

Australia

China

Hong Kong

India

Indonesia

Japan

Singapore
POST

GOING INTERNATIONAL

ANNUAL REPORT 2014/2015

Malaysia

New Zealand

Philippines

Taiwan

Thailand

United Kingdom

United States

Vietnam

CONTENTS

6	Letter to Shareholders
10	Board of Directors
14	Mail
17	Logistics
20	Retail & eCommerce
23	Property
24	Investor Relations
25	Shareholder Returns
26	Business Review
27	Group Financials
28	Group Five-Year Financial Summary
30	Financial Review and Outlook
36	Corporate Governance Report
65	Building a Long Term Sustainable Group and Strengthening CSR
71	Profile of Key Executives
73	Statutory Reports and Financial Statements
235	SGX Listing Manual Requirements
238	Shareholding Statistics
240	Contact Points

Rapid globalisation and proliferation of technology make it imperative to go beyond Singapore shores for long-term growth. SingPost has been steadily expanding its presence overseas, leveraging its subsidiaries and partners. SingPost is building on its five business pillars - Mail, Digital Services, Logistics, Retail & Financial Services, and eCommerce – to become a global brand. Continuing to evolve, to innovate, to leapfrog in the constant endeavour to serve stakeholders. Driven by its vision to be a regional leader in ecommerce logistics and trusted communications.

Australia

China

Hong Kong

India

Indonesia

Japan

Malaysia

OUR VISION

REGIONAL LEADER IN
ECOMMERCE LOGISTICS AND
TRUSTED COMMUNICATIONS

New Zealand

Philippines

Singapore

Taiwan

Thailand

United Kingdom

United States

Vietnam

5 BUSINESS PILLARS



MAIL



DIGITAL SERVICES



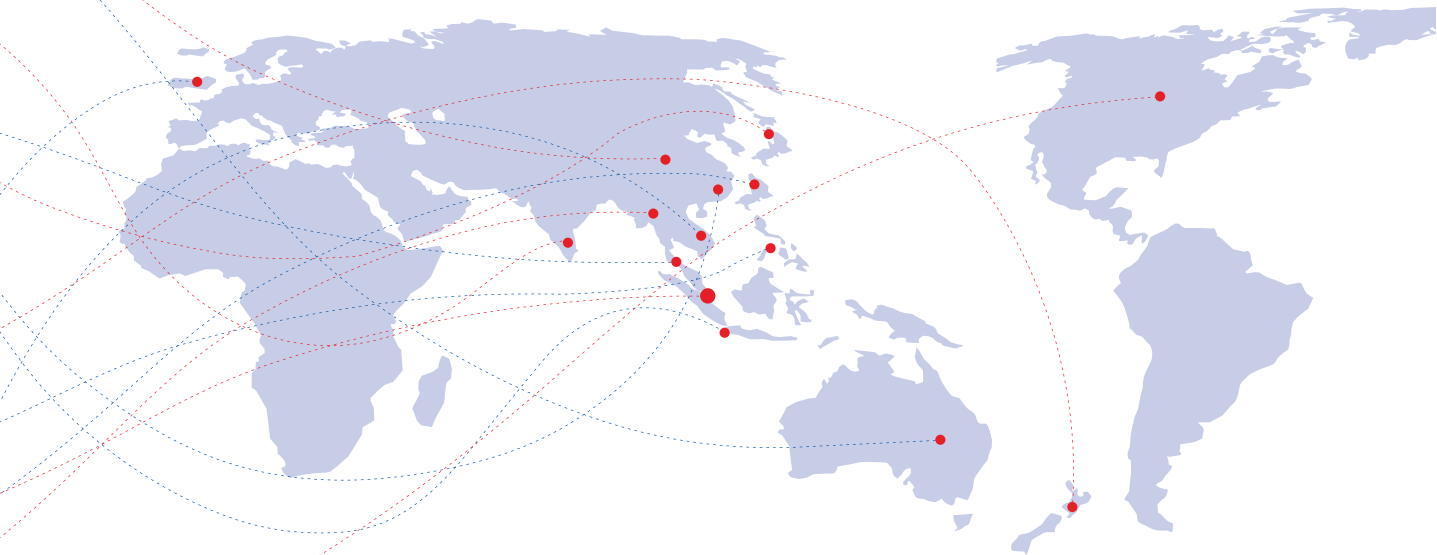
LOGISTICS



RETAIL & FINANCIAL SERVICES



ECOMMERCE



Mail Digital Services

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

Logistics

- Parcels
- eFulfillment
- Warehousing, Fulfilment & Distribution
- Freight
- Self-storage

Retail & Financial Services eCommerce

- Agency Services
- Financial Services
- eCommerce

ACROSS SINGAPORE AND INTO THE REGION

100
POPStations
islandwide

Presence in
15
countries/territories



SP eCommerce



LOCK+STORE
Your Private Storage Space

4PX

ITL
CORPORATION

GD EX

ECOMMERCE LOGISTICS

As part of its regional thrust, SingPost has been adding relevant capabilities in various geographies as a conduit for businesses to connect into Southeast Asia and wider Asia. Building on its competencies, SingPost is pioneering a fully integrated low-cost ecommerce logistics model covering freight, customs and regulations management; warehousing and fulfilment capabilities; last mile delivery and returns; and ecommerce web services. Its Regional eCommerce Logistics Hub in Singapore will be a vital springboard to regional markets.



NEW GROWTH OPPORTUNITIES



1500
touchpoints

Reach
5
MILLION
people

Singapore
POST

DATAPOST


Efficient
A Water-Tite Corporation

*Sample
store*



TRUSTED COMMUNICATIONS

For consumers and businesses, the emergence of a global marketplace means choice, convenience, mobility, speed, ease of use, 24/7. SingPost addresses these needs with digital and mobile solutions including mobile apps, SAM, and ScanMail. These omni-channel platforms offer customers a consistent and unified experience. SingPost is also investing over S\$100 million to further innovation, productivity and customer service. These include a more efficient mail sorting system, new generation post offices integrated with 24/7 automated self-service lobbies, and higher-capacity three-wheeler scooters.

LETTER TO SHAREHOLDERS



Dear Shareholders,

Much has been achieved over the last 12 years since the Group first embarked on its transformation. From a domestic postal operator, SingPost has more recently become a regional player in ecommerce logistics. Since the IPO in 2003, SingPost's market capitalisation has grown by approximately 260 per cent, and total shareholders' return over the period amounted to approximately 350 per cent. Over the years, we have been putting into place the building blocks of an end-to-end ecommerce logistics solutions platform in Asia Pacific, in our bid to survive the reality of declining mail. We are continuing to pioneer and push beyond our current forays into this field, and build upon this foundation to expand and grow.

Financial Performance

The Group's focus on ecommerce and logistics has been bearing fruit. Revenue amounted to S\$919.6 million in FY2014/15, an increase of 12 per cent from S\$821.1 million in FY2013/14. Notably, approximately 33 per cent of revenue came from our expanding overseas interests, compared to 12.9 per cent three years ago, at the start of the accelerated transformation.

In addition, we estimate ecommerce related revenue at about 28 per cent of group revenue in FY2014/15, with ecommerce customers across the Group numbering over 1,000.

In spite of the Group's continued investment in transformation contributing to an increase in operating costs, we achieved a steady profit performance. Underlying net profit, which reflects the Group's core operating performance, was S\$157.2 million, an increase of 5.2 per cent from S\$149.5 million last year. Net profit, which now includes fair value gains from investment properties, was lower by 17.9 per cent at

S\$157.6 million compared to the restated S\$192 million for FY2013/14.

Operating cash flow remained healthy, at \$235 million as at 31 March 2015 compared to S\$241.8 million as at 31 March 2014. Free cash flow was lower at S\$130.6 million in FY2014/15 compared to S\$204.1 million in the previous financial year as a result of higher capital expenditure. The Group remained in net cash position of S\$345.8 million.

Dividend

Given the healthy operating cash flows, the Board is recommending a variable dividend of 1.25 cents per share, in addition to the final quarter dividend of 1.25 cents per share. This would bring the total annual dividend to 6.25 cents per share.

Barring unforeseen circumstances, SingPost will continue to pay out a base annual dividend of 5 cents per share. This will be paid on a quarterly basis, i.e. 1.25 cents per share per quarter.

Transformation Update

The Group's efforts in spearheading ecommerce logistics are being recognised. In June 2014, SingPost was awarded the World Mail Award for eCommerce.

Investments in the transformation continue. Capital expenditure has increased. In FY2014/15, capital expenditure amounted to S\$104.4 million, a 176.5 per cent increase from FY2013/14.

Trusted Communications

In support of the Government's call to raise productivity, we invested S\$45 million in new mail sorting equipment. The integrated machines, which were installed and commissioned smoothly during the

financial year, help to deliver both a more productive as well as better service. This is especially so, as operating costs in Singapore continue to increase. The increase in postage rates during the financial year, the first effective rate revision since 2006, will help to partially mitigate cost increases.

As part of our ongoing efforts to transform the post office network, we started to roll out new generation post offices which are remodelled into vibrant lifestyle hubs integrated with 24/7 automated self-service lobbies.

Our investment in innovation continued with the integration of transactional services onto a digital platform. This offers a unified user experience for our customers across the self-service automated kiosks, mobile phones, tablets and personal computers.

We also continued to upskill our frontline staff. Development initiatives like Lean Six Sigma, WSQ certification courses and organisation-wide C3 service training were rolled out to help staff stay relevant, and raise their productivity and income. This is also in line with the Government's efforts to drive lifelong employability and greater productivity. It also helps the company to innovate and create value in new ways.

Regional eCommerce Logistics

During FY2014/15, Alibaba Investment Limited took a 10.3% stake in SingPost via share issue and treasury share transfer.

Our web-solutions business has taken on more globally known mono-brand customers and further extended into new online markets in Asia. To strengthen our regional ecommerce logistics capabilities, our subsidiaries undertook several overseas acquisitions and joint ventures. SP eCommerce entered a joint venture to tap the ecommerce opportunities in the market. Acquisitions included:

- The Store House in Hong Kong by General Storage as part of the regional expansion of the self-storage solutions business;
- Couriers Please in Australia by Quantum Solutions for a complete end-to-end ecommerce logistics chain in the Pacific region; and
- F.S. Mackenzie UK and FPS NZ by Famous Holdings which extended its freight forwarding network.

Investments in ecommerce logistics infrastructure continued. The fully integrated Regional eCommerce Logistics Hub, which is expected to be operational in the second half of 2016 and be equipped with state-of-the-art technology, will be the first of its kind in Southeast Asia.

We reached our stretch target of 100 automated smart parcel locker stations, POPStations, in Singapore, and introduced more services on the locker stations, such as posting of parcels and payment for online purchases.

Transformation of Support Enablers

Underpinning the Group's transformation are the critical investments in supporting enablers, such as technology and human resources.

For the Group to play a leading role in enabling our customers to operate in the online space, we must have the necessary technology capabilities. We have been investing in various areas such as track and trace for our delivery network, IT integration for our various operations, digital platforms and mobile apps.

In addition, the Group is shaping a lean operation backbone across the organisation. For example, we are leveraging technology for support services, revamping and improving processes, and outsourcing support functions. This will also enable the Group to be more

efficient and have systems that are flexible and scalable as we expand our presence into various markets across the region.

Our employees are our most valuable asset. We are strengthening our talent and management bench, and investing in training and upgrading the skill sets of our staff. We continue to provide support for lower income staff through the SingPost Inclusivity Fund.

People and Culture

Our transformation efforts have delivered strong results because our core values are embedded in our culture, ensuring long-term sustainability. Our core values of Trust, Total Customer, One Team, Top Execution, and Transformation have proven more important than ever, serving as the bedrock for over 7,000 employees across geographies, including newly acquired companies. Our values shape our culture, and help us to better serve our stakeholders.

Going International

We are pushing ahead with the next phase of the Group's transformation. With building blocks in place in key markets in Asia Pacific, we are now further accelerating our overseas expansion. This is in keeping with the Government's encouragement of local companies to spread their wings overseas. Our key focus is to extend and strengthen the Group's ecommerce logistics network in Asia Pacific, especially our warehousing and delivery capabilities.

Our investments into the future will continue, with higher expenditure on resources and infrastructure. We are investing in building up talent in our workforce in Singapore and the region as the Group operates in

the international arena. Infrastructure, such as the upcoming Regional eCommerce Logistics Hub, will position us for further growth.

As part of our growth strategy, we will continue to pursue investment opportunities, including M&As and joint ventures in the region.

As we go international, our commitment to the Singapore market and domestic customers remains unchanged. This is despite the fact that the Group faces increasing challenges. The structural decline in the traditional postal business is reflected in lower letter mail volumes and post office transactions. Costs have risen significantly over the past eight years since the postage rate increase in 2006. The recent rate revision in October 2014 provides some relief. Costs such as labour expenses, are expected to continue rising in Singapore. Competition has intensified as more operators enter the regional markets for a share of transshipment, ecommerce and logistics businesses.

Commitment to All Stakeholders

SingPost is committed to its service obligations and quality of service standards as the Public Postal Licensee of Singapore. Notwithstanding the challenges of declining traditional letter mail volumes and rising costs of operation, we have been investing in postal infrastructure and service quality, even as some postal operators worldwide have been scaling back.

The Group is committed to being a good corporate citizen and contributes to the community through corporate adoptions of charities and causes, donations and sponsorships. Apart from corporate giving, we also encourage our staff to volunteer their time and contribute towards our adopted charities -- Food from

the Heart and the Jamiyah Children's Home. Giving back to society is, and always will be an integral part of our corporate culture and we will continue to engage and contribute to the community.

Thank you

On behalf of the Board, I wish to express my appreciation to our management and staff who have been essential in driving the Group forward. We greatly appreciate the continued support of our partners, the union and customers, as we forge ahead with our transformation.

I thank our Board of Directors for their invaluable guidance and contributions during this critical period. They have gone beyond the call of duty, in their efforts to help the company accelerate its transformation. On behalf of the Board of Directors, I welcome our new directors, Mr Goh Yeow Tin and Mr Justin Chen. The Board has been further strengthened by their presence and benefitted from their insights.

Last but not least, we appreciate the support of our shareholders during these challenging but exciting times as we transform the Group into a regional leader in ecommerce logistics and trusted communications.



LIM HO KEE
CHAIRMAN

BOARD OF DIRECTORS



Lim Ho Kee, 70
Chairman
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 2015):
 Nil

Principal Commitments:

Majuvén Pte. Ltd. (Managing Partner)

Past Directorships in listed companies
 held over the preceding three years:
 (from 31 March 2012 to 30 March 2015)
 Jardine Cycle & Carriage Limited
 Keppel Land Limited



Goh Yeow Tin, 63
Deputy Chairman
Non-executive, independent director

Date of first appointment as a director:
 7 July 2014

Date of last re-election as a director:
 -

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

Academic & Professional
 Qualification(s):

Bachelor of Engineering (Honours)
 (Mechanical), the University of Singapore
 Masters of Engineering
 (Industrial Engineering and Management),
 the Asian Institute of Technology

Present Directorships in other listed
 companies (as at 31 March 2015):
 Vicom Ltd

Sheng Siong Group Ltd
 OEL (Holdings) Limited
 Leren Bio-Chem Ltd.
 AsiaPhos Limited

Principal Commitments:

Seacare Medical Holdings Pte Ltd
 (Non-Executive Chairman)

Past Directorships in listed companies
 held over the preceding three years:
 (from 31 March 2012 to 30 March 2015)
 Nil



Tan Yam Pin, 74
Non-executive, independent director

Date of first appointment as a director:
 25 February 2005

Date of last re-election as a director:
 4 July 2014

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 2015):
 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 2012 to 30 March 2015)
 BlueScope Steel Limited (Australia)



Keith Tay Ah Kee, 71
Non-executive, lead independent director

Date of first appointment as a director:
 25 April 1998

Date of last re-election as a director:
 4 July 2014

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 2015):**
 Singapore Reinsurance Corporation
 Limited

Rotary Engineering Limited
 FJ Benjamin Holdings Ltd
 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 2012 to 30 March 2015)**
 SATS Limited



Dr Wolfgang Baier, 41
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:
 4 July 2014

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 2015):**
 Nil

Principal Commitments:
 Nil

**Past Directorships in listed companies
 held over the preceding three years:
 (from 31 March 2012 to 30 March 2015)**
 Nil



Professor Low Teck Seng, 60
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)

**Academic & Professional
 Qualification(s):**

Bachelor of Science (First Class Honours)
 and Ph.D, Southampton University
 Institute of Electrical and Electronics
 Engineer (Fellow)
 Royal Academy of Engineers (Fellow)

**Present Directorships in other listed
 companies (as at 31 March 2015):**
 Excelpoint Technology Ltd
 ISEC Healthcare Ltd

Principal Commitments:
 National Research Foundation
 (Chief Executive Officer)

**Past Directorships in listed companies
 held over the preceding three years:
 (from 31 March 2012 to 30 March 2015)**
 Innotek Limited



Soo Nam Chow, 61
Non-executive, independent director

Date of first appointment as a director:
20 December 2013

Date of last re-election as a director:
4 July 2014

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 2015):
Mapletree Industrial Trust Management Ltd

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 31 March 2012 to 30 March 2015)
Nil



Bill Chang York Chye, 49
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 2015):
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 2012 to 30 March 2015)
Nil



Chen Jun, 41
Non-executive, non-independent director

Date of first appointment as a director:
31 July 2014

Date of last re-election as a director:
-

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of International Finance and Accounting, Shanghai University
EMBA degree, INSEAD, France

Present Directorships in other listed companies (as at 31 March 2015):
Alibaba Health Information Technology Limited

Principal Commitments:
Alibaba Group Holding Limited (Vice President)

Past Directorships in listed companies held over the preceding three years: (from 31 March 2012 to 30 March 2015)
Nil



Zulkifli Bin Baharudin, 55
Non-executive, independent director

Date of first appointment as a director:
 11 November 2009

Date of last re-election as a director:
 4 July 2014

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 2015):
 Ascott Residence Trust
 Management Limited

Principal Commitments:
 Uzbekistan (Non-Resident Ambassador)
 Kazakhstan (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 2012 to 30 March 2015)
 Hup Soon Global Corporation Limited



Aliza Knox, 54
Non-executive, independent director

Date of first appointment as a director:
 30 August 2013

Date of last re-election as a director:
 4 July 2014

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 2015):
 InvoCare Limited
 GfK SE

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

Past Directorships in listed companies held over the preceding three years: (from 31 March 2012 to 30 March 2015)
 Nil



Michael James Murphy, 61
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 2015):
 Nil

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

Past Directorships in listed companies held over the preceding three years: (from 31 March 2012 to 30 March 2015)
 Nil

MAIL



Continued investments to drive innovation, productivity and customer service to bring greater value to customers.

Continued investments in service

Even as SingPost accelerates its transformation efforts, it continues to sharpen its focus on meeting the needs of customers in this digital age, and delivering a better service experience.

To strengthen our capabilities and enhance delivery service quality, we are investing over S\$100 million in the Singapore market over several years, despite mail volume decline and increasing costs of operation. The new S\$45 million integrated sorting machines were fully operational in the second half of FY2014/15. These further increased the automation process, sorting capacity and speed of sorting, leading to improved efficiency and accuracy. As part of its efforts to enhance service quality, SingPost strengthened its postal workforce, hiring additional delivery staff and Quality Control officers to boost capacity to serve the increase in population and new housing estates. We also increased the salary of our postmen and frontline staff as well as continued to work closely with the Union to introduce measures to enhance job satisfaction. The postage rate adjustment in October 2014 will help to partially fund the investment in service enhancements.

In response to the growing ecommerce demographic, SingPost introduced new initiatives to offer customers greater choice and convenience during FY2014/15. We developed an envelope version of SmartPac known as SmartPac Lite for ecommerce items of up to 1kg to cater to the growing population of local online retailers. We also extended our operations to six delivery days, with Saturdays dedicated to delivering mail packages, as well

as extended our call centre service to offer customers round-the-clock access. In addition, we expanded our fleet of higher capacity three-wheeler scooters for more and heavier ecommerce items, greater stability and safety for the postmen.

Our continuous efforts to enhance service quality have generated positive results. SingPost was bestowed the Service Provider of the Year 2014 Award by the Postal Technology International. Locally, SingPost was the only company in the transport and logistics sector to report a significant improvement in the Customer Satisfaction Index of Singapore 2014. Customer satisfaction in postal services increased to 71.2 points.

Smarter ways to connect

We remain focused on developing and innovating our digital offerings to help businesses seize the growth opportunities of the digital economy. In FY2014/15, we launched a subscription based digital mail service - ScanMail for small and medium-sized enterprises (SMEs), enabling them to access important physical documents in a digital setting anytime and anywhere.

We also strengthened our suite of integrated direct mail solutions. DMrocket, our direct mail business extended its interactive digital offerings to include Augmented Reality app, samplestore.com and Marketing Lab. Marketing Lab is an all-in-one portal that helps corporate customers run targeted campaigns to achieve their marketing objectives and return on their investment. The Sample Store, our tryvertising online platform, is developing a mobile application that will



We remain focused on developing and innovating our digital offerings to help businesses seize the growth opportunities of the digital economy.

provide a seamless consumer experience for redeeming samples on-the-go, facilitating sample search and sending in sample requests.

Strengthened international postal collaborations

As Singapore's designated representative at the Universal Postal Union (UPU), SingPost participates actively in various working groups and committees in the UPU Postal Operations Council (POC). Through working in the various POC committees such as Product Strategic Integration Group, Supply Chain Integration, Markets Development and Physical Services, SingPost helps to define the postal industry for the future.

SingPost continues to serve on the boards of various international and regional postal cooperatives. It leads the Asia Pacific and ASEAN communities in a few postal initiatives to stimulate growth and improve service quality.

Philately & Stamps

To strengthen bilateral ties with other postal administrations, SingPost collaborated with Philatelie Liechtenstein to release the first joint stamp issue, as well as with China Post on a commemorative prepaid



To mark Singapore's 50th year of independence, SingPost rolled out a series of SG50 commemorative products

postcard celebrating the 20th anniversary of the founding of Suzhou Industrial Park. We also released stamp issues covering significant national events, such as commemorating 50 years of tourism and the completion of Singapore Sports Hub. A total of 11 stamp issues were released in FY2014/15.

In celebration of Singapore's 50th year of nation building, we started releasing a three-set series of commemorative stamps from 2013, with the final set to be issued in 2015. In January 2015, we kicked off our first SG50 activities - stamped mail imprinted with a SG50 slogan depicting Singaporeans' unique and fun traits, values and characteristics each month. We also launched a special edition SG50 MyStamp Folder showcasing Singapore iconic landmarks, culture and events, as well as limited edition SG50 Hello Kitty plush collectibles and MyStamp folder to celebrate the occasion.

LOGISTICS



We continued to develop our end-to-end ecommerce logistics solutions for a variety of markets across Asia and globally.

Stronger international presence

As part of our strategy to be a regional ecommerce logistics leader, we have made a number of acquisitions and invested in logistics infrastructure and last mile capabilities to strengthen our end-to-end integrated ecommerce logistics value chain. These include freight, customs and regulations management; warehousing and fulfilment capabilities; last mile delivery and returns; and ecommerce web services. Our focus is Asia Pacific, where we understand the region's business and cultural characteristics.

Our wholly owned subsidiary, Quantum Solutions, made steady progress in expanding geographic coverage and capabilities. It acquired Couriers Please Holdings, an Australian express parcel delivery service, enabling us to provide end-to-end solutions across ecommerce, forwarding, warehousing and delivery in Australia. Quantum Solutions also expanded its ecommerce warehouse footprint with additional facilities in Hong Kong, Indonesia, New Zealand and Singapore.

We extended our international freight network through Famous Holdings, our freight forwarding arm. Famous acquired UK-based freight forwarder F.S. Mackenzie, providing the Group an entry point into the Western European freight market and strengthened its ability to provide customers with integrated ecommerce logistics solutions. Famous also acquired 90 per cent of Famous Pacific Shipping (NZ) in January 2015, broadening its network and boosting its end-to-end fully integrated ecommerce logistics solutions in the Pacific region.

General Storage, which offers self-storage solutions under the brand of Lock+Store, acquired The Store House which has four storage facilities in Hong Kong. During the year, its facility in Malaysia commenced operations, offering cost-effective storage solutions and serviced office space. In Singapore, General Storage expanded its service offerings to include serviced office space at its flagship Chai Chee facility, and a bulk package counter at its Serangoon North outlet. SMEs can also tap on Lock+Store's short- and long-term storage facilities with an option to use its 'store, pack and deliver' service for added convenience and speed. Additionally, SMEs can also rent office space as their businesses expand.

Enhanced speed-to-market

While SingPost forges ahead with its regional plans, the Singapore market remains a key priority as it continues to strengthen its logistics hub services for Singapore as well as internationally.

To enhance our ecommerce logistics capability amid a fast growing ecommerce market in Asia, SingPost is investing approximately S\$182 million to develop a fully integrated Regional eCommerce Logistics Hub. The integrated hub, which includes an office block, will house automated parcel sorting and warehousing systems and bring together the ecommerce activities of Quantum Solutions, Singapore Parcel, Lock+Store and



The fully integrated Regional eCommerce Logistics Hub with state-of-the-art automation will help to facilitate our expanding ecommerce logistics business.

SP eCommerce. The new facility when fully operational in the second half of 2016 is expected to further improve productivity, leading to lower handling cost and higher operational efficiency.

We continued to focus on enhancing our domestic parcel delivery operations and services to increase customer satisfaction. For instance, SMEs can use ezy2ship.com which allows them to prepare, pay and print postage for their packages easily from their office and at their own convenience. ezy2ship.com also allows them to manage and track their shipments easily.

We rolled out EzyTrak Mobile - an android delivery application that made our delivery more cost-efficient. The app facilitates our couriers to perform their job

easily on any android-based smartphone, and allows customers to sign the delivery acceptance and rate our courier services as well.

