Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	SINGAPORE POST LIMITED
Securities	SINGAPORE POST LIMITED - SG1N89910219 - S08
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Announcement Details

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Announcement Reference	SG180618OTHR081C
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	31/03/2018

Attachments	SingPost_AR 201718.pdf SingPost_AGM Notice Booklet.pdf SingPost_Letter to Shareholders.pdf Total size =3941K

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ADVANCING
through transformation

ANNUAL REPORT 2017/18

Singapore POST

Contents

OUR VISION

GLOBAL LEADER IN ECOMMERCE LOGISTICS AND TRUSTED COMMUNICATIONS

>150

Years of Experience

LEADER

In eCommerce Logistics

Accelerating urban logistics solutions to extend our leadership in last-mile delivery; and to build scalability in eCommerce warehousing and fulfilment.

IGNITING

Future Growth Engines

We enable end-to-end eCommerce know-how to capture market opportunities across the world and create value together with our partners and customers.

>7,500
Global Workforce

Operations in

19

Markets

ACHIEVING

Full Potential of Our Investments

We are integrating and scaling our international businesses, maximising their strategic value as they strengthen the eCommerce logistics ecosystem through cutting-edge technology and access to markets overseas.

DRIVING

Cost Efficiency Through Innovation

Innovation drives productivity and efficiency, and is key to the continuous development of products and services that fulfil the evolving needs and expectations of our customers.

S$1.46B

Revenue

LETTER TO SHAREHOLDERS

Dear Shareholders,

Building blocks for the next phase of our transformation have been put in place over the course of the year. Since his appointment as Group CEO in June 2017, Paul Coutts has been working with the Board to reshape the business into one that is more focused, integrated and cost efficient – better positioned to serve our strategic partners and eCommerce. Good progress was made in building out our eCommerce logistics platform, allowing us to scale up, improve profitability and benefit from today's strong growth in global eCommerce and last-mile delivery.

GROWING THE LAST MILE

In Singapore, we saw strong volume growth in last-mile delivery as we leveraged on our incumbent infrastructure in both postal services and the parcel business. While domestic mail continued to decline, parcel volumes on our Speedpost network were up, with as many as 33,000 parcels processed a day during the peak season. We see opportunities for broader growth in smart urban logistics and Smart Nation projects, including parcel lockers.

Our international mail business grew strongly, with revenue rising 37.4 per cent to a new record of S$369.0 million. During the quarter ended 31 December 2017, international mail revenue crossed S$100 million in a quarter for the first time, on higher cross-border eCommerce deliveries – further bolstered by our collaboration with the Alibaba Group during the Double-Eleven event in November 2017.

In the coming year, we are looking to improve our profitability as we continue to transform and position our business for the future.

Margins, however, have reduced as changes in the international terminal dues system took effect on 1 January 2018. We are taking measures to mitigate the higher rates we pay to foreign postal organisations for delivery in their jurisdictions, and will continue to monitor this closely.

RESHAPING FOR PROFITABILITY

On top of driving growth in our postal network, our relationship with Alibaba continues to advance. The joint venture formed around our Quantium Solutions business is being reshaped in terms of scope, business model and capabilities, to better serve both Alibaba's and SingPost's eCommerce businesses. We experienced some pain around customer attrition, bad debt, costs of the SingPost Regional eCommerce Logistics Hub as well as that of on-boarding new customers. While this is an on-going challenge, we do expect performance to improve.

Across our US eCommerce businesses, Jagged Peak performed well, and the turnaround of TradeGlobal is on track. The business has stabilised, cost base restructured and losses significantly reduced. We will be integrating our eCommerce businesses in the US and Southeast Asia, as well as our businesses across the world, which will move us towards eventual profitability.

Our new retail mall at SingPost Centre opened on 9 October 2017, providing new revenue streams. The mall has seen positive take-up by retailers, restaurants and other lifestyle service providers, with committed occupancy achieving 96 per cent of the net lettable area.

TRANSFORMING THE BOTTOM LINE

Our financial results recorded a net profit of S$126.4 million for the year ended 31 March 2018. This was 278.4 per cent higher than in the previous year in which there were significant one-off impairments.

Revenue grew 8.6 per cent to S$1.46 billion, driven by eCommerce-related activities across the Group. Underlying net profit declined 9.2 per cent to S$105.0 million, reflecting the decrease in our core domestic letter business and the change in blended margins.

SingPost continued to generate robust cash flows, with free cash flow improving as capital expenditure decreased with the completion of the Logistics Hub and SingPost Centre retail mall. Our net cash position improved to S$70.1 million, from S$2.6 million as at 31 March 2017.

Over the first three quarters of the financial year, dividends totalling 1.5 cents were paid out. The Board is recommending a final dividend of two cents per share for your approval at the AGM. This is in line with our dividend policy, which links payout to underlying net profit to ensure dividends are sustainable in the long term.

In the coming year, we are looking to improve our profitability as we continue to transform and position our business for the future. With our strategic location and core assets, we are well placed to capitalise on the opportunities of the region's growing eCommerce markets. Initiatives are also underway to improve cost efficiency and enhance our competitiveness in the eCommerce logistics space. Transformation may take several years before scale and profitability are achieved, but for SingPost's long-term success, transformation remains vital.

APPRECIATION

The Board would like to thank Ms Aliza Knox and Mr Zulkifli Bin Baharudin, who are retiring from the SingPost Board, for their valuable contribution and years of service.

The Board also wishes to express its gratitude to Management and Staff for their dedication, and also to the union, our partners, and customers for their unstinting support.

Yours sincerely,

SIMON ISRAEL
Chairman

GCEO REVIEW

The transformation of a well-loved and trusted national icon is a tremendous journey and it is an honour to be leading SingPost at this crucial time of our history. Since joining in June 2017 as Group Chief Executive Officer, I have seen how SingPost is well positioned to capitalise on the global growth of eCommerce to build a future in the digital age.

I spoke of three priorities at the Annual General Meeting last July and I am pleased we are making good progress on all of them. The first was the integration of our investments to create an eCommerce logistics network across markets, products and geographies. We have begun the process at the last mile in Singapore, and across our global eCommerce businesses.

On the second priority, we have reviewed the Group's strategy and developed a roadmap to strengthen the execution of our transition and to improve performance. Completed in November 2017, the review affirmed our vision to be a strong postal and eCommerce logistics player, with key transformation initiatives that we have since begun to implement.

Finally on good stewardship, I am pleased that operating profit excluding exceptional items has been on a healthy trajectory, up 21.1 per cent in the third quarter, and 18.0 per cent in the fourth. For the full year ended 31 March 2018, revenue grew 8.6 per cent to S$1.46 billion, while net profit rose to S$126.4 million, in the absence of one-off impairment charges in the prior year. We continued to generate strong free cash flows, which rose to S$136.1 million from S$0.3 million the previous year.

DELIVERING TRUSTED COMMUNICATIONS IN THE DIGITAL AGE

Postal services remain at the core of our business, along with our central commitment to the community. Our Public Postal Licence was renewed on 1 April 2017, and we have embarked on several initiatives to digitalise our postal operations for Singapore's postal needs in the digital age.

