zulfkifli Bin Baharudin ceased to be the Chairman of the Compensation Committee on 1 July 2012.
(8) Professor Low Teck Seng was appointed as a member of the Nominations Committee on 1 July 2012.
(9) Dr Wolfgang Baier was granted Market share options, Performance share options and Sign-on share options in the financial year ended 31 March 2013.

CORPORATE GOVERNANCE REPORT

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 2013.

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

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

Fixed Component
Fixed pay comprises basic salary and Annual Wage Supplement.

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

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

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

Share Options
Share options are granted to align staff's interests with that of shareholders'. These options are granted with reference to the desired remuneration structure target and valued based on the Trinomial Option Pricing Model. Details of the share option scheme can be found in the "Directors' Report" section of the Annual Report. In addition, identified key executives, including the executive director, are considered for Performance Share Options which are tied to set performance targets. Details of the grant are in the "Directors' Report" section.

CORPORATE GOVERNANCE REPORT

The following information relates to the remuneration of the Company's key executives (not being directors) for the financial year ended 31 March 2013.

	FIXED COMPONENT [1]	VARIABLE COMPONENT [2]	PROVIDENT FUND [3]	BENEFITS [4]	TOTAL COMPENSATION [5]	SINGPOST SHARE OPTION SCHEME [6]	
NAME OF EXECUTIVE	%	%	%	%	%	NO. AWARDED & ACCEPTED ('000)	VALUE (S$'000)
S$750,000 to below S$1,000,000							
Ng Hin Lee *Group Chief Financial Officer*	64	30	1	5	100	2,500	184.6
S$250,000 to below S$500,000							
Woo Keng Leong *Executive Vice President / Head (Postal Services)*	66	24	2	8	100	1,700	121.1
Loh Choo Beng *Executive Vice President (Retail & Financial Services)*	70	18	3	9	100	1,350	95.0
Thijs Sommen *Executive Vice President (Group Logistics)*	57	31	3	9	100	1,300	90.5
Dr Sascha Hower *Chief Operations Officer*	76	8	-	16	100	1,000	63.9

Notes

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2013.

(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2013.

(3) Provident Fund represents payment in respect of the company's statutory contributions to the Singapore Central Provident Fund.

(4) Benefits are stated on the basis of direct costs to the company. These include medical benefits, flexible benefits, car allowance and housing benefits.

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

(6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model. It comprised of market share options and performance share options granted in the financial year ended 31 March 2013.

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.

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the quarterly and annual financial statements of the Company and the Group for the financial year ended 31 March 2013 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 2013. 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.

The Board and Management ensure that the Group has a sound system of internal controls including risk management systems.

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.

CORPORATE GOVERNANCE REPORT

The Group adopts a top-down as well as a bottom-up approach to risk management to ensure that its strategic, business, operations, financial, reporting and compliance risk exposures are identified and appropriately managed to achieve its goals and objectives. The Group's risk management process has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. Risk awareness and ownership of risk treatments are fostered across the Group. 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.

Supporting the Board Risk Committee is the Management Risk Committee which is chaired by the Group CEO. The Management Risk Committee comprises the key executives and representatives from relevant departments. 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.

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 34 to the Financial Statements.

Based on the internal controls established and maintained 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 Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2013.

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.

We continue to enforce best practices in corporate governance in all aspects of our operations. The Company practices fair disclosure to ensure that analysts and shareholders are connected on the latest developments of the company.

In ensuring non-selective disclosures, pertinent information relating to the Company's financial performance and strategic developments was promptly disseminated through SGXNET and news releases before conducting any media or analyst conferences. Senior management actively engaged the financial community via results briefings, post-results roadshow and investor conferences. For retail investors, the corporate website at www.singpost.com provided a wealth of insights into the latest business activities of the Group. A dedicated mailbox investor@singpost.com is also available to address investor's queries and concerns on the new initiatives taken by the Company.

SingPost was ranked 24th out of 674 listed companies in the 5th issue of Governance and Transparency Index 2012. The company was within top 4 per cent that hit a score of above 70 points based on corporate governance practices.

At the third Singapore Corporate Governance Week organised by the Securities Investors Association (Singapore) from 1 – 5 October 2012, SingPost joined more than 100 organisations in a pledge to uphold and advance good corporate governance standards. The public statement of support underscores our commitment to a high level of transparency and accountability to our shareholders to enhance long-term shareholder value.

SingPost's Group Chief Financial Officer, Mr Ng Hin Lee won the Best Chief Financial Officer (CFO) of the Year 2012 Award. The award reaffirmed our commitment in raising corporate disclosure standards and corporate governance as well as safeguarding the interests of our stakeholders.

CORPORATE GOVERNANCE REPORT

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. By being personally present at the AGM, shareholders may obtain first-hand knowledge of the Company, particularly in the areas of performance and prospects, and of the directors and Management. 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 meeting.

The Company's Articles of Association allow a shareholder entitled to attend and vote to appoint up to 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 distinct 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, Technology, Nominations and Compensation Committees are present to address shareholders' questions at general meetings. The Company's external auditors are also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditors' report.

Dealings in Securities
SingPost's securities trading policy provides that directors and officers of the Group should not deal in SingPost's shares during the periods commencing one month before the announcement of SingPost's annual results, and two weeks before the announcement of its quarterly results and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished price-sensitive information on the Group. The policy also discourages trading on short-term considerations. Directors are to consult with the Group CFO and Company Secretary before trading in SingPost's shares to ensure compliance with securities law.

PROFILE OF KEY EXECUTIVES

Mr Ng Hin Lee, 56
Group Chief Financial Officer

Mr Ng joined SingPost in 2006, bringing with him more than 20 years of experience in key financial and managerial positions. In October 2011, he was appointed as Group Chief Financial Officer overseeing SingPost's strategic acquisitions, finance and property management functions. Before joining SingPost, Mr Ng was the Executive Director of Valen Technologies (S) Pte Ltd. His career history included employment with KPMG, Banque Paribas (Singapore Branch), Data General Hong Kong Ltd as well as with Gul Technologies Singapore Ltd. Mr Ng is the Chairman of Singapore Post Enterprise Private Limited and director of several boards of SingPost's subsidiaries which include Clout Shoppe Pte Ltd, SingPost Investments Pte Ltd, SingPost Storage Company Limited, General Storage Company Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd and Lock+Store (Tanjong Pagar) Pte Ltd. He is also a director of The Innovations Group, Inc, Proiam, Inc, Shenzhen 4PX Express Co., Limited, 4PX Worldwide Express Co., Limited and Efficient E-Solutions 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.

Mr Woo Keng Leong, 57
Executive Vice President/Head of Postal Services

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, DataPost (HK) Private Limited and Novation Solutions Limited and an Executive Director of Quantium Solutions International Pte Ltd. He also sits on the boards of Singapore Post Enterprise Private Limited, SingPost Storage Company Limited, General Storage Company Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, ePDS, Inc, 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.

PROFILE OF KEY EXECUTIVES

Mr Loh Choo Beng, 52
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 served as board member on the Intellectual Property Office of Singapore and its Audit Committee from 1 April 2009 to 31 March 2013. Mr Loh graduated from the National University of Singapore with a Bachelor of Business Administration degree.

Mr Thijs Sommen, 37
Executive Vice President (Group Logistics)

Mr Sommen joined SingPost in 2011 to head the Logistics business and also to helm Quantium Solutions International Pte Ltd. He is tasked to lead and transform Quantium from a cross-border mail company to a regional logistics company and to align its processes, operations and IT support group-wide. He joined SingPost from National Air Services, Saudi Arabia, where he was the Head of Strategy and Planning. Prior to this, he has worked for close to 10 years in McKinsey & Company consulting logistics and transportation clients both in Asia as well as in Europe. Mr Sommen obtained his Masters in Business Administration from the INSEAD Business School and a Bachelor in Business Administration in Applied Economics from the University of Antwerp.

Dr Sascha Hower, 34
Chief Operations Officer

Dr Hower joined SingPost in 2012 to oversee the optimisation and synergies across all operations within the SingPost group of companies. Prior to joining SingPost, he was a Junior Partner (Associate Principal) with McKinsey & Company in Düsseldorf, Germany. He was a core member of its Global Postal Leadership Group as well as the Transport & Logistics practice. His main focus during his 7 years with McKinsey & Company was on operational transformations and performance turnarounds of several postal operators both in Europe and Asia. He was also involved in multiple key projects with SingPost during that time. Dr Hower obtained his Doctorate degree in Corporate Finance and Taxation from the University of Bayreuth (Germany).

STATUTORY REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

For the financial year ended 31 March 2013

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2013 and the balance sheet of the Company as at 31 March 2013.

DIRECTORS

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

Mr Lim Ho Kee (Chairman)
Dr Wolfgang Baier
Mr Keith Tay Ah Kee
Mr Kenneth Michael Tan Wee Kheng
Mr Tan Yam Pin
Mr Zulkifli Bin Baharudin
Professor Low Teck Seng
Mr Michael James Murphy
Mr Bill Chang York Chye

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 63 to 68 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 DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT 31.3.2013	AT 1.4.2012	AT 31.3.2013	AT 1.4.2012
Company Singapore Post Limited (No. of ordinary shares)				
Mr Lim Ho Kee	**428,350**	428,350	**1,300,000** (1)	1,300,000 (1)
Mr Keith Tay Ah Kee	**128,350**	128,350	**-**	-
Mr Kenneth Michael Tan Wee Kheng	**230,000**	230,000	**-**	60,000 (2)
Mr Tan Yam Pin	**500,000**	500,000	**-**	-
Professor Low Teck Seng	**-**	-	**60,000** (2)	60,000 (2)
Dr Wolfgang Baier	**50,000**	-	**-**	-

(1) Deemed interests through a trust arrangement where Mr Lim is a beneficiary of the trust
(2) 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 63 to 68 of this report.

	NUMBER OF UNISSUED ORDINARY SHARES UNDER OPTION HELD BY DIRECTOR	
	AT 31.3.2013	AT 1.4.2012
Mr Lim Ho Kee	**1,888,000**	817,000
Dr Wolfgang Baier	**6,650,000**	2,200,000

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2013 were the same as those as at 31 March 2013.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that during the financial year, payments were made to Postea, Inc., Proiam, Inc., Innovations Group, 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 Company. Proiam, Inc., Innovations Group, Inc. and Proiam Asia Pacific Pte Ltd are related corporations of Postea, Inc..

SHARE OPTIONS

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as "The Scheme". The Scheme is administered by the Compensation Committee comprising Mr Lim Ho Kee (Chairman[1]), Mr Zulkifli Bin Baharudin and Mr Bill Chang York Chye during the financial year ended 31 March 2013.

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

1 Mr Lim Ho Kee took over the chairmanship of Compensation Committee from Mr Zulkifli Bin Baharudin on 1 July 2012

The principal terms of The Scheme are as follows:

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

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

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

- The vesting schedule for the share options granted to eligible employees (including executive directors) 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, 25 February 2011 and 15 March 2013, 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

- 100% of the share options granted on 24 October 2007 and 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

- 100% of the share options granted on 15 March 2013 vest after one year from the date of grant and are exercisable for a period of ten years.

- 100% of the 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.

- On 11 May 2012, a one-time grant of performance share options was made to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Company Group's profit and target share price performance.

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

Since the adoption of the Scheme to 31 March 2012, a total of 79,560,936 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 2013, 28,171,000 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:

DIRECTORS' REPORT

For the financial year ended 31 March 2013

DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE [1]	NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING BALANCE AT 1.4.12 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.13 ('000)
Options Granted Under Singapore Post Share Options Scheme For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	1	-	-	-	1
19.07.04 [2]	20.07.05 to 19.07.14	S$0.731	8	-	8	-	-
01.07.05	02.07.06 to 01.07.15	S$0.923	583	-	142	-	441
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	1,293	-	166	119	1,008
26.06.07	27.06.08 to 26.06.17	S$1.278	2,430	-	-	188	2,242
24.10.07 [3]	25.10.10 to 24.10.13	S$1.216	2,025	-	-	180	1,845
30.06.08	01.07.09 to 30.06.18	S$1.100	3,067	-	535	110	2,422
29.06.09	30.06.10 to 29.06.19	S$0.890	3,701	-	1,487	176	2,038
13.01.10 [3]	14.01.13 to 13.01.16	S$1.020	800	-	260	-	540
29.06.10	30.06.11 to 29.06.20	S$1.140	5,635	-	155	370	5,110
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
01.04.11	02.04.12 to 01.04.21	S$1.160	100	-	-	-	100
11.04.11	12.04.12 to 11.04.21	S$1.160	150	-	-	-	150
26.07.11	27.07.12 to 26.07.21	S$1.100	8,285	-	268	908	7,109
03.01.12	04.01.13 to 03.01.22	S$0.940	450	-	12	-	438
19.03.12	20.03.13 to 19.03.22	S$0.980	200	-	-	-	200
11.05.12	12.05.13 to 31.03.16	S$1.030	-	13,200	-	-	13,200
10.05.12	11.05.13 to 11.05.22	S$1.030	-	200	-	-	200
			31,428	13,400	3,033	2,051	39,744

Options Granted Under Singapore Post Share Options Scheme For non-executive directors							
15.07.11	16.07.12 to 15.07.16	S$1.130	817	-	-	-	817
			817	-	-	-	817
Options Granted Under Singapore Post Share Options Scheme 2012 For employees (including executive directors)							
10.08.12	11.08.13 to 10.08.22	S$1.070	-	12,400	-	127	12,273
03.09.12	04.09.13 to 03.09.22	S$1.080	-	100	-	-	100
15.11.12	16.11.13 to 15.11.22	S$1.140	-	200	-	-	200
15.03.13	16.03.14 to 15.03.23	S$1.220	-	1,000	-	-	1,000
			-	13,700	-	127	13,573
For non-executive directors							
11.07.12	12.07.13 to 11.07.17	S$1.050	-	1,071	-	-	1,071
			-	1,071	-	-	1,071
Total Share Options			**32,245**	**28,171**	**3,033**	**2,178**	**55,205**

(1) 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.