Greater convenience

In our continuous efforts to provide customers greater convenience, we rolled out 100 POPStations islandwide at accessible places, such as shopping malls, office buildings, sports and recreation centres, post offices, petrol stations and community centres. Designed for today's on-the-go lifestyles, the POPStation is popular with parcel recipients as it offers 24/7 access, security and convenience at no extra cost. We also added innovative features to further enhance customers' online shopping experience, including a mobile app that enables remote unlocking of the secured locker, making parcel collection even speedier. The app also allows customers to track their parcels, receive alerts, manage their accounts or get information on the POPStation locations. Other new features enable customers to post their parcels, pay for their online purchases and collect them on-the-spot as well as return parcels.

To bring even greater convenience to online shoppers, SingPost works with eRetailers who can use the

POPStation as an alternative last-mile delivery option for customers. Partner eRetailers onboard include popular brands like Omigo, Taobao, vPost, Xiaomi and Zalora with more customers in the pipeline.

Our relentless efforts in enhancing our delivery service have not gone unnoticed. We were awarded the 2014 EMS Gold Certification Award by the Universal Postal Union, earning the honour of being the only company in the world to have won an award every year since 2001.



With the POPStation app, consumers can pick up their parcels even more quickly when they are within close proximity to the POPStation.

RETAIL & ECOMMERCE



We rolled out more than 10 new generation post offices with self-help friendly features that offer 24/7 access to key services.

New generation post offices

We continued to make our post offices future-ready to meet the changing needs and lifestyles of our customers, particularly in the areas of their global ecommerce and digital needs. Following the successful pilot at Raffles Place Post Office, we rolled out more than 10 new generation post offices with self-help friendly features that offer 24/7 access to key services such as parcel collection and bill payments. This helped improve customer experience while enhancing staff productivity. Steps were also taken to streamline the product offerings, with an emphasis on merchandise related to customers' mail and logistics needs. More new generation post offices will be rolled out gradually in the coming years.

The post office network serves as touchpoints for third parties that are interested in leveraging our convenient islandwide network and trusted infrastructure. In FY2014/15, we saw strong interest from financial institutions and government agencies in outsourcing day-to-day transactions, such as bill payments and cash deposits/withdrawals to the post office network. Customers will be able to access an expanded range of transactions through both physical and digital channels.

A new way to connect

The rise of digital technologies is transforming the way individuals and businesses communicate and access services. With customer centricity in mind, we began to build, design and work towards a unified user



With AXA@POST, customers have access to financial planning advice and services at selected post offices.

experience across our digital assets from web to mobile. We aim to integrate it seamlessly from online to our offline properties, such as in our post offices. We also integrated digital advertising across our digital assets i.e. web, mobile, TV and kiosks. Our enhanced SingPost app hit 0.4 million downloads, a 2.5 times growth from the previous year.

During the year, we extended our Self-service Automated Machines (SAM) from a kiosk to an omni-channel platform. In keeping with our innovation approach and alignment with customer's changing lifestyles, we launched the web and mobile version of SAM in October 2014, and the pilot of the redesigned SAM kiosk in March 2015. Customers can access many SAM kiosk transactions on their own devices through the mySAM web portal and SAM mobile app. More enhancements will be added in the near future.

Financial services

To provide greater accessibility to customers seeking life insurance solutions, SingPost rolled out AXA@POST at 34 selected post offices. This exclusive postassurance partnership with AXA, which was first announced in 2013, commenced in January 2015. We also introduced the AXA Rewards programme to reward AXA@POST customers for their support. They can select premium gifts at SingPost's online marketplace, www.omigo.com.sg, and have them delivered to their doorstep.

The Standard Chartered SingPost Platinum Visa credit card, launched in 2012, was refreshed with new features added to better serve the growing ecommerce needs of customers. It is the first in the market to provide an 'online price guarantee' which allows the cardholder to get back 50 per cent of the price difference from the bank should he find a better deal online after purchase. It also offers seven per cent cashback on online purchases, which is the highest cashback rate offered in Singapore for online shopping. Importantly, the card also comes with 'card safe guarantee' to protect cardholders from fraudulent and unauthorised transactions.

Integrated eCommerce solutions

In the ecommerce space, we continued to enable businesses to tap the growing ecommerce market in Asia. We expanded our online offerings in the region to include Australia, New Zealand, Hong Kong and South Korea, providing businesses a connection into Asia Pacific.

We continued to scale up investments in technology like online security, scalability, marketing and omni-channel capabilities, remaining at the forefront of ecommerce and logistics in the region. Leveraging key partnerships with global technology providers, we enhanced our technology services further to help businesses expand their ecommerce operations across multiple markets in a scalable, sustainable model.

In April 2015, SingPost rolled out a fully integrated end-to-end ecommerce fulfilment solution to help SMEs sell online, scale and enhance productivity. This solution,



SingPost launched ezyCommerce, a fully integrated end-to-end ecommerce fulfilment solution, to help SMEs efficiently grow their business locally and internationally.

ezyCommerce automates the order-to-fulfilment cycle enabling SMEs to leverage SingPost's efficient warehouse management and extensive distribution networks to scale up their business across multiple marketplaces and countries. Modular solutions such as shopping cart integrations, returns and import services will be rolled out progressively. During the year, our ecommerce solutions gained traction. We have more than 1,000 ecommerce customers which include global brands such as Deckers Outdoor, Muji and Triumph. In February 2015, we partnered Google for the first Great Online Shopping Festival in Singapore.

To provide online shoppers more cost efficient shipping solutions, our online shipping portal, vPost, launched a sea freight service between US and Asia Pacific. vPost also partnered postal administrations such as Australia Post and Austria Post to enable their residents to have their online purchases from US, UK, China and Japan shipped to them.

For our continuous efforts to help businesses to efficiently grow their business locally and internationally, SingPost won the World Mail Award for eCommerce in June 2014.

PROPERTY

Singapore Post Centre (SPC), a mixed-use development, comprising office, industrial and retail lease space, is our largest property. To focus on enhancing value for our shareholders and in tandem with the Urban Redevelopment Authority's plans to make Paya Lebar Central one of the sub-regional centres in Singapore, the Group intends to redevelop the retail mall of SPC. SPC continued to enjoy a high occupancy rate of 96 per cent as at 31 March 2015.

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
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
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

Enhanced investor engagement and communications

As the pace of transformation continues, we proactively communicate with the investor community to convey information and insights on market dynamics, challenges and strategy. We make use of one-on-one and group meetings, conference calls, post-results roadshows, investor conferences, site tours and various other channels to communicate with investors.

Management participated in investor conferences and non-deal roadshows in Singapore and the region. They also conducted quarterly results briefings to analysts and media, and post-results roadshows. About 181 investor meetings and calls were made during the financial year.

A total of eight research firms covered SingPost, issuing 50 research reports and notes during the year. We continue to partner with the Securities Investors Association of Singapore (SIAS) to organise investor presentations for their members.

FY2014/15 Dividends Per Share

Interim Q1 FY2014/15	1.25 cents
Interim Q2 FY2014/15	1.25 cents
Interim Q3 FY2014/15	1.25 cents
Final FY2014/15 (Proposed) *	2.50 cents
Total Dividends Paid/Proposed *	6.25 cents

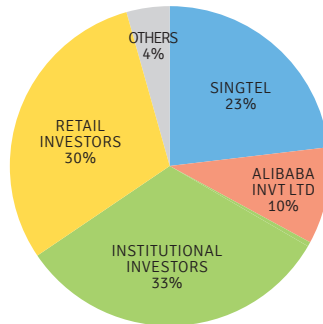
** For the approval of shareholders at the 23rd Annual General Meeting*

FY2014/15 IR Calendar of Events

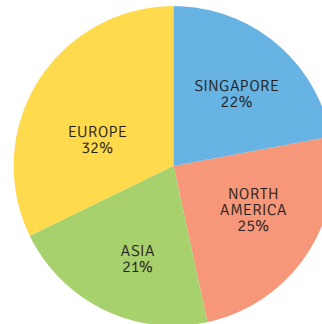
May 2014	Q4 and Full Year FY2013/14 results briefing to analysts and media dbAccess Asia Conference 2014 - Singapore
Jun 2014	CIMB 4 th Annual Asia Pacific Conference and Invest Malaysia Conference 2014 - Kuala Lumpur
Jul 2014	22 nd Annual General Meeting / Extraordinary General Meeting DBS Vickers The Pulse of Asia Conference - Singapore
Aug 2014	Q1 FY2014/15 results briefing to analysts Post-results investor lunch meeting
Sept 2014	UBS ASEAN Conference 2014 - Singapore Non-deal roadshow - Hong Kong
Oct 2014	UOB Kay Hian Asian GEMS Conference - Singapore
Nov 2014	Q2 and H1 FY2014/15 results briefing to analysts and media Post-results investor lunch meeting
Feb 2015	Q3 and 9M FY2014/15 results briefing to analysts Post-results investor lunch meeting
Mar 2015	Bank of America-Merrill Lynch ASEAN Conference 2015 - Singapore

SHAREHOLDER RETURNS

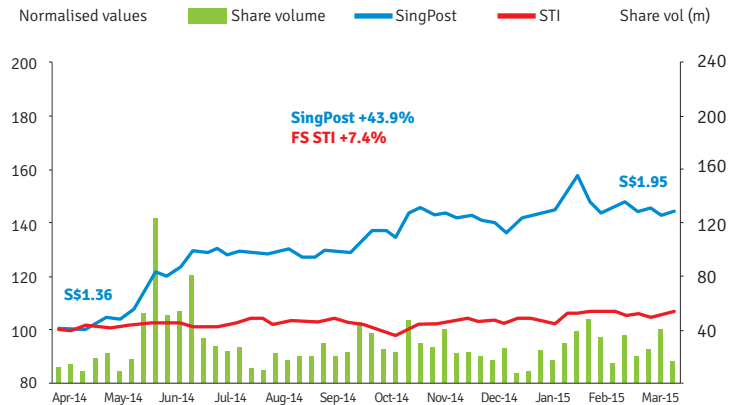
Share Ownership by Investor Groups



Institutional Holdings by Geographic Distribution



SingPost Share Price and Trading Volume vs FS STI (FY2014/15)

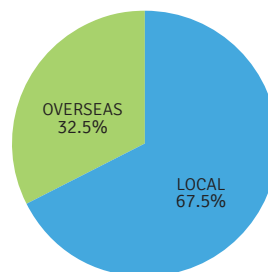


Source: Bloomberg

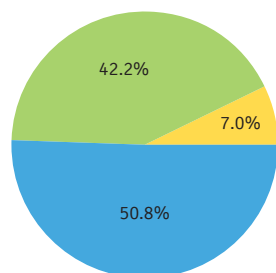
BUSINESS REVIEW

The SingPost Group has three main operating divisions: Mail, Logistics and Retail & eCommerce. For the financial year ended 31 March 2015, the Group recorded revenue of S\$919.6 million, of which 50.8 per cent was contributed by the core business of Mail. Logistics comprised 42.2 per cent of Group revenue, while Retail & eCommerce contributed the remaining 7.0 per cent. The Mail Division accounted for the bulk of the Group operating profit, at 77.3 per cent, compared to 11.6 per cent by Logistics and 5.2 per cent by Retail & eCommerce.

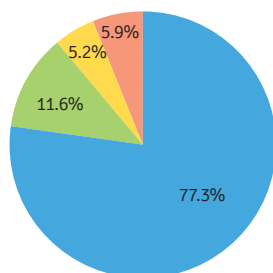
Geographical Revenue Breakdown



Revenue Breakdown



Operating Profit Breakdown



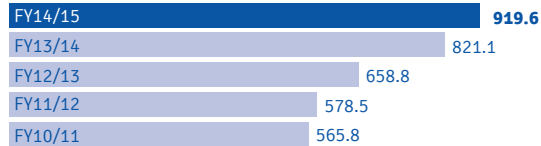
Legend:

- | | | | |
|-----------------|---|-------------------------------|---------------|
| Mail | Logistics | Retail & eCommerce | Others |
| - Domestic | - Quantum Solutions | - Retail | - Property |
| - International | - Famous Holdings | - Financial Services | |
| - Hybrid | - Logistics including Singapore Parcel, Lock + Store, Transhipment and others | - eCommerce | |
| - Philatelic | | | |

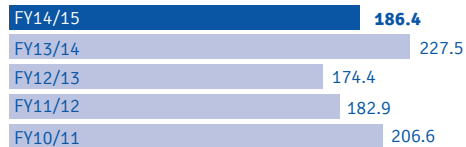
GROUP FINANCIALS

Income Statement

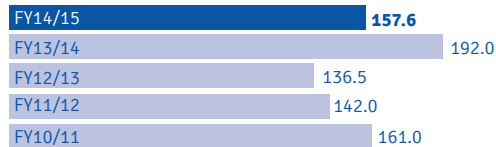
Revenue (\$M)



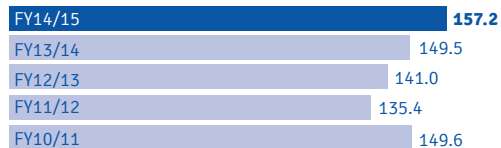
Operating Profit (\$M)



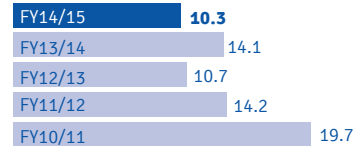
Net Profit (\$M)



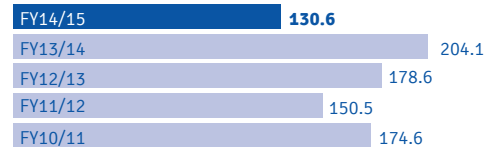
Underlying Net Profit (\$M)



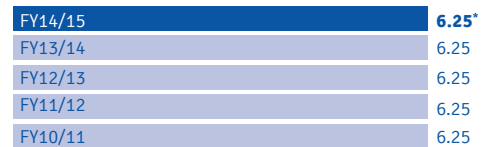
Return on Average Invested Capital (%)



Free Cash Flow (\$M)



Dividend (cents per share)



* For the approval of shareholders at the 23rd Annual General Meeting

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2015	2014	2013	2012	2011
		(RESTATED)*	(RESTATED)*		
Income Statement (\$ million)					
Revenue	919.6	821.1	658.8	578.5	565.8
Operating profit ⁽¹⁾	186.4	227.5	174.4	182.9	206.6
EBITDA ⁽²⁾	229.0	263.7	214.1	214.8	232.6
Net profit ⁽³⁾	157.6	192.0	136.5	142.0	161.0
Underlying net profit ⁽⁴⁾	157.2	149.5	141.0	135.4	149.6
Balance Sheet (\$ million)					
Total assets	2,197.8	1,740.5	1,924.0	1,430.2	1,092.9
Ordinary shareholders' equity	1,117.2	765.5	690.4	313.0	326.1
Cash and cash equivalents	584.1	404.4	628.3	617.4	338.7
Net (cash)/net debt	(345.8)	(170.3)	(91.8)	(111.6)	164.3
Perpetual securities	346.8	346.8	346.8	346.8	-
Net debt plus perpetual securities ⁽⁵⁾	1.0	176.5	255.1	235.2	164.3
Cash Flow (\$ million)					
Net cash inflow from operating activities	235.0	241.8	203.0	176.6	186.9
Capital expenditure (cash)	104.4	37.8	24.4	26.1	12.3
Free cash flow ⁽⁶⁾	130.6	204.1	178.6	150.5	174.6

GROUP FIVE-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 31 MARCH				
	2015	2014	2013	2012	2011
		(RESTATED)*	(RESTATED)*		
Key Ratios					
EBITDA margin (%)	24.9	32.1	32.5	37.1	41.1
Net profit margin (%)	17.1	23.4	20.7	24.5	28.5
Return on average invested capital (%)	10.3	13.1	10.0	14.2	19.7
Return on average ordinary shareholders equity (%)	16.7	26.4	27.2	44.4	52.0
Net debt to ordinary shareholders equity (%)	N.M.	N.M.	N.M.	N.M.	50.4
Net debt plus perpetual securities to ordinary shareholders equity (%) ⁽⁵⁾	0.1	23.1	36.9	75.1	50.4
EBITDA to interest expense (number of times)	36.4	41.6	16.8	17.2	16.3
Per Share Information (\$ cents)					
Earnings per share - basic	6.85	9.32	6.44	7.41	8.37
Earnings per share - underlying net profit ⁽⁴⁾	7.32	7.84	7.45	7.17	7.78
Net assets per share	68.4	58.5	54.8	34.9	17.3
Dividend per share - ordinary	6.25	6.25	6.25	6.25	6.25

NOTES

- (1) Operating profit is defined as profit before interest, tax and share of profit of associated companies and joint ventures.
- (2) EBITDA is defined as profit before interest, tax, depreciation, impairment and amortisation.
- (3) Net profit is defined as profit after tax and minority interest.
- (4) Underlying net profit is defined as profit after tax and non-controlling interests, before one-off items and gains and losses on sale or revaluation of investment, properties, plant and equipment.
- (5) Net debt plus perpetual securities and its ratio to ordinary shareholders equity are presented for comparative purposes.
- (6) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.
- (7) N.M. Not meaningful.

* Details of the restatement are disclosed in Note 2.1.

FINANCIAL REVIEW AND OUTLOOK

GROUP	FINANCIAL YEAR ENDED 31 MARCH		CHANGE %
	2015 S\$'000	2014 S\$'000	
		(RESTATED)*	
Revenue	919,582	821,111	12.0
Operating profit	186,365	227,544	(18.1)
Share of profit of associated companies and joint ventures	6,660	4,358	52.8
Net profit	157,611	191,962	(17.9)
Underlying net profit ⁽¹⁾	157,188	149,450	5.2
Basic earnings per share (S cents)	6.85	9.32	(26.5)
Underlying earnings per share (S cents)	7.32	7.84	(6.6)

NOTE

(1) Underlying net profit is defined as profit after tax and non-controlling interests, before one-off items and gains and losses on sale or revaluation of investment, properties, plant and equipment.

* Details of the restatement are disclosed in Note 2.1.

The Group posted an increase of 12.0% in revenue in FY2014/15. Growth in ecommerce and logistics related businesses and the inclusion of new subsidiaries offset the decline in the traditional postal business. Excluding the M&A impact, revenue was S\$830.0 million, an increase of 1.1% for the full year.

REVENUE	FINANCIAL YEAR ENDED 31 MARCH		CHANGE %
	2015 S\$'000	2014 S\$'000	
Mail	500,252	490,950	1.9
Logistics	464,758	368,513	26.1
Retail & eCommerce	92,002	86,666	6.2
Inter-segment eliminations	(137,430)	(125,018)	9.9
	919,582	821,111	12.0

FINANCIAL REVIEW AND OUTLOOK

In the Mail division, the decrease in traditional letter mail volumes was reflected in the weaker performance of domestic mail and hybrid mail. Whilst the international mail business also faced declining letter mail volumes, revenue was supported by growth in ecommerce related activities.

For the full year, Logistics revenue was underpinned by continued growth in ecommerce related activities and the inclusion of new subsidiaries.

In Retail & eCommerce, revenue from ecommerce services continued to grow strongly, offsetting declines in traditional retail & agency services and financial services.

Rental and property related revenue posted a decline of 2.3% from S\$44.9 million to S\$43.9 million. This was largely due to lower rental income from Singapore Post Centre, which accounted for approximately 90% of total rental and property related revenue.

Miscellaneous income amounted to S\$6.6 million, compared to a loss of S\$0.1 million last year. The difference was due to gains on the disposals of property, plant and equipment, higher interest income and trade related foreign exchange gain. The same period last year had also included higher provisions for the restructuring of overseas operations.

Labour and related expenses were higher mainly due to increased operating cost in Singapore and continuing investment in new talent and skill upgrading for the growth transformation.

The increase in volume-related expenses was largely due to the inclusion of new subsidiaries, and growth in international traffic and business activities.

Administrative and other expenses rose as a result of higher property related expenses and professional expenses related to M&As and other transformation initiatives. The higher property related expenses were mainly attributable to increased rental expenses for its operations.

With the change in accounting policy, depreciation for investment properties was not charged. However, depreciation and amortisation expenses went up as a result of the review of the Group's intangible assets and the inclusion of new subsidiaries.

FINANCIAL REVIEW AND OUTLOOK

	FINANCIAL YEAR ENDED 31 MARCH		CHANGE %
	2015 S\$'000	2014 S\$'000	
OPERATING PROFIT			
		(RESTATED)*	
Mail	143,989	142,639	0.9
Logistics	21,542	14,162	52.1
Retail & eCommerce	9,746	7,489	30.1
Others ⁽¹⁾	11,088	63,254	(82.5)
Operating Profit	186,365	227,544	(18.1)
Add: Fair value (gain)/loss on investment properties	(5,163)	(44,510)	(88.4)
Add: One-off items	4,740	1,998	137.2
Underlying Operating Profit	185,942	185,032	0.5

NOTE

(1) Others refer to the commercial property rental operations and unallocated corporate overhead items.

* Details of the restatement are disclosed in Note 2.1.

The Group recorded an increase of 0.5% in underlying operating profit from S\$185.0 million to S\$185.9 million. Operating profit amounted to S\$186.4 million, compared to the restated figure of S\$227.5 million for FY2013/14, due predominantly to changes in fair value gain.

Mail operating profit was marginally higher, as the Group focused on productivity and efficiency to manage the increase in operating costs, particularly with the investments in service quality improvements.

Despite continued expenditure to build the regional logistics business and networks, Logistics achieved a strong increase in operating profit. This was due to the inclusion of new subsidiaries and contributions from ecommerce related activities.

In the Retail & eCommerce segment, the improvement in operating profit was mainly attributable to higher contributions from financial services and better performance by SP eCommerce.

Operating profit in Others was lower predominantly due to the differences in fair value gains compared to last year, and one-off items. Property operating profit was otherwise steady.

Share of profit of associated companies and joint ventures grew by 52.8% from S\$4.4 million to S\$6.7 million.

The Group recorded an increase of 5.2% in underlying net profit from S\$149.5 million to S\$157.2 million for FY2014/15.

FINANCIAL REVIEW AND OUTLOOK

The improvement in underlying performance was attributable to the Group's organic growth as well as the inclusion of new subsidiaries, despite the increased operating costs incurred for its transformation.

Net profit attributable to equity holders was lower by 17.9% at S\$157.6 million, compared to the restated figure of S\$192.0 million previously. This was due to lower fair value gain of S\$5.2 million in FY2014/15 compared to S\$44.5 million in the previous financial year, as well as one-off items.

CASH FLOW	FINANCIAL YEAR ENDED 31 MARCH		CHANGE %
	2015 S\$'000	2014 S\$'000	
Net cash inflow from operating activities	235,002	241,849	(2.8)
Net cash used in investing activities	(235,917)	(37,570)	@
Net cash provided by / (used in) financing activities	180,625	(428,156)	N.M.
Net increase / (decrease) in cash and cash equivalents	179,710	(223,877)	N.M.
Cash and cash equivalents at beginning of year	404,430	628,307	(35.6)
Cash and cash equivalents at end of year	584,140	404,430	44.4
Free cash flow	130,588	204,093	(36.0)
Cash capital expenditure as a percentage of revenue	11.4%	4.6%	

NOTES

@ Variance exceeding 300%.

N.M. Not Meaningful.

Operating activities

Net cash from operating activities was healthy at S\$235.0 million in FY2014/15, compared to S\$241.8 million last year.

Investing activities

Net cash used in investing activities was S\$235.9 million, compared to S\$37.6 million previously. During the year, cash outflow for acquisitions of new subsidiaries amounted to S\$119.8 million. The Group invested S\$104.4 million in property, plant and equipment, including new mail sorting equipment, property projects currently under development such as the Regional eCommerce Logistics Hub, and additional POPStations. The Group purchased financial assets of S\$23.3 million comprising mainly corporate bonds. The cash outflow was partially offset by proceeds of S\$11.0 million from the disposal of property, plant and equipment, S\$8.3 million from interest received and S\$6.0 million from the maturity of financial assets.

FINANCIAL REVIEW AND OUTLOOK

Financing activities

Net cash from financing activities was S\$180.6 million, compared to net cash used of S\$428.2 million previously. During the year, the Group received proceeds of S\$298.9 million from ordinary share issues and S\$31.9 million from the treasury share transfer. Cash outflows for dividend and perpetual securities distributions amounted to S\$128.1 million and S\$14.9 million respectively.

Free cash flow

Free cash flow (operating cash flow less capital expenditure) was lower at S\$130.6 million in FY2014/15 compared to S\$204.1 million in the previous financial year, as a result of the Group's increased capital expenditure.

CAPITAL MANAGEMENT

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

Use of the proceeds from the share issue and treasury share transfer to Alibaba Investment Limited is in line with the intended use stated in the SGXNET announcement dated 28 May 2014. The proceeds are being deployed for capital expenditure such as the development of the Regional eCommerce Logistics Hub, upgrade of information technology systems, and M&A investments.

GROUP DEBT AND PERPETUAL SECURITIES	FINANCIAL YEAR ENDED 31 MARCH		CHANGE %
	2015 S\$'000	2014 S\$'000	
		(RESTATED)*	
Total debt	238,327	234,128	1.8
Net cash	(345,813)	(170,302)	103.1
Total debt plus perpetual securities [#]	585,153	580,954	0.7
Net debt plus perpetual securities [#]	1,013	176,524	(99.4)
Net debt plus perpetual securities to ordinary shareholders equity (%) [#]	0.1%	23.1%	
EBITDA to interest expense (number of times)	36.4	41.6	

[#] Presented for comparative purposes.

* Details of the restatement are disclosed in Note 2.1.

FINANCIAL REVIEW AND OUTLOOK

The Group was in a net cash position (cash and cash equivalents less borrowings) of S\$345.8 million as at 31 March 2015. The cash holdings will be utilised for investments, capital expenditure, working capital and other funding needs.

Interest coverage ratio (EBITDA to interest expense) remained high at 36.4x.

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 2015. 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 FY2014/15	6.25 cents

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

OUTLOOK

The Group continues to invest in ecommerce logistics infrastructure, technology and capabilities as it expands its end-to-end ecommerce logistics solutions in Asia Pacific. Capital expenditure is expected to remain high in FY2015/16 due to investments in infrastructure such as the Regional eCommerce Logistics Hub and POPStation network.

