Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	SINGAPORE POST LIMITED
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Announcement Details

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Submitted By (Co./ Ind. Name)	Genevieve Tan McCully (Mrs)
Designation	Group Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachments.

Additional Details

Period Ended	31/03/2016

Attachments	SingPost_AR 201516.pdf SingPost_Notice of AGM.pdf SingPost_Letter to Shareholders.pdf Total size =5456K

TRANSFORMING
FOR THE FUTURE

ANNUAL REPORT 2015/16

OUR VISION

GLOBAL LEADER IN ECOMMERCE LOGISTICS AND TRUSTED COMMUNICATIONS

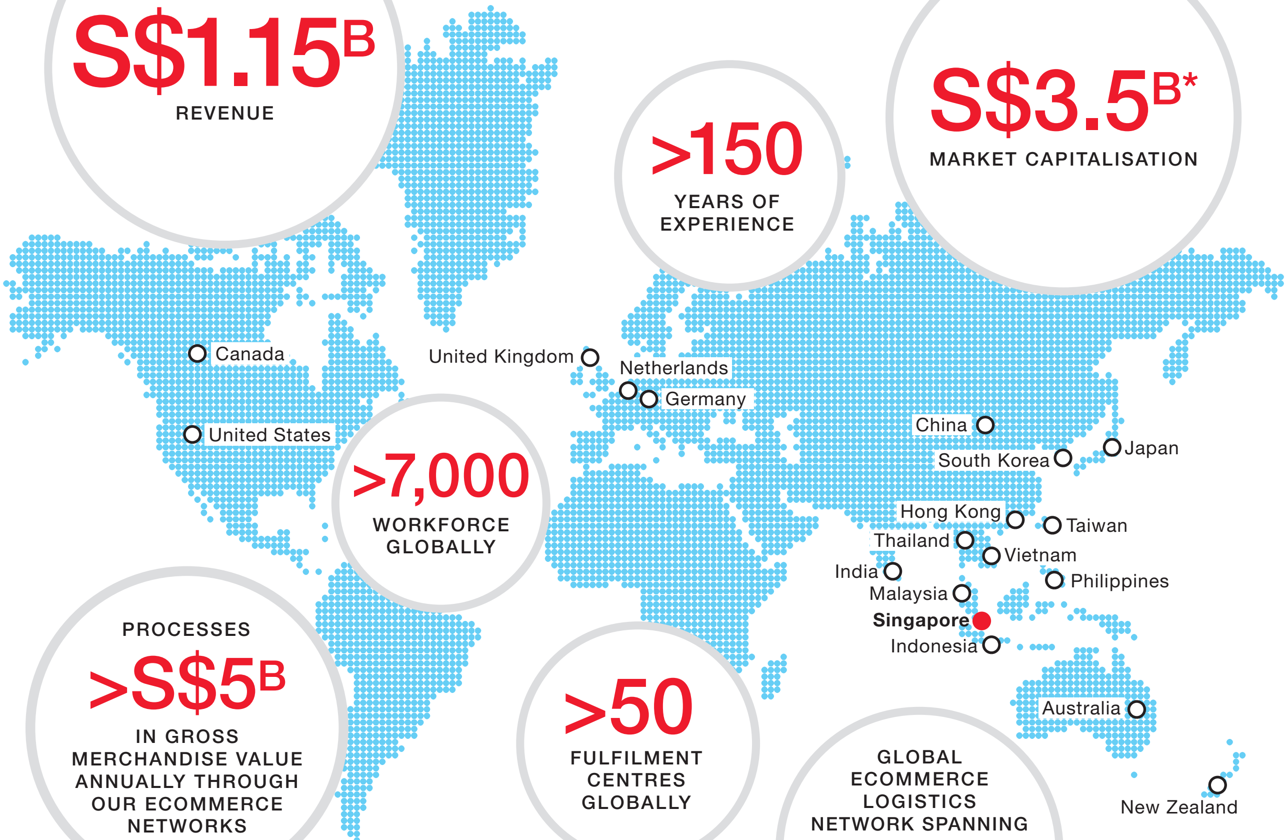
CONTENTS

SINGPOST AT A GLANCE

S$1.15B
REVENUE

>150
YEARS OF EXPERIENCE

S$3.5B*
MARKET CAPITALISATION



>7,000
WORKFORCE GLOBALLY

PROCESSES
>S$5B
IN GROSS MERCHANDISE VALUE ANNUALLY THROUGH OUR ECOMMERCE NETWORKS

>50
FULFILMENT CENTRES GLOBALLY

GLOBAL ECOMMERCE LOGISTICS NETWORK SPANNING
19
MARKETS

* As at 31 March 2016

TRANSFORMING WITH OUR CUSTOMERS

We embrace technological disruption, transforming from a Singapore postal company into a global eCommerce logistics provider that delivers the digital edge to our customers.


Quantuum

SYNERGISING OUR STRENGTHS

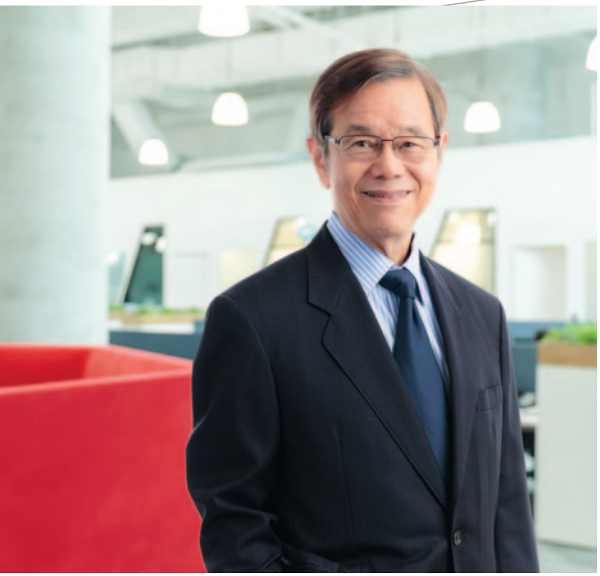
We integrate capabilities and operations across our businesses to build innovative and cost efficient end-to-end solutions for our customers.


Singapore POST
iDA SINGAPORE
Singapore POST

INNOVATING
FOR IMPACT

We harness technology to create new customer experiences, advance service excellence and optimise operational productivity.

LETTER TO SHAREHOLDERS



Dear Shareholders,

SingPost has come a long way since 2003, when the Company was publicly listed on the Singapore Exchange. The Company depended almost fully then on its domestic postal business, which was facing increasing threat from the disruptive technology of the Internet. Despite this 'burning platform', we forged ahead to introduce bold and transformational changes to bring SingPost to where it is today: a national icon and a globally recognised end-to-end eCommerce logistics operator.

FY2015/16 was a significant milestone year for SingPost as the Group crossed the revenue mark of S$1 billion. We extended our eCommerce logistics footprint globally through pivotal acquisitions of TradeGlobal and Jagged Peak in the US, the world's second largest eCommerce market after China. This followed a phase of accelerated transformation over recent years, during which we have built and through investments expanded our eCommerce logistics abilities in the Asia Pacific region.

FINANCIAL PERFORMANCE

With the strategic investments and collaborative partnerships made over the last few years, SingPost has morphed into an industry leading eCommerce logistics enabler recognised for powering global online retail operations of some of the world's top brands.

In FY2015/16, revenue continued its growth momentum against a global economic slowdown, rising by 25.2 per cent to S$1.15 billion. This was driven by the Group's fast growing eCommerce-related activities and contributions from acquisitions. eCommerce-related revenues made up 35.8 per cent of Group revenue, up from 28.0 per cent in the previous year.

Overseas revenue accounted for 43.9 per cent of Group revenue, compared to 32.5 per cent in the previous year.

As we reviewed our portfolio of assets with the view of sharpening our focus on eCommerce logistics, we decided to divest the data printing business and pared the Group's stake in an associated company. Including such extraordinary gains and one-off items, the Group achieved a record net profit of S$248.9 million, an increase of 57.9 per cent from S$157.6 million in the previous year.

Underlying net profit declined 4.1 per cent to S$153.6 million due to the loss of rental income from the Singapore Post Centre retail mall redevelopment and higher finance expenses.

DIVIDEND

Over the years, the Group has consistently committed to – and even grown – its dividend payouts, notwithstanding significant investments in new growth areas. Since our IPO, SingPost has made total dividend payments of 90.4[1] cents per share – compared to the IPO price of 60 cents per share.

The Group aims to make a total annual ordinary dividend payout of 7 cents per share, barring unforeseen circumstances. Taking into consideration factors such as financial performance, capital expenditure and investment requirements, the Board believes that the Group is able to maintain the dividend policy, enhancing shareholder returns while retaining financial flexibility.

SingPost has paid out 4.5 cents per share for the first three quarters of FY2015/16, and the Board is recommending a final ordinary dividend of 2.5 cents per share for shareholders' approval.

TRANSFORMATION UPDATES

Global eCommerce Enabler

On the business and strategic fronts, it has been a fulfilling year for the Group.

We acquired two eCommerce logistics companies in the US – a 96.4 per cent interest in TradeGlobal and a 71.1 per cent stake in Jagged Peak. With the integration of TradeGlobal and Jagged Peak with our existing eCommerce capability in Asia, we now are able to provide integrated eCommerce logistics solutions to customers across the broader spectrum of the US and Asia Pacific.

Enhanced Logistics Capabilities

Our eCommerce logistics capability will soon be centralised and strengthened with the Regional eCommerce Logistics Hub, due to be operational in the second half of 2016. This state-of-the-art facility, topped out in March 2016, will deliver significant efficiencies, improved productivity and lower operational costs through the introduction of advanced and innovative automation systems.

We also strengthened our eCommerce logistics network through a larger holding in Shenzhen 4PX Information Technology, one of China's foremost cross-border eCommerce solutions providers. The strategic investment positions SingPost at the forefront to leverage the world's largest and still fast growing eCommerce markets by tapping into the array of eCommerce logistics capabilities of Shenzhen 4PX Information Technology.

Strong Postal Backbone

The postal network remains the backbone of our delivery capabilities. While domestic transactional mail continues to decline, in contrast, eCommerce packages delivered through the postal channel are increasing.

The trend is particularly evident in the International Mail business, which has been a conduit for increasing cross-border eCommerce deliveries over the last few years. During the year, we enhanced our collaboration with Alibaba, the largest eCommerce operator in the world, participating for the first time in its Singles' Day promotion on the AliExpress platform. This, together with Black Friday and Cyber Monday promotions, held by other eCommerce operators, contributed to the strong surge in our cross-border eCommerce volumes during the peak shopping season of November and December 2015.

[1] Excluding the proposed final dividend of 2.5 cents per share for shareholders' approval at the 24th Annual General Meeting.

LETTER TO SHAREHOLDERS

Property
In October 2015, we commenced the redevelopment of the Singapore Post Centre Retail Mall that will double retail space to around 25,000 square metres. When completed in mid-2017, the new mall will offer a revolutionary O² (O-squared) shopping experience converging the best of online and offline platforms, and greater convenience as shoppers can choose to collect purchases at the mall or have them delivered to a POPStation or their homes.

Other Initiatives
During the year, we divested a partial stake in associated company GD Express and recognised a net gain of S$64.8 million. This was about a five-times return on the initial investment. We also recognised gains of S$32.9 million from the sale of data printing operations in Novations Solutions and DataPost. The freed-up capital allowed the Group to further strengthen its financial capability while maintaining flexibility for future growth investment.

POST-MERGER INTEGRATION

A key component of our transformation journey is post-merger integration and the extraction of synergies from acquisitions made over the last few years.

We have achieved positive headway in integration across all fronts – business, operations, systems and staff. At CouriersPlease, our parcel delivery company in Australia, the rollout of new international delivery services leveraged SingPost's international network. Besides product offerings, we capitalised on the Group's technological innovations, rolling out POPStations in Australia. We made good inroads in bringing international brands served by TradeGlobal and Jagged Peak in the US, into Asia Pacific markets.

We opened a new head office on a single floor in our flagship building, Singapore Post Centre. The 6,600-square metre space features a modern and open layout, and consolidates over 600 corporate staff, helping to encourage collaboration across departments at our headquarters.

CORPORATE GOVERNANCE

We assure shareholders of our steadfast commitment in upholding ourselves to the highest standards in corporate governance, and will continually work towards improving our policies and processes in this ongoing journey to enhance corporate governance.

To review the Group's governance and processes, we initiated a comprehensive internal review of corporate governance practices in early 2015. We also undertook a thorough Corporate Governance Review in the first half of 2016, to primarily evaluate the processes for, among other matters, the review of directors' independence, board and management succession planning, board renewal and composition. The reviews are ongoing and we have committed to take on board recommendations to achieve best-in-class corporate governance.

We also voluntarily commissioned a special audit to examine disclosures on the acquisitions of Famous Holdings, F.S. Mackenzie and Famous Pacific Shipping (NZ). The special audit has made recommendations to enhance certain processes. The Board is fully committed to implementing what we have learned from the special audit to improve SingPost's corporate governance policies, processes and procedures.

We commit to uphold the best ethical practices of transparency and accountability of good corporate governance and we will always choose to act with the best interest of all stakeholders in mind. SingPost will continue to learn and grow from our experiences.

COMMITMENT TO STAKEHOLDERS

As the nation's postal service provider, SingPost will continue to deliver the service obligations and service quality standards expected of a Public Postal Licensee. In preparation for the growing demands of eCommerce amid declining traditional mail volumes, we have invested in the upgrading of our postal infrastructure and service quality, including the physical, web and mobile Self-service Automated Machine (SAM) channels, and new generation post offices. This is to bring about greater efficiencies and enhance customer experience to meet changing market conditions and evolving lifestyle and consumer needs.

Our employees form the core of our organisation and are our most valuable assets. We invest in our future by investing in their personal and professional development. Programmes are run to promote higher awareness and participation in various skills upgrading including the national SkillsFuture initiative for our workforce.

We are gratified by the excellent labour management relations with the union and will continue to work with them to benefit our workers. We were recognised for strong relations between management and staff, for which we received 2015 May Day Model Partnership awards, as well as two special recognition awards at the 2016 HRM Awards. These accolades reflect SingPost's long-term commitment to every one of our staff.

SingPost advocates giving back to society, which we do through our adopted charities. With delivery route optimisation measures, and more POPStation smart lockers rolled out across the island, we are doing our part for the environment by reducing our carbon footprint through increasing productivity and efficiency.

APPRECIATION

It has been a privilege to steer SingPost since its early days of IPO to where the Company stands now, and to have nurtured a start-up culture as part of the Group's DNA.

I am confident that the Group is ready for takeoff on the next leg of its journey forward and to become a highly successful global eCommerce logistics player under the new leadership at SingPost.

We welcome Mr Simon Israel as the new Chairman of SingPost with effect from 11 May 2016. The Board has strongly and unanimously endorsed his appointment and I am confident he will see SingPost through its continuing transformation.

I wish to express my gratitude to the directors who have stepped down from the Board. My deepest appreciation goes to Mr Keith Tay, for his strategic insights and counsel throughout the transformation of SingPost since its IPO. Dr Wolfgang Baier, who tendered his resignation in December 2015, helped to accelerate the Group's transformation in the last few years, aided by a great team. We sincerely thank these directors for their leadership and support.

On behalf of the Board, I thank Management and Staff for their dedication and contribution in helping drive the Group forward in its transformation. We also express our appreciation to the union, our partners and customers for their continued support.

Last but not least, we thank our esteemed shareholders for your continuing support of SingPost.

LIM HO KEE
CHAIRMAN
FY2015/16

BOARD OF DIRECTORS

SIMON CLAUDE ISRAEL, 63
Incoming Chairman (wef 11 May 2016)
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
11 May 2016

Date of last re-election as a director:
–

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):
Diploma in Business Studies,
The University of the South Pacific

Present Directorships in other listed companies (as at 31 March 2016):
Singapore Telecommunications Limited (Chairman)
CapitaLand Limited
Fonterra Co-operative Group Limited

Principal Commitments:
Lee Kuan Yew School of Public Policy (Member of the Governing Board)
Stewardship Asia Centre Pte. Ltd. (Director)
Westpac's Asia Advisory Board (Member)

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Nil

LIM HO KEE, 71
Chairman
Non-Executive,
Independent Director

Date of first appointment as a director:
25 April 1998

Date of last re-election as a director:
8 July 2015

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 2016):
Nil

Principal Commitments:
Majuven Pte. Ltd. (Managing Partner)

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Jardine Cycle & Carriage Limited
Keppel Land Limited

GOH YEOW TIN, 64
Deputy Chairman
Executive,
Non-Independent Director

Date of first appointment as a director:
7 July 2014

Date of last re-election as a director:
8 July 2015

Board committee(s) served on:
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 2016):
Vicom Ltd
Sheng Siong Group Ltd
Lereno Bio-Chem Ltd
AsiaPhos Limited
TLV Holdings Limited

Principal Commitments:
Seacare Medical Holdings Pte Ltd (Non-Executive Chairman)

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
OEL (Holdings) Limited

PROFESSOR LOW TECK SENG, 61
Non-Executive,
Independent Director

Date of first appointment as a director:
8 October 2010

Date of last re-election as a director:
8 July 2015

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)
Legion of Honour with the grade of Knight (Chevalier) by the French Government in Paris on 17 March 2016

Present Directorships in other listed companies (as at 31 March 2016):
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 1 April 2013 to 31 March 2016)
Innotek Limited

SOO NAM CHOW, 62
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 2016):
Mapletree Industrial Trust Management Ltd

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Nil

BOARD OF DIRECTORS

TAN YAM PIN, 75
Non-Executive,
Independent Director

Date of first appointment as a director:
25 February 2005

Date of last re-election as a director:
8 July 2015

Board committee(s) served on:
Compensation Committee (Chairman)
Audit Committee (Member)
Board Risk and Technology 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 2016):
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 1 April 2013 to 31 March 2016)
BlueScope Steel Limited (Australia)

ZULKIFLI BIN BAHARUDIN, 56
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:
Nominations Committee (Chairman)
Audit Committee (Member)
Compensation 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 2016):
Ascott Residence Trust Management Limited

Principal Commitments:
Uzbekistan (Non-Resident Ambassador)
Kazakhstan (Non-Resident Ambassador)
Indo Trans Logistics Corporation (Executive 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 1 April 2013 to 31 March 2016)
Hup Soon Global Corporation Limited

DR WOLFGANG BAIER, 42
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 2016):
Nil

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Nil

BILL CHANG YORK CHYE, 50
*Non-Executive,
Non-Independent Director*

Date of first appointment as a director:
15 November 2010

Date of last re-election as a director:
8 July 2015

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 2016):
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 1 April 2013 to 31 March 2016)
Nil

CHEN JUN, 42
*Non-Executive,
Non-Independent Director*

Date of first appointment as a director:
31 July 2014

Date of last re-election as a director:
8 July 2015

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 2016):
Nil

Principal Commitments:
Alibaba Group Holding Limited (Vice President)

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Alibaba Health Information Technology Limited

ALIZA KNOX, 55
*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 2016):
GfK SE
Scentre Group

Principal Commitments:
Twitter, Inc., Singapore (Vice President Online Sales, APAC and LATAM)

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
InvoCare Limited

BOARD OF DIRECTORS

MICHAEL JAMES MURPHY, 62

Non-Executive,
Non-Independent Director

Date of first appointment as a director:
7 August 2009

Date of last re-election as a director:
8 July 2015

Board committee(s) served on:
Board Risk and Technology Committee (Member)
Executive 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 2016):
Nil

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

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
Nil

KEITH TAY AH KEE, 72

Non-Executive,
Independent Director

Date of first appointment as a director:
25 April 1998

Date of last re-election as a director:
8 July 2015

Board committee(s) served on:
* Audit Committee (Member)
* Nominations 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 2016):
Rotary Engineering Limited
FJ Benjamin Holdings Ltd
YTL Starhill Global REIT Management Limited

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

Past Directorships in listed companies held over the preceding three years: (from 1 April 2013 to 31 March 2016)
SATS Ltd
Singapore Reinsurance Corporation Limited

* Stepped down on 9 May 2016

DELIVERING END-TO-END ECOMMERCE LOGISTICS AND TRUSTED COMMUNICATIONS

3 BUSINESS PILLARS

Supported By Corporate Services

POSTAL SERVICES

We have upgraded our sorting machines to handle bigger packages as online shopping continues to grow.

Postal Services lie at the core of SingPost. Even as we fulfil our national obligations as a Public Postal Licensee, Postal Services are the backbone of our transformation into an eCommerce logistics provider. Since our public stock listing in 2003, we have been optimising our last mile delivery network, innovating new products and processes, to improve efficiency and service quality for our customers, and serve their growing postal and eCommerce needs.

OPTIMISING FOR ECOMMERCE

We made further progress in upgrading our infrastructure to improve delivery service quality, especially as increased online shopping activity drove up domestic and international mail package volumes. Our sorting machines have been upgraded to handle larger packages and to do this more efficiently. Our fleet of three-wheeler scooters, which have greater load capacity than the two-wheelers they replace, was increased to 230 from 110.

Casting an eye on the future, we conducted a successful trial, with the Infocomm Development Authority of Singapore, using an Unmanned Aerial Vehicle for last mile mail and eCommerce delivery. This was the world's first successful secure, recipient-authenticated aerial drone delivery by a postal services provider. We are exploring drone technology to provide enhanced end-to-end solutions to facilitate urban logistics as well as tap on burgeoning eCommerce growth in Asia Pacific.

Take-up of our SmartPacLite envelopes surged, up 76 per cent in average monthly sales. We developed and introduced this specialised eCommerce packaging the previous year for packages weighing less than one kilogramme. As demand for package deliveries continued to rise, our package deliveries on Saturdays remain an important service to cater to the rising trend of online shopping.

We revamped more branches of our post office network to increase convenience and accessibility for our customers. 29 of our 58 post offices have been upgraded, with features that integrate essential services with digital access, making key services such as parcel collection and bill payment available to customers 24/7.

The new post offices have been designed with self-packing desks and greater storage space for packages to better serve blog shop owners and online shoppers. Our Self-service Automated Machines (SAM) kiosks are also being extended to an omni-channel platform that allows customers to access SAM transactions on their own devices via the mySAM web portal and the SAM mobile app.

ENHANCING INTERNATIONAL SERVICES

We enhanced our global connections during the year to enhance the eCommerce capabilities we can offer our customers. We established bilateral agreements to develop eCommerce products and services with postal agencies of major trading partners such as Brazil and the United Kingdom. Together with other Asian postal organisations, we launched an Asian ePacket service that will offer eCommerce retailers a reliable, cost effective delivery service, with tracking facility.

We began a partnership with SATS to integrate our airport consignment outbound operations at Changi Airport with SATS' investment in a new automated facility that will improve efficiency and space utilisation. The integration will enable single scanning and sorting, and remove the need to tow mail, parcel bags and pallets between facilities. This will enhance operational efficiency, including shorter cycle and connection times, and increase productivity. The SATS eCommerce AirHub is expected to be fully operational by December 2016, and achieve a productivity gain of more than 30 per cent.

We participated in international postal events organised by the Universal Postal Union and Asian-Pacific Postal Union, as well as conferences such as World Mail and Express, and Post Expo, to advance SingPost's interests in the international arena.

CELEBRATING SG50 THROUGH STAMPS

2015 marked Singapore's 50th year of independence and we were proud to commemorate the momentous milestone with stamps.

We were the main sponsor of the 2015 World Stamp Exhibition, one of the world's highest profile philatelic events, held in Singapore in conjunction with celebrations for the nation's 50th year of independence. The six-day event featured 2,000 frames of philatelic items from 450 exhibitors across 66 countries.

SG50 goes international with the 2015 World Stamp Exhibition.

POSTAL SERVICES

SingPost also sponsored a special exhibition by the Singapore Philatelic Museum that celebrated Singapore's Golden Jubilee, featuring over 240 stamps and other philatelic items. In conjunction with the exhibition, we launched a limited edition "50 Stamps for 50 Years" commemorative folder in celebration of SG50.

We released a record 15 stamp issues during the year. Of these, four were joint issues to mark Singapore's 50-year friendship with several of its important economic partners – France, India, Thailand, and jointly, Australia and New Zealand.

We issued the third and final set of the SG50 commemorative stamp series, which featured Singapore's achievements, values and vision for the future. We also launched the country's first augmented reality stamps, which used digital technology to add multimedia interactivity to the postage stamps.

Other issues commemorated significant events including the inscription of the Singapore Botanic Gardens as a UNESCO World Heritage Site, the opening of the Lee Kong Chian Natural History Museum, the opening of the National Gallery, Singapore's hosting of the 28th Southeast Asian Games, the 48th anniversary of the Association of Southeast Asian Nations (ASEAN), Singapore's hosting of the 8th ASEAN Para Games and the 50th anniversary of the Citizens' Consultative Committee.

ITE students design Singapore national stamps for the first time as part of celebrations of the 50th anniversary of the Citizens' Consultative Committee. The stamps were showcased at an exhibition organised by SingPost and People's Association.

LOGISTICS

We made significant strides in expanding and enhancing our global eCommerce logistics network, successfully executing several strategic and game-changing initiatives. Integration of recent acquisitions and further infrastructure investments significantly strengthened our integrated, end-to-end logistics value chain. Steady progress was made during the year in the areas of last mile delivery, warehousing and fulfilment, freight, and customer service.

Transforming last mile delivery around the world, our POPStations won the top prize for retail customer access at the 16th World Mail Awards and are now being deployed in Australia.

SHORTENING THE LAST MILE

Our wholly owned subsidiary, Quantium Solutions, made several acquisitions that greatly augment our last mile ecosystem in Australia and Hong Kong. Our investment in Australian eCommerce service aggregator Hubbed, the country's only logistics provider exclusive to the news agency channel, added the company's 680 newsagents to our network Down Under. Integrating this with CouriersPlease, a last mile parcel delivery company which we acquired the prior year, we now offer customers in Australia the flexibility of collecting online purchases, dropping off parcels, and buying delivery products from Hubbed's newsagents, which can be found across the whole of Australia at any time and at their convenience.

Major strides were initiated towards our goal of making CouriersPlease Australia's leading eCommerce courier service. We grew existing core services and launched new international and domestic services, including International Saver, International Priority and Domestic Same Day. We also expanded the geographic footprint of CouriersPlease to Perth, Cairns, Darwin, Albury and Coffs Harbour, thus forming an efficient and effective distribution network throughout Australia.

Additionally, CouriersPlease has launched POPStations in the past year which enables customers to collect their parcels at their own convenience. Together with Hubbed, these new additions to the CouriersPlease family create an eCommerce ecosystem that will provide customers with seamless access to their parcels, as well as deliver stellar experience to them.

In Hong Kong, we invested in parcel delivery company Morning Express Couriers and E Link Station, which operates a rapidly expanding network of self-collection parcel smart lockers.

LOGISTICS

The investments have created an efficient logistics delivery network for online retailers in Hong Kong that sell international brands, such as Calvin Klein and Clarins. Our enhanced network also gives Hong Kong shoppers greater flexibility in receiving parcels through multiple channels, including effective and convenient digital lockers and redemption centres.

The year also saw enhancements in Quantium Solutions' eCommerce fulfilment technology platforms. Leveraging technology for enhanced agility, we deployed Android devices within our warehouses to increase capacity and productivity during the eCommerce peak seasons. Additionally, we integrated information technology systems across eCommerce platforms and marketplaces to enable seamless transactions and information sharing.

We continue to transform the last mile delivery landscape for eCommerce through our POPStation network, which garnered the top accolade in retail customer access at the 16th World Mail Awards. The POPStation network has expanded to about 140 locations in Singapore, making it one of the world's densest networks of self-service lockers, with just two kilometres on average between locations.

POPStation functionality has been extended beyond parcel collection. Customers can now return online purchases via the smart lockers, make payments on collection via various card options such as credit card, cash card and NETS, and post parcels booked through our online service ezy2ship.com. The technology has been standardised and deployed in other countries to offer synergised last mile delivery solutions across the region. For instance, we deployed 10 POPStations in Australia through CouriersPlease, with a target to increase deployment by the end of FY2016/17.

INTEGRATED ECOMMERCE LOGISTICS

Construction of the SingPost Regional eCommerce Logistics Hub building was completed during the year. The S$182 million facility is expected to be fully operational in the second half of 2016 and will be the first

The SingPost Regional eCommerce Logistics Hub features fully integrated automated warehousing and parcel sorting systems for maximum efficiency and productivity.

eCommerce logistics facility in Southeast Asia to be equipped with cutting edge technology such as integrated, automated warehousing equipment linked to fully automated parcel sorting systems for maximum efficiency and productivity. The Logistics Hub will bring SingPost's eCommerce logistics capabilities and services under one roof, enabling us to imbue online retailers with enhanced agility to address the rapid growth and evolution of global eCommerce markets. The hub will also create additional capacity, ensuring SingPost is poised for future growth of the burgeoning eCommerce logistics industry.

FORTIFYING FREIGHT SERVICES

Our freight forwarding arm, Famous Holdings, continued to provide strong business-to-business distribution services in continental Europe and the United Kingdom. We also enhanced our continental Europe network with the acquisition of Rotterdam Harbour Holdings (Famous Pacific Shipping Rotterdam), which offers consolidation services for shipments going through Europe's largest container port.

In response to continued depressed ocean freight rates, we have widened our service offerings to direct customers and provided strong business-to-business as well as business-to-consumer services in collaboration with Quantium Solutions. This is in addition to our core cargo consolidation business.