(2) All outstanding share options granted on 19 July 2004 had been exercised before the expiry date of 19 July 2014.

(3) Options, with a 3-year lock-in period, were granted on 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.

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.

DIRECTORS' REPORT
For the financial year ended 31 March 2013

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 2013 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.

DIRECTORS' REPORT
For the financial year ended 31 March 2013

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

Dr Wolfgang Baier
Director

Singapore
8 May 2013

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2013

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 74 to 196 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 2013, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Mr Lim Ho Kee
Chairman

Dr Wolfgang Baier
Director

Singapore
8 May 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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 74 to 196, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 control. 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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Singapore Post Limited

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 2013, and of 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, 8 May 2013

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2013

	NOTE	GROUP 2013 S$'000	GROUP 2012 S$'000
Revenue	4	**658,760**	578,518
Other income and gains (net)			
- Rental and property-related income	4	**42,943**	42,343
- Miscellaneous	4	**9,740**	11,487
Labour and related expenses	5	**(205,925)**	(182,458)
Volume-related expenses	6	**(202,086)**	(157,709)
Administrative and other expenses	7	**(79,624)**	(66,249)
Depreciation, amortisation and impairment		**(36,317)**	(30,214)
Selling expenses		**(9,008)**	(9,449)
Finance expenses	8	**(13,942)**	(13,255)
Total expenses		**(546,902)**	(459,334)
Share of profit of associated companies and joint ventures		**2,432**	664
Profit before income tax		**166,973**	173,678
Income tax expense	9	**(30,430)**	(31,645)
Total profit		**136,543**	142,033
Profit attributable to:			
Equity holders of the Company		**136,481**	141,974
Non-controlling interests		**62**	59
		136,543	142,033
Earnings per share	10		
- Basic		**6.44 cents**	7.41 cents
- Diluted		**6.43 cents**	7.40 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

	GROUP	
	2013 S$'000	2012 S$'000
Total profit	**136,543**	142,033
Other comprehensive loss (net of tax):		
- Available for sale financial assets - fair value (losses)/gains	**(83)**	81
- Currency translation differences arising from consolidation	**54**	(621)
- Reclassification of currency translation reserves on partial disposal of shares in a joint venture	**29**	-
- Reclassification of currency translation reserves on additional share purchase of a subsidiary	**-**	77
Other comprehensive loss for the year (net of tax)	**-**	(463)
Total comprehensive income for the year	**136,543**	141,570
Total comprehensive income attributable to:		
Equity holders of the Company	**136,426**	141,434
Non-controlling interests	**117**	136
	136,543	141,570

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

BALANCE SHEETS

As at 31 March 2013

		GROUP		COMPANY	
	NOTE	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**628,307**	617,357	**592,553**	599,285
Trade and other receivables	12	**130,055**	95,481	**136,420**	101,385
Financial assets	13	**16,577**	74,793	**16,485**	74,793
Inventories		**4,163**	1,976	**1,099**	1,062
Derivative financial instruments	14	**62**	-	**62**	-
Other current assets	15	**11,667**	9,672	**3,872**	3,919
		790,831	799,279	**750,491**	780,444
Non-current assets					
Trade and other receivables	16	**5,669**	1,928	**60,186**	190
Financial assets	13	**11,523**	14,316	**11,102**	14,316
Investments in associated companies and joint ventures	18	**94,260**	90,699	**24,793**	23,670
Investments in subsidiaries	19	**-**	-	**184,211**	147,111
Investment properties	20	**222,656**	191,777	**195,408**	202,026
Property, plant and equipment	21	**235,900**	237,953	**204,437**	212,389
Intangible assets	22	**193,739**	87,677	**11,077**	144
Derivative financial instruments	14	**6,739**	6,031	**6,739**	6,031
Deferred income tax assets		**632**	402	**-**	-
Other non-current assets		**393**	126	**32**	126
		771,511	630,909	**697,985**	606,003
Total assets		**1,562,342**	1,430,188	**1,448,476**	1,386,447

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

BALANCE SHEETS

As at 31 March 2013

	NOTE	GROUP 2013 S$'000	GROUP 2012 S$'000	COMPANY 2013 S$'000	COMPANY 2012 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	23	**271,469**	211,461	**259,196**	203,436
Borrowings	24	**316,422**	-	**300,062**	-
Deferred gain on intellectual property rights	25	**-**	1,564	**-**	1,564
Deferred income	26	**322**	162	**322**	162
Current income tax liabilities	9	**31,903**	32,691	**27,504**	29,845
		620,116	245,878	**587,084**	235,007
Non-current liabilities					
Trade and other payables	23	**32,494**	-	**-**	-
Borrowings	24	**220,128**	505,719	**206,529**	505,719
Deferred income	26	**455**	777	**455**	777
Deferred income tax liabilities	27	**21,552**	18,012	**18,065**	16,097
		274,629	524,508	**225,049**	522,593
Total liabilities		**894,745**	770,386	**812,133**	757,600
NET ASSETS		**667,597**	659,802	**636,343**	628,847

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

BALANCE SHEETS

As at 31 March 2013

		GROUP		COMPANY	
	NOTE	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**121,109**	120,256	**121,109**	120,256
Treasury shares	28	**(43,562)**	(46,058)	**(43,562)**	(46,058)
Retained earnings		**241,285**	237,815	**207,005**	203,665
Other reserves	30	**1,830**	971	**4,965**	4,158
		320,662	312,984	**289,517**	282,021
Perpetual securities	29	**346,826**	346,826	**346,826**	346,826
		667,488	659,810	**636,343**	628,847
Non-controlling interests		**109**	(8)	**-**	-
Total equity		**667,597**	659,802	**636,343**	628,847

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

		ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY								
	NOTE	SHARE CAPITAL S$'000	TREASURY SHARES S$'000	RETAINED EARNINGS S$'000	OTHER RESERVES S$'000	TOTAL S$'000	PERPETUAL SECURITIES S$'000	TOTAL S$'000	NON-CON-TROLLING INTERESTS S$'000	TOTAL EQUITY S$'000
2013										
Beginning of financial year		120,256	(46,058)	237,815	971	312,984	346,826	659,810	(8)	659,802
Transfer to statutory reserves	30(b)(iv)	-	-	(24)	24	-	-	-	-	-
Distribution paid on perpetual securities	29	-	-	-	-	-	(14,874)	(14,874)	-	(14,874)
Dividends	32	-	-	(118,113)	-	(118,113)	-	(118,113)	-	(118,113)
Total comprehensive income/(loss) for the year		-	-	121,607	(55)	121,552	14,874	136,426	117	136,543
Employee share option scheme:										
- Value of employee services	30(b)(i)	-	-	-	1,267	1,267	-	1,267	-	1267
- New shares issued	30(b)(i)	853	-	-	(79)	774	-	774	-	774
- Treasury shares re-issued	28	-	2,496	-	(298)	2,198	-	2,198	-	2,198
End of financial year		**121,109**	**(43,562)**	**241,285**	**1,830**	**320,662**	**346,826**	**667,488**	**109**	**667,597**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

		ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY								
	NOTE	SHARE CAPITAL S$'000	TREASURY SHARES S$'000	RETAINED EARNINGS S$'000	OTHER RESERVES S$'000	TOTAL S$'000	PERPETUAL SECURITIES S$'000	TOTAL S$'000	NON-CON-TROLLING INTERESTS S$'000	TOTAL EQUITY S$'000
2012										
Beginning of financial year		118,789	(9,695)	216,171	883	326,148	-	326,148	6,164	332,312
Additional investment in a subsidiary		-	-	-	-	-	-	-	(6,308)	(6,308)
Issue of perpetual securities	29	-	-	-	-	-	345,603	345,603	-	345,603
Dividends	32	-	-	(119,107)	-	(119,107)	-	(119,107)	-	(119,107)
Total comprehensive income/(loss) for the year		-	-	140,751	(540)	140,211	1,223	141,434	136	141,570
Employee share option scheme:										
- Value of employee services	30(b)(i)	-	-	-	779	779	-	779	-	779
- New shares issued	30(b)(i)	1,467	-	-	(151)	1,316	-	1,316	-	1,316
Purchase of treasury shares	28	-	(36,363)	-	-	(36,363)	-	(36,363)	-	(36,363)
End of financial year		**120,256**	**(46,058)**	**237,815**	**971**	**312,984**	**346,826**	**659,810**	**(8)**	**659,802**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

		GROUP	
	NOTE	2013 S$'000	2012 S$'000
Cash flows from operating activities			
Total profit		**136,543**	142,033
Adjustments for:			
Income tax expense		**30,430**	31,645
Amortisation of deferred gain on intellectual property rights		**(1,564)**	(6,252)
Depreciation and amortisation – Net		**31,305**	30,554
Net gain on disposals of investments, property, plant and equipment		**(1,081)**	(613)
Share option expense		**1,267**	779
Interest expense		**12,732**	12,509
Interest income		**(4,130)**	(3,345)
Share of profit of associated companies and joint ventures		**(2,432)**	(664)
Write-off of intangible assets		**5,798**	-
		72,325	64,613
Operating cash flow before working capital changes		**208,868**	206,646
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
- Inventories		**552**	(1,057)
- Trade and other receivables		**(16,565)**	(12,519)
- Trade and other payables		**39,904**	17,039
Cash generated from operations		**232,759**	210,109
Income tax paid		**(29,769)**	(33,480)
Net cash provided by operating activities		**202,990**	176,629

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

	NOTE	GROUP 2013 S$'000	GROUP 2012 S$'000
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	37	**(92,436)**	-
Additional investment in a subsidiary		**-**	(6,000)
Additional investment in an associated company		**(1,123)**	-
Acquisition of an intangible asset		**(11,752)**	-
Additions to property, plant and equipment		**(12,688)**	(26,146)
Dividend received from associated companies		**448**	448
Dividend received from a joint venture company		**-**	947
Interest received		**3,580**	3,374
Loan to an associated company		**(190)**	(375)
Investment in associated companies		**-**	(37,999)
Investment in a joint venture		**-**	(248)
Payment relating to Release Agreement with an associated company		**(1,224)**	-
Proceeds from partial divestment of shares in a joint venture		**914**	-
Proceeds from disposal of property, plant and equipment		**200**	1,138
Proceeds from maturity of financial assets, held-to-maturity		**90,725**	68,611
Purchase of financial assets, held-to-maturity		**(29,102)**	(81,148)
Repayment of loans by an associated company		**661**	-
Net cash used in investing activities		**(51,987)**	(77,398)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

	NOTE	GROUP 2013 S$'000	GROUP 2012 S$'000
Cash flows from financing activities			
Dividends paid to shareholders		**(118,113)**	(119,107)
Distribution paid to perpetual securities		**(14,874)**	-
Interest paid		**(9,587)**	(12,541)
Proceeds from issuance of ordinary shares		**774**	1,316
Proceeds from re-issuance of treasury shares		**2,198**	-
Proceeds from grants		**-**	484
Proceeds from issuance of perpetual securities		**-**	345,603
Purchase of treasury shares		**-**	(36,363)
Repayment of bank loan		**(451)**	-
Net cash (used in)/provided by financing activities		**(140,053)**	179,392
Net increase in cash and cash equivalents		**10,950**	278,623
Cash and cash equivalents at beginning of financial year		**617,357**	338,734
Cash and cash equivalents at end of financial year	11	**628,307**	617,357

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

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 and principal place of business 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.

