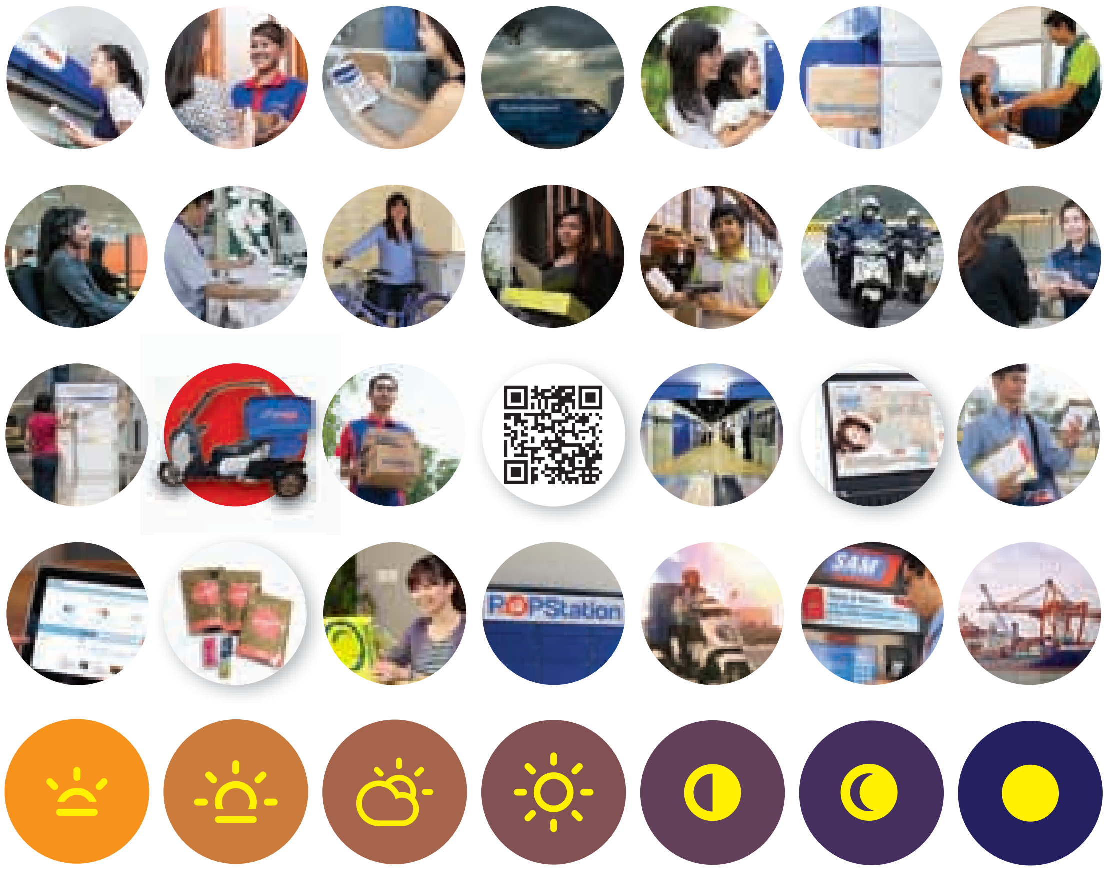


SINGPOST 24/7

Annual Report 2013/2014

SINGPOST 24/7

As the postal landscape changes amid technological evolution, SingPost continues to transform and innovate to deliver value to its stakeholders, in step with its vision to become the regional leader in e-commerce logistics and trusted communications.

Over the past few years, we have been working intensely round-the-clock to maintain our quality of service, entrenching an efficient and customer-focused culture in the organisation as we build and strengthen our capabilities in Mail, Digital Services, Logistics, e-Commerce and Retail & Financial Services.

OUR VISION

REGIONAL LEADER IN E-COMMERCE LOGISTICS AND TRUSTED COMMUNICATIONS

Contents

Mail
Digital Services

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

Logistics

- Speedpost
- e-Fulfilment
- Warehousing, Fulfilment & Distribution
- Freight
- Self-storage

Retail & Financial Services
e-Commerce

- Agency Services
- Financial Services
- e-Commerce

SINGPOST 24/7

E-COMMERCE LOGISTICS

Day and night, 24/7, we are bringing companies closer to their customers across the region. Our suite of integrated and innovative e-commerce, postal and logistics solutions covers the full value chain in freight transportation, warehouse fulfilment, last mile delivery and returns, and web capabilities. This enables businesses to reach their customers in Singapore and around the globe, and to grow in the region.


10PM
12PM
7AM
POPStation
Quantum

SINGPOST 24/7

TRUSTED COMMUNICATIONS

A trusted brand, SingPost strives to deliver more choices and 24/7 convenience to our customers. To strengthen our position in delivering trusted communications, we are investing more than S$100 million in technology, people and capabilities. Initiatives like state-of-the-art sorting centre, modernised post offices with 24/7 auto service lobby, and mobile applications are all designed to give businesses and consumers more options for when and how they access our services. It's all part of our commitment to make life easier and bring more convenience to our customers.

Singapore POST DATAPOST Efficient NOVSN SampleStore.com


8AM
1PM
11PM
Vbox
Mail Consolidation
Quantum

LETTER TO SHAREHOLDERS

Dear Shareholders,

The SingPost Group intensified its transformation efforts in financial year 2013/14. I am happy to report that we have achieved a significant shift in the Group's business model as we strive for a more balanced portfolio and reduce our dependence on the domestic market and the traditional mail business.

There is good progress in our growth strategy via acquisitions as well as the integration of the acquisitions. Companies acquired included freight company Famous Holdings Pte Ltd, self-storage solutions operator General Storage Company Pte Ltd, and online sampling platform operator EK Media Pte Ltd.

We are clearly on the right trajectory, with the transformation momentum reflected across all our business segments. Share of overseas revenue more than doubled to 27.8 per cent of total revenue in FY2013/14 from 12.9 per cent two years ago at the start of our accelerated transformation efforts. Lower margins on overseas revenue mean we need to generate significantly more revenues for a meaningful profit impact. In terms of business segments, the Logistics and Retail & e-Commerce businesses continued to grow and accounted for almost half of the revenue.

FY2013/14 Financial Performance

The Group's revenue amounted to S$821.1 million in FY2013/14, an increase of 24.6 per cent from S$658.8 million in the previous financial year. The growth was attributable to the increasing e-commerce related activities across the business segments and the consolidation of new subsidiaries, Famous Holdings and General Storage. This came as domestic mail volumes recorded a decline for the second year.

With the acceleration of the growth initiatives, the Group continued to invest in resources to drive these efforts. Developmental spending amounted to approximately S$15.5 million in FY2013/14 and continued to have an impact on profit performance.

During the financial year, there was additional impact on profit arising from trade-related foreign exchange losses and provision for overseas restructuring for strategic flexibility as it expanded regionally. Net profit amounted to S$143.1 million, an increase of 4.8 per cent. Excluding one-off items, the Group recorded underlying net profit of S$145.0 million, a growth of 2.9 per cent.

Cash flows remained strong. Free cash flow amounted to S$204.1 million, compared to S$178.6 million in the previous financial year. In April 2013, SingPost repaid its S$300 million 10-year fixed rate bond which had become due. With the healthy cash flows and cash holdings, the Group's cash and cash equivalents amounted to S$404.4 million as at 31 March 2014.

Dividend

The Group has proposed a final dividend of 2.5 cents per share. Together with the interim dividend of 1.25 cents per quarter paid out for the first three quarters, total annual dividend would amount to 6.25 cents per share.

Barring unforeseen circumstances, the Group endeavours to pay out a minimum annual dividend of 5 cents per share.

Progress of SingPost's Transformation

The Group has made inroads in its transformation into a regional leader in e-commerce logistics and trusted communications.

Mail & Digital Services

To enhance the Group's position in the field of trusted communications, significant investments are being made to improve its service and efficiency levels. This will also enable the Group to better meet the volume of package deliveries and drive productivity. The postal equipment is being replaced and when the new integrated sorting machines are fully operational at the end of 2014, they will improve the Group's efficiency and accuracy in mail sorting. We also upgraded our last mile delivery equipment to enhance mail security and to cater to the growth in packages.

Regional Logistics

We continued to advance with the Group's regional logistics strategy of offering end-to-end e-commerce logistics solutions in Asia Pacific.

E-commerce logistics revenue accounted for 31 per cent of Quantium Solutions' revenue in FY2013/14. The regional entity set up a joint venture in Indonesia and a representative office in China, bringing its network in Asia Pacific to 13 markets.

The Group's logistics value chain was strengthened with the inclusion of Famous Holdings and General Storage. These companies have also embarked on their growth strategy, making their first M&As during the year – Famous Holdings acquired a customs broker/freight forwarder in Japan, while General Storage acquired its first building in Malaysia.

Retail & e-Commerce

We re-organised the Retail division to push ahead with the post office transformation and to drive efficiency in the network. In March 2014, we piloted a new post office concept focusing on providing core postal and related products, 24/7 convenience and self-service access to more key services. SingPost also signed an agreement with AXA Life Insurance Singapore to sell life insurance products via its post office network from January 2015.

As part of the Group's end-to-end e-commerce logistics solutions, we have developed strong front-end e-commerce capabilities. This was showcased in the e-commerce platforms rolled out such as adidas's South-east Asia sites, the www.omigo.com marketplace and the enhanced vPOST shopping and shipping portal.

Commitment to Stakeholders

We are committed to value creation for our shareholders. While we invest in the transformation, our focus continues to be on delivering performance and value, hence our stable dividend payouts over the years.

As the Public Postal Licensee in Singapore, SingPost is committed to the service obligations and quality standards expected of it and is investing S$100 million in postal infrastructure over three years from FY2013/14 to further enhance our service and operational capability to meet the needs of customers. More concerted efforts were taken as part of our CSR strategy as we utilised our network and resources to contribute to the community.

Our employees are our most valuable asset and it was our honour to receive the Universal Postal Union (UPU) affirmation for our efforts with the World Mail Award 2013 for People Management. We were also awarded the EMS Cooperative Gold Level Performance award by UPU for our Speedpost Service this year. Locally, SingPost was awarded the Special Mention for Outstanding Workplace for Mature Employees by the Tripartite Alliance for Fair and Progressive Employment Practices. We continue to invest in our people through training and development. We make no compromises for workplace safety and health and have in place measures to ensure our employees' welfare. For instance, we activated our Haze Management Plan even before the haze pollution reached critical levels in 2013. The new three-wheelers provide added stability for our delivery staff, particularly the mature employees. Disbursement of the SingPost Inclusivity Fund was initiated with S$10 million to help our low-income employees over five years.

The Future of Post – Singapore Icon, Regional Champion

The operating environment has remained difficult. Operating cost pressures are a constant concern. With the tight labour situation in Singapore, rising manpower costs and the hiring of frontline staff continue to be a challenge.

The Group will continue to drive innovation, productivity and customer service as we accelerate our transformation over the next few years to lead the postal, e-commerce and logistics markets and bring greater value to our customers.

Investing in the Singapore Market

SingPost's service obligations to the nation are our top priority. We will continue to invest in the Singapore market to strengthen our capabilities and enhance service quality to meet our obligations and customer needs.

A key objective of our investments is to drive efficiency and innovation in the postal infrastructure and network, especially with the changing mail profile, tight labour market and rising operating costs. The S$45 million investment into advanced mail sorting equipment, representing about 31.5 per cent of mail operating profits for FY2013/14 is an example.

While we make investments into the back-end sorting equipment, we are also driving innovation at the Group's touchpoints to improve accessibility and convenience for the public. A network of 100 POPStations (Pick/Post/Pay Own Parcel) is expected by end 2014, catering to e-commerce shoppers with an intelligent set-up for parcel delivery and returns. Leveraging of technology such as mobile apps also features strongly in our investments. For example the SingPost mobile app allows customers easy access to information such as tracking of their shipments, postage/shipping fee calculations and postal code enquiry.

Building a Regional Champion

The Group has been building its network and capabilities in Asia Pacific to provide value e-commerce logistics solutions as the e-commerce market continues to grow rapidly. This has entailed investments into the development of competencies in freight forwarding, warehousing and fulfilment, last-mile delivery and returns, and front-end web solutions.

We will continue to strengthen our new businesses and operations, and extend our reach into the regional markets. This includes ensuring the successful integration of new subsidiaries into the Group and working with our business partners and regional associated companies to enjoy synergies and growth. As part of our growth strategy, we continue to explore investment opportunities including M&As and joint ventures, both in Singapore and overseas.

Welcome and Thanks

I wish to express my appreciation to our Board of Directors for their dedication and strategic guidance to the Group as it stepped up its pace of transformation during the year.

On behalf of the Board, I welcome our new directors Ms Aliza Knox and Mr Soo Nam Chow on our exciting journey. I am confident that the Board will be stronger for their presence and will benefit from their insights.

I particularly want to thank Management for their dedication and hard work during such a challenging time. I also thank our staff, the union and our business partners for their invaluable contribution during this period.

Last but not least, I wish to express my gratitude to our shareholders for their support as we work towards the transformation of the SingPost Group into a dynamic and sustainable organisation.

LIM HO KEE
CHAIRMAN

BOARD OF DIRECTORS

Chairman of Board & Board Committees

Lim Ho Kee
Chairman of Board
Chairman of Executive Committee

Professor Low Teck Seng
Chairman of Board Risk and Technology Committee
Chairman of Compensation Committee

Keith Tay Ah Kee
Chairman of Nominations Committee

Soo Nam Chow
Chairman of Audit Committee

Directors (in alphabetical order)

Dr Wolfgang Baier

Bill Chang York Chye

Aliza Knox

Michael James Murphy

Tan Yam Pin

Zulkifli Bin Baharudin

Lim Ho Kee, 69
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)
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 2014):
Keppel Land Limited

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Jardine Cycle & Carriage Limited

Professor Low Teck Seng, 59
Non-executive, independent director

Date of first appointment as a director:
8 October 2010

Date of last re-election as a director:
28 June 2013

Board committee(s) served on:
Board Risk and Technology Committee (Chairman)
Compensation Committee (Chairman)

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 2014):
Excelpoint Technology Ltd

Principal Commitments:
National Research Foundation (Chief Executive Officer)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Innotek Limited

Keith Tay Ah Kee, 70
Non-executive, lead independent director

Date of first appointment as a director:
25 April 1998

Date of last re-election as a director:
28 June 2013

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

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

Present Directorships in other listed companies (as at 31 March 2014):
Singapore Reinsurance Corporation Limited
Rotary Engineering Limited
FJ Benjamin Holdings Ltd
SATS Limited
YTL Starhill Global REIT Management Limited

Principal Commitments:
Stirling Coleman Capital Ltd (Non-Executive Chairman)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Nil

Soo Nam Chow, 60
Non-executive, independent director

Date of first appointment as a director:
20 December 2013

Date of last re-election as a director:
NA

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

Academic & Professional Qualification(s):
Fellow Member, Association of Chartered Certified Accountants, United Kingdom
Member, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies (as at 31 March 2014):
Mapletree Industrial Trust Management Ltd

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Nil

Dr Wolfgang Baier, 40
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 2014):
Nil

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 31 March 2013 to 30 March 2014)
Nil

Bill Chang York Chye, 48
Non-executive, non-independent director

Date of first appointment as a director:
15 Nov 2010

Date of last re-election as a director:
28 June 2013

Board committee(s) served on:
Board Risk and Technology Committee (Member)
Compensation 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 2014):
Nil

Principal Commitments:
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 2011 to 30 March 2014)
Nil

Aliza Knox, 53
Non-executive, independent director

Date of first appointment as a director:
30 August 2013

Date of last re-election as a director:
NA

Board committee(s) served on:
Board Risk and Technology Committee (Member)

Academic & Professional Qualification(s):
Masters in Business Administration in Marketing (Distinction), New York University Graduate School of Business Administration
Bachelor of Arts in Applied Math and Economics (magna cum laude), Brown University

Present Directorships in other listed companies (as at 31 March 2014):
InvoCare Limited

Principal Commitments:
Twitter, Inc., Singapore (Managing Director)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Nil

Michael James Murphy, 60
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:
Board Risk and 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 2014):
Nil

Principal Commitments:
Postea, Inc. (Founder and Chief Executive Officer)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Nil

Tan Yam Pin, 73
Non-executive, independent director

Date of first appointment as a director:
25 February 2005

Date of last re-election as a director:
28 June 2013

Board committee(s) served on:
Audit Committee (Member)
Board Risk and Technology Committee (Member)
Compensation Committee (Member)
Executive Committee (Member)

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

Present Directorships in other listed companies (as at 31 March 2014):
Keppel Land Limited
Great Eastern Holdings Limited

Principal Commitments:
Singapore Public Service Commission (Deputy Chairman)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
BlueScope Steel Limited (Australia)

Zulkifli Bin Baharudin, 54
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:
Audit Committee (Member)
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 2014):
Ascott Residence Trust Management Limited

Principal Commitments:
Uzbekistan (Non-Resident Ambassador)
Indo Trans Logistics Corporation (Chairman)
Civil Aviation Authority of Singapore (Board Member)
Singapore Management University (Member, Board of Trustees)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2011 to 30 March 2014)
Hup Soon Global Corporation Limited

MAIL

Significant investments are being made to improve service and efficiency levels.

In spite of the declining domestic mail volumes and pressures from escalating costs, delivering quality service remains our highest priority.

Investments in Service

In FY2013/14, SingPost continued to invest significantly in service quality, service innovation and productivity.

One of these major investments is the S$45 million integrated sorting infrastructure to handle the changing profile of mail which is seeing rapid growth in packages. To be fully operational by the end of 2014, these integrated sorting machines will increase the automation process, as well as sorting capacity and speed, thereby enhancing productivity and service in our mail operations. We also recruited 70 new postmen to further enhance our delivery service and reliability in the review year.

For the financial year ended 31 March 2014, SingPost met the stringent Quality of Service standards set by the Infocomm Development Authority of Singapore for next day delivery, i.e. more than 99 per cent of mail addressed to recipients within the Central Business District (CBD) and 98 per cent outside CBD were delivered by the next working day.

Remain Relevant in the Digital Age

We continued to develop and innovate our digital offerings to meet our customers' needs. Our secure electronic mailbox, vBOX, was certified for Payment Card Industry Data Security Standard compliance, reflecting our strong commitment to protect customers' payment information.

Corporate customers were able to take advantage of our suite of integrated direct mail solutions to reach out to their customers. DMrocket, our direct mail business, continued to strengthen its direct mail solutions by integrating printed content with digital technology.

As part of our integrated direct mail service offerings, SingPost is developing an Augmented Reality mail solution that helps promote creativity and enforces the relevancy of direct mail in today's advertising landscape. We also enhanced ScanDelight, a mobile application powered by Quick Response (QR) codes, enabling targeted and cost-effective connections between advertisers and their customers. More features like location-based push notification will be introduced soon.

SingPost acquired The Sample Store, a leading online sampling platform in Singapore that distributes product samples to retail consumers. It is integrated into online social media advertising and offers a compelling value proposition in our direct mail business to both marketers and consumers.

Contributions to International and Regional Postal Communities

As a committed postal operator in the region, we continued to focus on regional collaborations and establishing Singapore as an e-commerce hub to strengthen our international mail business. An overseas operations centre was set up as we handled record inbound and outbound volumes during the year-end festive period. Transhipment volumes at the Airmail Transit Hub also doubled. Overall transhipment volumes increased by 57 per cent during the year, underpinned by the strong growth in international e-commerce packages.

As Singapore's designated representative at the Universal Postal Union, SingPost remains an active participant in various working groups and committees such as Supply Chain Integration, Markets Development and Physical Services. Through these international meetings, SingPost aims to help shape the postal industry of the future.

As a board member and host country of the Asia Pacific Post Cooperative, SingPost continues to champion and promote the need for and growth of quality of service for international letter mail in Asia Pacific and ASEAN. Various new postal initiatives were explored and the postal operators continued to work closely on joint projects that will help facilitate the growth of posts in this region.

Our Heritage through Stamps

In FY2013/14, 13 interesting stamp issues were released. We premiered Singapore's first seeded stamps - a biodegradable series of stamps with the local stamp affixed with small moss-rose seeds to commemorate 50 years of greening Singapore. We also worked with the Singapore Association of the Deaf to release a set of stamps featuring visual representations of basic greetings in sign language.

To foster and strengthen bilateral ties with other postal administrations, joint stamp issues with Vietnam and France were released.

In conjunction with The Singapore Toy, Game & Comic Convention 2013, SingPost collaborated with Walt Disney to release a special collector's edition of Ironman III. We also worked with the Wildlife Reserve to release a series of animal themed MyStamp for kids.

LOGISTICS

Our full value chain in freight transportation, warehouse fulfilment, last mile delivery and returns, and web capabilities enable businesses to leverage e-commerce opportunities.

The Group continued to make headway in its regional logistics expansion strategy.

E-Commerce Logistics

SingPost continued to accelerate its diversification efforts, focusing on e-commerce and e-fulfilment.

Its wholly owned subsidiary Quantium Solutions, a key player in e-commerce logistics in Asia Pacific, invested significantly in e-commerce logistics capabilities to further improve efficiency and service level. Its track and trace system was enhanced to allow cash-on-delivery. Its warehousing system was upgraded, and a regional fulfilment hub was set up. It also refreshed its website www.quantiumsolutions.com to offer more user-friendly features.

Quantium Solutions also strengthened its technology backbone to enable point-to-point delivery network across Asia Pacific while continually fortifying its domestic delivery capabilities in every country in South-east Asia.

Through its concerted efforts to provide excellent value services, Quantium Solutions was able to increase its customer base of 300 e-commerce customers to more than 600 across Asia Pacific during the financial year. To help SME e-seller clients to grow, Quantium Solutions also developed customised logistics solutions for them through wholesale breakbulk, tax-optimised warehousing and fulfilment.

Regional Reach

The Group continued to make headway in its regional logistics expansion strategy.

During the year, Quantium Solutions entered into a joint venture in Indonesia for warehousing and freight forwarding services to complement its offering of regional e-commerce logistics solutions. It also set up a representative office in China, bringing its network to 13 markets.

In FY2013/14, General Storage, which operates the self-storage solutions business under the brand of Lock+Store, opened another outlet increasing its network in Singapore to four locations. It also acquired its first overseas building in Malaysia.

During the year, as part of the regional logistics expansion strategy, Famous Holdings, one of the leading local companies in the fields of NVOCC (Non Vessel Operating Common Carrier) operations, logistics and supply chain management services, acquired a Japan-based customs broker and freight forwarder to enhance its logistics capability in Japan.

24/7 Access

SingPost continued to enhance its Speedpost services to provide customers with more convenient delivery options.

SingPost took service to a higher level when it introduced a revolutionary delivery option for Speedpost in the form of POPStation. Since its first appearance in April 2013, we now have 50 POPStations at convenient and accessible locations like shopping malls, office buildings, sports and recreation centres, community centres and post offices. These automated smart parcel locker stations have been well-received as customers are able to retrieve their parcels 24/7 and at their convenience. In addition to parcel collections, consumers can also return their online purchases at the POPStations with SingPost's e-retailer partners. Other POPStation services to be introduced include posting of parcels and payment service for online purchases. The network of POPStations is expected to reach 100 by the end of the year.

With the growth of online shopping, we expanded our logistics solutions to enable businesses to deliver to their customers more effectively. The Priority delivery service was extended to help e-retailers compete on service by offering same-day delivery. Such varied services provide more delivery options for our customers and cater to the growing e-commerce sector.