Our Smart Post Office network, where physical branches are augmented by the SAM Omni-channel platform, will provide 24/7 access to postal and other essential services. We are rolling out SmartPost, equipping our postmen with proprietary smartphone apps to improve delivery efficiency and tracking visibility.

Enhancing productivity and service quality are crucial as our business shifts towards more contested segments of eCommerce logistics.

The 15.0 per cent increase in postal revenue was driven by a 37.4 per cent rise in international mail revenue, which benefitted from continued strong growth in cross-border eCommerce deliveries, particularly for the Alibaba Group. Operating profit, however, was impacted as the overall revenue mix transitioned away from the higher-margin domestic mail business, which continues to decline.

Furthermore, changes in the international terminal dues system came into effect in the fourth quarter, impacting what we pay to other postal organisations for mail delivery in their country. We have implemented mitigating measures and expect the full extent of these efforts to come into effect progressively.

BUILDING A FUTURE IN ECOMMERCE LOGISTICS

As we manage the disruption of our postal business, we are building out our eCommerce logistics business to create new revenue streams and establish a new growth trajectory for SingPost. We are focused on driving traffic onto our network, increasing utilisation of our infrastructure to achieve greater economies of scale and operating leverage.

At the last mile, we captured increasing eCommerce deliveries in Australia and Singapore. CouriersPlease recorded good growth and opened three new depots, in

Adelaide, Melbourne and Perth, in anticipation of future demand. In Singapore, SP Parcels achieved a 16.6 per cent increase in revenue. It also launched several services and features that provide eCommerce marketplaces and their customers with lower costs, greater flexibility and increased visibility.

Parcel lockers continued to be an important channel within our last mile delivery network, and we will be adding between 50 and 100 locations to our POPStation network in the coming year. On top of this, our participation in the Singapore Government's Federated Locker Pilot Trial, will extend our reach to HDB blocks and MRT stations.

Quantium Solutions, our logistics joint venture with Alibaba, achieved several milestones in Singapore at the Regional eCommerce Logistics Hub. Utilisation of warehousing capacity exceeded 90 per cent as Lazada Singapore moved its entire warehousing operation, including fulfilment activities, to the facility. In the rest of Southeast Asia, there were several customer wins though North Asia remains a challenging market.

We are reshaping the Quantium Solutions business, enhancing capabilities and capacity, to better serve the eCommerce businesses of both Alibaba and SingPost in the region – and to improve profitability. On top of cost optimisation, we are introducing new business streams and reviewing customer contracts to ensure they deliver suitable returns.

In the US, our eCommerce businesses turned in a strong performance that reduced operating loss by more than 50 per cent. Jagged Peak and TradeGlobal secured new customers and processed higher volumes, especially during the peak holiday season. Notably, TradeGlobal's customer wins saw it overcome the loss of two major customers in the previous year to post revenue growth. The plan to turnaround TradeGlobal's business is on track, with good cost controls helping to narrow operating losses.

Key to the turnaround has been the implementation of Jagged Peak's EDGE technology at TradeGlobal. The proprietary software is an integrated platform that enables eCommerce, providing end-to-end services, from web store creation to order management, warehouse management and customer service.

Among our non-core assets, the redevelopment of the SingPost Centre retail mall has enhanced yield, driving rental and property revenue up 29.9 per cent, and operating profit by 16.8 per cent. Since opening in October 2017, committed occupancy has grown, as we work with CapitaLand as retail mall manager, to 96 per cent as at 31 March 2018.

STRATEGY TO LEAP AHEAD

Looking ahead, our global footprint, proprietary technology and strategic partners place us well to take hold of the tremendous potential in eCommerce. Execution is key and our strategy for transformation, which we have called Leap23, is focused along four key themes.

Firstly, we want to win in our home market, extending our lead as Singapore's premier provider of last-mile delivery, and driving scale of our eCommerce warehouse and fulfilment operations.

Secondly, we will ignite future growth engines by increasing global eCommerce flows on our network. What will differentiate and give us the edge over the competition is our end-to-end solutions that harness proprietary technologies to enable retailers big and small to establish and grow eCommerce operations in the region.

Thirdly, we will extract full value from our investments, especially from our international subsidiaries and associates. With TradeGlobal's turnaround well on track, we will be integrating and scaling our eCommerce business in the US and Southeast Asia.

Underpinning these strategies is our drive to cost leadership. We are undergoing cost transformations to optimise our cost base and give us a competitive edge in the market.

Execution is key to the success of any strategy and we have established a Group Transformation Office, led by our Group Transformation Officer, to coordinate and drive transformation initiatives across SingPost. A global conference gathering over 400 leaders from across the Group was held in April 2018 to formally launch the strategy and kick off initiatives that will involve all 7,500 SingPosters around the world.

It has been an exciting and fruitful first year at SingPost, and I would like to thank the Board for their guidance, as well as our partners and shareholders for their support. Appreciation is also owed to the SingPost team, whose unstinting dedication and teamwork will take us forward in our transformation.

Yours sincerely,

PAUL COUTTS
Group Chief Executive Officer

OUR GLOBAL PRESENCE

SINGAPORE AT A GLANCE

300
SAM Kiosks

57
Post Offices

743
Street Posting Boxes

11,050
POPStation Lockers Across **156** Locations

More Than **16**
Nationalities Across Workforce

3,000,000
Mail Items a Day

As at 31 March 2018.

BOARD OF DIRECTORS

SIMON ISRAEL, 65

Chairman,
Non-Executive, Non-Independent Director

Date of appointment as Chairman:
11 May 2016

Date of first appointment as a director:
11 May 2016

Date of last re-election as a director:
14 July 2016

Board committee(s) served on:
Finance and Investment Committee (Chairman)
Compensation Committee (Member)
Nominations and Corporate Governance Committee (Member)

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

Present Directorships in other listed companies (as at 31 March 2018):
Singapore Telecommunications Limited (Chairman)
Fonterra Co-operative Group Limited

Principal Commitments:
Singapore Telecommunications Limited (Chairman)
Fonterra Co-operative Group Limited (Director)

**Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)**
CapitaLand Limited

PAUL WILLIAM COUTTS, 61

Group Chief Executive Officer
Executive, Non-Independent Director

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
20 July 2017

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):
Leadership Programme, Wharton University
Management Programme, DP/DHL University (facilitated by Wharton)
Executive Programme in Strategy and Organisation, Stanford Business School
Senior Management Development Programme, London Business School of Economics

Present Directorships in other listed companies (as at 31 March 2018):
Nil

Principal Commitments:
Nil

**Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)**
Nil

BOARD OF DIRECTORS

CHEN JUN, 44

Non-Executive, Non-Independent Director

Date of first appointment as a director:
31 July 2014

Date of last re-election as a director:
20 July 2017

Board committee(s) served on:
Finance and Investment Committee (Member)

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 2018):
BEST Inc.
Sun Art Retail Group Limited

Principal Commitments:
Alibaba Group Holding Limited (Vice President)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Alibaba Health Information Technology Limited