The Group also intends to redevelop its retail space at Singapore Post Centre and will make further announcements in due course.

The Group continues to pursue investment opportunities in Singapore and the region. In January 2015, its subsidiary Famous Holdings acquired 90% of Famous Pacific Shipping (NZ) Limited. Its ecommerce services subsidiary SP eCommerce entered into a joint venture in Indonesia to tap the growing ecommerce market in March 2015.

Since the MOU signed with Alibaba Investment Limited last year, the two organisations have been working well together. Discussions on the proposed business collaboration are ongoing and SingPost will provide an update in the near term when details are finalised.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and Management of SingPost are committed to achieving a high standard of corporate governance which they recognise as being essential for the long term sustainability of the Group's businesses and performance.

The Board and Management of SingPost are pleased to report that SingPost has complied in all material respects with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (2012 Code). The Board and Management of SingPost continues to review and enhance its processes taking into account industry best practices and the needs and circumstances of the Group.

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.

Role of the Board

SingPost is led by an effective Board that is collectively responsible for the long-term success of the Company. Each director exercises his/her independent judgment and acts in good faith in the long-term interest of the Company. The Board provides leadership and guidance to Management on the Group's overall strategy, reviews Management performance and oversees the Group's overall performance objectives, key operational initiatives, risk management and corporate governance practices, financial 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 directors and key management staff, and all changes in the composition and terms of reference of Board Committees.

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. The Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to the Executive Committee, and Management to optimise operational efficiency.

Board Committees

To assist the Board in discharging its duties and to enhance the effectiveness of the Board, the Board has established the Board Committees set out in the table below. Each Board Committee has written terms of reference, which clearly set out its respective authority and duties.

CORPORATE GOVERNANCE REPORT

Board Committee	Key Responsibilities	Membership
Executive Committee	<ul style="list-style-type: none"> Oversees the management of the business and affairs of the Group as may be delegated by the Board. Exercises oversight over Management. Approves investments and divestments within the threshold limits delegated to it by the Board and makes recommendations to the Board in respect of investments and divestments over such limits. 	Mr Lim Ho Kee (Chairman) Dr Wolfgang Baier Mr Goh Yeow Tin Mr Tan Yam Pin Mr Keith Tay Ah Kee
Nominations Committee	<ul style="list-style-type: none"> Assists the Board in fulfilling its responsibilities on ensuring Board effectiveness and the selection, nomination, appointment or re-appointment of directors. Assists the Board in fulfilling its responsibilities on Board succession planning, evaluation and training. Reviews and makes recommendations to the Board on key staff appointments of the Group. 	Mr Keith Tay Ah Kee (Chairman) Mr Lim Ho Kee Mr Soo Nam Chow Mr Zulkifli Bin Baharudin
Compensation Committee	<ul style="list-style-type: none"> Assists the Board in fulfilling its responsibilities on developing an appropriate compensation and remuneration framework for directors and employees of the Group. 	Mr Goh Yeow Tin (Chairman) Mr Bill Chang York Chye Mr Tan Yam Pin Mr Zulkifli Bin Baharudin
Audit Committee	<ul style="list-style-type: none"> Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management of the Group. 	Mr Soo Nam Chow (Chairman) Mr Tan Yam Pin Mr Keith Tay Ah Kee Mr Zulkifli Bin Baharudin
Board Risk and Technology Committee	<ul style="list-style-type: none"> Assists the Board in fulfilling its oversight responsibilities on risk management of the Group. Assists the Board in fulfilling its oversight responsibilities on matters relating to technology in executing the business strategies of the Group. 	Professor Low Teck Seng (Chairman) Mr Bill Chang York Chye Ms Aliza Knox Mr Michael James Murphy Mr Tan Yam Pin

Board Meetings and Attendance

The Board meets at least quarterly to review and approve the release of the Group's quarterly results as well as to discuss and resolve upon matters requiring the Board's approval. Additionally, towards the end of each financial year, the Board participates in a strategy workshop with Management to plan the Group's longer term strategy. Typically, the Board strategy workshop is held offsite in a country where the Group has significant investments to

CORPORATE GOVERNANCE REPORT

allow the Board to meet with the Group's business partners, thereby developing stronger business relationships and allowing Board members to gain a first-hand insight into these investments. A Board meeting is held alongside the Board strategy workshop to review the Group's strategy and to consider and approve the Group's budget for the following financial year. Board and Board Committee meetings, as well as the annual general meeting (AGM) of the Company, are scheduled in advance of each year in consultation with the directors. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. Directors who are unable to attend a meeting in person can participate by telephone. Decisions of the Board or a Board Committee may also be obtained via circular resolution. The Board sets aside some time at meetings to discuss Management's performance without the presence of Management. The directors also communicate on an ad hoc basis without the presence of Management to review matters of a confidential nature.

The attendance of each director at Board meetings and Board Committee meetings for the financial year ended 31 March 2015 is as follows:

	BOARD	EXECUTIVE COMMITTEE	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE	AUDIT COMMITTEE	BOARD RISK AND TECHNOLOGY COMMITTEE
Number of Meetings Held	7	14	3	1	4	4
Name						
Lim Ho Kee	7/7	14/14	3/3	-	-	-
Goh Yeow Tin ⁽¹⁾	4/4	6/6	-	-	-	-
Dr Wolfgang Baier	7/7	14/14	-	-	-	-
Bill Chang York Chye	7/7	-	-	1/1	-	4/4
Chen Jun ⁽²⁾	3/4	-	-	-	-	-
Aliza Knox	6/7	-	-	-	-	3/4
Professor Low Teck Seng ⁽³⁾	6/7	-	-	1/1	-	4/4
Michael James Murphy	6/7	-	-	-	-	1/4
Soo Nam Chow ⁽⁴⁾	7/7	-	3/3	-	4/4	-
Tan Yam Pin ⁽⁵⁾	7/7	14/14	-	1/1	4/4	4/4
Keith Tay Ah Kee ⁽⁶⁾	7/7	13/14	3/3	-	4/4	-

CORPORATE GOVERNANCE REPORT

Zulkifli Bin Baharudin	7/7	-	3/3	1/1	2/4	-
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- (1) Mr Goh Yeow Tin was appointed as a director of SingPost on 7 July 2014. Subsequently, he was appointed as a member of the Executive Committee on 14 January 2015. He was also appointed as the chairman of the Compensation Committee on 14 January 2015 in place of Professor Low Teck Seng who stepped down as chairman and member of the Compensation Committee. He was appointed as Deputy Chairman of the Board on 12 May 2015.
- (2) Mr Chen Jun was appointed as a director of SingPost on 31 July 2014.
- (3) Professor Low Teck Seng stepped down as chairman and member of the Compensation Committee on 14 January 2015.
- (4) Mr Soo Nam Chow was appointed as a member of the Nominations Committee on 10 April 2014. He was also appointed as the chairman of the Audit Committee on 10 April 2014 in place of Mr Keith Tay Ah Kee who stepped down as chairman of the Audit Committee.
- (5) Mr Tan Yam Pin was appointed as a member of the Compensation Committee on 10 April 2014.
- (6) Mr Keith Tay Ah Kee stepped down as chairman of the Audit Committee on 10 April 2014 but remains as a member.

Board Induction and Training

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 Chief Executive Officer (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 director with the nature and workings of the Group'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 kept informed of changing commercial risks faced by the Group 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 board strategy workshop programme will include updates on developments in the industry, new technologies 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.

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.

CORPORATE GOVERNANCE REPORT

Board Composition

The current Board comprises 12 directors, two-thirds of whom are independent. Excluding the Group CEO Dr Wolfgang Baier, all the other directors are non-executive directors. Profiles of the directors can be found on pages 10 to 13 of this Report. The Board is of the view that given that two-thirds of the directors are independent and all (except for the Group CEO) are non-executive, decisions of the Board are made objectively.

Together, the directors bring with them a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including postal services, ecommerce, logistics, accounting, finance, business and management, strategic planning, information and communication technology, engineering and regional business experience.

The Board continually reviews its size and composition with a view towards the progressive refreshing of the Board and to strike the appropriate balance and diversity of skills, experience, gender and knowledge of the company to support the Group's businesses and transformation strategy. The Board had increased its strength by appointing two new directors, Mr Goh Yeow Tin and Mr Chen Jun in the past financial year. The Board also continually reviews the size and composition of the various Board Committees to enhance the effectiveness of the Board and to achieve an equitable distribution of responsibilities among the Board members while fostering active participation and contribution. In deciding the composition of the Board Committees, relevant skills together with diversity of experience and backgrounds are considered alongside the need to maintain the appropriate checks and balances between the different Board Committees.

Review of Directors' Independence

The Board determines, taking into account the views of the Nominations Committee, the independence of each director on an annual basis and as and when circumstances require, based on the guidelines provided in the 2012 Code. Each director is required to complete a director's independence checklist of himself. Special scrutiny is applied in assessing the continued independence of directors who have served over nine years. Each director (other than the director concerned) is required to complete a director's independence checklist of each director who has served over nine years. The Nominations Committee reviews the checklists in arriving at its recommendations to the Board on the independence of directors. In addition, as part of their Board effectiveness assessment, Egon Zehnder was tasked with seeking the views of the directors on the independence of those directors who had served over nine years.

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. During their confidential interviews with Egon Zehnder, all directors expressed a clear view that the three directors were independent in their thinking and behaviour, taking into account what is best for the company and the broad range of stakeholders.

CORPORATE GOVERNANCE REPORT

Based on the recommendations of the Nominations Committee and the findings of Egon Zehnder, the Board is of the opinion that, with the exception of the Group CEO Dr Wolfgang Baier, Mr Bill Chang York Chye, Mr Chen Jun and Mr Michael James Murphy, all the directors are independent. Mr Bill Chang York Chye is the Chief Executive Officer (Group Enterprise) of Singapore Telecommunications Limited which holds more than 10 per cent of the total voting shares in SingPost. Mr Chen Jun is a Vice President of Alibaba Group Holding Limited which holds more than 10 per cent of the total voting shares in SingPost. Mr Michael James Murphy is the Chief Executive Officer, a director and substantial shareholder of Postea Group, Inc.. Mr Michael James Murphy is deemed non-independent as a result of various agreements entered into between the SingPost Group and the Postea Group.

The Board is of the view that despite serving for more than nine years, Mr Lim Ho Kee, Mr Tan Yam Pin and Mr Keith Tay Ah Kee continue to exercise strong independent judgment. While remaining committed to the progressive renewal of the Board, the Board believes that the in-depth knowledge of the Group's businesses possessed by Messrs Lim, Tan and Tay is invaluable and thus that they should continue as directors of the Company.

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.

Separation of the Role of Chairman and Group CEO

The Chairman and Group CEO are separate persons and are not related to each other. 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.

Role of the Chairman

The Chairman leads the Board in facilitating effective and comprehensive deliberations on matters brought to the Board, including strategic issues, talent management and succession planning. The Chairman plays a pivotal role by providing advice and guidance to the Group CEO and Management, particularly in the drive to transform the 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 relationships with stakeholders such as the staff union, SingPost staff, government, regulators, customers and other partners. At AGMs and other shareholder meetings, the Chairman ensures constructive dialogue between shareholders, directors and Management.

CORPORATE GOVERNANCE REPORT

Role of the Group CEO

The Group CEO is responsible for making strategic proposals to the Board and implementing the 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 Group, with the support of the Executive Leadership Group (ELG). The ELG comprises the Group Chief Financial Officer (Group CFO), Group Chief Operating Officer (Group COO), Executive Vice Presidents and various heads of departments of SingPost. The ELG meets at least once a month to review and direct the execution and implementation of the Group's strategy, business development, financial and risk management policies, operational policies and activities.

Regulatory Approvals

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 the Monetary Authority of Singapore (MAS).

Lead Independent Director

Though not required by the 2012 Code, 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 CFO, or when such normal channels are inappropriate.

Principle 4: Board Membership

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

Nominations Committee

The Nominations Committee comprises four independent non-executive directors (please refer to page 37 of this Report for their names) and is chaired by the Lead Independent Director. The key responsibilities of the Nominations Committee are (i) to review the size and composition of the Board and Board Committees, (ii) to ensure that the Board has the appropriate balance of expertise, skills, knowledge, experience, attributes and abilities, (iii) to review directors' independence and performance, (iv) to advise on Board succession planning and (v) to review training and professional development programmes for Board members.

Succession Planning and Nomination Process

Board membership is refreshed progressively and in an orderly manner, bearing in mind the contributions from long-standing directors who have over time developed a deep understanding and insight into the Group's businesses.

CORPORATE GOVERNANCE REPORT

When the need for a new director is identified, the Nominations Committee draws up a list of candidates identified through consultation with directors, Management and shareholders and their network of contacts. The Nominations Committee is empowered to engage professional search firms to draw up a shortlist. 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, and (c) 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, SingPost 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.

Alternate Directors

The Board does not encourage the appointment of alternate directors. No alternate director has been or is currently appointed to the Board.

Directors' Time Commitment

The Nominations Committee is tasked with ensuring that directors have given sufficient time and attention to the affairs of SingPost 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 consider the other directorships held by the directors and their principal commitments. The Board believes that each director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively. Accordingly, the Board has not made a determination of the maximum number of listed company board representations a director may hold. For the past financial year, the Nominations Committee has determined that all the directors have devoted a satisfactory amount of time and attention to the company and have discharged their duties adequately.

Rotation and Re-election/Re-appointment of Directors

The Board subscribes to the principle that all directors should stand for re-election at regular intervals and at least once every three years. SingPost's Articles of Association require newly appointed directors to retire and stand for re-election at the AGM immediately following their appointment (new directors re-election rule). The Articles also require a director to retire and stand for re-election at the AGM if, were he not to do so, he would at the next AGM have held office for more than three years (over three years re-election rule). Directors who are aged 70 or over are statutorily required to retire and seek re-appointment at each AGM (S153 requirement). Finally, the Articles require one third of the remaining directors starting from those with the longest term in office since their appointment or re-election/re-appointment to retire from office by rotation at each AGM (one-third rotation rule). Pursuant to the foregoing, eight directors will retire and submit themselves for re-election/re-appointment at the forthcoming AGM:

CORPORATE GOVERNANCE REPORT

Name	Retiring and standing for re-appointment/re-election pursuant to:
Mr Lim Ho Kee	S153 requirement
Mr Keith Tay Ah Kee	S153 requirement
Mr Tan Yam Pin	S153 requirement
Mr Goh Yeow Tin (appointed on 7 July 2014)	new directors re-election rule (Article 97)
Mr Chen Jun (appointed on 31 July 2014)	new directors re-election rule (Article 97)
Mr Michael James Murphy (last re-elected in 2012)	over three years re-election rule (Article 91(a))
Mr Bill Chang York Chye (last re-elected in 2013)	one-third rotation rule (Article 91(b))
Professor Low Teck Seng (last re-elected in 2013)	one-third rotation rule (Article 91(b))

Principle 5: Board Performance

There should be a formal annual 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.

Board Effectiveness Assessment

The Board believes that the effectiveness of the Board is ultimately reflected in the long-term performance of the Group. The Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board. To optimise the value of the independent assessment that had been conducted by Egon Zehnder for the previous financial year, the Nominations Committee decided to again appoint Egon Zehnder. Egon Zehnder is one of the top three global organisational advisory firms and has performed over 500 similar board reviews around the world. Egon Zehnder has no connection with SingPost 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 SingPost'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 newly appointed directors completed appraisal forms which were collated by Egon Zehnder. Each director also separately shared views with Egon Zehnder in one-on-one confidential discussions.

CORPORATE GOVERNANCE REPORT

Egon Zehnder reviewed the results of the appraisal with the Chairman of the Board and with the Nominations Committee. Egon Zehnder re-affirmed its assessment that the Board continues to function very effectively and has improved most notably in the following areas since the last review: renewal and greater diversity, refreshment of Board Committees and risk management.

The Board, in consultation with the Nominations Committee, based on each director's attendance, preparedness and participation at Board and Board Committee (where applicable) meetings is of the view that each director has contributed effectively to the Board and has demonstrated commitment to his/her role.

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.

Timely Access to Information

It is recognised that timely access to relevant information is important for the Board and Board Committees to be effective. As a general rule, Board and Board Committee papers are circulated at least three business days prior to the meeting. The Group CEO, Group CFO, Group COO and other senior management staff attend Board and Board Committee meetings to respond to any queries that directors may have. Directors are encouraged to request additional information from Management that is needed to make informed decisions. Management does its utmost to meet any 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 matters and is responsible for ensuring that SingPost complies with its Memorandum and Articles of Association and applicable rules and requirements under the Companies Act and the SGX-ST listing rules. The Company Secretary attends all Board meetings and facilitates and organises directors' induction and training. The appointment and removal of the Company Secretary require the approval of the Board.

Independent Professional Advice

To assist the Board directors in fulfilling their responsibilities, procedures are in place for directors to seek independent professional advice, paid for by SingPost.

CORPORATE GOVERNANCE REPORT

B REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

The Compensation Committee meets yearly to discuss the performance 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.

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 for 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 and key management personnel are disclosed in Principle 9.

CORPORATE GOVERNANCE REPORT

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 2015 is as listed below:

Name of Directors	Fixed Component ⁽¹⁾ (S\$'000)	Variable Component ⁽²⁾ (S\$'000)	Directors' Fees (S\$'000)	Benefits ⁽³⁾ (S\$'000)	Total Compensation ⁽⁴⁾ (S\$'000)	SingPost Share Option Scheme ⁽⁵⁾ No. Awarded & Accepted ('000)	SingPost Share Option Scheme ⁽⁵⁾ Value (S\$'000)	SingPost Restricted Share Plan No. Awarded & Accepted ('000)	SingPost Restricted Share Plan Value (S\$'000)
S\$1,250,000 to below S\$1,500,000									
Dr Wolfgang Baier Group CEO	884.0	450.0	-	100.3	1,434.3	5,900	1,088.7	-	-
S\$250,000 to below S\$500,000									
Lim Ho Kee Chairman	-	-	307.7	1.4	309.1	-	-	-	-
Below S\$250,000									
Goh Yeow Tin ⁽⁶⁾	-	-	65.0	-	65.0	-	-	-	-
Bill Chang York Chye	-	-	107.4	-	107.4	-	-	-	-
Chen Jun ⁽⁷⁾	-	-	43.3	-	43.3	-	-	-	-
Aliza Knox	-	-	88.8	-	88.8	-	-	-	-
Professor Low Teck Seng ⁽⁸⁾	-	-	152.1	-	152.1	-	-	-	-
Michael James Murphy	-	-	83.4	-	83.4	-	-	-	-
Soo Nam Chow ⁽⁹⁾	-	-	129.0	-	129.0	-	-	-	-
Tan Yam Pin ⁽¹⁰⁾	-	-	184.5	1.4	185.9	-	-	-	-
Keith Tay Ah Kee ⁽¹¹⁾	-	-	195.9	1.4	197.3	-	-	-	-
Zulkifli Bin Baharudin	-	-	128.6	1.4	130.0	-	-	-	-

CORPORATE GOVERNANCE REPORT

NOTES

- (1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2015.
- (2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2015.
- (3) Benefits are stated on the basis of direct costs to SingPost. These include medical benefits, flexible benefits, car allowance and housing benefits, where applicable.
- (4) Total Compensation excludes the value of share options.
- (5) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model.
- (6) Mr Goh Yeow Tin was appointed as a director of SingPost on 7 July 2014. Subsequently, he was appointed as a member of the Executive Committee on 14 January 2015. He was also appointed as the chairman of the Compensation Committee on 14 January 2015 in place of Professor Low Teck Seng who stepped down as chairman and member of the Compensation Committee. He was appointed as Deputy Chairman of the Board on 12 May 2015.
- (7) Mr Chen Jun was appointed as a director of SingPost on 31 July 2014.
- (8) Professor Low Teck Seng stepped down as chairman and member of the Compensation Committee on 14 January 2015.
- (9) Mr Soo Nam Chow was appointed as a member of the Nominations Committee on 10 April 2014. He was also appointed as the chairman of the Audit Committee on 10 April 2014 in place of Mr Keith Tay Ah Kee who stepped down as chairman of the Audit Committee.
- (10) Mr Tan Yam Pin was appointed as a member of the Compensation Committee on 10 April 2014.
- (11) Mr Keith Tay Ah Kee stepped down as chairman of the Audit Committee on 10 April 2014 but remains as a member.

No employee of SingPost and its subsidiary companies is an immediate family member of a director or the Group CEO, and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2015.

Executives' Remuneration

SingPost adopts a remuneration strategy that supports a pay-for-performance philosophy. The Group'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 base salary and Annual Wage Supplement.

Variable Component

This component refers to the variable bonus that is paid based on the Group'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 (CPF).

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.

CORPORATE GOVERNANCE REPORT

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 incentives are granted with reference to the desired remuneration structure target and valued based on the Trinomial Option Pricing Model, Monte Carlo Model and Adjusted Share Price Model. Details of the share option scheme and restricted share plan 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 a director) for the financial year ended 31 March 2015:

Name of Executive	Fixed Component ⁽¹⁾	Variable Component ⁽²⁾	Provident Fund ⁽³⁾	Benefits ⁽⁴⁾	Total Compensation ⁽⁵⁾	SingPost Share Option Scheme ⁽⁶⁾	SingPost Restricted Share Plan	Value	Value
						No. Awarded & Accepted	No. Awarded & Accepted		
	%	%	%	%	%	('000)	(\$'000)	('000)	(\$'000)
\$5500,000 to below \$5750,000									
Chan Kiat <i>Executive Vice President (Investments, Group Strategy & Business Development)</i>	64	26	2	8	100	720.0	90.3	-	-
Dr Sascha Hower <i>Group COO</i>	65	23	-	12	100	960.0	120.3	-	-
Ramesh Narayanaswamy <i>Chief Information Officer</i>	70	21	2	7	100	480.0	60.2	-	-
Woo Keng Leong <i>Senior Executive Vice President / Head of Postal Services</i>	64	27	2	7	100	1,098.0	136.5	-	-
\$5250,000 to below \$5500,000									
Phua Meng Kuan ⁽⁷⁾ <i>Group CFO</i>	92	-	-	8	100	48.0	6.0	-	-

CORPORATE GOVERNANCE REPORT

NOTES

- (1) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the year ended 31 March 2015.
- (2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2015.
- (3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore CPF.
- (4) Benefits are stated on the basis of direct costs to SingPost. These include medical benefits, flexible benefits, car allowance and housing benefits, where applicable.
- (5) Total Compensation excludes the value of share options.
- (6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model. It comprised share options granted in the financial year ended 31 March 2015.
- (7) Mr Phua Meng Kuan joined the Company on 24 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.

CORPORATE GOVERNANCE REPORT

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

The Group CEO meets with key management personnel on a monthly basis to discuss operational, business and strategic matters. During these meetings key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board Risk and Technology Committee.

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 this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board Risk and Technology Committee to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

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.

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 were adequate and effective as at 31 March 2015 to address the risks which the Group considers relevant and material to its operations and finances.

CORPORATE GOVERNANCE REPORT

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 were adequate and effective as at 31 March 2015 to address the risks which the Group considers relevant and material to its operations and finances. 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 key responsibilities is outlined under the "Board Committees" section of this Corporate Governance 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.

The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Group's officers to the auditors. It meets with the Group's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group'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 SingPost and the Group and the related SGXNET announcements for the financial year ended 31 March 2015, as well as the auditors' reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed with Management all the non-audit services provided by the external auditors to SingPost and the Group in the financial year ended 31 March 2015. Based on the nature and extent of the services provided, 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 CEO, 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 SingPost'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 Group's internal audit function covers the audits of subsidiaries. Its primary line of reporting is to the chairman of the Audit Committee, although it also reports 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.

CORPORATE GOVERNANCE REPORT

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.

SingPost treats all shareholders fairly and equitably. SingPost respects the equal information rights of all shareholders and is committed to upholding a practice of fair, transparent and timely disclosure. SingPost publicly releases all price-sensitive information prior to any meetings with individual analysts or investors.

The company ensures that shareholders have the opportunity to participate effectively and vote at general meetings. Shareholders are 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.

SingPost has in place an investor relations (IR) policy, posted on the IR section of the corporate website (www.singpost.com), to promote regular, effective and fair communication.

To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNET announcements, media releases and investor presentations, on the corporate website and maintains regular dialogue with the investment community. SingPost proactively engages investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, investor roadshows and conferences, as well as email communications. In FY2014/15, SingPost conducted about 181 meetings and calls with the investment community. Investor meetings are conducted by senior management and a dedicated IR team.

SingPost's dividend policy is communicated to shareholders. It expects to make an annual base dividend 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 the variable dividend, taking into consideration various factors such as financial performance, business plans and funding requirements of the Group.

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.

CORPORATE GOVERNANCE REPORT

The Company encourages shareholder participation at general meetings, which serve as a good platform for engagement with the Board and Management.

SingPost disseminates information on its general meetings through notices in its Annual Reports or Circulars to Shareholders. Annual Reports and Circulars are sent to shareholders as well as posted on the Company's website. The notices are also released via SGXNET and published in the local press. The meetings are held in a central location in Singapore to ensure convenient access for shareholders. A shareholder who is unable to attend may appoint up to two proxies who need not be shareholders of SingPost to attend and vote on his/her behalf. SingPost also allows CPF investors to attend general meetings as observers.

Board members and the respective chairmen of all the Board Committees together with Management are present and available at general meetings to address shareholders' queries. 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 meeting.

SingPost employs electronic polling at the general meetings. Separate resolutions are proposed on each substantially separate issue. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on. To ensure transparency in the voting process, the detailed results of all resolutions put to vote showing the number of votes cast for and against each resolution, and the respective percentages are tallied and displayed live on-screen to shareholders immediately after the vote has been cast and is also announced via SGXNET after the conclusion of the meeting.

Minutes of the general meetings are available to shareholders upon request.

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. Directors and officers are also required to comply with insider trading laws at all times even when dealing in SingPost's shares outside the prohibited trading period. The policy also discourages trading on short-term considerations.