We have further enhanced our transhipment hub centre in Singapore by offering a wider range of carriers and guaranteed sailings to attract transhipment cargo. We have also introduced multi-modal transportation modes, such as sea-air and air-sea, to support shippers in their value creation to customers. In Singapore, Famous Holdings is working closely with Quantium Solutions to offer seamless supply chain solutions, spanning warehouse management to final distribution services. This will be rolled out in more markets within our network.

Several new services, including sea freight for vPost, were launched to enhance our eCommerce logistics value chain. The addition of vPost's sea freight service enables customers to continue using eCommerce platforms for purchasing bulky items, which has been an increasing trend. Customers can receive bulky and heavy items right at their doorstep without paying higher air freight rates.

ACCOLADES AND SUCCESSES

Many synergies from the integration of our recent acquisitions were realised during the year, enabling us to acquire many eCommerce customers that require end-to-end fulfilment services in the region.

Our efforts to transform the parcel delivery customer experience have gained us international kudos. Our SP Parcels subsidiary won several accolades during the year, including the 16th World Mail Award 2015's Retail Customer Access for POPStations, Supply Chain Asia's Last Mile Partner of the Year, and the Universal Postal Union's EMS Cooperative Certification Gold Level Award 2015.

ECOMMERCE

We process more than S$5 billion (US$4 billion) of gross merchandise value a year across our eCommerce networks, providing end-to-end solutions to more than 100 leading brands such as adidas, Calvin Klein, Cole Haan and Muji.

The year marked a watershed in our vision of creating a global end-to-end eCommerce logistics solution. The acquisition of two leading eCommerce providers in the US transformed SingPost from regional pioneer to global provider as our geographical reach was extended to the world's largest retail market. As we integrate people, technologies and logistical infrastructure from our investments, our capabilities will enable global brands and retailers to better serve their customers across all major eCommerce markets.

The acquisitions have given us a stronger customer base and greater eCommerce volumes. We process more than S$5 billion (US$4 billion) of gross merchandise value a year across our eCommerce networks and provide end-to-end eCommerce solutions to more than 100 leading brands including adidas, Calvin Klein, Cole Haan and Muji.

Domestic eCommerce orders in Southeast Asia and Australia, which exclude orders for our US subsidiaries, spiked 384 per cent in 2015 during the Black Friday and Cyber Monday shopping period. We also processed 4.6 million packages in cross-border eCommerce volumes in November 2015, a 60 per cent jump year-on-year.

REACHING EVERY MARKET

The acquisitions of TradeGlobal Holdings and Jagged Peak have expanded SingPost's eCommerce logistics footprint in the US, connecting the dots in building a global eCommerce logistics solution with the unique ability to provide access to China and the rest of the Asia Pacific.

Full service eCommerce solutions have traditionally been geographically confined but our augmented eCommerce infrastructure provides a one-stop solution for brands and retailers to grow their business globally, while providing their customers with a seamless shopping experience.

TradeGlobal is one of the US's top end-to-end eCommerce companies, serving more than 60 leading brands in the fashion, beauty and lifestyle sectors. Jagged Peak, which specialises in high velocity consumer products, is a leading technology provider of omni-channel order management systems that operates more than 20 warehouse facilities across North America and Europe.

With the incorporation of TradeGlobal's and Jagged Peak's logistics networks, we now operate more than 50 fulfilment centres across 19 markets, supporting our eCommerce clients with flexible and scalable logistics infrastructure across all key eCommerce markets in the US, Europe, China and the rest of the Asia Pacific. Scalability and capabilities of our eCommerce logistics platform have also been enhanced, enabling us to better handle major surges in traffic and transactions during peak shopping seasons.

ENABLING EVERY PART OF THE WAY

Beyond extending our geographical reach, we built on our value proposition of providing companies with end-to-end eCommerce solutions for easy, one-stop access to their home markets and to accelerate their global eCommerce expansion.

Our ability to serve US eCommerce customers was strengthened greatly. TradeGlobal offers a full spectrum of eCommerce services that includes website design, content management, marketing and analytics, fulfilment and logistics. Jagged Peak provides cutting edge software, as recognised by research firms Gartner and Forrester, and services that enable companies to blend online and offline retail channels by helping them manage orders, warehousing, fulfilment and even customer support.

With 50 fulfilment centres across 19 markets, our customers are well supported by flexible and scalable logistics infrastructure that spans the world's most important eCommerce markets.

ECOMMERCE

In Singapore and Australia, we rolled out the next phase of our cloud-based, fully integrated end-to-end eCommerce fulfilment solution ezyCommerce. Introduced in March 2015, ezyCommerce enables small and medium companies to grow their online business across multiple marketplaces and countries. Leveraging SingPost's efficient warehouse management and extensive distribution network, the easy-to-use platform handles everything from orders to last mile delivery and returns.

This cutting edge platform won international recognition last year at the Postal Technology International Awards where it was named the 2015 Digital Innovation of the Year.

ezyCommerce was launched in Australia in August 2015 and we are implementing it in other markets such as Hong Kong. We are also making the technology available to other postal operators around the world, which we may partner for more cost efficient research and development.

Domestic eCommerce orders in Southeast Asia and Australia spiked 384 per cent year-on-year during the Black Friday through Cyber Monday shopping period in November 2015.

CORPORATE SERVICES

Corporate Services are integral to SingPost's transformation into a global eCommerce logistics company. It provides crucial support to the success of our three business pillars: Postal Services, Logistics and eCommerce.

Integration, collaboration and innovation are encouraged by the modern, open and flexible design of the new Loft@7 office.

Corporate Services, which comprises our support functions, helps drive and coordinate integration of our business pillars, achieving scale and synergy benefits as we realise our eCommerce logistics vision. Our progress can be seen in the growth of eCommerce-related activities, which have risen to over a third of overall revenues.

On the property front, we seek to maximise returns to our shareholders by realising the full potential of our assets. We launched several initiatives during the year to extract value and enhance yield from our real estate portfolio.

CORPORATE SERVICES

CONVERGING ONLINE AND OFFLINE SHOPPING

We started construction of the new retail mall at Singapore Post Centre in Q3 FY2015/16, which will integrate eCommerce logistics solutions. The mall will offer greater convenience and choice to consumers, housing online retailers as well as offline brick-and-mortar shops under one roof. The mall is scheduled to be completed around mid-2017 and will boast 25,000 square metres of retail space, including an eight-hall cineplex, over five levels.

The new mall will combine the best of both online and offline shopping. Consumers will be able to browse and make purchases in-store, arrange for direct delivery to their home, so that they may continue shopping, watch a movie or have a meal without carrying their shopping with them. Retailers will save on in-store storage space as fulfilment can be done backend.

The new retail mall at Singapore Post Centre will offer the best of both online and offline shopping.

SCALING NEW HEIGHTS AT LOFT@7

We moved to a new office on the seventh storey of Singapore Post Centre. Called Loft@7, the 6,600-square metre space sits on one level, housing over 600 staff across SingPost. It features a modern, flexible and open design that facilitates integration across our business pillars, encouraging interaction and collaboration across divisions and departments for greater productivity and innovation.

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
SingPost Regional eCommerce Logistics Hub	37/39 Greenwich Drive	Leasehold	30	16.11.14	32,505	51,358
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
Paya Lebar Delivery Base	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	307
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
Tampines Delivery Base	29 Tampines Street 92	Leasehold	30	01.01.92	5,000	12,395
Tanglin Post Office	56 Tanglin Road	Leasehold	99	31.03.92	2,622	2,678
3B Toh Guan Road East	3B Toh Guan Road East	Leasehold	30	01.09.89	10,064	18,126
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

COMMUNICATING AND ENGAGING REGULARLY WITH INVESTORS

We proactively engage the investor and analyst community to convey information on business strategy, and operational and financial performance.

Management maintains various channels of communication to ensure regular interaction with stakeholders. These include one-on-one and group meetings, conference calls, site tours, as well as investor conferences and non-deal roadshows in Singapore and overseas.

SingPost conducts quarterly results briefings to analysts and media, as well as post-results group meetings with investors. In FY2015/16, SingPost engaged about 240 investors through meetings and conference calls. Investor meetings and calls were conducted by senior management and the investor relations team.

We develop and maintain strong links with research analysts, who play a key role in conveying key messages to the investment community. A total of nine research firms covered SingPost, issuing about 50 research reports and notes during the year. We also continued to engage retail investors.

FY2015/16	Dividends Per Share
Interim Q1 FY2015/16	1.50 cents
Interim Q2 FY2015/16	1.50 cents
Interim Q3 FY2015/16	1.50 cents
Final FY2015/16*	2.50 cents
Total Dividends Paid/ Proposed*	7.00 cents

* For the approval of shareholders at the 24th Annual General Meeting.

All stock exchange announcements, press releases, investor presentations, and other general information are regularly updated and available on SingPost's website **www.singpost.com**

FY2015/16 IR CALENDAR OF EVENTS

May 2015
- Q4 and Full Year FY2014/15 results briefing to analysts and media
- Post-results investor lunch meeting

June 2015
- CLSA Non-deal Roadshow – Kuala Lumpur

July 2015
- 23rd Annual General Meeting / Extraordinary General Meeting

August 2015
- Q1 FY2015/16 results briefing to analysts
- Post-results investor lunch meeting

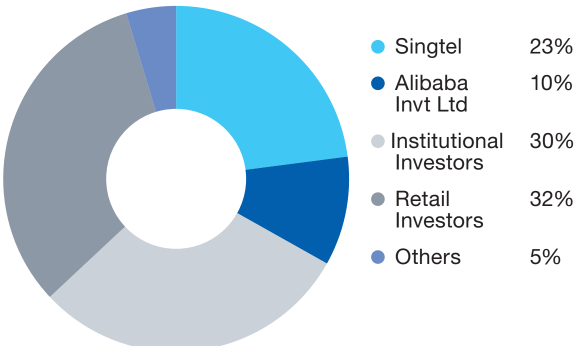
September 2015
- Non-deal Roadshow – Frankfurt

November 2015
- Q2 and H1 FY2015/16 results briefing to analysts and media
- Post-results investor lunch meeting
- Morgan Stanley's 14th Annual Asia Pacific Summit – Singapore

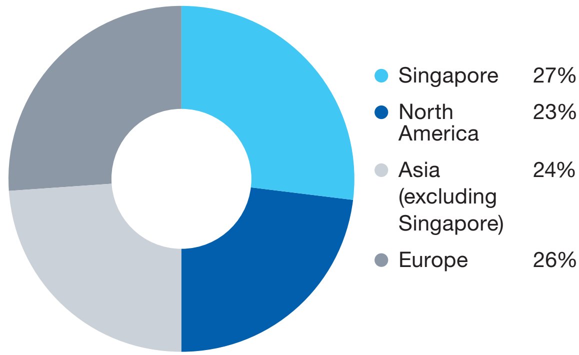
January 2016
- BNP Paribas Asia Pacific Financials, Property Logistics Conference – Hong Kong

February 2016
- Q3 and 9M FY2015/16 results briefing to analysts
- Post-results investor breakfast meeting

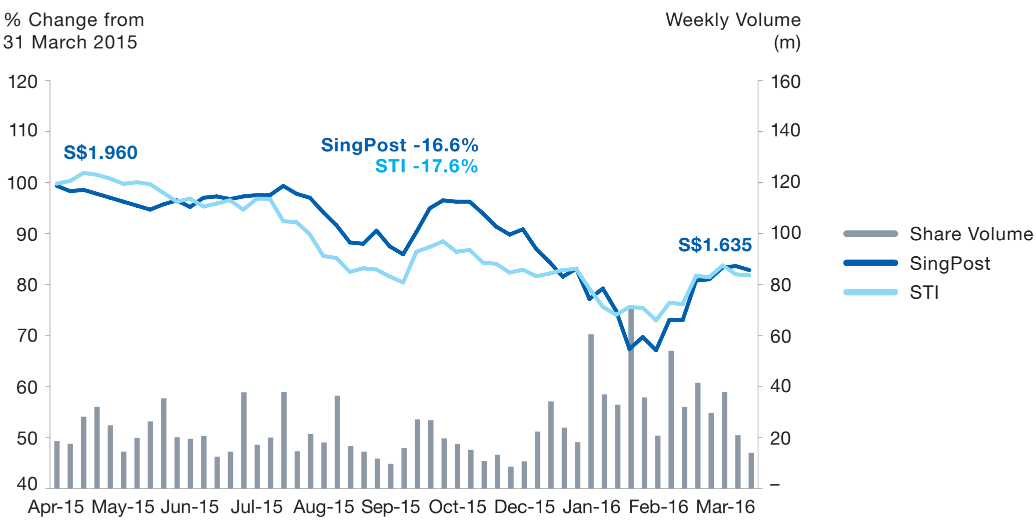
SHARE OWNERSHIP BY INVESTOR GROUPS



INSTITUTIONAL HOLDINGS BY GEOGRAPHIC DISTRIBUTION



SINGPOST SHARE PRICE AND TRADING VOLUME VS FSSTI (FY2015/16)



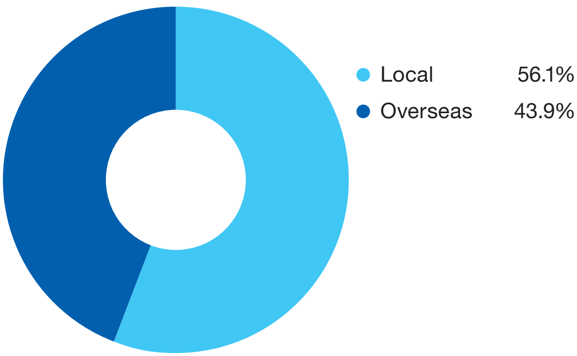
Source: Bloomberg

BUSINESS REVIEW

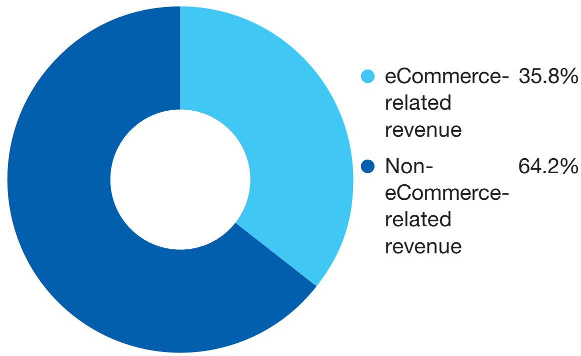
The Group reported its financials based on three main operating segments: Mail, Logistics and Retail & eCommerce. For the financial year ended 31 March 2016, the Group recorded revenue of S$1.15 billion, of which 40.5 per cent was contributed by the core Mail business. Logistics contributed 48.0 per cent of Group revenue, while Retail & eCommerce contributed 11.5 per cent. The Mail Division accounted for the bulk of Group operating profit, at 52.0 per cent, compared to 13.2 per cent from Logistics and 0.8 per cent from Retail & eCommerce. The Others segment contributed 34.0 per cent due to one-off gains from divestments.

Overseas revenue now accounts for 43.9 per cent of total revenue, while eCommerce-related revenues contributed 35.8 per cent of Group revenue.

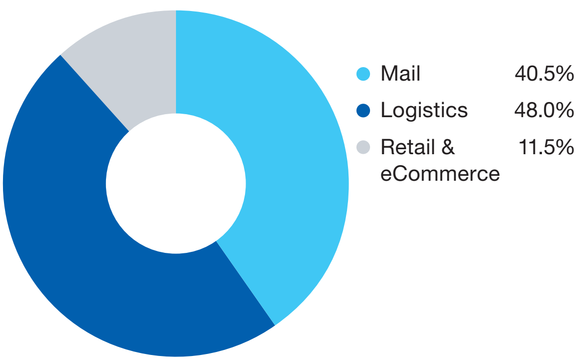
GEOGRAPHICAL REVENUE BREAKDOWN



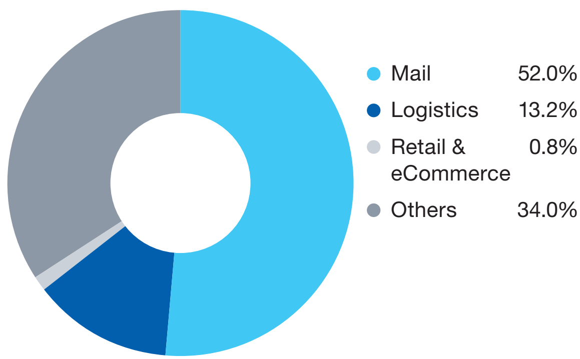
ECOMMERCE-RELATED REVENUE



REVENUE BREAKDOWN



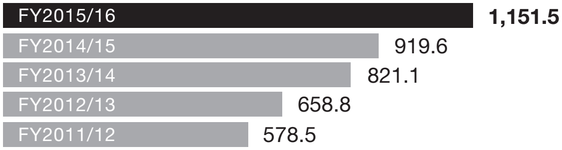
OPERATING PROFIT BREAKDOWN



GROUP FINANCIALS

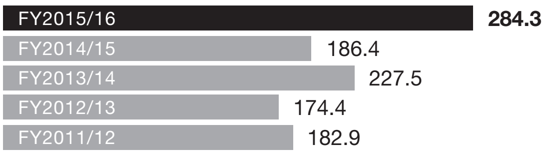
INCOME STATEMENT

Revenue (S$M)

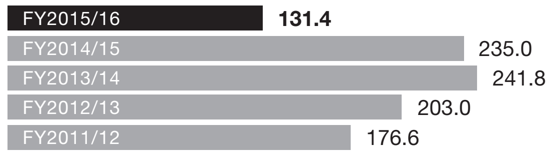


Return on Average Invested Capital (%)

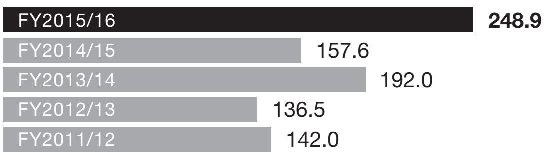
Operating Profit (S$M)



Operating Cash Flow (S$M)



Net Profit (S$M)



Dividend (cents per share)

Underlying Net Profit (S$M)

* Including final dividend of 2.5 cents per share for the approval of shareholders at the 24th Annual General Meeting.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2016	2015	2014	2013	2012
		(Restated)*			
Income Statement (S$ million)					
Revenue	**1,151.5**	919.6	821.1	658.8	578.5
Operating profit (1)	**284.3**	186.4	227.5	174.4	182.9
EBITDA (2)	**326.6**	229.0	263.7	214.1	214.8
Net profit (3)	**248.9**	157.6	192.0	136.5	142.0
Underlying net profit (4)	**153.6**	160.2	149.5	141.0	135.4
Balance Sheet (S$ million)					
Total assets	**2,415.8**	2,210.7	1,740.5	1,924.0	1,430.2
Ordinary shareholders' equity	**1,203.6**	1,117.2	765.5	690.4	313.0
Cash and cash equivalents	**126.6**	584.1	404.4	628.3	617.4
Net debt / net (cash)	**153.6**	(345.8)	(170.3)	(91.8)	(111.6)
Perpetual securities	**346.8**	346.8	346.8	346.8	346.8
Net debt plus perpetual securities (5)	**500.5**	1.0	176.5	255.1	235.2
Cash Flow (S$ million)					
Net cash inflow from operating activities	**131.4**	235.0	241.8	203.0	176.6
Capital expenditure (cash)	**279.7**	104.4	37.8	24.4	26.1
Free cash flow (6)	**(148.3)**	130.6	204.1	178.6	150.5

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2016	2015	2014	2013	2012
		(Restated)*			
Key Ratios					
EBITDA margin (%)	**28.4**	24.9	32.1	32.5	37.1
Net profit margin (%)	**21.6**	17.1	23.4	20.7	24.5
Return on average invested capital (%)	**14.0**	10.3	13.1	10.0	14.2
Return on average ordinary shareholders equity (%)	**21.5**	16.7	26.4	27.2	44.4
Net debt to ordinary shareholders equity (%)	**12.8**	N.M.[7]	N.M.[7]	N.M.[7]	N.M.[7]
Net debt plus perpetual securities to ordinary shareholders equity (%) [5]	**41.6**	0.1	23.1	36.9	75.1
EBITDA to interest expense (number of times)	**42.1**	36.4	41.6	16.8	17.2
Per Share Information (S cents)					
Earnings per share - basic	**10.86**	6.85	9.32	6.44	7.41
Earnings per share - underlying net profit [4]	**7.13**	7.69	7.87	7.46	7.13
Net assets per share	**72.3**	68.4	58.5	54.8	34.9
Dividend per share - ordinary	**7.00**	6.25	6.25	6.25	6.25
Dividend per share - special	**–**	0.75	–	–	–

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 interest, before one-off items such as gains and losses on sale of investments, property, plant and equipment and M&A related professional fees.

(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.

* The 2015 figures have been restated to reflect the adjustments to business combination fair values and revision to contingent consideration payables.

FINANCIAL REVIEW AND OUTLOOK

FINANCIAL REVIEW

GROUP	Financial Year ended 31 March 2016 S$'000	2015 S$'000	Change %
Revenue	**1,151,542**	919,582	25.2
Operating profit	**284,259**	186,365	52.5
Share of profit of associated companies and joint ventures	**9,066**	6,660	36.1
Net profit	**248,910**	157,611	57.9
Underlying net profit[1]	**153,568**	160,179	(4.1)
Basic earnings per share (S cents)	**10.86**	6.85	58.6
Underlying earnings per share (S cents)	**7.13**	7.69	(7.3)

Note:

(1) Underlying net profit is defined as profit after tax and non-controlling interest, before one-off items such as gains and losses on sale of investments, property, plant and equipment and M&A related professional fees.

The Group crossed the revenue milestone of S$1 billion for the full year ended 31 March 2016. Full year revenue of S$1.2 billion grew 25.2% while underlying net profit declined slightly by 4.1% to S$153.6 million, due mainly to the impact of loss of rental income arising from Singapore Post Centre (“SPC”) retail mall redevelopment.

REVENUE	Financial Year ended 31 March 2016 S$'000	2015 S$'000	Change %
Mail	**499,802**	500,252	(0.1)
Logistics	**625,972**	464,758	34.7
Retail & eCommerce	**160,660**	92,002	74.6
Inter-segment eliminations	**(134,892)**	(137,430)	(1.8)
	1,151,542	919,582	25.2

Revenue grew 25.2% for the full year ended 31 March 2016, with continued growth in eCommerce-related activities and the inclusion of new subsidiaries.

In the Mail segment, revenue declined marginally for full year, as a result of the deconsolidation of subsidiaries divested during the year. Excluding the impact of the divestments, Mail revenue would have grown 6.7% against last year, largely driven by higher International mail revenue as a result of increased cross-border eCommerce-related deliveries.

FINANCIAL REVIEW AND OUTLOOK

For the full year, Logistics revenue rose 34.7% on the back of growing contributions from eCommerce logistics activities as well as the inclusion of new subsidiaries.

In Retail & eCommerce, revenue increase of 74.6% was attributable to growth in eCommerce revenue as well as the consolidation of new US subsidiaries Trade Global from 14 November 2015 and Jagged Peak from 8 March 2016.

Rental and property-related income decreased 10.3% from S$43.9 million to S$39.4 million. This was due to lower retail rental revenue following the commencement of the redevelopment of SPC retail mall, which is due for completion by mid-2017.

Miscellaneous income amounted to S$121.2 million for the full year. This included one-off gains from the disposals of subsidiaries, associates and an available-for-sale investment totalling S$112.1 million.

Total expenses increased 31.0%, in tandem with the inclusion of new subsidiaries and growth in business volumes.

Labour and related expenses were higher with annual salary increments and additional headcount from new subsidiaries and the Group's growth initiatives.

The increase in volume-related expenses was in line with higher international traffic volumes, increased business activities and inclusion of new subsidiaries.

Administrative and other expenses increased as a result of higher property related expenses such as warehouse rental costs, and higher M&A related expenses.

Depreciation and amortisation expenses were lower due to a write-off of intangible asset last year.

Finance expenses increased S$6.0 million due to higher non-trade related foreign exchange translation differences and higher interest expense on higher average borrowings.

	Financial Year ended 31 March		
	2016	**2015**	**Change**
OPERATING PROFIT	**S$'000**	**S$'000**	**%**
Mail	**147,775**	143,989	2.6
Logistics	**37,696**	21,542	75.0
Retail & eCommerce	**2,249**	9,746	(76.9)
Others	**96,539**	11,088	@
Operating profit	**284,259**	186,365	52.5
Add: Fair value (gain)/loss on investment properties	**–**	(5,163)	N.M.
Add: One-off items	**(95,342)**	9,878	N.M.
Underlying operating proft	**188,917**	191,080	(1.1)

FINANCIAL REVIEW AND OUTLOOK

For the full year, operating profit included one-off gains from the divestment of subsidiaries, associates and an available-for-sale investment. Excluding all one-off items, underlying operating profit marginally decreased 1.1% despite the loss of retail rental income.

Mail operating profit increased on the back of higher volumes from eCommerce-related deliveries, as well as continued focus on productivity and efficiency, particularly with investments in mail infrastructure.

In Logistics, operating profit grew strongly by 75.0% for the full year, with contributions from new subsidiaries and increased eCommerce logistics activities, as well as improved operating efficiency with integration of new subsidiaries into the Group's eCommerce logistics network.

Retail & eCommerce operating profit was impacted by lower contributions from agency services and investments in eCommerce capabilities in Asia Pacific and the US to accelerate customer acquisitions.

The Others segment included one-off gains from the divestments made by the Group during the year. Excluding the one-off items, operating profit was mainly impacted by lower retail rental contributions as a result of the redevelopment of SPC retail mall.

Share of profit of associated companies and joint ventures improved against last year, mainly on higher contributions from Efficient E-Solutions and 4PX.

Net profit attributable to equity holders was up 57.9% for the full year, boosted by one-off divestment gains. Excluding one-off items, underlying net profit was lower by 4.1% from S$160.2 million to S$153.6 million due to the impact of loss of rental income arising from the SPC retail mall redevelopment and higher finance expenses.

	Financial Year ended 31 March		
	2016	**2015**	**Change**
CASH FLOW	**S$'000**	**S$'000**	**%**
Net cash inflow from operating activities	**131,356**	235,002	(44.1)
Net cash used in investing activities	**(457,010)**	(235,917)	93.7
Net cash (used in) / provided by financing activities	**(131,846)**	180,625	N.M.
Net (decrease) / increase in cash and cash equivalents	**(457,500)**	179,710	N.M.
Cash and cash equivalents at beginning of year	**584,140**	404,430	44.4
Cash and cash equivalents at end of year	**126,640**	584,140	(78.3)
Free cash flow	**(148,386)**	130,588	N.M.
Cash capital expenditure as a percentage of revenue	**24.3%**	11.4%	

FINANCIAL REVIEW AND OUTLOOK

Operating activities

Net cash inflow from operating activities for the full year amounted to S$131.4 million. Working capital for the full year declined S$95.4 million against last year due mainly to higher receivables as a result of increased eCommerce-related volumes (S$29.7 million) and a one-off receipt of S$58.0 million relating to a postassurance collaboration last year.

Investing activities

Net cash outflow for investing activities was S$457.0 million, compared to S$235.9 million last year. Capital expenditure of S$279.7 million for the full year comprised expenditure for the construction of the eCommerce Logistics Hub, acquisition of Toh Guan building and redevelopment of SPC retail mall. In addition to capital expenditure, the Group also invested S$321.8 million to acquire new subsidiaries and associated companies. These were partly offset by receipts of S$145.2 million from the disposals of subsidiaries, associates and an available-for-sale investment.

Financing activities

Net cash outflow from financing activities was S$131.8 million, compared to net cash inflow of S$180.6 million last year, largely due to proceeds from its share issue to Alibaba Investment Limited. During the financial year ended 31 March 2016, the Group mainly paid dividends of S$167.0 million and received net proceeds from bank loans of S$41.1 million.

Free cash flow

For the financial year ended 31 March 2016, the Group's free cash flow (operating cash flow less capital expenditure) was an outflow of S$148.4 million versus an inflow of S$130.6 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 and the subsequent SGXNET announcement dated 8 October 2015. The proceeds are being deployed for capital expenditure such as the development of the eCommerce Logistics Hub, upgrade of information technology systems, and M&A investments to grow the eCommerce Logistics network.

FINANCIAL REVIEW AND OUTLOOK

Group Debt And Perpetual Securities	Financial Year ended 31 March 2016 S$'000	2015 S$'000	Change %
Total debt	**280,272**	238,327	17.6
Net (cash) / net debt	**153,632**	(345,813)	N.M.
Total debt plus perpetual securities*	**627,098**	585,153	7.2
Net debt plus perpetual securities*	**500,458**	1,013	@
Net debt plus perpetual securities to ordinary shareholders equity (%)*	**41.6%**	0.1%	
EBITDA to interest expense (number of times)	**42.1**	36.4	

* Presented for comparative purposes.

Total debt plus perpetual securities comprised mainly S$200 million 10-year Fixed Rate Notes issued in March 2010, S$350 million senior perpetual cumulative securities issued in March 2012 and short-term borrowings. Net debt plus perpetual securities to ordinary shareholders equity ratio increased to 41.6 per cent as at 31 March 2016 from 0.1 per cent a year ago due to lower cash balances. Interest coverage ratio (EBITDA to interest expense) remained high at 42.1x.

DIVIDEND

Given the Group's steady cash flows, the Board of Directors is recommending a final dividend of 2.5 cents per share for the financial year ended 31 March 2016. Together with the interim dividend payments of 1.5 cents per share for each of the first three quarters, the annual dividend in respect of the current financial year would amount to 7 cents per share.

	cents per share
Interim Q1	1.50 cents
Interim Q2	1.50 cents
Interim Q3	1.50 cents
Proposed final	2.50 cents
Total dividends paid and proposed in relation to FY 2015/16	7.00 cents

Barring unforeseen circumstances, the Company aims to make a total annual dividend payout of 7 cents per share. This will continue to be paid on a quarterly basis.