The Group acquired control of the following companies during the financial year (Note 37):

- Novation Solution Limited and its subsidiaries. It is a full-service security printing and transaction mail provider.
- General Storage Company Pte Ltd and its subsidiaries. The principal activities of the group is relating to provision of warehousing, storage and logistics services.
- Famous Holding Pte Ltd and its subsidiaries. The principal activities of the group is relating to provision of freight forwarder services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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 2013

On 1 April 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

Interest income is recognised on a time-proportion basis using the effective interest method.

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

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

2.3 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. Non-controlling interests are recognised to the extent the risks and rewards of ownership of those shares remain with them. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals of subsidiaries or businesses*

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

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

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

(b) *Transactions with non-controlling interests*

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

(c) *Associated companies and joint ventures*

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

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

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

2.4 Property, plant and equipment

(a) Measurement

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

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

(b) Depreciation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation (continued)

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(a) *Goodwill on acquisitions* (continued)

Goodwill on acquisition of subsidiaries and businesses 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 relationships*

Customer relationships acquired in a business combination is recognised at fair value at the acquisition date. The customer relationships 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 relationships.

(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) *Acquired software licence*

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

(e) *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 property

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

Investment property is 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

The residual values, useful lives and depreciation method of investment property 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 property is 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 such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(a) Goodwill

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(a) *Goodwill* (continued)

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 inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(b) *Intangible assets* (continued)
Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint ventures (continued)

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

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

2.9 Loans and receivables

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other financial assets

(a) *Classification*

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

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

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

(b) *Recognition and derecognition*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other financial assets (continued)

(c) *Initial measurement*

Other financial assets 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.

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

(e) *Impairment*

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

(i) *Held-to-maturity financial assets*

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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other financial assets (continued)

(e) *Impairment* (continued)

(ii) *Available-for-sale financial assets*

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

2.11 Borrowings

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

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

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

2.12 Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Trade and other payables (continued)

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

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 quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Operating leases (continued)

(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 for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Accounting policies of inventories for e-commerce and electronic printing are not disclosed as the balance at 31 March 2013 is insignificant (31 March 2012: Nil).

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

(b) Share-based compensation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Currency translation (continued)

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

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

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

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

2.23 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 carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Share capital and treasury shares (continued)

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 Perpetual securities

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

2.25 Dividends to Company's shareholders

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

2.26 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)).

An impairment charge of S$5,798,000 for intellectual property right is recognised by management in the financial year ended 31 March 2013, which reduced the carrying amount of intellectual property right from S$5,798,000 to NIL.

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

The Group reviews the residual values and useful lives of property, plant and equipment at each balance sheet date based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2013 was S$236.0 million (31 March 2012: S$238.0 million). There were no significant revision to the estimated residual values and useful lives as at 31 March 2013 and 2012.

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

(c) Fair value estimation on unquoted financial assets

As at 31 March 2013, 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 NIL (2012: S$8.5 million). The Group has developed a valuation model for fair valuing embedded derivatives related to such investments 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 2013.

4. REVENUE AND OTHER INCOME AND GAINS (NET)

	GROUP	
	2013 S$'000	2012 S$'000
Revenue from services rendered	**648,732**	570,272
Sale of products	**10,028**	8,246
Revenue	**658,760**	578,518
Other income and gains (net):		
Rental and property-related income	**42,943**	42,343
Interest income		
- Bank deposits	**2,951**	985
- Financial assets, held-to-maturity	**983**	2,344
- Others	**196**	16
	4,130	3,345
Miscellaneous		
- Currency exchange gain (net)	**1,583**	1,688
- Net gain on disposal of investments, property, plant and equipment	**1,083**	613
- Amortisation of deferred gain on intellectual property (Note 25)	**1,564**	6,252
- Others	**1,380**	(411)
	5,610	8,142
Other income and gains (net)	**52,683**	53,830
	711,443	632,348

5. LABOUR AND RELATED EXPENSES

	GROUP 2013 S$'000	GROUP 2012 S$'000
Wages and salaries	**131,069**	108,674
Employer's contribution to defined contribution plans including Central Provident Fund	**11,918**	13,807
Share options expense (Note 30)	**1,267**	779
Other benefits	**6,568**	6,025
Temporary and contract staff cost	**57,935**	53,173
Government Grant – special employment credit	**(2,832)**	-
	205,925	182,458

6. VOLUME-RELATED EXPENSES

	GROUP 2013 S$'000	GROUP 2012 S$'000
Traffic expenses	**136,343**	103,865
Mail outsourcing services and cost of sales	**65,743**	53,844
	202,086	157,709

7. ADMINISTRATIVE AND OTHER EXPENSES

	GROUP 2013 S$'000	GROUP 2012 S$'000
Included in administrative and other expenses are the following:		
Repair and maintenance expenses	**13,661**	12,586
Rental on operating leases	**14,807**	10,880

8. FINANCE EXPENSES

	GROUP	
	2013 S$'000	**2012 S$'000**
Interest expense:		
- Bonds	**9,462**	9,519
- Fixed rate notes	**7,030**	7,019
- Bank borrowings	**211**	-
Effect of hedging using interest rate swaps	**(3,971)**	(4,029)
	12,732	12,509
Currency exchange gains – net	**1,210**	746
	13,942	13,255

9. INCOME TAXES

(a) Income tax expense

	GROUP	
	2013 S$'000	**2012 S$'000**
Tax expense attributable to profit is made up of:		
- Current income tax	**28,426**	30,992
- Deferred income tax (Note 27)	**1,971**	1,208
	30,397	32,200
Under/(over) provision in preceding financial years:		
- Current income tax	**45**	(572)
- Deferred income tax (Note 27)	**(12)**	17
	30,430	31,645

9. INCOME TAXES (continued)

(a) Income tax expense (continued)

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

	GROUP	
	2013 S$'000	**2012 S$'000**
Profit before tax	**166,973**	173,678
Tax calculated at a tax rate of 17% (2012: 17%)	**28,386**	29,525
Effects of:		
Different tax rates in other countries	**(1,168)**	(850)
Tax calculated on share of results of associated companies and joint ventures	**(412)**	(112)
Withholding tax	**266**	235
Singapore statutory stepped income exemption	**(124)**	(83)
Tax incentive	**(748)**	-
Income not subject to tax	**(2,765)**	(168)
Expenses not deductible for tax purposes	**4,544**	2,117
Utilisation of tax losses and capital allowance	**(65)**	(9)
Deferred income tax assets not recognised	**2,483**	1,545
Tax charge	**30,397**	32,200

9. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	GROUP		COMPANY	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Beginning of financial year	**32,691**	35,944	**29,845**	32,950
Acquisition of subsidiaries (Note 37)	**466**	-	**-**	-
Currency translation difference	**44**	(193)	**-**	-
Income tax paid	**(29,769)**	(33,480)	**(27,396)**	(31,844)
Tax expense	**28,426**	30,992	**25,055**	28,739
Under/(over) provision in preceding financial years	**45**	(572)	**-**	-
End of financial year	**31,903**	32,691	**27,504**	29,845

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	
	2013 S$'000	**2012 S$'000**
Net profit attributable to equity holders of the Company (S$'000)	**136,481**	141,974
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,874)**	(1,223)
Net profit attributable to ordinary shareholders of the Company	**121,607**	140,751
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,889,905**	1,900,207
Basic earnings per share (cents per share)	**6.44**	7.41

(b) Diluted earnings per share

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

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

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share is calculated as follows:

	GROUP	
	2013 S$'000	**2012 S$'000**
Net profit attributable to equity holders of the Company (S$'000)	**136,481**	141,974
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,874)**	(1,223)
Net profit attributable to ordinary shareholders of the Company	**121,607**	140,751
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,889,905**	1,900,207
Adjustment for share options ('000)	**987**	642
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,890,892**	1,900,849
Diluted earnings per share (cents per share)	**6.43**	7.40

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Cash at bank and on hand	**172,328**	292,406	**140,566**	276,682
Deposits with financial institutions	**455,979**	324,951	**451,987**	322,603
	628,307	617,357	**592,553**	599,285

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

12. TRADE AND OTHER RECEIVABLES – CURRENT

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Trade receivables				
- Subsidiaries	**-**	-	**67,179**	43,204
- Joint ventures	**292**	441	**-**	-
- Associated company	**13,802**	5,933	**13,802**	5,933
- Companies related by a substantial shareholder	**4,398**	4,737	**3,820**	4,215
- Non-related parties	**111,859**	81,861	**48,612**	45,462
	130,351	92,972	**133,413**	98,814
Less: Allowance for impairment of receivables – non-related parties	**(4,618)**	(2,730)	**(1,268)**	(1,339)
Trade receivables – net	**125,733**	90,242	**132,145**	97,475
Loan to associated companies	**2,147**	2,612	**-**	-
Less: Non-current portion (Note 16)	**(1,471)**	(1,738)	**-**	-
	676	874	**-**	-
Other receivables	**884**	2,649	**1,536**	2,210
Interest receivable	**837**	387	**814**	371
Accrued interest receivables, net on interest rate swap contracts	**1,888**	1,276	**1,888**	1,276
Staff loans (Note 17)	**37**	53	**37**	53
	130,055	95,481	**136,420**	101,385

The loan of S$1,961,000 to an associated company is unsecured and repayable in full by 31 May 2015. Interest is fixed at 1.5% (2012:1.5%) per annum for the first three years and at 8.5% (2012: 8.5%) per annum thereafter.

The loan of S$186,000 to an associated company is unsecured, interest free and repayable in full by 24 April 2013.

13. FINANCIAL ASSETS

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Current financial assets, held to maturity				
Unquoted securities				
- Equity-linked notes	**-**	8,502	**-**	8,502
- Interest rate-linked notes	**-**	50,000	**-**	50,000
Quoted securities				
- Bonds	**16,262**	15,822	**16,262**	15,822
	16,262	74,324	**16,262**	74,324
Current financial assets, available-for-sale				
- Equity security – quoted	**223**	469	**223**	469
- Equity instrument – unquoted	**92**	-	**-**	-
	16,577	74,793	**16,485**	74,793
Non-current financial assets, held to maturity				
Quoted securities				
- Bonds	**11,176**	14,316	**11,102**	14,316
Non-current financial assets, available-for-sale				
- Equity instrument – unquoted	**347**	-	**-**	-
	11,523	14,316	**11,102**	14,316

13. FINANCIAL ASSETS (continued)

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

	GROUP		COMPANY	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Current financial assets, held to maturity				
Unquoted securities				
- Equity-linked notes	-	8,478	-	8,478
- Interest rate-linked notes	-	50,000	-	50,000
Quoted securities				
- Bonds	**16,229**	15,834	**16,229**	15,834
	16,229	74,312	**16,229**	74,312
Current financial assets, available-for-sale				
- Equity security – quoted	**223**	469	**223**	469
- Equity instrument – unquoted	**92**	-	-	-
	16,544	74,781	**16,452**	74,781
Non-current financial assets, held to maturity				
Quoted securities				
- Bonds	**11,252**	14,347	**11,178**	14,347
Non-current financial assets, available-for-sale				
- Equity instrument – unquoted	**347**	-	-	-
	11,599	14,347	**11,178**	14,347

13. FINANCIAL ASSETS (continued)

The fair values of unquoted securities are determined by using a valuation model with adjusted market observable inputs at 31 March 2013. 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. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP AND COMPANY			
	CONTRACT NOTIONAL AMOUNT 2013 S$'000	FAIR VALUE ASSETS/ (LIABILITIES) 2013 S$'000	CONTRACT NATIONAL AMOUNT 2012 S$'000	FAIR VALUE ASSETS/ (LIABILITIES) 2012 S$'000
Fair value hedges				
Interest rate swaps	400,000	7,021	400,000	10,747
Other derivatives				
Interest rate swaps	210,000	(220)	210,000	(4,716)
Total derivative financial instruments	610,000	6,801	610,000	6,031

Interest rate swaps are transacted to manage the interest rate risks arising from the bonds that will mature on 11 April 2013 and 30 March 2020.

Changes in the fair value of interest rate swaps that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged item relating to the hedged risk.

Fair value of the interest rate swaps designated as fair value hedges as at 31 March 2013 were S$7.02 million (2012: S$10.75 million) while the fair value adjustment on the hedged item attributable to interest rate risks were S$6.80 million (2012: S$6.03 million)(Note 24). The movement of the fair value are included in finance expenses in the statement of comprehensive income.

14. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Current	**62**	-
Non-current	**6,739**	6,031

15. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Deposits	**3,752**	3,269	**1,577**	1,435
Prepayments	**7,915**	6,403	**2,295**	2,484
	11,667	9,672	**3,872**	3,919

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Loan to subsidiary company	**-**	-	**60,000**	-
Loan to an indirect associated company (Note 12)	**1,471**	1,738	**-**	-
Loan to a shareholder of a subsidiary	**4,012**	-	**-**	-
Staff loans (Note 17)	**186**	190	**186**	190
	5,669	1,928	**60,186**	190

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		INTEREST RATES PER ANNUM	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000	2013 %	2012 %
Loan to an indirect associated company	**1,446**	1,662	**-**	-	**0.6**	1.1
Loan to a shareholder of a subsidiary	**3,943**	-	**-**	-	**0.6**	-
Staff loans	**177**	178	**177**	178	**1.0**	1.4

17. STAFF LOANS

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Not later than one year (Note 12)	**37**	53
Later than one year (Note 16)	**186**	190
- Between one and five years	**54**	189
- Later than five years	**132**	1
	223	243

As at 31 March 2013 and 31 March 2012, no loan is made to the key management personnel of the Group.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Investments in associated companies (Note (a))	**93,547**	89,637	**24,545**	23,422
Investments in joint ventures (Note (b))	**713**	1,062	**248**	248
	94,260	90,699	**24,793**	23,670

(a) Associated companies

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Equity investment at cost			**24,545**	23,422
Beginning of financial year	**89,637**	52,183		
Acquisition of full control of an associated company (Note 37(i)(c))	**8**	-		
Acquisition of an associated company during the year	**-**	37,999		
Additional investment in an associated company	**1,123**	-		
Reclassification from a joint venture	**372**			
Share of profit	**2,485**	577		
Dividends received	**(448)**	(448)		
Currency translation differences	**370**	(674)		
End of financial year	**93,547**	89,637		

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

(a) Associated companies (continued)

The summarised financial information of associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	GROUP	
	2013 S$'000	2012 S$'000
- Assets	**222,041**	259,671
- Liabilities	**(81,384)**	(137,136)
- Revenue	**501,116**	214,653
- Net profit	**12,235**	2,547

(i) As of the balance sheet date, the total fair value based on the published price quotation of Efficient E-Solutions Berhad is S$7,694,508 (31 March 2012: S$10,605,867).

Details of significant associated companies are provided in Note 40.

(b) Joint ventures

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Equity investments at cost			**248**	248
Beginning of financial year	**1,062**	1,705		
Acquisition of a joint venture during the year	**-**	248		
Partial divestment of shares in a joint venture	**59**	-		
Reclassification to associated company	**(372)**	-		
Share of (losses)/profits	**(53)**	87		
Dividends received	**-**	(947)		
Currency translation difference	**17**	(31)		
End of financial year	**713**	1,062		

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

(b) Joint ventures (continued)

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

	GROUP	
	2013 S$'000	**2012 S$'000**
Assets		
- Current assets	**571**	1,640
- Non-current assets	**299**	693
	870	2,333
Liabilities		
- Current liabilities	**(136)**	(932)
- Non-current liabilities	**(21)**	(339)
	(157)	(1,271)
Net assets	**713**	1,062
Sales	**1,356**	3,169
Expenses	**(1,386)**	(3,024)
Profit before tax	**(30)**	145
Income tax	**(23)**	(58)
Profit after tax	**(53)**	87

Details of the joint ventures are provided in Note 40.

19. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2013 S$'000	2012 S$'000
Equity investments at cost		
Beginning of financial year	**153,268**	147,268
Incorporation	**37,100**	-
Acquisition	**-**	6,000
	190,368	153,268
Less: Allowance for impairment	**(6,157)**	(6,157)
	184,211	147,111

20. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Cost				
Beginning of financial year	**274,468**	272,252	**289,222**	283,867
Acquisition of a subsidiary (Note 37)	**37,000**	-	**-**	-
Reclassifications (Note 21)	**(1,341)**	2,216	**(1,659)**	5,355
End of financial year	**310,127**	274,468	**287,563**	289,222
Accumulated depreciation				
Beginning of financial year	**82,691**	76,827	**87,196**	80,147
Depreciation charge	**4,780**	5,864	**4,959**	7,049
End of financial year	**87,471**	82,691	**92,155**	87,196
Net book value				
End of financial year	**222,656**	191,777	**195,408**	202,026

20. INVESTMENT PROPERTIES (continued)

The aggregate of fair value of the investment properties is based on independent professional valuation, was S$554.6 million (2012: S$483.0 million) and S$531.9 million (2012: S$497.0 million) respectively for the Group and the Company at the balance sheet date. The valuation was based on the respective property's highest-and-best-use using the Discounted Cash Flow method.

The following amounts are recognised in profit or loss:

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Rental and property-related income	**42,943**	42,343	**40,030**	40,009
Direct operating expenses arising from investment property that generated income	**(9,137)**	(10,844)	**(10,079)**	(12,835)
Direct operating expenses arising from investment property that did not generate income	**(2,217)**	(1,140)	**(2,401)**	(1,314)

21. PROPERTY, PLANT AND EQUIPMENT

GROUP 2013	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	82,728	179,867	89,071	159,062	14,876	525,604
Reclassifications (Note 20)	330	1,011	-	-	-	1,341
Additions	-	-	-	6,562	6,216	12,778
Acquisition of subsidiaries (Note 37)	63	-	-	7,773	-	7,836
Disposals	-	-	-	(6,217)	-	(6,217)
Transfers	-	216	5,385	11,515	(17,116)	-
Currency translation differences	-	-	-	(471)	-	(471)
End of financial year	83,121	181,094	94,456	178,224	3,976	540,871
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	19,412	70,266	82,999	114,974	-	287,651
Depreciation charge	1,241	4,875	1,322	16,294	-	23,732
Disposals	-	-	-	(6,153)	-	(6,153)
Currency translation differences	(3)	-	-	(256)	-	(259)
End of financial year	20,650	75,141	84,321	124,859	-	304,971
Net book value						
End of financial year	62,471	105,953	10,135	53,365	3,976	235,900

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

21. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP 2012	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	83,065	182,620	91,103	154,874	4,824	516,486
Reclassifications (Note 20)	(337)	(1,879)	-	-	-	(2,216)
Additions	-	-	-	8,989	15,647	24,636
Disposals	-	(874)	(2,032)	(10,146)	-	(13,052)
Transfers	-	-	-	5,595	(5,595)	-
Currency translation differences	-	-	-	(250)	-	(250)
End of financial year	82,728	179,867	89,071	159,062	14,876	525,604
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,348	66,609	79,800	111,045	-	275,802
Depreciation charge	1,064	4,014	5,230	14,042	-	24,350
Disposals	-	(357)	(2,031)	(9,978)	-	(12,366)
Currency translation differences	-	-	-	(135)	-	(135)
End of financial year	19,412	70,266	82,999	114,974	-	287,651
Net book value						
End of financial year	63,316	109,601	6,072	44,088	14,876	237,953

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY 2013	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	80,852	160,230	89,071	132,960	14,494	477,607
Reclassifications (Note 20)	345	1,314	-	-	-	1,659
Additions	-	-	-	3,405	6,192	9,597
Disposals	-	-	-	(3,482)	-	(3,482)
Transfers	-	216	5,385	11,425	(17,026)	-
End of financial year	81,197	161,760	94,456	144,308	3,660	485,381
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	19,009	64,762	82,999	98,448	-	265,218
Depreciation charge	1,190	4,266	1,322	12,410	-	19,188
Disposals	-	-	-	(3,462)	-	(3,462)
End of financial year	20,199	69,028	84,321	107,396	-	280,944
Net book value						
End of financial year	60,998	92,732	10,135	36,912	3,660	204,437

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY 2012	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	81,581	165,730	91,103	127,214	4,621	470,249
Reclassifications (Note 20)	(729)	(4,626)	-	-	-	(5,355)
Additions	-	-	-	5,901	15,468	21,369
Disposals	-	(874)	(2,032)	(5,750)	-	(8,656)
Transfers	-	-	-	5,595	(5,595)	-
End of financial year	80,852	160,230	89,071	132,960	14,494	477,607
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,046	62,652	79,800	93,078	-	253,576
Depreciation charge	963	2,467	5,230	10,983	-	19,643
Disposals	-	(357)	(2,031)	(5,613)	-	(8,001)
End of financial year	19,009	64,762	82,999	98,448	-	265,218
Net book value						
End of financial year	61,843	95,468	6,072	34,512	14,494	212,389

22 INTANGIBLE ASSETS

Composition:

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Goodwill on acquisitions (Note (a))	**179,874**	78,035	**-**	-
Customer relationships (Note (b))	**2,788**	3,700	**-**	-
Acquired licence (Note (c))	**108**	144	**108**	144
Acquired software licence (Note (d))	**10,969**	-	**10,969**	-
Intellectual property right (Note (e))	**-**	5,798	**-**	-
	193,739	87,677	**11,077**	144

(a) Goodwill on acquisitions

	GROUP	
	2013 S$'000	2012 S$'000
Cost		
Beginning of financial year	**78,035**	78,035
Acquisition of subsidiaries (Note 37)	**101,839**	-
End of financial year	**179,874**	78,035
Net book value	**179,874**	78,035

22 INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Impairment test for goodwill

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

	GROUP	
	2013 S$'000	2012 S$'000
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**12,431**	-
Famous Holdings Pte. Ltd.	**89,408**	-
Clout Shoppe Pte. Ltd.	**177**	177
	179,874	78,035

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.

22. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Key assumptions used for value-in-use calculations:

	QUANTIUM SOLUTIONS INTERNATIONAL PTE. LTD.	GENERAL STORAGE COMPANY PTE. LTD.	FAMOUS HOLDINGS PTE. LTD.
2013			
Average cash flow growth rate	5.0%	2.5%	6.5%
Terminal growth rate	1.0%	1.0%	3.0%
Discount rate	7.3%	8.0%	8.5%
2012			
Average cash flow growth rate	2.5%	-	-
Terminal growth rate	1.0%	-	-
Discount rate	7.3%	-	-

The above assumptions were used for the analysis of each material CGU. Management determined cash flow growth based on past performance and its expectations of the market development. The terminal growth rate of 1% that was used to extrapolate cash flows beyond the budget period did not exceed the long term average growth rate for the business in which the CGU operates.

The Group recorded no impairment charge for the year ended 31 March 2013 (2012: 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 relationships

	GROUP	
	2013 S$'000	2012 S$'000
Cost		
Beginning and end of financial year	**6,360**	6,360
Accumulated amortisation		
Beginning of financial year	**(2,660)**	(1,748)
Amortisation charge	**(912)**	(912)
End of financial year	**(3,572)**	(2,660)
Net book value	**2,788**	3,700

(c) Acquired licence

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Cost		
Beginning and end of financial year	**900**	900
Accumulated amortisation		
Beginning of financial year	**(756)**	(720)
Amortisation charge	**(36)**	(36)
End of financial year	**(792)**	(756)
Net book value	**108**	144

22. INTANGIBLE ASSETS (continued)

(d) Acquired software licence

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Cost		
Beginning and end of financial year	**11,752**	-
Accumulated amortisation		
Beginning of financial year	**-**	-
Amortisation charge	**(783)**	-
End of financial year	**(783)**	-
Net book value	**10,969**	-

(e) Intellectual property right

	GROUP	
	2013 S$'000	2012 S$'000
Cost		
Beginning and end of financial year	**5,798**	5,798
Accumulated impairment losses		
Beginning of financial year	**-**	-
Impairment charge	**(5,798)**	-
End of financial year	**(5,798)**	-
Net book value	**-**	5,798

22. INTANGIBLE ASSETS (continued)

(e) Intellectual property right (continued)

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.

During the financial year, the Group recognised an impairment loss of S$5,798,000 on intellectual property right. The impairment charge was determined based on an impairment review completed by management after a revision on the collaboration between the Company and the associated company.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Current				
Trade payables				
- Subsidiaries	**-**	-	**28,177**	11,199
- Companies related by a substantial shareholder	**608**	646	**565**	563
- Third parties	**99,506**	71,806	**82,788**	65,248
	100,114	72,452	**111,530**	77,010
Advance billings	**18,473**	16,913	**16,952**	16,398
Accrual for other operating expenses	**54,871**	47,493	**47,535**	39,449
Interest payable	**7,934**	4,489	**7,934**	4,489
Other creditors	**24,100**	14,049	**9,490**	10,204
Customers' deposits	**4,644**	4,426	**4,593**	4,374
Collections on behalf of third parties	**50,523**	42,331	**50,523**	42,331
Tender deposits	**10,810**	9,308	**10,639**	9,181
	271,469	211,461	**259,196**	203,436

23. TRADE AND OTHER PAYABLES (continued)

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Non-current				
Contingent consideration payable (Note 37(iii)(a))	**29,500**	-	**-**	-
Deferred lease	**1,089**	-	**-**	-
Accrual for other operating expenses	**1,905**	-	**-**	-
	32,494	-	**-**	-
Total trade and other payables	**303,963**	211,461	**259,196**	203,436

24. BORROWINGS

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Fair value hedges				
Borrowings at original carrying amount	**400,000**	400,000	**400,000**	400,000
Fair value adjustment attributable to the hedged risk	**6,801**	6,031	**6,801**	6,031
	406,801	406,031	**406,801**	406,031
Other borrowings				
	129,749	99,688	**99,790**	99,688
	536,550	505,719	**506,591**	505,719

24. BORROWINGS (continued)

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

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Current				
- Borrowings (secured)	**6,239**	-	**-**	-
- Borrowings (unsecured)	**310,183**	-	**300,062**	-
	316,422	-	**300,062**	-
Non-current				
- Borrowings (secured)	**13,305**	-	**-**	-
- Borrowings (unsecured)	**206,823**	505,719	**206,529**	505,719
	220,128	505,719	**206,529**	505,719
	536,550	505,719	**506,591**	505,719

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$37 million at the balance sheet date, or guaranteed by a director of a subsidiary.