CORPORATE GOVERNANCE DISCLOSURE GUIDE

In line with SingPost's commitment towards high standards of corporate governance and disclosure, the Company has completed the Corporate Governance Disclosure Guide developed by the SGX-ST in January 2015.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>(a) SingPost has complied in all material respects with the principles and guidelines set out in the Code.</p> <p>(b) Not applicable.</p>

Board Responsibility

Guideline 1.5	What are the types of material transactions which require approval from the Board?	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. The Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to the Executive Committee, and Management to optimise operational efficiency.
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Members of the Board

Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following - skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>(a) The Board continually reviews its size and composition with a view towards the progressive refreshing of the Board and to strike the appropriate balance and diversity of skills, experience, gender and knowledge of the company to support the Group's businesses and transformation strategy.</p> <p>(b) The current directors bring with them a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including postal services, ecommerce, logistics, accounting, finance, business and management, strategic planning, information and communication technology, engineering and regional business experience. The profiles of the directors can be found on pages 10 to 13 of this Report.</p> <p>(c) Board membership is refreshed progressively and in an orderly manner, bearing in mind the contributions from long-standing directors who have over time developed a deep understanding and insight into the Group's businesses.</p>
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CORPORATE GOVERNANCE REPORT

The Board also continually reviews the size and composition of the various Board Committees to enhance the effectiveness of the Board and to achieve an equitable distribution of responsibilities among the Board members while fostering active participation and contribution. In deciding the composition of the Board Committees, relevant skills together with diversity of experience and backgrounds are considered alongside the need to maintain the appropriate checks and balances between the different Board Committees.

The Board had increased its strength by appointing two new directors, Mr Goh Yeow Tin and Mr Chen Jun in the past financial year. Mr Goh was subsequently appointed as Chairman of the Compensation Committee and member of the Executive Committee on 14 January 2015 and as Deputy Chairman of the Board on 12 May 2015.

Guideline 4.6 Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.

When the need for a new director is identified, the Nominations Committee draws up a list of candidates identified through consultation with directors, Management and shareholders and their network of contacts. The Nominations Committee is empowered to engage professional search firms to draw up a shortlist. 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, and (c) 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, SingPost 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 Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board. The Nominations Committee is tasked with ensuring that directors have given sufficient time and attention to the affairs of SingPost 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 consider the other directorships held by the directors and their principal commitments. For the past financial year, the Nominations Committee has determined that all the directors have devoted a satisfactory amount

CORPORATE GOVERNANCE REPORT

of time and attention to the company and have discharged their duties adequately. The Board, in consultation with the Nominations Committee, based on each director's attendance, preparedness and participation at Board and Board Committee (where applicable) meetings is of the view that each director has contributed effectively to the Board and has demonstrated commitment to his/her role.

Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>(a) Yes, all newly appointed directors undergo a compulsory orientation programme to familiarise them with the Group's businesses and strategic objectives.</p> <p>(b) 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. The compulsory orientation programme that a new director undergoes includes presentations by the Group CEO on the Group'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 director with the nature and workings of the Group's business, but also serves as a platform for new directors to get to know members of senior management and to ask questions.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p>	<p>Board directors are kept informed of changing commercial risks faced by the Group 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 board strategy workshop programme will include updates on developments in the industry, new technologies 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.</p> <p>(a) The Board has not prescribed a maximum number of listed company board representations that a director may hold.</p> <p>(b) The Board believes that each director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively. Instead, the Board, in consultation with the Nominations Committee, conducts an annual assessment of the contribution by each director to the effectiveness of the Board. The Nominations Committee is</p>

CORPORATE GOVERNANCE REPORT

tasked with ensuring that directors have given sufficient time and attention to the affairs of SingPost 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 consider the other directorships held by the directors and their principal commitments.

- (c) What are the specific considerations in deciding on the capacity of directors?
- (c) Please refer to the response to (b) above.

Board Evaluation

Guideline 5.1	<div>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</div> <div>(a) The Board believes that the effectiveness of the Board is ultimately reflected in the long-term performance of the Group. The Board, in consultation with the Nominations Committee, conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and of the contribution by each director to the effectiveness of the Board. To optimise the value of the independent assessment that had been conducted by Egon Zehnder for the previous financial year, the Nominations Committee decided to again appoint Egon Zehnder.</div> <div>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 SingPost’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.</div> <div>As part of the process, the newly appointed directors completed appraisal forms which were collated by Egon Zehnder. Each director also separately shared views with Egon Zehnder in one-on-one confidential discussions. Egon Zehnder reviewed the results of the appraisal with the Chairman of the Board and with the Nominations Committee. Egon Zehnder re-affirmed its assessment that the Board continues to function very effectively and has improved most notably in the following areas since the last review: renewal and greater diversity, refreshment of Board Committees and risk management.</div> <div>(b) Has the Board met its performance objectives?</div> <div>(b) Yes the Board believes that it has met its performance objectives.</div>
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CORPORATE GOVERNANCE REPORT

Independence of Directors

Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes, the current Board has 12 directors, eight of whom are independent. Independent directors thus comprise two-third of the Board (as compared to the Code's requirement that independent directors make up at least one-third of the Board).
Guideline 2.3	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>(a) No.</p> <p>(b) Not applicable.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes, Messrs Lim Ho Kee, Keith Tay Ah Kee and Tan Yam Pin have each served on the Board for over nine years. As part of their Board effectiveness assessment, Egon Zehnder was tasked with seeking the views of the directors on the independence of the three directors who had served over nine years. During their confidential interviews with Egon Zehnder, all directors expressed a clear view that the three directors were independent in their thinking and behaviour, taking into account what is best for the company and the broad range of stakeholders.

Disclosure on Remuneration

Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, particulars of which can be found on page 47 of this Report.
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CORPORATE GOVERNANCE REPORT

Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>(a) Yes, particulars of which can be found on page 49 of this Report.</p> <p>(b) Approximately S\$3.3 million for top five key executives which includes fixed & variable pay, benefits, CPF and fair value of long-term incentive grants.</p>
Guideline 9.4	<p>Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.</p>	<p>No.</p>
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>(a) The sole executive director is the Group CEO. Remuneration of the Group CEO and key management personnel is driven by a pay-for-performance philosophy and is made up of three key components: a fixed pay component, a variable bonus component, and share-based incentives. The variable bonus is paid based on the Group's and individual's performance. Performance share options are tied to the achievement of set performance targets.</p> <p>(b) Information on the remuneration of the Group CEO and key management personnel can be found at pages 47 and 49 respectively of this Report and in Note 34b of the Notes to the Financial Statements which can be found on page 204 of this Report.</p> <p>(c) The performance targets for the vesting of performance share options for the first grant in 2012 are met. For the second grant in 2014 targets are partially met, hitting 75% of defined sustained Underlying Net Profit & SingPost share price performance.</p>

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Board directors are kept informed of changing commercial risks faced by the Group 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 board strategy workshop programme will include updates on developments in the industry, new technologies 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.</p> <p>The Board meets at least quarterly to review and approve the release of the Group's quarterly results as well as to discuss and resolve upon matters requiring the Board's approval. Additionally, towards the end of each financial year, the Board participates in a strategy workshop with Management to plan the Group's longer term strategy. The Audit Committee and the Board Risk and Technology Committee also meet at least quarterly. The Executive Committee meets much more frequently.</p> <p>It is recognised that timely access to relevant information is important for the Board and Board Committees to be effective. As a general rule, Board and Board Committee papers are circulated at least three business days prior to the meeting. The Group CEO, Group CFO, Group COO and other senior management staff attend Board and Board Committee meetings to respond to any queries that directors may have. Directors are encouraged to request additional information from Management that is needed to make informed decisions. Management does its utmost to meet any request in a timely manner. At all times, the Board has separate and independent access to Management and the Company Secretary.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	<p>Yes. The primary line of reporting of the Group's internal audit function is to the chairman of the Audit Committee, although it also reports administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.</p>
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>(a) 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 Risk and Technology Committee assists the Board in its oversight of the Group's risk management framework and policies. 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,</p>

CORPORATE GOVERNANCE REPORT

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 this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board Risk and Technology Committee to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

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 were adequate and effective as at 31 March 2015 to address the risks which the Group considers relevant and material to its operations and finances. 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.

(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?

(b) 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 were adequate and effective as at 31 March 2015 to address the risks which the Group considers relevant and material to its operations and finances.

CORPORATE GOVERNANCE REPORT

Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) As disclosed in SGX Listing Manual Requirements which can be found on page 235 of this Report, the fees paid / payable to the auditor of the company for audit and non-audit services for the financial year ended 31 March 2015 are:
		S\$'000
		Audit fees paid / payable 1,161
		Non-audit fees paid / payable 461
		Total fees paid / payable 1,622
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) Non-audit fees amount to 28% of the total fees paid / payable to the auditor of the company, and are not substantial.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) SingPost has in place an IR policy, posted on the IR section of the corporate website (www.singpost.com), to promote regular, effective and fair communication.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) Yes, SingPost has a dedicated IR team.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNET announcements, media releases and investor presentations, on the corporate website and maintains regular dialogue with the investment community. SingPost proactively engages investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, investor roadshows and conferences, as well as email communications. In FY2014/15, SingPost conducted about 181 meetings and calls with the investment community. Investor meetings are conducted by senior management and a dedicated IR team.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. For the financial year ended 31 March 2015, a final tax exempt one-tier dividend of 2.5 cents per ordinary share has been proposed subject to shareholders' approval. Together with the interim dividend of 3.75 cents per ordinary share already paid out, this would bring SingPost's total dividend per ordinary share to 6.25 cents per ordinary share.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

SingPost has been providing vital key services to Singapore for more than 150 years. As a growing entity now operating internationally in 15 countries/territories and employing over 7,000 people, SingPost is committed to conducting business that makes a positive impact on the economic, social and environmental well-being of those we serve. The Group recognises sustainability as an important corporate responsibility, while also being a competitive differentiator.

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

Risk Management

Business risk can arise from many areas: some controllable, some not. The velocity of change in the business environment fuels new risks.

Enterprises need to assess and balance risk probabilities, and provide reasonable contingencies without unnecessary precautionary expenditures. No company can ever be completely prepared for all possible outcomes; the art of risk management is to prepare sufficiently to avoid being caught out by devastating developments.

SingPost's Corporate Governance Report outlines the Group's risk governance structure and framework, and spells out its system of risk management and internal controls. This is to safeguard the Group's assets and shareholders' interests, and identify risks in major areas. Key risks include:

- **Transformation**

The Group is pushing on with transformation and executing its strategy to be a regional leader in ecommerce logistics and trusted communications. A critical component of this strategy is a fully integrated Regional eCommerce Logistics Hub in Singapore -- the region's first such modern facility -- which will pre-position Singapore as the region's leading ecommerce hub. The S\$182 million investment will cater to expanding ecommerce logistics business and address rapid ecommerce market growth. Construction of the 553,000 square foot Hub (comprising an integrated centre and office block) is expected to be completed by mid 2016 and be fully operational in the second half of 2016.

We continue to see contributions from new growth areas as we seek to rebalance our revenue portfolio. Non-mail revenue accounted for 49.2 per cent of total revenue in FY2014/15. Overseas revenue has increased to 32.5 per cent of total revenue from 27.8 per cent in the previous financial year.

The decline in the traditional letter mail business is a trend which postal agencies the world over are grappling with. In response, SingPost has in the past few years initiated a series of strategic initiatives and investments to counter this. The execution of these strategic thrusts, including mergers and acquisitions (M&A), is essential to deliver

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

long term sustainable growth through transformation. To ensure the transformation is on track and all efforts are efficiently channelled towards these strategic initiatives, SingPost has implemented a tightly managed transformation programme with strict performance parameters and regular updates to senior management and the Board.

Stringent risk assessments are carried out on all M&A projects as part of the evaluation and decision-making process. Post-merger integration resources and processes are in place to mitigate risks in the event of acquisitions not generating projected synergies for the Group.

- **Personal Data Protection Act (PDPA) Compliance**
Ahead of the implementation of the Personal Data Protection Act, all our senior officers were briefed on SingPost's obligations, and the necessary actions and steps needed to comply with PDPA. Two workshop briefings were held on 23 May 2014 and 27 May 2014 and a PDPA Handbook launched. Periodic PDPA compliance workshops will be conducted for new SingPost employees.
- **Cyber Threats**
SingPost recognises the threats and potential damage from cyber attacks and continues investing in people, process and technology to minimise cyber exposures and mitigate risks. A total defence strategy is in place to look into four areas; identification (able to identify signs of attacks and vulnerabilities of SingPost's IT infrastructure), detection (able to detect cyber attacks), prevention (able to prevent cyber attacks) and reaction (able to react quickly to cyber attacks).
- **Technology Implementation**
A robust technology backbone is a critical component of SingPost's transformation programme into ecommerce and regional expansion. The Group has been developing and investing in technology and IT and there are associated risks, including the implementation of new infrastructure, data security and continuity of critical IT facilities and systems.

Technology failure could disrupt business continuity, impact corporate reputation and lead to penalties/ fines imposed by regulators or customers. To mitigate these risks, the Board Risk and Technology Committee, comprising mainly members with core competencies in the field of technology, oversees the Group's technology and IT strategy for acquisitions, investments and capital expenditure. The Committee 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. Management reviews the execution monthly.
- **Regulatory Compliance**
The Group's Mail division operates under the postal regulatory framework for basic mail services, which requires compliance with stringent service standards, licensing conditions, the Postal Services Act (Cap. 237A), the Postal Competition Code, and other regulations. Non-compliance with regulations and breach of licence conditions may result in financial penalties.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

- Declining Mail Business

Along with the global postal industry, the Mail business is facing declining letter mail volumes and competitive market conditions. Operating costs in Singapore and terminal dues (outpayments to other postal operators for the delivery of international mail) have also been increasing.

Beyond meeting its obligations and upholding service quality standards as the Public Postal Licensee, SingPost launched several initiatives as part of its transformation programme to beef up its role as a trusted postal intermediary. Progressively, SingPost is investing more than S\$100 million to strengthen postal infrastructure, service quality and productivity. This includes a S\$45 million upgrading of the mail sorting infrastructure. Ongoing are regular quality checks at the operational centres and delivery points, and review of mail handling processes.

- Ensuring Operational Readiness

The Group ensures operational readiness through business continuity planning. Systems are in place for the business operations to respond effectively to potential crises and threats, and to minimise impact on resources and operations. In addition, the Group's crisis management and communication plans are reviewed and refined periodically, and updated into various business continuity plans. This will enable the Group to respond to crises in an organised and efficient manner, and expedite the recovery process.

In the event of haze outbreak, the Group has set up a crisis management team with action plans spelled out for specific groups of staff at risk. Preparations include the earmarking of recovery centres in operational facilities, and the stocking up of masks and eye drops for issue to outdoor workers. To protect the health of indoor staff, air-conditioning systems of buildings and offices are cleaned and checked frequently.

Innovation and Productivity

SingPost constantly focuses on innovation to deliver service excellence. New innovative solutions introduced include mobile applications, ezy2ship.com and POPStation, a convenient 24/7 parcel collection and posting service for consumers.

In FY2014/15, we worked towards unifying customer engagement across all touch points. We completely re-designed the SAM (Self-service Automated Machines) kiosk and launched it in March 2015 for the pilot phase before a full rollout in the coming year. SAM allows customers to access our services 24/7 via multiple platforms, including smartphones, tablets, desktop and our physical kiosks.

In the realm of mobility, we have made strides. We launched mySAM web portal and mobile app in October 2014, providing customers 24/7 access to our services. They can pay their bills easily and quickly via the SAM mobile app. Our new and improved SingPost mobile app enjoyed strong growth in downloads during the year. We introduced the POPStation app which was well received. One of its features is the "air unlock" which allows consumers to pick up their

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

parcels even more quickly when they are within close proximity to the POPStation. We also rolled out EzyTrak Mobile - an android delivery application for our couriers that made our delivery more cost-efficient.

We also continually transform our service offerings to help businesses to engage better with their target customer base. For instance, we integrate direct mail with new technologies, such as QR code and augmented reality, making it more relevant and engaging to today's digital generation.

We launched a value-added service, ScanMail, to help SMEs manage their communications. ScanMail digitises the physical mail and delivers it to a digital mailbox in SAM, enabling SMEs to access their physical mail digitally and at their convenience.

SingPost also rolled out a fully integrated end-to-end ecommerce fulfilment solution to assist SMEs kickstart and/or grow their business locally and internationally. ezyCommerce supports SMEs with its easy-to-use, fully integrated web platform. It improves their competitiveness by optimising resources through order consolidation and fulfilment of last mile deliveries. Modular solutions such as shopping cart integrations, returns and import services will be rolled out progressively.

Environment

SingPost values the environment it operates in and has established initiatives across the company to protect and improve the environment. On the operations front, we continued to make our operations more fuel and cost-efficient. Many of our vehicles are Euro-compliant, which translates into lower carbon emission. We manage fuel use through optimisation of our delivery routes, delivering mail with bigger capacity three-wheeler scooters, and introducing POPStation. Mail is delivered the most energy efficient way possible i.e. continued deployment of postmen on foot and bicycle beats.

We continued to adopt energy saving practices for lighting and air-conditioning. We actively engaged and educated our employees to conserve and recycle. SingPost also worked with the Singapore Red Cross Society to organise a company-wide donation drive to collect recyclable items in the year.

Labour Practices

FY2014/2015 was an exciting year with the step up in staff engagement and enhanced terms and benefits for staff on the renewal of the Collective Agreement 2015 (CA) for another three years. The win-win outcome of the CA underscores our excellent labour management relations. Among other things, the new agreement saw extended career path for the Inspector of Post with a new job grade of Chief Inspector of Post and the introduction of a new category of long service award - 45-year long service award.

In tandem with ecommerce and logistics acquisitions of synergistic value to the Group, there was a step up in the hiring of talents to support SingPost's transformation. We introduced the Harrison Assessment tool for greater precision in

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

hiring and staff deployment and the Harvard ManageMentor programme for leadership building. These augmented the ongoing personality profiling tool, Emergenetics, for self-understanding and building an effective team. In the year, flexible work arrangement was introduced for the Group Information System team to boost staff morale and support a better work life balance.

As an employer with an inclusive hiring policy, we collaborated with SGenable, a non-profit organisation, in the employment of people with disability (PWD) under its Open Door Programme which proved to be a fulfilling experience for the staff.

Our emphasis on developing an inclusive, engaged and progressive workforce was recognised. In FY2014/15, SingPost was awarded the Special Mention for Outstanding Workplace for Mature Employees 2014 by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP). Our Group CEO, Dr Wolfgang Baier was honoured with the Medal of Commendation Award by the National Trade Union Congress (NTUC) in May 2014. During the year SingPost continued disbursing its S\$10 million SingPost Inclusivity Fund, embraced the Progressive Wage Model and supported the National Trade Union Congress' re-employment initiatives.

Living up to the theme of 'Playing for Change, Playing to Win', our futsal team made SingPost proud by emerging as defending champion of the Corporate Community Games (CCG) in 2014. Concerted efforts to build a healthy workforce were supported by a Workplace Health Promotion grant. This enabled the sporting and recreational committee, Zest.O, to add new activities like zumba, pilates, boxercise and healthy cooking. There are plans to extend these activities to engage the team outside of Singapore. First steps have already been taken in this direction via the internal social media Yammer and a roadshow by the Group Employee Engagement team to Quantum Solutions Hong Kong.

SingPost embarked on the Aon Hewitt Best Employer 2014 survey to benchmark itself against the top employers globally and to set itself the target of being one of the employers of choice.

Workplace Safety and Health (WSH)

Work is a place where people spend so much of their time. SingPost is committed to providing a safe workplace for its employees, customers, business partners and visitors. SingPost has a well-defined structure in managing workplace safety and health, with top management driving this core responsibility.

Following the certification of SingPost as a bizSAFE Level 3 organisation in 2013, our subsidiaries in Singapore -- Quantum Solutions, Famous and General Storage were certified. Management plays a key part in the creation of a safe workplace. Management staff are required to attend the bizSAFE level 1 workshop to understand the implications of the WSH Act and their role in maintaining a healthy and safe environment for all stakeholders.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CSR

To build a safety culture and mindset, we incorporated WSH performance indicators into the overall employee performance measurement in FY2014/15. Since its implementation, LTI (Lost Time Injury) cases improved significantly and the Accident Severity Rate is well below the national average. As a member of the Safer Roads Industry Taskforce (SRIT), SingPost implemented a fleet management system to track and monitor its collection and delivery vehicles to reinforce safe driving behaviour. SRIT is a platform for government and industry to share and develop initiatives to promote safer road use among vocational drivers.

SingPost is committed to protect the health and safety of its staff. In September 2014, we activated our haze management plan when the Pollutant Standards Index (PSI) was in the unhealthy range. All outdoor personnel, in particular our postmen and couriers, had to wear N95 masks, while high risk staff, like those above 65 and those with medical conditions, were re-deployed to do indoor work.

To encourage employees to adopt a healthier lifestyle, exercise and cooking classes were organised by the Group Employee Engagement Team, as well as health related talks.

Community

Over the years we have expended both time and money to support charitable causes, and staff volunteerism is an integral part of SingPost's corporate social responsibility (CSR) programme. In FY2014/15, our staff clocked 90 per cent more man-hours on volunteerism. They continued to sponsor, pack and distribute food goodie bags to needy elderly in Kolam Ayer every quarter under the Food Goodie Bag (FGB) programme which comes under the auspices of Food from the Heart (FFTH). Staff also spent time with underprivileged children from the Jamiyah Children's Home (JCH). FFTH and JCH are the two adopted charities of SingPost.

CSR is embedded into our operations. For the seventh year running, we deployed our postmen and couriers to collect bread, pastry and confectionary four days a week on six routes, and deliver them to self-collection centres across Singapore under FFTH. The company also continued to sponsor a year's supply of monthly food essentials to a group of unprivileged primary school students.

During the year, we supported the Temasek Cares "Stay Prepared" initiative by deploying our postmen to distribute starter kits comprising N95 masks to 1.2 million households. To mitigate any the impact from the new postage rates, we distributed 10 million free stamps to households and charitable organisations, and gave a 5 per cent rebate on franked mail for a year.

We continued to match our staff contribution to the Community Chest's Care and Share programme dollar-for-dollar, and waived postage for the mailing of literature for the blind. We also supported our business partners in their community outreach programmes, including the BT-Coca-Cola World Cup Charity Drive, CASE Endowment Fund and Sing50 Fund as well as the Singapore Philatelic Museum for the upkeep and preservation of its philatelic materials and exhibits, and museum activities.

PROFILE OF KEY EXECUTIVES

Mr Phua Meng Kuan, 41

Group Chief Financial Officer

Mr Phua joined SingPost in 2014. Prior to this, he worked for over eight years in Jardine Matheson, with his last position being the Head of Group Audit and Risk Management in PT Astra International (Indonesia). Mr Phua is a Certified Practising Accountant (Australia) with a Bachelor of Commerce from the University of Western Australia. He has diverse regional experience with strong backgrounds in Accounting, Information Systems, and Business Process Improvements gained through companies such as Ernst & Young and Telstra.

Mr Woo Keng Leong, 59

Senior 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. He also sits on the boards of Singapore Post Enterprise Private Limited, Quantum Solutions Holdings Pte Ltd, Quantum Solutions International Pte Ltd, SingPost Investments (Tampines) Pte Ltd, SingPost Investments (Ecommerce Logistics) Pte Ltd, GD Express Carrier Bhd, Famous Holdings Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, Lock and Store (Glenmarie) Sdn Bhd (formerly known as Collective Developers Sdn Bhd), ePDS, Inc, Thai British DPost Company Limited and Singapore Philatelic Museum. He is also a member of the Stamp Advisory Committee. 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.

Dr Sascha Hower, 36

Group Chief Operating Officer / CEO of Quantum Solutions

Dr Hower oversees the Group's Operations, optimising them and creating synergies across various parts of the organisation. He is responsible for strengthening critical processes and implementing innovative elements of SingPost's accelerated transformation. In addition to his responsibility for Operations across the Group, Dr Hower leads the Singapore Parcel division and oversees key customer-facing channels such as Customer Care.

As CEO of Quantum Solutions Dr Hower leads the Group's regional arm specialising in eCommerce Logistics. Quantum Solutions operates in 12 countries in Asia Pacific offering logistics, fulfilment and parcel delivery services. His portfolio includes Couriers Please, a leading metropolitan express parcel delivery service in Australia.

PROFILE OF KEY EXECUTIVES

Prior to joining SingPost in 2012, 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 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 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, and 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

74	Directors' Report	92	Balance Sheets
87	Statement by Directors	95	Consolidated Statement of Changes in Equity
88	Independent Auditor's Report	97	Consolidated Statement of Cash Flows
90	Consolidated Income Statement	100	Notes to the Financial Statements
91	Consolidated Statement of Comprehensive Income		

DIRECTORS' REPORT

For the financial year ended 31 March 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2015 and the balance sheet of the Company as at 31 March 2015.

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
Mr Soo Nam Chow
Mr Goh Yeow Tin (appointed on 7 July 2014)
Mr Chen Jun (appointed on 31 July 2014)

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 77 to 84 of this report.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

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 31.3.2015	At 1.4.2014	At 31.3.2015	At 1.4.2014
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Mr Lim Ho Kee	99,350	1,599,350	-	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	2,550,000	50,000	-	-

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

⁽²⁾ Deemed interests through spouse

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2015	At 1.4.2014	At 31.3.2015	At 1.4.2014
Company				
Singapore Post Limited				
(4.25% Singapore Post perpetual securities)				
Mr Lim Ho Kee	500,000	-	-	-

DIRECTORS' REPORT

For the financial year ended 31 March 2015

- (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 2014 as set out below and under "Share Options" and "Restricted Share Plan" on page 77 to 84 of this report.

	Number of unissued ordinary shares under option held by director	
	At 31.3.2015	At 1.4.2014
<u>Options to purchase ordinary shares</u>		
Mr Lim Ho Kee	1,799,000	-
Dr Wolfgang Baier	7,700,000	7,650,000

	Number of unvested restricted shares held by director	
	At 31.3.2015	At 1.4.2014
<u>Unvested restricted shares</u>		
Dr Wolfgang Baier	149,613	213,733

- (c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2015 were the same as those as at 31 March 2015.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

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 Mr Goh Yeow Tin (Chairman⁽¹⁾), Mr Zulkifli Bin Baharudin, Mr Tan Yam Pin and Mr Bill Chang York Chye during the financial year ended 31 March 2015.