Innovation and Quality

We also added a new feature to our self-help web booking tool, ezy2ship, offering not only Speedpost service but also mail services like registered article service to both our retail and corporate customers. This tool is especially useful for e-retailers who use the registered article service frequently as they now prepare, pay and print postages for their shipments easily from their home or office before dropping the shipments at any post office, and in future POPStations. The ezy2ship tool also allows them to manage and track their shipments easily.

We continued the roll-out of POPStations to provide our customers with greater access, convenience and choice.

Our continuous efforts to enhance service quality have generated positive results. Singapore was one of only four countries that won the Universal Postal Union's EMS Cooperative Gold Level Performance Award this year. We have been consistently achieving above 95 per cent for on-time delivery for Speedpost service, and earned the honour of being the only company in the world to have won the EMS Cooperative Performance Award every year since 2001.

RETAIL & E-COMMERCE

Through initiatives such as self-help auto service lobby and mobile app, SingPost is giving customers greater access, convenience and choice.

We continued to enhance customer convenience by offering 24/7 services and increasing our touchpoints.

Customer Convenience

We continued to enhance the convenience of our physical touchpoints. In March 2014, we piloted a new post office concept at Raffles Place Post Office. In this pilot concept, a self-help auto service lobby is integrated into the post office where customers can enjoy 24/7 access to key services, while reducing reliance on manned counters. A typical auto service lobby consists of Self-service Automated Machines (SAM) where customers can access services such as postage label purchases and bill payments, an ezy2ship terminal where they can self-book parcel deliveries, and a POPStation where they can easily collect and return parcels. We expect to progressively extend this design across the post office network.

Customers can also access our services through the SingPost mobile application which enjoyed strong growth in downloads during the year. In addition to a refreshed design, new features were added to the mobile application like auto-notifications on parcel status, and quick search for SingPost's islandwide touchpoints such as POPStations, SAM and post offices.

Strategic Partnerships to Grow the Financial Services Further

SingPost is continually enhancing its suite of financial services for the benefit of our customers. In July 2013, SingPost entered into an exclusive postassurance partnership with AXA Life Singapore to sell life insurance products via its post office network, from January 2015.

To widen our remittance options for customers, we launched a new remittance corridor to Myanmar, making SingPost the first postal service provider in the world to offer bank bilateral remittance services with Myanmar. SingPost partnered with four commercial banks to offer fund transfers from Singapore to Myanmar via our CASHOME remittance service available at all post offices. Apart from sending money to their families in Myanmar, customers can also remit their salaries home as savings, which will accrue interest paid out by the banks in Myanmar.

Our e-commerce marketplace, Omigo, provides a common platform for consumers to shop and for Singapore's SMEs and international brands to sell online.

Suite of e-Commerce Solutions

SingPost offers e-commerce website solutions to complement our regional logistics capabilities. This allows us to provide an asset-light, one-stop, end-to-end e-commerce solution - freight transportation, warehouse fulfilment, last mile delivery & returns, and web capabilities - for global businesses keen on selling to Asian online shoppers. In April 2013 SingPost built, launched and operated the online shop for adidas starting with the Singapore market. Services rendered include website design and management, catalogue management, inventory management, returns and customer service integration. In the review year, SingPost also launched and operated adidas websites for Malaysia, Thailand and the Philippines. Other mono brand customers have since come onboard including Philips and Toshiba to leverage our range of e-commerce solutions.

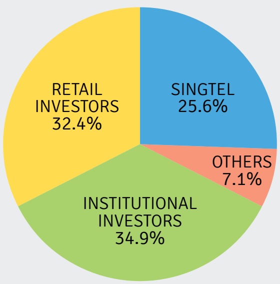
Enhancements were made across the e-commerce infrastructure including the integration of new fraud management and payment methods. Our online shopping and shipping portal, vPOST, was revamped to provide an improved customer experience.

During the year, vPOST continued to achieve double-digit growth in the volume of shipments handled. vPOST also partnered with postal administrations such as Pos Malaysia and New Zealand Post to enable their residents to have their online purchases from US, UK, China and Japan shipped to them.

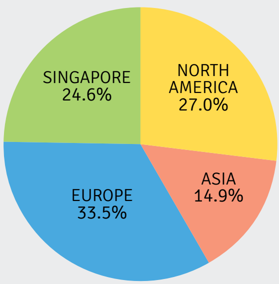
SingPost launched a new e-commerce marketplace, Omigo, which provides a common platform for consumers to shop and for SMEs and international brands to sell online. This scalable e-commerce solution leverages SingPost's strong e-fulfilment, last mile delivery and return capabilities.

SHAREHOLDER RETURNS

Share Ownership by Investor Groups



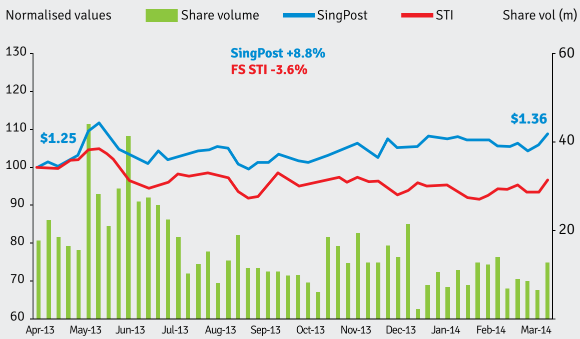
Institutional Holdings by Geographic Distribution



FY2013/14 Dividends (per share)	
Interim Q1 FY2013/14	1.25 cents
Interim Q2 FY2013/14	1.25 cents
Interim Q3 FY2013/14	1.25 cents
Final FY2013/14 (Proposed) *	2.50 cents
Total Dividends Paid/Proposed	6.25 cents

** For the approval of shareholders at the 22nd Annual General Meeting*

SingPost Share Price and Trading Volume vs FS STI (FY2013/14)



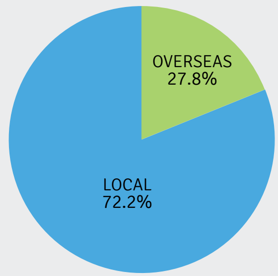
Source: Bloomberg

IR calendar of events (FY2013/14)	
May 2013	Q4 and Full Year FY2012/13 results briefing to analysts and media Post-results investor lunch briefing
Jun 2013	21st Annual General Meeting / Extraordinary General Meeting
Aug 2013	Q1 FY2013/14 results briefing to analysts
Sept 2013	UBS ASEAN Conference 2013 - Singapore
Oct 2013	DBS Vickers The Pulse of Asia Corporate Access Day – Kuala Lumpur Q2 and H1 FY2013/14 results briefing to analysts and media Post-results investor lunch briefing
Nov 2013	Post-results non deal roadshow - Singapore
Feb 2014	Q3 and 9M FY2013/14 results briefing to analysts Post-results investor lunch briefing

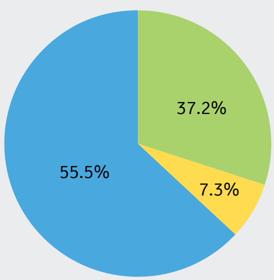
BUSINESS REVIEW

The SingPost Group has three main operating divisions: Mail, Logistics and Retail & e-Commerce. For the financial year ended 31 March 2014, the Group recorded revenue of S$821.1 million, of which 55.5 per cent was contributed by the core business of Mail. Logistics comprised 37.2 per cent of Group revenue, while Retail & e-Commerce contributed the remaining 7.3 per cent. The Mail Division accounted for the bulk of the Group operating profit, at 79.9 per cent, compared to 7.9 per cent by Logistics and 4.2 per cent by Retail & e-Commerce.

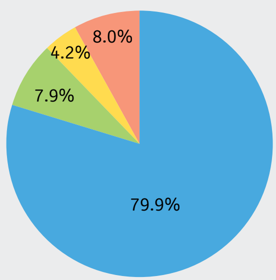
Geographical Revenue Breakdown



Revenue Breakdown



Operating Profit Breakdown



Legend:

Mail
- Domestic
- International
- Hybrid
- Philatelic

Logistics
- Quantium Solutions
- Famous Holdings
- Logistics including Speedpost, Lock + Store, Transhipment and others

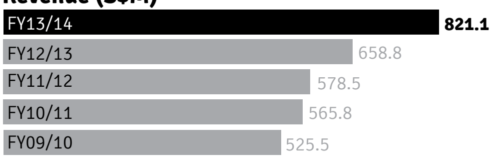
Retail & e-Commerce
- Retail
- Financial Services
- e-Commerce

Others
- Property

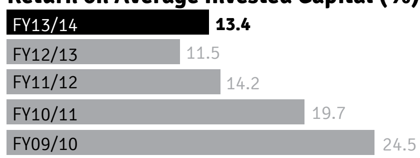
GROUP FINANCIALS

Income Statement

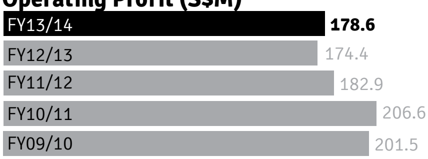
Revenue (S$M)



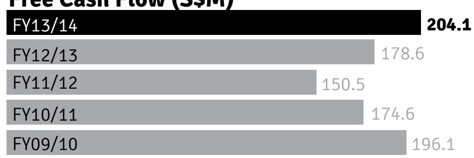
Return on Average Invested Capital (%)



Operating Profit (S$M)



Free Cash Flow (S$M)



Net Profit (S$M)

Dividend (cents per share)

Underlying Net Profit (S$M)

PROPERTY

In FY2013/14, 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 98.2 per cent as at 31 March 2014.

List of Major Properties

Name	Address	Title	Yrs	With Effect From	Land (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

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2014	**2013[1]**	**2012**	**2011**	**2010**
Income Statement (S$ million)					
Revenue	**821.1**	658.8	578.5	565.8	525.5
Operating profit [2]	**178.6**	174.4	182.9	206.6	201.5
EBITDA [3]	**219.1**	214.1	214.8	232.6	232.2
Net profit [4]	**143.1**	136.5	142.0	161.0	165.0
Underlying net profit [5]	**145.0**	141.0	135.4	149.6	147.7
Balance Sheet (S$ million)					
Total assets	**1,321.9**	1,554.3	1,430.2	1,092.9	1,074.9
Ordinary shareholders' equity	**346.8**	320.7	313.0	326.1	292.9
Cash and cash equivalents	**404.4**	628.3	617.4	338.7	390.2
Net (cash)/net debt	**(170.3)**	(91.8)	(111.6)	164.3	112.8
Perpetual securities	**346.8**	346.8	346.8	-	-
Net debt plus perpetual securities [6]	**176.5**	255.1	235.2	164.3	112.8
Cash Flow (S$ million)					
Net cash inflow from operating activities	**241.8**	203.0	176.6	186.9	208.5
Capital expenditure (cash)	**37.8**	24.4	26.1	12.3	12.4
Free cash flow [7]	**204.1**	178.6	150.5	174.6	196.1

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2014	**2013(1)**	**2012**	**2011**	**2010**
Key Ratios					
EBITDA margin (%)	**26.7**	32.5	37.1	41.1	44.2
Net profit margin (%)	**17.4**	20.7	24.5	28.5	31.4
Return on average invested capital (%)	**13.4**	11.5	14.2	19.7	24.5
Return on average ordinary shareholders equity (%)	**21.0**	20.6	44.4	52.0	60.6
Net debt to ordinary shareholders equity (%)	**N.M.**	N.M.	N.M.	50.4	38.5
Net debt plus perpetual securities to ordinary shareholders equity (%) (6)	**50.9**	79.5	75.1	50.4	38.5
EBITDA to interest expense (number of times)	**34.6**	16.8	17.2	16.3	29.9
Per Share Information (S cents)					
Earnings per share - basic	**6.75**	6.44	7.41	8.37	8.56
Earnings per share - underlying net profit (5)	**7.61**	7.45	7.17	7.78	7.67
Net assets per share	**36.5**	35.3	34.9	17.3	15.5
Dividend per share - ordinary	**6.25**	6.25	6.25	6.25	6.25

Notes

(1) *The 2013 figures have been restated to reflect the adjustments to business combination fair values and revision to contingent consideration payable.*
(2) *Operating profit is defined as profit before interest, tax and share of profit of associated companies and joint ventures.*
(3) *EBITDA is defined as profit before interest, tax, depreciation, impairment and amortisation.*
(4) *Net profit is defined as profit after tax and non-controlling interests.*
(5) *Underlying net profit is defined as net profit before one-off items, and gains and losses on sale of investments, properties, plant and equipment.*
(6) *Net debt plus perpetual securities and its ratio to ordinary shareholders equity are presented for comparative purposes.*
(7) *Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.*

N.M. Not meaningful

FINANCIAL REVIEW AND OUTLOOK

GROUP	FINANCIAL YEAR ENDED 31 MARCH 2014 S$'000	2013(1) S$'000	CHANGE %
Revenue	**821,111**	658,760	24.6
Operating profit	**178,632**	174,353	2.5
Share of profit of associated companies and joint ventures	**4,358**	2,432	79.2
Net profit	**143,050**	136,481	4.8
Underlying net profit (1)	**145,048**	140,960	2.9
Basic earnings per share (S cents)	**6.75**	6.44	4.8
Underlying earnings per share (S cents)	**7.61**	7.45	2.2

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 achieved strong revenue growth in FY2013/14 with contributions from acquisitions and increased e-Commerce related revenue in all business segments. Excluding General Storage Company and Famous Holdings, the Group recorded revenue growth of 7.7%. With the Group's regional expansion efforts, overseas revenue grew from 19.1% of total revenue in the previous financial year to 27.8% in FY2013/14.

REVENUE	FINANCIAL YEAR ENDED 31 MARCH 2014 S$'000	2013(1) S$'000	CHANGE %
Mail	**490,950**	440,273	11.5
Logistics	**368,513**	241,154	52.8
Retail & e-Commerce	**86,666**	83,736	3.5
Inter-segment eliminations	**(125,018)**	(106,403)	17.5
	821,111	658,760	24.6

Note
(1) Figures have been adjusted to conform to current year's operating segments.

FINANCIAL REVIEW AND OUTLOOK

In the Mail division, growth in e-commerce packages in domestic and international mail helped to offset the decline in traditional letter mail volumes. Hybrid mail revenue improved mainly due to Novation Solutions, which was acquired in May 2012 (fully consolidated in FY2013/14 versus partially consolidated in the previous financial year).

Logistics revenue was boosted by growth in regional e-fulfilment activities and the full consolidation of General Storage Company and Famous Holdings. Excluding the acquisitions, Logistics revenue growth was 6.2%. Quantium Solutions continued to show growth in e-commerce logistics, with about 45% of its revenue derived from the growing e-commerce logistics business compared to 37% last year.

In the Retail & e-Commerce division, revenue growth was driven by e-Commerce services and financial services, which offset the decline in agency services and retail product contributions.

Rental and property-related income grew by 4.6%, as a result of higher rental income from SingPost's properties.

There was a miscellaneous loss of S$0.1 million, compared to an income of S$9.7 million in the previous year. The difference was attributable to unrealised trade related foreign exchange losses, provisions for the restructuring of an overseas operation during the financial year, lower interest income and the cessation of amortisation of deferred income on intellectual property rights.

With the change in business model to a diversified group and growth in lower margin businesses, total expenses increased by 26.4% (versus revenue growth of 24.6%) from S$546.9 million to S$691.5 million. In addition, the Group continued to incur developmental expenses on resources to drive the transformation initiatives.

Volume related expenses increased in tandem with the strong growth in international traffic and the inclusion of Famous Holdings. Bulk of Famous Holdings' expenses is volume related costs.

Labour and related expenses were higher due to additional headcount from the new subsidiaries.

The higher administrative and other expenses were attributable to the increase in rental and property related expenses, and other administrative costs.

Depreciation and amortisation expenses were lower. There was a write-off of intangible asset and payment relating to the release agreement with associated company Postea Inc amounting to S$7.0 million in the previous financial year. Excluding this, depreciation and amortisation expenses were higher due to the inclusion of General Storage Company and Famous Holdings.

Selling expenses rose as a result of increased advertising and other selling expenses.

FINANCIAL REVIEW AND OUTLOOK

The decline in finance expenses was due to the repayment of the S$300 million bond in April 2013.

	FINANCIAL YEAR ENDED 31 MARCH		
OPERATING PROFIT	2014 S$'000	2013[1] S$'000	CHANGE %
Mail	**142,639**	141,291	1.0
Logistics	**14,162**	6,920	104.7
Retail & e-Commerce	**7,489**	14,728	(49.2)
Others	**14,342**	11,414	25.7
	178,632	174,353	2.5

Note

(1) Figures have been adjusted to conform to current year's operating segments.

The Group's operating profit was underpinned by growth in contributions from Mail and Logistics. Mail operating profit was higher with the improved business performance. In Logistics, operating profit increased with the inclusion of the new subsidiaries. The decline in Retail & e-Commerce operating profit was mainly due to lower contributions from agency services and retail products, as well as the increase in developmental costs incurred for the e-Commerce business. Operating profit in "Others" segment was higher. This was largely due to the write-off of intangible asset and payment relating to the release agreement with Postea Inc in the previous year. Excluding one-off items, the Group's operating profit was higher by 1.0%.

Share of profit of associated companies and joint ventures grew by 79.2% from S$2.4 million to S$4.4 million as a result of stronger performances of associated companies, particularly GD Express, 4PX IT and ITL.

The Group recorded a 4.8% increase in net profit attributable to equity holders from S$136.5 million to S$143.1 million. Excluding one-off items, underlying net profit was S$145.0 million, an increase of 2.9% from S$141.0 million last year.

FINANCIAL REVIEW AND OUTLOOK

CASH FLOW	FINANCIAL YEAR ENDED 31 MARCH 2014 S$'000	2013[1] S$'000	CHANGE %
Net cash inflow from operating activities	**241,849**	202,990	19.1
Net cash used in investing activities	**(37,570)**	(51,987)	(27.7)
Net cash used in financing activities	**(428,156)**	(140,053)	205.7
Net (decrease)/increase in cash and cash equivalents	**(223,877)**	10,950	N.M.
Cash and cash equivalents at beginning of year	**628,307**	617,357	1.8
Cash and cash equivalents at end of year	**404,430**	628,307	(35.6)
Free cash flow	**204,093**	178,550	14.3
Cash capital expenditure as a percentage of revenue	**4.6%**	3.7%	

Note

(1) Figures have been adjusted to conform to current year's operating segments.

Operating activities

Net cash from operating activities was S$241.8 million, compared to S$203.0 million in the previous year, mainly due to higher operating cash flow and working capital changes.

Investing activities

Net cash used in investing activities was S$37.6 million, compared to S$52.0 million previously. During the financial year, the Group made additions to property, plant and equipment of S$37.8 million which included the new mail sorting equipment and POPStations.

Financing activities

Net cash used in financing activities was S$428.2 million, compared to S$140.1 million in the previous year. The increase was mainly due to the repayments of the S$300 million bond and S$15.5 million term loan which offset proceeds from bank term loan, issuance of ordinary shares and reissuance of treasury shares. The Group made dividend payments to shareholders of S$118.8 million and distribution to perpetual securities holders of S$14.9 million.

FINANCIAL REVIEW AND OUTLOOK

Free cash flow
Free cash flow amounted to S$204.1 million in FY2013/14, compared to S$178.6 million in FY2012/13.

CAPITAL MANAGEMENT

As at 31 March 2014, the Group was in net cash position of S$170.3 million. The Group continues to conserve cash to support its investment needs, capital expenditure, working capital and other funding requirements.

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

	FINANCIAL YEAR ENDED 31 MARCH		
GROUP DEBT AND PERPETUAL SECURITIES	**2014 S$'000**	**2013 S$'000**	**CHANGE %**
Total debt	**234,128**	536,550	(56.4)
Net cash	**(170,302)**	(91,757)	85.6
Total debt plus perpetual securities *	**580,954**	883,376	(34.2)
Net debt plus perpetual securities *	**176,524**	255,069	(30.8)
Net debt plus perpetual securities to ordinary shareholders equity (%) *	**50.9%**	79.5%	
EBITDA to interest expense (number of times)	**34.6**	16.8	

* Presented for comparative purposes

Total debt plus perpetual securities comprised mainly S$200 million 10-year Fixed Rate Notes issued in March 2010 and S$350 million senior perpetual cumulative securities issued in March 2012. Net debt plus perpetual securities to ordinary shareholders equity ratio decreased to 50.9 per cent as at 31 March 2013 from 79.5 per cent a year ago following the repayment of the S$300 million 10-year bond. With the lower interest expenses following the bond repayment, interest coverage ratio (i.e. EBITDA to interest expense) improved from 16.8 times to 34.6 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 per cents for the financial year ended 31 March 2014. 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 FY2013/14	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 postal business remains challenging. Whilst Domestic mail volumes have declined in the last two years and are expected to remain on the downtrend, operating costs have increased. Nevertheless, as the Public Postal Licensee, the Group is committed to its obligations in maintaining service quality standards, and is making additional capital expenditure investments of S$100 million over three years from FY2013/14 to enhance the postal infrastructure and improve its service quality and operations in Singapore.

With the strong growth in e-commerce in Asia Pacific, parcel volumes have been increasing over the last few years and are expected to continue to grow rapidly. During the last two years, the Group has invested in building and strengthening an end-to-end e-commerce logistics solutions network in the region to tap the growth in e-commerce. It has developed competencies in freight forwarding, warehousing and fulfilment, last mile delivery and returns, as well as front-end online solutions.

The Group is on track to meet its transformation objectives to grow its non-postal business in both domestic and regional markets. E-commerce related revenues account for approximately 26% of the Group's revenue in FY2013/14. Overseas revenue has increased from 12.9% of Group revenue two years ago to 27.8% in FY2013/14, while non-mail revenues such as property and logistics have grown from 37.1% to 44.5%. The Group is also exploring various opportunities to enhance the yields of its properties.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and Management of SingPost strongly believe that a high standard of corporate governance needs to be achieved for the long term sustainability of the Company's businesses and performance. Our framework of controls reflects the Company's commitment to accountability, transparency and protection of shareholders' interest.

SingPost confirms it adhered to the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (2012 Code). This Report describes SingPost's corporate governance practices including its processes, standards, systems and activities in the financial year, with specific reference to the principles of the 2012 Code.

A BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

The Board oversees the business affairs of the SingPost Group. It provides entrepreneurial leadership and guidance to Management reserving for its own decision the approval of the Group's long term strategic performance objectives, plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board also approves financial results for release to the Singapore Exchange Securities Trading Limited (SGX-ST), the appointment of the Group Chief Executive Officer (Group CEO), and all changes in the Board and Board Committees. To facilitate the Board in its execution of its duties and to enhance the effectiveness of the Board, the Board delegates authority to the Audit Committee, Board Risk and Technology Committee, Compensation Committee, Executive Committee and Nominations Committee. Each Board Committee has written terms of reference, which clearly set out its respective authority and duties. Details on each Board Committee, including the composition and terms of reference, can be found subsequently in this Report.

CORPORATE GOVERNANCE REPORT

A framework of internal controls is in place setting out financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services as well as acquisition and disposal of investments. These provide clear directions that the Board's approval is required for transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Executive Committee and Management to optimise operational efficiency.