The Group's unsecured borrowings mainly comprised mainly S$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010 and S$300 million 10-year bond issued in April 2003. Both the Notes and the bond are listed on the SGX-ST and carry a fixed interest rate of 3.5% per annum and 3.13% per annum respectively.

24. BORROWINGS (continued)

Fair value of non-current borrowings

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Non-current				
- Borrowings (secured)	**13,305**	-	**-**	-
- Borrowings (unsecured)	**206,823**	505,719	**206,529**	505,719
	220,128	505,719	**206,529**	505,719

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 34.

25. DEFERRED GAIN ON INTELLECTUAL PROPERTY RIGHTS

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Current		
Balance as at beginning of financial year	**1,564**	6,252
Transfer from non-current	**-**	1,564
Amount recognised as income during the financial year (Note 4)	**(1,564)**	(6,252)
Balance as at end of financial year	**-**	1,564
Non-current		
Balance as at beginning of financial year	**-**	1,564
Transfer to current	**-**	(1,564)
Balance as at end of financial year	**-**	-

26. 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 and non-current portion of the deferred income for the Group and the Company at the balance sheet date is S$322,000 (2012: S$162,000) and S$455,000 (2012: S$777,000).

27. DEFERRED INCOME TAXES

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

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Deferred income tax liabilities				
- To be settled within one year	**3,296**	1,713	**2,744**	1,578
- To be settled after one year	**18,256**	16,299	**15,321**	14,519
	21,552	18,012	**18,065**	16,097

Movement in the deferred income tax account is as follows:

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Beginning of financial year	**18,012**	16,793	**16,097**	14,909
Acquisition of subsidiaries	**1,574**	-	**-**	-
Currency translation differences	**7**	(6)	**-**	-
Tax charged to profit or loss	**1,959**	1,225	**1,968**	1,188
End of financial year	**21,552**	18,012	**18,065**	16,097

27. DEFERRED INCOME TAXES (continued)

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$4,603,000 (2012: S$7,802,000) and capital allowances of S$1,367,000 (2012: S$752,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

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

GROUP DEFERRED INCOME TAX LIABILITIES	ACCELERATED TAX DEPRECIATION S$'000	OTHERS S$'000	TOTAL S$'000
2013			
Beginning of financial year	**16,228**	**1,922**	**18,150**
Currency translation differences	**7**	**-**	**7**
Acquisition of subsidiaries (Note 37)	**1,453**	**121**	**1,574**
Charged to profit or loss	**1,462**	**433**	**1,895**
End of financial year	**19,150**	**2,476**	**21,626**
2012			
Beginning of financial year	15,071	1,892	16,963
Currency translation differences	(6)	-	(6)
Charged to profit or loss	1,163	30	1,193
End of financial year	16,228	1,922	18,150

27. DEFERRED INCOME TAXES (continued)

GROUP DEFERRED INCOME TAX ASSETS	PROVISIONS S$'000	TOTAL S$'000
2013		
Beginning of financial year	**(138)**	**(138)**
Charged to profit or loss	**64**	**64**
End of financial year	**(74)**	**(74)**
2012		
Beginning of financial year	(170)	(170)
Charged to profit or loss	32	32
End of financial year	(138)	(138)

COMPANY DEFERRED INCOME TAX LIABILITIES	ACCELERATED TAX DEPRECIATION S$'000	OTHERS S$'000	TOTAL S$'000
2013			
Beginning of financial year	**15,390**	**841**	**16,231**
Charged to profit or loss	**1,476**	**431**	**1,907**
End of financial year	**16,866**	**1,272**	**18,138**
2012			
Beginning of financial year	14,261	811	15,072
Charged to profit or loss	1,129	30	1,159
End of financial year	15,390	841	16,231

27. DEFERRED INCOME TAXES (continued)

COMPANY DEFERRED INCOME TAX ASSETS	PROVISIONS S$'000	TOTAL S$'000
2013		
Beginning of financial year	**(134)**	**(134)**
Charged to profit or loss	**61**	**61**
End of financial year	**(73)**	**(73)**
2012		
Beginning of financial year	(163)	(163)
Charged to profit or loss	29	29
End of financial year	(134)	(134)

28. SHARE CAPITAL AND TREASURY SHARES

	NUMBER OF ORDINARY SHARES		AMOUNT	
GROUP AND COMPANY	ISSUED SHARE CAPITAL '000	TREASURY SHARES '000	SHARE CAPITAL S$'000	TREASURY SHARES S$'000
2013				
Beginning of financial year	**1,931,654**	**(42,824)**	**120,256**	**(46,058)**
Employee share option scheme				
- New shares issued	**822**	**-**	**853**	**-**
- Treasury shares re-issued	**-**	**2,211**	**-**	**2,496**
End of financial year	**1,932,476**	**(40,613)**	**121,109**	**(43,562)**
2012				
Beginning of financial year	1,930,264	(8,597)	118,789	(9,695)
Treasury shares purchased	-	(34,227)	-	(36,363)
Employee share option scheme				
- New shares issued	1,390	-	1,467	-
End of financial year	1,931,654	(42,824)	120,256	(46,058)

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

(a) Treasury Shares

The Company acquired NIL (2012: 34,227,000) of its issued shares in the open market during the financial year. The total amount paid to acquire the shares was $NIL (2012: $36,363,000) and this was presented as a component within shareholders' equity.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(a) Treasury Shares (continued)

The Company re-issued 2,211,000 (2012: Nil) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices ranging from S$0.89 to S$1.10 (2012: Nil) each. The cost of the treasury shares re-issued amounted to S$2,198,000.

(b) Share Options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as "The Scheme". The Scheme is administered by the Compensation Committee comprising Mr Lim Ho Kee (Chairman [1]), Mr Zulkifli Bin Baharudin and Mr Bill Chang York Chye during the financial year ended 31 March 2013.

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

[1] Mr Lim Ho Kee took over the chairmanship of Compensation Committee from Mr Zulkifli Bin Baharudin on 1 July 2012

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

The principal terms of The Scheme are as follows:

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

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

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

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

- The vesting schedule for the share options granted to eligible employees (including executive directors) 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, 25 February 2011 and 15 March 2013, 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:

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

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

- 100% of the share options granted on 24 October 2007 and 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:

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

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

- 100% of the share options granted on 15 March 2013 vest after one year from the date of grant and are exercisable for a period of ten years.

- 100% of the 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.

- On 11 May 2012, a one-time grant of performance share options was made to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Company Group's profit and target share price performance.

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

Since the adoption of the Scheme to 31 March 2012, a total of 79,560,936 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 2013, 28,171,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE [1]	BALANCE AT 1.4.12 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.13 ('000)
Options Granted Under Singapore Post Share Options Scheme For employees (including executive directors)							
13.05.03	14.05.04 to 13.05.13	S$0.547	1	-	-	-	1
19.07.04 [2]	20.07.05 to 19.07.14	S$0.731	8	-	8	-	-
01.07.05	02.07.06 to 01.07.15	S$0.923	583	-	142	-	441
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	1,293	-	166	119	1,008
26.06.07	27.06.08 to 26.06.17	S$1.278	2,430	-	-	188	2,242
24.10.07 [3]	25.10.10 to 24.10.13	S$1.216	2,025	-	-	180	1,845
30.06.08	01.07.09 to 30.06.18	S$1.100	3,067	-	535	110	2,422
29.06.09	30.06.10 to 29.06.19	S$0.890	3,701	-	1,487	176	2,038
13.01.10 [3]	14.01.13 to 13.01.16	S$1.020	800	-	260	-	540
29.06.10	30.06.11 to 29.06.20	S$1.140	5,635	-	155	370	5,110
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
01.04.11	02.04.12 to 01.04.21	S$1.160	100	-	-	-	100
11.04.11	12.04.12 to 11.04.21	S$1.160	150	-	-	-	150
26.07.11	27.07.12 to 26.07.21	S$1.100	8,285	-	268	908	7,109
03.01.12	04.01.13 to 03.01.22	S$0.940	450	-	12	-	438
19.03.12	20.03.13 to 19.03.22	S$0.980	200	-	-	-	200
11.05.12	12.05.13 to 31.03.16	S$1.030	-	13,200	-	-	13,200
10.05.12	11.05.13 to 11.05.22	S$1.030	-	200	-	-	200
			31,428	13,400	3,033	2,051	39,744

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

			NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE [1]	BALANCE AT 1.4.12 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.13 ('000)
For non-executive directors							
15.07.11	16.07.12 to 15.07.16	S$1.130	817	-	-	-	817
			817	-	-	-	817
Options Granted Under Singapore Post Share Options Scheme 2012							
For employees (including executive directors)							
10.08.12	11.08.13 to 10.08.22	S$1.070	-	12,400	-	127	12,273
03.09.12	04.09.13 to 03.09.22	S$1.080	-	100	-	-	100
15.11.12	16.11.13 to 15.11.22	S$1.140	-	200	-	-	200
15.03.13	16.03.14 to 15.03.23	S$1.220	-	1,000	-	-	1,000
			-	13,700	-	127	13,573
For non-executive directors							
11.07.12	12.07.13 to 11.07.17	S$1.050	-	1,071	-	-	1,071
			-	1,071	-	-	1,071
Total Share Options			**32,245**	**28,171**	**3,033**	**2,178**	**55,205**

(1) 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.
(2) All outstanding share options granted on 19 July 2004 had been exercised before the expiry date of 19 July 2014.
(3) Options, with a 3-year lock-in period, were granted on 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.

Of the outstanding options for 55,204,977 (2012: 32,244,977) shares, 3,033,000 (2012: 1,390,000) options are exercisable as at 31 March 2013. Options exercised in the financial year ended 31 March 2013 resulted in 822,000 new ordinary shares (2012: 1,390,000) being issued at an average price of S$0.941 (2012: S$0.947). Options were exercised throughout the year. The weighted average share price during the financial year was S$1.11 (2012: S$1.04).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

The weighted average fair value of options granted during the financial year ended 31 March 2013, determined using the Trinomial option pricing model, was S$1,408,902 (2012: S$1,001,329). The significant inputs into the model were:

- Weighted average share price of S$1.047 (2012: S$1.089) at the grant date.
- Weighted average exercise price of S$1.056 (2012: S$1.095).
- Expected volatility of 21% (2012: 22%).
- Expected option life of 5 years (2012: 5 years).
- The annual risk-free interest rate of 0.5% (2012: 0.9%) per annum.

The model factored in discrete dividends based on expected yield of 5.7% (2012: 6.4%) 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.

29. PERPETUAL SECURITIES

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

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

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

During the financial year, distributions amounting to S$14,874,000 were made to perpetual securities holders.

30. OTHER RESERVES

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
(a) Composition				
Share option reserve	**4,967**	4,077	**4,967**	4,077
Fair value reserve	**(2)**	81	**(2)**	81
Currency translation reserve	**(3,166)**	(3,194)	**-**	-
Other capital reserve	**31**	7	**-**	-
	1,830	971	**4,965**	4,158
(b) Movements				
(i) Share option reserve				
Beginning of financial year	**4,077**	3,449	**4,077**	3,449
Employee share option scheme:				
- Value of employee services (Note 5)	**1,267**	779	**1,267**	779
- Issue of shares	**(79)**	(151)	**(79)**	(151)
- Re-issuance of treasury shares	**(298)**	-	**(298)**	-
End of financial year	**4,967**	4,077	**4,967**	4,077
(ii) Fair value reserve				
Beginning of financial year	**81**	-	**81**	-
Fair value (loss)/gain	**(83)**	81	**(83)**	81
End of financial year	**(2)**	81	**(2)**	81

30. OTHER RESERVES (continued)

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
(iii) Currency translation reserve				
Beginning of financial year	**(3,194)**	(2,573)	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**54**	(621)	**-**	-
Reclassification on partial disposal of shares in foreign joint venture	**29**	-	**-**	-
Reclassification on additional share purchase of foreign subsidiary	**-**	77	**-**	-
Less: Non-controlling interests	**(55)**	(77)	**-**	-
End of financial year	**(3,166)**	(3,194)	**-**	-
(iv) Other capital reserve				
Beginning of financial year	**7**	-	**-**	-
Transfer from retained earnings of subsidiaries to statutory reserves	**24**	7	**-**	-
End of financial year	**31**	7	**-**	-

Other reserves are non-distributable.