FINANCIAL REVIEW AND OUTLOOK

OUTLOOK

While the Group continues to face pressures of declining letter mail in the traditional postal business, it is making good progress on its transformation into a global eCommerce logistics player.

The acquisitions of TradeGlobal and Jagged Peak in the US enabled SingPost to expand its eCommerce presence globally. With the expansion of the Group's eCommerce logistics network, eCommerce-related revenues are expected to grow, while the shift in business mix will lead to a decline in margins on a blended basis.

Under SingPost and Alibaba Investment Limited's Joint Strategic Business Development Framework, eCommerce volumes have grown as both parties continue to grow business collaboration.

The Group had entered into a conditional joint venture agreement with Alibaba Investment Limited where the latter will acquire a 34% stake in Quantium Solutions International Pte Ltd. Given business opportunities arising from related investments, both parties are working to finalise the joint venture by 31 October 2016.

The Group had also announced a new share issue of 5% of its existing share capital to Alibaba Investment Limited. A longer time is required to fulfil the conditions precedent, hence, the Group and Alibaba Investment Limited have mutually agreed in writing to extend the long-stop date to 31 October 2016.

The ongoing development of SPC Retail Mall is progressing well and is expected to be completed by mid-2017. The Regional eCommerce Logistics Hub was topped out in March 2016 and is expected to be operational by July 2016.

As the Group progresses with its transformation initiatives, it will continue developing a global eCommerce logistics ecosystem and extracting synergies from the recent acquisitions.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company recognises corporate governance as being essential for the long term sustainability of the Group's businesses and performance, and has appointed Heidrick & Struggles to undertake the Corporate Governance Review.

SingPost has complied in all material respects with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (2012 Code) and will implement the recommendations of the Special Audit together with the outcome of the corporate governance review. Corporate governance is a continuing journey and the Board and Management of SingPost are fully committed to continue 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

The Board is collectively responsible for the long-term success 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 approves financial results for release to the Singapore Exchange Securities Trading Limited (SGX-ST), the appointment of directors and key management staff, and changes in the composition and terms of reference of Board Committees.

There is a framework of internal controls which sets 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 following table. 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	Assists the Board in overseeing the management of the business and affairs of the Group, in particular with the review and approval of investments and divestments within the threshold limits delegated to it by the Board.	Mr Lim Ho Kee (Chairman) Dr Wolfgang Baier Mr Goh Yeow Tin Mr Michael James Murphy Mr Tan Yam Pin
Nominations Committee	Assists the Board in the selection, nomination, appointment and re-appointment of directors, succession planning, evaluation and training and making recommendations to the Board on key staff appointments.	Mr Zulkifli Bin Baharudin (Chairman) Mr Lim Ho Kee Mr Soo Nam Chow
Compensation Committee	Assists the Board in developing an appropriate compensation and remuneration framework to attract and retain talent.	Mr Tan Yam Pin (Chairman) Mr Bill Chang York Chye Mr Zulkifli Bin Baharudin
Audit Committee	Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.	Mr Soo Nam Chow (Chairman) Mr Tan Yam Pin Mr Zulkifli Bin Baharudin
Board Risk and Technology Committee	Assists the Board in maintaining a sound system of risk management and material controls to safeguard shareholders' interest and the assets of the Group; and assists the Board in fulfilling its oversight responsibilities on matters relating to technology and technology development.	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 regularly and as warranted to discuss and resolve matters requiring the Board's approval. For the financial year ended 31 March 2016, the Board met a total of seven times. 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 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. For the financial year ended 31 March 2016 however, in order to ensure clear alignment and continuity in execution, the Board strategy workshop has been postponed and will be held when both the new chairman and new group chief executive officer are on the Board. 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 all 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 meetings in person can participate by telephone. Decisions of the Board or a Board Committee may also be obtained via circular resolution. To facilitate a more effective oversight on Management, non-executive directors set aside time at meetings for discussions 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.

CORPORATE GOVERNANCE REPORT

The attendance of each director at Board meetings and Board Committee meetings for the financial year ended 31 March 2016 is as follows:

	BOARD	EXECUTIVE COMMITTEE	NOMINATIONS COMMITTEE	COMPENSATION COMMITTEE	AUDIT COMMITTEE	BOARD RISK AND TECHNOLOGY COMMITTEE
Number of Meetings Held	**7**	**13**	**2**	**3**	**9**	**4**
Name						
Lim Ho Kee[(1)]	7/7	13/13	2/2	–	–	–
Goh Yeow Tin[(2)]	7/7	13/13	–	3/3	–	–
Dr Wolfgang Baier	7/7	10/13	–	–	–	–
Bill Chang York Chye	7/7	–	–	3/3	–	3/4
Chen Jun	5/7	–	–	–	–	–
Aliza Knox	6/7	–	–	–	–	4/4
Professor Low Teck Seng	7/7	–	–	–	–	4/4
Michael James Murphy[(3)]	6/7	0/1	–	–	–	2/4
Soo Nam Chow	7/7	–	2/2	–	9/9	–
Tan Yam Pin[(4)]	7/7	12/13	–	3/3	9/9	4/4
Keith Tay Ah Kee[(5)]	6/7	13/13	2/2	–	5/9	–
Zulkifli Bin Baharudin[(6)]	7/7	–	2/2	3/3	9/9	–

Notes

(1) Mr Lim Ho Kee stepped down as chairman of the Board on 10 May 2016.

(2) Mr Goh Yeow Tin stepped down as chairman and member of the Compensation Committee on 1 January 2016 when he assumed an executive role.

(3) Mr Michael James Murphy was appointed member of the Executive Committee on 16 November 2015.

(4) Mr Tan Yam Pin was appointed chairman of the Compensation Committee on 1 January 2016 in place of Mr Goh Yeow Tin who stepped down as chairman and member when the latter assumed an executive role.

(5) Mr Keith Tay Ah Kee recused himself from Audit Committee meetings held on 5 January, 3 February, 18 March and 21 March 2016 which discussed the Special Audit. He stepped down as chairman of the Nominations Committee on 8 April 2016 and as member of the Nominations Committee on 9 May 2016. He also stepped down as member of both the Audit Committee and Executive Committee on 9 May 2016. Mr Keith Tay Ah Kee resigned from the Board on 12 May 2016.

(6) Mr Zulkifli Bin Baharudin was appointed chairman of the Nominations Committee on 8 April 2016 in place of Mr Keith Tay Ah Kee who stepped down as chairman of the Nominations Committee.

Board Induction and Training

In addition to a formal letter to each newly appointed director stating the director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules, the Company has in place a compulsory orientation programme to familiarise incoming directors 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.

Existing 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. 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.

Board Composition

The Board comprises 12 directors, half of whom are independent. Excluding the Group CEO, Dr Wolfgang Baier, and Mr Goh Yeow Tin, who was appointed Executive Director upon the announcement of the Group CEO's intention to resign from the Company, all the other directors are non-executive directors. Profiles of the directors can be found on pages 12 to 16 of this Report.

Collectively, the directors provide an appropriate balance and diversity of skills, experience, gender and knowledge. They have 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 nevertheless continues to review its size and composition. In particular, the Board has on 31 March 2016 appointed Heidrick & Struggles to conduct an extensive corporate governance review which includes a review of Board composition. The recommendations from this corporate governance review will assist the Board to strengthen the bench with the right talent and skills to be future ready.

Mr Keith Tay Ah Kee has resigned from the Board with effect from 12 May 2016. Mr Goh Yeow Tin has on 24 May 2016 given notice of his intention to resign from the Board with effect from 24 June 2016. Mr Lim Ho Kee and Mr Tan Yam Pin, both long standing directors will not be seeking re-appointment to the Board at the AGM. Together with the changes in the Board chairman and Group CEO, the Board is undergoing a comprehensive Board renewal exercise. The Board is confident that by acting upon recommendations from the timely and thorough corporate governance review, new appointments to the Board will strongly enhance the Board in achieving a collective optimum in the diversity of relevant skills, experience, gender and knowledge.

Review of Directors' Independence

Taking into account the views of the Nominations Committee, the Board determines the independence of each director on an annual basis and as and when circumstances require, based on the guidelines provided in the 2012 Code. Each director is required to complete a director's independence checklist of himself/herself. The Nominations Committee reviews the checklists in arriving at its recommendations to the Board on the independence of directors.

Three directors have served on the Board for more than nine years from the respective dates of their first appointment namely Mr Lim Ho Kee, Mr Keith Tay Ah Kee and Mr Tan Yam Pin.

The independence of directors who served on the Board beyond nine years was subjected to rigorous review. Aon Hewitt, an international company whose core competence includes the provision of consulting services on board performance, was appointed as external facilitator to conduct the annual Board effectiveness assessment. As part of the assessment, the views of the other directors were sought regarding the independence of those directors who had served over nine years. The Board was unequivocal in its view that all three directors were strongly independent in thought, judgement and action. As mentioned above, Mr Keith Tay Ah Kee has resigned from the Board, and Mr Lim Ho Kee and Mr Tan Yam Pin have informed the Board of their respective intentions not to seek re-appointment at the AGM. In the circumstances, at the coming AGM, the Board will not include any member who has served for more than nine years.

Based on the recommendations of the Nominations Committee, 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, Mr Michael James Murphy and Mr Goh Yeow Tin, all the other 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 Group and the Postea Group. Mr Goh Yeow Tin was appointed executive director of the Company on 1 January 2016.

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. The respective roles of Chairman and Group CEO have always been kept separate in the Company 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 to ensure its effective and comprehensive deliberations on matters brought to the Board, including strategic issues, talent management and succession planning. The Chairman has a leadership role in driving the transformation of the Group. He provides Management with oversight advice and guidance on the strength of his in-depth understanding of the Group's diverse businesses, the industry, its partners and the geographical regions in which the Group operates. The Chairman sets the agenda for Board meetings and ensures complete and accurate information is provided to the Board to facilitate good decision-making, in particular on strategic issues. The Chairman 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 shareholder meetings, the Chairman ensures constructive dialogue between shareholders, directors and Management.

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). The Company duly sought and obtained the approval of regulators to appoint Mr Simon Israel whose appointment as director and chairman was effective 11 May 2016.

Lead Independent Director

Mr Keith Tay Ah Kee relinquished his position as the Lead Independent Director upon the announcement of the Special Audit Report on 3 May 2016.

An independent director is to be appointed as Lead Independent Director where the Chairman is not an independent director. By reason of his role as director and chairman of the board of Singapore Telecommunications Limited which holds more than 10 per cent of the total voting shares in SingPost, Mr Simon Israel is a non-independent director. The independent directors are in the process of and shall shortly be appointing from their midst a Lead Independent Director to be available to shareholders as an alternate channel, 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. The Lead Independent Director will also lead the other independent directors to meet periodically without the presence of the other directors and provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

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

Nominations Committee

The Nominations Committee currently comprises three directors, all of whom, including the chairman, are non-executive and are independent. 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

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 whereupon the Board will deliberate on the recommendation. 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.

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 Constitution requires newly appointed directors to retire and stand for re-election at the AGM immediately following their appointment (new directors re-election rule). The Constitution also requires a director to retire and stand for re-election at the AGM if, were he or she not to do so, he or she would at the next AGM have held office for more than three years (over three years re-election rule). Finally, the Constitution requires 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 (1/3 rotation rule). Pursuant to the foregoing, six directors will retire, four of whom will submit themselves for re-election/re-appointment at the forthcoming AGM:

Name	Retiring and standing for re-appointment/re-election pursuant to:
Mr Simon Israel (appointed on 11 May 2016)	new directors re-election rule [Article 97]
Ms Aliza Knox (last re-elected in 2014)	1/3 rotation rule [Article 91(b)]
Mr Soo Nam Chow (last re-elected in 2014)	1/3 rotation rule [Article 91(b)]
Mr Zulkifli Bin Baharudin (last re-elected in 2014)	1/3 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. Aon Hewitt, an international consultancy firm that specialises in human capital, with a core competence in board performance evaluation, was appointed as an external facilitator to assess the effectiveness of the Board as a whole, the Board Committees and the directors. Aon Hewitt has no connection with SingPost or any of its directors, other than as its advisor on Board effectiveness.

The view on the Board's effectiveness was formed by looking at various criteria that included: Board composition, information management, Board processes, integrity and corporate social responsibility, managing company's performance, strategy and priorities and risk management. As part of the process, the directors completed online surveys administered by Aon Hewitt providing input on Board and Board Committees as well as self and peer evaluation. The directors were also interviewed by Aon Hewitt to enable confidential feedback to be received.

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

Board members require timely access to complete and adequate information in order to be effective. 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, and do seek additional information from Management as and when needed to make informed decisions. Management does its best to meet such requests in a timely manner.

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 Constitution 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. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board, its Board Committees and between Management and non-executive directors.

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 currently comprises three directors, all of whom are non-executive and the majority of whom are independent. The chairman of the Compensation Committee is an independent director.

The Compensation Committee plays an important role to ensure talent is attracted and retained. It meets yearly to discuss 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. The directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders at the AGM. For the financial year ended 31 March 2016, two pro tem committees were established namely the Corporate Governance Review Committee and the GCEO Search Committee. The Board has decided that no additional fee shall be paid to Board members in respect of the two pro tem committees.

The Group CEO, who is an executive director, is not paid a director's fee. The employment contract of the Group CEO is for a fixed appointment period. 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.

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 2016 is as listed below:

							SingPost Share Option Scheme[6]		SingPost Restricted Share Plan[6]	
Name of Directors	**Fixed Component[1] (S$'000)**	**Variable Component[2] (S$'000)**	**Directors' Fees (S$'000)**	**Provident Fund[3] (S$'000)**	**Benefits[4] (S$'000)**	**Total Compensation[5] (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
S$2,750,000 to below S$3,000,000										
Dr Wolfgang Baier	860.3	1,780.0	–	–	142.5	2,782.8	3,000.0	542.4[10]	–	–
S$250,000 to below S$500,000										
Lim Ho Kee	–	–	314.6	–	1.5	316.1	–	–	–	–
Below S$250,000										
Goh Yeow Tin[7]	120.0	–	98.0	1.6	0.4	220.0	–	–	–	–
Bill Chang York Chye	–	–	105.6	–	–	105.6	–	–	–	–
Chen Jun	–	–	61.0	–	–	61.0	–	–	–	–
Aliza Knox	–	–	87.0	–	–	87.0	–	–	20.5	38.8[11]
Professor Low Teck Seng	–	–	133.2	–	–	133.2	–	–	80.5	152.1[11]
Michael James Murphy[8]	–	–	98.9	–	–	98.9	–	–	–	–
Soo Nam Chow	–	–	131.6	–	–	131.6	–	–	–	–
Tan Yam Pin[9]	–	–	216.7	–	1.5	218.2	–	–	–	–
Keith Tay Ah Kee	–	–	191.2	–	1.5	192.7	–	–	–	–
Zulkifli Bin Baharudin	–	–	135.2	–	1.5	136.7	–	–	–	–

NOTES

(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2016.
(2) Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2016.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.
(4) Benefits are stated on the basis of direct costs to SingPost. These include medical benefits, flexible benefits, car allowance and housing benefits, where applicable.
(5) Total Compensation excludes the value of share options and restricted shares.
(6) The option/restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model/Adjusted Share Price Model.
(7) Mr Goh Yeow Tin was appointed as Deputy Chairman on 12 May 2015 and Executive Director on 1 January 2016. He stepped down as chairman and member of the Compensation Committee on 1 January 2016.
(8) Mr Michael James Murphy was appointed as an additional member of the Executive Committee on 16 November 2015.
(9) Mr Tan Yam Pin was appointed as the chairman of the Compensation Committee on 1 January 2016.
(10) The three million share options have been cancelled.
(11) Share awards were granted in lieu of cash payment for the directors' fees of Ms Aliza Knox and Professor Low Teck Seng for the financial year ended 31 March 2015.

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 2016.

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.

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.

Share-based Incentives

Share-based incentives are granted to align staff's interests with those 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 can be found in the "Directors' Statement" 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' Statement" 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 2016:

						SingPost Share Option Scheme[6]	
Name of Executive	**Fixed Component[1] %**	**Variable Component[2] %**	**Provident Fund[3] %**	**Benefits[4] %**	**Total Compensation[5] %**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
S$500,000 to below S$750,000							
Marcelo Wesseler *Chief Executive Officer, SP Commerce*	69	14	3	14	100	2,117.0	382.8
Dr Sascha Hower *Group COO & Chief Executive Officer, Quantium Solutions*	63	26	0	11	100	818.0	147.9
Woo Keng Leong *Chief Executive Officer, Postal Services*	64	29	1	6	100	818.0	147.9
Ramesh Narayanaswamy *Group Chief Information Officer*	69	22	3	6	100	382.0	69.1
S$250,000 to below S$500,000							
Mervyn Lim Sing Hok[7] *Deputy Group CEO (Corporate Services) & Group CFO*	89	0	2	9	100	–	–

NOTES

(1) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the year ended 31 March 2016.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2016.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.
(4) Benefits are stated on the basis of direct costs to SingPost. These include medical benefits, flexible benefits, car allowance, international assignment package, long service awards 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 of share options granted in the financial year ended 31 March 2016.
(7) Mr Mervyn Lim Sing Hok joined SingPost on 1 September 2015.

C ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting the Group's annual and quarterly financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Management provides the Board with management accounts and other financial statements on a monthly basis.

Principle 11: Risk Management and Internal Controls

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

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

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

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

The Group CEO or Executive Director 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 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 strategic, business, operational, 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 Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO, 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 2016 to address the risks which the Group considers relevant and material to its operations and finances.

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 2016 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 Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO who is also the Covering Group CEO. However, there are some areas requiring improvement as identified by the Special Audit that was commissioned by the Company in January 2016 on the acquisitions of three entities of the Famous Group. Details of these areas for improvement are disclosed in the Special Auditors' executive summary report that was published on the SGXNET on 3 May 2016. The Board accepts the Special Auditors' recommendations and will ensure these recommendations are implemented.

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, fraud 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.

The Audit Committee currently comprises three directors all of whom are non-executive. The chairman of the Audit Committee and all other members are independent directors. 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 weakness is 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 2016, as well as the auditors' reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Audit Committee.

The Audit Committee has reviewed with Management all the non-audit services provided by the external auditors to SingPost and the Group in the financial year ended 31 March 2016. 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, the Group CFO and the external auditors on changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group has in place whistle-blowing policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports received must be sent to the Group's internal audit function. All whistle-blowing reports received and findings of the investigations are reported to the Audit Committee. Details of the whistle-blowing policies, arrangements and procedures for raising such concerns are posted on the SingPost 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 would also report administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

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

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

D SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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

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. For the financial year ended 31 March 2016, SingPost engaged about 240 investors through meetings and conference calls. Investor meetings and calls were conducted by senior management and the investor relations team.

SingPost's dividend policy is communicated to shareholders. It expects to make a total ordinary dividend payout of seven cents per share per annum, barring unforeseen circumstances.

Principle 16: Conduct of Shareholder Meetings

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

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

CORPORATE GOVERNANCE REPORT

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 or her behalf.

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. These are 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 Constitution 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 corporate governance and disclosure compliance, 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	(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.	SingPost has complied in all material respects with the principles and guidelines set out in the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
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 Management to optimise operational efficiency.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	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.
	(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.	The current composition of the Board provides diversity of skills, experience, gender and knowledge. The profiles of the directors can be found on pages 12 to 16 of this Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Board membership is refreshed progressively. Three directors who have served for more than nine years will no longer be on the Board after the coming AGM. The Board has appointed external consultant Heidrick & Struggles to conduct a corporate governance review which addresses Board composition and examines the current balance and diversity of skills, experiences, gender and knowledge. The Board will adopt the recommendations when appointing new directors in order to achieve the balance and diversity necessary to maximise its effectiveness.

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

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, new directors are given formal training. (i) 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, presentations by senior management on their respective businesses, directions and corporate governance practices and site visits. 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 the new director to get to know members of senior management and to ask questions.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(ii) Existing Board directors are kept informed of changing commercial risks faced by the Group. 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.
Guideline 4.4	(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?	The Board has not prescribed a maximum number of listed company board representations that a director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	Determining the maximum number of listed company board representations which a director may hold has no direct bearing on the ability of a director to dedicate sufficient time and attention to the Company. Much depends on the director's level of involvement in these other listed companies, other principal commitments which may not involve listed companies and the level of efficiency of the individual. The Board therefore 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.
	(c) What are the specific considerations in deciding on the capacity of directors?	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 tasked with ensuring that directors have accorded 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 so doing, the Nominations Committee will consider the other directorships held by the directors and their principal commitments.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	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.
	(b) Has the Board met its performance objectives?	The view on the Board's effectiveness was formed by looking at various criteria that included: Board composition, information management, Board processes, integrity and corporate social responsibility, managing company's performance, strategy and priorities and risk management. As part of the process, directors completed an online survey administered by Aon Hewitt. Directors were also interviewed by Aon Hewitt separately to enable confidential feedback to be received. The Board believes that it has met its performance objectives.
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.	The Board as at 10 May 2016 had 12 directors, seven of whom were independent. This ratio amply complies with the Code's requirement that independent directors make up at least one third of the Board.
Guideline 2.3	(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.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
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.	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 the Board effectiveness assessment, Aon Hewitt was tasked with seeking the views of the directors on the independence of these three directors. All other directors expressed a clear view that the three directors were independent in their thinking and behaviour, taking into account what was best for the Company and the broad range of stakeholders. Taking into account the need for progressive refreshment after the coming AGM, the Board will not include any director who has served for more than nine years.

Guideline	Questions	How has the Company complied?
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 52 of this Report.
Guideline 9.3	(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?	Yes, particulars of which can be found on page 54 of this Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Approximately S$3.5 million for the top five key executives which includes fixed and variable pay, benefits, CPF and fair value of long-term incentive grants.
Guideline 9.4	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.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	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.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Information on the remuneration of the Group CEO and key management personnel can be found at pages 52 and 54 of this Report and in Note 34 of the Notes to the Financial Statements which can be found on page 189 of this Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Not all performance conditions were met due to stretched targets and market performance beyond Management's control.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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?	New directors are provided information on the Company's businesses as part of the Induction Programme as well as the opportunity to ask Management questions. The Board is provided information on a regular basis regarding media reports on the Company, its competitors and the relevant industries. Annually, when the Board participates in a Board strategy workshop with Management, much information on the business is shared by Management with the Board in order to facilitate planning of the Group's longer term strategy. Board papers are submitted to the Board prior to Board and Board Committee meetings for approval and for information and these contain relevant information regarding the Company to facilitate the discussions at these meetings. 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.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The Company has an internal audit function. 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.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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.	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, 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, operational, 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 2016 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 Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO. 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.

Guideline	Questions	How has the Company complied?
	(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?	The Board has received written assurance from the Executive Director and the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO 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 2016 to address the risks which the Group considers relevant and material to its operations and finances.
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.	As disclosed in SGX Listing Manual Requirements, which can be found on page 215 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 2016: S$'000 Audit fees paid / payable: 1,298 Non-audit fees paid / payable: 974
	(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.	Non-audit fees amount to 42.9% of the total fees paid / payable to the auditors of the Company. The Audit Committee is of the opinion that the non-audit services provided by the auditors would not affect their independence.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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?	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.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	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?	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 FY2015/16, SingPost engaged about 240 investors through meetings and conference calls. Investor meetings and calls were conducted by senior management and the investor relations 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 2016, 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 4.5 cents per ordinary share already paid out, this would bring SingPost's total dividend per ordinary share to 7 cents per ordinary share.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

SingPost has been providing vital services in Singapore for more than 150 years. We have since grown into a global organisation spanning 19 markets and employing more than 7,000 people. We are committed to conducting business that benefits the economic, social and environmental interests of those we serve, recognising that our enduring success is intertwined with the well-being of the communities in which we operate.

RISK MANAGEMENT

Business risk arises from many sources. Some risks are controllable and ought to be eliminated, while others may be accepted strategically to generate superior returns. Certain risks are beyond our influence and control and may only be mitigated. Our risk management strategy involves assessing and balancing risk probabilities, providing for reasonable contingencies without incurring unnecessary precautionary expenditures. Recognising that it is not possible to be completely prepared for every outcome, our risk management philosophy is to be prepared sufficiently so that we will not be caught out by devastating developments.

We have outlined our risk governance structure and framework in the Corporate Governance Report, which details our risk management processes and internal controls. In this section, we identify the key risks to our assets and the interests of our shareholders.

- **Post-merger integration**
  After making several acquisitions and investments to strengthen our eCommerce logistics capabilities and reach, SingPost has entered a pivotal stage of its transformation journey. Successful integration of these subsidiaries and associated companies is crucial to optimising scale and synergy benefits envisioned in our investment decisions, while avoiding risks of talent flight and corporate culture misfit. To mitigate these risks, a task force was set up in early December 2015, supported by senior management. The task force will oversee the integration of the business and operations flows of the acquired entities with the goal of accelerating growth of SingPost's global eCommerce logistics business, while enhancing sustainability of our mail business.

- **Personal Data Protection Act (PDPA) compliance**
  We conduct electronic training programmes on complying with the Personal Data Protection Act, and send periodic email announcements to all SingPost staff, highlighting the importance of complying to the PDPA, and reminding them to refer to the SingPost PDPA handbook which is accessible on our intranet by all staff. We will be adding PDPA compliance instructions in briefing materials for new staff.

- **Cyber threats**
  SingPost recognises the threats and potential damage from cyber attacks and invests in people, processes and technology to minimise cyber exposures and mitigate risks. We have in place a four-prong total defence strategy: identification (of signs of attacks and vulnerabilities of SingPost's IT infrastructure), detection, prevention and reaction. We conducted a cyber security awareness workshop for senior management to help them better appreciate the origins, motivations and forms of cyber attacks, especially at the enterprise level. We will be running the workshop for board members as well.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

- **Technology implementation**
  A robust technological backbone is a critical component of SingPost's transformation into a global eCommerce logistics provider. In developing and investing in technology, there are associated risks, including the implementation of new infrastructure, data security and continuity of critical IT facilities and systems.

  Technology failure can disrupt business operations, impact corporate reputation and lead to financial loss. To mitigate such risks, the Board Risk and Technology Committee, comprising mainly members with core competencies in the field of technology, oversees our technology and IT strategy for acquisitions, investments and capital expenditure. The committee reviews and evaluates plans, policies and proposals relating to IT matters, the progress of major IT projects, and the management of IT risks, and makes recommendations to the Board accordingly. Execution is reviewed monthly by Management.

- **Postal regulatory compliance and declining mail business**
  As the designated Public Postal Licencee, we operate 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.

  Along with global postal industry trends, we face declining letter mail volumes amid 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.

  To ensure we meet the obligations and uphold service quality standards as the Public Postal Licensee, SingPost has launched several initiatives as part of a transformation programme to beef up our role as a trusted postal services provider. We have invested in our postal infrastructure to enhance service quality and productivity. On top of upgrading our mail sorting infrastructure, we are replacing our two-wheel scooters with three-wheelers. These have greater load capacity, boosting productivity of our postmen. We also review our processes regularly and conduct quality control checks at operational areas and delivery points.

- **Ensuring operational readiness**
  We ensure operational readiness through business continuity planning. Systems are in place for business operations to respond effectively to potential crises and threats, and to minimise impact on resources and operations. In addition, our crisis management and communication plans are reviewed and refined periodically, and updated into various business continuity plans. This enables us to respond to crises in an organised and efficient manner, and expedite the recovery process.

  For example, in the event of dense haze, there is a crisis management team with action plans for specific groups of staff at risk. Preparations include earmarking recovery centres in operational facilities, and stocking up masks and eye drops for those working outdoors.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

INNOVATION AND PRODUCTIVITY

Innovation is the hallmark of SingPost's drive towards greater productivity and service excellence. FY2015/16 saw many breakthroughs that are transforming how we operate, enabling eCommerce opportunities for businesses, and creating new experiences for consumers the world over.

Together with the Infocomm Development Authority of Singapore (IDA), we conducted a successful trial using an Unmanned Aerial Vehicle for last-mile mail and eCommerce delivery. This was the world's first successful secure, recipient-authenticated aerial drone mail delivery by a postal service. SingPost is exploring drone technology to provide enhanced end-to-end solutions to facilitate urban logistics as well as tap on burgeoning eCommerce growth in Asia Pacific.

We integrated our eCommerce division with leading US-based eCommerce providers TradeGlobal and Jagged Peak to form a global eCommerce enabler for brands and retailers. Combining the technologies and logistics networks of the three entities, we now help companies enter and expand in the world's biggest and fastest growing eCommerce markets. We provide end-to-end solutions that span web store development and operations, global fulfilment, omni-channel order management, cross-border commerce, performance marketing, and customer care services.

Thanks to SingPost's partnership with eCommerce service aggregator Hubbed, online shoppers in Australia can now collect purchases, drop off parcels, and buy delivery products from a conveniently-located friendly neighbourhood newsagent. Hubbed's network of 680 newsagents covers every major city of the country. This collaboration is a significant enhancement to our eCommerce logistics ecosystem, providing customers with greater flexibility to pick up their parcels at any time and at their convenience.

SingPost also launched a collaboration with SATS to integrate our airport consignment outbound operations at Changi Airport. SATS' investment in a new automated facility is set to improve efficiency and space utilisation. The integration will enable single scanning and sorting, and remove the need to tow mail, parcel bags and pallets between facilities. This will enhance operational efficiency, including shorter cycle and connection times, and increase productivity. When fully operational, the SATS eCommerce AirHub is expected to achieve a productivity gain of more than 30 per cent.