Board and Board Committee meetings and the Annual General Meeting (AGM) for the following calendar year are scheduled in advance. Additionally, towards the end of the financial year, a Board meeting is scheduled to review the Group's strategy and to consider and approve the Group's budget for the following financial year. At least four meetings are scheduled each year and additional meetings are convened as and when warranted by particular circumstances between these scheduled meetings. In the financial year ended 31 March 2014, a total of six Board meetings were held. The Board regularly sets aside some time at each scheduled meeting for discussions without the presence of Management. The directors often also communicate on an ad hoc basis without the presence of Management to review matters of a confidential nature. Once a year, the Board participates in a strategy workshop with Management to plan the Group's longer term strategy. Typically it is held offsite in a country where the Group has significant investments to allow the Board to meet with the Group's business partners, thereby developing stronger business relationships and gaining first hand insight into these investments. A record of the attendance of the directors at Board meetings and Board Committee meetings, as well as the frequency of such meetings, is disclosed in this Report.

Upon appointment of each new director, the Company Secretary provides a formal letter to the newly appointed director stating the director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules. All newly appointed directors also undergo a compulsory orientation programme to familiarise them with the Group's businesses and strategic objectives. The programme includes presentations by the Group CEO on the Company's strategic plans and financial performance, and presentations by senior management on their respective businesses, directions and corporate governance practices. The orientation programme not only serves its objective of thoroughly acquainting the directors with the nature and workings of the Company's business, but also serves as a platform for new directors to get to know members of senior management and to ask questions.

Board directors are regularly informed of changing commercial risks faced by the Company through briefings at Board meetings as well as articles and reports circulated to the Board. In addition, facility visits are arranged for directors to better understand the Group's business operations. The programme of the board strategy workshop will include updates on developments in the industry, new technology relevant to the Group's businesses and information on the competitive landscape in which the Group's businesses operate. Board directors are also briefed on changes in regulations and guidelines. This year, this included a presentation by an external lawyer on the Group's legal obligations under the Personal Data Protection Act.

CORPORATE GOVERNANCE REPORT

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 and 10 per cent shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The current Board comprises 10 directors. Excluding the Group CEO Dr Wolfgang Baier, all the other directors are non-executive directors.

The Board constantly reviews its composition with regards to the need for progressive refreshing of the Board and to add necessary skills, diversity and experiences for the ongoing transformation. Therefore, the Board has decided to increase its strength by appointing two new non-executive independent directors, Ms Aliza Knox and Mr Soo Nam Chow, following the retirement of Mr Kenneth Michael Tan Wee Kheng. Background information on both new directors are at page 12.

Together, the directors bring with them a wealth of experience and a broad range of expertise 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 is valuable to the ongoing transformation of the SingPost Group. The profile of each Board member is set out in the Board of Directors section at pages 11 to 13.

The independence of the Board as well as individual directors is of utmost importance to the Board. 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 2012 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 2012 Code. Based on the above, the Nominations Committee determined that seven directors are independent and three are non-independent. The seven directors determined independent are Ms Aliza Knox, Mr Lim Ho Kee, Professor Low Teck Seng, Mr Soo Nam Chow, Mr Tan Yam Pin, Mr Keith Tay Ah Kee and Mr Zulkifli Bin Baharudin. The three directors determined non-independent are the Group CEO Dr Wolfgang Baier, Mr Bill Chang York Chye and Mr Michael James Murphy. Mr Bill Chang York Chye is the Chief Executive Officer (Group Enterprise) of SingTel, a shareholder of not less than 10 per cent of total voting shares in SingPost. Mr Michael James Murphy is the Chief Executive Officer, a director and substantial shareholder of Postea, Inc.. 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 is reflected in the Statutory Reports and Financial Statements for the financial year ended 31 March 2014.

CORPORATE GOVERNANCE REPORT

Three directors have served on the Board for more than nine years from the respective dates of their first appointment. They are Mr Lim Ho Kee, Mr Tan Yam Pin and Mr Keith Tay Ah Kee. While remaining committed to the progressive renewal of Board membership, the Board recognises that a director's independence cannot be determined solely on the basis of a set period of time. The Board further recognises that the benefits of experience and stability brought by its longer-standing directors serve the interest of SingPost and its shareholders.

In compliance with the 2012 Code, the Board conducted a very rigorous review of their independence. The Board sought written feedback from all directors for the review of the independence of each of the three directors. Each review was conducted separately and in each case the director who was the subject matter of the review would recuse himself from the discussion. The criteria applied by the Board in each review included (a) whether the director continues to express views objectively and seek clarification and amplification when deemed necessary; (b) whether the director continues to debate issues objectively; (c) whether the director continues to scrutinise and challenge Management on important issues raised at meetings; and (d) whether the director is able to bring judgement to bear in the discharge of the director's duties as a Board member and committee member.

In addition to the Board reviewing the independence of the three directors, the professional services of an external facilitator, Egon Zehnder, were engaged. Egon Zehnder is one of the top three global organisational advisory firm offering services and expertise in the fields of executive search, board consulting and leadership strategy services. It has no connection with the Company nor any of its directors. To ensure the directors were forthcoming in their feedback, Egon Zehnder communicated with each director separately to confidentially seek their views on the three directors. This was a distinct and separate review from the Board performance assessment referred to in Principle 5.

During the individual and private interviews conducted by Egon Zehnder, all directors expressed a clear view that the three directors are independent. Egon Zehnder concluded that there was unanimous and unequivocal agreement amongst all the board directors of SingPost that Mr Lim Ho Kee, Mr Tan Yam Pin and Mr Keith Tay Ah Kee have been performing their role as independent directors, who take into consideration all stakeholders' interests, and who uphold governance standards.

As a result of the written feedback received from each director, the Board discussions and the evaluation carried out by the external facilitator Egon Zehnder, the Board concluded that the three directors have remained independent in character and judgement on the following basis:

CORPORATE GOVERNANCE REPORT

Mr Lim Ho Kee

Based on a thorough review, the Board concluded that Mr Lim Ho Kee has been contributing as an independent Chairman and director, who is focused on serving the best interests of all stakeholders. In the feedback received by Egon Zehnder, Mr Lim Ho Kee has been described as a director whose clear independence "is evident in everything he does, from his core guiding principle of always thinking for the interest of all shareholders to his objectivity in helping us frame and think rigorously". He was described as a director who has always "acted in the best interest of the company without fear or favour". As a chairman, he was credited for facilitating "healthy and rigorous debate in board discussions and decision making" and also seen as leading the Board by example, by expressing his own viewpoints very vocally and debating issues objectively. He also ensures that timely information and sufficient clarifications are obtained from Management for the Board to make informed decisions in the best interest of all shareholders. The Board regards his leadership as crucial in the transformation of SingPost. His extensive experience is particularly valuable in the ongoing intensive efforts to transform SingPost. Additionally, in light of Management changes in recent years, the Board values the stability brought by Mr Lim Ho Kee's leadership. The Board also appreciated Mr Lim Ho Kee's drive to look out for all stakeholders, which was evident in his efforts to champion inclusive treatment of older staff, low income employees and frontliners which have resulted in the setting up of the SingPost Inclusivity Fund.

Mr Tan Yam Pin

Based on a thorough review, the Board concluded that Mr Tan Yam Pin has been contributing as an independent director, who is focused on serving the best interests of all stakeholders. This is reflected in the feedback received by Egon Zehnder, where Mr Tan Yam Pin has been described as a director who has "acted independently by bringing his own strong and objective views" and "would comment without reservations on anything put in front of him". He has also been described as "a director who is good in finding gaps and inconsistencies in proposal and arguments put forth and would challenge in his questioning". He displays an unwavering focus on enhancing shareholder value, most evident from his questions and contributions at Board meetings and committee meetings. The Company benefits from his wealth of work experience, often targeted at achieving efficiencies in operations and property management. Mr Tan Yam Pin is highly knowledgeable in the area of corporate governance. He regularly initiates discussions with both Board and Management on industry best practices. He has been instrumental in setting high standards of governance and building a culture of high transparency, risk and accountability.

CORPORATE GOVERNANCE REPORT

Mr Keith Tay Ah Kee

Based on a thorough review, the Board concluded that Mr Keith Tay Ah Kee has been contributing as an independent director, who is focused on serving the best interests of all stakeholders. Mr Keith Tay Ah Kee is described by his peers as “an independently-minded and straight-talking board member”, who would “call a spade a spade”. He has been observed to “speak his mind in board meetings” and “be unafraid to challenge other board members when he feels he needs additional debate”. As a member of the Audit Committee, Mr Keith Tay Ah Kee is credited for being invariably thorough in his scrutiny of issues. He challenges Management with probing queries and has exacting standards which inspire Management to perform to the highest level of professionalism. His viewpoints are astute, insightful and objective. The Board’s high regard for his independence is further affirmed by the fact that Mr Keith Tay Ah Kee has consistently been chosen by the other independent directors as the Lead Independent Director.

Principle 3: Chairman and Chief Executive Officer
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

The Chairman and Group CEO are separate persons and there is no family relationship between them. Mr Lim Ho Kee is the non-executive and independent Chairman. Dr Wolfgang Baier is the Group CEO. The respective roles of Chairman and Group CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the directors and Management. The Chairman plays a pivotal role by providing 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 material information is provided to the Board to facilitate good decision-making. At meetings, he promotes open dialogue and debate between the directors of all agenda items, especially strategic issues. The Chairman also monitors the translation of the Board’s decisions and directions into executive action. The Chairman maintains effective communication with shareholders and fosters good relationship with stakeholders such as the Union, SingPost staff, government, regulators, customers and other partners. At AGM and other shareholder meetings, the Chairman ensures constructive dialogue between shareholders, the other directors and Management.

The Group CEO is responsible for making strategic proposals to the Board and implementing the SingPost Group’s strategies and policies as well as the Board’s decisions. He assumes the executive responsibility for the day-to-day management of the Company, with the support of the Executive Leadership Group. The function and key responsibilities of the Executive Leadership Group are set out under the section of “Board and Management Committees” in this Report.

CORPORATE GOVERNANCE 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) and Monetary Authority of Singapore (MAS).

Mr Keith Tay Ah Kee is the Lead Independent Director. As the Lead Independent Director, he leads and encourages dialogue between independent directors without the presence of the other directors and provides feedback to the Chairman. As the Lead Independent Director, he is also available as the alternate channel for shareholders, should shareholders fail to resolve concerns through the normal channels of the Chairman, Group CEO or Group Chief Financial Officer (Group CFO) or when such normal channels are inappropriate.

Principle 4: Board Membership
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominations Committee strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and abilities.

The process for the appointment of new directors begins with the Nominations Committee's annual review of the Board composition. The Nominations Committee conducts a needs analysis to identify areas where additional expertise and skills can add to 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 basis for recruitment. The Nominations Committee is empowered to engage professional search firms to draw up a shortlist. Recommendations by directors, Management and shareholders are also considered. The Nominations Committee meets with the candidates that it has shortlisted to (a) assess the suitability of each candidate, (b) communicate to the candidates the level of commitment expected as well as (c) to provide sufficient information for the candidates to make an informed decision on accepting the role. After a candidate has been endorsed by the Nominations Committee, it will 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 and MAS' approval in accordance with the requirement set out in the Money-changing and Remittance Businesses Act, Cap. 187 respectively.

The Nominations Committee is tasked to ensure directors have given sufficient time and attention to the affairs of the Company and to decide if a director has been adequately carrying out, and is able to continue carrying out, the duties of a director of the Company. In doing so, the Nominations Committee will also consider the other directorships held by the directors and their principal commitments. The Nominations Committee has determined that all the directors have devoted a satisfactory amount of time and attention to the Company.

CORPORATE GOVERNANCE REPORT

At each AGM of the Company, at least one third of the directors starting from those with the longest term 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. It is the responsibility of the Nominations Committee to evaluate the 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 the results of the evaluation described under Principle 5. The Board also gives regard to the composition of the Board and balances the need for progressive renewal against the need for continuity especially by directors whose contribution and in-depth knowledge of the Group's businesses and operation are difficult to replace.

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

Principle 5: Board Performance
There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has implemented a formal process to assess the performance and effectiveness of the Board as a whole and its Board Committees. To ensure objectivity and independence in the assessment process, the assessment was conducted by an external facilitator, namely Egon Zehnder, a global organisational advisory firm which has performed over 500 similar board reviews around the world. The external facilitator has no connection with the Company or any of its directors other than as its advisor on Board effectiveness and executive hiring.

The view on the Board's effectiveness was formed by looking at various criteria that included: the composition and size of the Board; the Board's access to information; Board processes; Board dynamics; the Board's input to the Company's strategy; how the Board engages with Management; how the Board tracks performance and manages risks; how the Board plans for succession of key leadership roles; and the effectiveness of the Board Committees.

As part of the process, the directors completed appraisal forms which were collated by Egon Zehnder. Each director separately shared views with Egon Zehnder. Egon Zehnder reviewed the results of the appraisal with the Chairman of the Board and subsequently met with the Board to present its independent report and recommendations. The Board followed up with a discussion on the findings and recommendations. The result of the assessment indicates that the Board continues to function very effectively.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognises that timely access to relevant information is important for the Board to be effective. Management has clear directions to send Board papers at least seven days before board meetings. In the case of very sensitive information, complete information may be provided only in the course of the meeting. In addition to Board papers, Management also ensures that the Board receives regular reports appraising and updating the directors on industry-specific knowledge including information on other postal companies and the 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 additional information from Management that is needed to make informed decisions. Management does its utmost to meet the request in a timely manner. At all times, the Board has separate and independent access to Management and the Company Secretary. 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 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 the Board directors 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 Audit Committee, the Board Risk and Technology Committee, the Compensation Committee, the Executive Committee and the Nominations Committee. Each of these Board Committees 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.

Audit Committee
The Audit Committee comprises four non-executive independent directors, namely Mr Soo Nam Chow (chairman of the Audit Committee), Mr Keith Tay Ah Kee, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin.

CORPORATE GOVERNANCE REPORT

The key terms of reference of the Audit Committee as approved by the Board include:

- Assisting the Board in discharging its statutory and other responsibilities on internal controls, financial reporting, compliance and risk management;
- 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 maintain objectivity; and
- Reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

The Audit Committee's terms of reference and responsibilities are in compliance with the 2012 Code.

Board Risk and Technology Committee

The Board Risk and Technology Committee comprises five board members. They are Professor Low Teck Seng (chairman of the Board Risk and Technology Committee), Mr Michael James Murphy, Mr Bill Chang York Chye, Mr Tan Yam Pin and Ms Aliza Knox, all of whom are non-executive directors. The members of the Board Risk and Technology Committee are independent directors except for Mr Michael James Murphy and Mr Bill Chang York Chye who are non-independent directors.

The key terms of reference of the Board Risk and Technology Committee as approved by the Board include:

- Providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group;
- Defining and determining a risk management strategy including an appropriate level of risk tolerance in pursuit of business objectives;
- Determining the Group's risk policies, guidelines and limits and oversee implementation by Management of the risk management and internal control systems; and
- Advising on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and information technology.

The Board Risk and Technology Committee's terms of reference and responsibilities are in compliance with the 2012 Code.

Compensation Committee

The Compensation Committee comprises Professor Low Teck Seng (chairman of the Compensation Committee), Mr Bill Chang York Chye, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin, all of whom are non-executive independent directors, except for Mr Bill Chang York Chye, who is a non-executive non-independent director.

The key terms of reference of the Compensation Committee as approved by the Board include:

- Recommending to the Board for endorsement the policies and guidelines for setting remuneration for directors and key management personnel 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 share option schemes and the Singapore Post Restricted Share Plan 2013.

The Compensation Committee's terms of reference and responsibilities are in compliance with the 2012 Code.

Executive Committee

The members of the Executive Committee are Mr Lim Ho Kee (chairman of the Executive Committee), Mr Keith Tay Ah Kee, Mr Tan Yam Pin and Dr Wolfgang Baier, all of whom are non-executive independent directors, except for Dr Wolfgang Baier who as the Group CEO is an executive non-independent director.

The key terms of reference of the Executive Committee as approved by the Board include:

- Assisting the Board in reviewing, evaluating and approving the Group's policies, principles, strategies, values, objectives and performance targets within parameters set by the Board;
- Overseeing the management of the business and affairs of the Group as may be delegated by the Board;
- Evaluating financing offers, banking facilities and managing the Group's liabilities within the limits set by the Board; and
- Considering, approving and recommending to the Board tenders, investments, divestments and write-down or write-off of investments of the Group in accordance with the Board's framework of internal controls.

Nominations Committee

The Company has established a Nominations Committee which comprises entirely of non-executive independent directors. Mr Keith Tay Ah Kee is chairman and the other members are Mr Lim Ho Kee, Mr Zulkifli Bin Baharudin and Mr Soo Nam Chow.

The key terms of reference of the Nominations Committee as approved by the Board include:

- Establishing a formal and transparent search and nomination process for the selection, appointment and re-appointment of directors to the boards of the Group and the boards of investee companies which the Group is entitled to appoint directors;
- Reviewing and assessing candidates for directorships before recommendation to the Board for appointment or re-appointment;
- Conducting the annual review of the composition of the Board and to make recommendations to ensure progressive renewal and an appropriate balance of expertise, skills, attributes and ability among the directors;
- Determining on an annual basis whether or not each director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect the director's judgement and recommend to the Board accordingly;

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- Conducting the review and recommend to the Board succession plans for directors, in particular the Chairman and the Group CEO;
- Developing a process for the evaluation of directors' performance and proposing of objective performance criteria in order to carry out a formal annual assessment of the effectiveness of the Board as a whole and its Committees and the contribution by each individual director to the effectiveness of the Board; and
- Organising the review of training and professional development programmes for the Board.

The Nominations Committee's terms of reference and responsibilities are in compliance with the 2012 Code.

Management Committee
The Group CEO is also supported by the Executive Leadership Group which comprises the Group CFO, Chief Operations Officer, Executive Vice Presidents and various heads of departments of the Company. The Executive Leadership Group meets at least once a month to review and direct the business, operational policies and activities. Responsible for shaping the Group's strategic direction, making key decisions, investment and execution, the Executive Leadership Group is the highest management decision body within SingPost.

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 2014 is as follows:

	BOARD	EXECUTIVE COMMITTEE	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE	AUDIT COMMITTEE	BOARD RISK AND TECHNOLOGY COMMITTEE
Number of Meetings Held	**6**	**8**	**4**	**1**	**4**	**4**
Name						
Lim Ho Kee(1)	6	8	4	1	-	-
Professor Low Teck Seng(2)	6	-	2	-	-	4
Keith Tay Ah Kee(3)	6	8	3	-	4	-
Soo Nam Chow(4)	2	-	-	-	1	-
Dr Wolfgang Baier	6	8	-	-	-	-
Bill Chang York Chye	6	-	-	1	-	4
Aliza Knox(5)	4	-	-	-	-	1
Michael James Murphy	5	-	-	-	-	2
Tan Yam Pin(6)	6	8	-	-	4	4
Zulkifli Bin Baharudin(7)	6	-	4	1	3	-
Kenneth Michael Tan Wee Kheng(8)	1	-	2	-	1	-

Notes

(1) Mr Lim Ho Kee relinquished both his roles as chairman and member of the Compensation Committee on 28 June 2013. He was appointed as the chairman of the Nominations Committee on 28 June 2013 and stepped down as chairman of the Nominations Committee on 16 December 2013 but remains as its member.

(2) Professor Low Teck Seng relinquished his membership in the Nominations Committee on 28 June 2013. He was appointed as the chairman of the Board Risk and Technology Committee on 9 May 2013 and chairman of the Compensation Committee in place of Mr Lim Ho Kee on 28 June 2013.

(3) Mr Keith Tay Ah Kee was appointed as the chairman of the Nominations Committee on 16 December 2013 in place of Mr Lim Ho Kee who stepped down as the chairman of the Nominations Committee. On 10 April 2014, he stepped down as the chairman of the Audit Committee but remains as its member.

(4) Mr Soo Nam Chow was appointed as a director of SingPost on 20 December 2013. He was appointed as a member of the Audit Committee and Nominations Committee on 24 January and 10 April 2014 respectively. He was appointed as the chairman of the Audit Committee on 10 April 2014 in place of Mr Keith Tay Ah Kee who stepped down as the chairman of the Audit Committee.

(5) Ms Aliza Knox was appointed as a director of SingPost on 30 August 2013. She was appointed as a member of the Board Risk and Technology Committee on 16 December 2013.

(6) Mr Tan Yam Pin was appointed as a member of the Compensation Committee on 10 April 2014.

(7) Mr Zulkifli Bin Baharudin was appointed as a member of the Audit Committee on 28 June 2013.

(8) Mr Kenneth Michael Tan Wee Kheng retired from the Board of Directors of SingPost following the conclusion of the AGM held on 28 June 2013.

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 management personnel 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.

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

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Principle 8: Level and Mix of Remuneration
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 at 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 and/or restricted shares, are reviewed by the Compensation Committee and approved by the Board.

The level and structure of remuneration of the directors and the Group CEO are disclosed in Principle 9.

Principle 9: Disclosure on Remuneration
Each company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

Directors' Remuneration

The directors' compensation for the financial year ended 31 March 2014 is as listed below:

Name of Directors	Fixed Component[1] (S$'000)	Variable Component[2] (S$'000)	Directors' Fees[3] (S$'000)	Benefits[4] (S$'000)	Total Compensation[5] (S$'000)	SingPost Share Option Scheme[6] No. Awarded & Accepted ('000)	SingPost Share Option Scheme[6] Value (S$'000)	SingPost Restricted Share Plan[6] No. Awarded & Accepted ('000)	SingPost Restricted Share Plan[6] Value (S$'000)
Lim Ho Kee[7] *Chairman*	-	-	221.9	1.4	223.3	-	-	-	-
Professor Low Teck Seng[8]	-	-	134.6	-	134.6	-	-	-	-
Keith Tay Ah Kee[9]	-	-	173.4	1.4	174.8	-	-	-	-
Soo Nam Chow[10]	-	-	23.7	-	23.7	-	-	-	-
Bill Chang York Chye	-	-	89.1	-	89.1	-	-	-	-
Aliza Knox[11]	-	-	40.7	-	40.7	-	-	-	-
Michael James Murphy	-	-	74.2	-	74.2	-	-	-	-
Tan Yam Pin[12]	-	-	122.0	1.4	123.4	-	-	-	-
Zulkifli Bin Baharudin[13]	-	-	107.5	1.4	108.9	-	-	-	-
Kenneth Michael Tan Wee Kheng[14]	-	-	46.0	0.2	46.2	-	-	-	-
Dr Wolfgang Baier	803.9	400.0	-	78.5	1,282.4	1,000.0	73.6	213.7	240.0

NOTES

(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2014.

(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2014.

(3) Non-Executive Directors are given the choice to receive their directors' fees in the form of cash or share options granted under the Singapore Post Share Option Scheme 2012 or restricted shares granted under the Singapore Post Restricted Share Plan 2013.

(4) 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.

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

(6) The option/restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model/Adjusted Share Price Model.

(7) Mr Lim Ho Kee relinquished both his roles as chairman and member of the Compensation Committee on 28 June 2013. He was appointed the chairman of the Nominations Committee on 28 June 2013 and stepped down as chairman of the Nominations Committee on 16 December 2013 but remains as its member.