31. RETAINED EARNINGS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to S$2,063,000 (2012: S$198,000) and the amount of S$43,562,000 (2012: S$46,058,000) utilised to purchase of treasury shares. Retained profits of the Company are distributable except for the amount of S$43,562,000 (2012: S$46,058,000) utilised to purchase treasury shares.

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

	COMPANY	
	2013 S$'000	2012 S$'000
Beginning of financial year	**203,665**	184,056
Net profit	**136,327**	139,939
Dividends paid (Note 32)	**(118,113)**	(119,107)
Reserved distribution to perpetual securities	**(14,874)**	(1,223)
End of financial year	**207,005**	203,665

32. DIVIDENDS

	GROUP AND COMPANY	
	2013 S$'000	2012 S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2012: 2.5 cents) per share	**47,227**	48,056
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.25 cents (2012: 1.25 cents) per share	**23,618**	23,832
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.25 cents (2012: 1.25 cents) per share	**23,626**	23,610
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.25 cents (2012: 1.25 cents) per share	**23,642**	23,609
	118,113	119,107

32. DIVIDENDS (continued)

At the Annual General Meeting on 28 June 2013, a final exempt (one-tier) dividend of 2.5 cents per share amounting to S$47.3 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 2014.

33 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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Property, plant and equipment	**5,643**	4,292	**5,355**	3,996

(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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Not later than one year	**15,009**	11,047	**6,222**	6,084
Between one and five years	**26,220**	14,883	**6,866**	7,903
Later than five years	**24,195**	3,482	**3,539**	3,482
	65,424	29,412	**16,627**	17,469

33 COMMITMENTS (continued)

(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	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Not later than one year	**35,631**	31,391	**39,173**	35,670
Between one and five years	**41,246**	41,046	**43,513**	46,854
Later than five years	**-**	360	**-**	360
	76,877	72,797	**82,686**	82,884

34. 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.

34. 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	EURO S$'000	USD S$'000	HKD S$'000	OTHERS S$'000	TOTAL S$'000
As at 31 March 2013							
Financial assets							
Cash and cash equivalents	588,545	-	133	1,356	26,579	11,694	628,307
Trade and other receivables	93,366	8,507	-	188	10,877	22,786	135,724
Other financial assets	2,402	-	-	-	404	946	3,752
Financial assets	28,100	-	-	-	-	-	28,100
Derivative financial instruments	6,801	-	-	-	-	-	6,801
	719,214	8,507	133	1,544	37,860	35,426	802,684

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

GROUP	SGD S$'000	SDR S$'000	EURO S$'000	USD S$'000	HKD S$'000	OTHERS S$'000	TOTAL S$'000
As at 31 March 2013							
Financial liabilities							
Borrowings	(536,550)	-	-	-	-	-	(536,550)
Trade and other payables	(217,272)	(65,032)	-	(97)	(4,298)	(17,242)	(303,941)
	(753,822)	(65,032)	-	(97)	(4,298)	(17,242)	(840,491)
Net financial assets/ (liabilities)	(34,608)	(56,525)	133	1,447	33,562	18,184	(37,807)
Less: Net financial assets denominated in the respective entities' functional currencies	(34,608)	-	-	168	15,444	16,339	
Currency exposure	-	(56,525)	133	1,279	18,118	1,845	

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

GROUP	SGD S$'000	SDR S$'000	EURO S$'000	USD S$'000	HKD S$'000	OTHERS S$'000	TOTAL S$'000
As at 31 March 2012							
Financial assets							
Cash and cash equivalents	578,901	-	7,859	18,600	7,793	4,204	617,357
Trade and other receivables	76,136	6,179	-	-	4,729	10,365	97,409
Other financial assets	2,385	-	-	-	82	802	3,269
Financial assets	89,109	-	-	-	-	-	89,109
Derivative financial instruments	6,031	-	-	-	-	-	6,031
	752,562	6,179	7,859	18,600	12,604	15,371	813,175
Financial liabilities							
Borrowings	(505,719)	-	-	-	-	-	(505,719)
Trade and other payables	(156,150)	(48,631)	-	-	(1,576)	(5,104)	(211,461)
	(661,869)	(48,631)	-	-	(1,576)	(5,104)	(717,180)
Net financial assets/ (liabilities)	**90,693**	**(42,452)**	**7,859**	**18,600**	**11,028**	**10,267**	**95,995**
Less: Net financial assets denominated in the respective entities' functional currencies	90,693	-	-	-	3,986	8,781	
Currency exposure	**-**	**(42,452)**	**7,859**	**18,600**	**7,042**	**1,486**	

34. 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	USD S$'000	HKD S$'000	OTHERS S$'000	TOTAL S$'000
As at 31 March 2013						
Financial assets						
Cash and cash equivalents	578,804	-	319	12,374	1,057	592,554
Trade and other receivables	188,099	8,507	-	-	-	196,606
Other financial assets	1,577	-	-	-	-	1,577
Financial asset	27,587	-	-	-	-	27,587
Derivative financial instruments	6,801	-	-	-	-	6,801
	802,868	8,507	319	12,374	1,057	825,125
Financial liabilities						
Borrowings	(506,591)	-	-	-	-	(506,591)
Trade and other payables	(194,164)	(65,032)	-	-	-	(259,196)
	(700,755)	(65,032)	-	-	-	(765,787)
Net financial assets/(liabilities)	**102,113**	**(56,525)**	**319**	**12,374**	**1,057**	**59,338**
Less: Net financial assets denominated in the respective entities' functional currencies	102,113	-	-	-	-	
Currency exposure	**-**	**(56,525)**	**319**	**12,374**	**1,057**	

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

COMPANY	SGD S$'000	SDR S$'000	EURO S$'000	USD S$'000	TOTAL S$'000
As at 31 March 2012					
Financial assets					
Cash and cash equivalents	573,274	-	7,726	18,285	599,285
Trade and other receivables	95,396	6,179	-	-	101,575
Other financial assets	1,435	-	-	-	1,435
Financial asset	89,109	-	-	-	89,109
Derivative financial instruments	6,031	-	-	-	6,031
	765,245	6,179	7,726	18,285	797,435
Financial liabilities					
Borrowings	(505,719)	-	-	-	(505,719)
Trade and other payables	(154,805)	(48,631)	-	-	(203,436)
	(660,524)	(48,631)	-	-	(709,155)
Net financial assets/(liabilities)	**104,721**	**(42,452)**	**7,726**	**18,285**	**88,280**
Less: Net financial assets denominated in the respective entities' functional currencies	104,721	-	-	-	
Currency exposure	-	**(42,452)**	**7,726**	**18,285**	

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

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 3% (2012: 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:

	2013		2012	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S$'000	EQUITY S$'000	PROFIT AFTER TAX S$'000	EQUITY S$'000
Group				
SDR against SGD				
- strengthened	**(1,407)**	**(1,407)**	(705)	(705)
- weakened	**1,407**	**1,407**	705	705
Company				
SDR against SGD				
- strengthened	**(1,407)**	**(1,407)**	(705)	(705)
- weakened	**1,407**	**1,407**	705	705

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the EUR changes against the SGD by 5% (2012: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2013		2012	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S$'000	EQUITY S$'000	PROFIT AFTER TAX S$'000	EQUITY S$'000
Group				
EUR against SGD				
- strengthened	**6**	**6**	261	261
- weakened	**(6)**	**(6)**	(261)	(261)
Company				
EUR against SGD				
- strengthened	**-**	**-**	257	257
- weakened	**-**	**-**	(257)	(257)

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD changes against the SGD by 4% (2012: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2013		2012	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S$'000	EQUITY S$'000	PROFIT AFTER TAX S$'000	EQUITY S$'000
Group				
USD against SGD				
- strengthened	**42**	**42**	772	772
- weakened	**(42)**	**(42)**	(772)	(772)
Company				
USD against SGD				
- strengthened	**11**	**11**	759	759
- weakened	**(11)**	**(11)**	(759)	(759)

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the HKD changes against the SGD by 4% (2012: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2013		2012	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S$'000	EQUITY S$'000	PROFIT AFTER TAX S$'000	EQUITY S$'000
Group				
HKD against SGD				
- strengthened	**602**	**602**	292	292
- weakened	**(602)**	**(602)**	(292)	(292)
Company				
HKD against SGD				
- strengthened	**411**	**411**	-	-
- weakened	**(411)**	**(411)**	-	-

(ii) Fair value interest rate risks

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

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Fair value interest rate risks (continued)

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 bonds and fixed rate notes. The Group has entered into interest rate swaps that are fair value hedges for the bonds and fixed rate notes.

The Group's and Company's fixed-to-floating interest rate swaps are denominated in SGD. If the SGD interest rates increase/decrease by 0.5% (2012: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$789,000 (2012: S$789,000).

(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 of the Company are bank deposits, trade receivables, investments in financial assets and financial instruments used in hedging activities. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. The 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 and derivative financial instruments by dealing with counterparties with high credit quality.

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
By geographical areas				
Singapore	**53,805**	61,498	**107,834**	83,820
Other countries	**71,928**	28,744	**24,311**	13,655
	125,733	90,242	**132,145**	97,475
By types of customers				
Related parties	**19,377**	13,811	**84,801**	53,352
Non-related parties:				
- Government bodies	**8,098**	5,567	**4,663**	3,754
- Banks	**22,757**	17,502	**7,288**	9,123
- Overseas postal administrations	**8,399**	6,070	**8,399**	6,070
- Other companies	**67,102**	47,292	**26,994**	25,176
	125,733	90,242	**132,145**	97,475

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

(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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Past due up to 3 months	**63,069**	30,598	**34,204**	20,426
Past due over 3 months	**9,047**	7,931	**2,388**	2,434
	72,116	38,529	**36,592**	22,860

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Gross amount	**4,618**	2,730	**1,268**	1,339
Less: Allowance for impairment	**(4,618)**	(2,730)	**(1,268)**	(1,339)
	-	-	**-**	-
Beginning of financial year	**2,730**	2,330	**1,339**	1,670
Allowance made	**2,096**	1,107	**-**	300
Allowance reversed	**(119)**	(306)	**-**	(255)
Allowance utilised	**(89)**	(401)	**(71)**	(376)
End of financial year	**4,618**	2,730	**1,268**	1,339

(c) Liquidity risk

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

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

34. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

GROUP	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
At 31 March 2013				
Favourable interest rate swaps	5,217	1,980	5,941	3,961
Unfavourable interest rate swaps	(2,776)	-	-	-
Trade and other payables	(271,470)	-	-	-
Borrowings	(328,146)	(8,794)	(34,495)	(235,829)
	(597,175)	**(6,814)**	**(28,554)**	**(231,868)**
At 31 March 2012				
Favourable interest rate swaps	9,553	2,374	5,402	5,402
Unfavourable interest rate swaps	(6,263)	(473)	-	-
Trade and other payables	(211,462)	-	-	-
Borrowings	(16,390)	(307,783)	(21,000)	(221,000)
	(224,562)	(305,882)	(15,598)	(215,598)

COMPANY	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
At 31 March 2013				
Favourable interest rate swaps	5,217	1,980	5,941	3,961
Unfavourable interest rate swaps	(2,776)	-	-	-
Trade and other payables	(259,197)	-	-	-
Borrowings	(311,695)	(8,794)	(21,000)	(214,000)
	(568,451)	**(6,814)**	**(15,059)**	**(210,039)**

34. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

COMPANY	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
At 31 March 2012				
Favourable interest rate swaps	9,553	2,374	5,402	5,402
Unfavourable interest rate swaps	(6,263)	(473)	-	-
Trade and other payables	(203,436)	-	-	-
Borrowings	(16,390)	(307,783)	(21,000)	(221,000)
	(216,536)	(305,882)	(15,598)	(215,598)

(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 2011, 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.

34. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

	GROUP		COMPANY	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Net debt	**(91,757)**	(111,638)	**(85,962)**	(93,566)
Total equity	**667,596**	659,802	**636,343**	628,847
Gearing ratio	**(14%)**	(17%)	**(14%)**	(15%)

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2013 and 2012.