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

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.
- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).

¹ Mr Goh Yeow Tin took over the chairmanship of Compensation Committee from Professor Low Teck Seng on 14 January 2015.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

- 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) on 1 July 2005 and effective 20 May 2014 are as follow:

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

DIRECTORS' REPORT

For the financial year ended 31 March 2015

- Other than the share options granted on 13 January 2010, 25 February 2011, 15 March 2013 and 17 March 2015, share options granted to eligible employees (including executive directors) effective 26 June 2006 to 24 March 2014 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 13 January 2010 will vest after the third anniversary and lapse on the sixth anniversary.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

- 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 and 17 March 2015 will 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, 24 March 2014 and 1 April 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.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Since the adoption of the Scheme to 31 March 2014, a total of 126,781,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

During the financial year ended 31 March 2015, 21,094,000 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:

DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE ⁽¹⁾	NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
			BALANCE AT 1.4.14 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.15 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
01.07.05 ⁽¹⁾	02.07.06 to 01.07.15	S\$0.923	223	-	146	-	77
26.06.06	27.06.07 to 26.06.16	S\$1.048	297	-	183	-	114
26.06.07	27.06.08 to 26.06.17	S\$1.278	1,411	-	1,120	40	251
30.06.08	01.07.09 to 30.06.18	S\$1.100	1,050	-	670	-	380
29.06.09	30.06.10 to 29.06.19	S\$0.890	618	-	410	-	208
13.01.10 ⁽²⁾⁽³⁾	14.01.13 to 13.01.16	S\$1.020	300	-	300	-	-
29.06.10	30.06.11 to 29.06.20	S\$1.140	2,935	-	2,142	8	785
11.08.10 ⁽²⁾	12.08.11 to 11.08.20	S\$1.140	25	-	25	-	-
25.02.11 ⁽²⁾	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	50	-	25	-	25
11.04.11	12.04.12 to 11.04.21	S\$1.160	75	-	37	-	38
26.07.11	27.07.12 to 26.07.21	S\$1.100	4,702	-	2,594	203	1,905
03.01.12	04.01.13 to 03.01.22	S\$0.940	225	-	112	-	113
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

DIRECTORS' REPORT

For the financial year ended 31 March 2015

DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE ⁽¹⁾	NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
			BALANCE AT 1.4.14 ('000)	GRANTED DURING FINANCIAL YEAR ('000)	OPTIONS EXERCISED ('000)	OPTIONS FORFEITED ('000)	BALANCE AT 31.3.15 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
11.05.12	19.05.14 to 11.05.22	S\$1.030	11,500	-	6,405	1,500	3,595
10.08.12	11.08.13 to 10.08.22	S\$1.070	9,040	-	3,463	581	4,996
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	-	50	150	-
15.03.13 ⁽²⁾	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	-	25	75	-
17.01.14	18.01.17 to 17.01.24	S\$1.350	15,700	-	-	1,000	14,700
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
01.04.14	02.04.17 to 01.04.24	S\$1.360	-	200	-	-	200
20.05.14	21.05.15 to 20.05.24	S\$1.450	-	13,900	-	492	13,408
07.08.14	08.08.15 to 07.08.24	S\$1.760	-	1,195	-	427	768
28.11.14	29.11.15 to 28.11.24	S\$1.920	-	200	-	-	200
18.12.14	19.12.15 to 18.12.24	S\$1.900	-	300	-	-	300
17.03.15	18.03.16 to 17.03.25	S\$1.980	-	3,500	-	-	3,500
			55,201	19,295	20,707	4,476	49,313
For non-executive directors							
07.08.14	08.08.15 to 07.08.19	S\$1.760	-	1,799	-	-	1,799
			-	1,799	-	-	1,799
Total Share Options			55,201	21,094	20,707	4,476	51,112

(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 13 January 2010, 11 August 2010, 25 February 2011 and 15 March 2013 had been exercised before the expiry date.

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

DIRECTORS' REPORT

For the financial year ended 31 March 2015

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 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.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

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	First anniversary of award date	30% (rounded to nearest whole Share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole Share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

Since the adoption of The Plan to 31 March 2014, a total of 1,807,867 shares were granted.

During the financial year ended 31 March 2015, 754,717 restricted shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

DATE OF GRANT	BALANCE AS AT 1.4.14 ('000)	SHARE AWARDS GRANTED ('000)	SHARE AWARDS VESTED ('000)	SHARE AWARDS CANCELLED ('000)	BALANCE AS AT 31.3.15 ('000)
05.08.13	1,733	-	568	180	985
20.05.14	-	755	-	54	701
Total shares	1,733	755	568	234	1,686

DIRECTORS' REPORT

For the financial year ended 31 March 2015

AUDIT COMMITTEE

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

Mr Soo Nam Chow (Chairman)

Mr Keith Tay Ah Kee

Mr Tan Yam Pin

Mr Zulkifli Bin Baharudin

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 2015 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 2015

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

Singapore, 12 May 2015



Dr Wolfgang Baier

Director

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2015

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 90 to 234 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 2015, 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

Singapore, 12 May 2015



Dr Wolfgang Baier
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

We have audited the accompanying financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 234, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2015, 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 Members 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 2015, 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.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", with a stylized flourish at the end.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 12 May 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2015

	NOTE	GROUP	
		2015 S\$'000	2014 S\$'000
Revenue	4	919,582	(RESTATED)* 821,111
Other income and gains (net)			
- Rental and property-related income	4	43,890	44,931
- Miscellaneous	4	6,593	(82)
Fair value gains on investment properties	20	5,163	44,510
Labour and related expenses	5	(263,138)	(229,626)
Volume-related expenses	6	(366,474)	(311,354)
Administrative and other expenses	7	(111,356)	(98,868)
Depreciation and amortisation		(34,545)	(30,270)
Selling expenses		(9,486)	(10,357)
Finance expenses	8	(4,370)	(6,672)
Total expenses		(789,369)	(687,147)
Share of profit of associated companies and joint ventures		6,660	4,358
Profit before income tax		192,519	227,681
Income tax expense	9	(32,963)	(34,022)
Total profit		159,556	193,659
Profit attributable to:			
Equity holders of the Company		157,611	191,962
Non-controlling interests		1,945	1,697
		159,556	193,659
Earnings per share attributable to ordinary shareholders of the Company	10		
- Basic		6.849 cents	9.321 cents
- Diluted		6.812 cents	9.293 cents

* Details of the restatement are disclosed in Note 2.1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2015

	GROUP	
	2015	2014
	S\$'000	S\$'000
		(RESTATED)*
Total profit	159,556	193,659
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	(419)	(47)
Currency translation differences arising from consolidation		
- (Losses)/gains	(1,387)	865
Revaluation gain on property, plant and equipment upon transfer to investment properties	5,145	-
Other comprehensive income for the year (net of tax)	3,339	818
Total comprehensive income for the year	162,895	194,477
Total comprehensive income attributable to:		
Equity holders of the Company	161,388	192,496
Non-controlling interests	1,507	1,981
	162,895	194,477

* Details of the restatement are disclosed in Note 2.1.

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

BALANCE SHEETS

As at 31 March 2015

		GROUP			COMPANY		
	NOTE	2015 S\$'000	2014 S\$'000	2013 S\$'000	2015 S\$'000	2014 S\$'000	2013 S\$'000
				(RESTATED)* (RESTATED)*	(RESTATED)* (RESTATED)*		
ASSETS							
Current assets							
Cash and cash equivalents	11	584,140	404,430	628,307	477,045	340,338	592,553
Financial assets	12	21,878	6,424	16,577	21,531	6,077	16,485
Trade and other receivables	13	164,054	127,071	130,055	178,644	148,222	136,420
Derivative financial instruments	14	-	-	62	-	-	62
Inventories		6,298	5,075	4,163	484	1,333	1,099
Other current assets	15	21,220	12,501	11,667	5,573	4,107	3,872
		797,590	555,501	790,831	683,277	500,077	750,491
Non-current assets							
Derivative financial instruments	14	-	1,638	6,739	-	1,638	6,739
Financial assets	13	12,718	11,699	11,523	12,651	11,557	11,102
Trade and other receivables	16	4,776	5,156	5,669	152,016	70,092	60,186
Investments in associated companies and joint ventures	18	105,106	97,907	94,260	26,080	25,417	24,793
Investments in subsidiaries	19	-	-	-	292,890	184,507	184,211
Investment properties	20	638,818	629,086	570,609	633,826	628,896	595,450
Property, plant and equipment	21	329,984	254,926	257,656	250,286	224,185	220,220
Intangible assets	22	302,893	183,625	185,655	263	8,690	11,077
Deferred income tax assets	26	5,371	578	632	-	-	-
Other non-current assets		551	370	393	-	-	32
		1,400,217	1,184,985	1,133,136	1,368,012	1,154,982	1,113,810
Total assets		2,197,807	1,740,486	1,923,967	2,051,289	1,655,059	1,864,301

* Details of the restatement are disclosed in Note 2.1.

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

BALANCE SHEETS

As at 31 March 2015

		GROUP			COMPANY		
	NOTE	2015 S\$'000	2014 S\$'000	2013 S\$'000	2015 S\$'000	2014 S\$'000	2013 S\$'000
				(RESTATED)*	(RESTATED)*	(RESTATED)*	(RESTATED)*
LIABILITIES							
Current liabilities							
Trade and other payables	23	352,068	294,280	271,469	261,936	264,414	259,196
Current income tax liabilities	9	35,318	37,372	31,903	29,704	32,162	27,504
Deferred income	25	6,961	5,878	322	6,961	5,878	322
Derivative financial instruments	14	3,718	-	-	3,718	-	-
Borrowings	24	16,947	14,025	316,422	-	-	300,062
		415,012	351,555	620,116	302,319	302,454	587,084
Non-current liabilities							
Trade and other payables	23	10,508	33,326	23,594	-	9,242	-
Borrowings	24	221,380	220,103	220,128	203,749	201,504	206,529
Deferred income	25	59,569	259	455	59,569	259	455
Deferred income tax liabilities	26	23,601	20,790	22,368	17,278	16,374	18,065
		315,058	274,478	266,545	280,596	227,379	225,049
Total liabilities		730,070	626,033	886,661	582,915	529,833	812,133
NET ASSETS		1,467,737	1,114,453	1,037,306	1,468,374	1,125,226	1,052,168

* Details of the restatement are disclosed in Note 2.1.

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

BALANCE SHEETS

As at 31 March 2015

		GROUP			COMPANY		
		2015 S\$'000	2014 S\$'000	2013 S\$'000	2015 S\$'000	2014 S\$'000	2013 S\$'000
NOTE							
			(RESTATED)*	(RESTATED)*		(RESTATED)*	(RESTATED)*
EQUITY							
Capital and reserves attributable to the Company's equity holders							
Share capital	27	429,980	129,082	121,109	429,980	129,082	121,109
Treasury shares	27	(2,831)	(35,346)	(43,562)	(2,831)	(35,346)	(43,562)
Other reserves	29	7,448	3,692	3,120	5,802	6,242	6,255
Retained earnings	30	682,639	668,031	609,704	688,597	678,422	621,540
		1,117,236	765,459	690,371	1,121,548	778,400	705,342
Perpetual securities	28	346,826	346,826	346,826	346,826	346,826	346,826
		1,464,062	1,112,285	1,037,197	1,468,374	1,125,226	1,052,168
Non-controlling interests		3,675	2,168	109	-	-	-
Total equity		1,467,737	1,114,453	1,037,306	1,468,374	1,125,226	1,052,168

* Details of the restatement are disclosed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2015

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
2015										
Balance at 1 April 2014 as previously reported		129,082	(35,346)	250,700	2,402	346,838	346,826	693,664	2,168	695,832
Effect of the change in accounting for investment properties	2.1	-	-	417,331	1,290	418,621	-	418,621	-	418,621
As restated		129,082	(35,346)	668,031	3,692	765,459	346,826	1,112,285	2,168	1,114,453
Distribution paid on perpetual securities	28	-	-	-	-	-	(14,874)	(14,874)	-	(14,874)
Dividends	31	-	-	(128,129)	-	(128,129)	-	(128,129)	-	(128,129)
Total comprehensive income for the year		-	-	142,737	3,777	146,514	14,874	161,388	1,507	162,895
		129,082	(35,346)	682,639	7,469	783,844	346,826	1,130,670	3,675	1,134,345
New share issued	27	280,621	-	-	-	280,621	-	280,621	-	280,621
Treasury share re-issued	27	-	31,915	-	-	31,915	-	31,915	-	31,915
Employee share option scheme:										
- Value of employee services	29(b)(i)	-	-	-	2,582	2,582	-	2,582	-	2,582
- New shares issued	27	20,277	-	-	(2,022)	18,255	-	18,255	-	18,255
- Treasury shares re-issued	27	-	600	-	(581)	19	-	19	-	19
Balance at 31 March 2015		429,980	(2,831)	682,639	7,448	1,117,236	346,826	1,464,062	3,675	1,467,737

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2015

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 (RESTATED)*									
Balance at 1 April 2013 as previously reported	121,109	(43,562)	241,285	1,830	320,662	346,826	667,488	109	667,597
Effect of the change in accounting for investment properties	-	-	368,419	1,290	369,709	-	369,709	-	369,709
As restated	121,109	(43,562)	609,704	3,120	690,371	346,826	1,037,197	109	1,037,306
Transfer to statutory reserves	29(b)(iv)	-	-	(4)	4	-	-	-	-
Additional investment in a subsidiary		-	-	-	-	-	-	78	78
Distribution paid on perpetual securities	28	-	-	-	-	(14,875)	(14,875)	-	(14,875)
Dividends	31	-	-	(118,756)	-	(118,756)	(118,756)	-	(118,756)
Total comprehensive income for the year		-	-	177,087	534	177,621	14,875	1,981	194,477
	121,109	(43,562)	668,031	3,658	749,236	346,826	1,096,062	2,168	1,098,230
Employee share option scheme:									
- Value of employee services	29(b)(i)	-	-	-	1,450	1,450	1,450	-	1,450
- New shares issued	27	7,973	-	-	(747)	7,226	7,226	-	7,226
- Treasury shares re-issued	27	-	8,216	-	(669)	7,547	7,547	-	7,547
Balance at 31 March 2014	129,082	(35,346)	668,031	3,692	765,459	346,826	1,112,285	2,168	1,114,453

* Details of the restatement are disclosed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2015

	NOTE	GROUP	
		2015 S\$'000	2014 S\$'000 (RESTATED)*
Cash flows from operating activities			
Total profit		159,556	193,659
Adjustments for:			
- Income tax expense		32,963	34,022
- Depreciation and amortisation - net		29,074	31,058
- Fair value gain on investment properties		(5,163)	(44,510)
- Net gain on disposals of investments, property, plant and equipment		(700)	(105)
- Share option expense		2,582	1,450
- Interest expense		6,283	6,332
- Interest income		(3,864)	(2,451)
- Share of profit of associated companies and joint ventures		(6,660)	(4,358)
- Write-off of intangible assets		6,464	319
		60,979	21,757
Operating cash flow before working capital changes		220,535	215,416
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
- Inventories		(1,223)	(912)
- Trade and other receivables		1,333	15,370
- Trade and other payables		49,810	41,182
Cash generated from operations		270,455	271,056
Income tax paid		(35,453)	(29,207)
Net cash provided by operating activities		235,002	241,849

* Details of the restatement are disclosed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2015

	NOTE	GROUP	
		2015 S\$'000	2014 S\$'000 (RESTATED)*
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	36	(119,766)	(1,069)
Additional investment in a subsidiary		-	(64)
Additional investment in an associated company		(911)	(1,883)
Additions to property, plant and equipment and investment properties		(104,414)	(37,756)
Proceeds from disposal of property, plant and equipment		11,020	1,404
Proceeds from maturity of financial assets, held-to-maturity		6,000	37,839
Purchase of financial assets, held-to-maturity		(23,340)	(36,882)
Repayment of loans by an associated company		518	805
Loan to an associated company		(14,187)	(4,434)
Dividend received from associated companies		911	1,877
Interest received		8,252	2,593
Net cash used in investing activities		(235,917)	(37,570)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2015

	NOTE	GROUP	
		2015 S\$'000	2014 S\$'000
			(RESTATED)*
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		298,876	7,226
Proceeds from re-issuance of treasury shares		31,932	7,547
Proceeds from grants		-	497
Proceeds from bank loan		4,290	18,007
Repayment of bank loan		(4,355)	(15,478)
Interest paid		(7,115)	(12,324)
Dividends paid to shareholders		(128,129)	(118,756)
Distribution paid to perpetual securities		(14,874)	(14,875)
Repayment of bonds		-	(300,000)
Net cash used in financing activities		180,625	(428,156)
Net increase / (decrease) in cash and cash equivalents		179,710	(223,877)
Cash and cash equivalents at beginning of financial year		404,430	628,307
Cash and cash equivalents at end of financial year	11	584,140	404,430

* Details of the restatement are disclosed in Note 2.1.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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, logistics and retail 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 36):

- The Store House Limited. The principal activities are provision of storage services.
- The Store House Operating Company Limited. The principal activities are provision of self-storage management services.
- Couriers Please Holdings Pty Limited and its subsidiaries. The principal activities of the group are relating to providing metropolitan and nationwide small parcel freight fulfillment in Australia.
- F.S. Mackenzie Limited. The principal activities are custom clearance as well as air, sea and road freight forwarding.
- Famous Pacific Shipping (NZ) Limited. The principal activities are custom clearance as well as air and sea freight forwarding.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Change in accounting for investment properties

During the financial year ended 31 March 2015, the Group's accounting policy with respect to the measurement of investment properties, subsequent to initial recognition, has been changed from the cost model to the fair value model. This voluntary change in accounting policy has been applied retrospectively. The two methods of measurement are allowed under FRS40 – Investment Property. Previously under the cost model, the Group's investment properties were initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Under the fair value model, the Group's investment properties are carried at fair value, representing open market values determined on an annual basis based on independent professional valuers and changes in fair values are recognised in income statement.

With the Group's intention to redevelop the retail mall of the Singapore Post Centre, management has reviewed and determined that the fair value model of measurement will provide more relevant and reliable financial information of the Group's investment properties. Along with the accounting policy change from the cost model to the fair value model, management has undertaken a review of the Group's property allocation between investment properties and property, plant and equipment and made reclassification as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Change in accounting for investment properties (continued)

The effects of the voluntary change in accounting policy and review of the Group's investment property assets on the Group's financial statements are as follows:

	2013/14 (PREVIOUSLY STATED) S\$'000	2013/14 ACCOUNTING POLICY CHANGE AND PROPERTY ALLOCATION REVIEW S\$'000	2013/14 (RESTATED) S\$'000	2012/13 (PREVIOUSLY STATED) S\$'000	2012/13 ACCOUNTING POLICY CHANGE AND PROPERTY ALLOCATION REVIEW S\$'000	2012/13 (RESTATED) S\$'000
Group						
Investment properties	231,352	397,734	629,086	222,656	347,953	570,609
Property, plant and equipment	234,039	20,887	254,926	235,900	21,756	257,656
Retained earnings	250,700	417,331	668,031	241,285	368,419	609,704
Other reserve	2,402	1,290	3,692	1,830	1,290	3,120

The impact to the income statement line items are as follows:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Fair value gains on investment properties increased by	5,163	44,510
Depreciation and amortisation decreased by	3,988	4,402
Total comprehensive income attributable to equity holders of the Company increased by	9,151	48,912

The effects for changes in accounting for investment property is set out in Notes 10(c), 20, 21, 29 and 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Change in accounting for investment properties (continued)

	2013/14 (PREVIOUSLY STATED) S\$'000	2013/14 ACCOUNTING POLICY CHANGE AND PROPERTY ALLOCATION REVIEW S\$'000	2013/14 (RESTATED) S\$'000	2012/13 (PREVIOUSLY STATED) S\$'000	2012/13 ACCOUNTING POLICY CHANGE AND PROPERTY ALLOCATION REVIEW S\$'000	2012/13 (RESTATED) S\$'000
Company						
Investment properties	189,768	439,128	628,896	195,408	400,042	595,450
Property, plant and equipment	201,216	22,969	224,185	204,437	15,783	220,220
Retained earnings	217,615	460,807	678,422	207,005	414,535	621,540
Other reserve	4,952	1,290	6,242	4,965	1,290	6,255

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2015

On 1 April 2014, 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.

FRS 110 Consolidated financial statements

FRS 110 was issued in September 2011 and replaces all the guidance on control and consolidation in FRS 27 Consolidated and separate financial statements and INT FRS 12 Consolidation – Special purpose entities. Under FRS 110, subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group has applied FRS 110 retrospectively in accordance with transitional provisions of FRS 110. The adoption of FRS 110 did not result in substantial changes to the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

FRS 111 Joint arrangements

FRS 111 was issued in September 2011 and supersedes FRS 31 Interests in joint ventures and INT FRS 13 Jointly controlled entities – Non-monetary contributions by venturers. Under FRS 111, interest in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Interests in joint operations are accounted for by the Group recognising its own assets, liabilities, income and expenses relating to the joint operation, and its share of assets, liabilities, income and expenses relating to the joint operation. Interests in joint ventures are recognised as a single investment and accounted for using the equity method of accounting per FRS 28 (Amended) Investments in associates and joint ventures.

The Group has applied FRS 111 retrospectively from 1 January 2013 in accordance with the transitional provisions of FRS 111. The adoption of FRS 111 resulted in the Group changing its accounting policy for its investment in joint ventures.

This standard 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 112 Disclosure of interests in other entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for ‘investment entity’ from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

FRS 27 Separate financial statements

FRS 27 was amended in May 2011 when FRS 110 was published. The adoption of FRS 27 (revised) did not result in substantial changes to these financial statements.

FRS 28 Investments in associates and joint ventures

FRS 28 was amended in May 2011 when FRS 111 was published. The adoption of amended FRS 28 did not result in substantial changes to the Group's financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

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

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

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

2.4 Property, plant and equipment

(a) *Measurement*

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

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

(b) *Depreciation*

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

	<u>Useful lives</u>
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

(e) Transfer

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.6 for the accounting policy on the transfer from investment properties to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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 properties include those portions of commercial buildings that are held for long term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties. Where there is a change in intention to hold existing investment properties for sale without development, such investment properties will continue to be classified as investment properties but within current assets, until they are derecognised.

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open market values determined on an annual basis by directors based on independent professional valuations. Changes in fair values are recognised in the income statement. In determining the fair values, the valuers have used valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market values.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

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

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

2.7 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Loans and receivables

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

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

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(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) Loans and receivables/Held-to-maturity financial assets

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.

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.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities (continued)

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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Operating leases (continued)

(b) When the Group is the lessor:

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

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

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

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

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

2.15 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 eCommerce and electronic printing are not disclosed as the balance at 31 March 2015 is insignificant (31 March 2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

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

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

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

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share capital and treasury shares (continued)

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

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

2.23 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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)).