CORPORATE GOVERNANCE REPORT

(8) Professor Low Teck Seng relinquished his membership in the Nominations Committee on 28 June 2013. He was appointed as the chairman of the Board Risk and Technology Committee on 9 May 2013 and chairman of the Compensation Committee in place of Mr Lim Ho Kee on 28 June 2013.
(9) Mr Keith Tay Ah Kee was appointed as the chairman of the Nominations Committee on 16 December 2013 in place of Mr Lim Ho Kee who stepped down as the chairman of the Nominations Committee. On 10 April 2014, he stepped down as the chairman of the Audit Committee but remains as its member.
(10) Mr Soo Nam Chow was appointed as a director of SingPost on 20 December 2013. He was appointed as a member of the Audit Committee and Nominations Committee on 24 January and 10 April 2014 respectively. He was appointed as the chairman of the Audit Committee on 10 April 2014 in place of Mr Keith Tay Ah Kee who stepped down as the chairman of the Audit Committee.
(11) Ms Aliza Knox was appointed as a director of SingPost on 30 August 2013. She was appointed as a member of the Board Risk and Technology Committee on 16 December 2013.
(12) Mr Tan Yam Pin was appointed as a member of the Compensation Committee on 10 April 2014.
(13) Mr Zulfkifli Bin Baharudin was appointed as a member of the Audit Committee on 28 June 2013.
(14) Mr Kenneth Michael Tan Wee Kheng retired from the Board of Directors of SingPost following the conclusion of the AGM held on 28 June 2013.

No employee of the Company and its subsidiary companies is an immediate family member of a director and the Group CEO, and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2014.

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 management personnel 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 management personnel.

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 and housing benefits, flexible benefits and car allowance, where applicable. Eligibility for these benefits will depend on individual salary grade and scheme of service.

Long-term Incentives

Long-term incentives are granted to align staff's interests with that of shareholders' and these are granted in the form of either share options or restricted shares. These long-term incentives are granted with reference to the desired remuneration structure target and valued based on the Monte Carlo Model/Adjusted Share Price Model. Details of the share option scheme can be found in the "Directors' Report" section of the Annual Report. In addition, identified key management personnel, 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.

The following information relates to the remuneration of the Company's key management personnel (not being director) for the financial year ended 31 March 2014:

						SingPost Share Option Scheme(6)		SingPost Restricted Share Plan(6)	
	Fixed Component(1)	Variable Component(2)	Provident Fund(3)	Benefits(4)	Total Compensation(5)	No. Awarded & Accepted	Value	No. Awarded & Accepted	Value
Name of Executive	**%**	**%**	**%**	**%**	**%**	**('000)**	**(S$'000)**	**('000)**	**(S$'000)**
S$750,000 to below S$1,000,000									
Ng Hin Lee *Group CFO*	74	20	1	5	100	-	-	106.9	120.0
S$500,000 to below S$750,000									
Woo Keng Leong *Executive Vice President /Head (Postal Services)*	67	24	2	7	100	750.0	55.2	89.1	100.0
Dr Sascha Hower *Chief Operations Officer*	67	20	-	13	100	750.0	55.2	71.2	80.0
Ramesh Narayanaswamy *Chief Information Officer*	69	20	3	8	100	600.0	44.2	24.9	28.0
Chan Kiat *Executive Vice President (Investments, Group Strategy & Business Development)*	61	28	3	8	100	400.0	29.4	39.2	44.0

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NOTES

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2014.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2014.
(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, where applicable.
(5) Total Compensation excludes the value of share options and restricted shares.
(6) The option/restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model/Adjusted Share Price Model. It comprised of performance share options and restricted shares granted in the financial year ended 31 March 2014.

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: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board and Management ensure that the Group implements and maintains a sound system of risk management and internal controls.

The Group's policy is to establish an organisational philosophy and culture that ensure that effective risk management is an integral part of its activities and a core management capability. The Board is responsible for the governance of risk across the Group. To assist it in the oversight of the Group's risk management framework and policies, the Board established the Board Risk Committee in 2005. The Board Risk Committee was merged with the Technology Committee to form the Board Risk and Technology Committee in 2013. As the main purpose of the Technology Committee was to address a type of risk, namely technology risk, the Board was of the view that the interests of the Company would be best served by governing this component of risk as part and parcel of other risks.

The Committee meets on a quarterly basis, and the meetings are attended by the Group CEO, Group CFO, Chief Operations Officer, Chief Information Officer as well as other key management staff.

CORPORATE GOVERNANCE REPORT

Supporting the Board Risk and Technology Committee is the Management Risk Committee which is chaired by the Group CEO and comprises key management personnel and heads of relevant business and support units. The Management Risk Committee oversees risk management activities and ensures that material risk exposures have been identified and evaluated at the Group level, the measures implemented to mitigate the risks are adequate and effective but not excessive, and the residual risks are acceptable.

The Group has in place a structured and systematic approach to risk management, and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into the various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure the strategic, business, operations, financial, reporting, compliance and information technology (IT) risk exposures are identified and appropriately managed.

At least once a year, the Group undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and IT controls. During the annual exercise, all risk owners review and update the existing risks, and report emerging and new risks. The Management Risk Committee monitors and reviews all the risks in the Group's risk register to ensure that new risks are identified, all the risks are managed and action plans are implemented. An annual risk review report is then submitted to the Board Risk and Technology Committee and the Board for review.

In addition to the annual risk review, the Group conducts control self-assessments to provide further assurance on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and IT controls.

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

For the financial year ended 31 March 2014, the Board has received written assurance from the Group CEO and the Group CFO that:

- the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the Group's internal controls and risk management systems have been adequate and effective to address the risks which the Group considers relevant and material to its operations.

The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems have been adequate and effective for the risks which the Group considers relevant and material to its operations for the financial year ended 31 March 2014. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, as well as assurances received from the Group CEO and Group CFO.

The Board notes that the internal controls and risk management systems provide reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, frauds or other irregularities.

Principle 12: 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. It has full access to and the full cooperation of Management. It also has full discretion to invite any director or executive officer to attend its meetings. 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.

CORPORATE GOVERNANCE REPORT

The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal controls. The Audit Committee also meets with the internal and external auditors, without the presence of Management, at least annually.

The Audit Committee has reviewed the quarterly and annual financial statements of the Company and the Group and the related SGXNET announcements for the financial year ended 31 March 2014 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 2014. 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.

During the financial year, the Audit Committee has reviewed with the Group CFO and the external auditors on changes to accounting standards and issues which are relevant to the Group and have a direct impact on the group's financial statements.

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 and any other persons 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. All whistle-blowing reports received and findings of the investigations are reported to the Audit Committee. Details of the whistle-blowing policies, arrangements and procedures for raising such concerns are posted on the Company's intranet and website for easy reference by staff and any other persons. New staff are briefed on these during the staff orientation programme.

Principle 13: Internal Audit
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company's internal audit function covers the audits of subsidiaries. Its 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 approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

The internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including direct access to the Audit Committee.

The Audit Committee reviews the adequacy and effectiveness of the internal audit function on an on-going basis. The Audit Committee ensures that the internal audit function is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively. The internal audit function adopts the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

D SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes that shareholders have the right to be sufficiently informed of changes in the Company or its business that would materially affect the price or value of its shares. To ensure that all shareholders are treated fairly and equitably, the Company has in place a structured and systematic framework to share pertinent information to the investment community in a timely manner to keep them apprised on the latest developments.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings. Shareholders are also duly informed of the rules including voting procedures that govern the general meetings.

Principle 15: Communication with Shareholders
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company actively engages the investing community and has put in place an investor relations policy to promote regular, effective and fair communication with shareholders. The investor relations policy is made available in the Investor Relations section of the Company's corporate website at www.singpost.com.

The Company ensures non-selective disclosures of critical information relating to its financial performance and strategic developments in a forthcoming manner so as to provide better guidance for investors to make informed investment decisions.

CORPORATE GOVERNANCE REPORT

Price sensitive information and quarterly results announcement are disseminated to the public on a timely basis through SGXNET. All disclosures, including media releases and investor presentations, are posted on the corporate website. To allow easy access of information, the Investor Relations section of the website is kept up to date and stores the Company's corporate announcements over the last 11 years since the Company's listing. The Company was ranked joint 31st out of 664 SGX-listed companies in the Governance and Transparency Index (GTI) 2013.

The Company is committed to upholding openness and transparency to shareholders by establishing and maintaining regular dialogue to gather their views or inputs as well as to address their concerns at AGMs. The Company maintains a proactive approach in reaching out to the investor community to convey information and insights on market dynamics, outlook, challenges and strategy. Engagement platforms include quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, investor roadshows and conferences. Shareholders may also seek clarification on investor related issues by email to investor@singpost.com where their queries will be promptly addressed. The Company also works with the Securities Investors Association Singapore (SIAS) to reach out to the community of retail investors.

The Company has a policy on the payment of dividends. It expects to make an annual base payout of 5 cents per share, barring unforeseen circumstances. The base dividend of 5 cents per share is paid out on a quarterly basis which is equivalent to 1.25 cents per quarter. Following the final quarter of each financial year, the Board will decide on an additional variable component, taking into consideration various factors including financial performance and funding requirements of the Company. In the last seven years, the Company has paid out 6.25 cents per share per annum.

Principle 16: Conduct of Shareholder Meetings
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company encourages shareholder participation at AGMs and EGMs, which serve as a good platform for them to meet with Management and the Board to communicate their views on various matters affecting the Company. By attending the AGM in person, shareholders have the opportunity to participate effectively in and to vote at the AGM and EGM. The Notice of AGM, along with the Company's Annual Report, is sent to shareholders and published in the press following the issue of the notice via SGXNET.

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 substantially separate issue.

CORPORATE GOVERNANCE REPORT

Board members and the chairpersons of the Audit Committee, Board Risk and Technology Committee, Compensation Committee and Nominations Committee are present and available to address shareholders' queries at these 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. Shareholders also have the opportunity to communicate with the directors and Management after the meetings.

Minutes of the AGM, which recorded matters arising and queries from shareholders relating to the agenda of the meeting, are available to shareholders upon their request.

The Company will employ electronic polling with effect from the AGM in 2014. To ensure transparency in the voting process, the detailed results of all resolutions put to vote at the AGM showing the number of votes cast for and against each resolution and the respective percentages will be flashed on screen and filed with the SGX-ST after the conclusion of the AGM whether or not the resolutions were passed. The results will also be uploaded onto the corporate website. 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.

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 shares to ensure compliance with securities law.

BUILDING A LONG TERM SUSTAINABLE GROUP

The Group is committed to ensuring that it conducts its business in a manner that considers the impact on the environment, people and community, and contributes to their long term well-being.

Sustainability efforts of SingPost are spearheaded and coordinated by a management committee set up two years ago. The committee has made its own assessment of the environmental and social aspects of the business and operations, and an initiative being undertaken is the setting up of a regular review forum to enable the Group to have transparent monitoring and follow up, to allow greater disclosure of the Group's sustainability efforts.

The following section provides highlights of the Group's efforts on the governance, environmental and social fronts. Details on SingPost's corporate governance are disclosed in the Corporate Governance Report section of this Annual Report.

Risk Management

The Group has established a system of risk management and internal controls to safeguard the Group's assets and shareholders' interests. Details on the risk governance structure and framework are disclosed in the Corporate Governance Report.

As with any business, the Group faces a variety of risks. Many factors affect the nature and extent of the Group's risk exposures. While some of the factors are controllable by the Group, some are not, such as the external environment that the Group operates in. Risks may come from uncertainty in the economies and financial markets, project failures, legal liabilities, credit risks, accidents, natural causes and disasters as well as deliberate attacks from external parties. New risks also emerge with the accelerating pace of the changes in business environments.

Highlights of Key Risks faced by the Group

- Accelerated Transformation Risk
  The accelerated transformation of the Group focuses on the execution of the strategic initiatives as well as investments including mergers and acquisitions ("M&A") to deliver long term sustainable growth. If not executed fast enough it may result in the Group not fully reaching its transformation objectives to counter the decline in the letter mail business.

  To ensure that the transformation is on track and that all efforts are channelled towards the strategic initiatives, there is tight management of the transformation programme with strict performance management tools and regular updates to senior management and the Board.

  To mitigate the investment risks, the Group requires risk assessments to be carried out for all M&A projects as part of the evaluation and decision-making process. The Group has put in place post-merger integration resources and processes to mitigate the risks of not being able to generate synergies from the acquisitions.

BUILDING A LONG TERM SUSTAINABLE GROUP

- Technology Implementation Risk
  The investments in and development of the Group's technology backbone are a critical component of its transformation programme. Besides the risks arising from the implementation of technology and IT investments, there are also risks relating to data security and availability of critical IT facilities and systems that may result in business disruption, reputational impact and penalties/fines imposed by regulators or customers.

  To mitigate the risks, the Board Risk and Technology Committee, comprising mainly members with core competencies in the technology field, advises on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and IT. The Committee also reviews and evaluates plans, policies and proposals relating to IT matters, progress of major IT projects, management of IT risks, and makes recommendations to the Board accordingly. The Management reviews the execution monthly.

- Regulatory and Economic Risks of the Mail Business
  The Mail operations of the Group are subject to strict regulations including the postal regulatory framework for basic mail services, the Postal Competition Code, prescribed quality of service standards and licensing conditions. Non-compliance with regulations and breach of licence conditions may have reputational impact and incur financial penalties.

  The Mail business of the Group faces the challenges of structural decline in letter mail volumes and competitive market conditions. At the same time, the Mail business also suffers from the impact of rising operating costs in Singapore as well as increasing terminal dues (i.e. outpayments to other postal operators for the delivery of international mail).

  As the Public Postal Licensee, SingPost is committed to meeting its obligations and upholding service quality standards. The Group has undertaken several initiatives as part of the transformation programme to enhance its role as a trusted postal intermediary. Over three years from FY2013/14, SingPost will invest S$100 million into the postal infrastructure, service quality and productivity improvements. This includes S$45 million for the upgrade of the mail sorting infrastructure to improve productivity and service levels. Continuous quality checks are made at the operational centres and delivery points, while mail handling processes are reviewed regularly for further improvements.

Ensuring Operational Readiness

The Group is committed to ensuring its operational readiness through business continuity planning so that the business operations are equipped to respond effectively to potential crises and threats, and also to minimise impact on the resources and operations. In addition to the business continuity plans, the Group's crisis management and communication plans are also continually reviewed and refined, and included into the various business continuity plans. This will enable the Group to respond to any crisis in an organised and efficient manner, and expedite the recovery process.

BUILDING A LONG TERM SUSTAINABLE GROUP

During the financial year, the Group refined its business continuity plans to deal with the haze pollution, in order to minimise operational disruptions and ensure the well-being of its people. The Group set up a crisis management team and defined action plans for specific risk groups of staff to allow the operations to respond efficiently. Preparations include the earmarking of recovery centres in operational facilities, and stocking up of masks and eye drops for issue to outdoor workers. Air-conditioning systems of buildings and offices are also cleaned and checked frequently to ensure the health of indoor staff.

Innovation and Productivity

The Group constantly focuses on innovation and productivity to deliver service excellence. New innovative solutions introduced during the year included a mobile application that allows customers to track parcels, locate a post office, find a postal code or calculate postage while on the go, and POPStation that enables customers to retrieve parcels or return their purchases 24/7 and at their convenience. SingPost will be adding more innovative features to the POPStation to better serve customers' online shopping needs. For instance, customers can post their parcels or pay for their online purchases at the POPStation. It will also be rolling out a new POPStation mobile app which will enable customers to "open" the locker when they are within a distance of the POPStation, making retrieval of items hassle-free and quick.

The Group also embarked on a paperless drive. For instance, the web-booking tool ezy2ship allows retail consumers to book parcel shipments online instead of making paper submissions whenever they send a parcel, and electronic proof of delivery advice helped reduce paper usage and drive efficiency.

To further enhance productivity and service quality, SingPost invested in three-wheelers for mail delivery. These vehicles carry 40 per cent more mail than the regular two-wheelers, resulting in shorter and faster delivery turnaround time to customers as the number of return trips that postmen have to make to the delivery base or mail transit rooms have been reduced. In addition, these wheelers also increased the safety of its postmen, which is of paramount importance.

Environment

SingPost has an environment policy that highlights our commitment to protect and improve the environment. We are mindful of the environment in the daily operations of our business and that of our partners. We also conscientiously work on our environmental impact and consumption of resources.

BUILDING A LONG TERM SUSTAINABLE GROUP

On the operations-front, SingPost is in the process of replacing its old machines with new integrated sorting machines which are also more energy-efficient. During the year, we rolled out POPStations which not only improve productivity for SingPost, customers and other service providers but also result in reduction in fuel consumption. We continually seek ways to make our operations more fuel and cost-efficient. Many of our vehicles are Euro IV-compliant, which translates into lower carbon emissions. We continued to deploy postmen on foot and bicycle beats and optimised routes.

As the major sponsor of Earth Hour Singapore 2014, SingPost participated in Earth Hour activities and also stepped up our other eco-friendly practices, such as water and energy conservation. Other measures introduced include the implementation of energy saving practices for lighting and air-conditioning, setting up of green corners and promoting green behaviour through the 3 R programme and activities. In April 2013, all our post offices were certified as Eco-Post Offices by the Singapore Environment Council.

SingPost continued to work with partners and charitable organisations such as the Singapore Red Cross Society to organise yearly company-wide donation drives to collect usable items.

Labour Practices

Having an inclusive, engaged and skilled workforce is critical to the success of our business. SingPost respects human rights. Our human resource practices support human rights principles. These include fair employment practices, and a reporting of grievance and harassment policy. SingPost subscribes to the principles spelt out by The Tripartite Alliance for Fair Employment (TAFEP) and endorses the Tripartite Alliance's Employers' Pledge of Fair Employment Practices. SingPost was awarded the NTUC Plaque of Commendation and the May Day Model Partnership Award 2013. In April this year, SingPost was awarded the Special Mention for Outstanding Workplace for Mature Employees by TAFEP. In addition, our Group CEO, Dr Wolfgang Baier was presented with the May Day 2014 Medal of Commendation by the National Trade Union Congress (NTUC).

As part of our people strategy, we rolled out talent development and retention programmes to build up our leadership bench. Key leadership programmes were introduced including a Top Talent programme focused on developing high-potential and high performing employees, quarterly Leadership Conversations series and the Balanced Scorecard methodology was embedded in our annual review process to drive a performance-based culture.

To cultivate a customer-focused mindset, we launched the Customer-Centric Culture (C3) programme in July 2013. Improved rewards and recognition programmes, unified service training programme, and initiatives like "Let Us Do the Job Together" where Management working alongside frontline staff to get a better insight into customer needs and day-to-day operations were implemented. In recognition of SingPost's continual efforts to train its people, SingPost has received the Service Excellence WSQ Recognition Award 2013 from the Workforce Development Agency for our commitment to service excellence training across three years.

BUILDING A LONG TERM SUSTAINABLE GROUP

We also initiated a people engagement programme, "Playing for Change, Playing to Win" using football analogy to communicate the transformation efforts and engage with the staff. It covered a range of initiatives including futsal games with frontline staff and 'Breakfast with the CEO' series in addition to formal communication sessions. This engagement initiative helped rally the entire organization. Such winning culture spurred the SingPost futsal team to beat more than 10 multinational corporations in the 13th Corporate Community Games organised by the Ministry of Culture to become overall futsal champion in the competition. Valuing the health and well being of our employees, SingPost has also built a new fitness park at our corporate office for the use of employees.

Our emphasis on developing a workforce that is focused on customer service and transformation was recognised both in the local and international arenas. SingPost won the prestigious World Mail Award 2013 for its people engagement initiative. Locally, our people initiatives like promoting Back-to-Work Women and Rehire of Retirees schemes, adopting the progressive wage model, extending the career path of postmen and the launch of S$10m SingPost Inclusivity Fund (SPIF) to help lower income staff were also recognised by the NTUC.

Workplace Safety and Health (WSH)

Workplace safety and health of our employees are vital to SingPost as we are in a people business with employees providing essential services to Singapore and beyond. SingPost has a well-defined structure in managing workplace safety and health, with top management driving this core responsibility.

SingPost is committed to provide a safe work environment and this is articulated in our WSH policy that states that no staff shall be required to do a job that he or she considers unsafe. This policy is cascaded to all companies in the SingPost Group.

Last June, when the nation faced its worst haze situation, SingPost activated its Haze Management Plan to protect the health and safety of our staff, in particular outdoor personnel such as postmen and couriers, while ensuring that we continue to meet our national service obligations. SingPost managed its capacity according to the haze situation and the PSI readings and outdoor staff had to wear N95 masks provided by SingPost when the PSI level hit specified levels. High risk staff, those above 65 and those with medical conditions were re-deployed to do indoor work. SingPost's Haze Management Taskforce worked closely with its WSH Committee in a Command Centre located at the SingPost Headquarters, reporting direct to the Group CEO.

In 2013, we strengthened our WSH capabilities and implemented "risk management" at all SingPost workplaces. We were awarded the bizSAFE Level 3 certification following an audit by a MOM-approved WSH auditor.

BUILDING A LONG TERM SUSTAINABLE GROUP

Additionally, in January 2014, we rolled out a safety driving programme for all postmen and couriers. This is to imbue in them the importance of good driving habits and to take personal responsibility to ensure safety for all road users including themselves. SingPost is also actively engaging with the Ministry of Home Affairs and the Land Transport Authority to keep abreast of latest developments in road safety. SingPost is represented in the Safer Road Industry Taskforce which meets quarterly.

Community

SingPost believes in giving back to the community that has supported the Company through the years.

For the sixth year running, we leveraged our distribution capabilities to collect nearly 100,000 loaves of bread and pastries from hotels and confectioneries delivering them to self-collection centres across Singapore under our adopted charity, Food from the Heart. SingPost also continued to sponsor a group of underprivileged primary school students providing them with monthly food essentials. Our employees have also contributed about S$100,000 to purchase, pack and deliver food items to a group of needy elderly in Kolam Ayer on a quarterly basis since 2008.

SingPost added a second cause to its adopted charity programme - the Jamiyah Children's Home. This welfare group provides shelter and care for underprivileged children. We organised quarterly events where the children enjoyed various activities with SingPost staff. In conjunction with the World Post Day 2013, we ran a social media campaign in which over 20 of the children received their wishes, sponsored by our management staff.

SingPost also extended help to the wider community when disaster struck in the Philippines and China. SingPost waived transaction fees for senders remitting money to the Philippines via our CASHOME remittance service. In addition, we gave a 60 per cent discount to retail customers who sent packages including relief items to the Philippines via Speedpost EMS, and donated S$1 for every Speedpost EMS Saver box sold at post offices.

In addition SingPost also rose to the occasion to lend support to its postal counterparts when disaster struck. It donated S$50,000 to the Philippines Postal Corporation, helping staff members whose families had been affected by the Typhoon Haiyan in November 2013. The Company also donated S$100,000 to its postal counterpart in China to assist postal staff affected by Sichuan's 7.0 magnitude earthquake in April 2013.

We continued to sponsor Singapore Philatelic Museum for the upkeep and preservation of national philatelic materials and exhibits, as well as museum activities.

Other worthy causes included Community Chest's Care and Share programme, Dover Park Hospice through OCBC Cycle, CASE Endowment Fund and SingTel Touching Lives Fund, as well as the waiver of postage for the mailing of literature for the blind. We also supported our business partners in their community outreach programmes.

PROFILE OF KEY MANAGEMENT PERSONNEL

Mr Ng Hin Lee, 57
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 SingPost Investments Pte Ltd and Collective Developers Sdn Bhd. He is also a director of The Innovations Group, Inc., Shenzhen 4PX Information and Technology Co., Ltd 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 Singapore Chartered Accountants.