(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:

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

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

GROUP	LEVEL 1 S$'000	LEVEL 2 S$'000	LEVEL 3 S$'000	TOTAL S$'000
2013				
Assets				
Available-for-sale financial assets	**2**	**-**	**-**	**2**
Derivatives used for hedging	**-**	**6,801**	**-**	**6,801**
Liabilities				
Contingent consideration payable	**-**	**-**	**29,500**	**29,500**
2012				
Assets				
Available-for-sale financial assets	469	-	-	469
Derivatives used for hedging	-	6,031	-	6,031

COMPANY	LEVEL 1 S$'000	LEVEL 2 S$'000	LEVEL 3 S$'000	TOTAL S$'000
2013				
Assets				
Available-for-sale financial assets	**2**	**-**	**-**	**2**
Derivatives used for hedging	**-**	**6,801**	**-**	**6,801**
Liabilities				
Contingent consideration payable	**-**	**-**	**-**	**-**
2012				
Assets				
Available-for-sale financial assets	469	-	-	469
Derivatives used for hedging	-	6,031	-	6,031

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

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

Contingent consideration payable is estimated by using a valuation technique that is not based on observable market data and is accordingly classified as a level 3 fair value measure.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets and in Notes 13, 15 and 26 to the financial statements, except for the following:

	GROUP		COMPANY	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Loans and receivables	**767,783**	718,035	**790,736**	702,295
Financial liabilities at amortised cost	**303,963**	211,462	**259,196**	203,437

35. 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	
	2013 S$'000	**2012 S$'000**
Services rendered to related companies of a substantial shareholder	**17,855**	17,992
Services received from related companies of a substantial shareholder	**987**	2,010
Purchase of intangible assets from an associated company	**11,752**	-
Payment relating to Release Agreement with an associated company	**1,224**	-
Consultancy fee paid to a related corporation of an associated company	**2,131**	4,371

During the financial year ended 31 March 2013, the Company made payments on behalf of subsidiaries totalling S$9.3 million (2012: S$8.9 million) which were subsequently reimbursed.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	GROUP	
	2013 S$'000	**2012 S$'000**
Salaries and other short-term employee benefits	**4,784**	4,237
Post-employment benefits – contribution to CPF	**43**	41
Share-based staff costs	**443**	135
	5,270	4,413

Included in the above is total compensation to directors of the Company amounting to S$935,900 (2012: S$1,041,136).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

36. SEGMENT INFORMATION

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, freight forwarding (Famous Holdings) and self storage solutions (General Storage).

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

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 years ended 31 March 2013 and 31 March 2012 are as follows:

36. SEGMENT INFORMATION (continued)

	MAIL S$'000	LOGISTICS S$'000	RETAIL S$'000	ALL OTHER SEGMENTS S$'000	ELIMINATIONS S$'000	TOTAL S$'000
2013						
Revenue						
- External	414,440	198,174	46,146	-	-	658,760
- Inter-segment	25,833	53,413	27,157	-	(106,403)	-
	440,273	251,587	73,303	-	(106,403)	658,760
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	874	(1,048)	1,182	47,545	-	48,553
- Inter-segment	-	-	-	38,027	(38,027)	-
	874	(1,048)	1,182	85,572	(38,027)	48,553
Operating profit	141,291	10,664	10,984	11,414	-	174,353
Depreciation and amortisation	5,834	4,339	1,855	24,289	-	36,317
Segment assets	113,593	363,138	21,381	446,938	-	945,050

36. SEGMENT INFORMATION (continued)

	MAIL S$'000	LOGISTICS S$'000	RETAIL S$'000	ALL OTHER SEGMENTS S$'000	ELIMINATIONS S$'000	TOTAL S$'000
2012						
Revenue						
- External	368,412	167,360	42,746	-	-	578,518
- Inter-segment	17,021	47,935	26,626	-	(91,582)	-
	385,433	215,295	69,372	-	(91,582)	578,518
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	(528)	(663)	1,123	50,553	-	50,485
- Inter-segment	-	-	-	38,587	(38,587)	-
	(528)	(663)	1,123	89,140	(38,587)	50,485
Operating profit	133,117	8,854	9,797	31,156	-	182,924
Depreciation	8,178	3,883	1,949	16,204	-	30,214
Segment assets	80,585	185,862	17,323	455,046	-	738,816

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.

36. SEGMENT INFORMATION (continued)

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

	2013 S$'000	2012 S$'000
Operating profit for reportable segments	**162,939**	151,768
Other segments operating profit	**11,414**	31,156
Finance expense	**(13,942)**	(13,255)
Interest income	**4,130**	3,345
Share of profit of associated companies and joint ventures	**2,432**	664
Profit before tax	**166,973**	173,678

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.

	2013 S$'000	2012 S$'000
Segment assets for reportable segments	**498,112**	283,770
Other segments assets	**446,938**	455,046
Unallocated:		
Cash and cash equivalents	**582,904**	596,232
Financial assets, held-to-maturity	**27,587**	89,109
Derivative financial instruments	**6,801**	6,031
Total assets	**1,562,342**	1,430,188

36. SEGMENT INFORMATION (continued)

Revenue from major products and services

Revenue from external customers is derived from the provision of mail, distribution and delivery, agency and financial services and sale of products.

	2013 S$'000	2012 S$'000
Domestic and International Mail services	**414,440**	368,412
Domestic and International distribution and delivery services	**198,141**	167,360
Retail sale of products and services	**46,179**	42,746
Revenue	**658,760**	578,518

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.

37. BUSINESS COMBINATIONS

(i) On 18 May 2012, the Group acquired 100% equity interest of Novations Solutions Limited ("Novation"). The principal activity of Novation and its subsidiaries is that of carrying on the business of security and commercial printing and print-related services which comprises variable-data print and electronic direct marketing services.

Details at the acquisition date of the consideration paid, the provisional fair value amounts of assets acquired and liabilities assumed, and the effects on the cash flows of the Group, are as follows:

37. BUSINESS COMBINATIONS (continued)

	GROUP S$'000
(a) Purchase consideration	
Cash paid, being total purchase consideration for the business	**12,264**
(b) Effect on cash flows of the Group	
Cash paid (as above)	12,264
Less: cash and cash equivalents in subsidiary acquired	4,469
Cash outflow on acquisition	**7,795**

	AT FAIR VALUE (PROVISIONAL) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provision fair value	
Cash and cash equivalents	4,469
Property, plant and equipment (Note 21)	3,000
Investments in associated companies (Note 18(a))	8
Inventories	2,730
Trade and other receivables	5,322
Total assets	15,529
Trade and other payables	(2,375)
Total liabilities	(2,375)
Total identifiable net assets	**13,154**
Less: Negative goodwill	(890)
Total purchase consideration for the business	**12,264**

37. BUSINESS COMBINATIONS (continued)

(d) Acquired receivables

The fair value of trade and other receivables is S$5,322,000 and includes trade receivables with a fair value of S$3,619,000. The gross contractual amount for trade receivables due is S$4,413,000, of which S$794,000 is expected to be uncollectible.

(e) Revenue and profit contribution

The acquired business contributed S$23.3 million of revenue and $1.6 million of net profit to the Group for the period 18 May 2012 to 31 March 2013.

Had Novation been consolidated from 1 April 2012, consolidated revenue and consolidated profit for the year ended 31 March 2013 would have been S$26.6 million and S$1.8 million respectively.

(ii) On 29 January 2013, the Group acquired the entire paid-up share capital of General Storage Company Pte. Ltd. and shareholder loans made by the vendor to GSC and its subsidiaries (the "GSC Group"). The GSC Group operates the "Lock+Store" self-storage business in Singapore, at its locations in Chai Chee and Tanjong Pagar.

Details at the acquisition date of the consideration paid, the provisional fair value amounts of assets acquired and liabilities assumed, and the effects on the cash flows of the Group, are as follows:

37. BUSINESS COMBINATIONS (continued)

	GROUP S$'000
(a) Purchase consideration	
Cash paid, being total purchase consideration for the business	**36,911**
(b) Effect on cash flows of the Group	
Cash paid (as above)	36,911
Less: cash and cash equivalents in subsidiary acquired	1,092
Cash outflow on acquisition	**35,819**

	AT FAIR VALUE (PROVISIONAL) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provision fair value	
Investment property (Note 20)	37,000
Cash and cash equivalents	1,092
Property, plant and equipment (Note 21)	3,912
Inventories	8
Trade and other receivables (Note (e) below)	1,362
Total assets	**43,374**
Trade and other payables	3,367
Borrowings	14,699
Current tax liabilities (Note 9(b))	435
Deferred tax liabilities (Note 27)	393
Total liabilities	**18,894**
Total identifiable net assets	**24,480**
Add: Goodwill (Note 22(a) and (f) below)	12,431
Total purchase consideration for the business	**36,911**

37. BUSINESS COMBINATIONS (continued)

(d) Acquisition-related costs

Acquisition-related costs of S$480,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is S$1,362,000 and includes trade receivables with a fair value of S$243,000. The gross contractual amount for trade receivables due is S$294,000, of which S$51,000 is expected to be uncollectible.

(f) Goodwill

The goodwill of $12,431,000 arising from the acquisition is attributable to the self storage business in Singapore and the synergies expected to arise from the economies of scale in combining the operations of the Group with those of the GSC Group.

(g) Revenue and profit contribution

The acquired business contributed revenue of S$1.4 million and net profit of S$0.3 million to the Group for the period from 29 January 2013 to 31 March 2013.

Had the GSC Group been consolidated from 1 April 2012, consolidated revenue and consolidated profit for the year ended 31 March 2013 would have been S$7.7 million and S$1.4 million respectively.

(iii) On 20 February 2013, the Group acquired 62.5% issued share capital of Famous Holdings Pte. Ltd. ("FHPL"). Famous Holdings Pte. Ltd. and its subsidiaries ("Famous Group") operates as a non-vessel operating common carrier and is a logistics services provider.

Details at the acquisition date of the consideration paid, the provisional fair value amounts of assets acquired and liabilities assumed, and the effects on the cash flows of the Group, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

37. BUSINESS COMBINATIONS (continued)

	GROUP S$'000
(a) Purchase consideration	
Cash paid	60,000
Contingent consideration (Note 23 and (e) below)	29,500
Total purchase consideration for the business	**89,500**
(b) Effect on cash flows of the Group	
Cash paid (as above)	60,000
Less: cash and cash equivalents in subsidiary acquired	11,178
Cash outflow on acquisition	**48,822**

	AT FAIR VALUE (PROVISIONAL) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provision fair value	
Cash and cash equivalents	11,178
Property, plant and equipment (Note 21)	924
Trade and other receivables (Note (f) below)	19,104
Total assets	**31,206**
Trade and other payables	14,151
Borrowings	15,696
Current tax liabilities (Note 9(b))	31
Deferred tax liabilities (Note 27)	1,181
Total liabilities	**31,059**
Total identifiable net assets	**147**
Less: Non-controlling interest at fair value	(55)
Add: Goodwill (Note 22(a))	89,408
Total purchase consideration for the business	**89,500**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

37. BUSINESS COMBINATIONS (continued)

(d) Acquisition-related costs

Acquisition-related costs of S$826,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The vendor of FHPL has granted to the Company a call option and the Company has granted the vendor a put option, in respect of the balance ordinary shares held by the vendor representing 37.5% of the issued shares of FHPL. The call option and put option may be exercised by the Company and the vendor respectively after the audited consolidated financial statements of Famous Group for the calendar year ending 31 December 2015 have been adopted.

The total purchase consideration of the initial 62.5% and the balance 37.5% issued share capital of FHPL under option will be determined based on FHPL's consolidated audited net profit from 1 January 2013 to 31 December 2015.

The fair value of the consideration at the acquisition date was estimated at S$89.5 million based on an income approach. This fair value was based on an estimated net profit of Famous Group ranging from S$5 million to S$10 million for the relevant period, discounted at 5.3% per annum, to the acquisition date.

(f) Acquired receivables

The fair value of trade and other receivables is S$19,104,000 and includes trade receivables with a fair value of S$13,701,000. The gross contractual amount for trade receivables due is S$13,701,000, of which S$nil is expected to be uncollectible.

37. BUSINESS COMBINATIONS (continued)

(g) Goodwill

The goodwill of S$89,408,000 arising from the acquisition is attributable to the management capabilities in the business of freight forwarding in Asia Pacific and the synergies expected to arise from the economies of scale in combining the operations of the Group with those of the Famous Group.

(h) Revenue and profit contribution

The acquired business contributed revenue of S$14.5 million and net profit of S$0.2 million to the Group from the period from 20 February 2013 to 31 March 2013.

Had the Famous Group been consolidated from 1 April 2012, consolidated revenue and consolidated profit for the year ended 31 March 2013 would have been S$151.0 million and S$1.9 million respectively.

38. 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 2013 or later periods and which the Group has not early adopted:

FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 April 2014.

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

FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Group has yet to assess the full impact of FRS 111 and intends to adopt the standard from 1 April 2014.

FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 April 2014.

FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group has yet to assess the full impact of FRS 113 and intends to adopt the standard from 1 April 2013.

FRS 19 (revised 2011) Employee Benefits (effective for annual periods beginning on or after 1 January 2013)

The revised standard makes significant changes to the recognition and measurement of defined benefits pension expense and termination benefits, and to the disclosures for all employee benefits. The revised standard is effective for annual periods beginning on or after 1 January 2013.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 8 May 2013 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

40. LISTING OF COMPANIES IN THE GROUP

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP 2013 %	2012 %
SUBSIDIARIES				
Held by the Company				
Clout Shoppe Pte. Ltd.	Online sale of luxury products	Singapore	95	95
DataPost Pte Ltd	Electronic printing and despatching services	Singapore	100	100
SingPost Ecommerce Pte. Ltd. (1)	e-commerce specialising in the provision of online sales of products	Singapore	100	100
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	100
Singapore Post Enterprise Private Limited	Investment holding	Singapore	100	100
SingPost Investments Pte. Ltd.	Investment holding	Singapore	100	-
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	100	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP 2013 %	2012 %
SUBSIDIARIES (continued)				
Held by subsidiaries				
DataPost (HK) Pte Limited [(2)]	Electronic printing and enveloping services	Hong Kong	**100.00**	100.00
eP2M Services Sdn. Bhd.	Electronic printing and despatching services	Malaysia	**100.00**	100.00
Quantium Solutions (Singapore) Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	100.00
Quantium Solutions Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100.00**	100.00
Quantium Mail Logistics Solutions (India) Private Limited	Provision of business mail solutions	India	**100.00**	100.00
Quantium Solutions (Australia) Pty Limited	Provision of business mail solutions and distribution of mail	Australia	**100.00**	100.00
Quantium Solutions (Hong Kong) Limited	Provision of business mail solutions and distribution of mail	Hong Kong	**100.00**	100.00
Quantium Solutions (Japan) Inc.	Provision of business mail solutions	Japan	**100.00**	100.00
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of business mail solutions	Malaysia	**100.00**	100.00
Quantium Solutions (New Zealand) Pty Limited	Provision of business mail solutions	New Zealand	**100.00**	100.00
Quantium Solutions (Philippines) Inc [+]	Provision of business mail solutions	Philippines	**40.00**	40.00

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP 2013 %	2012 %
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
Quantium Solutions (Taiwan) Co., Ltd	Provision of business mail solutions	Taiwan	**100.00**	100.00
Quantium Solutions (Thailand) Co., Ltd.	Provision of business mail solutions	Thailand	**100.00**	100.00
Novations Solutions Limited	Security printing and transaction mail provider	Hong Kong	**100.00**	-
Novation Solutions Shenzhen (PRC) (3)	Security printing and transaction mail provider	China	**100.00**	-
SingPost Storage Company Limited	Investment holding	Mauritius	**100.00**	-
General Storage Company Pte Ltd (4)	Self storage solutions	Singapore	**100.00**	-
Lock + Store (Chai Chee) Pte Ltd (4)	Self storage solutions	Singapore	**100.00**	-
Lock + Store (Tanjong Pagar) Pte Ltd (4)	Self storage solutions	Singapore	**100.00**	-
Famous Holdings Pte Ltd (4)	Investment holding	Singapore	**62.50**	-
Famous Airfreight Pte Ltd (4)	Airfreight	Singapore	**62.50**	-
FPS Global Logistics Pte Ltd (4)	Freight forwarding	Singapore	**62.50**	-
Famous Pacific Shipping (S) Pte Ltd (4)	Freight forwarding	Singapore	**62.50**	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP 2013 %	2012 %
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
FPS Famous Pacific Shipping Sdn Bhd Malaysia (4)	Seafreight	Malaysia	**62.50**	-
Famous Pacific Shipping (WA) Pty Ltd (Australia) (4)	Freight collections transhipments	Australia	**62.50**	-
FPS Logistics (USA) Inc. (4)	Logistics management and services	USA	**62.50**	-
Sino Famous Intertrans Co Ltd (4)	Seafreight	China	**62.50**	-
Famous Container Lines Co Ltd (4)	Freight forwarding	China	**62.50**	-
Shinyei Shipping Co Ltd (4)	Freight forwarding	Japan	**55.60**	-
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Berhad (5)	Provision of express delivery and customised logistics services	Malaysia	**27.41**	27.08

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2013 %	2012 %
ASSOCIATED COMPANIES (continued)				
Held by subsidiaries				
Postea, Inc.	Provision of technology and support in postal, courier and other distribution markets	USA	**30.00**	30.00
Indo Trans Logistics Corporation (6)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30.00**	30.00
Shenzhen 4PX Express Co Ltd. (7)	Provision of integrated express delivery services, international freight forwarding, import and export of goods and technology	China	**20.00**	20.00
Efficient E-Solutions Berhad (8)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
ePDS, Inc. (9)	Provision of electronic printing and despatching services	Philippines	**33.00**	-
Shanghai Yihui Printing	General printing	China	**20.00**	-
Novations Efficient Logistics Limited (HK)	Provision of logistics services	Hong Kong	**40.00**	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP 2013 %	2012 %
JOINT VENTURES				
Held by the Company				
vPOST Hong Kong Co., Limited	Provision of internet shopping, shipping and logistics services	Hong Kong	**50.00**	50.00
Held by subsidiaries				
ePDS, Inc. [9]	Provision of electronic printing and despatching services	Philippines	**-**	50.00
Thai British Dpost Company Limited [10]	Provision of laser printing and enveloping services	Thailand	**49.00**	49.00

Notes

(1) Formerly known as First Cube Pte Ltd

All companies as at 31 March 2013 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(2) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
(3) Audited by Shenzhen Tian British Institute of Certified Public Accountants
(4) Audited by Ernst & Young
(5) Audited by Deloitte KassimChan, Malaysia
(6) Audited by KPMG Limited, Vietnam
(7) Audited by Shenzhen ZhengYi Certified Public Accountants, China
(8) Audited by Poh & Co. Certified Accountant, Malaysia
(9) Audited by SyCip Gorres Velayo & Co, Philippines
(10) Audited by KPMG Phoomchai Audit Ltd, Thailand

+ It is considered to be a subsidiary of the Company as the Company can exercise control over its financial and operating policies

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2013

1. MATERIAL CONTRACTS

There are no material contracts entered into by SingPost or any of its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder (as defined in the SGX Listing Manual), either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the previous financial year.

2. AUDITORS' REMUNERATION

(a) Auditors' fees

	2013 S$'000	2012 S$'000
Fees on audit services paid / payable to :		
- Auditor of the Company	**918**	602
Fees on non-audit services paid / payable to :		
- Auditor of the Company	**1,034**	850
	1,952	1,452

(b) Appointment of auditors

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(c) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the Audit Committee's opinion, affect their independence.

(d) Internal controls

Please refer to information disclosed under Principle 12 of the Corporate Governance Report.

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2013, 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$100,000)	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Sales				
Mediacorp Group	-	-	**1,080***	-
Postea Group	-	-	**511***	-
Singapore Airlines Group	-	-	**1,596***	109
Singapore Telecommunications Group	-	-	**998***	7,834*
Singapore Power Group	-	-	**1,708**	1,734
Starhub Group	-	-	**987**	1,209
	-	-	**6,880**	10,886
Purchases				
Certis Cisco Security Pte Ltd	-	-	**565***	294
HarbourFront Centre Pte Ltd	-	-	**-**	490*
Postea Group	-	-	**13,227**	1,393*
SATS Group	-	-	**209**	-
Sembcorp Group	-	-	**-**	13,844
Singapore Airlines Group	-	-	**3,597**	4,250
Singapore Telecommunications Group	-	-	**-**	1,900*
SMRT Group	-	-	**-**	1,320*
	-	-	**17,598**	23,491

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2013

	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$100,000)	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Loan to associated company				
Postea Group	-	407	-	-
Total interested person transactions	-	407	**24,478**	34,377

Notes

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

* Include contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

As at 10 May 2013

No. of Issued Ordinary Shares:	1,933,468,618
No. of Issued Ordinary Shares Excluding Treasury Shares:	1,893,521,618
No./Percentage of Treasury Shares:	39,947,000 (2.07%)

Class of Shares:	Ordinary Shares
Number of shareholders:	26,783

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	-	498,977,497 [1]
Singapore Telecommunications Limited	494,000,000	-

Note

[1] Deemed through its subsidiaries, Singapore Telecommunications Limited and Fullerton Fund Management Company Limited; and its associated company, DBS Group Holdings Ltd.

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%*	NO. OF SHARES (EXCLUDING TREASURY SHARES)	%*
1 - 999	29	0.11	5,615	0.00
1,000 - 10,000	19,450	72.62	89,132,593	4.71
10,001 - 1,000,000	7,256	27.09	369,693,607	19.52
1,000,001 and above	48	0.18	1,434,689,803	75.77
	26,783	100.00	1,893,521,618	100.00

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 10 May 2013, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 10 May 2013

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%*
1	Singapore Telecommunications Limited	494,000,000	26.09
2	Citibank Nominees Singapore Pte Ltd	292,584,485	15.45
3	DBS Nominees Pte Ltd	190,608,691	10.07
4	HSBC (Singapore) Nominees Pte Ltd	100,688,136	5.32
5	BNP Paribas Securities Services	73,497,805	3.88
6	United Overseas Bank Nominees Pte Ltd	61,011,215	3.22
7	Raffles Nominees (Pte) Ltd	56,863,363	3.00
8	DBSN Services Pte Ltd	41,439,233	2.19
9	Bank of Singapore Nominees Pte Ltd	15,763,520	0.83
10	DB Nominees (S) Pte Ltd	15,226,216	0.80
11	OCBC Nominees Singapore Private Limited	7,835,000	0.41
12	Merrill Lynch (Singapore) Pte Ltd	6,633,124	0.35
13	Lim Boon Noi	5,200,000	0.27
14	Low Kim Hong	4,603,000	0.24
15	DBS Vickers Securities (S) Pte Ltd	4,469,000	0.24
16	HL Bank Nominees (S) Pte Ltd	4,296,000	0.23
17	Morgan Stanley Asia (Singapore)	3,745,931	0.20
18	Heng Siew Eng	3,530,000	0.19
19	OCBC Securities Private Ltd	3,154,009	0.17
20	BNP Paribas Nominees Singapore Pte Ltd	3,043,000	0.16
		1,388,191,728	73.31

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 10 May 2013, 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 2013, approximately 73.31% 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 21ST ANNUAL GENERAL MEETING of the Company will be held at 10 Eunos Road 8, Singapore Post Centre, SingPost Pavilion (Theatrette) #05-30, Singapore 408600 on Friday, 28 June 2013 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 2013, and the Directors' Report and Independent Auditor's Report thereon. (Resolution 1)

2. To declare a final tax exempt one-tier dividend of 2.5 cents per ordinary share in respect of the financial year ended 31 March 2013. (Resolution 2)

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

   (a) Mr Bill Chang York Chye [(1)] (Resolution 3)
   (b) Professor Low Teck Seng [(1)] (Resolution 4)
   (c) Mr Keith Tay Ah Kee [(1)] (Resolution 5)

   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").

4. 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)

5. To approve directors' fees payable by the Company of S$930,000 [(2)] for the financial year ended 31 March 2013 (2012: S$1,035,620). (Resolution 7)

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

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

Notes

[(1)] Detailed information about these directors can be found in the "Board of Directors" section of the Company's Annual Report 2012/13.

[(2)] Detailed information on directors' fees can be found under Directors' Remuneration in the "Corporate Governance Report" section of the Company's Annual Report 2012/13.

SPECIAL BUSINESS

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

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

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

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

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

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

(I) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

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

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

(IV) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 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 2012 ("Share Option Scheme 2012") 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 2012, provided that the aggregate number of shares to be issued pursuant to the Share Option Scheme 2012 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
6 June 2013

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 2012 ("Share Option Scheme 2012") 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 2012 provide that the maximum number of shares which may be issued under the Share Option Scheme 2012 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

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and Register of Members of the Company will be closed on 5 July 2013 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 112 Robinson Road, #05-01, Singapore 068902, up to 5 p.m. on 4 July 2013 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 4 July 2013 will rank for the proposed final dividend. Payment of the dividend, if approved by members at the 21st Annual General Meeting, will be made on 15 July 2013.

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Company Secretary
Singapore
6 June 2013

CONTACT POINTS

REGISTERED OFFICE
Singapore Post Limited
10 Eunos Road 8
Singapore Post Centre
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
112 Robinson Road
#05-01, Singapore 068902

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

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

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

Audit Partner:	Daniel Khoo Appointed with effect from financial year ended 31 March 2013

SINGAPORE POST LIMITED
Co. Reg. No: 199201623M

Registered Office
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

www.singpost.com