(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 2015 was S\$330.0 million (2014: S\$254.9 million (restated)). As a result of the review and the reduction of the useful lives of older postal equipment, depreciation expense increased by S\$5.1 million for the financial year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

	GROUP	
	2015 S\$'000	2014 S\$'000
		(RESTATED)
Revenue from services rendered	904,805	811,739
Sale of products	14,777	9,372
Revenue	919,582	821,111
Other income and gains (net):		
Rental and property-related income	43,890	44,931
Interest income		
- Bank deposits	3,134	1,619
- Financial assets, held-to-maturity	599	690
- Others	131	142
	3,864	2,451
Miscellaneous		
- Currency exchange (losses) / gain (net)	(718)	(2,448)
- Net gain on disposal of investments, property, plant and equipment	819	995
- Others	2,628	(1,080)
	2,729	(2,533)
Other income and other gains (net)	50,483	44,849
	970,065	865,960

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

5. LABOUR AND RELATED EXPENSES

	GROUP	
	2015	2014
	S\$'000	S\$'000
Wages and salaries	175,792	149,351
Employer's contribution to defined contribution plans including Central Provident Fund	23,771	18,453
Share options expense	2,582	1,450
Other benefits	8,917	7,928
Temporary and contract staff cost	59,508	57,064
Government grant	(7,432)	(4,620)
	263,138	229,626

6. VOLUME-RELATED EXPENSES

	GROUP	
	2015	2014
	S\$'000	S\$'000
Traffic expenses	255,151	241,344
Mail outsourcing services and delivery expenses	111,323	70,010
	366,474	311,354

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

7. ADMINISTRATIVE AND OTHER EXPENSES

	GROUP	
	2015	2014
	S\$'000	S\$'000

Included in administrative and other expenses are the following:

Repair and maintenance expenses	15,269	15,779
Rental on operating leases	24,937	18,858

8. FINANCE EXPENSES

	GROUP	
	2015	2014
	S\$'000	S\$'000
Interest expense:		
- Bonds	-	257
- Fixed rate notes	6,729	7,030
- Bank borrowings	565	1,103
Effect of hedging using interest rate swaps	(1,011)	(2,058)
	6,283	6,332
Currency exchange gains - net	(1,913)	340
	4,370	6,672

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

9. INCOME TAXES

(a) Income tax expense

	GROUP	
	2015	2014
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	32,858	35,148
- Deferred income tax (Note 26)	550	(897)
	33,408	34,251
Under/(over) provision in preceding financial years:		
- Current income tax	(716)	(289)
- Deferred income tax (Note 26)	271	60
	32,963	34,022

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	
	2015	2014
	S\$'000	S\$'000
		(RESTATED)
Profit before tax	192,519	227,681
Tax calculated at a tax rate of 17% (2014: 17%)	32,728	38,706
Effects of:		
- Different tax rates in other countries	825	(6)
- Tax calculated on share of results of associated companies and joint ventures	(1,133)	(742)
- Withholding tax deducted at source	59	264

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

9. INCOME TAXES (continued)

(a) Income tax expense (continued)

	GROUP	
	2015 S\$'000	2014 S\$'000
		(RESTATED)
- Singapore statutory stepped income exemption	(233)	(254)
- Tax incentive	(878)	(1,157)
- Income not subject to tax	(4,297)	(12,129)
- Expenses not deductible for tax purposes	5,572	8,597
- Utilisation of tax losses and capital allowance	(203)	(230)
- Deferred income tax assets not recognized	968	1,202
- Over provision in preceding financial years	(445)	(229)
Tax charge	32,963	34,022

(b) Movement in current income tax liabilities

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
		(RESTATED)		(RESTATED)
Beginning of financial year	37,372	31,903	32,162	27,504
Acquisition of subsidiaries (Note 36)	271	1	-	-
Currency translation difference	986	(184)	-	-
Income tax paid	(35,453)	(29,207)	(30,086)	(25,745)
Tax expense	32,858	35,148	27,628	30,403
Over provision in preceding financial years	(716)	(289)	-	-
End of financial year	35,318	37,372	29,704	32,162

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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	
	2015	2014
Net profit attributable to equity holders of the Company (S\$'000)	157,611	(RESTATED) 191,962
Less: Net profit attributable to perpetual securities holders of the Company (S\$'000)	(14,874)	(14,875)
Net profit attributable to ordinary shareholders of the Company	142,737	177,087
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,083,954	1,899,921
Basic earnings per share (cents per share)	6.849	9.321

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share is calculated as follows:

	GROUP	
	2015	2014
Net profit attributable to equity holders of the Company (\$S'000)	157,611	(RESTATED) 191,962
Less: Net profit attributable to perpetual securities holders of the Company (\$S'000)	(14,874)	(14,875)
Net profit attributable to ordinary shareholders of the Company	142,737	177,087
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,083,954	1,899,921
Adjustment for share options ('000)	11,424	5,676
Weighted average number of ordinary shares for diluted earnings per share ('000)	2,095,378	1,905,597
Diluted earnings per share (cents per share)	6.812	9.293

(c) Effects of changes in accounting for investment properties

The effects of the changes in accounting for investment properties to earnings per share is as follows:

	GROUP	
	2015	2014
Basic earnings per share		
Net profit attributable to ordinary shareholders of the Company (\$S'000)	9,151	48,912
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,083,954	1,899,921
Effect on basic earnings per share (cents per share)	0.439	2.574
Diluted earnings per share		
Net profit attributable to ordinary shareholders of the Company (\$S'000)	9,151	48,912
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	2,095,378	1,905,597
Effect on diluted earnings per share (cents per share)	0.437	2.567

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash at bank and on hand	227,986	333,431	139,803	273,117
Deposits with financial institutions	356,154	70,999	337,242	67,221
	584,140	404,430	477,045	340,338

Acquisition and disposal of subsidiaries

Please refer to Note 36 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

12. FINANCIAL ASSETS

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Current financial assets, held-to-maturity				
- Bonds - quoted in Singapore	17,386	3,004	17,386	3,004
Current financial assets, available- for-sale				
- Equity securities - quoted	4,145	3,073	4,145	3,073
- Equity instrument - unquoted	347	347	-	-
	21,878	6,424	21,531	6,077
Non-current financial assets, held-to-maturity				
- Bonds - quoted in Singapore	11,362	11,626	11,362	11,557
- Equity instrument - unquoted	1,289	-	1,289	-
Non-current financial assets, available-for-sale				
- Equity instrument - unquoted	67	73	-	-
	12,718	11,699	12,651	11,557

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

12. FINANCIAL ASSETS (continued)

The bonds are corporate bonds at fixed rates between 2.7% to 4.8% per annum and due between 8 April 2015 and 24 August 2020.

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

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Current financial assets, held-to-maturity				
- Bonds – quoted in Singapore	17,353	3,002	17,353	3,002
Current financial assets, available-for-sale				
- Equity security – quoted	4,145	3,073	4,145	3,073
- Equity instrument – unquoted	347	347	-	-
	21,845	6,422	21,498	6,075
Non-current financial assets, held- to-maturity				
- Bonds - quoted in Singapore	11,398	11,749	11,398	11,680
- Equity instrument - unquoted	1,289	-	1,289	-
Non-current financial assets, available-for-sale				
- Equity instrument - unquoted	67	73	-	-
	12,754	11,822	12,687	11,680

The fair values of quoted securities are based on published price quotations at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

13. TRADE AND OTHER RECEIVABLES - CURRENT

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
- Subsidiaries	-	-	88,128	77,379
- Joint ventures	208	222	-	-
- Associated company	9,398	5,624	9,398	5,624
- Companies related by a substantial shareholder	5,041	3,468	4,990	3,077
- Non-related parties	130,753	104,555	51,190	51,724
	145,400	113,869	153,706	137,804
Less: Allowance for impairment of receivables				
- non-related parties	(5,270)	(5,533)	(1,566)	(1,237)
Trade receivables - net	140,130	108,336	152,140	136,567
Loan to subsidiaries	-	-	23,377	-
Loan to associated companies	19,717	5,867	-	-
Less: Non-current portion (Note 16)	(543)	(871)	-	-
	19,174	4,996	23,377	-
Staff loans (Note 17)	39	31	39	31
Interest receivable	808	695	791	204
Accrued interest receivables, net of interest rate swap contracts	-	15	-	15
Other receivables	3,903	12,998	2,297	11,405
	164,054	127,071	178,644	148,222

The loan of S\$2,117,000 (2014: S\$1,621,000) to an associated company is unsecured and repayable in full by 30 November 2016. Interest is fixed at 1.5% (2014: 1.5%) per annum for the first three years and at 8.5% (2014: 8.5%) per annum thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

13. TRADE AND OTHER RECEIVABLES - CURRENT (continued)

Remaining loan of S\$17,600,000 (2014: S\$4,246,000) to an associated company is unsecured and repayable in full by 31 May 2015. Interest is fixed at 1.5% (2014: Nil) per annum.

The loan of S\$10,164,000 (2014: Nil) to a subsidiary is unsecured and repayable in full by 30 September 2015. Interest is fixed at 1.7% (2014: Nil) per annum.

Remaining loan of S\$13,213,000 to a subsidiary is unsecured, interest-free and repayable in full by 31 May 2015.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	CONTRACT NOTIONAL AMOUNT 2015 S\$'000	FAIR VALUE ASSETS / (LIABILITIES) 2015 S\$'000	CONTRACT NOTIONAL AMOUNT 2014 S\$'000	FAIR VALUE ASSETS / (LIABILITIES) 2014 S\$'000
Group and Company				
Fair value hedges				
Interest rate swaps	-	-	100,000	1,684
Other derivatives				
Currency forwards	35,206	(3,718)	55,019	(46)
Total derivative financial instruments	35,206	(3,718)	155,019	1,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

14. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swaps

In the previous financial years, interest rate swaps were 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 were designated and qualified as fair value hedges were 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 2015 were Nil (2014: S\$1.68 million) while the fair value adjustment on the hedged item attributable to interest rate risks were S\$3.90 million (2014: S\$1.68 million). During the financial year, the interest rate swaps for the bonds have matured, and the interest rate swaps for the notes have been terminated.

Currency forwards

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.

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

	GROUP AND COMPANY	
	2015	2014
	S\$'000	S\$'000
Current	(3,718)	-
Non-current	-	1,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

15. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Deposits	12,123	4,642	2,988	1,986
Prepayments	9,097	7,859	2,585	2,121
	21,220	12,501	5,573	4,107

16. TRADE AND OTHER RECEIVABLES - NON-CURRENT

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Loans to subsidiaries	-	-	151,772	69,900
Loan to an indirect associated company (Note 12)	543	871	-	-
Loan to a shareholder of a subsidiary	3,989	4,093	-	-
Staff loans (Note 17)	244	192	244	192
	4,776	5,156	152,016	70,092

The loans to subsidiaries are unsecured, interest bearing at 1.7% to 4.1% per annum and will be repayable in full on 10 August 2019.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.3% to 1.7% per annum and repayable in full by 19 May 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

17. STAFF LOANS

	GROUP AND COMPANY	
	2015 S\$'000	2014 S\$'000
Not later than one year (Note 12)	39	31
Later than one year (Note 16)	244	192
- Between one and five years	93	54
- Later than five years	151	138
	283	223

As at 31 March 2015 and 31 March 2014, no loan is made to the key management personnel of the Group.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Investments in associated companies (Note (a))	104,413	97,168	26,080	25,169
Investments in joint ventures (Note (b))	693	739	-	248
	105,106	97,907	26,080	25,417

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

(a) Associated companies

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Equity investment at cost			26,080	25,169
Beginning of financial year	97,168	93,547		
Acquisition of an associated company	-	378		
Additional investment in an associated company	911	1,505		
Share of profit	6,651	4,278		
Dividends received	(911)	(1,877)		
Currency translation differences	594	(663)		
End of financial year	104,413	97,168		

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S\$40,067,000 (2014: S\$38,388,000), for which the published price quotation are S\$194,615,000 (2014: S\$155,652,000) at the balance sheet date.

There are no contingent liabilities relating to the Group's interest in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

(b) Joint ventures

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Equity investments at cost			-	248
Beginning of financial year	739	713		
Share of profits	9	80		
Write-off	(111)	-		
Currency translation difference	56	(54)		
End of financial year	693	739		

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. In the opinion of the directors of the Group, these joint ventures are individually immaterial to the Group and their summary financial information is shown in aggregate as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

(b) Joint ventures (continued)

	GROUP	
	2015 S\$'000	2014 S\$'000
Assets		
- Current assets	896	670
- Non-current assets	1,545	624
	2,441	1,294
Liabilities		
- Current liabilities	(707)	(226)
- Non-current liabilities	(1,067)	(214)
	(1,774)	(440)
Net assets	667	854
Sales	2,034	1,769
Expenses	(2,009)	(1,671)
Profit before tax	25	98
Income tax expenses	(16)	(18)
Profit after tax	9	80

Details of the joint ventures are included in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

19. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2015	2014
	S\$'000	S\$'000
Equity investments at cost		
Beginning of financial year	190,932	190,368
Acquisition	-	564
Additional capital injection to an existing subsidiary	108,883	-
Merger of a subsidiary (Note 22(a))	(500)	-
	299,315	190,932
Less: Allowance for impairment	(6,425)	(6,425)
	292,890	184,507

Details of the subsidiaries are included in Note 39. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group. As at 31 March 2015, there are no subsidiaries with material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Beginning of financial year				
- As previously reported	231,352	222,656	189,768	195,408
- Effect of change in accounting for investment properties	397,734	347,953	439,128	400,042
As restated	629,086	570,609	628,896	595,450
Additions	85	-	-	-
Acquisition of subsidiaries	-	13,878	-	-
Reclassifications				
- As previously reported	-	254	-	(213)
- Effect of change in accounting for investment properties	-	(35)	-	(7,830)
As restated	-	219	-	(8,043)
Reclassification from/(to) property, plant and equipment (Note 21)	5,060	-	(1,017)	-
Fair value gain recognised in income statement	5,163	44,510	5,947	41,489
Currency translation differences	(576)	(130)	-	-
End of Financial Year	638,818	629,086	633,826	628,896

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. INVESTMENT PROPERTIES (continued)

The following amounts are recognised in profit or loss:

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Rental and property-related income	43,890	44,931	39,424	41,723
Direct operating expenses arising from:				
- Investment property that generated income	(7,668)	(8,782)	(8,161)	(9,841)
- Investment property that did not generate income	(3,015)	(2,657)	(3,163)	(2,808)

Investment properties are leased to non-related parties under operating leases (Note 32(c)).

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

LOCATION	DESCRIPTION/EXISTING USE	TENURE
10 Eun0s Road 8, Singapore Post Centre	Building for commercial and retail	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing and 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
110 Alexandra Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
10 Choa Chu Kang Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
373 Tanjong Katong Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. INVESTMENT PROPERTIES (continued)

LOCATION	DESCRIPTION/EXISTING USE	TENURE
1 Kiliney Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
396 Pasir Panjang Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
10 Palm Avenue	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
350 Bedok Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
56 Tanglin Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
6 Ayer Rajah Crescent	Building for warehousing and self-storage	Leasehold of 30 years expiring on 1 February 2026

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 based on the properties' highest and best use.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using income approach and discounted cashflow approach. In the income approach, the net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use tenure and reflective of the quality of the investment. The revenue is adjusted for outgoings such as property tax and also vacancies to arrive at net income. The discounted cash flow approach involved the estimation and projection of the net rent over a period and discounting the future income stream to arrive at a present value. Net rent is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent.

All investment properties are categorised under within Level 3 of the fair value hierarchy. There were changes in valuation techniques during the year and no transfers into or out of fair value hierarchy levels for the financial years ended 31 March 2015 and 2014 as there were no comparative sales transactions for use as reference or benchmark to derive the value of the Property by Comparison method of valuation.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. INVESTMENT PROPERTIES (continued)

DESCRIPTION	FAIR VALUE (S\$'000)	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	2015			2015	
<u>Group</u>					
Building for commercial and retail (Singapore Post Centre)	771,290	Discounted cash flow approach	Discount rate	7.5 - 8%	The lower the discount rate, the higher the valuation
Building for commercial and retail (8 SLA Properties)	105,410	Capitalisation/income approach	Capitalisation rate	4.75 - 5%	The higher the capitalisation rate, the lower the valuation
Building for warehousing and self-storage	53,100	Capitalisation/income approach	Capitalisation rate	7 - 7.25%	The higher the capitalisation rate, the lower the valuation
Warehousing - Malaysia	14,094	Capitalisation/income approach	Capitalisation rate	8%	The higher the capitalisation rate, the lower the valuation
<u>Company</u>					
Building for commercial and retail (Singapore Post Centre)	771,290	Discounted cash flow approach	Discount rate	7.5 - 8%	The lower the discount rate, the higher the valuation
Building for commercial and retail (8 SLA Properties)	105,410	Capitalisation/income approach	Capitalisation rate	4.75 - 5%	The higher the capitalisation rate, the lower the valuation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN- PROGRESS	TOTAL
2015	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
- As previously reported	83,083	181,749	94,468	186,454	13,030	558,784
- Effect of the change in accounting for investment properties	(17,751)	45,342	-	-	-	27,591
As restated	65,332	227,091	94,468	186,454	13,030	586,375
Acquisition of subsidiaries (Note 36)	-	-	-	2,485	-	2,485
Additions	-	-	35,693	24,829	46,955	107,477
Reclassifications from/(to) investment properties						
- At fair value	1,017	(2,156)	-	-	-	(1,139)
- Transfer to asset valuation reserve (Note 29)	-	6,199	-	-	-	6,199
	1,017	4,043	-	-	-	5,060
Disposals	(6,311)	(13,385)	-	(16,369)	-	(36,065)
Transfers	-	-	3,070	1,500	(4,570)	-
Currency translation differences	-	-	-	(233)	-	(233)
End of financial year	60,038	217,749	133,231	198,666	55,415	665,099
Accumulated depreciation and accumulated impairment losses						
- As previously reported	21,788	79,311	87,096	136,550	-	324,745
- Effect of the change in accounting for investment properties	(4,166)	10,870	-	-	-	6,704
As restated	17,622	90,181	87,096	136,550	-	331,449
Depreciation charge	931	4,440	2,506	18,069	-	25,946
Disposals	(1,366)	(8,047)	-	(12,347)	-	(21,760)
Currency translation differences	-	-	-	(520)	-	(520)
End of financial year	17,187	86,574	89,602	141,752	-	335,115
Net book value						
End of financial year	42,851	131,175	43,629	56,914	55,415	329,984

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN- PROGRESS	TOTAL
2014 (RESTATED)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
- As previously reported	83,121	181,094	94,456	178,224	3,976	540,871
- Effect of the change in accounting for investment properties	(17,584)	45,139	-	-	-	27,555
As restated	65,537	226,233	94,456	178,224	3,976	568,426
Reclassifications (Note 20)						
- As previously reported	(38)	(216)	-	-	-	(254)
- Effect of the change in accounting for investment properties	(168)	203	-	-	-	35
As restated	(206)	(13)	-	-	-	(219)
Acquisition of subsidiaries (Note 36)	-	-	-	100	-	100
Additions	-	857	-	10,155	16,788	27,800
Disposals	-	-	(44)	(9,357)	-	(9,401)
Transfers	-	14	56	7,664	(7,734)	-
Currency translation differences	-	-	-	(331)	-	(331)
End of financial year	65,331	227,091	94,468	186,455	13,030	586,375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN- PROGRESS	TOTAL
2014 (RESTATED)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Accumulated depreciation and accumulated impairment losses						
- As previously reported	20,650	75,141	84,321	124,859	-	304,971
- Effect of the change in accounting for investment properties	(4,012)	9,811	-	-	-	5,799
As restated	16,638	84,952	84,321	124,859	-	310,770
Depreciation charge						
- As previously reported	1,138	4,343	2,814	18,788	-	27,083
- Effect of the change in accounting for investment properties	(154)	1,058	-	-	-	904
As restated	984	5,401	2,814	18,788	-	27,987
Disposals	-	(173)	(39)	(7,043)	-	(7,255)
Currency translation differences	-	1	-	(54)	-	(53)
End of financial year	17,622	90,181	87,096	136,550	-	331,449
Net book value						
End of financial year	47,709	136,910	7,372	49,905	13,030	254,926

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN- PROGRESS	TOTAL
2015	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
- As previously reported	81,221	161,963	94,468	148,734	12,691	499,077
- Effect of the change in accounting for investment properties	(14,252)	40,360	-	-	-	26,108
As restated	66,969	202,323	94,468	148,734	12,691	525,185
Additions	-	-	35,693	15,929	6,788	58,410
Reclassifications (Note 20)	1,017	-	-	-	-	1,017
Disposals	(6,311)	(14,365)	-	(11,442)	-	(32,118)
Transfers	-	-	3,070	1,383	(4,453)	-
End of financial year	61,675	187,958	133,231	154,604	15,026	552,494
Accumulated depreciation and accumulated impairment losses						
- As previously reported	21,320	72,859	87,096	116,586	-	297,861
- Effect of the change in accounting for investment properties	(4,834)	7,973	-	-	-	3,139
As restated	16,486	80,832	87,096	116,586	-	301,000
Depreciation charge	877	4,138	2,506	11,057	-	18,578
Disposals	(1,366)	(8,047)	-	(7,957)	-	(17,370)
End of financial year	15,997	76,923	89,602	119,686	-	302,208
Net book value						
End of financial year	45,678	111,035	43,629	34,918	15,026	250,286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND	BUILDINGS	POSTAL EQUIPMENT	PLANT AND MACHINERY	CAPITAL WORK-IN- PROGRESS	TOTAL
2014 (RESTATED)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
- As previously reported	81,197	161,760	94,456	144,308	3,660	485,381
- Effect of the change in accounting for investment properties	(20,151)	38,429	-	-	-	18,278
As restated	61,046	200,189	94,456	144,308	3,660	503,659
Reclassifications (Note 20)						
- As previously reported	24	189	-	-	-	213
- Effect of the change in accounting for investment properties	5,899	1,931	-	-	-	7,830
As restated	5,923	2,120	-	-	-	8,043
Additions	-	-	-	2,641	16,751	19,392
Disposals	-	-	(44)	(5,865)	-	(5,909)
Transfers	-	14	56	7,650	(7,720)	-
End of financial year	66,969	202,323	94,468	148,734	12,691	525,185
Accumulated depreciation and accumulated impairment losses						
- As previously reported	20,199	69,028	84,321	107,396	-	280,944
- Effect of the change in accounting for investment properties	(4,643)	7,138	-	-	-	2,495
As restated	15,556	76,166	84,321	107,396	-	283,439
Depreciation charge						
- As previously reported	1,121	3,831	2,814	13,364	-	21,130
- Effect of the change in accounting for investment properties	(191)	835	-	-	-	644
As restated	930	4,666	2,814	13,364	-	21,774
Disposals	-	-	(39)	(4,174)	-	(4,213)
End of financial year	16,486	80,832	87,096	116,586	-	301,000
Net book value						
End of financial year	50,483	121,491	7,372	32,148	12,691	224,185

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

22. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Composition:</u>				
Goodwill on acquisitions (Note (a))	296,492	167,202	227	-
Customer relationships (Note (b))	964	1,876	-	-
Preferential rent (Note (c))	5,401	5,857	-	-
Acquired licence (Note (d))	36	72	36	72
Acquired software licence (Note (e))	-	8,618	-	8,618
	302,893	183,625	263	8,690

(a) Goodwill on acquisitions

	GROUP	
	2015	2014
	S\$'000	S\$'000
Cost		
Beginning of financial year	167,202	165,400
Acquisition of subsidiaries (Note 36)	133,163	1,979
Additional investment of subsidiary	-	142
Additional contingent consideration payable (Note 36)	545	-
Translation	(4,418)	-
Write off	-	(319)
End of financial year	296,492	167,202
Net book value	296,492	167,202

The business of EK Media, acquired in the financial year ended 31 March 2014 has been merged with the operations of the Company. Accordingly, the goodwill on the acquisition of EK Media is reflected directly in the balance sheet of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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	
	2015	2014
	S\$'000	S\$'000
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
Couriers Please Holding Pty Limited	105,431	-
Tras - Inter Co. Ltd	2,132	1,752
F.S. Mackenzie Limited	7,517	-
Famous Pacific Shipping (NZ) Limited	3,890	-
The Store House Limited	12,072	-
EK Media Pte Ltd	227	227
	296,492	167,202

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

22. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

The recoverable amount of the CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period.

Key assumptions used for value-in-use calculations:

	QUANTUM SOLUTIONS INTERNATIONAL PTE. LTD.	GENERAL STORAGE COMPANY LIMITED	FAMOUS HOLDINGS PTE LTD	COURIERS PLEASE PTY LIMITED	F.S. MACKENZIE LIMITED	FAMOUS PACIFIC SHIPPING (NZ) LIMITED	THE STORE HOUSE LIMITED
2015							
Average cash flow growth rate	9.0%	13.0%	6.6%	10.0%	8.5%	11.0%	10.0%
Terminal growth rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discount rate	10.0%	6.2%	10.0%	8.7%	10.0%	10.0%	6.2%
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%	-	-	-	-

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.

There are no CGUs where a reasonably possible change in a key assumption on which management has based its determination of the CGU's recoverable amount would cause the CGUs' carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

22. INTANGIBLE ASSETS (continued)

(b) Customer Relationships

	GROUP	
	2015	2014
	S\$'000	S\$'000
Cost		
Beginning and end of financial year	6,360	6,360
Accumulated amortisation		
Beginning of financial year	(4,484)	(3,572)
Amortisation charge	(912)	(912)
End of financial year	(5,396)	(4,484)
Net book value	964	1,876

(c) Preferential rent

	GROUP	
	2015	2014
	S\$'000	S\$'000
Cost		
Beginning and end of financial year	6,390	6,390
Accumulated amortisation		
Beginning of financial year	(533)	-
Amortisation charge	(456)	(533)
End of financial year	(989)	(533)
Net book value	5,401	5,857

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

22. INTANGIBLE ASSETS (continued)

(d) Acquired licence

	GROUP AND COMPANY	
	2015	2014
	S\$'000	S\$'000
Cost		
Beginning and end of financial year	900	900
Accumulated amortisation		
Beginning of financial year	(828)	(792)
Amortisation charge	(36)	(36)
End of financial year	(864)	(828)
Net book value	36	72

(e) Acquired software licence

	GROUP AND COMPANY	
	2015	2014
	S\$'000	S\$'000
Cost		
Beginning and end of financial year	11,752	11,752
Accumulated amortisation		
Beginning of financial year	(3,134)	(783)
Amortisation charge	(2,154)	(2,351)
Write-off	(6,464)	-
End of financial year	(11,752)	(3,134)
Net book value	-	8,618

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Trade payables				
- Subsidiaries	-	-	9,847	12,210
- Companies related by a substantial shareholder	450	423	450	423
- Non-related parties	153,067	136,005	119,429	117,368
	153,517	136,428	129,726	130,001
Advance billings	28,723	18,016	16,555	16,133
Accrual for other operating expenses	76,483	66,934	59,681	53,107
Interest payable	38	38	38	38
Customers' deposits	4,702	4,575	4,702	4,524
Collections on behalf of third parties	28,205	38,161	28,205	38,161
Contingent consideration payable	20,600	-	-	-
Tender deposits	11,702	12,001	11,678	11,929
Other creditors	28,098	18,127	11,351	10,521
	352,068	294,280	261,936	264,414
Non-current				
Contingent consideration payable	5,992	20,600	-	-
Deferred lease	1,979	1,576	-	-
Accrual for other operating expenses	2,537	1,908	-	-
Deferred revenue	-	9,242	-	9,242
	10,508	33,326	-	9,242
Total trade and other payables	362,576	327,606	261,936	273,656

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

24. BORROWINGS

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Fair value hedges				
Borrowings at original carrying amount	-	100,000	-	100,000
Fair value adjustment attributable to the hedged risk	-	1,684	-	1,684
	-	101,684	-	101,684
Other borrowings	238,327	132,444	203,749	99,820
	238,327	234,128	203,749	201,504

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

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Current				
- Borrowings (secured)	2,647	2,525	-	-
- Borrowings (unsecured)	14,300	11,500	-	-
	16,947	14,025	-	-
Non-current				
- Borrowings (secured)	17,631	18,599	-	-
- Borrowings (unsecured)	203,749	201,504	203,749	201,504
	221,380	220,103	203,749	201,504
	238,327	234,128	203,749	201,504

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

24. BORROWINGS (continued)

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S\$56.1 million (2014: S\$37.0 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. The Notes are listed on the SGX-ST and carry a fixed interest rate of 3.5% (2014: 3.5%) per annum respectively.

Fair value of non-current borrowings

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current				
- Borrowings (secured)	17,631	18,599	-	-
- Borrowings (unsecured)	209,168	201,504	209,168	201,504
	226,799	220,103	209,168	201,504

The fair value of the Notes 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 33(a)(ii).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

25. DEFERRED INCOME

Deferred income relates to:

- (a) Definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") commenced on 19 January 2015. Deferred income received from AXA is recognised in profit or loss over the period of 10 year till 19 January 2025; and
- (b) 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\$6,961,000 (2014: S\$5,878,000) and S\$59,569,000 (2014: S\$259,000).