Mr Woo Keng Leong, 58
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, Collective Developers Sdn Bhd, GD Express Carrier Berhad, Famous Holdings Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pager) 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 MANAGEMENT PERSONNEL

Dr Sascha Hower, 35
Chief Operations Officer

Dr Hower joined SingPost in 2012 to oversee the optimisation and synergies across all operations within the SingPost Group. He is responsible for strengthening all critical processes and implementing innovative elements of SingPost's accelerated transformation. In addition to his responsibility for Operations across the SingPost Group, Dr Hower leads the Singapore Parcel division and oversees key customer-facing channels such as the Post Office Operations and Customer Service. Prior to joining SingPost, he was a Junior Partner with McKinsey & Company. He was a core member of its Global Postal Leadership Group as well as the Transport & Logistics practice. His main focus during his seven 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).

Mr Ramesh Narayanaswamy, 40
Chief Information Officer

Mr Narayanaswamy joined SingPost in May 2012 as Chief Information Officer to oversee and implement all the technology related transformation programmes across the SingPost Group. He is responsible for technology strategy, delivery and support of all applications and to build world class infrastructure for all the various business units. He is also the Chief Data Protection Officer for the SingPost Group. Prior to joining SingPost, Mr Narayanaswamy was the head of technology solution delivery for retail banking in Standard Chartered Bank. He was responsible for strategising, developing and managing all the retail banking programmes in the area of credit cards, personal loans, mortgage, credit and risk, core banking across Standard Chartered Bank globally in multiple technology platforms. Prior to that Mr Narayanaswamy has worked in Citibank implementing credit card related programmes globally. Mr Narayanaswamy has a Bachelor of Engineering (Hons) and Master of Science (Hons) degrees from the Birla Institute of Technology and Science, Pilani, India and MBA in Strategic Management from the Nanyang Business School, Singapore.

Mr Chan Kiat, 43
Executive Vice President (Investments, Group Strategy & Business Development)

Mr Chan joined SingPost in 2012 to take on the Company's merger & acquisitions agenda. He also oversees the Company's strategy and investments portfolio. He is a strong practitioner in business development and mergers and acquisitions, and possesses hands-on experience in driving large-scale growth initiatives for businesses in the region. Prior to this, he has worked for 10 years in McKinsey & Company and has extensive business experience across Asia with focus on transport/ logistics, infrastructure and the energy sectors. Mr Chan obtained his Masters in Business Administration from the INSEAD Business School and a Bachelor in Engineering (Mechanical) from the National University of Singapore.

STATUTORY REPORTS AND FINANCIAL STATEMENTS

Contents

DIRECTORS' REPORT

For the financial year ended 31 March 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2014 and the balance sheet of the Company as at 31 March 2014.

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 Tan Yam Pin	
Mr Zulkifli Bin Baharudin	
Professor Low Teck Seng	
Mr Michael James Murphy	
Mr Bill Chang York Chye	
Ms Aliza Knox	(appointed on 30 August 2013)
Mr Soo Nam Chow	(appointed on 20 December 2013)

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" and "Restricted Share Plan" on pages 70 to 77 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 31.3.2014	At 1.4.2013	**At 31.3.2014**	At 1.4.2013
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Mr Lim Ho Kee	**1,599,350**	428,350	**300,000[(1)]**	1,300,000[(1)]
Mr Keith Tay Ah Kee	**128,350**	128,350	**-**	-
Mr Tan Yam Pin	**500,000**	500,000	**-**	-
Professor Low Teck Seng	**-**	-	**60,000[(2)]**	60,000[(2)]
Dr Wolfgang Baier	**50,000**	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 and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 70 to 77 of this report.

	Number of unissued ordinary shares under option held by director	
	At 31.3.2014	At 1.4.2013
Options to purchase ordinary shares		
Mr Lim Ho Kee	**-**	1,888,000
Dr Wolfgang Baier	**7,650,000**	6,650,000
Unvested restricted shares		
Dr Wolfgang Baier	**213,733**	-

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2014 were the same as those as at 31 March 2014.

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.

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 Professor Low Teck Seng (Chairman[(1)]), Mr Zulkifli Bin Baharudin and Mr Bill Chang York Chye during the financial year ended 31 March 2014.

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] Professor Low Teck Seng took over the chairmanship of Compensation Committee from Mr Lim Ho Kee on 28 June 2013.

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, 17 January 2014, 7 March 2014 and 24 March 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company 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 2013, a total of 107,731,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

DIRECTORS' REPORT

For the financial year ended 31 March 2014

During the financial year ended 31 March 2014, 19,050,000 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 1.4.13 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.14 ('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	-
01.07.05	02.07.06 to 01.07.15	S$0.923	441	-	218	-	223
03.01.06[2]	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	1,008	-	696	15	297
26.06.07	27.06.08 to 26.06.17	S$1.278	2,242	-	726	105	1,411
24.10.07[3]	25.10.10 to 24.10.13	S$1.216	1,845	-	880	965	-
30.06.08	01.07.09 to 30.06.18	S$1.100	2,422	-	1,372	-	1,050
29.06.09	30.06.10 to 29.06.19	S$0.890	2,038	-	1,397	23	618
13.01.10[3]	14.01.13 to 13.01.16	S$1.020	540	-	240	-	300
29.06.10	30.06.11 to 29.06.20	S$1.140	5,110	-	1,960	215	2,935
11.08.10	12.08.11 to 11.08.20	S$1.140	100	-	75	-	25
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	-	50	-	50
11.04.11	12.04.12 to 11.04.21	S$1.160	150	-	75	-	75
26.07.11	27.07.12 to 26.07.21	S$1.100	7,109	-	1,598	809	4,702
03.01.12	04.01.13 to 03.01.22	S$0.940	438	-	213	-	225
19.03.12	20.03.13 to 19.03.22	S$0.980	200	-	-	-	200
10.05.12	11.05.13 to 10.05.22	S$1.030	200	-	-	-	200
11.05.12	12.05.15 to 11.05.22	S$1.030	13,200	-	-	1,700	11,500
			39,744	-	10,100	3,833	25,811
For non-executive directors							
15.07.11[2]	16.07.12 to 15.07.16	S$1.130	817	-	817	-	-
			817	-	817	-	-

DIRECTORS' REPORT

For the financial year ended 31 March 2014

			NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
DATE OF GRANT	**EXERCISE PERIOD**	**EXERCISE PRICE [1]**	**BALANCE AT 1.4.13 ('000)**	**GRANTED DURING FINANCIAL YEAR ('000)**	**OPTIONS EXERCISED ('000)**	**OPTIONS FORFEITED ('000)**	**BALANCE AT 31.3.14 ('000)**
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	12,273	-	1,552	1,681	9,040
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
07.05.13	08.05.13 to 07.05.23	S$1.290	-	150	-	-	150
11.11.13	12.11.13 to 11.11 23	S$1.320	-	100	-	-	100
17.01.14	18.01.17 to 17.01.24	S$1.350	-	15,700	-	-	15,700
07.03.14	08.03.17 to 07.03.24	S$1.330	-	500	-	-	500
10.03.14	11.03.15 to 10.03.24	S$1.330	-	100	-	-	100
24.03.14	25.03.15 to 24.03.24	S$1.320	-	1,000	-	-	1,000
24.03.14	25.03.17 to 24.03.24	S$1.320	-	1,500	-	-	1,500
			13,573	19,050	1,552	1,681	29,390
For non-executive directors							
11.07.12[2]	12.07.13 to 11.07.17	S$1.050	1,071	-	1,071	-	-
			1,071	-	1,071	-	-
Total Share Options			55,205	19,050	13,540	5,514	55,201

(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 3 Jan 2006, 15 Jul 2011 and 11 Jul 2012 had been exercised before the expiry date.

(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.

RESTRICTED SHARE PLAN

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

The release schedule for the shares granted to eligible employees is as follows:

VESTING PERIOD	VESTING DATE	PERCENTAGE OF SHARES THAT WILL BE RELEASED ON VESTING DATE
From Award Date to date before first anniversary of Award Date ie. 5 August 2013 to 4 August 2014	First anniversary of Award Date ie. 5 August 2014	30% (rounded to nearest whole Share)
From first anniversary of Award Date to date before second anniversary of Award Date ie. 5 August 2014 to 4 August 2015	On second anniversary of date of award ie. 5 August 2015	30% (rounded to nearest whole Share)
From second anniversary of Award Date to date before third anniversary of Award Date ie. 5 August 2015 to 4 August 2016	On third anniversary of date of award ie. 5 August 2016	Balance 40%

DIRECTORS' REPORT

For the financial year ended 31 March 2014

During the financial year ended 31 March 2014, 1,807,867 shares were granted. Details of the shares granted and cancelled and the number of shares outstanding as at the end of the financial year are as follows:

DATE OF GRANT	BALANCE AS AT 1.4.13 ('000)	SHARE AWARDS GRANTED ('000)	SHARE AWARDS VESTED ('000)	SHARE AWARDS CANCELLED ('000)	BALANCE AS AT 31.3.14 ('000)
05.08.13	-	**1,808**	-	**75**	**1,733**

AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Mr Soo Nam Chow (Chairman)
Mr Tan Yam Pin
Mr Zulkifli Bin Baharudin
Mr Keith Tay Ah Kee

All members of the Audit Committee were non-executive and independent directors.

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 2014 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 2014

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, 19 May 2014

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2014

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 82 to 214 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 2014, 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, 19 May 2014

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 82 to 214, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2014, 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 2014, 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
Public Accountants and Chartered Accountants

Singapore, 19 May 2014

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2014

		GROUP	
		2014	2013
	NOTE	**S$'000**	S$'000
Revenue	4	**821,111**	658,760
Other income and gains (net)			
- Rental and property-related income	4	**44,931**	42,943
- Miscellaneous	4	**(82)**	9,740
Labour and related expenses	5	**(229,626)**	(205,925)
Volume-related expenses	6	**(311,354)**	(202,086)
Administrative and other expenses	7	**(98,868)**	(79,624)
Depreciation and amortisation		**(34,672)**	(36,317)
Selling expenses		**(10,357)**	(9,008)
Finance expenses	8	**(6,672)**	(13,942)
Total expenses		**(691,549)**	(546,902)
Share of profit of associated companies and joint ventures		**4,358**	2,432
Profit before income tax		**178,769**	166,973
Income tax expense	9	**(34,022)**	(30,430)
Total profit		**144,747**	136,543
Profit attributable to:			
Equity holders of the Company		**143,050**	136,481
Non-controlling interests		**1,697**	62
		144,747	136,543
Earnings per share attributable to ordinary shareholders of the Company	10		
- Basic		**6.75 cents**	6.44 cents
- Diluted		**6.73 cents**	6.43 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	GROUP	
	2014	2013
	S$'000	S$'000
Total profit	**144,747**	136,543
Other comprehensive gain / (loss) (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Available for sale financial assets		
- Fair value losses	**(47)**	(83)
Currency translation differences arising from consolidation		
- Gains	**865**	54
- Reclassification	**-**	29
Other comprehensive income for the year (net of tax)	**818**	-
Total comprehensive income for the year	**145,565**	136,543
Total comprehensive income attributable to:		
Equity holders of the Company	**143,584**	136,426
Non-controlling interests	**1,981**	117
	145,565	136,543

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

BALANCE SHEETS

As at 31 March 2014

		GROUP		COMPANY	
	NOTE	**2014 S$'000**	2013 S$'000	**2014 S$'000**	2013 S$'000
ASSETS			(RESTATED)		
Current assets					
Cash and cash equivalents	11	**404,430**	628,307	**340,338**	592,553
Financial assets	13	**6,424**	16,577	**6,077**	16,485
Trade and other receivables	12	**127,071**	130,055	**148,222**	136,420
Derivative financial instruments	14	**-**	62	**-**	62
Inventories		**5,075**	4,163	**1,333**	1,099
Other current assets	15	**12,501**	11,667	**4,107**	3,872
		555,501	790,831	**500,077**	750,491
Non-current assets					
Derivative financial instruments	14	**1,638**	6,739	**1,638**	6,739
Financial assets	13	**11,699**	11,523	**11,557**	11,102
Trade and other receivables	16	**5,156**	5,669	**70,092**	60,186
Investments in associated companies and joint ventures	18	**97,907**	94,260	**25,417**	24,793
Investments in subsidiaries	19	**-**	-	**184,507**	184,211
Investment properties	20	**231,352**	222,656	**189,768**	195,408
Property, plant and equipment	21	**234,039**	235,900	**201,216**	204,437
Intangible assets	22	**183,625**	185,655	**8,690**	11,077
Deferred income tax assets		**578**	632	**-**	-
Other non-current assets		**370**	393	**-**	32
		766,364	763,427	**692,885**	697,985
Total assets		**1,321,865**	1,554,258	**1,192,962**	1,448,476

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

BALANCE SHEETS

As at 31 March 2014

		GROUP		COMPANY	
	NOTE	**2014 S$'000**	2013 S$'000 (RESTATED)	**2014 S$'000**	2013 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	23	**294,280**	271,469	**264,414**	259,196
Current income tax liabilities	9	**37,372**	31,903	**32,162**	27,504
Deferred gain on intellectual property rights	25	**-**	-	**-**	-
Deferred income	26	**5,878**	322	**5,878**	322
Borrowings	24	**14,025**	316,422	**-**	300,062
		351,555	620,116	**302,454**	587,084
Non-current liabilities					
Trade and other payables	23	**33,326**	23,594	**9,242**	-
Borrowings	24	**220,103**	220,128	**201,504**	206,529
Deferred income	26	**259**	455	**259**	455
Deferred income tax liabilities	27	**20,790**	22,368	**16,374**	18,065
		274,478	266,545	**227,379**	225,049
Total liabilities		**626,033**	886,661	**529,833**	812,133
NET ASSETS		**695,832**	667,597	**663,129**	636,343

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

BALANCE SHEETS

As at 31 March 2014

		GROUP		COMPANY	
	NOTE	**2014 S$'000**	2013 S$'000 (RESTATED)	**2014 S$'000**	2013 S$'000
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**129,082**	121,109	**129,082**	121,109
Treasury shares	28	**(35,346)**	(43,562)	**(35,346)**	(43,562)
Other reserves	30	**2,402**	1,830	**4,952**	4,965
Retained earnings		**250,700**	241,285	**217,615**	207,005
		346,838	320,662	**316,303**	289,517
Perpetual securities	29	**346,826**	346,826	**346,826**	346,826
		693,664	667,488	**663,129**	636,343
Non-controlling interests		**2,168**	109	**-**	-
Total equity		**695,832**	667,597	**663,129**	636,343

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

		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$'000	NON-CONTROLLING INTERESTS S$'000	TOTAL EQUITY S$'000
2014										
Beginning of financial year		121,109	(43,562)	241,285	1,830	320,662	346,826	667,488	109	667,597
Transfer to statutory reserves	30(b)(iv)	-	-	(4)	4	-	-	-	-	-
Additional investment in a subsidiary		-	-	-	-	-	-	-	78	78
Distribution paid on perpetual securities	29	-	-	-	-	-	(14,875)	(14,875)	-	(14,875)
Dividends	32	-	-	(118,756)	-	(118,756)	-	(118,756)	-	(118,756)
Total comprehensive income for the year		-	-	128,175	534	128,709	14,875	143,584	1,981	145,565
Employee share option scheme:										
- Value of employee services	30(b)(i)	-	-	-	1,450	1,450	-	1,450	-	1,450
- New shares issued	30(b)(i)	7,973	-	-	(747)	7,226	-	7,226	-	7,226
- Treasury shares re-issued	28	-	8,216	-	(669)	7,547	-	7,547	-	7,547
End of financial year		129,082	(35,346)	250,700	2,402	346,838	346,826	693,664	2,168	695,832

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

	NOTE	ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY								
		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$'000	NON-CONTROLLING INTERESTS S$'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	-	1,267
- 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 CASH FLOWS

For the financial year ended 31 March 2014

		GROUP	
	NOTE	**2014 S$'000**	2013 S$'000
Cash flows from operating activities			
Total profit		**144,747**	136,543
Adjustments for:			
- Income tax expense		**34,022**	30,430
- Amortisation of deferred gain on intellectual property rights		**-**	(1,564)
- Depreciation and amortisation - net		**35,460**	30,083
- Net gain on disposals of investments, property, plant and equipment		**(105)**	(1,083)
- Share option expense		**1,450**	1,267
- Interest expense		**6,332**	12,732
- Interest income		**(2,451)**	(4,130)
- Share of profit of associated companies and joint ventures		**(4,358)**	(2,432)
- Write-off of intangible assets		**319**	7,022
		70,669	72,325
Operating cash flow before working capital changes		**215,416**	208,868
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
- Inventories		**(912)**	552
- Trade and other receivables		**15,370**	(16,565)
- Trade and other payables		**41,182**	39,904
Cash generated from operations		**271,056**	232,759
Income tax paid		**(29,207)**	(29,769)
Net cash provided by operating activities		**241,849**	202,990

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2014

		GROUP	
	NOTE	**2014 S$'000**	2013 S$'000
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	37	**(1,069)**	(92,436)
Additional investment in a subsidiary		**(64)**	-
Additional investment in an associated company		**(1,883)**	(1,123)
Additions to property, plant and equipment and investment properties		**(37,756)**	(12,688)
Acquisition of an intangible asset		**-**	(11,752)
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		**1,404**	200
Proceeds from maturity of financial assets, held-to-maturity		**37,839**	90,725
Purchase of financial assets, held-to-maturity		**(36,882)**	(29,102)
Repayment of loans by an associated company		**805**	661
Loan to an associated company		**(4,434)**	(190)
Dividend received from associated companies		**1,877**	448
Interest received		**2,593**	3,580
Net cash used in investing activities		**(37,570)**	(51,987)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2014

		GROUP	
		2014	2013
	NOTE	**S$'000**	S$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**7,226**	774
Proceeds from re-issuance of treasury shares		**7,547**	2,198
Proceeds from grants		**497**	-
Proceeds from bank loan		**18,007**	-
Repayment of bank loan		**(15,478)**	(451)
Interest paid		**(12,324)**	(9,587)
Dividends paid to shareholders		**(118,756)**	(118,113)
Distribution paid to perpetual securities		**(14,875)**	(14,874)
Repayment of bonds		**(300,000)**	-
Net cash used in financing activities		**(428,156)**	(140,053)
Net (decrease) / increase in cash and cash equivalents		**(223,877)**	10,950
Cash and cash equivalents at beginning of financial year		**628,307**	617,357
Cash and cash equivalents at end of financial year	11	**404,430**	628,307

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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 listed on the Singapore Exchange and 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 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):

- Tras - Inter Co. Ltd. The principal activities are customs brokerage and clearance as well as air and sea freight forwarding.
- EK Media Pte. Ltd. The principal activities are the provision of advertising and sample distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2014

On 1 April 2013, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group adopted the amendment to FRS1 *Presentation of items of Other Comprehensive Income* on 1 April 2013, which requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in future.

Amendment to FRS 107 *Disclosure-Offsetting Financial Assets and Financial Liabilities*

The Group adopted the amendment to FRS107 Disclosure-Offsetting Financial Assets and Financial Liabilities on 1 April 2013 to include new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

FRS 113 *Fair Value Measurement*

The Group adopted on 1 April 2013 the FRS113 Fair Value Measurement guidance on the application of fair value accounting where its use is already required or permitted by other standards within FRSs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Interest income is recognised 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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.

(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 FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, net of the fair values of the liabilities and any contingent liabilities assumed.

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 the licence term or the estimated useful life of 5 years.

(e) Preferential rents

Preferential rent was acquired in a business combination and is amortised on a straight basis over the remaining lease terms from the acquisition date.

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:

	Useful lives
Leasehold land	99 years
Buildings	50 years

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 (excluding goodwill)
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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Loans and receivables (continued)

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. 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.

2.10 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.

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 Financial assets (continued)

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(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.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(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 Financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9, 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

Borrowings are initially recognized 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 Operating leases

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

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

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

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

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

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

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

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

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

2.15 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 2014 is insignificant (31 March 2013: Nil).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

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

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

2.17 Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(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.

(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.

2.19 Currency translation

(a) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(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 proportionate share 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

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 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.

2.21 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.

2.22 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.

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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Dividends to Company's shareholders

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

2.25 Government grants

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Estimated impairment of non-financial assets

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

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 22(a)).

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

(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 2014 was S$234.0 million (2013: S$235.9 million).

The Group decided to replace some of the older postal equipment by 2015 to enhance the postal infrastructure and improve its service quality and operations in Singapore. As a result, the useful lives of these postal equipment were reduced such that they would be fully depreciated as at 31 December 2014. The change increased depreciation expense for the financial year ended 31 March 2014 by S$1.3 million.

4. REVENUE, OTHER INCOME AND OTHER (LOSSES) / GAINS (NET)

	GROUP	
	2014	2013
	S$'000	S$'000
Revenue from services rendered	**811,739**	648,732
Sale of products	**9,372**	10,028
Revenue	**821,111**	658,760
Other income and gains (net):		
Rental and property-related income	**44,931**	42,943
Interest income		
- Bank deposits	**1,619**	2,951
- Financial assets, held-to-maturity	**690**	983
- Others	**142**	196
	2,451	4,130
Miscellaneous		
- Currency exchange (losses) / gain (net)	**(2,448)**	1,583
- Net gain on disposal of investments, property, plant and equipment	**995**	1,083
- Amortisation of deferred gain on intellectual property (Note 25)	**-**	1,564
- Others	**(1,080)**	1,380
	(2,533)	5,610
Other income and other gains (net)	**44,849**	52,683
	865,960	711,443

5. LABOUR AND RELATED EXPENSES

	GROUP	
	2014	2013
	S$'000	S$'000
Wages and salaries	**152,906**	131,069
Employer's contribution to defined contribution plans including Central Provident Fund	**15,960**	11,918
Share options expense (Note 30(b)(i))	**1,450**	1,267
Other benefits	**7,928**	6,568
Temporary and contract staff cost	**54,937**	57,935
Government Grant	**(3,555)**	(2,832)
	229,626	205,925

6. VOLUME-RELATED EXPENSES

	GROUP	
	2014	2013
	S$'000	S$'000
Traffic expenses	**241,344**	136,343
Mail outsourcing services and delivery expenses	**70,010**	65,743
	311,354	202,086

7. ADMINISTRATIVE AND OTHER EXPENSES

	GROUP	
	2014	2013
	S$'000	S$'000
Included in administrative and other expenses are the following:		
Repair and maintenance expenses	**15,779**	13,661
Rental on operating leases	**18,858**	14,807

8. FINANCE EXPENSES

	GROUP	
	2014	2013
	S$'000	S$'000
- Bonds	**257**	9,462
- Fixed rate notes	**7,030**	7,030
Bank borrowings	**1,103**	211
Effect of hedging using interest rate swaps	**(2,058)**	(3,971)
	6,332	12,732
Currency exchange gains - net	**340**	1,210
	6,672	13,942

9. INCOME TAXES

(a) Income tax expense

	GROUP	
	2014	2013
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**35,148**	28,426
- Deferred income tax (Note 27)	**(897)**	1,971
	34,251	30,397
Under / (over) provision in preceding financial years:		
- Current income tax	**(289)**	45
- Deferred income tax (Note 27)	**60**	(12)
	34,022	30,430

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 as explained below:

	GROUP	
	2014	2013
	S$'000	S$'000
Profit before tax	**178,769**	166,973
Tax calculated at a tax rate of 17% (2013: 17%)	**30,390**	28,386
Effects of:		
- Different tax rates in other countries	**(6)**	(11)
- Tax calculated on share of results of associated companies and joint ventures	**(742)**	(412)
- Withholding tax deducted at source	**264**	266
- Singapore statutory stepped income exemption	**(254)**	(124)
- Tax incentive	**(1,157)**	(748)
- Income not subject to tax	**(4,562)**	(2,765)
- Expenses not deductible for tax purposes	**9,346**	4,544
- Utilisation of tax losses and capital allowance	**(230)**	(65)
- Deferred income tax assets not recognized	**1,202**	1,326
Tax charge	**34,251**	30,397

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

9. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Beginning of financial year	**31,903**	32,691	**27,504**	29,845
Acquisition of subsidiaries (Note 37(ii))	**1**	466	**-**	-
Currency translation difference	**(184)**	44	**-**	-
Income tax paid	**(29,207)**	(29,769)	**(25,745)**	(27,396)
Tax expense	**35,148**	28,426	**30,403**	25,055
(Over) / under provision in preceding financial years	**(289)**	45	**-**	-
End of financial year	**37,372**	31,903	**32,162**	27,504

10. EARNINGS PER SHARE

(a) Basic earnings per share

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

	GROUP	
	2014	2013
Net profit attributable to equity holders of the Company (S$'000)	**143,050**	136,481
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,874)
Net profit attributable to ordinary shareholders of the Company	**128,175**	121,607
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,899,921**	1,889,905
Basic earnings per share (cents per share)	**6.75**	6.44

10. EARNINGS PER SHARE (continued)

(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.