SingPost began revamping in October 2015 its retail mall and office tower at Singapore Post Centre. The new mall will house online retailers and offline brick-and-mortar shops under one roof, harnessing eCommerce logistics solutions to give consumers a new retail experience that offers greater convenience and choice.

We completed construction of a regional eCommerce logistics hub in March 2016. The facility is expected to improve cost efficiency by between 30 and 40 per cent over the next 10 to 15 years. The three-storey, 51,358-square metre facility is the first of its kind in Southeast Asia. Equipped with cutting-edge technology, it will feature integrated automated warehousing equipment linked to parcel sorting systems that will automate processes from sorting, picking and packing to shipping and returns management. The hub will also serve as a living laboratory where new technologies can be tested jointly with technology providers and SingPost's clients.

Our innovation initiatives received much recognition in the year. We were presented a CIO Award in the innovation category by CIO Asia magazine for our EzyTrak project. This is believed to be the first Android phone application by a postal company that replaces proprietary handheld devices used by couriers in parcel collection and delivery.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

Our POPStation smart lockers garnered the top accolade in retail customer access at the 16th World Mail Awards. They offer an easy way for customers to pick up their parcels without the inconvenience of waiting for or missing deliveries. They also enable our couriers to fulfil multiple deliveries at one location, greatly enhancing their productivity. Our POPStation system has grown to about 140 locations and is one of the world's densest networks with just two kilometres on average between POPStations.

We won the 2015 Digital Innovation of the Year award at the Postal Technology International Awards for ezyCommerce. This cloud-based, fully integrated end-to-end eCommerce fulfilment solution handles everything from orders to last-mile delivery and returns. The service was extended to Australian retailers during the year.

ENVIRONMENT

SingPost values the environment in which it operates and has established green initiatives across our businesses.

We have installed about 140 POPStations across Singapore. The smart lockers enable our couriers to fulfil multiple deliveries at one location, reducing the distance they travel each month by 103,985 kilometres on average, thus curbing fuel use and carbon emissions.

We are replacing our delivery scooters with three-wheelers. These are fitted with bigger pannier boxes that allow our postmen to carry more items per trip, reducing the number of return journeys to delivery bases. Fuel use is further reduced through optimisation of delivery routes.

We adopt energy-saving practices for lighting and air-conditioning use and actively engage and educate our staff to conserve and recycle.

PEOPLE ARE OUR PRIDE

People are key to SingPost's transformation into a global eCommerce logistics company. To ensure that talent needs across the Group are met in the transition, we launched a new people strategy for a high performing and engaged workforce, with deep bench strength and a strong talent pipeline.

The new strategy, called P.R.I.D.E, has improved staff hiring, development, rewards and engagement. Employee referrals, for instance, increased by over 70 per cent during the year.

Policies across different human resource practices, such as performance management, learning and development, and compensation and rewards, are being integrated, resulting in greater consistency, focus and efficacy. It also affords us a lean and scalable human resource infrastructure.

We enhanced our onboarding programme to reduce assimilation time for new hires and help them become productive more quickly. The augmented programme runs over three months and introduces new staff to the people, culture and businesses of the company.

We revamped our performance management practice, including a new business-driven performance bonus plan, which will encourage greater alignment of staff goals and behaviour with the company's business objectives.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

As part of a holistic strategy to encourage personal and professional development, we ran programmes to raise awareness among staff about the national SkillsFuture initiative and promote participation in the scheme. Employing a range of channels to cater to the different needs of our staff, including briefings for postmen and other operational staff, we explained how SkillsFuture works and showcased the wide range of skills-related courses available.

In line with the Government's call for employers to provide a more pro-family work environment, we ran a pilot flexible work arrangement for more than 100 staff of the Group Technology team and secured the WorkPro Work-Life Grant from NTUC for the initiative.

Our staff social and recreation committee, Zest.O, launched several special interest groups to reach out to more staff members. These include a health and fitness club, movie club, and parenting club. Zest.O continues to run company-wide programmes every month, such as futsal and bowling competitions, and movie events that are extended to staff families. Zest.O secured the Health Promotion Board's workplace health promotion grant after organising a year of healthy lifestyle activities.

SingPost was recognised again for strong relations between its management and staff, receiving the 2015 May Day Model Partnership awards in both the institutional and HR categories. This longstanding win-win partnership was evident in strong union participation at company events such as the annual long service award ceremony and the symbolic breaking of fast with Muslim frontline staff. SingPost was also conferred two special recognition awards at the 2016 HRM Awards – for Best Silver Talent and Re-Employment Practices, and for Best Diversity and Inclusion Strategies. These accolades reflect SingPost's long-term commitment to our staff, who are integral to the company, and endorse the P.R.I.D.E. strategy that we have put in place.

During the year, the union concluded a special salary adjustment for postmen, on top of the regular annual service increment. This was to acknowledge the dedication of our postmen and our recognition that they remain core staff of SingPost. The salary adjustment will be repeated this year. Further enhancements on job and rewards structures are on track to be completed in the coming year, as are revamped talent, succession, learning and development, and career programmes. We want our staff to be clear about their career paths and development options, and will ensure they receive appropriate support for their progression at SingPost. The new initiatives will also facilitate sustainable business and people integration across the different entities in the Group and better position the Company on its journey to be an employer of choice.

WORKPLACE SAFETY AND HEALTH

SingPost is certified a bizSAFE level 3 organisation by the Workplace Safety & Health (WSH) Council of Singapore.

We are committed to a safe and healthy work environment and the SingPost Workplace Safety & Health Committee regularly assesses potential workplace hazards and reviews our risk control measures. During the year, we updated our workplace risk assessment incorporating Risk Management 2.0 requirements. The updated assessment included risk control measures for exposure to ergonomic risks, noise and fatigue management.

To instill a strong safety culture in the workplace, more than 50 line managers and supervisors attended courses on risk identification and developing risk management implementation plans.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

In accordance to WSH regulations for working at heights, 45 staff were trained and qualified to work and supervise tasks that are carried out at heights of two metres and beyond.

We have implemented a hearing conservation programme for staff working in the Mail Processing Centre. As they are exposed continuously to noise, we have appointed a noise control officer to train them on protecting their hearing. They are required to use ear plugs at work and go for annual audiometric tests.

In September and October 2015, we activated our haze management plan when the Pollution Standards Index fluctuated between the unhealthy and hazardous range. Outdoor delivery staff were required to take regular short indoor breaks to reduce exposure to the haze. They were issued with N95 masks and eye drops. High risk staff, those aged above 65 and those with medical conditions, were redeployed to indoor work.

We set up Company Emergency Response Teams (CERT) during the year, complying with statutory fire safety requirements. We appointed consultants to help develop an emergency response plan and arranged for 24 staff to receive training for their role as CERT members.

COMMUNITY

Beyond serving Singapore as the national postal company, SingPost uses its extensive delivery network to serve the community and further fulfil its responsibilities to society.

Food from the Heart, which serves children, senior citizens and low-income families, is our adopted charity. We deploy our postmen to collect unsold bread, pastries and cakes from hotels and confectioneries four days a week and distribute them to self-collection centres across the island. We sponsor food essentials every month to less privileged primary school students. Staff volunteers also donate, pack and distribute food goodie bags to needy elderly in Kolam Ayer.

We are a sponsor of the Green Carpet Awards, which organises for students nature walks that culminate in an annual photography competition. Partnering the National Parks Board, National Geographic magazine, and the Nature Photographic Society (Singapore), the awards engaged over 5,000 primary and secondary school students, with the aim of nurturing their love for nature and leadership in conservation.

Our Australian subsidiary, CouriersPlease, contributed to cyclone relief efforts in Fiji, raising money through a country-wide bake sale and delivering donations of clothes and other necessities to those in need. Funds raised were matched dollar for dollar and donated to the Australian Red Cross Society.

During the year, we supported the Temasek Cares “Stay Prepared” initiative, helping distribute starter kits comprising N95 masks to households.

We continue to match contributions by our staff to the Community Chest’s Care and Share programme dollar-for-dollar, and waive postage for the mailing of literature for the blind. We also support the Singapore Philatelic Museum for the upkeep and preservation of philatelic materials and exhibits, as well as in museum activities.

PROFILES OF KEY EXECUTIVES

MR MERVYN LIM SING HOK, 58
Deputy Group Chief Executive Officer (Corporate Services) & Group Chief Financial Officer

Mr Lim has more than 25 years of senior management experience in finance, general management and corporate secretarial practice that spans local and regional responsibilities as well as a wide range of industries, including retail, logistics, public transportation and mining. For more than 15 years, he was chief financial officer, chief operating officer and company secretary for listed companies such as TIBS Holdings (now part of SMRT Corporation), MPH Limited, Robinsons, FJ Benjamin and TT International Limited. He was a business advisor to small and medium sized enterprises and a full time university lecturer in finance, investment and banking for three years before he returned to the commercial sector. He graduated from the National University of Singapore with a Bachelor of Accountancy and has a Master of Business Administration from the University of Brunel (UK).

MR WOO KENG LEONG, 60
Chief Executive Officer, Postal Services

Mr Woo joined SingPost in 1980, when it was the Singapore Postal Services Department, on a posting as a Public Service Commission scholar. He has been responsible for transforming SingPost's postal business into one of the most efficient and admired postal service providers in the world. Mr Woo is focused on the quality of our postal services, as well as the sustainability of the mail business, which is the backbone of our eCommerce logistics services. He is also responsible for SingPost's international postal relationships. Mr Woo sits on the boards of DataPost Pte Ltd, Singapore Post Enterprise Private Limited, Quantium Solutions International Pte Ltd, SingPost eCommerce Logistics Holdings Pte Ltd, GD Express Carrier Berhad, Famous Holdings Pte Ltd, and the Singapore Philatelic Museum. He is also a member of Singapore's Stamp Advisory Committee. Mr Woo obtained a Bachelor of Arts with Honours from Nanyang University in Singapore, and has completed an International Post Office Management course in the UK.

DR SASCHA HOWER, 37
Group Chief Operating Officer & Chief Executive Officer, Quantium Solutions

Dr Hower is responsible for the operational transformation of SingPost. He leads the group's operations in Singapore and the region, under Quantium Solutions, the international arm for SingPost's eCommerce logistics business that has presence in more than 10 markets in the Asia Pacific. Dr Hower oversees the integration of logistics acquisitions across the region, including CouriersPlease in Australia. His focus is to create and further develop SingPost's eCommerce logistics backbone. He is responsible for strengthening all critical processes and implementing innovative elements of SingPost's accelerated transformation. He joined SingPost from McKinsey & Company where he was a junior partner and a core member of the firm's global postal leadership group, and transport and logistics practice. His main focus during his seven years at McKinsey was on operational transformation and performance turnaround of several postal operators 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.

PROFILES OF KEY EXECUTIVES

MR MARCELO WESSELER, 44
Chief Executive Officer, SingPost Commerce

Mr Wesseler leads the growth and development of SingPost's eCommerce business as CEO of SingPost Commerce (SP Commerce), which integrates SingPost's eCommerce division with leading US-based eCommerce providers TradeGlobal and Jagged Peak, which the group acquired recently. Mr Wesseler has 20 years of international experience in global eCommerce businesses and held senior management positions at KPMG Consulting, Hewlett Packard, and RS Components. Mr Wesseler joined SingPost in 2012. Mr Wesseler is an early eCommerce pioneer. He has founded three eCommerce and retail businesses and helped establish hp.com, mini.com, bmw.com as well as one of Europe's first online shopping platforms, together with Deutsche Post in 1997. He has a Master of Business Administration from Carl von Ossietzky University Oldenburg, Germany, and has completed the executive education programme at Stanford University.

MR RAMESH NARAYANASWAMY, 41
Group Chief Information Officer

Mr Narayanaswamy joined SingPost in May 2012 to oversee and implement all technology-related transformation programmes across the Group. He is responsible for technology strategy, delivery and support of all applications and building world class infrastructure for all business units. He is also the Chief Data Protection Officer for the Group. Mr Narayanaswamy joined SingPost from Standard Chartered Bank, where as head of technology solution delivery for retail banking, he was responsible for strategising, developing and managing all retail banking programmes involving credit cards, personal loans, mortgage, credit and risk, and core banking across the bank globally and on multiple technology platforms. Mr Narayanaswamy previously worked in Citibank, implementing credit card-related programmes globally. He has a Bachelor of Engineering with Honours and a Master of Science with Honours from the Birla Institute of Technology and Science, Pilani, India. He holds a Master of Business Administration in strategic management from Nanyang Business School, Singapore.

STATUTORY REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2016 and the balance sheet of the Company as at 31 March 2016.

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 214 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

DIRECTORS

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

Mr Simon Claude Israel (Chairman) (appointed on 11 May 2016)
Mr Goh Yeow Tin (Deputy Chairman and Executive Director)
Mr Lim Ho Kee
Ms Aliza Knox
Mr Bill Chang York Chye
Mr Chen Jun
Mr Keith Tay Ah Kee
Mr Michael James Murphy
Professor Low Teck Seng
Mr Soo Nam Chow
Mr Tan Yam Pin
Dr Wolfgang Baier
Mr Zulkifli Bin Baharudin

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 81 to 87 of this statement.

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 31.3.2016	At 1.4.2015	**At 31.3.2016**	At 1.4.2015
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Mr Lim Ho Kee	**1,898,350**	99,350	**–**	–
Mr Keith Tay Ah Kee	**128,350**	128,350	**–**	–
Mr Tan Yam Pin	**500,000**	500,000	**–**	–
Professor Low Teck Seng	**–**	–	**60,000[(1)]**	60,000[(1)]
Dr Wolfgang Baier	**3,724,613**	2,550,000	**–**	–

(1) Deemed interests through spouse

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2016	At 1.4.2015	**At 31.3.2016**	At 1.4.2015
Company				
Singapore Post Limited				
(4.25% Singapore Post perpetual securities)				
Mr Lim Ho Kee	**500,000**	500,000	**–**	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on page 81 to 87 of this statement.

	Number of unissued ordinary shares under option held by director	
	At 31.3.2016	At 1.4.2015
<u>Options to purchase ordinary shares</u>		
Mr Lim Ho Kee	**–**	1,799,000
Dr Wolfgang Baier	**–**	7,700,000
<u>Unvested restricted shares</u>		
Dr Wolfgang Baier	**–**	149,613
Aliza Knox	**20,529**	–
Professor Low Teck Seng	**80,460**	–

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2016 were the same as those as at 31 March 2016.

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 Tan Yam Pin (Chairman[1]), Mr Zulkifli Bin Baharudin and Mr Bill Chang York Chye during the financial year ended 31 March 2016.

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

1 Mr Tan Yam Pin was appointed as the chairman of the Compensation Committee on 1 January 2016 in place of Mr Goh Yeow Tin who stepped down as chairman and member of the Compensation Committee on 1 January 2016.

SHARE OPTIONS (continued)

The principal terms of the Scheme are as follows:

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

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

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

- The vesting schedule for the share options granted to eligible employees (including executive directors) on 1 July 2005 and effective from 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

SHARE OPTIONS (continued)

- Other than the share options granted on 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 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.

Since the adoption of the Scheme to 31 March 2015, a total of 147,875,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

SHARE OPTIONS (continued)

During the financial year ended 31 March 2016, 23,751,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of grant	**Exercise Period**	**Exercise Price[1]**	**Balance At 1.4.15 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.16 ('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	77	–	50	27	–
26.06.06	27.06.07 to 26.06.16	S$1.048	114	–	60	27	27
26.06.07	27.06.08 to 26.06.17	S$1.278	251	–	15	40	196
30.06.08	01.07.09 to 30.06.18	S$1.100	380	–	60	40	280
29.06.09	30.06.10 to 29.06.19	S$0.890	208	–	198	–	10
29.06.10	30.06.11 to 29.06.20	S$1.140	785	–	252	–	533
01.04.11[2]	02.04.12 to 01.04.21	S$1.160	25	–	25	–	–
11.04.11[2]	12.04.12 to 11.04.21	S$1.160	38	–	38	–	–
26.07.11	27.07.12 to 26.07.21	S$1.100	1,905	–	997	53	855
03.01.12	04.01.13 to 03.01.22	S$0.940	113	–	100	13	–
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	3,595	–	1,925	620	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	4,996	–	2,143	263	2,590
03.09.12	04.09.13 to 03.09.22	S$1.080	100	–	50	–	50
07.05.13	08.05.13 to 07.05.23	S$1.290	150	–	75	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	14,700	–	1,609	1,775	11,316
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	–	20	–	80
24.03.14[2]	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	–	900	600	–
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	13,408	–	2,107	3,612	7,689
07.08.14	08.08.15 to 07.08.24	S$1.760	768	–	60	–	708
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	–

SHARE OPTIONS (continued)

			Number of ordinary shares under options outstanding				
Date of grant	**Exercise Period**	**Exercise Price[1]**	**Balance At 1.4.15 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.16 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
17.03.15	18.03.16 to 17.03.25	S$1.980	3,500	–	–	3,500	–
07.04.15	08.04.16 to 07.04.25	S$1.960	–	1,588	–	–	1,588
13.05.15	14.05.16 to 13.05.25	S$1.910	–	1,150	–	200	950
19.05.15	20.05.16 to 19.05.25	S$1.890	–	20,973	–	5,040	15,933
12.06.15	13.06.16 to 12.06.25	S$1.880	–	40	–	–	40
			49,313	23,751	11,684	16,110	45,270
For non-executive directors							
07.08.14[2]	08.08.15 to 07.08.19	S$1.760	1,799	–	1,799	–	–
			1,799	–	1,799	–	–
Total Share Options			**51,112**	**23,751**	**13,483**	**16,110**	**45,270**

(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 1 April 2011, 11 April 2011, 24 March 2014 and 7 August 2014 had been exercised before the expiry date.

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.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) 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%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of The Plan to 31 March 2015, a total of 2,562,584 restricted shares were granted.

During the financial year ended 31 March 2016, 839,895 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:

RESTRICTED SHARE PLAN (continued)

Date of grant	Balance As At 1.4.15 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.16 ('000)
05.08.13	985	–	478	106	401
20.05.14	701	–	221	37	443
19.05.15	–	728	–	66	662
03.08.15	–	112	–	–	112
Total Shares	**1,686**	**840**	**699**	**209**	**1,618**

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are as follows:

Mr Soo Nam Chow (Chairman)
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 scopes, plans and results 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 evaluations 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 2016 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 that were 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

INDEPENDENT AUDITOR

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

On behalf of the directors

Mr Goh Yeow Tin
Executive Director

Mr Lim Ho Kee
Director

Singapore, 11 May 2016

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 214, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2016, 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 financial statements 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.

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 financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 11 May 2016

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group	
		2016	2015
		S$'000	S$'000
Revenue	4	**1,151,542**	919,582
Other income and gains (net)			
– Rental and property-related income	4	**39,373**	43,890
– Miscellaneous	4	**121,193**	6,593
Fair value gains on investment properties	20	**–**	5,163
Labour and related expenses	5	**(300,444)**	(263,138)
Volume-related expenses	6	**(535,425)**	(366,474)
Administrative and other expenses	7	**(145,801)**	(111,356)
Depreciation and amortisation		**(31,886)**	(34,545)
Selling expenses		**(10,025)**	(9,486)
Finance expenses	8	**(10,365)**	(4,370)
Total expenses		**(1,033,946)**	(789,369)
Share of profit of associated companies and joint ventures		**9,066**	6,660
Profit before income tax		**287,228**	192,519
Income tax expense	9	**(34,189)**	(32,963)
Total profit		**253,039**	159,556
Profit attributable to:			
Equity holders of the Company		**248,910**	157,611
Non-controlling interests		**4,129**	1,945
		253,039	159,556
Earnings per share attributable to ordinary shareholders of the Company	10		
– Basic		**10.86 cents**	6.85 cents
– Diluted		**10.83 cents**	6.81 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Group	
	2016	2015
	S$'000	S$'000
Total profit	**253,039**	159,556
Other comprehensive (loss)/gain (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Available for sale financial assets:		
– Fair value losses	**(637)**	(419)
Currency translation differences:		
– Losses	**(18,913)**	(1,387)
– Transfers to profit or loss arising from consolidation	**(2,026)**	–
Revaluation gain on property, plant and equipment upon transfer to investment properties	**20,029**	5,145
Other comprehensive (loss) / income for the year (net of tax)	**(1,547)**	3,339
Total comprehensive income for the year	**251,492**	162,895
Total comprehensive income attributable to:		
Equity holders of the Company	**246,794**	161,388
Non-controlling interests	**4,698**	1,507
	251,492	162,895

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

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		S$'000	S$'000	**S$'000**	S$'000
			(Restated)		
ASSETS					
Current assets					
Cash and cash equivalents	11	**126,640**	584,140	**49,626**	477,045
Financial assets	12	**8,127**	21,878	**7,780**	21,531
Trade and other receivables	13	**210,287**	164,054	**194,719**	178,644
Derivative financial instruments	14	**846**	–	**846**	–
Inventories		**4,499**	6,298	**367**	484
Other current assets	15	**17,206**	21,220	**4,915**	5,573
		367,605	797,590	**258,253**	683,277
Non-current assets					
Financial assets	12	**38,083**	12,718	**37,832**	12,651
Trade and other receivables	16	**5,351**	4,776	**563,193**	152,016
Investments in associated companies and joint ventures	18	**146,401**	105,106	**14,348**	26,080
Investments in subsidiaries	19	**–**	–	**356,229**	292,890
Investment properties	20	**745,844**	638,818	**760,842**	633,826
Property, plant and equipment	21	**517,376**	329,984	**241,943**	250,286
Intangible assets	22	**583,193**	316,642	**227**	263
Deferred income tax assets	26	**5,544**	4,541	**–**	–
Other non-current assets	15	**6,408**	551	**–**	–
		2,048,200	1,413,136	**1,974,614**	1,368,012
Total assets		**2,415,805**	2,210,726	**2,232,867**	2,051,289

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

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		S$'000	S$'000	**S$'000**	S$'000
			(Restated)		
LIABILITIES					
Current liabilities					
Trade and other payables	23	**385,712**	352,068	**274,432**	261,936
Current income tax liabilities	9	**35,918**	35,318	**29,950**	29,704
Deferred income	25	**7,268**	6,961	**7,268**	6,961
Derivative financial instruments	14	**801**	3,718	**759**	3,718
Borrowings	24	**71,090**	16,947	**33,000**	–
		500,789	415,012	**345,409**	302,319
Non-current liabilities					
Trade and other payables	23	**30,190**	10,688	**–**	–
Borrowings	24	**209,182**	221,380	**203,044**	203,749
Deferred income	25	**56,785**	59,569	**56,785**	59,569
Deferred income tax liabilities	26	**57,356**	36,340	**19,199**	17,278
		353,513	327,977	**279,028**	280,596
Total liabilities		**854,302**	742,989	**624,437**	582,915
NET ASSETS		**1,561,503**	1,467,737	**1,608,430**	1,468,374
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	27	**448,775**	429,980	**448,775**	429,980
Treasury shares	27	**(2,116)**	(2,831)	**(2,116)**	(2,831)
Other reserves	29	**7,258**	7,448	**34,713**	5,802
Retained earnings	30	**749,647**	682,639	**780,232**	688,597
		1,203,564	1,117,236	**1,261,604**	1,121,548
Perpetual securities	28	**346,826**	346,826	**346,826**	346,826
		1,550,390	1,464,062	**1,608,430**	1,468,374
Non-controlling interests		**11,113**	3,675	**–**	–
Total equity		**1,561,503**	1,467,737	**1,608,430**	1,468,374

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Attributable to ordinary shareholders of the Company Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
2016										
Balance at 1 April 2015		**429,980**	**(2,831)**	**682,639**	**7,448**	**1,117,236**	**346,826**	**1,464,062**	**3,675**	**1,467,737**
Transfer to statutory reserves		**–**	**–**	**(2)**	**2**	**–**	**–**	**–**	**–**	**–**
Acquisition of subsidiaries	36	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,740**	**2,740**
Distribution paid on perpetual securities	28	**–**	**–**	**–**	**–**	**–**	**(14,915)**	**(14,915)**	**–**	**(14,915)**
Dividends	31	**–**	**–**	**(166,985)**	**–**	**(166,985)**	**–**	**(166,985)**	**–**	**(166,985)**
Total comprehensive income for the year		**–**	**–**	**233,995**	**(2,116)**	**231,879**	**14,915**	**246,794**	**4,698**	**251,492**
		429,980	**(2,831)**	**749,647**	**5,334**	**1,182,130**	**346,826**	**1,528,956**	**11,113**	**1,540,069**
Employee share option scheme:										
– Value of employee services	29(b)(i)	**–**	**–**	**–**	**4,053**	**4,053**	**–**	**4,053**	**–**	**4,053**
– New shares issued	27	**18,795**	**–**	**–**	**(1,414)**	**17,381**	**–**	**17,381**	**–**	**17,381**
– Treasury shares re-issued	27	**–**	**715**	**–**	**(715)**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2016		**448,775**	**(2,116)**	**749,647**	**7,258**	**1,203,564**	**346,826**	**1,550,390**	**11,113**	**1,561,503**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Attributable to ordinary shareholders of the Company							Non-	
		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$'000	controlling interests S$'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		–	–	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 shares issued	27	280,621	–	–	–	280,621	–	280,621	–	280,621
Treasury shares 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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 S$'000	Group 2015 S$'000 (Restated)
Cash flows from operating activities			
Total profit		**253,039**	159,556
Adjustments for:			
– Income tax expense		**34,189**	32,963
– Depreciation and amortisation – net		**25,865**	23,618
– Fair value gain on investment properties		**–**	(5,163)
– Net gain on disposals of investments, property, plant and equipment		**(109,856)**	(700)
– Share option expense		**4,053**	2,582
– Interest expense		**7,766**	6,283
– Interest income		**(4,268)**	(3,864)
– Share of profit of associated companies and joint ventures		**(9,066)**	(6,660)
– Write-off of intangible assets		**256**	6,464
		(51,061)	55,523
Operating cash flow before working capital changes		**201,978**	215,079
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
– Inventories		**332**	(1,223)
– Trade and other receivables		**(28,397)**	1,333
– Trade and other payables		**(11,975)**	55,266
Cash generated from operations		**161,938**	270,455
Income tax paid		**(30,582)**	(35,453)
Net cash provided by operating activities		**131,356**	235,002

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group	
		2016	2015
		S$'000	S$'000
			(Restated)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	36	**(272,403)**	(119,766)
Additions to property, plant and equipment and investment properties		**(279,742)**	(104,414)
Disposal of subsidiaries, net of cash disposed of	11	**50,962**	–
Investment in associated companies and joint ventures		**(49,430)**	(911)
Dividend received from associated companies		**2,167**	911
Interest received		**4,782**	8,252
Loan to an associated company		**(1,360)**	(14,187)
Payment relating to purchase of assets		**(250)**	–
Proceeds from partial divestment of an associated company		**78,910**	–
Proceeds from disposal of property, plant and equipment		**1,553**	11,020
Proceeds from sale of financial assets		**15,294**	–
Proceeds from maturity of financial assets, held-to-maturity		**19,250**	6,000
Purchase of financial assets, held-to-maturity		**(28,321)**	(23,340)
Repayment of loans by associated companies		**1,578**	518
Net cash used in investing activities		**(457,010)**	(235,917)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**17,381**	298,876
Proceeds from re-issuance of treasury shares		**–**	31,932
Proceeds from bank loans		**296,029**	4,290
Repayment of bank loans		**(254,912)**	(4,355)
Interest paid		**(8,444)**	(7,115)
Dividends paid to shareholders		**(166,985)**	(128,129)
Distribution paid to perpetual securities		**(14,915)**	(14,874)
Net cash (used in)/provided by financing activities		**(131,846)**	180,625
Net (decrease)/increase in cash and cash equivalents		**(457,500)**	179,710
Cash and cash equivalents at beginning of financial year	11	**584,140**	404,430
Cash and cash equivalents at end of financial year	11	**126,640**	584,140

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

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

1. GENERAL INFORMATION

Singapore Post Limited (the "Company") is 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, eCommerce logistics and retail services. Its subsidiaries are principally engaged in provision of business mail solutions and distribution of mail, 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):

- Rotterdam Harbour Holding B.V. – The principal activities are general freight forwarder.
- Store Friendly Self Storage Group Pte Ltd – The principal activities are providing personal and business storage facilities services in Singapore.
- TG Acquisition Corporation and its subsidiaries ("TG Group") – The principal activities are a provider of integrated eCommerce enablement solutions, including fulfillment, customer care, logistics, web development, software and marketing services for the fashion retail industry.
- Jagged Peak, Inc. – The principal activities are eCommerce logistics enabler for high-velocity consumer products.

As at 31 March 2016, the Group and Company's current liabilities exceeded their current assets by $133,184,000 and $87,156,000 respectively. This was largely due to the deployment of cash under current assets into investments and property, plant and equipment under non-current assets. The financial statements have been prepared on a going concern basis as the net current liability position is expected to improve from plans to divest non-core assets and refinancing short term borrowings into long term borrowings.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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.

Interpretations and amendments to published standards effective in 2016

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement, the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods and services – Mail and Logistics related

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(a) Sales of goods and services – Mail and Logistics related (continued)

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 advanced billings under trade and other payables.

Deferred income relates to amounts received with respect to postassurance collaboration from AXA Life Insurance Singapore Private Limited ("AXA"). Deferred income is recognised in profit or loss on a straight-line basis over the period of 10 years till 19 January 2025.