26. DEFERRED INCOME TAXES

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred income tax assets				
- To be recovered within one year	1,621	-	-	-
- To be recovered after one year	3,750	578	-	-
	5,371	578	-	-
Deferred income tax liabilities				
- To be settled within one year	3,347	2,738	2,172	2,085
- To be settled after one year	20,254	18,052	15,106	14,289
	23,601	20,790	17,278	16,374

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

26. DEFERRED INCOME TAXES (continued)

Movement in the deferred income tax account is as follows:

	GROUP		COMPANY	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Beginning of financial year	20,212	21,736	16,374	18,065
Acquisition of subsidiaries (Note 36)	(3,726)	1	-	-
Currency translation differences	(131)	(410)	-	-
Tax charged / (credited) to profit or loss	821	(837)	904	(1,691)
Adjustment	-	(278)	-	-
Revaluation of properties, plant and equipment transferred to investment properties	1,054	-	-	-
End of financial year	18,230	20,212	17,278	16,374

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\$53,313,000 (2014: S\$8,868,000) and capital allowances of S\$493,000 (2014: S\$407,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

26. 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
2015			
Beginning of financial year	18,790	2,101	20,891
Currency translation differences	(556)	-	(556)
Acquisition of subsidiaries (Note 36)	116	-	116
Charged to profit or loss	1,993	215	2,208
Revaluation of property, plant and equipment transferred to investment properties	-	1,054	1,054
End of financial year	20,343	3,370	23,713
2014			
Beginning of financial year	19,150	3,292	22,442
Currency translation differences	(406)	(58)	(464)
Acquisition of subsidiaries (Note 36)	-	1	1
Charged/ (credited) to profit or loss	46	(856)	(810)
Adjustment	-	(278)	(278)
End of financial year	18,790	2,101	20,891

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

26. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	PROVISIONS	TAX LOSSES	TOTAL
	S\$'000	S\$'000	S\$'000
2015			
Beginning of financial year	(679)	-	(679)
Currency translation difference	260	165	425
Acquisition of subsidiaries (Note 36)	-	(3,842)	(3,842)
Credited to profit or loss	(1,387)	-	(1,387)
End of financial year	(1,806)	(3,677)	(5,483)
2014			
Beginning of financial year	(706)	-	(706)
Currency translation difference	54	-	54
Credited to profit or loss	(27)	-	(27)
End of financial year	(679)	-	(679)

Company

Deferred income tax liabilities

	ACCELERATED TAX DEPRECIATION	OTHERS	TOTAL
	S\$'000	S\$'000	S\$'000
2015			
Beginning of financial year	16,107	366	16,473
Charged / (credited) to profit or loss	1,037	(123)	914
End of financial year	17,144	243	17,387
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

26. DEFERRED INCOME TAXES (continued)

Company (continued)

Deferred income tax assets

	PROVISIONS
	S\$'000
2015	
Beginning of financial year	(99)
Credited to profit or loss	(10)
End of financial year	(109)
2014	
Beginning of financial year	(73)
Credited to profit or loss	(26)
End of financial year	(99)

27. SHARE CAPITAL AND TREASURY SHARES

	NUMBER OF ORDINARY SHARES		AMOUNT	
	ISSUED SHARE CAPITAL	TREASURY SHARES	SHARE CAPITAL	TREASURY SHARES
	'000	'000	S\$'000	S\$'000
<u>Group and Company</u>				
2015				
Beginning of financial year	1,938,730	(33,327)	129,082	(35,346)
- New shares issued	190,096	-	280,621	-
- Treasury shares re-issued	-	30,000	-	31,915
Employee share option scheme				
- New shares issued	20,692	-	20,277	-
- Treasury shares re-issued	-	583	-	600
End of financial year	2,149,518	(2,744)	429,980	(2,831)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. 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
<u>Group and Company</u>				
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)

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

(a) Treasury shares

The Company re-issued 30,583,000 (2014: 7,286,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices ranging from S\$1.03 to S\$1.07 (2014: S\$0.89 to S\$1.10) each. The cost of the treasury shares re-issued amounted to S\$32,515,000 (2014: S\$8,216,000).

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as "The Scheme". The Scheme is administered by the Compensation Committee comprising Mr Goh Yeow Tin (Chairman⁽¹⁾), Mr Zulkifli Bin Baharudin, Mr Tan Yam Pin and Mr Bill Chang York Chye during the financial year ended 31 March 2015.

¹ Mr Goh Yeow Tin took over the chairmanship of Compensation Committee from Professor Low Teck Seng on 14 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

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

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.
- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).
- The vesting schedule for the share options granted to eligible employees (including executive directors) on 1 July 2005 and effective 20 May 2014 are as follow:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

- Other than the share options granted on 13 January 2010, 25 February 2011, 15 March 2013 and 17 March 2015, share options granted to eligible employees (including executive directors) effective 26 June 2006 to 24 March 2014 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 13 January 2010 will vest after the third anniversary and lapse on the sixth anniversary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. 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 and 17 March 2015 will 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, 24 March 2014 and 1 April 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 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 2014, a total of 126,781,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

During the financial year ended 31 March 2015, 21,094,000 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 ⁽⁴⁾	BALANCE AT	GRANTED DURING	OPTIONS EXERCISED ⁽⁶⁾	OPTIONS FORFEITED ⁽⁶⁾	BALANCE AT
			1.4.14 ⁽⁵⁾	FINANCIAL YEAR ⁽⁵⁾			31.3.15 ⁽⁵⁾
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
01.07.05 ⁽¹⁾	02.07.06 to 01.07.15	S\$0.923	223	-	146	-	77
26.06.06	27.06.07 to 26.06.16	S\$1.048	297	-	183	-	114
26.06.07	27.06.08 to 26.06.17	S\$1.278	1,411	-	1,120	40	251
30.06.08	01.07.09 to 30.06.18	S\$1.100	1,050	-	670	-	380
29.06.09	30.06.10 to 29.06.19	S\$0.890	618	-	410	-	208
13.01.10 ⁽²⁾⁽³⁾	14.01.13 to 13.01.16	S\$1.020	300	-	300	-	-
29.06.10	30.06.11 to 29.06.20	S\$1.140	2,935	-	2,142	8	785
11.08.10 ⁽²⁾	12.08.11 to 11.08.20	S\$1.140	25	-	25	-	-
25.02.11 ⁽²⁾	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	50	-	25	-	25
11.04.11	12.04.12 to 11.04.21	S\$1.160	75	-	37	-	38
26.07.11	27.07.12 to 26.07.21	S\$1.100	4,702	-	2,594	203	1,905
03.01.12	04.01.13 to 03.01.22	S\$0.940	225	-	112	-	113
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	19.05.14 to 11.05.22	S\$1.030	11,500	-	6,405	1,500	3,595
10.08.12	11.08.13 to 10.08.22	S\$1.070	9,040	-	3,463	581	4,996
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	-	50	150	-
15.03.13 ⁽²⁾	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	-	25	75	-
17.01.14	18.01.17 to 17.01.24	S\$1.350	15,700	-	-	1,000	14,700
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
01.04.14	02.04.17 to 01.04.24	S\$1.360	-	200	-	-	200
20.05.14	21.05.15 to 20.05.24	S\$1.450	-	13,900	-	492	13,408
07.08.14	08.08.15 to 07.08.24	S\$1.760	-	1,195	-	427	768
28.11.14	29.11.15 to 28.11.24	S\$1.920	-	200	-	-	200
18.12.14	19.12.15 to 18.12.24	S\$1.900	-	300	-	-	300
17.03.15	18.03.16 to 17.03.25	S\$1.980	-	3,500	-	-	3,500
			55,201	19,295	20,707	4,476	49,313

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

			NUMBER OF ORDINARY SHARES UNDER OPTIONS OUTSTANDING				
			BALANCE AT 1.4.14 (‘000)	GRANTED DURING FINANCIAL YEAR (‘000)	OPTIONS EXERCISED (‘000)	OPTIONS FORFEITED (‘000)	BALANCE AT 31.3.15 (‘000)
DATE OF GRANT	EXERCISE PERIOD	EXERCISE PRICE ⁽⁴⁾					
Options Granted Under Singapore Post Share Options Scheme							
For non-executive directors							
07.08.14	08.08.15 to 07.08.19	S\$1.760	-	1,799	-	-	1,799
			-	1,799	-	-	1,799
Total Share Options			55,201	21,094	20,707	4,476	51,112

- (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 13 January 2010, 11 August 2010, 25 February 2011 and 15 March 2013 had been exercised before the expiry date.
- (3) Options, with a 3-year lock-in period, were granted on 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (continued)

Restricted Share Plan (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	First anniversary of Award Date	30% (rounded to nearest whole Share)
From first anniversary of Award Date to date before second anniversary of Award Date	On second anniversary of date of award	30% (rounded to nearest whole Share)
From second anniversary of Award Date to date before third anniversary of Award Date	On third anniversary of date of award	Balance 40%

Since the adoption of The Plan to 31 March 2014, a total of 1,807,867 restricted shares were granted.

During the financial year ended 31 March 2015, 754,717 restricted shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

DATE OF GRANT	BALANCE AS AT 1.4.14 ('000)	SHARE AWARDS GRANTED ('000)	SHARE AWARDS VESTED ('000)	SHARE AWARDS CANCELLED ('000)	BALANCE AS AT 31.3.15 ('000)
05.08.13	1,733	-	568	180	985
20.05.14	-	755	-	54	701
Total Shares	1,733	755	568	234	1,686

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. 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 51,112,000 (2014: 55,201,000) shares, 4,193,000 (2014: 11,702,000) options are exercisable as at 31 March 2015. Options exercised in the financial year ended 31 March 2015 resulted in 20,707,000 (2014: 6,254,000) new ordinary shares being issued for options with average exercise price of S\$1.090 (2014: S\$1.156), rounded to 3 decimal places. Options were exercised throughout the year. The weighted average share price during the financial year was S\$1.79 (2014: S\$1.30).

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
2015			
Total fair value of options granted during financial year	S\$2,873,339	S\$15,360	S\$1,017,348
Valuation Model	Trinomial option Pricing model	Monte Carlo simulation	Adjusted Share Price model
Weighted average share price at the grant dates	S\$1.623	S\$1.36	S\$1.50
Weighted average exercise price	S\$1.594	S\$1.36	S\$1.45
Expected volatility	14%	17%	-
Expected option life	5 years	10 years	10 years
Annual risk-free interest rate (per annum)	1.5%	2.5%	3.6%
Expected dividend yield	3.6%	4.6%	4.2%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. 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
2014			
Total fair value of options granted during financial year	S\$194,928	S\$1,300,220	S\$2,030,054
Valuation Model	Trinomial option Pricing model	Monte Carlo simulation	Adjusted Share Price model
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\$1.250
Expected volatility	21%	17%	-
Expected option life	5 years	10 years	10 years
Annual risk-free interest rate (per annum)	1.1%	2.5%	2.6%
Expected dividend yield	4.80%	4.70%	5.00%

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.

28. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

28. 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\$14,874,000 (2014: S\$14,875,000) were made to perpetual securities holders.

29. OTHER RESERVES

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
	(RESTATED)		(RESTATED)	
(a) Composition:				
Share option reserve	4,980	5,001	4,980	5,001
Fair value reserve	(468)	(49)	(468)	(49)
Currency translation reserve	(3,534)	(2,585)	-	-
Other capital reserve	35	35	-	-
Asset valuation reserve	6,435	1,290	1,290	1,290
	7,448	3,692	5,802	6,242

(b) Movements:

(i) Share option reserve

Beginning of financial year	5,001	4,967	5,001	4,967
Employee share option scheme:				
- Value of employee services	2,582	1,450	2,582	1,450
- Issue of shares	(2,022)	(747)	(2,022)	(747)
- Re-issuance of treasury shares	(581)	(669)	(581)	(669)
End of financial year	4,980	5,001	4,980	5,001

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

29. OTHER RESERVES (continued)

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
	(RESTATED)		(RESTATED)	
(ii) Fair value reserve				
Beginning of financial year	(49)	(2)	(49)	(2)
Fair value loss	(419)	(47)	(419)	(47)
End of financial year	(468)	(49)	(468)	(49)
(iii) Currency translation reserve				
Beginning of financial year	(2,585)	(3,166)	-	-
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	(511)	865	-	-
Less: Non-controlling interests	(438)	(284)	-	-
End of financial year	(3,534)	(2,585)	-	-
(iv) Other capital reserve				
Beginning of financial year	35	31	-	-
Transfer from retained earnings of subsidiaries to statutory reserves	-	4	-	-
End of financial year	35	35	-	-
(v) Asset valuation reserve				
Beginning of financial year	1,290	1,290	1,290	1,290
Revaluation gain on property, plant and equipment upon transfer to investment property	5,145	-	-	-
End of financial year	6,435	1,290	1,290	1,290

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

30. RETAINED EARNINGS

- (a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to S\$13,210,000 (2014: S\$6,421,000) and the amount of S\$2,831,000 (2014: S\$35,346,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S\$2,831,000 (2014: S\$35,346,000) utilised to purchase treasury shares.
- (b) Movement in retained earnings for the Company is as follows:

	COMPANY	
	2015 S\$'000	2014 S\$'000 (RESTATED)
Beginning of financial year	678,422	621,540
Net profit	153,121	190,513
Merger of a subsidiary	57	-
Dividends paid (Note 31)	(128,129)	(118,756)
Reserved distribution to perpetual securities	(14,874)	(14,875)
End of financial year	688,597	678,422

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

31. DIVIDENDS

	GROUP AND COMPANY	
	2015 S\$'000	2014 S\$'000
<i>Ordinary dividends paid</i>		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2014: 2.5 cents) per share	47,793	47,437
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.25 cents (2014: 1.25 cents) per share	26,691	23,740
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.25 cents (2014: 1.25 cents) per share	26,818	23,767
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.25 cents (2014: 1.25 cents) per share	26,827	23,812
	128,129	118,756

At the Annual General Meeting on 8 July 2015, a final exempt (one-tier) dividend of 2.5 cents per share amounting to S\$53.8 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 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

32. COMMITMENTS

(a) Capital commitments

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	137,439	58,326	15,919	56,743

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

The Group and Company leases 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	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Not later than one year	28,758	19,253	9,244	8,425
Between one and five years	45,245	37,546	9,597	12,565
Later than five years	37,797	31,308	1,457	2,893
	111,800	88,107	20,298	23,883

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

32. COMMITMENTS (continued)

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

The Group and Company leases 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	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Not later than one year	33,092	38,930	34,201	41,121
Between one and five years	23,276	34,718	26,502	34,309
Later than five years	75	8	75	-
	56,443	73,656	60,778	75,430

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility 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 performs oversight responsibilities to ensure the financial risks are managed in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk

(i) *Currency risk*

The currency transaction 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 instruments are not entered into for speculative reasons.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	SDR	EUR	USD	HKD	AUD	OTHERS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
<u>As at 31 March 2015</u>								
Financial assets								
Cash and cash equivalents	506,800	-	1,239	23,663	12,462	11,180	28,796	584,140
Trade and other receivables	106,588	6,932	-	218	12,612	15,384	27,096	168,830
Other financial assets	10,287	-	-	-	1,232	25	579	12,123
Financial assets	34,596	-	-	-	-	-	-	34,596
	658,271	6,932	1,239	23,881	26,306	26,589	56,471	799,689
Financial liabilities								
Derivative financial instruments	-	-	(3,685)	-	-	-	(33)	(3,718)
Borrowings	(229,944)	-	-	-	-	-	(8,383)	(238,327)
Trade and other payables	(190,000)	(96,855)	-	(283)	(4,605)	(23,739)	(26,494)	(341,976)
	(419,944)	(96,855)	(3,685)	(283)	(4,605)	(23,739)	(34,910)	(584,021)
Net financial assets/(liabilities)	238,327	(89,923)	(2,446)	23,598	21,701	2,850	21,561	
Less: Net financial assets denominated in the respective entities' functional currencies	238,327	-	-	42	21,946	61	17,545	
Less: Currency forwards	-	22,466	11,809	-	-	-	931	
Currency exposure	-	(67,457)	9,363	23,556	(245)	2,789	3,085	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	SDR	EUR	USD	HKD	AUD	OTHERS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
<u>As at 31 March 2014</u>								
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)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD	SDR	EUR	USD	AUD	OTHERS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company							
<u>As at 31 March 2015</u>							
Financial assets							
Cash and cash equivalents	444,985	-	1,239	22,348	1,105	7,368	477,045
Trade and other receivables	323,728	6,932	-	-	-	-	330,660
Other financial assets	2,988	-	-	-	-	-	2,988
Financial assets	34,182	-	-	-	-	-	34,182
	805,883	6,932	1,239	22,348	1,105	7,368	844,875
Financial liabilities							
Derivative financial instruments	-	-	(3,685)	-	-	(33)	(3,718)
Borrowings	(203,749)	-	-	-	-	-	(203,749)
Trade and other payables	(165,081)	(96,855)	-	-	-	-	(261,936)
	(368,830)	(96,855)	(3,685)	-	-	(33)	(469,403)
Net financial assets/(liabilities)	437,053	(89,923)	(2,446)	22,348	1,105	7,335	
Less: Net financial assets denominated in the respective entities' functional currencies	437,053	-	-	-	-	-	
Less: Currency forwards	-	22,466	11,809	-	-	931	
Currency exposure	-	(67,457)	9,363	22,348	1,105	8,266	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	SDR	EUR	USD	OTHERS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company						
<u>As at 31 March 2014</u>						
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	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the SDR changes against the SGD by 2% (2014: 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:

	2015		2014	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S\$'000	EQUITY S\$'000	PROFIT AFTER TAX S\$'000	EQUITY S\$'000
Group				
SDR against SGD				
- strengthened	(1,493)	(1,493)	(2,164)	(2,164)
- weakened	1,493	1,493	2,164	2,164
Company				
SDR against SGD				
- strengthened	(1,493)	(1,493)	(2,164)	(2,164)
- weakened	1,493	1,493	2,164	2,164

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the EUR changes against the SGD by 5% (2014: 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:

	2015		2014	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S\$'000	EQUITY S\$'000	PROFIT AFTER TAX S\$'000	EQUITY S\$'000
Group				
EUR against SGD				
- strengthened	(102)	(102)	178	178
- weakened	102	102	(178)	(178)
Company				
EUR against SGD				
- strengthened	(102)	(102)	178	178
- weakened	102	102	(178)	(178)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD changes against the SGD by 3% (2014: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2015		2014	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S\$'000	EQUITY S\$'000	PROFIT AFTER TAX S\$'000	EQUITY S\$'000
Group				
USD against SGD				
- strengthened	587	587	819	819
- weakened	(587)	(587)	(819)	(819)
Company				
USD against SGD				
- strengthened	556	556	692	692
- weakened	(556)	(556)	(692)	(692)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the AUD changes against the SGD by 7% (2014: 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:

	2015		2014	
	INCREASE/(DECREASE)			
	PROFIT AFTER TAX S\$'000	EQUITY S\$'000	PROFIT AFTER TAX S\$'000	EQUITY S\$'000
Group				
AUD against SGD				
- strengthened	162	162	7	7
- weakened	(162)	(162)	(7)	(7)
Company				
AUD against SGD				
- strengthened	64	64	-	-
- weakened	(64)	(64)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(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.

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 was exposed to fair value interest rate risk from its bonds and fixed rate notes.

During the financial year, the Group terminated the interest rate swaps that were fair value hedges for the fixed rate notes. The gain arising from the termination have been recognised in other borrowings, to be amortised to income over the remaining term of the fixed rate notes due 30 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
By geographical areas				
Singapore	66,133	57,168	132,073	118,871
Other countries	73,997	51,168	20,067	17,696
	140,130	108,336	152,140	136,567
By types of customers				
Related parties	39,284	8,120	125,894	86,080
Non-related parties:				
- Government bodies	6,295	7,125	4,838	4,482
- Banks	23,739	21,461	8,049	7,977
- Overseas postal administrations	6,847	8,211	6,847	8,211
- Other companies	63,965	63,419	6,512	29,817
	140,310	108,336	152,140	136,567

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(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	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Past due up to 3 months	49,494	44,123	24,077	24,821
Past due over 3 months	8,758	12,881	3,495	3,086
	58,252	57,004	27,572	27,907

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	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Gross amount	5,273	5,533	1,566	1,237
Less: Allowance for impairment	(5,273)	(5,533)	(1,566)	(1,237)
	-	-	-	-
Beginning of financial year	5,533	4,618	1,237	1,268
Allowance made	181	1,882	331	452
Allowance utilised	(441)	(967)	(2)	(483)
End of financial year	5,273	5,533	1,566	1,237

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. 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 2015				
Favourable interest rate swaps	-	-	-	-
Trade and other payables	(331,468)	(8,529)	-	-
Borrowings	(23,947)	(7,000)	(221,000)	-
	(355,415)	(15,529)	(221,000)	-
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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. 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 2015				
Favourable interest rate swaps	-	-	-	-
Trade and other payables	(261,936)	-	-	-
Borrowings	(7,000)	(7,000)	(221,000)	-
	(268,936)	(7,000)	(221,000)	-
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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

Management monitors capital based on gearing ratio. In the management of the debt and capital structure, the Group and Company aim to sustain a strong investment-grade credit profile.

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
		(RESTATED)		(RESTATED)
Net debt/(cash)	(345,813)	(170,302)	(273,296)	(138,834)
Total equity	1,467,737	1,114,453	1,468,374	1,125,226
Gearing ratio	(24%)	(15%)	(19%)	(12%)

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2015 and 2014.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. 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				
2015				
Assets				
Available-for-sale financial assets	4,145	-	414	4,559
Held-to-maturity financial assets	28,748	-	1,289	30,037
Derivatives used for hedging	-	-	-	-
Liabilities				
Contingent consideration payable	-	-	26,592	26,592
2014				
Assets				
Available-for-sale financial assets	3,073	-	420	3,493
Held-to-maturity financial assets	14,630	-	-	14,630
Derivatives used for hedging	-	1,638	-	1,638
Liabilities				
Contingent consideration payable	-	-	20,600	20,600

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. 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				
2015				
Assets				
Available-for-sale financial assets	4,145	-	-	4,145
Held-to-maturity financial assets	28,748	-	1,289	30,037
Derivatives used for hedging	-	-	-	-
Liabilities				
Contingent consideration payable	-	-	-	-
2014				
Available-for-sale financial assets	3,073	-	-	3,073
Held-to-maturity financial assets	14,561	-	-	14,561
Derivatives used for hedging	-	1,638	-	1,638
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Loans and receivables	759,209	542,769	810,693	560,638
Financial liabilities at amortised cost	333,124	327,606	261,936	272,186

(g) Offsetting financial assets and financial liabilities

The Group has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	(A)	(B)	(C)=(A)-(B)	(D)	(E)=(C)+(D)	
	RELATED AMOUNTS SET OFF IN THE BALANCE SHEET			RELATED AMOUNTS NOT SET OFF IN THE BALANCE SHEET		
	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES	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	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 March 2015						
Currency forwards	3	3,721	(3,718)	-	-	(3,718)
Interest rate swap	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and financial liabilities (continued)

	(A)	(B)	(C)=(A)-(B)	(D)	(E)=(C)+(D)
	RELATED AMOUNTS SET OFF IN THE BALANCE SHEET		RELATED AMOUNTS NOT SET OFF IN THE BALANCE SHEET		
	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES	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	\$'000	\$'000	\$'000	\$'000
As at 31 March 2014					
Currency forwards	198	244	(46)	-	(46)
Interest rate swap	2,135	451	1,684	-	1,684

34. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	GROUP	
	2015 S\$'000	2014 S\$'000
Services rendered to related companies of a substantial shareholder	15,564	16,499
Services received from related companies of a substantial shareholder	430	1,049
Consultancy fees paid to a related corporation of an associated company	-	40

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

34. RELATED PARTY TRANSACTIONS (continued)

(a) Sales and purchases of goods and services (continued)

During the financial year ended 31 March 2015, the Company made payments on behalf of subsidiaries totalling S\$17.9 million (2014: S\$14.0 million) which were subsequently reimbursed.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	GROUP	
	2015	2014
	S\$'000	S\$'000
Salaries and other short-term employee benefits	5,711	5,049
Post-employment benefits – contribution to CPF	37	47
Share-based staff costs	1,628	878
	7,376	5,974

Included in the above is total compensation to directors of the Company amounting to S\$1,491,270 (2014: S\$1,038,430).

35. 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 & eCommerce:

- **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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

35. SEGMENT INFORMATION (continued)

- Logistics -** Logistics segment provides a diverse range of logistics solutions, comprising freight, warehousing, domestic and international distribution, and delivery services. The services include ecommerce logistics, warehousing, fulfilment and distribution, and other value-added services (Quantum Solutions), parcel delivery (Singapore Parcel), freight forwarding (Famous Holdings) and self-storage solutions (General Storage).
- Retail & eCommerce -** Retail segment provides a wide variety of products and services beyond the scope of traditional postal services, including agency services, financial services and front-end ecommerce solutions.