FANG AI LIAN, 68

Non-Executive, Lead Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
20 July 2017

Board committee(s) served on:
Audit Committee (Chairperson)
Compensation Committee (Member)
Nominations and Corporate Governance Committee (Member)

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

Present Directorships in other listed companies (as at 31 March 2018):
Banyan Tree Holdings Limited
Cromwell EREIT Management Pte. Ltd. (Manager of Cromwell European REIT)
Metro Holdings Ltd

Principal Commitments:
Far East Organization Group (Advisor)
MediShield Life Council (Chairperson)
Board of Trustees of the Singapore Business Federation (Chairperson)
Board of Trustees of Singapore University of Technology & Design (Board Member)
Tote Board (Board Member)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Singapore Telecommunications Limited

ALIZA KNOX, 57

Non-Executive, Independent Director

Date of first appointment as a director:
30 August 2013

Date of last re-election as a director:
14 July 2016

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 2018):
Scentre Group

Principal Commitments:
Cloudflare, Inc. (Head of Asia)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
InvoCare Limited

GfK SE

ELIZABETH KONG SAU WAI, 36

Non-Executive, Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
20 July 2017

Board committee(s) served on:
Finance and Investment Committee (Member)

Nominations and Corporate Governance Committee (Member)

Academic & Professional Qualification(s):
Double First in Law, Cambridge University

Present Directorships in other listed companies (as at 31 March 2018):
Nil

Principal Commitments:
Clifford Chance Pte Ltd (Counsel)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Nil

BOARD OF DIRECTORS

STEVEN ROBERT LEONARD, 56
Non-Executive, Independent Director

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
20 July 2017

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

Academic & Professional Qualification(s):
Degree in Business, Southern Methodist University, Dallas, Texas

Present Directorships in other listed companies (as at 31 March 2018):
Asia Satellite Telecommunications Holdings Limited

Principal Commitments:
SGInnovate (Founding Chief Executive Officer)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Nil

LIM CHENG CHENG, 46
Non-Executive, Non-Independent Director

Date of first appointment as a director:
1 April 2017

Date of last re-election as a director:
20 July 2017

Board committee(s) served on:
Finance and Investment Committee (Member)

Academic & Professional Qualification(s):
Chartered Accountant, Institute of Singapore Chartered Accountants

Master of Business Administration, University of Chicago Booth School of Business

Bachelor of Accountancy, Nanyang Technological University

Present Directorships in other listed companies (as at 31 March 2018):
Nil

Principal Commitments:
Singapore Telecommunications Limited (Group Chief Financial Officer)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Nil

BOB TAN BENG HAI, 66

Non-Executive, Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
20 July 2017

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

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

Present Directorships in other listed companies (as at 31 March 2018):
Ascott Residence Trust Management Limited (Manager of Ascott Residence Trust) (Chairman)
Sembcorp Marine Ltd

Principal Commitments:
Jurong Engineering Ltd (Chairman)
Institute of Technical Education (Chairman and Board Member)
Inland Revenue Authority of Singapore (Board Member)
NTUC Club Management Council (Member)
Ong Teng Cheong Labour Leadership Institute (Board Member)
SINGEX Holdings Pte Ltd (Chairman)

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
SMRT Corporation Ltd

ZULKIFLI BIN BAHARUDIN, 58

Non-Executive, Independent Director

Date of first appointment as a director:
11 November 2009

Date of last re-election as a director:
14 July 2016

Board committee(s) served on:
Nominations and Corporate Governance 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 2018):
Ascott Residence Trust Management Limited (Manager of Ascott Residence Trust)
GDS Holdings Limited

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

Past Directorships in listed companies held over the preceding three years:
(from 1 April 2015 to 31 March 2018)
Nil

POSTAL SERVICES

Much progress was made in transforming the postal service business for the digital age. We laid the groundwork for infusing digital technologies into our operations, allowing us to create new services that customers increasingly ask for.

Even as domestic letter mail volumes decline, SingPost continues to explore ways to innovate and optimise our operations and services. We see this as fulfilling not only our obligations as Singapore's Public Postal Licensee, but also our commitment to meeting the evolving expectations of our customers and to gearing up our people for the future.

GET SMART

We made good strides on the SmartPost initiative launched last year. SmartPost is an integrated suite of digital solutions that combines mobile, imaging and other technologies to transform the entire postal operation chain for greater service levels and customer satisfaction. It will equip our postal staff with new skill-sets and tools to elevate their operational capability and efficiency for the digital age – and contribute to Singapore's Smart Nation vision.

At the heart of SmartPost is the creation of a digital backbone that will increase integration across postal processes, as well as provide real-time, location-based data that may be analysed to further optimise work processes, even enable new services.

Following trials and pilot studies, we have begun to deploy the first application, SmartPost Delivery Notification (SPDN), equipping our postmen with mobile phones preloaded with our proprietary SPDN app. Near-field communication tags are being installed at letter boxes across the island.

SPDN has been designed to improve delivery efficiency by enabling collection of productivity statistics, tracking and delivery data. It will enable a faster response time to customer queries about mail

delivery status. Eventually, it will provide customers with real-time updates and transform delivery acknowledgements and notifications to electronic, paperless versions for greater convenience.

We have also embarked on a nationwide initiative to introduce our personal digital postal mailbox service. Functioning like a physical letterbox, users access Digital Postal Mail (DPM) from verified service providers, all through a single secured mailbox. DPM also enables payments, application submissions, contract signing, and other interactions, without the need for print-outs.

A NEW GPO FOR THE FUTURE

Our Post Offices are also getting smarter. Our flagship General Post Office (GPO) was officially opened on World Post Day, 9 October 2017, with a unique future-ready design that presents our heritage in modern motifs. A heritage corner, where short films are screened on a video wall, tells the SingPost story from our 150-year history.

The GPO is the first of a new Smart Post Office network that will serve Singapore's postal needs in the digital age. Our vision for the future post office is one where brick-and-mortar outlets are augmented by the SAM Omni-channel platform, which offers access anywhere and anytime to postal and other essential services, through our SAM self-service automated kiosks, web portal and mobile app.

New features were added to SAM, which was refreshed last year with the rollout of 300 new generation kiosks. We also started a pilot trial of our Registered Article Self-Drop Box at the GPO, which works together with a SAM kiosk to enable customers to send registered articles themselves without queuing at the counter.

Our SAM platform won two major international awards in 2017: Retail Customer Access at the World Post and Parcel Awards, and Digital Innovation of the Year at the Postal and Parcel Technology International Awards.

More public services were made available at our post offices, including the redemption of Health Promotion Board step trackers, and the registration of power-assisted bicycles with the Land Transport Authority. We also partnered Singtel to launch ReCYCLE, an electronic waste recycling programme that leverages on SingPost's extensive post office and delivery networks.

Postal operations go digital with SmartPost, enhancing productivity, enabling new services and upskilling our postal staff.

POSTAL SERVICES

ENABLING ECOMMERCE

To better serve eCommerce retailers, we introduced TED Box in April 2017. This is a new delivery service that provides affordable letterbox delivery for small packets, with SMS updates that track delivery status.