(b) Sale of goods and services – eCommerce-related activities

Revenue from eCommerce-related activities comprises the fair value of the consideration received or receivable for the goods and services rendered, net of goods and services tax.

Sales are recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and service tax, rebates and discounts.

(c) Rendering of service – freight forwarding

Revenue from the provision of freight forwarding services is recognised upon services being rendered.

Brokerage income, being net of costs of premium against premium income is recognised at the effective date of the related insurance policies. Brokerage on premium adjustments, including policy cancellations are recognised as they occur.

Interest income is recognised using the effective interest method.

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that 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 comprise the portion of a subsidiary's net results of operations and of net assets of a subsidiary attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

Investments in associated companies and joint ventures are 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) *Measurement*

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

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

(b) *Depreciation*

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

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

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

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

(c) *Subsequent expenditure*

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(a) Goodwill on acquisitions (continued)

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 business combination are recognised at fair value at the acquisition date. The customer relationships have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over 7-18 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(f) Trademarked brands

Trademarked brands acquired as part of business combinations are recognised at their fair values at the acquisition date.

The trademarked brand with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised on a straight line basis over the estimated useful life of 9 years.

The trademarked brand with indefinite useful life is not amortised and is subsequently tested for impairment annually. In connection with the annual impairment assessment of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life will also be reviewed.

The amortisation period and amortisation method of intangible assets other than goodwill and trademarked brand with indefinite useful life 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

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.

(b) Trademarked brand with indefinite useful life

Trademarked brand with indefinite useful life is tested for impairment annually and whenever there is indication that the trademarked brand may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the trademarked brand exceeds the recoverable amount of the acquired brand. The recoverable amount of the trademarked brand is the higher of a trademarked brand's fair value less costs to sell and value-in-use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(c) *Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)*
Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint ventures

Other 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.

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", "cash and cash equivalents" and "other assets" 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.

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 equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(e) Impairment (continued)

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Borrowings

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

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

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

2.12 Trade and other payables

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

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.

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.

Net investment hedge

The Group has foreign currency forwards that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The fair value changes on the effective portion of the currency forwards designated as net investment hedges are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Operating leases

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

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

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

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

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

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

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

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

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

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

2.17 Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost are amortised on a straight-line basis over the vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation (continued)

(c) Share-based compensation

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

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

2.19 Currency translation

(a) Functional and presentation currency

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Director 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share capital and treasury shares

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

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

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

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

2.23 Perpetual securities

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

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.

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 and trademarked brand with indefinite useful life are tested for impairment annually and whenever there is indication that the goodwill and trademarked brand with indefinite useful life may be impaired.

Other 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 non-financial assets and where applicable, the cash-generating units to which they belong, have been determined based on higher of its value-in-use calculations or fair value less cost to sell. Value-in-use 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 2016 was S$517.4 million (2015: S$330.0 million). There were no significant revision to the estimated residual values and useful lives as at 31 March 2016 (2015: S$5.1 million).

(c) Use of indefinite useful assumption for trademarked brands

Trademarked brands arise from the acquisitions of subsidiaries. In the assessment of the useful life of a trademarked brand arising from acquisition of a subsidiary in 2014, management performed an analysis of the relevant factors including stability of the industry that the subsidiary operates. Management has also considered the useful lives of similar assets adopted by companies within the same industry. The Group is also not aware of any material legal, regulatory, contractual, technological, or other factor which could limit the useful life of the trademark. Based on the mentioned factors, Management concludes that there is no foreseeable limit to the period over which the trademarked brand is expected to generate net cash inflows for the Group and hence, the trademarked brand is not amortised.

In connection with the annual impairment assessment of the indefinite useful life of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life will also be reviewed.

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

	Group	
	2016	2015
	S$'000	S$'000
Revenue from services rendered	**1,130,414**	904,805
Sale of products	**21,128**	14,777
Revenue	**1,151,542**	919,582
Other income and gains (net):		
– Rental and property-related income	**39,373**	43,890
Miscellaneous:		
– Interest income		
– Bank deposits	**3,051**	3,134
– Financial assets, held-to-maturity	**1,138**	599
– Others	**79**	131
	4,268	3,864
– Currency exchange gains/(losses) (net)	**4,493**	(718)
– Net (loss)/gain on disposal of property, plant and equipment	**(2,242)**	819
– Net gain on disposal of investments		
– Subsidiaries (Note 11)	**33,344**	–
– Associated company	**64,749**	–
– Financial assets	**14,005**	–
– Others	**2,576**	2,628
	116,925	2,729
Other income and other gains (net)	**160,566**	50,483
	1,312,108	970,065

5. LABOUR AND RELATED EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Wages and salaries	**206,385**	175,792
Employer's contribution to defined contribution plans including Central Provident Fund	**29,044**	23,771
Share options expense (Note 29(b)(i))	**4,053**	2,582
Other benefits	**9,897**	8,917
Temporary and contract staff cost	**58,961**	59,508
Government grant	**(7,896)**	(7,432)
	300,444	263,138

6. VOLUME-RELATED EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Traffic expenses	**340,360**	255,151
Outsourcing services and delivery expenses	**195,065**	111,323
	535,425	366,474

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Included in administrative and other expenses are the following:		
Professional services	**30,663**	17,842
Repair and maintenance expenses	**18,466**	15,269
Rental on operating leases	**34,605**	24,937

8. FINANCE EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Interest expense:		
– Fixed rate notes	**6,314**	6,729
– Bank borrowings	**1,452**	565
Effect of hedging using interest rate swaps	**–**	(1,011)
	7,766	6,283
Currency exchange losses/(gains) – net	**2,599**	(1,913)
	10,365	4,370

9. INCOME TAXES

(a) Income tax expense

	Group	
	2016	2015
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**33,244**	32,858
– Deferred income tax (Note 26)	**1,900**	550
	35,144	33,408
Under/(over) provision in preceding financial years:		
– Current income tax	**(1,151)**	(716)
– Deferred income tax (Note 26)	**196**	271
	34,189	32,963

9. INCOME TAXES (continued)

(a) Income tax expense (continued)

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

	Group	
	2016	2015
	S$'000	S$'000
Profit before tax	**287,228**	192,519
Less: Share of profit of associated companies and joint ventures	**(9,066)**	(6,660)
Profit before tax and share of profit of associated companies and joint ventures	**278,162**	185,859
Tax calculated at a tax rate of 17% (2015: 17%)	**47,288**	31,596
Effects of:		
– Different tax rates in other countries	**1,069**	825
– Withholding tax deducted at source	**16**	59
– Singapore statutory stepped income exemption	**(222)**	(233)
– Tax incentive	**(1,016)**	(878)
– Income not subject to tax	**(20,696)**	(4,297)
– Expenses not deductible for tax purposes	**7,305**	5,571
– Utilisation of tax losses and capital allowances	**–**	(203)
– Deferred income tax assets not recognised	**1,400**	968
– Over provision in preceding financial years	**(955)**	(445)
Tax charge	**34,189**	32,963

9. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**35,318**	37,372	**29,704**	32,162
Acquisition of subsidiaries (Note 36)	**(235)**	271	**–**	–
Disposal of subsidiaries	**(491)**	–	**–**	–
Currency translation difference	**(185)**	986	**–**	–
Income tax paid	**(30,582)**	(35,453)	**(24,417)**	(30,086)
Tax expense	**33,244**	32,858	**24,663**	27,628
Over provision in preceding financial Years	**(1,151)**	(716)	**–**	–
End of financial year	**35,918**	35,318	**29,950**	29,704

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	
	2016	2015
Net profit attributable to equity holders of the Company (S$'000)	**248,910**	157,611
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,915)**	(14,874)
Net profit attributable to ordinary shareholders of the Company	**233,995**	142,737
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,154,955**	2,083,954
Basic earnings per share (cents per share)	**10.86**	6.85

(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.

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

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

Diluted earnings per share is calculated as follows:

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (S$'000)	**248,910**	157,611
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,915)**	(14,874)
Net profit attributable to ordinary shareholders of the Company	**233,995**	142,737
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,154,955**	2,083,954
Adjustment for share options ('000)	**6,241**	11,424
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,161,196**	2,095,378
Diluted earnings per share (cents per share)	**10.83**	6.81

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**123,184**	227,986	**46,717**	139,803
Deposits with financial institutions	**3,456**	356,154	**2,909**	337,242
	126,640	584,140	**49,626**	477,045

Acquisition and disposal of subsidiaries

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

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

On 20 May 2015, the Group disposed of its entire interest in Novation Solutions Limited for a cash consideration of S$25,459,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,953
Trade and other receivables	7,920
Property, plant and equipment	2,250
Investment in associated companies	6
Deferred tax assets	188
Inventory	1,862
Total assets	**22,179**
Trade and other payables	(1,927)
Current income liabilities	(20)
Deferred income tax liabilities	(69)
Total liabilities	**(2,016)**
Net assets derecognised	20,163
Less: Non-controlling interest	(736)
Net assets disposed of	**19,427**

The aggregate cash inflows arising from the disposal of Novation Solutions Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	19,427
– Reclassification of currency translation reserve	(1,961)
	17,466
Gain on disposal	7,993
Cash proceeds from disposal	25,459
Less: Cash and cash equivalents in subsidiaries disposed of	(9,953)
Net cash inflow on disposal	**15,506**

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

On 20 May 2015, the Group disposed of its entire interest in DataPost (HK) Pte Limited for a cash consideration of S$977,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	388
Trade and other receivables	335
Property, plant and equipment	6
Total assets	729
Trade and other payables	(253)
Total liabilities	(253)
Net assets derecognised	476
Net assets disposed of	476

The aggregate cash inflows arising from the disposal of DataPost (HK) Pte Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	476
– Reclassification of currency translation reserve	66
	542
Gain on disposal	435
Cash proceeds from disposal	977
Less: Cash and cash equivalents in subsidiaries disposed of	(388)
Net cash inflow on disposal	589

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

On 1 September 2015, the Group partially disposed 90% of its interest in its wholly-owned subsidiary, DataPost Pte Ltd for a cash consideration of S$44,516,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,649
Trade and other receivables	20,800
Property, plant and equipment	4,012
Investment in associated companies and joint venture	2,975
Total assets	37,436
Trade and other payables	(12,458)
Current income liabilities	(471)
Deferred income tax liabilities	(462)
Total liabilities	(13,391)
Net assets derecognised	24,045
Net assets disposed of	24,045

The aggregate cash inflows arising from the disposal of DataPost Pte Ltd were:

	Group 2016 $'000
Net assets disposed of (as above)	24,045
– Reclassification of currency translation reserve	(83)
– Professional fees incurred for sale	199
	24,161
Gain on disposal	24,916
	49,077
Less: Fair value of retained interest	(4,561)
Cash proceeds from disposal	44,516
Less: Cash and cash equivalents in subsidiaries disposed of	(9,649)
Net cash inflow on disposal	34,867

11. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The Group recognised a gain of S$2,511,000 as a result of measuring at fair value its equity interest of 10% in DataPost Pte Ltd retained after the disposal. The gain is included within "Other income and gains (net)" in the Group's consolidated income statement for the financial year ended 31 March 2016. Gains on disposal of DataPost Pte Ltd, Novation Solutions Limited and DataPost (HK) Pte Limited are allocated under the mail segment.

12. FINANCIAL ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**4,272**	17,386	**4,272**	17,386
Financial assets, available- for-sale				
– Equity securities – quoted	**3,508**	4,145	**3,508**	4,145
– Equity instrument – unquoted	**347**	347	**–**	–
	8,127	21,878	**7,780**	21,531
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**33,271**	11,362	**33,271**	11,362
– Equity instrument – unquoted	**–**	1,289	**–**	1,289
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,812**	67	**4,561**	–
	38,083	12,718	**37,832**	12,651

The bonds are corporate bonds at fixed rates between 2.7% to 4.8% per annum and due between 29 June 2016 and 29 August 2022.

12. FINANCIAL ASSETS (continued)

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

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**4,258**	17,353	**4,258**	17,353
Financial assets, available-for-sale				
– Equity security – quoted	**3,508**	4,145	**3,508**	4,145
– Equity instrument – unquoted	**347**	347	**–**	–
	8,113	21,845	**7,766**	21,498
Non-current				
Financial assets, held- to-maturity				
– Bonds – quoted in Singapore	**32,925**	11,398	**32,925**	11,398
– Equity instrument – unquoted	**–**	1,289	**–**	1,289
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,812**	67	**4,561**	–
	37,737	12,754	**37,486**	12,687

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

13. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**85,595**	88,128
– Joint ventures	**–**	208	**–**	–
– Associated company	**31,397**	9,398	**31,397**	9,398
– Companies related by a substantial shareholder	**3,248**	5,041	**3,248**	4,990
– Non-related parties	**148,784**	130,753	**55,907**	51,190
	183,429	145,400	**176,147**	153,706
Less: Allowance for impairment of receivables – non-related parties	**(5,390)**	(5,270)	**(1,741)**	(1,566)
Trade receivables – net	**178,039**	140,130	**174,406**	152,140
Loan to subsidiaries	**–**	–	**–**	23,377
Loan to associated companies	**19,509**	19,717	**17,600**	–
Less: Non-current portion (Note 16)	**(743)**	(543)	**–**	–
	18,766	19,174	**17,600**	23,377
Staff loans (Note 17)	**38**	39	**38**	39
Interest receivable	**276**	808	**272**	791
Other receivables	**13,168**	3,903	**2,403**	2,297
	210,287	164,054	**194,719**	178,644

The loan of S$1,275,000 (2015: S$2,117,000) to an associated company is unsecured and repayable in full by 30 November 2016. Interest is fixed at 1.5% (2015: 1.5%) per annum for the first three years and at 8.5% (2015: 8.5%) per annum thereafter.

The loan of S$634,000 (2015: NIL) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

Remaining loan of S$17,600,000 (2015: S$17,600,000) to an associated company is unsecured and is payable in full on demand. Interest is fixed at 1.5% (2015: 1.5%) per annum.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract Notional amount 2016 S$'000	Fair value Assets/ (liabilities) 2016 S$'000	Contract Notional Amount 2015 S$'000	Fair value Assets/ (liabilities) 2015 S$'000
Group				
Net investment hedges				
Currency forwards	**30,303**	**784**	–	–
Other non-hedging derivatives				
Currency forwards	**81,767**	**(739)**	35,206	(3,718)
Total derivative financial instruments	**112,070**	**45**	35,206	(3,718)

	Contract Notional Amount 2016 S$'000	Fair value Assets/ (liabilities) 2016 S$'000	Contract Notional Amount 2015 S$'000	Fair value Assets/ (liabilities) 2015 S$'000
Company				
Net investment hedges				
Currency forwards	**30,303**	**826**	–	–
Other non-hedging derivatives				
Currency forwards	**76,908**	**(739)**	35,206	(3,718)
Total derivative financial instruments	**107,211**	**87**	35,206	(3,718)

14. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 forwards not designated as hedging are recognised in profit or loss.

Currency forwards designated for hedging as net investment hedges are accounted for in accordance with Note 2.13.

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

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Assets:				
– Current	**846**	–	846	–
Liabilities				
– Current	**(801)**	(3,718)	(759)	(3,718)

15. OTHER CURRENT ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
Deposits	**6,531**	12,123	**2,362**	2,988
Prepayments	**10,675**	9,097	**2,553**	2,585
	17,206	21,220	**4,915**	5,573
Non-current				
Deposits	**6,408**	551	**–**	–

Included within non-current deposits is an escrow deposit of S$5,519,000 (2015: Nil) for the acquisition of a subsidiary.

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Loans to subsidiaries	**–**	–	**562,956**	151,772
Loan to an indirect associated company (Note 13)	**743**	543	**–**	–
Loan to a shareholder of a subsidiary	**4,371**	3,989	**–**	–
Staff loans (Note 17)	**237**	244	**237**	244
	5,351	4,776	**563,193**	152,016

Loan to a subsidiary of S$260,080,000 (2015: Nil) is non-trade related, unsecured and interest-free. Although there are no fixed terms of repayment, the loans are not expected to be repayable within the next twelve months. The loan is considered part of the Company's net investment in subsidiaries.

Loans to subsidiaries of S$48,229,000 (2015: S$17,372,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and will be repaid in full on 7 July 2017. The carrying amount of these loans approximate their fair value.

Loans to subsidiaries of S$254,647,000 (2015: S$134,400,000) are non-trade related, unsecured, interest bearing at 1.9% to 4.1% per annum and repayable in full on 14 July 2020. The fair value of the loans is S$248,494,000 (2015: S$134,400,000).

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. The carrying amount of the loans approximate its fair value.

17. STAFF LOANS

	Group and Company	
	2016 S$'000	2015 S$'000
Not later than one year (Note 13)	**38**	39
Later than one year (Note 16)	**237**	244
– Between one and five years	**37**	93
– Later than five years	**200**	151
	275	283

As at balance sheet date, no loan was made to the key management personnel of the Group.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group		Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
Investments in associated companies (Note (a))	**146,401**	104,413	**14,348**	26,080
Investments in joint ventures (Note (b))	**–**	693	**–**	–
	146,401	105,106	**14,348**	26,080

(a) Associated companies

	Group		Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
Equity investment at cost			**14,348**	26,080
Beginning of financial year	**104,413**	97,168		
Acquisition of an associated company	**20,222**	–		
Additional investment in an associated company	**36,181**	911		
Partial disposal of an associated company	**(12,262)**	–		
Disposal of an associated company	**(2,142)**	–		
Share of profit	**9,031**	6,651		
Dividends received	**(2,167)**	(911)		
Currency translation differences	**(6,875)**	594		
End of financial year	**146,401**	104,413		

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$30,500,000 (2015: S$40,067,000), for which the published price quotations are S$100,683,000 (2015: S$194,615,000) at the balance sheet date, and classified within Level 1 of the fair value hierarchy.

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

Details of associated companies are disclosed in Note 39. In the opinion of the directors, these associated companies listed are individually immaterial to the Group.

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

(b) Joint ventures

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Equity investments at cost			**–**	–
Beginning of financial year	**693**	739		
Disposal of joint venture	**(839)**	–		
Incorporation of joint venture	**255**	–		
Share of profit	**35**	9		
Write-off	**(255)**	(111)		
Currency translation difference	**111**	56		
End of financial year	**–**	693		

Details of the joint ventures are included in Note 39.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**299,315**	190,932
Additional capital injection to an existing subsidiary	**71,439**	108,883
Disposal of subsidiaries	**(8,100)**	–
Merger of a subsidiary (Note 22(a))	**–**	(500)
	362,654	299,315
Less: Allowance for impairment	**(6,425)**	(6,425)
	356,229	292,890

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 2016 and 2015, there are no subsidiaries with material non-controlling interests.

20. INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**638,818**	629,086	**633,826**	628,896
Additions	**88,983**	85	**88,980**	–
Reclassification from/(to) property plant and equipment (Note 21)	**18,952**	5,060	**34,934**	(1,017)
Fair value gain recognised in income statement	**–**	5,163	**3,102**	5,947
Currency translation differences	**(909)**	(576)	**–**	–
End of financial year	**745,844**	638,818	**760,842**	633,826

Certain investment properties of the Group with carrying amounts of S$51.0 million (2015: S$56.1 million) are mortgaged to secure bank borrowings (Note 24).

The following amounts are recognised in profit or loss:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income (Note 4)	**39,373**	43,890	**41,723**	39,424
Direct operating expenses arising from:				
– Investment property that generated income	**(11,799)**	(10,683)	**(9,801)**	(11,324)

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

20. INVESTMENT PROPERTIES (continued)

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

Location	Description/existing use	Tenure
10 Eunos 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
1 Killiney 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

20. INVESTMENT PROPERTIES (continued)

Location	Description/existing use	Tenure
6 Ayer Rajah Crescent	Building for warehousing and self-storage	Leasehold of 30 years expiring on 1 February 2026
755 Upper Serangoon Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
5 Mandai Road	Building for commercial and retail	Leasehold of 99 years expiring on 31 March 2091
21 Ghim Moh Road	Building for commercial and retail	Leasehold of 82 years expiring on 01 April 2076

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000
31 March 2016			
– Commercial and retail – Singapore	–	2,863	731,312
– Commercial and retail – Malaysia	–	–	11,669
31 March 2015			
– Commercial and retail – Singapore	–	–	624,755
– Commercial and retail – Malaysia	–	–	14,063

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group properties have been derived using the sales comparison approach. Sales proceeds of comparable properties in close proximity are adjusted for differences in key attributes such as property size and timing of sale. The most significant input in this valuation approach is the selling price per square metre.

20. INVESTMENT PROPERTIES (continued)

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using capitalisation / income approach and discounted cash flow approach. In the capitalisation / 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. The residual land approach involves deducting current estimated construction costs and other relevant costs from the estimated gross development value of the proposed development assuming satisfactory completion. The gross development value is arrived at by the income or capitalisation method. The comparable sales method is used as reference.

There were no 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 2016 and 2015.

Valuation techniques and inputs used in Level 3 fair value measurements

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:

Description	Fair value (S$'000) 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Group					
Building for commercial and retail (Singapore Post Centre)	**588,964** (2015: 490,892)	Discounted cash flow approach	Discount rate	7.5% (2015: 7.5-8%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	5-6.75% (2015: Nil)	The higher the capitalisation rate, the lower the valuation
		Residual land approach	Cost of construction	$415/psf (2015: Nil)	The higher the cost, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**98,642** (2015: 85,786)	Capitalisation/ income approach	Capitalisation rate	4.75-5% (2015: 4.75%-5%)	The higher the capitalisation rate, the lower the valuation

20. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value (S$'000) 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Group					
Building for warehousing and self-storage – Singapore	**43,706** (2015: 48,077)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2015: 7%-7.25%)	The higher the capitalisation rate, the lower the valuation
Warehousing – Malaysia	**11,669** (2015: 14,063)	Capitalisation/ income approach	Capitalisation rate	7.5-9% (2015: 8%)	The higher the capitalisation rate, the lower the valuation
Company					
Building for commercial and retail (Singapore Post Centre)	**659,337** (2015: 548,040)	Discounted cash flow approach	Discount rate	7.5% (2015: 7.5-8%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	5-6.75% (2015: Nil)	The higher the capitalisation rate, the lower the valuation
		Residual land approach	Cost of construction	$415/psf (2015: Nil)	The higher the cost, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**98,642** (2015: 85,786)	Capitalisation/ income approach	Capitalisation rate	4.75-5% (2015: 4.75%-5%)	The higher the capitalisation rate, the lower the valuation

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. As at 31 March 2016 and 2015, the fair values of the Group's investment properties have been determined by Knight Frank Pte Ltd.

21. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2016						
Cost						
Beginning of financial year	60,038	217,749	133,231	198,666	55,415	665,099
Acquisition of subsidiaries (Note 36(i)(c), (ii)(c), (iii)(c), (iv)(c))	–	4,478	–	33,112	–	37,590
Additions	–	66,708	–	13,656	109,767	190,131
Reclassifications from/(to) investment properties						
– At fair value (Note 20)	(10,048)	(8,904)	–	–	–	(18,952)
– Transfer to assets valuation (Note 29(b)(v))	7,726	12,303	–	–	–	20,029
	(2,322)	3,399	–	–	–	1,077
Disposals	–	(3,505)	(88,103)	(23,196)	–	(114,804)
Transfers	–	17,920	184	15,395	(33,499)	–
Currency translation differences	–	(191)	–	(1,801)	–	(1,992)
Disposal of subsidiaries (Note 11)	(63)	–	–	(20,475)	(257)	(20,795)
End of financial year	**57,653**	**306,558**	**45,312**	**215,357**	**131,426**	**756,306**
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,187	86,574	89,602	141,752	–	335,115
Depreciation charge	873	5,766	3,032	20,211	–	29,882
Disposals	–	(867)	(88,014)	(22,128)	–	(111,009)
Disposal of subsidiaries (Note 11)	(51)	–	–	(14,476)	–	(14,527)
Currency translation differences	–	(3)	–	(528)	–	(531)
End of financial year	**18,009**	**91,470**	**4,620**	**124,831**	**–**	**238,930**
Net book value						
End of financial year	**39,644**	**215,088**	**40,692**	**90,526**	**131,426**	**517,376**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2015						
Cost						
Beginning of financial year	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
Reclassification to investment properties						
– At fair value (Note 20)	1,017	(2,156)	–	–	–	(1,139)
– Transfer to asset valuation reserve (Notes 26,29)	–	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						
Beginning of financial year	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

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2016						
Cost						
Beginning of financial year	**61,675**	**187,958**	**133,231**	**154,604**	**15,026**	**552,494**
Additions	**–**	**–**	**–**	**3,368**	**28,048**	**31,416**
Reclassifications	**–**	**–**	**–**	**–**	**–**	**–**
– At fair value (Note 20)	**(13,034)**	**(21,900)**	**–**	**–**	**–**	**(34,934)**
– Transfer to asset valuation reserve (Note 29(b)(v))	**9,362**	**18,262**	**–**	**–**	**–**	**27,624**
	(3,672)	**(3,638)**	**–**	**–**	**–**	**(7,310)**
Disposals	**–**	**(3,506)**	**(88,103)**	**(32,526)**	**–**	**(124,135)**
Transfers	**–**	**–**	**184**	**12,892**	**(13,076)**	**–**
End of financial year	**58,003**	**180,814**	**45,312**	**138,338**	**29,998**	**452,465**
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	**15,997**	**76,923**	**89,602**	**119,686**	**–**	**302,208**
Depreciation charge	**853**	**3,942**	**3,032**	**9,770**	**–**	**17,597**
Disposals	**–**	**(867)**	**(88,014)**	**(20,402)**	**–**	**(109,283)**
End of financial year	**16,850**	**79,998**	**4,620**	**109,054**	**–**	**210,522**
Net book value						
End of financial year	**41,153**	**100,816**	**40,692**	**29,284**	**29,998**	**241,943**

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
2015						
Cost						
Beginning of financial year	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						
Beginning of financial year	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**

22. INTANGIBLE ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Composition:				
Goodwill on acquisitions (Note (a))	**493,504**	267,278	**227**	227
Customer relationships (Note (b))	**40,520**	964	**–**	–
Preferential rent (Note (c))	**5,393**	6,508	**–**	–
Acquired licence (Note (d))	**–**	36	**–**	36
Acquired software licence (Note (e))	**1,892**	–	**–**	–
Trademarked brands (Note (f))	**41,884**	41,856	**–**	–
	583,193	316,642	**227**	263

(a) Goodwill on acquisitions

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Cost				
Beginning of financial year	**267,278**	167,202	**227**	–
Acquisition of subsidiaries (Note 36)	**235,998**	103,278	**–**	–
Merger of a subsidiary	**–**	–	**–**	227
Currency translation differences	**(9,772)**	(3,202)	**–**	–
End of financial year	**493,504**	267,278	**227**	227
Net book value	**493,504**	267,278	**227**	227

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.

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:

22. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**80,508**	80,508
Couriers Please Holdings Pty Limited	**76,066**	76,962
Tras – Inter Co. Ltd	**2,272**	2,132
F.S. Mackenzie Limited	**5,520**	5,760
Famous Pacific Shipping (NZ) Limited	**5,271**	5,827
The Store House Limited	**10,875**	11,147
EK Media	**227**	227
Rotterdam Harbour Holding B.V.	**16,280**	–
Store Friendly Self Storage Group Private Limited	**10,679**	–
Jagged Peak, Inc	**31,969**	–
TG Acquisition Corporation	**169,122**	–
	493,504	267,278

The recoverable amount of Quantium Solutions International Pte Ltd ("QSI") CGU was determined based on fair value less costs to sell. The fair value of QSI CGU was derived using implied valuation based on the price offered by a potential investor under a conditional joint venture agreement entered into by the Group on 8 July 2015, and classified within Level 3 of the fair value measurement hierarchy.

The recoverable amounts of the other CGUs were determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets covering a minimally three-year period.

22. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Key assumptions used for value-in-use calculations for Goodwill are as follows:

	Quantium 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	Rotterdam Harbour Holding B.V.	Store Friendly Self Storage Group Private Limited	TG Acquisition Corporation	Jagged Peak, Inc
2016											
Average cash flow growth rate	-	3.0%	1.9%	8.6%	2.2%	2.1%	1.0%	1.7%	8.6%	23.0%	18.0%
Terminal growth rate	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%
Discount rate	-	5.7%	10.0%	8.7%	10.0%	9.7%	5.7%	11.4%	5.7%	10.5%	10.5%
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%	-	-	-	-

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 CGUs recoverable amounts would cause the CGUs' carrying amount to exceed their recoverable amounts.