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

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2015 and 31 March 2014 are as follows:

	MAIL	LOGISTICS	RETAIL & ECOMMERCE	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2015						
Revenue:						
- External	467,567	387,758	64,257	-	-	919,582
- Inter-segment	32,685	77,000	27,745	-	(137,430)	-
	500,252	464,758	92,002	-	(137,430)	919,582
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	945	1,675	910	48,252	-	51,782
- Inter-segment	-	-	-	35,684	(35,684)	-
	945	1,675	910	83,936	(35,684)	51,782

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

35. SEGMENT INFORMATION (continued)

	MAIL	LOGISTICS	RETAIL & ECOMMERCE	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2015						
Operating profit	143,989	21,542	9,746	11,088	-	186,365
Depreciation and amortisation	7,626	7,230	1,537	18,152	-	34,545
Segment assets	153,296	537,161	24,484	977,466	-	1,692,407

Segment assets includes:

Investment in associated companies	1,776	16,278	-	86,359	-	104,413
Intangible assets	323	302,570	-	-	-	302,893
Additions to:						
- Property, plant and equipment	42,715	13,936	4,035	51,814	-	112,500
- Investment properties	-	6,141	-	21	-	6,162

	MAIL	LOGISTICS	RETAIL & ECOMMERCE	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

2014 (RESTATED)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

35. SEGMENT INFORMATION (continued)

	MAIL	LOGISTICS	RETAIL & ECOMMERCE	ALL OTHER SEGMENTS	ELIMINATIONS	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2014 (RESTATED)						
Other income and gains (net)						
- Rental, property-related and miscellaneous income						
- External	1,368	(2,060)	1,294	86,306	-	86,908
- Inter-segment	-	-	-	38,366	(38,366)	-
	1,368	(2,060)	1,294	124,672	(38,366)	86,908
Operating profit	142,639	14,162	7,489	63,254	-	227,544
Depreciation and amortisation	7,342	5,983	1,772	15,173	-	30,270
Segment assets	106,510	364,854	20,911	888,601	-	1,380,876
Segment assets includes:						
Investment in associated companies	1,052	39,998	-	56,118	-	97,168
Intangible assets	299	174,708	-	8,618	-	183,625
Additions to:						
- Property, plant and equipment	10,561	7,825	1,928	7,486	-	27,800
- Investment property	-	13,749	-	-	-	13,749

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

35. SEGMENT INFORMATION (continued)

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.

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

	2015 S\$'000	2014 S\$'000 (RESTATED)*
Operating profit for reportable segments	175,277	164,290
Other segments operating profit	11,088	63,254
Finance expense	(4,370)	(6,672)
Interest income	3,864	2,451
Share of profit of associated companies and joint ventures	6,660	4,358
Profit before tax	192,519	227,681

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.

	2015 S\$'000	2014 S\$'000 (RESTATED)
Segment assets for reportable segments	714,941	492,275
Other segments assets	977,466	888,601
Unallocated:		
Cash and cash equivalents	471,218	340,338
Financial assets, held-to-maturity	34,182	17,634
Derivative financial instruments	-	1,638
Total assets	2,197,807	1,740,486

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

35. SEGMENT INFORMATION (continued)

Revenue from major products and services

Revenue from external customers is derived from the provision of mail, logistics solution, agency and financial services and front-end eCommerce solutions.

	2015 S\$'000	2014 S\$'000
Domestic and International Mail services	467,567	455,697
Domestic and International distribution and delivery services	387,758	305,498
Retail sale of products and services	64,257	59,916
Revenue	919,582	821,111

Geographical information

The Group's three business segments operate principally in Singapore, where over 65% (2014: 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.

36. BUSINESS COMBINATIONS

- (i) On 14 August 2014, the Group acquired 100% equity interest of F.S. Mackenzie Limited ("FSML") through its subsidiary. The principal activity of FSML is that of customs clearance as well as air, sea and road 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	8,624
Escrow consideration	1,657
Contingent consideration (Note (e) below)	3,083
Total purchase consideration	13,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(i) (continued)

	GROUP S\$'000
(b) Effect on cash flows of the Group	
Cash paid (as above)	8,624
Less: Cash and cash equivalents in subsidiary acquired	5,957
Cash outflow on acquisition	2,667
	AT FAIR VALUE (PROVISIONAL) S\$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Cash and cash equivalents	5,957
Property, plant and equipment	115
Trade and other receivables	8,705
Total assets	14,777
Trade and other payables	9,090
Current income tax liabilities	109
Total liabilities	9,199
Total identifiable net assets	5,578
Add: Goodwill	7,786
Total purchase consideration for the business	13,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(i) (continued)

(d) Acquisition-related cost

Acquisition-related costs of S\$136,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The balance of the consideration is dependent on the adjusted average net profit after tax of FSML for 3 consecutive financial years ending 31 March 2015 to 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S\$3,083,000 based on estimated adjusted average net profit after tax of S\$1,436,000 for the relevant financial years and discounted at 2% per annum.

(f) Acquired receivables

The fair value of trade and other receivables is S\$8,705,000 and includes trade receivables with a fair value of S\$5,777,000. The gross contractual amount for trade receivables due is S\$5,827,000, of which S\$50,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S\$7,786,000 arising from the acquisition is attributable to the synergies expected to arise from economies of scale through the widening of the Famous freight network and establishing an entry point into the Western Europe market.

(h) Revenue and profit contribution

The acquired business contributed S\$26,915,000 of revenue and S\$537,000 of net profit to the Group for the period 14 August 2014 to 31 March 2015.

Had FSML been consolidated from 1 April 2014, consolidated revenue and consolidated net profit for the year ended 31 March 2015 would have been increased by S\$16,149,000 and by S\$322,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

- (ii) On 31 October 2014, the Group acquired 100% equity interest of The Store House Limited (“TSH”) and The Store House Operating Co., Limited (“SHOL”) through its subsidiary. The principal activity of TSH and SHOL are that of provision of storage services and self-storage management services.

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

	GROUP
	S\$'000
(a) Purchase consideration	
Cash paid	10,515
Contingent consideration (Note (e) below)	2,528
Total purchase consideration	13,043
(b) Effect on cash flows of the Group	
Cash paid (as above)	10,515
Less: Cash and cash equivalents in subsidiary acquired	1,628
Cash outflow on acquisition	8,887

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. 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	1,628
Property, plant and equipment	350
Trade and other receivables	645
Total assets	2,623
Trade and other payables	899
Current income tax liabilities	111
Total liabilities	1,010
Total identifiable net assets	1,613
Add: Non-controlling interest at fair value	3
Add: Goodwill	11,427
Total purchase consideration for the business	13,043

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(ii) (continued)

(d) Acquisition-related cost

Acquisition-related costs of S\$284,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The balance of the consideration is dependent on the audited earnings before interest, tax, depreciation and amortisation of TSH and SHOL for the financial year ended 31 March 2015. The fair value of the consideration at the acquisition date was estimated at S\$2,518,000 based on unaudited results of S\$1,585,000 for the financial year 31 March 2015. No discounting is required.

(f) Acquired receivables

The fair value of trade and other receivables is S\$645,000 and includes trade receivables with a fair value of S\$28,000. The gross contractual amount for trade receivables due is S\$43,000, of which S\$15,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S\$11,427,000 arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in capturing self-storage opportunities in Hong Kong region.

(h) Revenue and profit contribution

The acquired business contributed S\$2,036,000 of revenue and S\$368,000 of net profit to the Group for the period 31 October 2014 to 31 March 2015.

Had TSH and SHOL been consolidated from 1 April 2014, consolidated revenue and consolidated net profit for the year ended 31 March 2015 would have been increased by S\$2,850,400 and S\$515,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

- (iii) On 15 December 2014, the Group acquired 100% equity interest of Couriers Please Holdings Pty Limited and its subsidiaries ("CP Holdings group") through its subsidiary. The principal activity of CP Holdings group are that of providing metropolitan and nationwide small parcel freight fulfilment in Australia.

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	109,403
Total purchase consideration	109,403
(b) Effect on cash flows of the Group	
Cash paid (as above)	109,403
Less: Cash and cash equivalents in subsidiary acquired	3,733
Cash outflow on acquisition	105,670

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(iii) (continued)

	AT FAIR VALUE (PROVISIONAL) S\$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Cash and cash equivalents	3,733
Property, plant and equipment	1,709
Long term other receivables	55
Trade and other receivables	10,660
Deferred tax assets	3,838
Total assets	19,995
Trade and other payables	10,648
Deferred tax liabilities	116
Deferred income	9,572
Other non-current payables	281
Total liabilities	20,617
Total identifiable net assets	(622)
Add: Goodwill	110,025
Total purchase consideration for the business	109,403

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(iii) (continued)

(d) Acquisition-related cost

Acquisition-related costs of S\$428,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is S\$10,216,000 and includes trade receivables with a fair value of S\$9,002,000. The gross contractual amount for trade receivables due is S\$9,255,000, of which S\$253,000 is expected to be uncollectible.

(f) Goodwill

The goodwill of S\$110,025,000 arising from the acquisition is attributable to the synergies expected to arise in the complementing of the group’s existing presence in the Australia market.

(g) Revenue and profit contribution

The acquired business contributed S\$35,605,000 of revenue and S\$641,000 of net profit to the Group for the period 15 December 2014 to 31 March 2015.

Had CP Holdings group been consolidated from 1 April 2014, consolidated revenue and consolidated net profit for the year ended 31 March 2015 would have been increased by S\$86,469,000 and S\$1,557,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

- (iv) On 14 January 2015, the Group acquired 90% equity interest of Famous Pacific Shipping (NZ) Limited (“FPSNZ”) through its subsidiary. The principal activity of FPSNZ are that of customers 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	3,735
Contingent consideration (Note (e) below)	894
Total purchase consideration	4,629
(b) Effect on cash flows of the Group	
Cash paid (as above)	3,735
Less: Cash and cash equivalents in subsidiary acquired	1,193
Cash outflow on acquisition	2,542

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(iv) (continued)

	AT FAIR VALUE (PROVISIONAL) S\$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Cash and cash equivalents	1,193
Property, plant and equipment	311
Trade and other receivables	8,703
Deferred tax assets	4
Total assets	<u>10,211</u>
Trade and other payables	8,675
Borrowings	466
Current income tax liabilities	51
Other non-current payables	587
Total liabilities	<u>9,779</u>
Total identifiable net assets	432
Add: Goodwill	3,925
Assignment of debts	272
Total purchase consideration for the business	<u>4,629</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

(iv) (continued)

(d) Acquisition-related cost

Acquisition-related costs of S\$111,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The balance of the consideration is dependent on the adjusted average net profit after tax of FPSNZ for financial year ending 31 March 2016 and 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S\$894,000 based on estimated adjusted average net profit after tax of S\$797,000 for the relevant financial years and discounted at 2% per annum.

(f) Acquired receivables

The fair value of trade and other receivables is S\$8,703,000 and includes trade receivables with a fair value of S\$8,323,000. The gross contractual amount for trade receivables due is S\$8,401,000, of which S\$78,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S\$3,925,000 arising from the acquisition is attributable to the synergies expected to arise from economies of scale through the expanding of Famous freight network and establishing an entry point into the New Zealand freight market.

(h) Revenue and profit contribution

The acquired business contributed S\$4,837,000 of revenue and S\$313,000 of net profit to the Group for the period 14 January 2015 to 31 March 2015.

Had FPSNZ been consolidated from 1 April 2014, consolidated revenue and consolidated net profit for the year ended 31 March 2015 would have been increased by S\$18,381,000 and increased by S\$1,189,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

36. BUSINESS COMBINATIONS (continued)

- (v) During the financial year ended 31 March 2014, the Group acquired Trans-Inter Co. Ltd (“Tras”). The fair values of assets (including intangible assets) and liabilities of Tras from the acquisition had initially been determined based on provisional fair values. The Group completed the Purchase Price Allocation (“PPA”) exercise in 28 November 2014 for Tras 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 2014 Group balance sheet is as follows:

	AS PREVIOUSLY REPORTED	AFTER ADJUSTMENT	INCREASE / (DECREASE)
	S\$'000	S\$'000	S\$'000
As at 31 March 2015			
Assets			
Goodwill	1,752	2,297	545
Net decrease			545
Liabilities			
Trade and other payables	227	772	545
Net decrease			545

There is no material effect to the 31 March 2014 Group financial results.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2015 or later periods and which the Group has not early adopted:

- FRS 102 *Share-based payment* (effective for annual periods beginning on or after 1 July 2014)

The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 April 2015, but this is not expected to have any significant impact on the financial statements of the Group.

- FRS 103 *Business Combinations* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The Group will apply this amendment for business combinations taking place on/after 1 April 2015.

- FRS 40 *Investment Property* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

The Group will apply this amendment for acquisition of investment property taking place on/after 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements for the financial year ending 31 March 2016.

- FRS 16 *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

This amendment is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 12 May 2015 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES						
<u>Held by the Company</u>						
SingPost eCommerce II Pte Ltd.	Online sale of luxury products	Singapore	100.00	100.00	-	-
DataPost Pte. Ltd.	Electronic printing and despatching services	Singapore	100.00	100.00	-	-
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	100.00	100.00	-	-
Quantum Solutions Holding Pte Ltd ⁽¹⁸⁾	Investment holding	Singapore	100.00	-	-	-
Quantum 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	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by the Company</u> (continued)						
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. ⁽¹⁹⁾	Provision of advertising services and distribution of samples	Singapore	-	100.00	-	-
<u>Held by the subsidiaries</u>						
DataPost (HK) Pte Limited ⁽²⁾	Electronic printing and enveloping services	Hong Kong	100.00	100.00	-	-
eP2M Services Sdn. Bhd.	Electronic printing and despatching services	Malaysia	100.00	100.00	-	-
Quantum Solutions (Singapore) Pte. Ltd.	Provision of warehousing, fulfilment, parcel and delivery	Singapore	100.00	100.00	-	-
Quantum Solutions Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries</u> (continued)						
Quantium Mail Logistics Solutions (India) Private Limited	Provision of warehousing, fulfilment, parcel and delivery	India	100.00	100.00	-	-
Quantium Solutions (Australia) Pty Limited	Provision of warehousing, fulfilment, parcel and delivery	Australia	100.00	100.00	-	-
Quantium Solutions (Hong Kong) Limited	Provision of warehousing, fulfilment, parcel and delivery	Hong Kong	100.00	100.00	-	-
Quantium Solutions (Japan) Inc.	Provision of warehousing, fulfilment, parcel and delivery	Japan	100.00	100.00	-	-
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of warehousing, fulfilment, parcel and delivery	Malaysia	100.00	100.00	-	-
Quantium Solutions (New Zealand) Pty Limited	Provision of warehousing, fulfilment, parcel and delivery	New Zealand	100.00	100.00	-	-
Quantium Solutions (Philippines) Inc*	Provision of warehousing, fulfilment, parcel and delivery	Philippines	40.00	40.00	60.00	60.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries</u> (continued)						
Quantum Solutions (Taiwan) Co., Ltd	Provision of warehousing, fulfilment, parcel and delivery	Taiwan	100.00	100.00	-	-
Quantum Solutions (Thailand) Co., Ltd.	Provision of warehousing, fulfilment, parcel and delivery	Thailand	100.00	100.00	-	-
PT Quantum Solutions Logistics Indonesia ^{(18) +}	Provision of warehousing, fulfilment, parcel and delivery	Indonesia	49.00	49.00	51.00	51.00
Couriers Please Holdings Pty Limited	Provision of warehousing, fulfilment, parcel and delivery	Australia	100.00	-	-	-
Couriers Please Australia Pty Limited	Provision of warehousing, fulfilment, parcel and delivery	Australia	100.00	-	-	-
Couriers Please Pty Limited	Provision of warehousing, fulfilment, parcel and delivery	Australia	100.00	-	-	-
Novation Solutions Limited	Security printing and transaction mail provider	Hong Kong	100.00	100.00	-	-
Novation Printing (Shenzhen) Limited ⁽³⁾	Security printing and transaction mail provider	China	100.00	100.00	-	-
SingPost Storage Company Pte Ltd	Investment holding	Mauritius	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries</u> (continued)						
SingPost Investments (Tampines) Pte Ltd	Investment holding	Singapore	100.00	100.00	-	-
SingPost Investments (Toh Guan) Pte Ltd ⁽¹⁸⁾	Investment holding	Singapore	100.00	-	-	-
SingPost Investments (Ecommerce Logistics) Pte Ltd	Investment holding	Singapore	100.00	-	-	-
SingPost Centre (Retail) Pte Ltd ⁽¹⁸⁾	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 Pagar) Pte Ltd	Self storage solutions	Singapore	100.00	100.00	-	-
Lock + Store (Ayer Rajah) Pte Ltd	Self storage solutions	Singapore	100.00	100.00	-	-
The Store House Limited ⁽⁹⁾	Self-storage solutions	Hong Kong	100.00	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries</u> (continued)						
The Store House Operating Company Limited ⁽⁹⁾	Self-storage solutions	Hong Kong	75.00	-	25.00	-
Lock and Store (Glenmarie) Sdn. Bhd. ⁽¹⁾	Self storage solutions	Malaysia	100.00	100.00	-	-
Famous Holdings Pte Ltd	Investment holding	Singapore	62.50	62.50	37.50	37.50
Famous Air & Sea Services Pte Ltd	Freight forwarding	Singapore	62.50	62.50	37.50	37.50
FPS Global Logistics Pte Ltd	Freight forwarding	Singapore	62.50	62.50	37.50	37.50
Famous Pacific Shipping (S) Pte Ltd	Freight forwarding	Singapore	62.50	62.50	37.50	37.50
FPS Famous Pacific Shipping Sdn Bhd ⁽⁶⁾	Seafreight	Malaysia	62.50	62.50	37.50	37.50
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	62.50	62.50	37.50	37.50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD			
			BY THE GROUP		BY THE NCI	
			2015 %	2014 %	2015 %	2014 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries</u> (continued)						
F.S. Mackenzie Limited ⁽⁵⁾	Freight forwarding	United Kingdom	62.50	-	37.50	-
Famous Pacific Shipping (NZ) Limited ⁽⁴⁾	Freight forwarding	New Zealand	56.25	-	43.75	-
FPS Logistics (USA) Inc. ⁽⁷⁾	Logistics management and services	USA	62.50	62.50	37.50	37.50
Sino Famous Intertrans Co Ltd ⁽⁸⁾	Seafreight	China	62.50	62.50	37.50	37.50
Famous Container Lines Co Ltd ⁽⁸⁾	Freight forwarding	China	62.50	62.50	37.50	37.50
Shinyei Shipping Co Ltd	Freight forwarding	Japan	55.60	55.60	44.40	44.40
Tras - Inter Co. Ltd ⁽¹⁶⁾	Customs brokerage and freight forwarding	Japan	55.60	55.60	44.40	44.40
SP eCommerce (Thailand) Co Ltd ⁽¹⁸⁾	eCommerce specialising in the provision of online shopping platforms and services	Thailand	100.00	100.00	-	-
SP eCommerce (Korea) Co Ltd ⁽¹⁸⁾	eCommerce specialising in the provision of online shopping platforms and services	Korea	100.00	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2015 %	2014 %
ASSOCIATED COMPANIES				
<u>Held by the Company</u>				
GD Express Carrier Berhad ⁽¹⁰⁾	Provision of express delivery and customised logistics services	Malaysia	24.20	26.05
<u>Held by subsidiaries</u>				
Postea, Inc. ⁽¹⁸⁾	Provision of technology and support in postal, courier and other distribution markets	USA	27.00	30.00
Indo Trans Logistics Corporation ⁽¹¹⁾	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	30.00	30.00
Dash Logistics Company Ltd ⁽¹⁷⁾	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	51.00	51.00
Shenzhen 4PX Information and Technology Co Ltd. ⁽¹²⁾	Provision of information and technology services	China	18.00	18.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OF EFFECTIVE EQUITY HELD BY THE GROUP	
			2015 %	2014 %

ASSOCIATED COMPANIES (continued)

Held by subsidiaries (continued)

Efficient E-Solutions Berhad ⁽¹³⁾	Provision of data print, record management, data and document processing	Malaysia	20.81	20.81
ePDS, Inc. ⁽¹⁴⁾	Provision of electronic printing	Philippines	33.00	33.00
Shanghai Yihui Printing ⁽¹⁷⁾	General printing	China	30.00	30.00
Novation Efficient Logistics Limited ⁽¹⁷⁾	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
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Held by subsidiaries

Thai British Dpost Company Limited ⁽¹⁵⁾	Provision of laser printing and enveloping services and despatching services	Thailand	49.00	49.00
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

39. LISTING OF COMPANIES IN THE GROUP (continued)

NOTES

(1) Formerly known as Collective Developers Sdn. Bhd.

All companies as at 31 March 2015 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

- (2) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
- (3) Audited by Shenzhen Tian British Institute of Certified Public Accountants
- (4) Audited by KPMG LLP, Singapore
- (5) Audited by Blick Rothenberg LLP, United Kingdom
- (6) Audited by Thiang & Co, Malaysia
- (7) Audited by DNW & Associates Inc. United States of America
- (8) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd, China
- (9) Audited by Cheng & Cheng Limited, Hong Kong
- (10) Audited by Deloitte KassimChan, Malaysia
- (11) Audited by KPMG Limited, Vietnam
- (12) Audited by Deloitte Touche Tohmatsu, Certified Public Accountants LLP, Shenzhen Branch, China
- (13) Audited by PKF International, Malaysia
- (14) Audited by SyCip Gorres Velayo & Co, Philippines
- (15) Audited by KPMG Phoomchai Audit Ltd, Thailand
- (16) Audited by HLB Meisei LLC, Japan
- (17) Audited by local statutory auditors in the countries of incorporation
- (18) The company was not required to be audited for the financial year ended 31 March 2015
- (19) The company has been legally merged into Singapore Post Limited
- + 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 2015

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

	2015 S\$'000	2014 S\$'000
Fees on audit services paid / payable to :		
- Auditor of the Company	1,161	911
- Other auditors	133	25
Fees on non-audit services paid / payable to :		
- Auditor of the Company	461	460
- Other auditors	295	-
	2,050	1,396

(b) Appointment of auditors

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

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

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

(d) Internal controls

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

SGX LISTING MANUAL REQUIREMENTS

For the financial year ended 31 March 2015

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2015, 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)	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Sales				
Mediacorp Group	-	-	540	-
Singapore Telecommunications Group	-	-	10,357*	4,716*
SP Services Ltd	-	-	1,358	1,386
Starhub Group	-	-	631	785
	-	-	12,886	6,887

SGX LISTING MANUAL REQUIREMENTS

For the financial year ended 31 March 2015

	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)	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Purchases				
Certis Cisco Security Pte Ltd	-	-	723*	-
HarbourFront Centre Pte Ltd	-	-	-	477*
PSA Corporation Limited	-	-	2,727*	-
SATS Group	-	-	-	1,212*
SembCorp Group	-	-	96,060*	-
Singapore Airlines Group	-	-	4,480	2,243
Singapore Telecommunications Group	-	-	682*	1,917*
SMRT Group	-	-	1,188*	-
	-	-	105,860	5,849
Loan to associated company				
Postea Group and its associates	1,132*	-	-	-
	1,132	-	-	-
Total interested person transactions	1,132	-	118,746	12,736

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.

* Includes contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

As at 20 May 2015

No. of Issued Shares:	2,150,174,618
No. of Issued Shares excluding Treasury Shares:	2,147,647,140
No. of Treasury Shares / Percentage of Treasury Shares:	2,527,478 (0.12%)

Class of Shares:	Ordinary Shares
Number of Shareholders:	28,919

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	-	497,377,744 ⁽¹⁾
Singapore Telecommunications Limited	494,000,000	-
Alibaba Investment Limited	220,096,000	-
Alibaba Group Holding Limited	-	220,096,000 ⁽²⁾
SoftBank Corp.	-	220,096,000 ⁽³⁾

Notes

- (1) Deemed through its subsidiary, Singapore Telecommunications Limited, and its associated company, DBS Group Holdings Ltd.
- (2) As of 31 July 2014, Alibaba Group Holding Limited ("Alibaba Group") holds more than 50% of the shares of Alibaba Investment Limited ("Alibaba Investment"). By virtue of this, Alibaba Group has a deemed interest in the 220,096,000 shares held by Alibaba Investment.
- (3) As of 31 July 2014, Alibaba Group holds more than 50% of the shares of Alibaba Investment and SoftBank Corp. ("SoftBank") holds more than 20% of the shares of Alibaba Group. By virtue of this, SoftBank has a deemed interest in the 200,096,000 shares held by Alibaba Investment.

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%*	NO. OF SHARES (EXCLUDING TREASURY SHARES)	%*
1 - 99	26	0.09	603	0.00
100 - 1,000	4,073	14.08	3,992,201	0.19
1,001 - 10,000	17,530	60.62	93,762,963	4.37
10,001 - 1,000,000	7,245	25.05	360,024,948	16.76
1,000,001 and above	45	0.16	1,689,866,425	78.68
	28,919	100.00	2,147,647,140	100.00

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 20 May 2015, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 20 May 2015

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%*
1	Singapore Telecommunications Limited	494,000,000	23.00
2	Citibank Nominees Singapore Pte Ltd	305,616,065	14.23
3	DBS Nominees Pte Ltd	270,229,717	12.58
4	DB Nominees (S) Pte Ltd	227,734,332	10.60
5	HSBC (Singapore) Nominees Pte Ltd	96,692,677	4.50
6	United Overseas Bank Nominees Pte Ltd	59,556,379	2.77
7	DBSN Services Pte Ltd	41,580,500	1.94
8	Raffles Nominees (Pte) Ltd	37,207,360	1.73
9	BNP Paribas Securities Services	31,832,905	1.48
10	Bank of Singapore Nominees Pte Ltd	18,688,826	0.87
11	NTUC Fairprice Co-operative Ltd	10,000,000	0.47
12	OCBC Nominees Singapore Private Limited	9,021,600	0.42
13	Phillip Securities Pte Ltd	6,846,900	0.32
14	DBS Vickers Securities (S) Pte Ltd	6,019,000	0.28
15	OCBC Securities Private Ltd	5,988,109	0.28
16	Toh Lam Tiong	5,700,000	0.27
17	Low Kim Hong	4,603,000	0.22
18	Morgan Stanley Asia (S) Securities Pte Ltd	4,561,851	0.21
19	Ong Min Khim	4,200,000	0.20
20	Heng Siew Eng	4,124,000	0.19
		1,644,203,221	76.56

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 20 May 2015, 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 20 May 2015, approximately 66.23% 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.

CONTACT POINTS

REGISTERED OFFICE

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

Tel: +65 6845 6775
Email: investor@singpost.com
Web: www.singpost.com

COMPANY SECRETARY

Woo Mei Lin Jacqueline

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01, Singapore 068902

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

AUDITORS

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

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

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

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Hong Kong

India

Indonesia

Japan

Malaysia

New Zealand

Philippines

Singapore

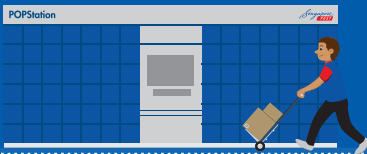
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