We also re-launched our co-brand credit card with Standard Chartered Bank, rebranding it as the Standard Chartered SingPost Spree Credit Card.

On the international front, our collaboration with the Alibaba Group saw new record transhipment volumes during the annual Double-Eleven online shopping event. This drove international mail revenue to rise 38 per cent in the quarter ended 31 December 2017 to surpass S$100 million in a quarter for the first time.

Aiding us in maintaining service standards during this peak period was a restructuring of our operations at Changi Airport that has improved end-to-end efficiency. Working with SATS, we achieved our turnaround target of 24 hours, ramping up operations round the clock to support peak volumes.

ePAC, a premium mail service for eCommerce merchants, was extended to more destinations such as Australia, France and the US. We are looking to increase tracking visibility with online track and trace, and to enhance service quality through automated line-haul planning and selection.

NEW PHILATELIC STORE @ GPO

The year was an exciting one for stamp collectors as we celebrated 150 years since the first postage stamp was issued in Singapore. A set of stamps was released on 1 September 2017 to commemorate this milestone, one of the year's 11 stamp issues.

Our first Philatelic Store, together with the GPO, was opened on 9 October 2017, with a set of commemorative stamps issued to mark the occasion. The store is a one-stop shop for all philatelic products produced by SingPost. Since its opening, the store has been well visited by collectors and those new to stamp-collecting.

We marked 50 years of diplomatic relations between Singapore and Indonesia with a set of stamps depicting coral reefs in both countries, and in another stamp issue, wedding jewellery of Singapore's four ethnic races were featured. The issue included limited edition 22-karat gold-plated stamps.

Another popular issue was a set 10 stamps featuring bright coloured graphics of Singapore's iconic Merlion in emoji style. The stamp booklets sold strongly at post offices on the day of launch. Created in conjunction with Changi Airport's Mystical Garden promotion, a limited edition set of MyStamps themed on Sanrio characters, such as Hello Kitty, Little Twin Stars, and My Melody, was also well received.

Our Greetings stamp set featured the iconic Merlion in emoji-style graphics.

LOGISTICS

Business was positive for the logistics segment as eCommerce in Singapore and across the region continued to grow strongly. With momentum expected to gain pace, we undertook several initiatives to build out our eCommerce logistics network, in anticipation of growing volumes and the evolving needs of our customers.

RAMPING UP PERFORMANCE AT THE LOGISTICS HUB

Since its opening in November 2016, the Regional eCommerce Logistics Hub has seen steady improvements in performance and utilisation rates as SP Parcels and Quantium Solutions increase their customer base and process greater volumes.

During the year, Quantium Solutions successfully set up and stabilised process flows within Southeast Asia for a major customer. This was a significant milestone and much effort was put into integrating work flows and systems so that operations ran seamlessly. As a result, volumes processed by Quantium Solutions reached a high of 40,000 per day during the year-end peak season.

Another key achievement was the move of Lazada Singapore's entire warehouse operations into the Quantium Solutions warehouse at the Logistics Hub. With this, the utilisation rate of the Logistic Hub's warehouse space exceeded 90 per cent, with new eCommerce marketplace fulfilment activities. The move bears out our partnership with the Alibaba Group, which owns Lazada, and is part of a wider collaboration in which SingPost and Lazada leverage on each other's strengths to serve the rising eCommerce demand in Southeast Asia. In the coming year, Quantium Solutions will continue expanding warehouse space and strengthening end-to-end solutions at the Logistics Hub as volumes from eCommerce customers are expected to increase.

Quantium Solutions, however, was impacted by intense competitive pressures in North Asia, which negated improvements in the utilisation of the Logistics Hub in Singapore.

LOGISTICS

Our POPStation parcel locker network continued to be a popular last mile option for busy Singaporeans. We will be expanding the network by between 50 and 100 locations in the coming year.

ENHANCING LAST MILE DELIVERY

Since moving its operations into the Logistics Hub, SP Parcels has been increasing its last-mile delivery volumes, achieving double-digit revenue growth with good margins. On top of raising processing capacity, the advanced automation at the Logistics Hub has enabled the innovation of several new products and services that cater to increasing demand for flexibility, convenience and cost-effectiveness.

During the year, SP Parcels launched Speedpost Economy Singapore, a new low-cost service for local eCommerce marketplaces, where delivery takes three to five days. Authorisation to Leave was introduced in November 2017, enabling recipients to authorise couriers to hand deliveries to neighbours, security guards and other authorised parties if they are unable to receive the parcel personally.

Our POPStation parcel locker network continues to be a popular last mile option for busy Singaporeans. We will be expanding the network by between 50 and 100 locations in the coming year. In May 2018, we were appointed to operate parcel lockers in Punggol as part of the Infocomm Media Development Authority's Federated Locker Pilot Trial. We will be installing open platform parcel lockers, which may be used by logistics companies and eCommerce retailers, at selected HDB blocks and MRT stations as an urban logistics solution for Singapore's Smart Nation vision.

In Australia, CouriersPlease (CP) recorded good revenue growth as it processed more last mile deliveries, fuelled by the growth in the eCommerce sector. It opened three new logistics facilities in Melbourne, Adelaide and Perth, to accommodate future growth and position itself as Australia's #1 eCommerce courier service. The new depots will be key as CP expands its reach into overseas markets. CP also began a partnership with one of its top customers, Australian eCommerce platform eCorner, to offer its customers and their online shoppers CP's flexible parcel delivery options. These moves will strengthen CP's eCommerce ecosystem and help ensure a positive customer experience across all touchpoints.

EXPANDING NETWORKS AND GROWING MARKET SHARE IN FREIGHT FORWARDING

Our freight forwarding arm, Famous Holdings, consolidated its strength to boost cost effectiveness and collectively grow volumes and market share. Its Netherlands subsidiary has expanded its sales capabilities to achieve record volumes. In Japan, Famous Holdings achieved top consolidator status based on volume. In New Zealand and Singapore, Famous Holdings has also grown its networks and the brand is now leveraging process automation technology to elevate customer experience. Revenue grew in line with higher freight forwarding volumes and increased contributions from overseas operations.

We will continue to invest in initiatives that are developed with customers in mind, to bring about solutions that meet the needs of consumers and help our customers' businesses grow.

ECOMMERCE

Staff members at Jagged Peak's FlexNet Distribution Center in St. Petersburg, Florida.

In the last year, the main focus of the eCommerce segment was to reinforce the entities in the United States and execute a turnaround business plan, particularly for TradeGlobal.

Efforts towards TradeGlobal's performance continued to bear fruit as operating losses narrowed and revenue grew, after the implementation of cost controls.

Jagged Peak continued its strong performance, recording volume growth, especially on the back of the peak festive retail season in the US – which saw eCommerce volumes hit record highs.