(b) Customer relationships

	Group	
	2016	2015
	S$'000	S$'000
Cost		
Beginning of financial year	**6,360**	6,360
Acquisition of subsidiary (Note 36 (iii)(c))	**42,992**	–
Additions	**250**	–
Currency translation differences	**(1,631)**	–
End of financial year	**47,971**	6,360
Accumulated amortisation		
Beginning of financial year	**(5,396)**	(4,484)
Amortisation charge	**(1,799)**	(912)
Write-off	**(256)**	–
End of financial year	**(7,451)**	(5,396)
Net book value	**40,520**	964

22. INTANGIBLE ASSETS (continued)

(c) Preferential rent

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Cost		
Beginning of financial year	**7,497**	6,390
Acquisition of subsidiary	**–**	1,030
Currency translation differences	**(23)**	77
End of financial year	**7,474**	7,497
Accumulated amortisation		
Beginning of financial year	**(989)**	(533)
Amortisation charge	**(1,092)**	(456)
End of financial year	**(2,081)**	(989)
Net book value	**5,393**	6,508

(d) Acquired licence

	Group and Company	
	2016	2015
	S$'000	S$'000
Cost		
Beginning and end of financial year	**900**	900
Accumulated amortisation		
Beginning of financial year	**(864)**	(828)
Amortisation charge	**(36)**	(36)
End of financial year	**(900)**	(864)
Net book value	**–**	36

22. INTANGIBLE ASSETS (continued)

(e) Acquired software licence

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Cost				
Beginning of financial year	**11,752**	11,752	**11,752**	11,752
Acquisition of subsidiary (Note 36 (iii)(c))	**1,876**	–	**–**	–
Additions	**342**	–	**–**	–
Currency translation differences	**(64)**	–	**–**	–
End of financial year	**13,906**	11,752	**11,752**	11,752
Accumulated amortisation				
Beginning of financial year	**(11,752)**	(3,134)	**(11,752)**	(3,134)
Amortisation charge	**(262)**	(8,618)	**–**	(8,618)
End of financial year	**(12,014)**	(11,752)	**(11,752)**	(11,752)
Net book value	**1,892**	–	**–**	–

(f) Trademarked Brands

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Cost		
Beginning of financial year	**41,856**	–
Acquisition of subsidiary (Note 36 (iii)(c))	**560**	43,680
Currency translation differences	**(509)**	(1,824)
End of financial year	**41,907**	41,856
Accumulated amortisation		
Amortisation charge	**(23)**	–
End of financial year	**(23)**	–
Net book value	**41,884**	41,856

Included in the carrying amount is a trademarked brand with indefinite useful life of S$41,368,000 (2015: S$41,856,000).

22. INTANGIBLE ASSETS (continued)

(f) Trademarked Brands (continued)

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life:

	Group 2016	Group 2015
Royalty rate	1.8%	1.8%
Terminal growth rate	0.0%	0.0%
Discount rate	8.7%	8.7%

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 S$'000	2015 S$'000 (Restated)	**2016 S$'000**	2015 S$'000
Current				
Trade payables				
– Subsidiaries	**–**	–	**21,102**	9,847
– Companies related by a substantial shareholder	**315**	450	**315**	450
– Non-related parties	**166,247**	153,067	**125,541**	119,429
	166,562	153,517	**146,958**	129,726
Advance billings	**29,892**	28,723	**16,785**	16,555
Accrual for other operating expenses	**95,962**	76,483	**64,445**	59,681
Interest payable	**65**	38	**65**	38
Customers' deposits	**4,723**	4,702	**4,723**	4,702
Collections on behalf of third parties	**22,071**	28,205	**22,071**	28,205
Contingent consideration payable	**27,815**	20,600	**–**	–
Tender deposits	**18,699**	11,702	**11,204**	11,678
Other creditors	**19,923**	28,098	**8,181**	11,351
	385,712	352,068	**274,432**	261,936
Non-current				
Contingent consideration payable	**23,366**	6,172	**–**	–
Deferred lease	**2,318**	1,979	**–**	–
Accrual for other operating expenses	**4,506**	2,537	**–**	–
	30,190	10,688	**–**	–
Total trade and other payables	**415,902**	362,756	**274,432**	261,936

24. BORROWINGS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Other borrowings	**280,272**	238,327	**236,044**	203,749

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

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**11,667**	2,647	**–**	–
– Borrowings (unsecured)	**59,423**	14,300	**33,000**	–
	71,090	16,947	**33,000**	–
Non-current				
– Borrowings (secured)	**6,138**	17,631	**–**	–
– Borrowings (unsecured)	**203,044**	203,749	**203,044**	203,749
	209,182	221,380	**203,044**	203,749
	280,272	238,327	**236,044**	203,749

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$51.0 million (2015: S$56.1 million) (Note 20) 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% (2015: 3.5%) per annum respectively.

24. BORROWINGS (continued)

Fair value of non-current borrowings

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**6,138**	17,631	**–**	–
– Borrowings (unsecured)	**208,946**	209,168	**208,946**	209,168
	215,084	226,799	**208,946**	209,168

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 fair value is within Level 2 of the fair value hierarchy.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 33(a)(ii).

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 2016. Deferred income received from AXA is recognised in profit or loss over the period of 10 years 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 are S$7,268,000 (2015: S$6,961,000) and S$56,785,000 (2015: S$59,569,000).

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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Deferred income tax assets				
– To be recovered within one year	**1,351**	1,621	**–**	–
– To be recovered after one year	**4,193**	2,920	**–**	–
	5,544	4,541	**–**	–
Deferred income tax liabilities				
– To be settled within one year	**5,199**	3,347	**1,473**	2,172
– To be settled after one year	**52,157**	32,993	**17,726**	15,106
	57,356	36,340	**19,199**	17,278

Group

Movement in the deferred income tax account is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Beginning of financial year	**31,799**	20,212	**17,278**	16,374
Acquisition of subsidiaries (Note 36)	**18,354**	9,843	**–**	–
Disposal of subsidiaries	**(320)**	–	**–**	–
Currency translation differences	**(117)**	(131)	**–**	–
Tax charged to profit or loss (Note 9(a))	**2,096**	821	**1,921**	904
Revaluation of properties, plant and equipment transferred to investment properties	**–**	1,054	**–**	–
End of financial year	**51,812**	31,799	**19,199**	17,278

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$56,468,000 (2015: S$53,313,000) and capital allowances of NIL (2015: S$493,000) 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.

26. DEFERRED INCOME TAXES (continued)

Group (continued)

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

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2016			
Beginning of financial year	**20,343**	**16,109**	**36,452**
Currency translation differences	**(524)**	**19**	**(505)**
Acquisition of subsidiaries	**4,510**	**15,446**	**19,956**
Disposal of subsidiaries	**(533)**	**(1)**	**(534)**
Charged to profit or loss	**3,332**	**(1,161)**	**2,171**
End of financial year	**27,128**	**30,412**	**57,540**
2015			
Beginning of financial year	18,790	2,101	20,891
Currency translation differences	(556)	–	(556)
Acquisition of subsidiaries	116	12,739	12,855
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	16,109	36,452

26. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2016			
Beginning of financial year	**(1,806)**	**(2,847)**	**(4,653)**
Currency translation difference	**53**	**335**	**388**
Acquisition of subsidiaries	**(1,602)**	**–**	**(1,602)**
Disposal of subsidiaries	**214**	**–**	**214**
Credited to profit or loss	**(75)**	**–**	**(75)**
End of financial year	**(3,216)**	**(2,512)**	**(5,728)**
2015			
Beginning of financial year	(679)	–	(679)
Currency translation difference	260	165	425
Acquisition of subsidiaries	–	(3,012)	(3,012)
Credited to profit or loss	(1,387)	–	(1,387)
End of financial year	(1,806)	(2,847)	(4,653)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2016			
Beginning of financial year	**17,144**	**243**	**17,387**
Charged to profit or loss	**1,587**	**389**	**1,976**
End of financial year	**18,731**	**632**	**19,363**
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

26. DEFERRED INCOME TAXES (continued)

Company (continued)

Deferred income tax assets

	Provisions S$'000
2016	
Beginning of financial year	**(109)**
Credited to profit or loss	**(55)**
End of financial year	**(164)**
2015	
Beginning of financial year	(99)
Credited to profit or loss	(10)
End of financial year	(109)

27. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2016				
Beginning of financial year	**2,149,518**	**(2,744)**	**429,980**	**(2,831)**
Employee share option scheme				
– New shares issued	**13,483**	**–**	**18,795**	**–**
– Treasury shares re-issued	**–**	**698**	**–**	**715**
End of financial year	**2,163,001**	**(2,046)**	**448,775**	**(2,116)**
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)

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

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(a) Treasury shares

The Company re-issued 698,000 (2015: 30,583,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices at S$1.03 (2015: S$1.03 to S$1.07) each. The cost of the treasury shares re-issued amounted to S$715,000 (2015: S$32,515,000).

(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 Tan Yam Pin (Chairman[1]), Mr Zulkifli Bin Baharudin, Mr Goh Yeow Tin[2] and Mr Bill Chang York Chye during the financial year ended 31 March 2016.

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 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 Tan Yam Pin was appointed as the chairman of the Compensation Committee on 1 January 2016 in place of Mr Goh Yeow Tin who stepped down as chairman and member of the Compensation Committee on 1 January 2016.
2 Mr Goh Yeow Tin stepped down as chairman and member of the Compensation Committee on 1 January 2016.

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

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

- The vesting schedule for the share options granted to eligible employees (including executive directors) on 1 July 2005 and effective from 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

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- Other than the share options granted on 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 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.

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Since the adoption of the Scheme to 31 March 2015, a total of 147,875,936 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 2016, 23,751,000 share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of grant	**Exercise Period**	**Exercise Price[1]**	**Balance At 1.4.15 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.16 ('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	77	–	50	27	–
26.06.06	27.06.07 to 26.06.16	S$1.048	114	–	60	27	27
26.06.07	27.06.08 to 26.06.17	S$1.278	251	–	15	40	196
30.06.08	01.07.09 to 30.06.18	S$1.100	380	–	60	40	280
29.06.09	30.06.10 to 29.06.19	S$0.890	208	–	198	–	10
29.06.10	30.06.11 to 29.06.20	S$1.140	785	–	252	–	533
01.04.11[2]	02.04.12 to 01.04.21	S$1.160	25	–	25	–	–
11.04.11[2]	12.04.12 to 11.04.21	S$1.160	38	–	38	–	–
26.07.11	27.07.12 to 26.07.21	S$1.100	1,905	–	997	53	855
03.01.12	04.01.13 to 03.01.22	S$0.940	113	–	100	13	–
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	3,595	–	1,925	620	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	4,996	–	2,143	263	2,590
03.09.12	04.09.13 to 03.09.22	S$1.080	100	–	50	–	50
07.05.13	08.05.13 to 07.05.23	S$1.290	150	–	75	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	14,700	–	1,609	1,775	11,316
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	–	20	–	80
24.03.14[2]	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	–	900	600	–
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	13,408	–	2,107	3,612	7,689

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Date of grant	Exercise Period	Exercise Price[(1)]	Balance At 1.4.15 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.16 ('000)
			Number of ordinary shares under options outstanding				
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
07.08.14	08.08.15 to 07.08.24	S$1.760	768	–	60	–	708
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	–
07.04.15	08.04.16 to 07.04.25	S$1.960	–	1,588	–	–	1,588
13.05.15	14.05.16 to 13.05.25	S$1.910	–	1,150	–	200	950
19.05.15	20.05.16 to 19.05.25	S$1.890	–	20,973	–	5,040	15,933
12.06.15	13.06.16 to 12.06.25	S$1.880	–	40	–	–	40
			49,313	23,751	11,684	16,110	45,270
For non-executive directors							
07.08.14[(2)]	08.08.15 to 07.08.19	S$1.760	1,799	–	1,799	–	–
			1,799	–	1,799	–	–
Total Share Options			**51,112**	**23,751**	**13,483**	**16,110**	**45,270**

(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 1 April 2011, 11 April 2011, 24 March 2014 and 7 August 2014 had been exercised before the expiry date.

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.

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

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.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) 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%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of The Plan to 31 March 2015, a total of 2,562,584 restricted shares were granted.

27. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

During the financial year ended 31 March 2016, 839,895 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 1.4.15 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.16 ('000)
05.08.13	985	–	478	106	401
20.05.14	701	–	221	37	443
19.05.15	–	728	–	66	662
03.08.15	–	112	–	–	112
Total Shares	**1,686**	**840**	**699**	**209**	**1,618**

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 45,270,000 (2015: 51,112,000) shares, 10,407,000 (2015: 4,193,000) options are exercisable as at 31 March 2016. Options exercised in the financial year ended 31 March 2016 resulted in 13,483,000 (2015: 20,707,000) new ordinary shares being issued for options with average exercise price of S$1.289 (2015: S$1.090), rounded to 3 decimal places. Options were exercised throughout the year. The weighted average share price during the financial year was S$1.76 (2015: S$1.79).

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
2016			
Total fair value of options granted during financial year	**S$3,373,539**	–	**S$1,361,024**
Valuation Model	**Trinomial option Pricing model**	–	**Adjusted Share Price model**
Weighted average share price at the grant dates	**S$1.871**	–	**S$1.872**
Weighted average exercise price	**S$1.896**	–	**S$1.882**
Expected volatility	**16%**	–	**–**
Expected option life	**5 years**	–	**10 years**
Annual risk-free interest rate (per annum)	**1.7%**	–	**0.9%**
Expected dividend yield	**3.4%**	–	**3.5%**

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
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%

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.

The fair value is within Level 3 of the fair value hierarchy.

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.

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$14,915,000 (2015: S$14,874,000) were made to perpetual securities holders.

29. OTHER RESERVES

	Group		Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
(a) Composition:				
Share option reserve	**6,904**	4,980	**6,904**	4,980
Fair value reserve	**(1,105)**	(468)	**(1,105)**	(468)
Currency translation reserve	**(25,042)**	(3,534)	**–**	–
Other capital reserve	**37**	35	**–**	–
Asset valuation reserve	**26,464**	6,435	**28,914**	1,290
	7,258	7,448	**34,713**	5,802
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**4,980**	5,001	**4,980**	5,001
Employee share option scheme:				
Value of employee services (Note 5)	**4,053**	2,582	**4,053**	2,582
Issue of shares	**(1,414)**	(2,022)	**(1,414)**	(2,022)
Re-issuance of treasury shares	**(715)**	(581)	**(715)**	(581)
End of financial year	**6,904**	4,980	**6,904**	4,980
(ii) Fair value reserve				
Beginning of financial year	**(468)**	(49)	**(468)**	(49)
Fair value loss	**(637)**	(419)	**(637)**	(419)
End of financial year	**(1,105)**	(468)	**(1,105)**	(468)
(iii) Currency translation reserve				
Beginning of financial year	**(3,534)**	(2,585)	**–**	–
Reclassification on disposal of subsidiaries & associated companies and joint ventures	**(2,026)**	–	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**(20,051)**	(511)	**–**	–
Less: Non-controlling interests	**569**	(438)	**–**	–
End of financial year	**(25,042)**	(3,534)	**–**	–

29. OTHER RESERVES (continued)

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
(b) Movements: (continued)				
(iv) Other capital reserve				
Beginning of financial year	**35**	35	**–**	–
Transfer from retained earnings of subsidiaries to statutory reserves	**2**	–	**–**	–
End of financial year	**37**	35	**–**	–
(v) Asset valuation reserve				
Beginning of financial year	**6,435**	1,290	**1,290**	1,290
Revaluation gain on property, plant and equipment upon transfer to investment Property (Note 21)	**20,029**	5,145	**27,624**	–
End of financial year	**26,464**	6,435	**28,914**	1,290

Other reserves are non-distributable.

30. RETAINED EARNINGS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to S$18,871,000 (2015: S$13,210,000) and the amount of S$2,116,000 (2015: S$2,831,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S$2,116,000 (2015: S$2,831,000) utilised to purchase treasury shares.

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

	Company	
	2016	2015
	S$'000	S$'000
Beginning of financial year	**688,597**	678,422
Net profit	**273,535**	153,121
Merger of a subsidiary	**–**	57
Dividends paid (Note 31)	**(166,985)**	(128,129)
Reserved distribution to perpetual securities (Note 28)	**(14,915)**	(14,874)
End of financial year	**780,232**	688,597

31. DIVIDENDS

	Group and Company	
	2016	2015
	S$'000	S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.5 cents (2015: 2.5 cents) per share	**53,777**	47,793
Special exempt (one-tier) dividend paid in respect of the previous financial year of 0.75 cents (2015: NIL) per share	**16,133**	–
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.50 cents (2015: 1.25 cents) per share	**32,291**	26,691
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.50 cents (2015: 1.25 cents) per share	**32,375**	26,818
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 1.50 cents (2015: 1.25 cents) per share	**32,409**	26,827
	166,985	128,129

At the Annual General Meeting on 14 July 2016, a final exempt (one-tier) dividend of 2.5 cents per share amounting to S$54.0 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 2017.

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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Property, plant and equipment	**246,774**	137,439	**215,974**	15,919

32. COMMITMENTS (continued)

(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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**35,454**	28,758	**12,597**	9,244
Between one and five years	**60,750**	45,245	**16,586**	9,597
Later than five years	**53,112**	37,797	**3,456**	1,457
	149,316	111,800	**32,639**	20,298

(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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**34,059**	33,092	**33,760**	34,201
Between one and five years	**54,117**	23,276	**53,723**	26,502
Later than five years	**4,686**	75	**4,686**	75
	92,862	56,443	**92,169**	60,778

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.

(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"), Euro ("EUR") and United States Dollar ("USD"). 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 where a divestment is not foreseeable is not hedged by the Group.

Group Treasury's risk management policy is to hedge planned divestment of overseas investments using 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.

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

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	Others S$'000	Total S$'000
Group								
As at 31 March 2016								
Financial assets								
Cash and cash equivalents	50,926	–	14,258	11,241	10,452	10,779	28,984	126,640
Trade and other receivables	119,562	6,263	6,450	33,973	8,256	19,830	21,304	215,638
Other financial assets	4,190	–	–	321	1,136	45	839	6,531
Financial assets	46,210	–	–	–	–	–	–	46,210
Derivative financial instruments	846	–	–	–	–	–	–	846
	221,734	6,263	20,708	45,535	19,844	30,654	51,127	395,865
Financial liabilities								
Derivative financial instruments	–	–	(207)	(465)	–	–	(129)	(801)
Borrowings	(263,531)	–	–	(9,423)	–	–	(7,318)	(280,272)
Trade and other payables	(202,942)	(104,233)	(4,896)	(41,933)	(3,140)	(22,341)	(36,417)	(415,902)
	(466,473)	(104,233)	(5,103)	(51,821)	(3,140)	(22,341)	(43,864)	(696,975)
Net financial assets/ (liabilities)	(244,739)	(97,970)	15,605	(6,286)	16,704	8,313	7,263	
Less: Net financial assets denominated in the respective entities' functional currencies	(244,739)	–	4,702	(12,378)	10,464	7,992	11,422	
Add: Currency forwards	–	64,115	10,522	6,731	–	569	–	
Currency exposure	–	(33,855)	21,425	12,823	6,240	890	(4,159)	

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	Others S$'000	Total S$'000
As at 31 March 2015 (Restated)								
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	(210,780)	(96,855)	–	(283)	(4,605)	(23,739)	(26,494)	(362,756)
	(440,724)	(96,855)	(3,685)	(283)	(4,605)	(23,739)	(34,910)	(604,801)
Net financial assets/ (liabilities)	217,547	(89,923)	(2,446)	23,598	21,701	2,850	21,561	
Less: Net financial assets denominated in the respective entities' functional currencies	217,547	–	–	42	21,946	61	17,545	
Add: Currency forwards	–	22,466	11,809	–	–	–	931	
Currency exposure	–	(67,457)	9,363	23,556	(245)	2,789	4,947	

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 S$'000	SDR S$'000	EUR S$'000	USD S$'000	AUD S$'000	Others S$'000	Total S$'000
Company							
As at 31 March 2016							
Financial assets							
Cash and cash equivalents	28,292	–	10,005	3,510	21	7,798	49,626
Trade and other receivables	751,649	6,263	–	–	–	–	757,912
Other financial assets	2,362	–	–	–	–	–	2,362
Financial assets	45,612	–	–	–	–	–	45,612
Derivative financial instruments	846	–	–	–	–	–	846
	828,761	6,263	10,005	3,510	21	7,798	856,358
Financial liabilities							
Derivative financial instruments	–	–	(129)	(493)	–	(137)	(759)
Borrowings	(236,044)	–	–	–	–	–	(236,044)
Trade and other payables	(170,199)	(104,233)	–	–	–	–	(274,432)
	(406,243)	(104,233)	(129)	(493)	–	(137)	(511,235)
Net financial assets/(liabilities)	422,518	(97,970)	9,876	3,017	21	7,661	
Less: Net financial assets denominated in the respective entities' functional currencies	422,518	–	–	–	–	–	
Add: Currency forwards	–	64,115	5,651	6,731	569	–	
Currency exposure	–	(33,855)	15,527	9,748	590	7,661	

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	AUD S$'000	Others S$'000	Total S$'000
As at 31 March 2015							
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	–	–	–	–	–	
Add: Currency forwards	–	22,466	11,809	–	–	931	
Currency exposure	–	(67,457)	9,363	22,348	1,105	8,266	

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 2% (2015: 2%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2016	2015
	S$'000	S$'000
Group		
SDR against SGD		
– strengthened	**(562)**	(1,120)
– weakened	**562**	1,120
Company		
SDR against SGD		
– strengthened	**(562)**	(1,120)
– weakened	**562**	1,120

If the EUR changes against the SGD by 5% (2015: 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:

	Increase/(decrease) Profit after tax	
	2016	2015
	S$'000	S$'000
Group		
EUR against SGD		
– strengthened	**889**	389
– weakened	**(889)**	(389)
Company		
EUR against SGD		
– strengthened	**644**	389
– weakened	**(644)**	(389)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 4% (2015: 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:

	Increase/(decrease) Profit after tax	
	2016 S$'000	2015 S$'000
Group		
USD against SGD		
– strengthened	**426**	587
– weakened	**(426)**	(587)
Company		
USD against SGD		
– strengthened	**324**	556
– weakened	**(324)**	(556)

If the AUD changes against the SGD by 6% (2015: 7%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit after tax	
	2016 S$'000	2015 S$'000
Group		
AUD against SGD		
– strengthened	**44**	162
– weakened	**(44)**	(162)
Company		
AUD against SGD		
– strengthened	**29**	64
– weakened	**(29)**	(64)

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 ended 31 March 2015, 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.

At 31 March 2016, if the interest rates had increased / decreased by 1% with all other variables, including tax rate being held constant, it would have insignificant impact on the profit after tax for the year.

(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 assets 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.

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**75,105**	66,133	**133,685**	132,073
Other countries	**102,934**	73,997	**40,721**	20,067
	178,039	140,130	**174,406**	152,140
By types of customers				
Related parties	**34,644**	39,284	**120,240**	125,894
Non-related parties:				
– Government bodies	**6,936**	6,295	**6,885**	4,838
– Banks	**8,704**	23,739	**8,448**	8,049
– Overseas postal administrations	**6,167**	6,847	**6,167**	6,847
– Other companies	**121,588**	63,965	**32,666**	6,512
	178,039	140,130	**174,406**	152,140

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

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

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

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

33. **FINANCIAL RISK MANAGEMENT** (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Past due up to 3 months	**64,668**	49,494	**38,658**	24,077
Past due over 3 months	**8,872**	8,758	**2,302**	3,495
	73,540	58,252	**40,960**	27,572

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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Gross amount	**5,390**	5,270	**1,741**	1,566
Less: Allowance for impairment	**(5,390)**	(5,270)	**(1,741)**	(1,566)
	–	–	**–**	–
Beginning of financial year	**5,273**	5,533	**1,566**	1,237
Allowance made	**472**	178	**351**	331
Allowance utilised	**(355)**	(441)	**(176)**	(2)
End of financial year	**5,390**	5,270	**1,741**	1,566

(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.

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 March 2016				
Trade and other payables	**(385,712)**	**(26,119)**	**–**	**–**
Borrowings	**(78,090)**	**(7,000)**	**(220,138)**	**–**
Gross settled currency forwards	**(801)**	**–**	**–**	**–**
	(464,603)	**(33,119)**	**(220,138)**	**–**
At 31 March 2015 (Restated)				
Trade and other payables	(352,068)	(8,709)	–	–
Borrowings	(23,947)	(7,000)	(221,000)	–
Net settled currency forwards	(3,718)	–	–	–
	(379,733)	(15,709)	(221,000)	–
Company				
At 31 March 2016				
Trade and other payables	**(274,432)**	**–**	**–**	**–**
Borrowings	**(7,000)**	**(7,000)**	**(214,000)**	**–**
Gross settled currency forwards	**(801)**	**–**	**–**	**–**
	(282,233)	**(7,000)**	**(214,000)**	**–**
At 31 March 2015				
Trade and other payables	(261,936)	–	–	–
Borrowings	(7,000)	(7,000)	(221,000)	–
Net settled currency forwards	(3,718)	–	–	–
	(272,654)	(7,000)	(221,000)	–

(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.

33. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

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	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Net debt/(cash)	**153,632**	(345,813)	**186,418**	(273,296)
Total equity	**1,561,503**	1,467,737	**1,608,430**	1,468,374
Gearing ratio	**10%**	(24%)	**12%**	(19%)

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2016 and 2015.

(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 the fair value hierarchy.

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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise derivative financial instruments.

The fair value of 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 measurement. Refer to Note 36 for details.

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

33. FINANCIAL RISK MANAGEMENT (continued)

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

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).

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2016				
Assets				
Available-for-sale financial assets	**3,508**	**–**	**5,159**	**8,667**
Held-to-maturity financial assets	**37,543**	**–**	**–**	**37,543**
Derivatives financial instruments	**–**	**846**	**–**	**846**
Liabilities				
Derivative financial instruments	**–**	**801**	**–**	**801**
Contingent consideration payable	**–**	**–**	**51,181**	**51,181**
2015				
Assets				
Available-for-sale financial assets	4,145	–	414	4,559
Held-to-maturity financial assets	28,748	–	1,289	30,037
Liabilities				
Derivative financial instruments	–	3,718	–	3,718
Contingent consideration payable	–	–	26,772	26,772

33. FINANCIAL RISK MANAGEMENT (continued)

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

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Company				
2016				
Assets				
Available-for-sale financial assets	**3,508**	**–**	**4,561**	**8,069**
Held-to-maturity financial assets	**37,543**	**–**	**–**	**37,543**
Derivative financial instruments	**–**	**846**	**–**	**846**
Liabilities				
Derivative financial instruments	**–**	**801**	**–**	**801**
2015				
Available-for-sale financial assets	4,145	–	–	4,145
Held-to-maturity financial assets	28,748	–	1,289	30,037
Liabilities				
Derivative financial instruments	–	3,718	–	3,718

The following table presents the changes in Level 3 instruments:

	Group and Company		Group	
	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Contingent Consideration $'000	Total $'000
2016				
Beginning of financial year	**1,289**	**414**	**26,772**	**28,475**
Transfers	**–**	**–**	**–**	**–**
Purchases	**–**	**4,745**	**–**	**4,745**
Disposal	**(1,289)**	**–**	**(1,301)**	**(2,590)**
Acquisition of subsidiaries and associates	**–**	**–**	**26,289**	**26,289**
Fair value gains/(losses) recognised in				
– Profit or loss	**–**	**–**	**201**	**201**
Currency translation differences	**–**	**–**	**(780)**	**(780)**
End of financial year	**–**	**5,159**	**51,181**	**56,340**
Total gains for the year included in the profit or loss for assets and liabilities held at the end of the financial year	**–**	**–**	**201**	**201**

33. FINANCIAL RISK MANAGEMENT (continued)

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

	Group and Company		Group	
	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Contingent consideration $'000	Total $'000
2015 (restated)				
Beginning of financial year	–	420	20,600	21,020
Transfers	–	–	–	–
Purchases	1,289	–	–	1,289
Acquisition of a subsidiary	–	–	6,172	6,172
Currency translation differences	–	(6)	–	(6)
End of financial year	1,289	414	26,772	28,475
Total gains or (losses) for the period included in the profit or loss for assets and liabilities held at the end of the financial year	–	–	–	–

There were no transfers between Levels 1, 2 and 3 during the year.

(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 12,14 and 24 to the financial statements, except for the following:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Loans and receivables	**355,217**	765,644	**809,900**	810,693
Financial liabilities at amortised cost	**415,902**	362,756	**274,432**	261,936

33. FINANCIAL RISK MANAGEMENT (continued)

(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 S$'000	Gross amounts of recognised financial liabilities S$'000	Net amounts of financial assets/ (liabilities) presented in the balance sheet S$'000	(d)(i), (d)(ii) Financial instruments S$'000	(d)(ii) Cash collateral pledged S$'000	Net amount S$'000
At 31 March 2015						
Currency forwards	3	3,721	(3,718)	–	–	(3,718)

There were no financial instruments subject to enforceable master netting arrangement for the year ended 31 March 2016.

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	
	2016 S$'000	2015 S$'000
Services rendered to an associated company	**71,227**	67,009
Services received from an associated company	**64**	–
Services rendered to related companies of a substantial shareholder	**14,747**	15,564
Services received from related companies of a substantial shareholder	**910**	430

During the financial year ended 31 March 2016, the Company made payments on behalf of subsidiaries totalling S$46.2 million (2015: S$17.9 million) which were subsequently reimbursed.

34. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation is as follows:

	Group	
	2016	2015
	S$'000	S$'000
Salaries and other short-term employee benefits	**7,185**	5,711
Post-employment benefits – contribution to CPF	**47**	37
Share-based staff costs	**721**	1,628
	7,953	7,376

Included in the above is total compensation to directors of the Company amounting to S$1,690,160 (2015: S$1,491,270).

35. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Director 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.

- **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 (Quantium Solutions), parcel delivery (Singapore Parcel), freight forwarding (Famous Holdings) and self-storage solutions (General Storage).

- **Retail & eCommerce** – Retail & eCommerce 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.