Diluted earnings per share is calculated as follows:

	GROUP	
	2014	2013
Net profit attributable to equity holders of the Company (S$'000)	**143,050**	136,481
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,874)
Net profit attributable to ordinary shareholders of the Company	**128,175**	121,607
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,899,921**	1,889,905
Adjustment for share options ('000)	**5,676**	987
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,905,597**	1,890,892
Diluted earnings per share (cents per share)	**6.73**	6.43

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 S$'000	**2013 S$'000**	**2014 S$'000**	2013 S$'000
Cash at bank and on hand	**333,431**	172,328	**273,117**	140,566
Deposits with financial institutions	**70,999**	455,979	**67,221**	451,987
	404,430	628,307	**340,338**	592,553

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	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Trade receivables				
- Subsidiaries	**-**	-	**77,379**	67,179
- Joint ventures	**222**	292	**-**	-
- Associated company	**5,624**	13,802	**5,624**	13,802
- Companies related by a substantial shareholder	**3,468**	4,398	**3,077**	3,820
- Non-related parties	**104,555**	111,859	**51,724**	48,612
	113,869	130,351	**137,804**	133,413

12. TRADE AND OTHER RECEIVABLES - CURRENT (continued)

	GROUP		COMPANY	
	2014 **S$'000**	2013 S$'000	**2014** **S$'000**	2013 S$'000
Less: Allowance for impairment of receivables - non-related parties	**(5,533)**	(4,618)	**(1,237)**	(1,268)
Trade receivables - net	**108,336**	125,733	**136,567**	132,145
Loan to associated companies	**5,867**	2,147	**-**	-
Less: Non-current portion (Note 16)	**(871)**	(1,471)	**-**	-
	4,996	676	**-**	-
Staff loans (Note 17)	**31**	37	**31**	37
Interest receivable	**695**	837	**204**	814
Accrued interest receivables, net of interest rate swap contracts	**15**	1,888	**15**	1,888
Other receivables	**12,998**	884	**11,405**	1,536
	127,071	130,055	**148,222**	136,420

The loan of S$1,369,000 (2013: S$1,369,000) to an associated company is unsecured and repayable in full by 31 May 2015. Interest is fixed at 1.5% (2013:1.5%) per annum for the first three years and at 8.5% (2013: 8.5%) per annum thereafter.

Remaining loan of S$4,498,000 to an associated company is unsecured, interest free and repayable in full by 22 February 2015.

13. FINANCIAL ASSETS

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Current financial assets, held-to-maturity				
- Bonds – quoted in Singapore	**3,004**	16,262	**3,004**	16,262
Current financial assets, available-for-sale				
- Equity securities – quoted	**3,073**	223	**3,073**	223
- Equity instrument – unquoted	**347**	92	**-**	-
	6,424	16,577	**6,077**	16,485
Non-current financial assets, held-to-maturity				
- Bonds – quoted in Singapore	**11,626**	11,176	**11,557**	11,102
Non-current financial assets, available-for-sale				
- Equity instrument – unquoted	**73**	347	**-**	-
	11,699	11,523	**11,557**	11,102

The bonds are corporate bonds at fixed rates between 3.1% to 4.3% per annum and due between 15 April 2014 and 24 August 2020.

13. FINANCIAL ASSETS (continued)

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

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Current financial assets, held-to-maturity				
- Bonds – quoted in Singapore	**3,002**	16,229	**3,002**	16,229
Current financial assets, available-for-sale				
- Equity security – quoted	**3,073**	223	**3,073**	223
- Equity instrument – unquoted	**347**	92	**-**	-
	6,422	16,544	**6,075**	16,452
Non-current financial assets, held-to-maturity				
- Bonds – quoted in Singapore	**11,749**	11,252	**11,680**	11,178
Non-current financial assets, available-for-sale				
- Equity instrument – unquoted	**73**	347	**-**	-
	11,822	11,599	**11,680**	11,178

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 2014**	**FAIR VALUE ASSETS / (LIABILITIES) 2014**	CONTRACT NOTIONAL AMOUNT 2013	FAIR VALUE ASSETS / (LIABILITIES) 2013
	S$'000	**S$'000**	S$'000	S$'000
Fair value hedges				
Interest rate swaps	**100,000**	**1,684**	400,000	7,021
Other derivatives				
Interest rate swaps	**-**	**-**	210,000	(220)
Currency forwards	**55,066**	**(46)**	-	-
Total derivative financial instruments	**155,066**	**1,638**	610,000	6,801

Interest rate swaps are transacted to manage the interest rate risks arising from the bonds and fixed rate notes that mature on 11 April 2014 and 30 March 2020 respectively.

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 2014 were S$1.68 million (2013: S$7.02 million) while the fair value adjustment on the hedged item attributable to interest rate risks were S$1.64 million (2013: S$6.80 million) (Note 24). The movement of the fair value are included in finance expenses in the statement of comprehensive income.

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the balance sheet date. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Changes in fair value of the currency forward gains or losses are recognised in profit or loss.

14. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	GROUP AND COMPANY	
	2014	2013
	S$'000	S$'000
Current	**-**	62
Non-current	**1,638**	6,739

15. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Deposits	**4,642**	3,752	**1,986**	1,577
Prepayments	**7,859**	7,915	**2,121**	2,295
	12,501	11,667	**4,107**	3,872

16. TRADE AND OTHER RECEIVABLES - NON-CURRENT

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Loans to subsidiaries	**-**	-	**69,900**	60,000
Loan to an indirect associated company (Note 12)	**871**	1,471	**-**	-
Loan to a shareholder of a subsidiary	**4,093**	4,012	**-**	-
Staff loans (Note 17)	**192**	186	**192**	186
	5,156	5,669	**70,092**	60,186

The loans to subsidiaries by the Company are unsecured, interest bearing at 4.1% per annum and will be repayable in full on 20 February 2018.

The loan to a shareholder of a subsidiary is unsecured and repayable in full by 19 May 2019. Interest is charged on 1% plus SIBOR from the Association of Banks in Singapore per annum.

17. STAFF LOANS

	GROUP AND COMPANY	
	2014 S$'000	2013 S$'000
Not later than one year (Note 12)	**31**	37
Later than one year (Note 16)	**192**	186
- Between one and five years	**54**	54
- Later than five years	**138**	132
	223	223

As at 31 March 2014 and 31 March 2013, no loan is made to the key management personnel of the Group.

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18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**97,168**	93,547	**25,169**	24,545
Investments in joint ventures (Note (b))	**739**	713	**248**	248
	97,907	94,260	**25,417**	24,793

(a) Associated companies

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**25,169**	24,545
Beginning of financial year	**93,547**	89,637		
Acquisition of an associated company	**378**	8		
Additional investment in an associated Company	**1,505**	1,123		
Reclassification from a joint venture	**-**	372		
Share of profit	**4,278**	2,485		
Dividends received	**(1,877)**	(448)		
Currency translation differences	**(663)**	370		
End of financial year	**97,168**	93,547		

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	
	2014	2013
	S$'000	S$'000
- Assets	**259,426**	222,041
- Liabilities	**(103,214)**	(81,384)
- Revenue	**587,159**	501,116
- Net profit	**15,379**	12,235

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$38,388,000 (2013: S$37,764,000), for which the published price quotation are S$155,652,000 (2013: S$54,911,000) at the balance sheet date.

Details of significant associated companies are included in Note 40.

(b) Joint ventures

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Equity investments at cost			**248**	248
Beginning of financial year	**713**	1,062		
Additional investment in a joint venture	**-**	59		
Reclassification to associated company	**-**	(372)		
Share of profits / (losses)	**80**	(53)		
Currency translation difference	**(54)**	17		
End of financial year	**739**	713		

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	
	2014 S$'000	2013 S$'000
Assets		
- Current assets	**670**	571
- Non-current assets	**624**	299
	1,294	870
Liabilities		
- Current liabilities	**(226)**	(136)
- Non-current liabilities	**(214)**	(21)
	(440)	(157)
Net assets	**854**	713
Sales	**1,769**	1,356
Expenses	**(1,671)**	(1,386)
Profit before tax	**98**	(30)
Income tax expenses	**(18)**	(23)
Profit after tax	**80**	(53)

Details of the joint ventures are included in Note 40.

19. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2014	2013
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**190,368**	153,268
Incorporation	**-**	37,100
Acquisition	**564**	-
	190,932	190,368
Less: Allowance for impairment	**(6,425)**	(6,157)
	184,507	184,211

Details of the subsidiaries are included in Note 40.

20. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Cost				
Beginning of financial year	**310,127**	274,468	**287,563**	289,222
Additions	**13,749**	-	**-**	-
Acquisition of a subsidiary	**-**	37,000	**-**	-
Reclassifications (Note 21)	**254**	(1,341)	**(213)**	(1,659)
End of financial year	**324,130**	310,127	**287,350**	287,563
Accumulated depreciation				
Beginning of financial year	**87,471**	82,691	**92,155**	87,196
Depreciation charge	**5,307**	4,780	**5,427**	4,959
End of financial year	**92,778**	87,471	**97,582**	92,155
Net book value				
End of financial year	**231,352**	222,656	**189,768**	195,408

20. INVESTMENT PROPERTIES (continued)

The following amounts are recognised in profit or loss:

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Rental and property-related income	**44,931**	42,943	**41,723**	40,030
Direct operating expenses arising from:				
- Investment property that generated income	**(8,782)**	(9,137)	**(9,841)**	(10,079)
- Investment property that did not generate income	**(2,657)**	(2,217)	**(2,808)**	(2,401)

Investment properties are leased to non-related parties under operating leases (Note 33(c)).

At the balance sheet date, the details of the Group investment properties are as follows:

LOCATION	DESCRIPTION/EXISTING USE	TENURE
10 Eunos Road 8, Singapore Post Centre	Building for industrial and commercial / retail	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing & self-storage	Leasehold of 30 years expiring on 30 April 2031
No. 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Warehousing	Freehold

20. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

	FAIR VALUE DISCLOSURE AT 31 MARCH 2014				
DESCRIPTION	**QUOTED PRICE IN ACTIVE MARKETS IDENTICAL ASSETS (LEVEL 1)**	**SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)**	**SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)**	**VALUATION TECHNIQUE**	**SIGNIFICANT INPUTS INTO VALUATION**
	S$'000	**S$'000**	**S$'000**		
Fair value disclosure Group's investment					
- Building for industrial commercial / retail	-	-	535,832	Discounted cash flow based on property's highest and best use	Existing tenancies, discount rate
- Building for warehousing & self-storage	-	-	42,000	Direct comparison method based on property's highest and best use	Recent transacted price for comparable building, design and layout, condition of the building
- Warehousing - Malaysia	-	-	14,289	Direct comparison method based on property's highest and best use	Recent transacted price for comparable building, design and layout, condition of the building
Fair value measurements Company's investment					
- Building for industrial commercial / retail	-	-	547,752	Discounted cash flow based on highest and best use	Existing tenancies, discount rate

20. INVESTMENT PROPERTIES (continued)

Valuation processes used by the Group

The Group engages external, Independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year.

21. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN-PROGRESS	TOTAL
2014	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cost						
Beginning of financial year	83,121	181,094	94,456	178,224	3,976	540,871
Reclassifications (Note 20)	(38)	(216)	-	-	-	(254)
Additions	-	857	-	10,155	16,788	27,800
Acquisition of subsidiaries (Note 37)	-	-	-	100	-	100
Disposal	-	-	(44)	(9,357)	-	(9,401)
Transfers	-	14	56	7,664	(7,734)	-
Currency translation differences	-	-	-	(332)	-	(332)
End of financial year	83,083	181,749	94,468	186,454	13,030	558,784
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	20,650	75,141	84,321	124,859	-	304,971
Depreciation charge	1,138	4,343	2,814	18,788	-	27,083
Disposals	-	(173)	(39)	(7,043)	-	(7,255)
Currency translation differences	-	-	-	(54)	-	(54)
End of financial year	21,788	79,311	87,096	136,550	-	324,745
Net book value						
End of financial year	**61,295**	**102,438**	**7,372**	**49,904**	**13,030**	**234,039**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

21. PROPERTY, PLANT AND EQUIPMENT (continued)

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	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**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY 2014	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	81,197	161,760	94,456	144,308	3,660	485,381
Additions	-	-	-	2,641	16,751	19,392
Reclassifications (Note 20)	24	189	-	-	-	213
Disposals	-	-	(44)	(5,865)	-	(5,909)
Transfers	-	14	56	7,650	(7,720)	-
End of financial year	81,221	161,963	94,468	148,734	12,691	499,077
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	20,199	69,028	84,321	107,396	-	280,944
Depreciation charge	1,121	3,831	2,814	13,364	-	21,130
Disposals	-	-	(39)	(4,174)	-	(4,213)
End of financial year	21,320	72,859	87,096	116,586	-	297,861
Net book value						
End of financial year	**59,901**	**89,104**	**7,372**	**32,148**	**12,691**	**201,216**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN-PROGRESS	TOTAL
2013	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cost						
Beginning of financial year	80,852	160,230	89,071	132,960	14,494	477,607
Additions	-	-	-	3,405	6,192	9,597
Reclassifications (Note 20)	345	1,314	-	-	-	1,659
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**

22. INTANGIBLE ASSETS

COMPOSITION:	GROUP		COMPANY	
	2014 **S$'000**	2013 S$'000 (RESTATED)	**2014** **S$'000**	2013 S$'000
Goodwill on acquisitions (Note (a))	**167,202**	165,400	**-**	-
Customer relationships (Note (b))	**1,876**	2,788	**-**	-
Preferential rent (Note (c))	**5,857**	6,390	**-**	-
Acquired licence (Note (d))	**72**	108	**72**	108
Acquired software licence (Note (e))	**8,618**	10,969	**8,618**	10,969
Intellectual property right (Note (f))	**-**	-	**-**	-
	183,625	185,655	**8,690**	11,077

(a) Goodwill on acquisitions

	GROUP	
	2014 **S$'000**	2013 S$'000 (RESTATED)
Cost		
Beginning of financial year	**165,400**	78,035
Acquisition of subsidiaries (Note 37)	**1,979**	87,365
Additional investment in subsidiary	**142**	-
Write off	**(319)**	-
End of financial year	**167,202**	165,400
Net book value	**167,202**	165,400

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	
	2014	2013
	S$'000	S$'000
		(RESTATED)
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**80,508**	80,508
SingPost Ecommerce II Pte. Ltd. (previously known as Clout Shoppe Pte Ltd)	**-**	177
Tras - Inter Co. Ltd	**1,752**	-
EK Media Pte Ltd	**227**	-
	167,202	165,400

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)

Impairment test for goodwill (continued)

Key assumptions used for value-in-use calculations:

	QUANTIUM SOLUTIONS INTERNATIONAL PTE. LTD.	GENERAL STORAGE COMPANY LIMITED	FAMOUS HOLDINGS PTE. LTD.
2014			
Average cash flow growth rate	5.0%	2.5%	6.5%
Terminal growth rate	1.0%	0.0%	0.0%
Discount rate	8.0%	7.0%	10.0%
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%

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 impairment charge of S$319,000 for the year ended 31 March 2014 (2013: nil) after performing the impairment test. The impairment charge has arisen from the SingPost Ecommerce II Pte. Ltd. CGU after the Group disposed its operations during the financial year. As the recoverable amounts for other CGU were higher than the carrying amounts of the investments, management believes that any reasonable changes to the key assumptions of which the recoverable amounts were based would not cause the carrying amounts to exceed the recoverable amounts.

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22. INTANGIBLE ASSETS (continued)

(b) Customer relationships

	GROUP	
	2014	2013
	S$'000	S$'000
Cost		
Beginning and end of financial year	**6,360**	6,360
Accumulated amortisation		
Beginning of financial year	**(3,572)**	(2,660)
Amortisation charge	**(912)**	(912)
End of financial year	**(4,484)**	(3,572)
Net book value	**1,876**	2,788

(c) Preferential rent

	GROUP	
	2014	2013
	S$'000	S$'000
		(RESTATED)
Cost		
Beginning of financial year	**6,390**	-
Acquisition of subsidiaries (Note 37)	**-**	6,390
End of financial year	**6,390**	6,390
Accumulated amortisation		
Beginning of financial year	**-**	-
Amortisation charge	**(533)**	-
End of financial year	**(533)**	-
Net book value	**5,857**	6,390

22. INTANGIBLE ASSETS (continued)

(d) Acquired licence

	GROUP AND COMPANY	
	2014 **S$'000**	2013 S$'000
Cost		
Beginning and end of financial year	**900**	900
Accumulated amortisation		
Beginning of financial year	**(792)**	(756)
Amortisation charge	**(36)**	(36)
End of financial year	**(828)**	(792)
Net book value	**72**	108

(e) Acquired software licence

	GROUP AND COMPANY	
	2014 **S$'000**	2013 S$'000
Cost		
Beginning and end of financial year	**11,752**	11,752
Accumulated amortisation		
Beginning of financial year	**(783)**	-
Amortisation charge	**(2,351)**	(783)
End of financial year	**(3,134)**	(783)
Net book value	**8,618**	10,969

22. INTANGIBLE ASSETS (continued)

(f) Intellectual property right

	GROUP	
	2014	2013
	S$'000	S$'000
Cost		
Beginning and end of financial year	**5,798**	5,798
Accumulated impairment losses		
Beginning of financial year	**(5,798)**	-
Impairment charge	**-**	(5,798)
End of financial year	**(5,798)**	(5,798)
Net book value	**-**	-

Intellectual property right represents a right to use the resultant intellectual property arising from the collaboration with an associated company. During the previous financial year, the Group recognised an impairment loss of S$5,798,000 on the 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	
	2014 S$'000	2013 S$'000 (RESTATED)	**2014 S$'000**	2013 S$'000
Current				
Trade payables				
- Subsidiaries	**-**	-	**12,210**	28,177
- Companies related by a substantial shareholder	**423**	608	**423**	565
- Non-related parties	**136,005**	99,506	**117,368**	82,788
	136,428	100,114	**130,001**	111,530
Advance billings	**18,016**	18,473	**16,133**	16,952
Accrual for other operating expenses	**66,934**	54,871	**53,107**	47,535
Interest payable	**38**	7,934	**38**	7,934
Customers' deposits	**4,575**	4,644	**4,524**	4,593
Collections on behalf of third parties	**38,161**	50,523	**38,161**	50,523
Tender deposits	**12,001**	10,810	**11,929**	10,639
Other creditors	**18,127**	24,100	**10,521**	9,490
	294,280	271,469	**264,414**	259,196
Non-current				
Contingent consideration payable (Note 22 (a))	**20,600**	20,600	**-**	-
Deferred lease	**1,576**	1,089	**-**	-
Accrual for other operating expenses	**1,908**	1,905	**-**	-
Deferred revenue	**9,242**	-	**9,242**	-
	33,326	23,594	**9,242**	-
Total trade and other payables	**327,606**	295,063	**273,656**	259,196

24. BORROWINGS

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Fair value hedges				
Borrowings at original carrying amount	**100,000**	400,000	**100,000**	400,000
Fair value adjustment attributable to the hedged risk	**1,684**	6,801	**1,684**	6,801
	101,684	406,801	**101,684**	406,801
Other borrowings	**132,444**	129,749	**99,820**	99,790
	234,128	536,550	**201,504**	506,591

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

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Current				
- Borrowings (secured)	**2,525**	6,239	**-**	-
- Borrowings (unsecured)	**11,500**	310,183	**-**	300,062
	14,025	316,422	**-**	300,062
Non-current				
- Borrowings (secured)	**18,599**	13,305	**-**	-
- Borrowings (unsecured)	**201,504**	206,823	**201,504**	206,529
	220,103	220,128	**201,504**	206,529
	234,128	536,550	**201,504**	506,591

24. BORROWINGS (continued)

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 with non-controlling interests.

The Group's unsecured borrowings mainly comprised S$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010 (2013: and S$300 million 10-year bond issued in April 2003). The Notes (2013: and the bond) are listed on the SGX-ST and carry a fixed interest rate of 3.5% (2013: and 3.13%) per annum respectively.

The S$300 million 10-year bond issued in April 2003 was redeemed in the current financial year.

Fair value of non-current borrowings

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Non-current				
- Borrowings (secured)	**18,599**	13,305	**-**	-
- Borrowings (unsecured)	**201,504**	206,823	**201,504**	206,529
	220,103	220,128	**201,504**	206,529

The fair value of the Notes (2013: and the bonds) above are determined based on the over-the-counter quoted price.

The fair value of external bank loans are computed based on cash flows discounted at market borrowing rates.

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	
	2014	2013
	S$'000	S$'000
Current		
Balance as at beginning of financial year	-	1,564
Amount recognised as income during the financial year (Note 4)	-	(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$5,878,000 (2013: S$322,000) and S$259,000 (2013: S$455,000).