TURNING AROUND BUSINESSES IN THE US WITH EDGE

Together, Jagged Peak and TradeGlobal landed 28 new customers in the year, ranging from apparel and footwear, consumer goods, cosmetics, and food and beverage industries. The new customer wins helped TradeGlobal overcome the loss in revenue from two major customers in the previous financial year to register revenue growth. In addition, three new direct-to-consumer programmes were deployed by Jagged Peak for Unilever. These are complete shop-to-ship solutions out of the United Kingdom.

In the year ended 31 March 2018, Jagged Peak and TradeGlobal processed and shipped over 100 million units, valued at over US$1.5 billion. During the peak holiday season, more than 15 million units were shipped within 33 days, while meeting all service-level assurance obligations.

Underpinning this success is our proprietary eCommerce software – EDGE, recognised by the industry as one of the top eCommerce platforms.

EDGE clients will have access to a comprehensive SaaS (Software as a Service) eCommerce technology suite that includes a best-in-class distributed order management solution (OMS), warehouse (WMS) and transportation (TMS) management solutions, a vendor drop shipping tool, as well as StorePoint, an in-store omni-channel fulfilment solution. EDGE enables clients to enhance every stage of the order life cycle to optimise operations and increase profit.

Customers that deploy EDGE OMS, have a centralised hub that connects front-end and back-end systems for a complete, 360-degree view of all customer orders and inventory from every distribution channel. They may also employ the EDGE WMS, which intelligently manages and directs activities at a distribution centre or fulfilment location, as well as optimally selects shipping providers based on the lowest cost in routing goods to the consumer. EDGE also enables customers to easily create eCommerce websites, complete with inventory management and order tracking to provide a complete eCommerce enablement service. EDGE has been implemented for numerous TradeGlobal and SP eCommerce clients and will be rolled out to the rest of the SingPost Group.

The EDGE technology is a robust platform that we continuously optimise to offer even more benefits to our customers. During the year, the customer service portal was enhanced, while returns processing were simplified to expedite handling times. Improvements were also made to the StorePoint omni-channel fulfilment system. On top of these improvements, a labour management system was introduced to increase productivity and reduce labour costs.

ECOMMERCE

REINFORCING ECOMMERCE INFRASTRUCTURE

Enabling eCommerce capabilities and fulfilment support for our customers are at the heart of our business and alongside these principles is our commitment to the highest standards of data privacy and security. We have attained two security certifications for data protection – Payment Card Industry Data Security Standard (PCI DSS) 3.2 (Level 1) certification and Health Information Trust Alliance (HITRUST) certification.

In our continual reinforcement of the eCommerce infrastructure in the markets we serve, we extended the FlexNet solution to Reno in Nevada and Scotland to better serve our clients' delivery footprint in western US and the UK.

We have streamlined the processes for our Cross-Border Solution, making them compatible to most enterprise eCommerce platforms for a seamless consumer experience. We continue investing in capabilities, enabling our clients to offer cross-border services from most countries at competitive rates.

We launched two new solutions in the year, Marketplace Management as well as Merchant of Record and Seller of Record, to complement our end-to-end eCommerce offerings.

DRIVING THE BUSINESS AHEAD

Looking ahead, we are building out our Marketplace Management solution to help clients extend their online footprint and increase sales through domestic and global marketplaces.

We are working towards increasing the market share of our clients by offering a holistic suite of services – including digital and marketing support – to help them boost mindshare, revenue and customer loyalty.

To better support global brands, we have re-engineered our tax and duties calculator, as well as expanded localised payment capabilities of our Cross-Border Solution to support what is known as 'true anywhere-to-anywhere' eCommerce.

Plans to enhance our StorePoint omni-channel solution to meet the demands of retailers, which include more efficient in-store, pick-and-pack processing, are also underway.

Leveraging and developing technology is critical in the fast-moving eCommerce world. We constantly seek improvements to all our technology platforms to meet the needs of the future, anticipating the needs of customers and consumers, and innovating to help brands reach new markets.

CORPORATE SERVICES

Corporate Services comprise a broad scope of support functions that include Corporate Sustainability, Company Secretary, Finance, Investor Relations, Legal and Treasury.

Playing a key role in advancing SingPost's transformation, Corporate Services made several important milestones that enhanced unified support for the Group's business units while unlocking value from its assets.

Corporate Services comprise a broad scope of support functions that include Corporate Sustainability, Company Secretary, Finance, Investor Relations, Legal and Treasury.

A number of sustainability programmes were advanced during the year, including the establishment of an environment committee, whose role is to introduce processes to better monitor and manage our environmental programmes and performance. Harnessing our postal network, we launched ReCYCLE, a nationwide electronic waste recycling initiative in collaboration with Singtel. We began trials for a programme where postmen check in on the elderly. We also sponsored the delivery of public "love letters to Singapore" written by local authors to various neighbourhoods, in support of the #BuySingLit initiative to promote local literature.

Several Human Resources (HR) initiatives were introduced to better align policies and practices across the Group, and to further enhance talent recruitment and development. A global HR management system was put in place to improve the efficiency in managing employee information across all subsidiaries. We launched an HR intranet to provide easy and centralised access to information on HR policies, programmes and initiatives. We also established a new talent development programme to accelerate skills development and build up the Group's bench strength. Efforts are currently underway for a global on-boarding programme to be introduced for all new hires, as well as a revised performance grading system that is better aligned to job roles and responsibilities that are changing as the Group's transformation is underway.

A S$1 billion multi-currency debt issuance programme was established in January 2018 to provide timing flexibility in tapping onto debt capital markets in conducive market conditions. A centralised Group Treasury Policy was put in place in August 2017. This consolidates and updates several treasury-related policies to help ensure proper conduct and dealings of all treasury-related activities for the Group. An electronic trading platform for foreign exchange and fixed deposit transactions is also in the pipeline. This should yield better pricing and improved transaction visibility.

In March, we conducted our inaugural Finance Control and Compliance global workshop with the aim of ensuring alignment of policies and controls across the Group. As part of SingPost's transformation strategy, we have made several acquisitions and expanded into new geographies over the past few years. As we progress in our transformation and integration, it is important for the Group to communicate and align policies, implement tighter oversight, and enforce compliance across the businesses.

The finance heads across our various businesses gathered in Singapore for the two-day workshop, coming from multiple geographies including Australia, the Netherlands, New Zealand, Southeast Asia, the UK and the US. Topics covered included finance policies such as credit controls and approval limits, and treasury policies such as cash management. Common audit findings and best practices were also shared at the workshop.

CORPORATE SERVICES

PROPERTY

The new SingPost Centre retail mall opened officially on 9 October 2017. The five-level mall houses the General Post Office (GPO), as well as tenants such as NTUC FairPrice, Golden Village and Kopitiam. It has a Gross Floor Area of around 25,000 square metres, and a Net Lettable Area of 16,400 square metres – of which 96 per cent has been committed as at 31 March 2018.

The mall features technology-enabled innovations to bring fresh experiences and increased convenience to consumers. At the GPO, POPStations, SAM kiosks and a Registered Article Self-Drop Box provide 24/7 access to postal and eCommerce logistics services, key components of SingPost's Smart Post Office network that is being rolled out.