35. SEGMENT INFORMATION (continued)

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 2016 and 31 March 2015 are as follows:

	Mail S$'000	Logistics S$'000	Retail & eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2016						
Revenue:						
– External	466,597	552,173	132,772	–	–	1,151,542
– Inter-segment	33,205	73,799	27,888	–	(134,892)	–
	499,802	625,972	160,660	–	(134,892)	1,151,542
Other income and gains (net)						
– Rental, property-related and miscellaneous income						
– External	461	2,912	(56)	152,982	(1)	156,298
– Inter-segment	–	583	–	33,394	(33,977)	–
	461	3,495	(56)	186,376	(33,978)	156,298
Operating profit	147,775	37,696	2,249	96,539	–	284,259
Depreciation and amortisation	7,562	10,775	5,342	8,207	–	31,886
Segment assets	104,445	659,949	366,620	1,196,731	–	2,327,745
Segment assets includes:						
Investment in associated companies	–	70,238	–	76,163	–	146,401
Intangible assets	227	338,999	243,967	–	–	583,193
Additions to:						
– Property, plant and equipment	5,270	160,809	7,365	16,687	–	190,131
– Investment properties	–	3	–	88,980	–	88,983

35. SEGMENT INFORMATION (continued)

	Mail S$'000	Logistics S$'000	Retail & eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2015 (Restated)						
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
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	550,080	24,484	977,466	–	1,705,326
Segment assets includes:						
Investment in associated companies	1,776	16,278	–	86,359	–	104,413
Intangible assets	323	316,319	–	–	–	316,642
Additions to:						
– Property, plant and equipment	42,715	13,936	4,035	51,814	–	112,500
– Investment property	–	6,141	–	21	–	6,162

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:

	2016	2015
	S$'000	S$'000
Operating profit for reportable segments	**187,720**	175,277
Other segments operating profit	**96,539**	11,088
Finance expense	**(10,365)**	(4,370)
Interest income	**4,268**	3,864
Share of profit of associated companies and joint ventures	**9,066**	6,660
Profit before tax	**287,228**	192,519

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.

	2016	2015
	S$'000	S$'000
		(Restated)
Segment assets for reportable segments	**1,131,014**	727,860
Other segments assets	**1,196,731**	977,466
Unallocated:		
Cash and cash equivalents	**41,602**	471,218
Financial assets, held-to-maturity	**45,612**	34,182
Derivative financial instruments	**846**	–
Total assets	**2,415,805**	2,210,726

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.

	2016 **S$'000**	2015 S$'000
Domestic and International Mail services	**466,597**	467,567
Domestic and International distribution and delivery services	**552,173**	387,758
Retail & eCommerce sale of products and services	**132,772**	64,257
Revenue	**1,151,542**	919,582

Geographical information

The Group's three business segments operate principally in Singapore, where over 56% (2015: 65%) of its revenues are generated. The remaining revenues are generated mainly from Australia, Japan, Europe and USA.

The Group does not rely on any major customers.

36. BUSINESS COMBINATIONS

(i) On 15 July 2015, the Group acquired 80% equity interest of Rotterdam Harbour Holding B.V. ("FPS Rotterdam") through its subsidiary. The principal activity of FPS Rotterdam is that of freight forwarding service.

Details at the acquisition date of the consideration paid, the provisional fair value amounts of identifiable 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	12,663
Contingent consideration (Note (e) below)	5,222
Total purchase consideration	**17,885**

36. BUSINESS COMBINATIONS (continued)

(i) *(continued)*

	Group S$'000
(b) Effect on cash flows of the Group	
Cash paid (as above)	12,663
Less: Cash and cash equivalents in FPS Rotterdam acquired	(1,369)
Cash outflow on acquisition	**11,294**

	At fair value (Provisional) S$'000
(c) *Identifiable assets acquired and liabilities assumed, at provisional fair value*	
Cash and cash equivalents	1,369
Property, plant and equipment	1,850
Current income tax recoverable	235
Trade and other receivables	5,515
Total assets	8,969
Trade and other payables	6,597
Deferred tax liabilities	17
Total liabilities	6,614
Total identifiable net assets	2,355
Less: Non-controlling interest at proportionate share	(493)
Add: Goodwill on acquisition	16,023
Total purchase consideration for the business	**17,885**

(d) *Acquisition-related cost*

Acquisition-related costs of S$238,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

36. BUSINESS COMBINATIONS (continued)

(i) (continued)

(e) Contingent consideration

The consideration for the remaining 20% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 31 March 2017, and the cumulative net profit after tax of FPS Rotterdam for the five financial years prior to 14 July 2020. The fair value of the consideration at acquisition date, discounted at 2.18% per annum, is at its maximum of S$5,222,000 based on the criteria above.

The fair value was derived using the income approach and is classified as a Level 3 fair value under the fair value hierarchy.

(f) Acquired receivables

The fair value of trade and other receivables is S$5,515,000 and includes trade receivables with a fair value of S$5,400,000. The gross contractual amount for trade receivables due is S$6,000,000, of which S$600,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S$16,023,000 arising from the acquisition is attributable to the synergies expected to arise from economies of scale in combining the operations of the Group to strengthen the Group's capability to provide customers with an integrated eCommerce logistics solution and to complement the Group's existing postal and parcel networks.

(h) Revenue and profit contribution

The acquired business contributed S$35,971,000 of revenue and S$2,171,000 of net profit to the Group for the period 15 July 2015 to 31 March 2016.

Had FPS Rotterdam been consolidated from 1 April 2015, consolidated revenue and consolidated net profit for the year ended 31 March 2016 would have been increased by S$21,587,000 and S$674,000 respectively.

36. BUSINESS COMBINATIONS (continued)

(ii) On 1 September 2015, the Group acquired 100% equity interest of Store Friendly Self Storage Group ("SFG") through its subsidiary. The principal activity of SFG is that of providing personal and business storage facilities services in Singapore.

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	11,805
	Total purchase consideration	**11,805**
(b)	*Effect on cash flows of the Group*	
	Cash paid (as above)	11,805
	Less: Cash and cash equivalents in SFG acquired	(724)
	Cash outflow on acquisition	**11,081**

		At fair value (Provisional) S$'000
(c)	*Identifiable assets acquired and liabilities assumed, at provisional fair value*	
	Cash and cash equivalents	724
	Property, plant and equipment	1,709
	Trade and other receivables	783
	Total assets	3,216
	Trade and other payables	828
	Advance billing	1,262
	Total liabilities	2,090
	Total identifiable net assets	1,126
	Add: Goodwill on acquisition	10,679
	Total purchase consideration for the business	**11,805**

36. BUSINESS COMBINATIONS (continued)

(ii) (continued)

(d) Acquisition-related cost

Acquisition-related costs of S$891,000 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$783,000 and includes trade receivables with a fair value of S$196,000. The gross contractual amount for trade receivables due is S$235,000, of which S$39,000 is expected to be uncollectible.

(f) Goodwill

The goodwill of S$10,679,000 arising from the acquisition is attributable to the synergies expected to arise from economies of scale in business processes and marketing with those of Lock + Store.

(g) Revenue and profit contribution

The acquired business contributed S$2,362,000 of revenue and S$114,000 of net profit to the Group for the period 1 September 2015 to 31 March 2016.

Had SFG been consolidated from 1 April 2015, consolidated revenue and consolidated net profit for the year ended 31 March 2016 would have been increased by S$699,000 and decreased by S$371,000.

36. BUSINESS COMBINATIONS (continued)

(iii) On 13 November 2015, the Group acquired 96.4% equity interest of TG Group. The principal activity of TG Group is that of provision of integrated eCommerce enablement solutions, including fulfilment, customer care, logistics, web development, software and marketing services for the fashion retail industry.

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	236,101
Total purchase consideration	**236,101**
(b) Effect on cash flows of the Group	
Cash paid (as above)	236,101
Less: Cash and cash equivalents in TG Group acquired	(5,415)
Cash outflow on acquisition	**230,686**

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	5,415
Inventories	395
Customer relationships (included in intangibles) (Note 22(b))	42,992
Acquired software licence (included in intangibles) (Note 22(e))	1,876
Trademarked brand (included in intangibles) (Note 22(f))	560
Property, plant and equipment	27,789
Deferred tax income assets	560
Trade and other receivables	18,504
Total assets	98,091
Trade and other payables	10,952
Borrowings	5,601
Deferred income tax liabilities	19,117
Total liabilities	35,670
Total identifiable net assets	62,421
Less: Non-controlling interest at proportionate share	(2,247)
Add: Goodwill on acquisition	175,927
Total purchase consideration for the business	**236,101**

(d) *Acquisition-related cost*

Acquisition-related costs of S$7,017,000 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$18,504,000 and includes trade receivables with a fair value of S$17,107,000. The gross contractual amount for trade receivables due is S$18,755,000, of which S$1,648,000 is expected to be uncollectible.

36. Business combinations (continued)

(iii) (continued)

(f) Goodwill

The goodwill of S$175,927,000 arising from the acquisition is attributable to the synergies from increased eCommerce services of web design, content management, marketing and analytics, fulfilment and logistics and the increased geographical access to customers.

(g) Revenue and profit contribution

The acquired business contributed S$56,325,000 of revenue, S$3,345,000 of EBITDA and S$77,000 of net loss to the Group for the period 14 November 2015 to 31 March 2016.

Had TG Group been consolidated from 1 April 2015, consolidated revenue, consolidated EBITDA and consolidated net loss for the year ended 31 March 2016 would have increased by S$74,112,000, S$5,268,000 and S$1,483,000 respectively.

(iv) On 7 March 2016, the Group acquired 71.1% equity interest of Jagged Peak, Inc. ("JP") through its subsidiary. The principal activity of JP is that of provision of eCommerce logistics enabler for high-velocity consumer products based in the United States of America.

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 to vendor	18,858
Cash consideration in escrow	1,405
Contingent consideration (Note (e) below)	13,809
Total purchase consideration	**34,072**
(b) Effect on cash flows of the Group	
Cash paid (as above)	18,858
Add: Bank overdraft in JP acquired	484
Cash outflow on acquisition	**19,342**

36. BUSINESS COMBINATIONS (continued)

(iv) (continued)

	At fair value (Provisional) S$'000
(c) Identifiable assets acquired and liabilities assumed, at provisional fair value	
Property, plant and equipment	6,242
Trade and other receivables	14,724
Deferred income tax assets	1,042
Total assets	22,008
Trade and other payables	17,886
Borrowings	1,816
Deferred income tax liabilities	822
Advance billings	297
Bank overdraft	484
Total liabilities	21,305
Total identifiable net assets	703
Add: Goodwill	33,369
Total purchase consideration for the business	**34,072**

(d) Acquisition-related cost

Acquisition-related costs of S$2,544,000 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

In accordance with the key Stockholder Agreement between the Group and the key stockholder, a call option was granted to the Group to purchase the remaining 28.9% interest in JP and a put option was granted to the key stockholder to sell the remaining 28.9% interest in JP to the Group.

The consideration for the 28.9% under option is dependent on the audited average earnings before interest, tax, depreciation and amortisation ("EBITDA") of JP for the 3 consecutive financial years ending 31 December 2015 to 31 December 2017. The fair value of the consideration at the acquisition date was estimated at S$13,809,000 based on a multiple of forecasted average EBITDA for the relevant financial years and estimated net debt of S$6,731,000, discounted at 2.9% per annum. The fair value is classified within Level 3 of the fair value hierarchy.

36. BUSINESS COMBINATIONS (continued)

(iv) (continued)

(e) Contingent consideration (continued)

The maximum amount that the Group is expected to pay to the key stockholders of Jagged Peak will be S$33,163,000 if the above mentioned criteria are met.

(f) Acquired receivables

The fair value of trade and other receivables is S$14,725,000 and includes trade receivables with a fair value of S$13,691,000. The gross contractual amount for trade receivables due is S$14,465,000, of which S$774,000 is expected to be uncollectible.

(g) Goodwill

The goodwill of S$33,369,000 arising from the acquisition is attributable to the synergies expected to arise from enabling end-to-end fulfilment of eCommerce orders across the United States of America.

(h) Revenue and profit contribution

The acquired business contributed S$8,715,000 of revenue, S$480,000 of EBITDA and S$363,000 of net profit to the Group for the period 8 March 2016 to 31 March 2016.

Had JP been consolidated from 1 April 2015, consolidated revenue, consolidated EBITDA and consolidated net profit for the year ended 31 March 2016 would have increased by S$92,278,000, S$5,043,000 and S$1,109,000 respectively.

(v) During the financial year ended 31 March 2015, the Group acquired F.S. Mackenzie Limited ("FSML"), Famous Pacific Shipping (NZ) Limited ("FPSNZ"), The Store House Limited ("TSH"), and Couriers Please Holdings Pty Limited and its subsidiaries ("CP Holdings group"). The fair values of assets and liabilities of FSML, FPSNZ, TSH and CP Holdings group from the acquisition had initially been determined in the Financial Statements of the Group for the financial year ended 31 March 2015 based on provisional fair values. The Group completed the Purchase Price Allocation ("PPA") exercise in the financial year ended 31 March 2016 for FSML, FPSNZ, TSH and CP Holdings group 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 effects to the 31 March 2015 Group balance sheet are as follows:

36. BUSINESS COMBINATIONS (continued)

(v) (continued)

	As previously reported S$'000	After adjustment S$'000	Increase/ (Decrease) S$'000
As at 31 March 2015			
Assets			
Goodwill	296,492	267,278	(29,214)
Intangible assets, excluding goodwill	6,401	49,364	42,963
Deferred income tax assets	5,371	4,541	(830)
Net increase			**12,919**
Liabilities			
Trade and other payables	10,508	10,688	180
Deferred income tax liabilities	23,601	36,340	12,739
Net increase			**12,919**

There is no material effect to the 31 March 2015 Group financial results.

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 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  Management is in the midst of assessing whether there is any significant impact on the financial statements of the Group.

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

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

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

- FRS 110 *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (effective date to be determined by the ASC)

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

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

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  Management is in the midst of assessing whether there is any significant impact on the financial statements of the Group.

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

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  – Step 1: Identify the contract(s) with a customer
  – Step 2: Identify the performance obligations in the contract
  – Step 3: Determine the transaction price
  – Step 4: Allocate the transaction price to the performance obligations in the contract
  – Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is in the midst of assessing whether there is any significant impact on the financial statements of the Group.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under 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 11 May 2016 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

39. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte Ltd.	Online sale of luxury products	Singapore	**100**	100	**–**	–
DataPost Pte. Ltd.	Electronic printing and despatching services	Singapore	**–**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holding Pte Ltd(1)	Investment holding, provision of management and consultancy services to related entities	Singapore	**100**	100	**–**	–
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
Held by the subsidiaries						
DataPost (HK) Pte Limited(4)	Electronic printing and enveloping services	Hong Kong	**–**	100	**–**	–
eP2M Services Sdn. Bhd.	Electronic printing and despatching services	Malaysia	**–**	100	**–**	–
SP Jagged Peak LLC(5)	Investment holding	United States	**100**	–	**–**	–

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Jagged Peak, Inc[(5)]	eCommerce logistics enabler for high-velocity consumer products	United States	**71.1**	–	**28.9**	–
SingPost Distribution Pte. Ltd.[(2)]	Provision of business mail solutions and distribution of mail	Singapore	**100**	100	**–**	–
SP Commerce Holdings, Inc[(5)]	Investment holding	United States	**100**	–	**–**	–
SP Commerce, Inc[(5)]	Provison of global sale & marketing services	United States	**100**	–	**–**	–
TG Acquisition Corporation[(5)]	Investment holding	United States	**96.4**	–	**3.6**	–
TradeGlobal Holdings, Inc[(5)]	eCommerce enablement provider	United States	**96.4**	–	**3.6**	–
TradeGlobal North America Holding, Inc[(5)]	eCommerce enablement provider	United States	**96.4**	–	**3.6**	–
TradeGlobal North America LLC[(5)]	eCommerce enablement provider	United States	**96.4**	–	**3.6**	–
TradeGlobal Asia Holdings Limited[(5)]	eCommerce enablement provider	Hong Kong	**96.4**	–	**3.6**	–
Trade Global Europe TGE GmbH	eCommerce enablement provider	Germany	**96.4**	–	**3.6**	–
Netrada Trade and Consulting (Shanghai) Co Ltd	eCommerce enablement provider	China	**96.4**	–	**3.6**	–
SingPost Logistics Enterprise Pte Ltd	Investment holding, provision of management and consultancy services to related entities	Singapore	**100**	–	**–**	–
SingPost Logistics Australia Holdings Pty Ltd	Investment holding, provision of management and consultancy services to related entities	Australia	**100**	–	**–**	–

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions International Pte. Ltd.	Investment holding, provision of management and consultancy services to related entities	Singapore	**100**	100	**–**	–
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and e-commerce logistics solutions	Singapore	**100**	100	**–**	–
Quantium Mail Logistics Solutions (India) Private Limited	Provision of delivery services and e-commerce logistics solutions	India	**100**	100	**–**	–
Quantium Express Solutions (India) Private Limited	Provision of delivery services and e-commerce logistics solutions	India	**100**	–	**–**	–
Quantium Solutions (Australia) Pty Limited	Provision of delivery services and e-commerce logistics solutions	Australia	**100**	100	**–**	–
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and e-commerce logistics solutions	Hong Kong	**100**	100	**–**	–
Quantium Solutions (Japan) Inc.	Provision of delivery services and e-commerce logistics solutions	Japan	**100**	100	**–**	–
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of delivery services and e-commerce logistics solutions	Malaysia	**100**	100	**–**	–
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and e-commerce logistics solutions	New Zealand	**100**	100	**–**	–
Quantium Solutions (Philippines) Inc+	Provision of delivery services and e-commerce logistics solutions	Philippines	**40**	40	**60**	60
Quantium Solutions (Taiwan) Co., Ltd	Provision of delivery services and e-commerce logistics solutions	Taiwan	**100**	100	**–**	–

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	
			2016 %	2015 %	**2016 %**	2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and e-commerce logistics solutions	Thailand	**100**	100	**–**	–
PT Quantium Solutions Logistics Indonesia+	Provision of delivery services and e-commerce logistics solutions	Indonesia	**49**	49	**51**	51
Couriers Please Holdings Pty Limited	Provision of delivery services and e-commerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Australia Pty Limited	Provision of delivery services and e-commerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Pty Limited	Provision of delivery services and e-commerce logistics solutions	Australia	**100**	100	**–**	–
Novation Solutions Limited	Security printing and transaction mail Provider	Hong Kong	**–**	100	**–**	–
Novation Printing (Shenzhen) Limited(6)	Security printing and transaction mail provider	China	**–**	100	**–**	–
SingPost Storage Company Ltd	Investment holding	Mauritius	**100**	100	**–**	–
SingPost Investments (Tampines) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments (Toh Guan) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments (Ecommerce Logistics) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Centre (Retail) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
General Storage Company	Investment holding company	Singapore	**100**	100	**–**	–
Lock + Store (Chai Chee) Pte Ltd	Provision of warehousing, storage & logistics services	Singapore	**100**	100	**–**	–
Lock + Store (Tanjong Pagar) Pte Ltd	Provision of warehousing, storage & logistics services	Singapore	**100**	100	**–**	–
Lock + Store (Ayer Rajah) Pte Ltd	Provision of warehousing, storage & logistics services	Singapore	**100**	100	**–**	–
The Store House Limited[7]	Provision of personal & business storage facilities	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited[7]	Provision of administrative & management services	Hong Kong	**75**	75	**25**	25
Lock and Store (Glenmarie) Sdn. Bhd.	Provision of warehousing, storage & rental services	Malaysia	**100**	100	**–**	–
Store Friendly Self Storage Group Pte Ltd	Provision of general warehousing, self-storage and value added logistics services	Singapore	**100**	–	**–**	–
Japan Self Storage Company Ltd[5]	Provision of self-storage services	Japan	**60**	–	**40**	–
SingPost eCommerce Logistics Holdings Pte Ltd	Investment holding	Singapore	**100**	–	**–**	–
SP Parcels Pte Ltd[1]	Courier activities other than national post activities	Singapore	**100**	–	**–**	–

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Holdings Pte Ltd	Investment holding and provision of management services	Singapore	**62.5**	62.5	**37.5**	37.5
Famous Air & Sea Services Pte Ltd	Freight forwarding	Singapore	**62.5**	62.5	**37.5**	37.5
FPS Global Logistics Pte Ltd	Freight forwarding	Singapore	**62.5**	62.5	**37.5**	37.5
Famous Pacific Shipping (S) Pte Ltd(3)	Freight forwarding	Singapore	**–**	62.5	**–**	37.5
FPS Famous Pacific Shipping Sdn Bhd(8)	Freight forwarding	Malaysia	**62.5**	62.5	**37.5**	37.5
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	**62.5**	62.5	**37.5**	37.5
F.S. Mackenzie Limited(9)	Freight forwarding	United Kingdom	**62.5**	62.5	**37.5**	37.5
Famous Pacific Shipping (NZ) Limited(10)	Freight forwarding	New Zealand	**56.25**	56.25	**43.75**	43.75
Mercury Worldwide (NZ) Limited(10)	Freight forwarding	New Zealand	**56.25**	56.25	**43.75**	43.75
FPS Logistics (USA) Inc.(11)	Logistics management and services	USA	**62.5**	62.5	**37.5**	37.5
Sino Famous Intertrans Co Ltd(12)	Freight forwarding	China	**62.5**	62.5	**37.5**	37.5
Famous Container Lines Co Ltd(12)	Freight forwarding	China	**62.5**	62.5	**37.5**	37.5

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	by the Group 2015 %	by the NCI 2016 %	by the NCI 2015 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Shinyei Shipping Co Ltd	Freight forwarding	Japan	**55.6**	55.6	**44.4**	44.4
Tras – Inter Co. Ltd(13)	Customs brokerage and freight forwarding	Japan	**55.6**	55.6	**44.4**	44.4
Rotterdam Harbour Holding B.V.(14)+	Management, asset, accounting and custom services	Netherlands	**50**	–	**50**	–
FPS Famous Pacific Shipping B.V.(14)+	Logistics services	Netherlands	**50**	–	**50**	–
Trans Ocean Pacific Forwarding B.V.(14)+	Logistics services	Netherlands	**50**	–	**50**	–
EWC East Way Commodities B.V.(14)+	Trading company and purchase organisation for oceanfreight services	Netherlands	**50**	–	**50**	–
FPS Famous Pacific Shipping Germany GmbH(15)+	Sales company for logistics services of parent in Rotterdam	Germany	**50**	–	**50**	–
FPS Famous Pacific Shipping s.r.o.(16)+	Logistics services	Netherlands	**25.5**	–	**74.5**	–
SP eCommerce (Thailand) Co Ltd(17)	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co Ltd(17)	eCommerce specialising in the provision of online shopping platforms and services	Korea	**100**	100	**–**	–
SP eCommerce (Malaysia) Sdn. Bhd(17)	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	**100**	–	**–**	–

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	2015 %
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Berhad[18]	Provision of express delivery and customised logistics services	Malaysia	**11.23**	24.2
Held by subsidiaries				
Postea, Inc.[5]	Provision of technology and support in postal, courier and other distribution markets	USA	**27**	27
Indo Trans Logistics Corporation[19]	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Dash Logistics Company Ltd[17]	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**51**	51
Shenzhen 4PX Information and Technology Co Ltd.[20]	Provision of international express delivery services, international freight forwarding, import and export of goods and technology	China	**35.91**	18
Efficient E-Solutions Berhad[21]	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd[22]	Ecommerce and logistics retail network	Australia	**30**	–
Morning Express & Logistics Holding Ltd[23]	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	–
E Link Station Ltd[23]	Provision of redemption services	Hong Kong	**50**	–
ePDS, Inc.[24]	Provision of electronic printing	Philippines	**–**	33
Shanghai Yihui Printing[17]	General printing	China	**–**	30
Novation Efficient Logistics Limited[17]	Provision of logistics services	Hong Kong	**–**	40

39. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	2015 %
JOINT VENTURES				
Held by subsidiaries				
Thai British Dpost Company Limited(25)	Provision of laser printing and enveloping services and despatching services	Thailand	**–**	49
PT Trio Specommerce Indonesia	e-commerce specialising in the provision of online sale of products	Indonesia	**33**	–

Notes

(1) Formerly known as Quantium Solutions Holding Pte Ltd
(2) Formerly known as Quantium Solutions Distribution Pte Ltd
(3) The company has been legally merged into FPS Global Logistics Pte Ltd

All companies as at 31 March 2016 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(4) Audited by Dominic K.F. Chan & Co. but work was performed by PricewaterhouseCoopers LLP, Singapore
(5) Not required to be audited for the financial year ended 31 March 2016
(6) Audited by Shenzhen Tian British Institute of Certified Public Accountants
(7) Audited by Cheng & Cheng Limited, Hong Kong
(8) Audited by Thiang & Co, Malaysia
(9) Audited by Blick Rothenberg LLP, United Kingdom
(10) Audited by KPMG LLP, New Zealand
(11) Audited by DNW & Associates Inc. United States of America
(12) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd, China
(13) Audited by HLB Meisei LLC, Japan
(14) Audited by Crowe Horwath Peak Audit & assurance, Netherlands
(15) Audited by Crowe Horwath Trinavis Audit & assurance, Germany
(16) Audited by Ucetnictvi on-line, s.r.o., Czech Republic
(17) Audited by local statutory auditors in the countries of incorporation
(18) Audited by Deloitte KassimChan, Malaysia
(19) Audited by KPMG Limited, Vietnam
(20) Audited by Deloitte Touche Tohmatsu, Certified Public Accountants LLP, Shenzhen Branch, China
(21) Audited by PKF International, Malaysia
(22) Audited by Assura Group
(23) Audited by Esmond W.T. Leung & Co
(24) Audited by SyCip Gorres Velayo & Co, Philippines
(25) Audited by KPMG Phoomchai Audit Ltd, Thailand
\+ It is considered to be a subsidiary of the Company as the Company can exercise control over its financial and operating policies and voting rights.

SGX LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

	2016 S$'000	2015 S$'000
Fees on audit services paid / payable to :		
– Auditor of the Company	**1,298**	1,161
– Other auditor	**291**	133
Fees on non-audit services paid / payable to :		
– Auditor of the Company	**974**	461
– Other auditor	**405**	295
	2,968	2,050

(b) Appointment of auditors

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

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

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

(d) Internal controls

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

3. INTERESTED PERSON TRANSACTIONS

During the financial year ended 31 March 2016, 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$100,000)	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Sales				
Mediacorp Group	**–**	–	**799***	540
Postea Group	**–**	–	**198***	–
Singapore Airlines Group	**–**	–	**1,704***	–
Singapore Telecommunications Group	**–**	–	**5,621***	10,357*
SP Services Ltd	**–**	–	**1,218**	1,358
Starhub Group	**–**	–	**860**	631
	–	–	**10,400**	12,886
Purchases				
Certis Cisco Group	**–**	–	**162***	723*
PSA Corporation Limited	**–**	–	**1,808***	2,727*
SATS Group	**–**	–	**57,239***	–
SembCorp Group	**–**	–	**3,267**	96,060*
Singapore Airlines Group	**–**	–	**1,540**	4,480
Singapore Telecommunications Group	**–**	–	**365***	682*
SMRT Group	**–**	–	**–**	1,188*
	–	–	**64,381**	105,860

3. INTERESTED PERSON TRANSACTIONS (continued)

	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$100,000)	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Loan to associated company				
Postea Group	–	1,132*	–	–
	–	1,132	–	–
Total interested person transactions	–	1,132	**74,781**	118,746

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 4 months to 15 years) or annual values for open-ended contracts.

* Includes contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

AS AT 26 MAY 2016

No. of Issued Shares:	2,163,786,618
No. of Issued Shares excluding Treasury Shares:	2,162,128,341
No. of Treasury Shares / Percentage of Treasury Shares:	1,658,277 (0.08%)
Class of Shares:	Ordinary Shares
Number of Shareholders:	33,448

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] Deemed through its subsidiary, Alibaba Investment Limited.

[3] Deemed through Alibaba Group Holding Limited which is the holding company of Alibaba Investment Limited.