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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
		(RESTATED)		
Deferred income tax liabilities				
- To be settled within one year	**2,738**	3,296	**2,085**	2,744
- To be settled after one year	**18,052**	19,072	**14,289**	15,321
	20,790	22,368	**16,374**	18,065

27. DEFERRED INCOME TAXES (continued)

Movement in the deferred income tax account is as follows:

	GROUP		COMPANY	
	2014 **S$'000**	2013 S$'000 (RESTATED)	**2014** **S$'000**	2013 S$'000
Beginning of financial year	**22,368**	18,012	**18,065**	16,097
Acquisition of subsidiaries (Note 37)	**1**	1,574	**-**	-
Finalisation of purchase price allocation (Note 37)	**-**	816	**-**	-
Currency translation differences	**(464)**	7	**-**	-
Tax (charged) / credited to profit or loss	**(837)**	1,959	**(1,691)**	1,968
Adjustment	**(278)**	-	**-**	-
End of financial year	**20,790**	22,368	**16,374**	18,065

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$8,868,000 (2013: S$4,603,000) and capital allowances of S$407,000 (2013: S$1,367,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

27. DEFERRED INCOME TAXES (continued)

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

Group

Deferred income tax liabilities

	ACCELERATED TAX DEPRECIATION	OTHERS	TOTAL
	S$'000	S$'000	S$'000
2014			
Beginning of financial year	**19,150**	**3,292**	**22,442**
Currency translation differences	**(406)**	**(58)**	**(464)**
Acquisition of subsidiaries (Note 37)	**-**	**1**	**1**
(Credited) / charged to profit or loss	**46**	**(856)**	**(810)**
Adjustment	**-**	**(278)**	**(278)**
End of financial year	**18,790**	**2,101**	**20,891**
2013 (restated)			
Beginning of financial year	16,228	1,922	18,150
Currency translation differences	7	-	7
Acquisition of subsidiaries (Note 37)	1,453	937	2,390
Charged to profit or loss	1,462	433	1,895
End of financial year	19,150	3,292	22,442

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27. DEFERRED INCOME TAXES (continued)

Deferred income tax assets

	PROVISIONS S$'000	TOTAL S$'000
2014		
Beginning of financial year	**(74)**	**(74)**
Credited to profit or loss	**(27)**	**(27)**
End of financial year	**(101)**	**(101)**
2013		
Beginning of financial year	(138)	(138)
Charged to profit or loss	64	64
End of financial year	(74)	(74)

Company

Deferred income tax liabilities

	ACCELERATED TAX DEPRECIATION S$'000	OTHERS S$'000	TOTAL S$'000
2014			
Beginning of financial year	**16,866**	**1,272**	**18,138**
Credited to profit or loss	**(759)**	**(906)**	**(1,665)**
End of financial year	**16,107**	**366**	**16,473**
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

27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax assets

	PROVISIONS S$'000	TOTAL S$'000
2014		
Beginning of financial year	**(73)**	**(73)**
Credited to profit or loss	**(26)**	**(26)**
End of financial year	**(99)**	**(99)**
2013		
Beginning of financial year	(134)	(134)
Charged to profit or loss	61	61
End of financial year	(73)	(73)

28. SHARE CAPITAL AND TREASURY SHARES

	NUMBER OF ORDINARY SHARES		AMOUNT	
	ISSUED SHARE CAPITAL '000	TREASURY SHARES '000	SHARE CAPITAL S$'000	TREASURY SHARES S$'000
Group and Company				
2014				
Beginning of financial year	**1,932,476**	**(40,613)**	**121,109**	**(43,562)**
Employee share option scheme				
- New shares issued	**6,254**	**-**	**7,973**	**-**
- Treasury shares re-issued	**-**	**7,286**	**-**	**8,216**
End of financial year	**1,938,730**	**(33,327)**	**129,082**	**(35,346)**

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For the financial year ended 31 March 2014

28. SHARE CAPITAL AND TREASURY SHARES (continued)

	NUMBER OF ORDINARY SHARES		AMOUNT	
	ISSUED SHARE CAPITAL	TREASURY SHARES	SHARE CAPITAL	TREASURY SHARES
	'000	'000	S$'000	S$'000
Group and Company				
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)

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

(a) Treasury Shares

The Company re-issued 7,286,000 (2013: 2,211,000) 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 (2013: S$0.89 to S$1.10) each. The cost of the treasury shares re-issued amounted to S$8,216,000 (2013: S$2,496,000).

(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 Professor Low Teck Seng (Chairman[(1)]), Mr Zulkifli Bin Baharudin and Mr Bill Chang York Chye during the financial year ended 31 March 2014.

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] Professor Low Teck Seng took over the chairmanship of Compensation Committee from Mr Lim Ho Kee on 28 June 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

- 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.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

- 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, 17 January 2014, 7 March 2014 and 24 March 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company 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 2013, a total of 107,731,936 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 2014, 19,050,000 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 1.4.13 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.14 ('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	-
01.07.05	02.07.06 to 01.07.15	S$0.923	441	-	218	-	223
03.01.06 (2)	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	1,008	-	696	15	297
26.06.07	27.06.08 to 26.06.17	S$1.278	2,242	-	726	105	1,411
24.10.07 (3)	25.10.10 to 24.10.13	S$1.216	1,845	-	880	965	-
30.06.08	01.07.09 to 30.06.18	S$1.100	2,422	-	1,372	-	1,050
29.06.09	30.06.10 to 29.06.19	S$0.890	2,038	-	1,397	23	618
13.01.10 (3)	14.01.13 to 13.01.16	S$1.020	540	-	240	-	300
29.06.10	30.06.11 to 29.06.20	S$1.140	5,110	-	1,960	215	2,935
11.08.10	12.08.11 to 11.08.20	S$1.140	100	-	75	-	25
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	-	50	-	50
11.04.11	12.04.12 to 11.04.21	S$1.160	150	-	75	-	75
26.07.11	27.07.12 to 26.07.21	S$1.100	7,109	-	1,598	809	4,702
03.01.12	04.01.13 to 03.01.22	S$0.940	438	-	213	-	225
19.03.12	20.03.13 to 19.03.22	S$0.980	200	-	-	-	200
10.05.12	11.05.13 to 10.05.22	S$1.030	200	-	-	-	200
11.05.12	12.05.15 to 11.05.22	S$1.030	13,200	-	-	1,700	11,500
			39,744	-	10,100	3,833	25,811
For non-executive directors							
15.07.11 (2)	16.07.12 to 15.07.16	S$1.130	817	-	817	-	-
			817	-	817	-	-

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For the financial year ended 31 March 2014

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 1.4.13 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.14 ('000)
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	12,273	-	1,552	1,681	9,040
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
07.05.13	08.05.13 to 07.05.23	S$1.290	-	150	-	-	150
11.11.13	12.11.13 to 11.11 23	S$1.320	-	100	-	-	100
17.01.14	18.01.17 to 17.01.24	S$1.350	-	15,700	-	-	15,700
07.03.14	08.03.17 to 07.03.24	S$1.330	-	500	-	-	500
10.03.14	11.03.15 to 10.03.24	S$1.330	-	100	-	-	100
24.03.14	25.03.15 to 24.03.24	S$1.320	-	1,000	-	-	1,000
24.03.14	25.03.17 to 24.03.24	S$1.320	-	1,500	-	-	1,500
			13,573	19,050	1,552	1,681	29,390
For non-executive directors							
11.07.12 (2)	12.07.13 to 11.07.17	S$1.050	1,071	-	1,071	-	-
			1,071	-	1,071	-	-
Total Share Options			55,205	19,050	13,540	5,514	55,201

(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 3 Jan 2006, 15 Jul 2011 and 11 Jul 2012 had been exercised before the expiry date.

(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.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

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.

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

The release schedule for the shares granted to eligible employees is as follows:

VESTING PERIOD	VESTING DATE	PERCENTAGE OF SHARES THAT WILL BE RELEASED ON VESTING DATE
From Award Date to date before first anniversary of Award Date ie. 5 August 2013 to 4 August 2014	First anniversary of Award Date ie. 5 August 2014	30% (rounded to nearest whole Share)
From first anniversary of Award Date to date before second anniversary of Award Date ie. 5 August 2014 to 4 August 2015	On second anniversary of date of award ie. 5 August 2015	30% (rounded to nearest whole Share)
From second anniversary of Award Date to date before third anniversary of Award Date ie. 5 August 2015 to 4 August 2016	On third anniversary of date of award ie. 5 August 2016	Balance 40%

During the financial year ended 31 March 2014, 1,807,867 shares were granted. Details of the shares granted and cancelled and the number of shares outstanding as at the end of the financial year are as follows:

DATE OF GRANT	BALANCE AS AT 1.4.13 ('000)	SHARE AWARDS GRANTED ('000)	SHARE AWARDS VESTED ('000)	SHARE AWARDS CANCELLED ('000)	BALANCE AS AT 31.3.14 ('000)
05.08.13	-	1,808	-	75	1,733

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 55,201,000 (2013: 55,204,977) shares, 13,540,000 (2013: 3,033,000) options are exercisable as at 31 March 2014. Options exercised in the financial year ended 31 March 2014 resulted in 6,254,000 (2013: 822,000) new ordinary shares being issued at an average price of S$1.156 (2013: S$0.941). Options were exercised throughout the year. The weighted average share price during the financial year was S$1.30 (2013: S$1.11).

Following is the details of the significant inputs into the valuation model to determine fair value of the share incentive granted during the financial year:

TYPE OF SHARE OPTIONS	SINGAPORE POST SHARE OPTION SCHEME 2012	PERFORMANCE SHARE OPTION PLAN	RESTRICTED SHARE PLAN
2014			
Total fair value of options granted during financial year	**S$194,928**	**S$1,300,220**	**S$2,030,054**
Valuation Model	**Trinomial Pricing Model**	**Monte Carlo Simulation**	**Monte Carlo Simulation**
Weighted average share price at the grant dates	**S$1.329**	**S$1.339**	**S$1.250**
Weighted average exercise price	**S$1.317**	**S$1.347**	**S$1.25**
Expected volatility	**21%**	**17%**	**10%**
Expected option life	**5 years**	**10 years**	**10 years**
Annual risk-free interest rate (per annum)	**1.1%**	**2.5%**	**0.2%**
Expected dividend yield	**4.80%**	**4.70%**	**5.00%**

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

TYPE OF SHARE OPTIONS	SINGAPORE POST SHARE OPTION SCHEME 2012	PERFORMANCE SHARE OPTION PLAN	RESTRICTED SHARE PLAN
2013			
Total fair value of options granted during financial year	S$1,408,902	S$907,351	-
Valuation Model	Trinomial Pricing Model	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant date	S$1.070	S$1.020	-
Weighted average exercise price	S$1.079	S$1.030	-
Expected volatility	21%	18%	-
Expected option life	5 years	10 years	-
Annual risk-free interest rate (per annum)	0.5%	1.5%	-
Expected dividend yield	5.70%	6.00%	-

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.

29. PERPETUAL SECURITIES (continued)

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$14,875,000 (2013: S$14,874,000) were made to perpetual securities holders.

30. OTHER RESERVES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
(a) Composition:				
Share option reserve	**5,001**	4,967	**5,001**	4,967
Fair value reserve	**(49)**	(2)	**(49)**	(2)
Currency translation reserve	**(2,585)**	(3,166)	**-**	-
Other capital reserve	**35**	31	**-**	-
	2,402	1,830	**4,952**	4,965
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**4,967**	4,077	**4,967**	4,077
Employee share option scheme:				
- Value of employee services (Note 5)	**1,450**	1,267	**1,450**	1,267
- Issue of shares	**(747)**	(79)	**(747)**	(79)
- Re-issuance of treasury shares	**(669)**	(298)	**(669)**	(298)
End of financial year	**5,001**	4,967	**5,001**	4,967

30. OTHER RESERVES (continued)

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
(ii) Fair value reserve				
Beginning of financial year	**(2)**	81	**(2)**	81
Fair value (loss)	**(47)**	(83)	**(47)**	(83)
End of financial year	**(49)**	(2)	**(49)**	(2)
(iii) Currency translation reserve				
Beginning of financial year	**(3,166)**	(3,194)	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**865**	54	**-**	-
Reclassification on partial disposal of shares in foreign joint venture	**-**	29	**-**	-
Less: Non-controlling interests	**(284)**	(55)	**-**	-
End of financial year	**(2,585)**	(3,166)	**-**	-
(iv) Other capital reserve				
Beginning of financial year	**31**	7	**-**	-
Transfer from retained earnings of subsidiaries to statutory reserves	**4**	24	**-**	-
End of financial year	**35**	31	**-**	-

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$6,421,000 (2013: S$2,063,000) and the amount of S$35,346,000 (2013: S$43,562,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S$35,346,000 (2013: S$43,562,000) utilised to purchase treasury shares.

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

	COMPANY	
	2014	2013
	S$'000	S$'000
Beginning of financial year	**207,005**	203,665
Net profit	**145,711**	136,327
Dividends paid (Note 32)	**(118,756)**	(118,113)
Reserved distribution to perpetual securities	**(14,875)**	(14,874)
End of financial year	**219,085**	207,005

32. DIVIDENDS

	GROUP AND COMPANY	
	2014	2013
	S$'000	S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2013: 2.5 cents) per share	**47,437**	47,227
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.25 cents (2013: 1.25 cents) per share	**23,740**	23,618

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32. DIVIDENDS (continued)

	GROUP AND COMPANY	
	2014	2013
	S$'000	S$'000
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.25 cents (2013: 1.25 cents) per share	**23,767**	23,626
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.25 cents (2013: 1.25 cents) per share	**23,812**	23,642
	118,756	118,113

At the Annual General Meeting on 4 July 2014, 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 2015.

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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Property, plant and equipment	**58,326**	5,643	**56,743**	5,355

33. COMMITMENTS (continued)

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

The Group and Company lease various post offices, 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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**19,253**	15,009	**8,425**	6,222
Between one and five years	**37,546**	26,220	**12,565**	6,866
Later than five years	**31,308**	24,195	**2,893**	3,539
	88,107	65,424	**23,883**	16,627

(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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**38,930**	35,631	**41,121**	39,173
Between one and five years	**34,718**	41,246	**34,309**	43,513
Later than five years	**8**	-	**-**	-
	73,656	76,877	**75,430**	82,686

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 and currency forwards to hedge certain financial risk exposures.

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

(a) Market risk

(i) Currency risk

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

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

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

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

	SGD	SDR	EURO	USD	HKD	OTHERS	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
As at 31 March 2014							
Financial assets							
Cash and cash equivalents	330,843	-	4,291	28,882	24,007	16,407	404,430
Trade and other receivables	85,329	8,295	-	4,372	11,585	24,116	133,697
Other financial assets	3,270	-	-	-	448	924	4,642
Financial assets	18,123	-	-	-	-	-	18,123
Derivative financial instruments	1,638	-	-	-	-	-	1,638
	439,203	8,295	4,291	33,254	36,040	41,447	562,530
Financial liabilities							
Borrowings	(226,309)	-	-	-	-	(7,819)	(234,128)
Trade and other payables	(206,531)	(95,187)	-	(97)	(5,540)	(20,251)	(327,606)
	(432,840)	(95,187)	-	(97)	(5,540)	(28,070)	(561,734)
Net financial assets/ (liabilities)	6,363	(86,892)	4,291	33,157	30,500	13,377	
Less: Net financial assets denominated in the respective entities' functional currencies	6,363	-	-	272	16,161	19,118	
Less: Currency forwards:	-	55,019	-	-	-	-	
Currency exposure	-	(31,873)	4,291	32,885	14,339	(5,741)	

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34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	SDR	EURO	USD	HKD	OTHERS	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
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
Financial liabilities							
Borrowings	(536,550)	-	-	-	-	-	(536,550)
Trade and other payables	(208,372)	(65,032)	-	(97)	(4,298)	(17,264)	(295,063)
	(744,922)	(65,032)	-	(97)	(4,298)	(17,264)	(831,613)
Net financial assets/ (liabilities)	(25,708)	(56,525)	133	1,447	33,562	18,162	
Less: Net financial assets denominated in the respective entities' functional currencies	(25,708)	-	-	168	15,444	16,339	
Currency exposure	-	(56,525)	133	1,279	18,118	1,823	

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:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	OTHERS S$'000	TOTAL S$'000
Company						
As at 31 March 2014						
Financial assets						
Cash and cash equivalents	**306,415**	**-**	**4,288**	**27,778**	**1,857**	**340,338**
Trade and other receivables	**210,019**	**8,295**	**-**	**-**	**-**	**218,314**
Other financial assets	**1,986**	**-**	**-**	**-**	**-**	**1,986**
Financial assets	**17,634**	**-**	**-**	**-**	**-**	**17,634**
Derivative financial Instruments	**1,638**	**-**	**-**	**-**	**-**	**1,638**
	537,692	**8,295**	**4,288**	**27,778**	**1,857**	**579,910**
Financial liabilities						
Borrowings	**(201,504)**	**-**	**-**	**-**	**-**	**(201,504)**
Trade and other payables	**(176,999)**	**(95,187)**	**-**	**-**	**-**	**(272,186)**
	(378,503)	**(95,187)**	**-**	**-**	**-**	**(473,690)**
Net financial assets/ (liabilities)	159,189	(86,892)	4,288	27,778	1,857	
Less: Net financial assets denominated in the respective entities' functional currencies	159,189	-	-	-	-	
Less: Currency forwards	-	55,019	-	-	-	
Currency exposure	-	(31,873)	4,288	27,778	1,857	

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD S$'000	SDR S$'000	USD S$'000	HKD S$'000	OTHERS S$'000	TOTAL S$'000
Company						
As at 31 March 2013						
Financial assets						
Cash and cash equivalents	578,803	-	319	12,374	1,057	592,553
Trade and other receivables	188,099	8,507	-	-	-	196,606
Other financial assets	1,577	-	-	-	-	1,577
Financial assets	27,587	-	-	-	-	27,587
Derivative financial instruments	6,801	-	-	-	-	6,801
	802,867	8,507	319	12,374	1,057	825,124
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)	102,112	(56,525)	319	12,374	1,057	59,337
Less: Net financial assets denominated in the respective entities' functional currencies	102,112	-	-	-	-	
Currency exposure	-	(56,525)	319	12,374	1,057	

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 3% (2013: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2014		2013	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX	**EQUITY**	PROFIT AFTER TAX	EQUITY
	S$'000	**S$'000**	S$'000	S$'000
Group				
SDR against SGD				
- strengthened	**(2,164)**	**(2,164)**	(1,407)	(1,407)
- weakened	**2,164**	**2,164**	1,407	1,407
Company				
SDR against SGD				
- strengthened	**(2,164)**	**(2,164)**	(1,407)	(1,407)
- weakened	**2,164**	**2,164**	1,407	1,407

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the EUR changes against the SGD by 5% (2013: 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:

	2014		2013	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX	**EQUITY**	PROFIT AFTER TAX	EQUITY
	S$'000	**S$'000**	S$'000	S$'000
Group				
EUR against SGD				
- strengthened	**178**	**178**	6	6
- weakened	**(178)**	**(178)**	(6)	(6)
Company				
EUR against SGD				
- strengthened	**178**	**178**	-	-
- weakened	**(178)**	**(178)**	-	-

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 3% (2013: 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:

	2014		2013	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX	**EQUITY**	PROFIT AFTER TAX	EQUITY
	S$'000	**S$'000**	S$'000	S$'000
Group				
USD against SGD				
- strengthened	**819**	**819**	42	42
- weakened	**(819)**	**(819)**	(42)	(42)
Company				
USD against SGD				
- strengthened	**692**	**692**	11	11
- weakened	**(692)**	**(692)**	(11)	(11)

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For the financial year ended 31 March 2014

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the HKD changes against the SGD by 3% (2013: 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:

	2014		2013	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX	**EQUITY**	PROFIT AFTER TAX	EQUITY
	S$'000	**S$'000**	S$'000	S$'000
Group				
HKD against SGD				
- strengthened	**357**	**357**	602	602
- weakened	**(357)**	**(357)**	(602)	(602)
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 debt 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 fixed rate notes (2013: and bonds), and it matures on 30 March 2020 (2013: and 11 April 2014)

The Group's and Company's fixed-to-floating interest rate swaps are denominated in SGD. If the SGD interest rates increase/decrease by 0.3% (2013: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$280,000 (2013: 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.

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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.

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	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
By geographical areas				
Singapore	**57,168**	53,805	**118,871**	107,834
Other countries	**51,168**	71,928	**17,696**	24,311
	108,336	125,733	**136,567**	132,145
By types of customers				
Related parties	**8,120**	19,377	**86,080**	84,801
Non-related parties:				
- Government bodies	**7,125**	8,098	**4,482**	4,663
- Banks	**21,461**	22,757	**7,977**	7,288
- Overseas postal administrations	**8,211**	8,399	**8,211**	8,399
- Other companies	**63,419**	67,102	**29,817**	26,994
	108,336	125,733	**136,567**	132,145

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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Past due up to 3 months	**44,123**	63,069	**24,821**	34,204
Past due over 3 months	**12,881**	9,047	**3,086**	2,388
	57,004	72,116	**27,907**	36,592

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	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Gross amount	**5,533**	4,618	**1,237**	1,268
Less: Allowance for impairment	**(5,533)**	(4,618)	**(1,237)**	(1,268)
	-	-	**-**	-
Beginning of financial year	**4,618**	2,730	**1,268**	1,339
Allowance made	**1,822**	1,977	**452**	-
Allowance utilized	**(967)**	(89)	**(483)**	(71)
End of financial year	**5,533**	4,618	**1,237**	1,268

34. FINANCIAL RISK MANAGEMENT (continued)

(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.

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
	S$'000	S$'000	S$'000	S$'000
Group				
At 31 March 2014				
Favourable interest rate swaps	**2,011**	**1,997**	**5,990**	**1,997**
Trade and other payables	**(294,280)**	**(22,508)**	**-**	**-**
Borrowings	**(21,025)**	**(7,000)**	**(21,000)**	**(207,154)**
	(313,294)	**(27,511)**	**(15,010)**	**(205,157)**
At 31 March 2013 (restated)				
Favourable interest rate swaps	5,217	1,980	5,941	3,961
Unfavourable interest rate swaps	(2,776)	-	-	-
Trade and other payables	(271,469)	(22,505)	-	-
Borrowings	(328,147)	(8,794)	(34,495)	(235,829)
	(597,175)	(29,319)	(28,554)	(231,868)

34. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
	S$'000	S$'000	S$'000	S$'000
Company				
At 31 March 2014				
Favourable interest rate swaps	**2,011**	**1,997**	**5,990**	**1,997**
Trade and other payables	**(262,944)**	**-**	**-**	**-**
Borrowings	**(21,025)**	**(7,000)**	**(21,000)**	**(207,154)**
	(281,958)	**(5,003)**	**(15,010)**	**(205,157)**
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	(259,196)	-	-	-
Borrowings	(311,696)	(8,794)	(21,000)	(214,000)
	(568,451)	(6,814)	(15,059)	(210,039)

34. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

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

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Net cash	**(170,302)**	(91,757)	**(138,834)**	(85,962)
Total equity	**695,832**	667,597	**664,599**	636,343
Gearing ratio	**(24%)**	(14%)	**(21%)**	(14%)

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2014 and 2013.

(e) 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 instruments are presented within level 1 of fair value hierarchy.

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

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. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

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 and non-current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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 estimation of financial assets and liabilities (continued)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	S$'000	S$'000	S$'000	S$'000
Group				
2014				
Assets				
Available-for-sale financial assets	**3,073**	**-**	**420**	**3,493**
Derivatives used for hedging	**-**	**1,638**	**-**	**1,638**
Liabilities				
Contingent consideration payable	**-**	**-**	**20,600**	**20,600**
2013 (restated)				
Assets				
Available-for-sale financial assets	223	-	439	662
Derivatives used for hedging	-	6,801	-	6,801
Liabilities				
Contingent consideration payable	-	-	20,600	20,600

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	S$'000	S$'000	S$'000	S$'000
Company				
2014				
Assets				
Available-for-sale financial assets	**3,073**	**-**	**-**	**3,073**
Derivatives used for hedging	**-**	**1,638**	**-**	**1,638**
Liabilities				
Contingent consideration payable	**-**	**-**	**-**	**-**
2013				
Available-for-sale financial assets	223	439	-	662
Derivatives used for hedging	-	6,801	-	6,801
Liabilities				
Contingent consideration payable	-	-	-	-

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.

34. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets and in Notes 13, 14 and 24 to the financial statements, except for the following:

	GROUP		COMPANY	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Loans and receivables	**542,769**	767,783	**560,638**	790,736
Financial liabilities at amortised cost	**327,606**	295,063	**272,186**	259,196

34. FINANCIAL RISK MANAGEMENT (continued)

(g) Financial instruments subject to enforceable master netting arrangements

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	(A)	(B)	(C)=(A)-(B)	(D)		(E)=(C)+(D)
				RELATED AMOUNTS NOT SET OFF BALANCE SHEET		
	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET OFF IN THE BALANCE SHEET	NET AMOUNTS OF FINANCIAL ASSETS / (LIABILITIES) PRESENTED IN THE BALANCE SHEET	(D)(I), (D)(II) FINANCIAL INSTRUMENTS	(D)(II) CASH COLLATERAL PLEDGED	NET AMOUNT
$'000						
As at 31 March 2014						
Description						
Currency Forwards	**198**	**295**	**(46)**	**-**	**-**	**(46)**
Interest rate Swap	**2,135**	**451**	**1,684**	**-**	**-**	**1,684**
As at 31 March 2013						
Description						
Interest rate Swap	7,021	220	6,801	-	-	6,801

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	
	2014 **S$'000**	2013 S$'000
Services rendered to related companies of a substantial shareholder	**16,499**	17,855
Services received from related companies of a substantial shareholder	**1,049**	987
Purchase of intangible assets from an associated company	**-**	11,752
Payment relating to Release Agreement with an associated company	**-**	1,224
Consultancy fees paid to a related corporation of an associated company	**40**	2,131

During the financial year ended 31 March 2014, the Company made payments on behalf of subsidiaries totalling S$14.0 million (2013: S$9.3 million) which were subsequently reimbursed.

35. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	GROUP	
	2014	2013
	S$'000	S$'000
Salaries and other short-term employee benefits	**5,049**	4,784
Post-employment benefits – contribution to CPF	**47**	43
Share-based staff costs	**878**	443
	5,974	5,270

Included in the above is total compensation to directors of the Company amounting to S$1,038,430 (2013: S$935,900).

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.

36. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2014 and 31 March 2013 are as follows:

	MAIL	LOGISTICS	RETAIL	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2014						
Revenue						
- External	455,697	305,498	59,916	-	-	821,111
- Inter-segment	35,253	63,015	26,750	-	(125,018)	-
	490,950	368,513	86,666	-	(125,018)	821,111
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	1,368	(2,060)	1,294	41,796	-	42,398
- Inter-segment	-	-	-	38,366	(38,366)	-
	1,368	(2,060)	1,294	80,162	(38,366)	42,398
Operating profit	142,639	14,162	7,489	14,342	-	178,632
Depreciation and amortisation	7,342	5,983	1,772	19,575	-	34,672
Segment assets	106,510	359,313	14,142	482,290	-	962,255

36. SEGMENT INFORMATION (continued)

	MAIL	LOGISTICS	RETAIL	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2014						
Segment assets includes:						
Investment in associated companies	**1,052**	**39,998**	**-**	**56,118**	**-**	**97,168**
Additions to:						
- Property, plant and equipment	**10,561**	**7,825**	**1,928**	**7,486**	**-**	**27,800**
- Investment property	**-**	**13,749**	**-**	**-**	**-**	**13,749**
- Intangible assets	**299**	**174,708**	**-**	**8,618**	**-**	**183,625**
2013						
Revenue						
- External	414,440	188,142	56,178	-	-	658,760
- Inter-segment	25,833	53,012	27,558	-	(106,403)	-
	440,273	241,154	83,736	-	(106,403)	658,760
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	874	(1,050)	1,184	47,545	-	48,553
- Inter-segment	-	-	-	38,027	(38,027)	-
	874	(1,050)	1,184	85,572	(38,027)	48,553
Operating profit	141,291	6,920	14,728	11,414	-	174,353
Depreciation and amortisation	5,834	4,302	1,892	24,289	-	36,317
Segment assets	113,593	355,054	21,381	446,938	-	936,966

36. SEGMENT INFORMATION (continued)

	MAIL	LOGISTICS	RETAIL	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2013						
Segment assets includes:						
Investment in associated companies	735	38,048	248	54,516	-	93,547
Additions to:						
- Property, plant and equipment	3,338	4,265	1,714	3,461	-	12,778
- Investment property	-	37,000	-	-	-	37,000
- Intangible assets	108	174,578	-	10,969	-	185,655

Sales between segments are carried out at market terms. 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:

	2014	2013
	S$'000	S$'000
Operating profit for reportable segments	164,290	162,939
Other segments operating profit	14,342	11,414
Finance expense	(6,672)	(13,942)
Interest income	2,451	4,130
Share of profit of associated companies and joint ventures	4,358	2,432
Profit before tax	**178,769**	166,973

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.

	2014	2013
	S$'000	S$'000
Segment assets for reportable segments	479,965	490,028
Other segments assets	482,290	446,938
Unallocated:		
Cash and cash equivalents	340,338	582,904
Financial assets, held-to-maturity	17,634	27,587
Derivative financial instruments	1,638	6,801
Total assets	**1,321,865**	1,554,258

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.

	2014	2013
	S$'000	S$'000
Domestic and International Mail services	**455,697**	414,440
Domestic and International distribution and delivery services	**305,498**	188,109
Retail sale of products and services	**59,916**	56,211
Revenue	**821,111**	658,760

Geographical information

The Group's three business segments operate principally in Singapore, where over 70% of its revenues are generated. The remaining revenues are generated mainly from Australia, Hong Kong and Japan.

The Group does not rely on any major customers.

37. BUSINESS COMBINATIONS

(i) On 29 January 2014, the Group acquired 55.6% equity interest of Tras-Inter Co. Ltd ("Tras") through its subsidiary. The principal activity of Tras is that of customs brokerage and clearance as well as air and sea freight forwarding.

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:

		GROUP
		S$'000
(a)	*Purchase consideration*	
	Cash paid	**1,987**
	Contingent consideration (Note (c) below)	**227**
	Total purchase consideration	**2,214**
(b)	*Effect on cash flows of the Group*	
	Cash paid (as above)	1,987
	Less: Cash and cash equivalents in subsidiary acquired	1,268
	Cash outflow on acquisition	**719**

37. BUSINESS COMBINATIONS (continued)

(i) (continued)

	AT FAIR VALUE (PROVISIONAL) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Cash and cash equivalents	**1,268**
Property, plant and equipment	**92**
Long term other receivables	**262**
Trade and other receivables	**2,827**
Deferred tax assets	**163**
Total assets	**4,612**
Trade and other payables	**2,246**
Borrowings	**1,442**
Current income for liabilities	**85**
Other non-current payables	**320**
Total liabilities	**3,767**
Total identifiable net assets	**519**
Less: Non-controlling interest at fair value	**57**
Add: Goodwill	**1,752**
Total purchase consideration for the business	**2,214**

(d) Acquisition-related cost

Acquisition-related costs of S$68,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

37. BUSINESS COMBINATIONS (continued)

(i) (continued)

(e) Contingent consideration

The balance of the consideration is dependent on the adjusted net profit after tax of Tras for financial year ending 31 March 2015. The fair value of the consideration at the acquisition date was estimated at S$227,000 based on estimated results of S$517,000 for the relevant financial period and discounted at 11% per annum.

(f) Acquired receivables

The fair value of trade and other receivables is S$2,827,000 and includes trade receivables with a fair value of S$2,700,000. The gross contractual amount for trade receivables due is S$2,700,000, of which S$133,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S$1,752,000 arising from the acquisition is attributable to the synergies expected to arise in the complementing of the group's existing presence in the Japanese market.

(h) Revenue and profit contribution

The acquired business contributed S$1,308,000 of revenue and S$21,000 of net loss to the Group for the period 28 February 2014 to 31 March 2014.

Had Tras been consolidated from 1 April 2013, consolidated revenue and consolidated net profit for the year ended 31 March 2014 would have been increased by S$13,547,000 and decreased by S$49,000 respectively.

37. BUSINESS COMBINATIONS (continued)

(ii) On 3 October 2013, the Company acquired 100% equity interest of EK Media Pte. Ltd ("EK Media"). The principal activity of EK Media is that of provision of advertising services and distribution of samples.

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:

		GROUP
		S$'000
(a)	*Purchase consideration*	
	Cash paid	**500**
(b)	*Effect on cash flows of the Group*	
	Cash paid (as above)	500
	Less: Cash and cash equivalents in subsidiary acquired	150
	Cash outflow on acquisition	**350**

37. BUSINESS COMBINATIONS (continued)

(ii) (continued)

	AT FAIR VALUE (PROVISIONAL) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Cash and cash equivalents	428
Property, plant and equipment (Note 21)	8
Trade and other receivables	124
Total assets	560
Trade and other payables	7
Current tax liabilities	1
Deferred tax liabilities	1
Total liabilities	9
Less: Cash and cash equivalent held on behalf of vendor	(278)
Total identifiable net assets	**273**
Add: Goodwill	227
Total purchase consideration for the business	**500**

37. BUSINESS COMBINATIONS (continued)

(ii) (continued)

(d) Acquired receivables

The fair value of trade and other receivables is S$124,000 and includes trade receivables with a fair value of S$118,000. The gross contractual amount for trade receivables due is S$118,000, of which none is expected to be uncollectible.

(e) Goodwill

The goodwill of S$227,000 arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in combining the operations of the Group with EK Media.

(f) Revenue and profit contribution

The acquired business contributed S$372,000 of revenue and S$6,000 of net profit to the Group for the period 29 January 2014 to 31 March 2014.

Had EK Media been consolidated from 1 April 2013, consolidated revenue and consolidated net profit for the year ended 31 March 2014 would have been increased by S$756,000 and S$149,000 respectively.

37. BUSINESS COMBINATIONS (continued)

(iii) During the financial year ended 31 March 2013, the Group acquired Famous Holdings Pte Ltd ("Famous") and General Storage Company Pte Ltd ("GSC"). The fair values of assets (including intangible assets) and liabilities of Famous and GSC from the acquisition had initially been determined based on provisional fair values. The Group completed the Purchase Price Allocation ("PPA") exercise in February 2014 for GSC and March 2014 for Famous and the effects of the PPA exercise, together with the revision to contingent consideration payable, is summarised below. These adjustments are accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements as prior year adjustments. The effect to the 31 March 2013 Group balance sheet is as follows:

	AS AT 31 MARCH 2013		
	AS PREVIOUSLY REPORTED	AFTER ADJUSTMENT	INCREASE / (DECREASE)
	S$'000	S$'000	S$'000
Assets			
Intangible assets, excluding goodwill	13,865	20,255	6,390
Goodwill	179,874	165,400	(14,474)
Net decrease			**(8,084)**
Liabilities			
Trade and other payables	32,494	23,594	(8,900)
Deferred income tax	21,552	22,368	816
Net decrease			**(8,084)**

There is no material effect to the 31 March 2013 Group financial results.

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 2014 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 is required to apply the standard from 1 April 2014.

- 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 removed 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 is required 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 is required to adopt the standard from 1 April 2014.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2014)

  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 is required to adopt the standard from 1 April 2014.

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

- FRS 19 (revised 2011) Employee Benefits (effective for annual periods beginning on or after 1 January 2014)

  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 Group has yet to assess the full impact of FRS 19 and is required to adopt the standard from 1 April 2014.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 19 May 2014 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	
			2014	2013
			%	%
SUBSIDIARIES				
Held by the Company				
SingPost Ecommerce II Pte Ltd.(1)	Online sale of luxury products	Singapore	**100.00**	95.00
DataPost Pte. Ltd.	Electronic printing and despatching services	Singapore	**100.00**	100.00
SingPost Ecommerce Pte. Ltd.(2)	e-commerce specialising in the provision of online sale of products	Singapore	**100.00**	100.00

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by the Company				
Quantium Solutions International Pte. Ltd.	Investment holding, provision of business management and consultancy service to related corporations, provision of global business development services and the provision of international mail delivery services through appointed agents	Singapore	**100.00**	100.00
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100.00**	100.00
SingPost Investments Pte Ltd	Investment holding	Singapore	**100.00**	100.00
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	**100.00**	100.00
EK Media Pte. Ltd.	Provision of advertising services and distribution of samples	Singapore	**100.00**	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by subsidiaries				
DataPost (HK) Pte Limited [5]	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

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
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
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
PT Quantium Solutions Logistics Indonesia [(17)+]	Warehousing and freight forwarding	Indonesia	**49.00**	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
Novation Solutions Limited	Security printing and transaction mail provider	Hong Kong	**100.00**	100.00
Novation Solutions (Shenzhen) Limited [(6)]	Security printing and transaction mail provider	China	**100.00**	100.00
SingPost Storage Company Pte Ltd	Investment holding	Mauritius	**100.00**	100.00
SingPost Investments (Tampines) Pte Ltd	Investment holding	Singapore	**100.00**	-
General Storage Company Limited	Self storage solutions	Singapore	**100.00**	100.00
Lock + Store (Chai Chee) Pte Ltd	Self storage solutions	Singapore	**100.00**	100.00
Lock + Store (Tanjong Pager) Pte Ltd	Self storage solutions	Singapore	**100.00**	100.00

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
Lock + Store (Ayer Rajah) Pte Ltd	Self storage solutions	Singapore	**100.00**	-
Collective Developers Sdn. Bhd. [17]	Self storage solutions	Malaysia	**100.00**	-
Famous Holdings Pte Ltd	Investment holding	Singapore	**62.50**	62.50
Famous Air & Sea Services Pte Ltd[3]	Freight forwarding	Singapore	**62.50**	62.50
FPS Global Logistics Pte Ltd	Freight forwarding	Singapore	**62.50**	62.50
Famous Pacific Shipping (S) Pte Ltd	Freight forwarding	Singapore	**62.50**	62.50
FPS Famous Pacific Shipping Sdn Bhd [14]	Seafreight	Malaysia	**62.50**	62.50
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	**62.50**	62.50
FPS Logistics (USA) Inc. [13]	Logistics management and services	USA	**62.50**	62.50

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
SUBSIDIARIES (continued)				
Held by subsidiaries (continued)				
Sino Famous Intertrans Co Ltd (15)	Seafreight	China	**62.50**	62.50
Famous Container Lines Co Ltd (15)	Freight forwarding	China	**62.50**	62.50
Shinyei Shipping Co Ltd	Freight forwarding	Japan	**55.60**	55.60
Tras - Inter Co. Ltd (17)	Customs brokerage and freight forwarding	Japan	**55.60**	-
SP Ecommerce (Thailand) Co Ltd (17)	e-commerce specialising in the provision of online shopping platforms and services	Thailand	**100.00**	-

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
ASSOCIATED COMPANIES				
Held by Company				
GD Express Carrier Berhad(7)	Provision of express delivery and customised logistics services	Malaysia	**26.05**	27.41
Held by subsidiaries				
Postea, Inc. (17)	Provision of technology and support in postal, courier and other distribution markets	USA	**30.00**	30.00
Indo Trans Logistics Corporation(8)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30.00**	30.00
Dash Logistics Company Ltd (16)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**51.0**	-
Shenzhen 4PX Information and Technology Co Ltd. (4)(9)	Provision of information and technology services	China	**18.00**	20.0
Efficient E-Solutions Berhad(10)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
ePDS, Inc. (11)	Provision of electronic printing and despatching services	Philippines	**33.00**	33.00

40. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2014	2013
			%	%
ASSOCIATED COMPANIES (continued)				
Held by subsidiaries (continued)				
Shanghai Yihui Printing (16)	General printing	China	**30.00**	30.00
Novation Efficient Logistics Limited (16)	Provision of logistics services	Hong Kong	**40.00**	40.00
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				
Thai British Dpost Company Limited (12)	Provision of laser printing and enveloping services	Thailand	**49.00**	49.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

40. LISTING OF COMPANIES IN THE GROUP (continued)

Notes

(1) Formerly known as Clout Shoppe Pte Ltd
(2) Formerly known as First Cube Pte Ltd
(3) Formerly known as Famous Airfreight Pte Ltd
(4) Formerly known as Shenzhen 4PX Express Co Ltd.

All companies as at 31 March 2014 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(5) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
(6) Audited by Shenzhen Tian British Institue of Certified Public Accountants
(7) Audited by Deloitte KassimChan, Malaysia
(8) Audited by KPMG Limited, Vietnam
(9) Audited by Shenzhen ZhengYi Certified Public Accountants, China
(10) Audited by Poh & Co. Certified Accountant, Malaysia
(11) Audited by SyCip Gorres Velayo & Co, Philippines
(12) Audited by KPMG Phoomchai Audit Ltd, Thailand
(13) Audited by DNW & Associates Inc. United States of America
(14) Audited by Thiang & Co, Malaysia
(15) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd
(16) Audited by local statutory auditor in the countries of incorporation
(17) The company was not required to be audited for the financial year ended 31 March 2014

\+ 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 2014

1. MATERIAL CONTRACTS

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

2. AUDITOR'S REMUNERATION

(a) Auditors' fees

	2014 **S$'000**	2013 S$'000
Fees on audit services paid / payable to :		
- Auditor of the Company	**911**	818
Fees on non-audit services paid / payable to :		
- Auditor of the Company	**460**	1,034
	1,371	1,852

(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 11 of the Corporate Governance Report.

SGX LISTING MANUAL REQUIREMENTS

For the financial year ended 31 March 2014

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2014, the following interested person transactions were entered into by the Group:

	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS (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$100,000)	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Sales				
MediaCorp Group	**-**	-	**-**	1,080*
Postea Group	**-**	-	**-**	511*
Singapore Airlines Group	**-**	-	**-**	1,596*
Singapore Telecommunications Group	**-**	-	**4,716***	998*
SP Services Ltd	**-**	-	**1,386**	1,708
Starhub Group	**-**	-	**785**	987
	-	-	**6,887**	6,880

SGX LISTING MANUAL REQUIREMENTS

For the financial year ended 31 March 2014

	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS (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$100,000)	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Purchases				
Certis Cisco Security Pte Ltd	**-**	-	**-**	565*
HarbourFront Centre Pte Ltd	**-**	-	**477***	-
Postea Group	**-**	-	**-**	13,227
SATS Group	**-**	-	**1,212***	209
Singapore Airlines Group	**-**	-	**2,243**	3,597
Singapore Telecommunications Group	**-**	-	**1,917***	-
	-	-	**5,849**	17,598
Total interested person transactions	**-**	-	**12,736**	24,478

Note

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 5 years 3 months) or annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

As at 16 May 2014

No. of Issued Shares:	1,939,188,618
No. of Issued Shares Excluding Treasury Shares:	1,905,876,618
No. of Treasury Shares / Percentage of Treasury Shares:	33,312,000 (1.75%)

Class of Shares:	Ordinary Shares
Number of Shareholders:	26,642

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	-

Notes

(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	33	0.12	4,519	0.00
1,000 - 10,000	19,497	73.18	88,975,116	4.67
10,001 - 1,000,000	7,065	26.52	359,654,048	18.87
1,000,001 and above	47	0.18	1,457,242,935	76.46
	26,642	100.00	1,905,876,618	100.00

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 16 May 2014, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 16 May 2014

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%*
1	Singapore Telecommunications Limited	494,000,000	25.92
2	Citibank Nominees Singapore Pte Ltd	310,626,776	16.30
3	DBS Nominees Pte Ltd	215,695,160	11.32
4	HSBC (Singapore) Nominees Pte Ltd	107,521,788	5.64
5	BNP Paribas Securities Services	62,107,709	3.26
6	United Overseas Bank Nominees Pte Ltd	61,637,062	3.23
7	DBSN Services Pte Ltd	48,558,369	2.55
8	Raffles Nominees (Pte) Ltd	41,394,193	2.17
9	Bank of Singapore Nominees Pte Ltd	17,800,000	0.93
10	DB Nominees (S) Pte Ltd	12,290,974	0.65
11	NTUC Fairprice Co-operative Ltd	10,000,000	0.53
12	OCBC Nominees Singapore Private Limited	8,011,000	0.42
13	Low Kim Hong	4,603,000	0.24
14	DBS Vickers Securities (S) Pte Ltd	4,010,000	0.21
15	Heng Siew Eng	3,923,000	0.21
16	HL Bank Nominees (S) Pte Ltd	3,787,000	0.20
17	OCBC Securities Private Ltd	3,328,009	0.17
18	Lim Boon Noi	3,000,000	0.16
19	Phillip Securities Pte Ltd	2,679,244	0.14
20	BNP Paribas Nominees Singapore Pte Ltd	2,563,000	0.13
		1,417,536,284	74.38

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 16 May 2014, 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 16 May 2014, approximately 73.47% 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 22ND 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, 4 July 2014 at 10.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements for the financial year ended 31 March 2014, 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 2014. (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) Dr Wolfgang Baier[1] (Resolution 3)
   (b) Mr Zulkifli Bin Baharudin[1] (Resolution 4)

   Mr Zulkifli Bin Baharudin will, upon his re-election as director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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

   (a) Ms Aliza Knox[1] (Resolution 5)
   (b) Mr Soo Nam Chow[1] (Resolution 6)

   Mr Soo Nam Chow will, upon his re-election as director of the Company, remain as the chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

5. To re-appoint the following directors 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:

    (a) Mr Tan Yam Pin(1) (Resolution 7)
    (b) Mr Keith Tay Ah Kee(1) (Resolution 8)

    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.

    Mr Keith Tay Ah Kee 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.

6. To approve directors' fees payable by the Company of S$1,032,950(2) for the financial year ended 31 March 2014 (2013: S$930,000). (Resolution 9)

7. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration. (Resolution 10)

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

Notes

(1) Detailed information about these directors (including information, if any, on the relationships between these directors and each of other directors, the Company or its 10% shareholders) can be found in the "Board of Directors" and "Corporate Governance Report" sections of the Company's Annual Report 2013/2014.

(2) Detailed information on directors' fees can be found under Directors' Remuneration in the "Corporate Governance Report" section of the Company's Annual Report 2013/2014.

NOTICE OF ANNUAL GENERAL MEETING

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

SPECIAL BUSINESS

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

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

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

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

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

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

   provided that:

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

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

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

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

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

(IV) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 11)

b) That approval be and is hereby given to the directors to:

(i) offer and grant 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 ordinary shares as may be required to be issued pursuant to the exercise of options under the Share Option Scheme 2012; and/or

(ii) grant awards in accordance with the provisions of the Singapore Post Restricted Share Plan 2013 ("Restricted Share Plan 2013") and to allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the Restricted Share Plan 2013, provided that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to options granted under the Share Option Scheme 2012, and (ii) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to awards granted under the Restricted Share Plan 2013, shall not exceed 5 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time. (Resolution 12)

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Company Secretary
Singapore
12 June 2014

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 11 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 11 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 11 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 12 is to empower the directors:

(a) to offer and grant options, and to allot and issue ordinary shares in the capital of the Company pursuant to the Singapore Post Share Option Scheme 2012 ("Share Option Scheme 2012"); and

(b) to grant awards in accordance with the provisions of the Singapore Post Restricted Share Plan 2013 ("Restricted Share Plan 2013") and to allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the Restricted Share Plan 2013,

provided that the aggregate number of ordinary shares to be allotted and issued pursuant to the Share Option Scheme 2012 and the Restricted Share Plan 2013 does not exceed 5 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company for the time being.

Although the Rules of the Share Option Scheme 2012 and the Restricted Share Plan 2013 provide that maximum aggregate number of ordinary shares which may be issued under the Share Option Scheme 2012 and the Restricted Share Plan 2013 is limited to 10 per cent of the total number of issued ordinary shares in the capital of the Company, Resolution 12 provides for a lower limit, namely, 5 per cent of the total number of issued ordinary 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.

NOTICE OF ANNUAL GENERAL MEETING

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

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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and Register of Members of the Company will be closed on 11 July 2014 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 5.00 p.m. on 10 July 2014 will be registered to determine members’ entitlements to the proposed final dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 10 July 2014 will rank for the proposed final dividend. Payment of the dividend, if approved by members at the 22nd Annual General Meeting, will be made on 18 July 2014.

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Company Secretary
Singapore
12 June 2014

CONTACT POINTS

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JOINT COMPANY SECRETARIES
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AUDIT PARTNER: Daniel Khoo
Appointed with effect from financial year ended 31 March 2013

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