The Golden Village cineplex is the first in Singapore to feature award-winning Smart Laser projectors for all eight screens for superior image quality. At NTUC FairPrice, the store is equipped with a Scan-and-Go system that empowers shoppers to keep track of their grocery bill as they shop, and speed up checkouts at the till. Shoppers may use a custom mobile app where a digital shopping assistant will direct them to the items they are looking for with the shortest route, while those buying fresh food online may direct their purchases to new generation lockers that cater for chilled products.

ReCYCLE is a nation-wide programme in collaboration with Singtel that leverages our postal network, allowing the public to mail small electronic-waste items for recycling.

The SingPost Centre mall is managed by CapitaLand Mall Asia, which is responsible for marketing and promotion, as well as lease and facilities management. This partnership helps optimise returns from the retail mall while we focus on our core operations of postal services and eCommerce logistics.

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	2,890	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	923
Bukit Panjang Post Office	10 Choa Chu Kang Road	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	4,008	3,574
Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	16.09.98	2,761	6,872
Killiney Road Post Office	1 Killiney Road	Leasehold	99	31.03.92	1,029	555
Loyang Delivery Base	25 Loyang Lane	Leasehold	30	16.10.95	3,519	3,225
MacPherson Post Office	70 MacPherson Road	Leasehold	99	31.03.92	1,918	315
Pasir Panjang Post Office	396 Pasir Panjang Road	Leasehold	99	31.03.92	1,726	391
Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	341
Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,129	362
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	2,643	2,678
3B Toh Guan Road East	3B Toh Guan Road East	Leasehold	30	01.09.89	10,064	18,126
755 Upper Serangoon Road	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

SingPost strives to ensure effective communication with the investment community, with the aim of helping investors make timely and informed decisions.

Our investor relations (IR) activities and conduct are guided by SingPost's Market Disclosure Policy, which contains the principles, guidelines and procedures governing market disclosure. The objectives of the Policy include upholding a high standard of Investor Relations (IR) communication to ensure transparent, fair and equitable treatment of all shareholders, and protection of shareholders' interests.

Management and the IR team proactively engage investors via various platforms to keep them updated on our business strategy as well as operational and financial performance. These include one-on-one and group meetings, conference calls, site visits, investor conferences and non-deal roadshows.

In FY2017/18, management and IR engaged about 380 investors through meetings and conference calls.

For each of the quarterly results announcement, SingPost conducts briefings to analysts and the media. The public can also access an audio webcast or playback of the results briefing. A transcript will be published on SingPost's IR website the next working day.

The IR website is regularly updated and contains all SGXNET announcements, quarterly financial statements, investor presentations and AGM related materials. Minutes of the AGM are uploaded on the website along with the full voting results.

We organise regular site visits for investors and analysts to gain a better understanding of our business and operations. Since the opening of the Regional eCommerce Logistics Hub, we have hosted visits for more than 80 analysts and investors to see and experience the use of automation systems in order picking and parcel sorting.

As part of our IR outreach programme to broaden and diversify SingPost's shareholder base, our team completed three overseas non-deal roadshows and participated in a total of eight local and overseas conferences during the financial year.

We believe in developing and fostering strong relationships with research analysts, who play a significant role in conveying the key messages of SingPost to the investment community. 11 research firms covered us during the year.

SingPost recognises the importance and value of regular engagement with our retail investors. We organise annual meetings for retail shareholders with the Securities Investors Association Singapore (SIAS), which provides an opportunity for our retail shareholders to interact with management.

In June 2017, we held our inaugural large scale SingPost-SIAS dialogue session in conjunction with SIAS. Around 150 retail investors attended the event held at the SingPost Centre auditorium. Our Deputy Group CEO (Corporate Services) and Group CFO, Mervyn Lim, presented SingPost's financial and operational performance and engaged in a question-and-answer session with the attendees.

SingPost-SIAS dialogue session held in June 2017

FY2017/18 IR
CALENDAR OF EVENTS

Q1 FY2017/18

- Q4 and Full Year FY2016/17 results briefing to analysts and media
- Post-results investor lunch meeting
- 8th Annual dbAccess Asia Conference 2017 – Singapore
- SingPost-SIAS Dialogue Session

Q2 FY2017/18

- 25th Annual General Meeting
- Q1 FY2017/18 results briefing to analysts and media
- Post-results investor lunch meeting
- 24th CLSA Investors' Forum – Hong Kong

Q3 FY2017/18

- SGX-UBS Corporate Day – London
- Non-deal Roadshow - Europe
- Q2 and H1 FY2017/18 results briefing to analysts and media
- Post-results investor lunch meeting
- Morgan Stanley's 16th Annual Asia Pacific Summit – Singapore
- SGX-Maybank-Mizuho Singapore Corporate Day – Tokyo

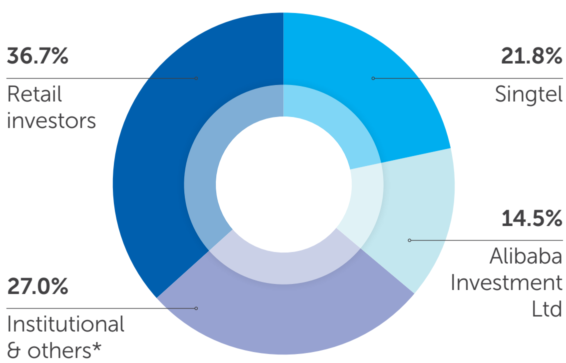
Q4 FY2017/18

- DBS Vickers Pulse of Asia Conference 2018 – Singapore
- Q3 and 9M FY2017/18 results briefing to analysts and media
- Post-results investor lunch meeting
- Nomura Singapore Corporate Day 2018 – Singapore
- Non-deal Roadshow – Kuala Lumpur
- Non-deal Roadshow – Australia
- Maybank Kim Eng Invest ASEAN Singapore 2018 – Singapore