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%*	NO. OF SHARES (EXCLUDING TREASURY SHARES)	%*
1 – 99	33	0.10	738	0.00
100 – 1,000	4,623	13.82	4,394,192	0.20
1,001 – 10,000	20,389	60.96	108,415,938	5.02
10,001 – 1,000,000	8,358	24.99	403,505,771	18.66
1,000,001 and above	45	0.13	1,645,811,702	76.12
	33,448	100.00	2,162,128,341	100.00

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 26 May 2016, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

AS AT 26 MAY 2016

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	% *
1	Singapore Telecommunications Limited	494,000,000	22.85
2	DBS Nominees (Private) Limited	298,207,718	13.79
3	DB Nominees (Singapore) Pte Ltd	229,606,819	10.62
4	Citibank Nominees (Singapore) Pte Ltd	220,477,273	10.20
5	HSBC (Singapore) Nominees Pte Ltd	72,040,196	3.33
6	United Overseas Bank Nominees (Private) Limited	67,347,525	3.11
7	DBSN Services Pte Ltd	51,568,374	2.39
8	Raffles Nominees (Pte) Ltd	51,020,639	2.36
9	Bank of Singapore Nominees Pte Ltd	24,637,308	1.14
10	BNP Paribas Securities Services	19,208,116	0.89
11	OCBC Nominees Singapore Private Limited	10,799,000	0.50
12	NTUC Fairprice Co-operative Ltd	10,000,000	0.46
13	Merrill Lynch (Singapore) Pte Ltd	9,110,161	0.42
14	DBS Vickers Securities (Singapore) Pte Ltd	6,449,224	0.30
15	OCBC Securities Private Ltd	6,437,708	0.30
16	Phillip Securities Pte Ltd	5,380,162	0.25
17	HL Bank Nominees (Singapore) Pte Ltd	5,232,500	0.24
18	Ong Min Khim	4,680,000	0.22
19	Low Kim Hong	4,603,000	0.21
20	Heng Siew Eng	4,518,000	0.21
		1,595,323,723	73.79

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 26 May 2016, 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 26 May 2016, approximately 66.41% 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
Genevieve Tan McCully (Mrs)

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

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

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

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

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

SINGAPORE POST LIMITED
Co. Reg. No. 199201623M

Registered Office 10 Eunos Road 8, Singapore Post Centre, Singapore 408600
www.singpost.com

SINGAPORE POST LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING of Singapore Post Limited (the "**Company**") will be held at Level 3, Summit 1, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Thursday, 14 July 2016 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements for the financial year ended 31 March 2016, and the Directors' Statement and Independent Auditor's Report thereon. (Resolution 1)

2. To declare a final tax exempt one-tier dividend of 2.5 cents per ordinary share in respect of the financial year ended 31 March 2016. (Resolution 2)

3. To re-elect Mr Simon Claude Israel who retires in accordance with Article 97 of the Company's Constitution and who, being eligible, offers himself for re-election. (Resolution 3)

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

   (a) Ms Aliza Knox (Resolution 4)
   (b) Mr Soo Nam Chow (Resolution 5)
   (c) Mr Zulkifli Bin Baharudin (Resolution 6)

5. To approve directors' fees payable by the Company of S$1,572,900 for the financial year ended 31 March 2016 (2015: S$1,485,550). (Resolution 7)

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

EXPLANATORY NOTES ON ORDINARY BUSINESS TO BE TRANSACTED

Resolution 3

Mr Simon Claude Israel will, upon re-election as a director of the Company, remain as the Chairman of the Board of Directors. Mr Israel is considered by the Board of Directors to be non-independent as he is the chairman of Singapore Telecommunications Limited which is a 22.85% shareholder of the Company. Except for the foregoing, there are no relationships (including immediate family relationships) between Mr Israel and any of the other directors or management, or between Mr Israel and the Company or any of the 10% shareholders of the Company. The profile of Mr Israel can be found in the "Board of Directors" section of the Company's Annual Report 2015/2016.

Resolution 4

Ms Aliza Knox will, upon re-election as a director of the Company, remain as a member of the Board Risk and Technology Committee. Ms Knox is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Ms Knox and any of the other directors or management, or between Ms Knox and the Company or any of the 10% shareholders of the Company. The profile of Ms Knox can be found in the "Board of Directors" section of the Company's Annual Report 2015/2016.

Resolution 5

Mr Soo Nam Chow will, upon re-election as a director of the Company, remain as the chairman of the Audit Committee and a member of the Nominations Committee. Mr Soo is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mr Soo and any of the other directors or management, or between Mr Soo and the Company or any of the 10% shareholders of the Company. The profile of Mr Soo can be found in the "Board of Directors" section of the Company's Annual Report 2015/2016.

Resolution 6

Mr Zulkifli Bin Baharudin will, upon re-election as a director of the Company, remain as the chairman of the Nominations Committee and a member of the Audit Committee and the Compensation Committee. Mr Baharudin is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mr Baharudin and any of the other directors or management, or between Mr Baharudin and the Company or any of the 10% shareholders of the Company. The profile of Mr Baharudin can be found in the "Board of Directors" section of the Company's Annual Report 2015/2016.

SPECIAL BUSINESS

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

Authority to Issue Shares and to Make or Grant Convertible Instruments

7. That authority be and is hereby given to the directors to:

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:

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

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

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 9)

Authority to Offer/Grant Options, Grant Share Awards and Allot/Issue Shares

8. That approval be and is hereby given to the directors to:

(a) offer and grant options in accordance with the provisions of the Singapore Post Share Option Scheme 2012 ("**Share Option Scheme 2012**") and to allot and issue from time to time such number of ordinary shares as may be required to be issued pursuant to the exercise of options under the Share Option Scheme 2012; and/or

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

provided that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to options granted under the Share Option Scheme 2012, and (ii) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to awards granted under the Restricted Share Plan 2013, shall not exceed 5 per cent of the total number of issued ordinary shares (excluding treasury shares) of the Company from time to time. (Resolution 10)

Proposed Renewal of the Shareholders Mandate for Interested Person Transactions

9. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Company's Letter to Shareholders dated 22 June 2016 ("**Letter**") with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above ("**Shareholders Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution. (Resolution 11)

Proposed Renewal of the Share Purchase Mandate

10. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution. (Resolution 12)

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Group Company Secretary

Singapore
22 June 2016

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED
STATEMENT PURSUANT TO ARTICLE 54 OF THE CONSTITUTION OF THE COMPANY

Resolution 9

Resolution 9 is to empower the directors to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares) of the Company, with a sub-limit of 10 per cent for issues other than on a *pro rata* basis to shareholders of the Company. The 10 per cent sub-limit for non-*pro rata* share issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the SGX-ST and the Constitution of the Company. The Company is seeking approval from shareholders for a lower sub-limit for non-*pro rata* share issues as it does not anticipate that it will require a higher sub-limit before the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time that Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 10

Resolution 10 is to empower the directors:

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

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

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

Although the Rules of the Share Option Scheme 2012 and the Restricted Share Plan 2013 provide that the maximum aggregate number of ordinary shares which may be issued under the Share Option Scheme 2012 and the Restricted Share Plan 2013 is limited to 10 per cent of the total number of issued ordinary shares of the Company, Resolution 10 provides for a lower limit, namely, 5 per cent of the total number of issued ordinary shares (excluding treasury shares) of the Company, as the Company does not anticipate that it will require a higher limit before the next Annual General Meeting.

Resolution 11

Resolution 11 is to renew the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into certain interested person transactions with certain specified classes of interested persons as described in the Appendix to the Letter. Resolution 11 will, if passed, continue being in force until the conclusion of the next Annual General Meeting of the Company.

Resolution 12

Resolution 12 is to renew the mandate to enable the Company to purchase or otherwise acquire its issued Shares on the terms and subject to the conditions set out in the Resolution.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued Shares of the Company as at 26 May 2016 ("**Latest Practicable Date**"), and disregarding the 1,658,277 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued, and no Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the Annual General Meeting, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 216,212,834 Shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires the 216,212,834 Shares at the Maximum Price of S$1.662 for one Share (being the price equivalent to 5% above the average of the last dealt prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 216,212,834 Shares is S$359,345,730.

In the case of off-market purchases by the Company and assuming that the Company purchases or acquires the 216,212,834 Shares at the Maximum Price of S$1.741 for one Share (being the price equivalent to 10% above the average of the last dealt prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 216,212,834 Shares is S$376,426,544.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 based on these assumptions are set out in paragraph 3.7 of the Letter.

Personal Data Privacy:

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

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing the proxy must be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting. The submission of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

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SINGAPORE POST LIMITED

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

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 June 2016.

ANNUAL GENERAL MEETING
PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Reg. No. ______________

of ____

being a member/members of Singapore Post Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the 24th Annual General Meeting of the Company to be held at Level 3, Summit 1, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Thursday, 14 July 2016 at 2.30 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Voting will be conducted by poll.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the audited Financial Statements, Directors' Statement and Independent Auditor's Report		
2.	To declare a final tax exempt one-tier dividend of 2.5 cents per ordinary share		
3.	To re-elect Mr Simon Claude Israel as director		
4.	To re-elect Ms Aliza Knox as director		
5.	To re-elect Mr Soo Nam Chow as director		
6.	To re-elect Mr Zulkifli Bin Baharudin as director		
7.	To approve directors' fees payable by the Company		
8.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the directors to fix their remuneration		
	Special Business		
9.	To authorise directors to issue shares and to make or grant instruments convertible into ordinary shares		
10.	To authorise directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme 2012, and to grant awards and allot/issue shares pursuant to the Singapore Post Restricted Share Plan 2013		
11.	To approve the proposed renewal of the Shareholders Mandate for Interested Person Transactions		
12.	To approve the proposed renewal of the Share Purchase Mandate		

Dated this ________ day of ______________ 2016

Total number of shares held	

____

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

IMPORTANT:
Please read Notes

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Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 04910

SINGAPORE POST LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depositary (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting. The submission of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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SINGAPORE POST LIMITED

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

LETTER TO SHAREHOLDERS DATED 22 JUNE 2016

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.

CONTENTS

SINGAPORE POST LIMITED

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

Directors:	**Registered Office:**
Mr Simon Claude Israel (*Chairman and Non-Executive Non-Independent Director*)	10 Eunos Road 8
Mr Goh Yeow Tin (*Deputy Chairman and Executive Non-Independent Director*)	Singapore Post Centre
Ms Aliza Knox (*Non-Executive Independent Director*)	Singapore 408600
Mr Lim Ho Kee (*Non-Executive Independent Director*)	
Professor Low Teck Seng (*Non-Executive Independent Director*)	
Mr Soo Nam Chow (*Non-Executive Independent Director*)	
Mr Tan Yam Pin (*Non-Executive Independent Director*)	
Mr Zulkifli Bin Baharudin (*Non-Executive Independent Director*)	
Mr Bill Chang York Chye (*Non-Executive Non-Independent Director*)	
Mr Chen Jun (*Non-Executive Non-Independent Director*)	
Mr Michael James Murphy (*Non-Executive Non-Independent Director*)	
Dr Wolfgang Baier (*Executive Non-Independent Director*)	

22 June 2016

To: The Shareholders of
Singapore Post Limited (the "**Company**")

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background**. We refer to:

(a) the Notice of the 24th Annual General Meeting of the Company dated 22 June 2016 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 March 2016, convening the 24th Annual General Meeting of the Company to be held on 14 July 2016 (the "**2016 AGM**");

(b) Ordinary Resolution No. 11 relating to the proposed renewal of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and

(c) Ordinary Resolution No. 12 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders**. The purpose of this Letter is to provide shareholders of the Company (the "**Shareholders**") with information relating to Ordinary Resolution Nos. 11 and 12**,** proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE

2.1 **Shareholders Mandate**. At the extraordinary general meeting of the Company held on 8 July 2015 (the "**2015 EGM**"), approval of the Shareholders was obtained for the renewal of the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**")) to enter into certain interested person transactions (the "**Shareholders Mandate**") with the classes of interested persons as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate are set out in the Appendix to the Circular to Shareholders dated 16 June 2015 (the "**2015 Circular**").

2.2 **Proposed Renewal of the Shareholders Mandate**. At the 2015 EGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 24th Annual General Meeting which is scheduled to be held on 14 July 2016. Accordingly, the Directors of the Company (the "**Directors**") propose that the Shareholders Mandate be renewed at the 2016 AGM, to take effect until the 25th Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.

2.3 **Appendix**. The Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

2.4 **Audit Committee's Statement**. The Audit Committee (currently comprising Mr Soo Nam Chow, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin) confirms that:

(a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2015 EGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Abstention from Voting**. Temasek Holdings (Private) Limited ("**Temasek**"), Singapore Telecommunications Limited ("**Singtel**") and their respective associates, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain from voting their Shares, if any, in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

The Directors, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain, and will procure their associates to abstain, from voting their Shares, if any, in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM. Each of the Directors and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 11, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 11.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate**. Shareholders had approved the renewal of the mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**") at the 2015 EGM. The authority and limitations on the Share Purchase Mandate were set out in the 2015 Circular and Ordinary Resolution 2 set out in the Notice of the 2015 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 2 at the 2015 EGM and will expire on the date of the forthcoming 2016 AGM to be held on 14 July 2016. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2016 AGM.

As at 26 May 2016, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), the Company has not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2015 EGM.

As at the Latest Practicable Date, 1,658,277 Shares purchased or acquired by the Company are held as treasury shares.

3.2 **Rationale for the Share Purchase Mandate**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

(c) Repurchased Shares which are held in treasury may be transferred for the purposes of any share schemes implemented by the Company. The use of treasury shares in lieu of issuing Shares would also mitigate the dilution impact on existing Shareholders.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

3.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2016 AGM, are substantially the same as were previously approved by Shareholders at the 2015 EGM, and are summarised below:

3.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2016 AGM. Any of the Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,163,786,618 Shares in issue as at the Latest Practicable Date and disregarding the 1,658,277 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued and no Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the 2016 AGM, not more than 216,212,834 Shares (representing 10% of the Shares in issue as at that date and disregarding the 1,658,277 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

3.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2016 AGM at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases of Shares by the Company effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(b) off-market purchases of Shares by the Company effected otherwise than on a stock exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (the "**Companies Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances; and

(3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

The maximum price to be paid for the Shares as determined by the Directors (the "**Maximum Price**") must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Source of Funds**. Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.

3.5 **Status of Purchased Shares**. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.6 **Treasury Shares**. Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act in force as at the Latest Practicable Date are summarised below:

3.6.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

3.6.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Takeover Code**"):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of outstanding shares before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Financial Effects**. The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016, are based on the assumptions set out below:

3.7.1 ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 216,212,834 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S$1.662 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 216,212,834 Shares is S$359,345,730.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 216,212,834 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S$1.741 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 216,212,834 Shares is S$376,426,544.

3.7.2 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.1 above and the assumptions set out below, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 are set out below:

(a) the purchase or acquisition of 10% of the Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of Market Purchases, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury; and in the alternative

(b) the purchase or acquisition of 10% of the Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury.

Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2016 and are not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.

Scenario 1(A)

Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2016				
Share capital	448,775	305,037	448,775	305,037
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	528,222	780,232	558,807
	1,205,680	840,517	1,263,720	898,557
Treasury shares	(2,116)	(2,116)	(2,116)	(2,116)
Ordinary equity	1,203,564	838,401	1,261,604	896,441
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,185,227	1,608,430	1,243,267
Net tangible assets (NTA)	978,310	613,146	1,608,203	1,243,039
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,607	345,409	351,227
Total borrowings	280,272	639,618	236,044	595,390
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,945,915	2,162,128	1,945,915
Financial ratios				
Basic earnings per share (cents)	10.86	10.67	12.00	11.82
NTA per share (cents)	45.2	31.5	74.4	63.9
Gross gearing (%)	23.3	76.3	18.7	66.4
Net debt gearing (%)	12.8	61.2	14.8	60.9
Current ratio (%)	73.4	72.6	74.8	73.5

Scenario 1(B)

Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2016				
Share capital	448,775	448,775	448,775	448,775
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	743,869	780,232	774,454
	1,205,680	1,199,902	1,263,720	1,257,942
Treasury shares	(2,116)	(358,981)	(2,116)	(358,981)
Ordinary equity	1,203,564	840,921	1,261,604	898,961
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,187,747	1,608,430	1,245,787
Net tangible assets (NTA)	978,310	615,667	1,608,203	1,245,560
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,567	345,409	351,187
Total borrowings	280,272	637,137	236,044	592,909
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,947,408	2,162,128	1,947,408
Financial ratios				
Basic earnings per share (cents)	10.86	10.67	12.00	11.82
NTA per share (cents)	45.2	31.6	74.4	64.0
Gross gearing (%)	23.3	75.8	18.7	66.0
Net debt gearing (%)	12.8	60.7	14.8	60.4
Current ratio (%)	73.4	72.6	74.8	73.5

Off-Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2016 and are not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.

Scenario 2(A)

Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2016				
Share capital	448,775	298,204	448,775	298,204
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	517,697	780,232	548,282
	1,205,680	823,159	1,263,720	881,199
Treasury shares	(2,116)	(2,116)	(2,116)	(2,116)
Ordinary equity	1,203,564	821,043	1,261,604	879,083
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,167,869	1,608,430	1,225,909
Net tangible assets (NTA)	978,310	595,789	1,608,203	1,225,682
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,883	345,409	351,503
Total borrowings	280,272	656,699	236,044	612,471
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,945,915	2,162,128	1,945,915
Financial ratios				
Basic earnings per share (cents)	10.86	10.65	12.00	11.80
NTA per share (cents)	45.2	30.6	74.4	63.0
Gross gearing (%)	23.3	80.0	18.7	69.7
Net debt gearing (%)	12.8	64.6	14.8	64.0
Current ratio (%)	73.4	72.5	74.8	73.5

Scenario 2(B)

Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2016				
Share capital	448,775	448,775	448,775	448,775
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	743,595	780,232	774,180
	1,205,680	1,199,628	1,263,720	1,257,668
Treasury shares	(2,116)	(375,944)	(2,116)	(375,944)
Ordinary equity	1,203,564	823,684	1,261,604	881,724
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,170,510	1,608,430	1,228,550
Net tangible assets (NTA)	978,310	598,430	1,608,203	1,228,323
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,841	345,409	351,461
Total borrowings	280,272	654,100	236,044	609,872
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,947,408	2,162,128	1,947,408
Financial ratios				
Basic earnings per share (cents)	10.86	10.65	12.00	11.81
NTA per share (cents)	45.2	30.7	74.4	63.1
Gross gearing (%)	23.3	79.4	18.7	69.2
Net debt gearing (%)	12.8	64.0	14.8	63.5
Current ratio (%)	73.4	72.5	74.8	73.5

Note:

The number of Shares which may be held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. As 1,658,277 Shares have been bought back and held as treasury shares as at the Latest Practicable Date, the maximum number of Shares which may be held as treasury shares will be reduced from 216,378,661 Shares to 214,720,384 Shares. The financial effects under Scenarios 1(A) and 2(A) are computed based on 216,212,834 Shares purchased and cancelled. The financial effects under Scenarios 1(B) and 2(B) are computed based on 214,720,384 additional Shares purchased and held as treasury shares.

3.8 **Listing Status of the Shares**. The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, Singtel has a direct interest in 494,000,000 Shares representing approximately 22.85% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 497,377,744 Shares (including the Shares held by Singtel) representing approximately 23.00% of the issued Shares (excluding the Shares held in treasury) as at that date, Alibaba Investment Limited has a direct interest in 220,096,000 Shares representing approximately 10.18% of the issued Shares (excluding the Shares held in treasury) as at that date, and Alibaba Group Holding Limited and SoftBank Corp. each has a deemed interest in 220,096,000 Shares held by Alibaba Investment Limited representing approximately 10.18% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 66.41% of the issued Shares (excluding the Shares held in treasury) were held by public Shareholders as at the Latest Practicable Date. If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 62.71% of the issued Shares (excluding the Shares held in treasury) would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 **Shareholding Limits**. The Postal Services Act, Chapter 237A (the "**Postal Services Act**") currently provides, *inter alia*, that:

(a) no person shall, whether through a series of transactions over a period of time or otherwise, become a 12% controller or a 30% controller of a designated postal licensee (the "**Prescribed Limits**"); and

(b) no person shall enter into any other transaction that constitutes a consolidation with a designated postal licensee,

without obtaining the prior written approval of the Info-communications Development Authority of Singapore ("**IDA**").

For the purposes of this paragraph 3.9:

"**consolidation**" means any transaction that, *inter alia*, results in a party becoming a 30% controller of a designated postal licensee, acquiring the business of a designated postal licensee as a going concern or obtaining effective control over a designated postal licensee;

"**12% controller**", in relation to a designated postal licensee, means a person, not being a 30% controller, who alone or together with his associates, (i) holds 12% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 12% or more of the voting power in the designated postal licensee;

"**30% controller**", in relation to a designated postal licensee, means a person who alone or together with his associates, (i) holds 30% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 30% or more of the voting power in the designated postal licensee.

"**designated postal licensee**" means a postal licensee (i) which has been declared by the IDA, by notification published in the *Gazette*, to be a designated postal licensee; or (ii) which is within a class of postal licensees which has been declared by the IDA, by notification published in the *Gazette*, to be a designated class of postal licensees. The Company has been gazetted as a designated postal licensee; and "**effective control**" means the ability to cause a designated postal licensee to take, or prevent a designated postal licensee from taking, a decision regarding the management and major operating decisions of the designated postal licensee.

Pursuant to the Postal Services Act, if the IDA is satisfied that a Shareholder and/or his associates have reached or exceeded the Prescribed Limits in contravention of the Postal Services Act or that the holding or acquisition of voting shares, or control of voting power in the Company by such Shareholder and/or his associates is likely to substantially lessen competition or is against the public interest, or in other specified circumstances, the IDA may issue certain directions, including but not limited to requiring such Shareholder and/or his associates to divest all or part of the voting shares which it holds or may have acquired in the Company, or require the Company to restrict the voting rights or dividend rights that the Shareholder holds or has obtained through the acquisition of such voting shares.

As a result of a purchase or acquisition of Shares by the Company, the shareholding percentage of a holder of Shares (whose Shares were not the subject of such purchase or acquisition by the Company) in the Shares of the Company immediately following any purchase or acquisition of Shares by the Company will increase correspondingly.

The Company wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the renewal of the Share Purchase Mandate is approved by Shareholders:

A purchase or acquisition of Shares by the Company may inadvertently cause a person to reach or exceed the Prescribed Limits (in particular, a person who is currently close to any of the Prescribed Limits). Shareholders who are close to any of the Prescribed Limits and who may exceed any such limits by reason of a purchase or acquisition of Shares by the Company are advised to inform the Company and seek the prior approval of the IDA to reach or exceed the Prescribed Limits, on such terms as may be imposed by the IDA, as a consequence of any purchase or acquisition of Shares by the Company. Shareholders who are in any doubt as to the action that they should take should consult their professional advisers.

In addition to the above, Section 8 of the Postal Competition Code 2008 issued by the IDA on 2 May 2008 (the "**Postal Competition Code**"), to which the IDA has said it will make consequential changes arising from the finalisation of the Postal Services (Control of Designated Postal Licensees) Regulations 2012, provides some additional guidance. Section 8 (in its present form) states that before entering into any such purchase or acquisition of Shares by the Company, the Company must calculate the percentage of voting shares held by each Shareholder following such purchase or acquisition. If, as a result of such purchase or acquisition:

(i) any Shareholder who previously held less than 5% of the total number of voting shares in the Company would, after the transaction, hold 5% or more, but less than 12% of the voting shares in the Company, the Company may proceed with such purchase or acquisition and shall file the appropriate notification pursuant to the Postal Competition Code; and

(ii) any Shareholder will become a 12% controller of, or will enter into a consolidation with the Company, the Company and that Shareholder must seek the approval of the IDA before the Company proceeds with such purchase or acquisition.

3.10 **Take-over Implications**. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

3.10.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.10.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:

(i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

(ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(ii) the related trusts of (i);

(iii) any person who is accustomed to act in accordance with the instructions of (i);

(iv) companies controlled by any of (i), (ii), (iii) or (iv); and

(v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.10.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the interests of Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3.11 **Reporting Requirements**. Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

3.12 **No Purchases During Price Sensitive Developments**. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealing set out in Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company's annual results.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares(1)**
Simon Claude Israel	–	–	–	–
Goh Yeow Tin	–	–	–	–
Aliza Knox	–	–	–	–
Lim Ho Kee	1,898,350	–	1,898,350	0.09
Professor Low Teck Seng	–	60,000(2)	60,000	n.m.(3)
Soo Nam Chow	–	–	–	–
Tan Yam Pin	500,000	–	500,000	0.02
Zulkifli Bin Baharudin	–	–	–	–
Bill Chang York Chye	–	–	–	–
Chen Jun	–	–	–	–
Michael James Murphy	–	–	–	–
Dr Wolfgang Baier	1,224,613	–	1,224,613	0.06

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

(2) Deemed interest through spouse.

(3) "n.m." means "not meaningful".

4.2 **Substantial Shareholders' Interests**. The interests of the Substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares(1)**
Temasek Holdings (Private) Limited	–	497,377,744(2)	497,377,744	23.00
Singapore Telecommunications Limited	494,000,000	–	494,000,000	22.85
Alibaba Investment Limited	220,096,000	–	220,096,000	10.18
Alibaba Group Holding Limited	–	220,096,000	220,096,000(3)	10.18
SoftBank Corp.	–	220,096,000	220,096,000(4)	10.18

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

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

(3) Deemed through its subsidiary, Alibaba Investment Limited.

(4) Deemed through Alibaba Group Holding Limited which is the holding company of Alibaba Investment Limited.

5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Renewal of the Shareholders Mandate**. All the Directors are interested persons (as described in paragraph 4.1 of the Appendix to this Letter). Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

5.2 **The Proposed Renewal of the Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2016 AGM.

6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, during normal business hours from the date of this Letter up to the date of the 2016 AGM:

(a) the Constitution of the Company;

(b) the Annual Report of the Company for the financial year ended 31 March 2016; and

(c) the 2015 Circular.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
SINGAPORE POST LIMITED

Simon Claude Israel
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Singapore Post Limited ("**SingPost**") and its subsidiaries (the "**SingPost Group**") for the financial year ended 31 March 2016, the consolidated NTA of the SingPost Group was S$978,310,000. In relation to SingPost, for the purposes of Chapter 9, in the current financial year and until such time as the audited consolidated financial statements of the SingPost Group for the financial year ending 31 March 2017 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S$48,915,500.

1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

1.5 Under the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(i) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) a "**controlling shareholder**" means a person who:

(i) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(ii) in fact exercises control over a company;

(d) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(e) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and a "**transaction**" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and SingPost's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to SingPost's interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) SingPost;

(b) subsidiaries of SingPost (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and

(c) associated companies of SingPost (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the SingPost Group, or the SingPost Group and interested person(s) of SingPost has or have control,

(together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of SingPost's interested persons (the "**Interested Persons**") set out in paragraph 4.1 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.3 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for SingPost to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2.4 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.5 The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group (as defined in paragraph 4.1(a) below) and the Singtel Group (as defined in paragraph 4.1(b) below) in addition to obtaining quotes from, or transacting with, non-Interested Persons.

3. The Shareholders Mandate and Validity Period

3.1 The Shareholders Mandate covers a wide range of activities undertaken by the SingPost Group. These activities are set out in detail in paragraph 5 below.

3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value of below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.

3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4 The renewal of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 14 July 2016 until the next Annual General Meeting of the Company. Thereafter, it is intended that approval from Shareholders for a subsequent renewal of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

4.1 The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Temasek Holdings (Private) Limited and its associates (excluding Singapore Telecommunications Limited ("**Singtel**") and its associates) (the "**Temasek Group**");

(b) Singtel and its associates (the **"Singtel Group**"); and

(c) Directors, Chief Executive Officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraphs (a) and (b) above) and their respective associates.

4.2 Transactions with Interested Persons which do not fall within the ambit of the Shareholders Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, relate to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising the following:

(a) provision of postal services;

(b) provision of fulfilment, warehousing and logistics services;

(c) provision of agency services;

(d) provision and distribution of financial services;

(e) provision of electronic printing and despatching services;

(f) provision of data, document and mail management services;

(g) leasing or rental of premises as lessor and/or lessee;

(h) provision or procurement of software and licensing services, information services, engineering, repair, servicing and technical services;

(i) selling of advertisement space;

(j) provision or procurement of transportation, despatching and conveyance services (including air, sea and land) and freight services;

(k) procurement of communication and all other forms of utility services and products;

(l) procurement, lease or rental of vehicles, equipment, parts, components, repair and maintenance services;

(m) procurement of services for the production of stamps, philatelic products and stationeries;

(n) procurement of security services;

(o) procurement of insurance;

(p) procurement of management and consultancy services;

(q) provision or obtaining of property management, property security, building maintenance services and consultancy services; and

(r) provision or obtaining of such products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services referred to in sub-paragraphs (a) to (q) above.

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(a) *Provision of services or the sale of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) *Obtaining of services or the purchasing of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the prices and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the prices and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

(ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the prices and terms offered by the Interested Person are fair and reasonable.

(c) *Threshold limits*

In addition to the review procedures described above, the EAR Group will also ensure that the Interested Person Transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the Company and its minority Shareholders by categorising the transactions as follows:

(i) a Category 1 General Transaction is one where the value thereof is equal to or more than 5% of the latest audited consolidated NTA of the SingPost Group; and

(ii) a Category 2 General Transaction is one where the value is less than 5% of the latest audited consolidated NTA of the SingPost Group.

Category 1 General Transactions must be reviewed and endorsed by the Audit Committee and approved by the Board or other Board Committees, in accordance with the Company's approval limits, prior to their entry with an Interested Person.

Category 2 General Transactions need not be reviewed and endorsed by the Audit Committee prior to their entry with an Interested Person, but shall be reviewed on a quarterly basis by the Audit Committee.

6.2 SingPost will maintain and update the list of companies within the EAR Group and the list of Interested Persons and inform the heads of departments and/or companies within the EAR Group for the purposes of identification of Interested Persons and the recording of all Interested Person Transactions.

6.3 SingPost will review the procedures set out above from time to time to ensure that these remain adequate and appropriate.

6.4 A register will be maintained by SingPost to record all Interested Person Transactions (and the basis on which they are entered into) which are entered into pursuant to the Shareholders Mandate. The annual internal audit plan of SingPost shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.

6.5 The internal auditors of SingPost shall, on a quarterly basis, report to the Audit Committee on Interested Person Transactions, and the basis of such transactions, entered into by the EAR Group.

6.6 The Audit Committee shall review the internal audit reports on Interested Person Transactions to ascertain that the Interested Person Transactions are entered into with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders and that the established review procedures for the Interested Person Transactions have been complied with.

6.7 In the event that a member of the Audit Committee, Board or other Board Committees (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the remaining members of the Audit Committee, Board and/or other Board Committees.

7. Audit Committee's Statements

7.1 The Audit Committee (currently comprising Mr Soo Nam Chow, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin) has reviewed the terms of the Shareholders Mandate, as proposed to be renewed, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, SingPost will revert to Shareholders for a fresh mandate based on new procedures for transactions with Interested Persons.

8. Disclosure

8.1 SingPost will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the quarterly financial periods which SingPost is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

8.2 Disclosure will also be made in the annual report of SingPost of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholders mandate is in force, in accordance with the requirements of the Listing Manual.