INVESTOR RELATIONS

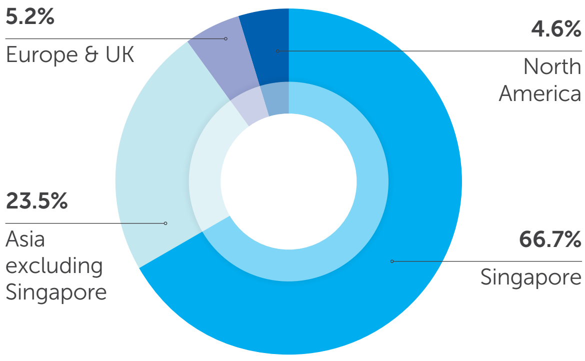
SHARE OWNERSHIP BY INVESTOR GROUPS

As at 31 March 2018



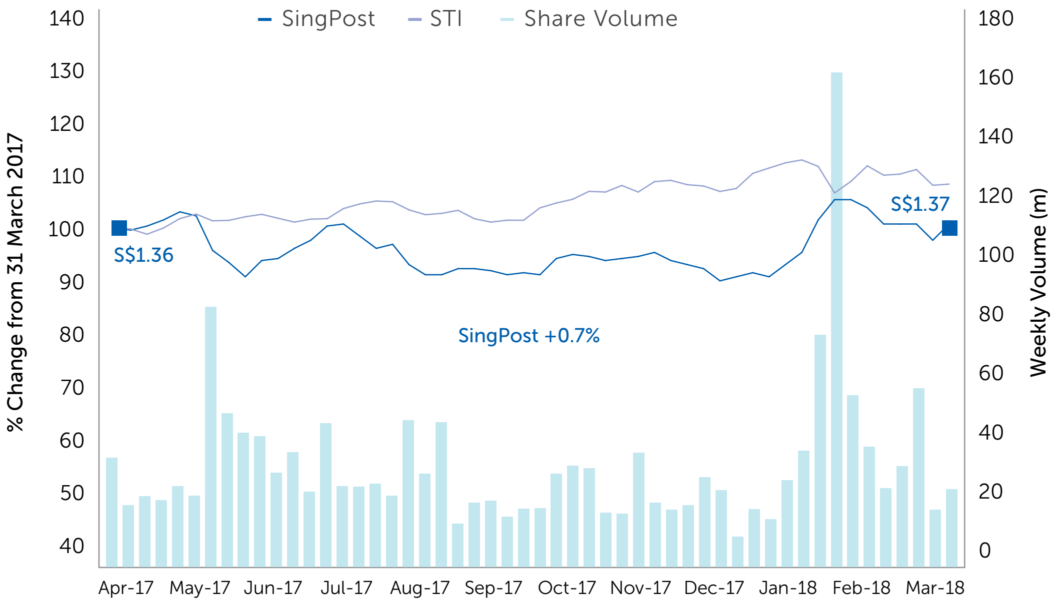
SHARE OWNERSHIP BY GEOGRAPHY

As at 31 March 2018



** Include shares held by brokers, custodians and nominees.*

SINGPOST SHARE PRICE AND TRADING VOLUME VS FSSTI (FY2017/18)

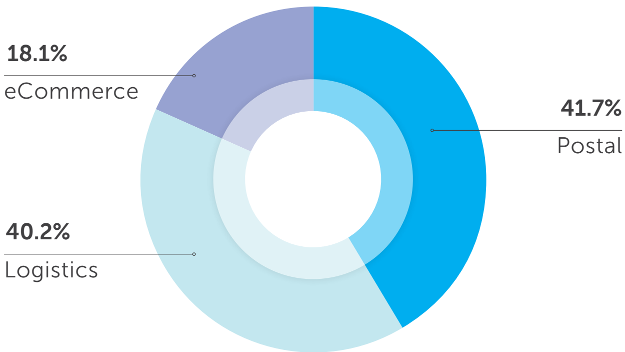


BUSINESS REVIEW

REVENUE BREAKDOWN BY SEGMENTS

The Group reported its financials based on three main operating segments: Postal, Logistics and eCommerce. For the financial year ended 31 March 2018, the Group recorded revenue of S$1.46 billion, of which the Postal business contributed 41.7 per cent, Logistics contributed 40.2 per cent, and the eCommerce segment contributed 18.1 per cent.

REVENUE BREAKDOWN BY SEGMENTS

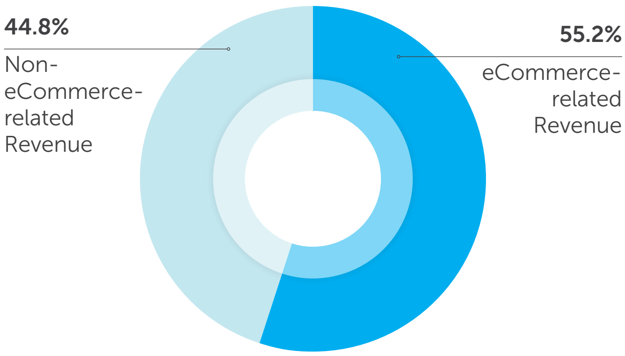


ECOMMERCE-RELATED REVENUE

For the financial year ended 31 March 2018, eCommerce-related revenue made up 55.2 per cent of total Group revenue.

This was contributed from all three business segments, such as cross-border eCommerce deliveries under the Postal segment, warehousing and last-mile deliveries under the Logistics segment, and front-end related revenue under the eCommerce segment.

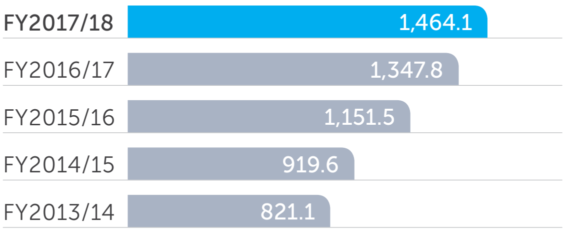
ECOMMERCE-RELATED REVENUE



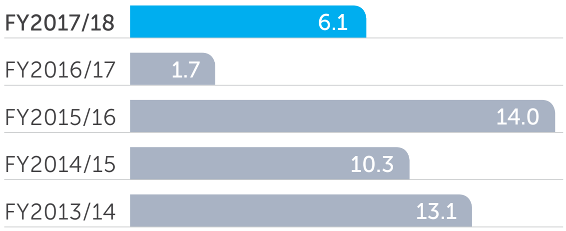
GROUP FINANCIALS

INCOME STATEMENT

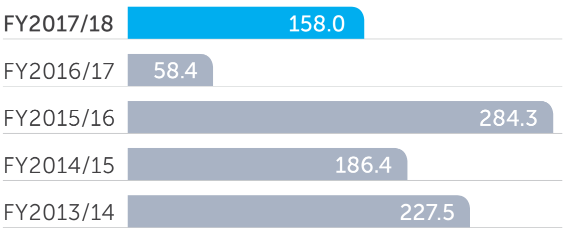
Revenue (S$M)



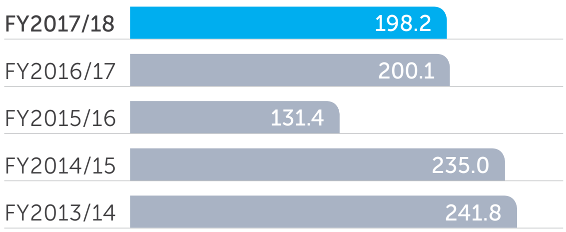
Return on Average Invested Capital (%)



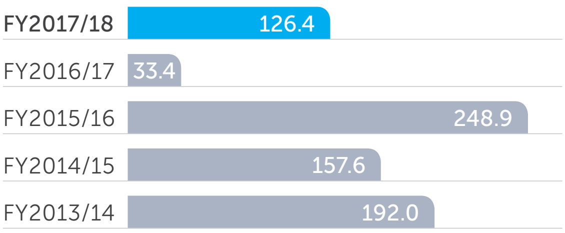
Operating Profit (S$M)



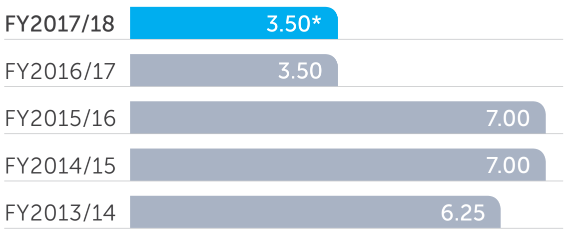
Operating Cash Flow (S$M)



Net Profit (S$M)

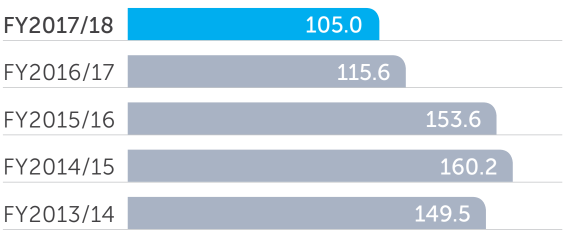


Dividend (cents per share)



** Including final dividend of 2.0 cents per share for the approval of shareholders at the 26th Annual General Meeting*

Underlying Net Profit (S$M)



GROUP FIVE-YEAR
FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2018	2017	2016	2015	2014
		(Restated) *			
Income Statement (S$ million)					
Revenue	**1,464.1**	1,347.8	1,151.5	919.6	821.1
Operating profit [(1)]	**158.0**	58.4	284.3	186.4	227.5
EBITDA [(2)]	**215.7**	118.1	326.6	229.0	263.7
Net profit [(3)]	**126.4**	33.4	248.9	157.6	192.0
Exceptional items, net of tax [(4)]	**(21.4)**	82.2	(95.3)	2.6	(42.5)
Underlying net profit [(5)]	**105.0**	115.6	153.6	160.2	149.5
Statement of Financial Position (S$ million)					
Total assets	**2,724.7**	2,716.6	2,426.5	2,210.7	1,740.5
Ordinary shareholders' equity	**1,402.7**	1,359.3	1,203.6	1,117.2	765.5
Cash and cash equivalents	**314.1**	366.6	126.6	584.1	404.4
Net (cash)/net debt	**(70.1)**	(2.6)	153.6	(345.8)	(170.3)
Perpetual securities	**346.8**	346.8	346.8	346.8	346.8
Net debt plus perpetual securities [(6)]	**276.8**	344.2	500.5	1.0	176.5
Cash Flow (S$ million)					
Net cash inflow from operating activities	**198.2**	200.1	131.4	235.0	241.8
Capital expenditure (cash)	**62.1**	199.8	279.7	104.4	37.8
Free cash flow [(7)]	**136.1**	0.3	(148.3)	130.6	204.1
Key Ratios					
EBITDA margin (%)	**14.7**	8.8	28.4	24.9	32.1
Net profit margin (%)	**8.6**	2.5	21.6	17.1	23.4
Return on average invested capital (%)	**6.1**	1.7	14.0	10.3	13.1
Return on average ordinary shareholders equity (%)	**9.2**	2.6	21.5	16.7	26.4
Net debt to ordinary shareholders equity (%)	**N.M. [(8)]**	N.M. [(8)]	12.8	N.M. [(8)]	N.M. [(8)]
Net debt plus perpetual securities to ordinary shareholders equity (%) [(6)]	**19.7**	25.3	41.6	0.1	23.1
EBITDA to interest expense (number of times)	**25.2**	13.3	42.1	36.4	41.6
Per Share Information (S cents)					
Earnings per share – basic	**4.92**	0.85	10.86	6.85	9.32
Earnings per share – underlying net profit [(5)]	**4.63**	5.28	7.13	7.69	7.87
Net assets per share	**77.3**	75.0	71.7	68.2	58.4
Dividend per share – ordinary	**3.50**	3.50	7.00	6.25	6.25
Dividend per share – special	**–**	–	–	0.75	–

Notes:

(1) Operating profit is defined as profit before net interest expense, tax and share of profit or loss of associated companies and joint venture.

(2) EBITDA is defined as profit before interest, tax, depreciation, amortisation and impairment (excluding intangible assets and investments in associated company).

(3) Net profit is defined as profit after tax and non-controlling interests.

(4) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M & A related professional fees.

(5) Underlying net profit is defined as net profit before exceptional items, net of tax.

(6) Net debt plus perpetual securities and its ratio to ordinary shareholders equity are presented for comparative purposes.

(7) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.

(8) N.M. Not meaningful.

* The 2017 figures have been restated to reflect adjustment to revenue from merchant of record service from gross to net basis.

FINANCIAL REVIEW AND OUTLOOK

FINANCIAL REVIEW

Group	Financial Year ended 31 March 2018 S$'000	2017 S$'000 Restated	Change %
Revenue	**1,464,099**	1,347,764	8.6
Operating profit	**158,028**	58,357	170.8
Share of loss of associated companies and joint venture	**(3,099)**	(1,177)	(163.3)
Net profit	**126,400**	33,403	278.4
Exceptional items, net of tax [(1)]	**21,449**	(82,209)	N.M.
Underlying net profit [(2)]	**104,951**	115,612	(9.2)
Basic earnings per share (S cents)	**4.92**	0.85	@
Underlying earnings per share (S cents)	**4.63**	5.28	(12.3)

Note:
(1) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M&A related professional fees.
(2) Underlying net profit is defined as net profit before exceptional items, net of tax.

N.M Not meaningful.
@ Denotes variance exceeding 300%

Group revenue grew 8.6% for the full year ended 31 March 2018, with growth from the Postal and Logistics segments.

Revenue	Financial Year ended 31 March 2018 S$'000	2017 S$'000 Restated	Change %
Postal	**625,900**	544,141	15.0
Logistics	**663,891**	636,801	4.3
eCommerce	**265,611**	266,344	(0.3)
Inter-segment eliminations	**(91,303)**	(99,522)	8.3
	1,464,099	1,347,764	8.6

In the Postal segment, revenue rose 15.0% for the full year as strong growth in International mail revenue was driven by higher cross-border eCommerce deliveries, in particular from the Alibaba Group. This was partly offset by lower Domestic mail revenue due to lower letter mail volumes with the continued migration towards electronic forms of communication.

Logistics revenue increased 4.3%, driven by higher last-mile eCommerce delivery volumes in Singapore and Australia for SP Parcels and Couriers Please respectively, as well as higher freight forwarding volumes for Famous Holdings, offset by a decline in Quantium Solutions.

In the eCommerce segment, revenue from Jagged Peak's merchant of record ("MOR") service is presented on a net basis, compared to a gross basis previously. Figures for prior year have been adjusted to be consistent with the current presentation.

FINANCIAL REVIEW AND OUTLOOK

Other Income

Rental and property-related income increased 29.9% due to rental income from the SingPost Centre retail mall which opened in October 2017.

Miscellaneous other income was a gain of S$11.3 million for the full year, compared to S$9.8 million last year due to higher gains on trade-related foreign exchange differences.

Total Expenses

Total expenses increased 11.1%, largely due to the increase in volume-related expenses. This was due to higher International mail terminal dues and air conveyance expenses in line with higher volumes, as well as higher outsourced services mainly due to the US businesses.

Administrative and other expenses rose 7.2% largely due to higher professional fees.

Depreciation and amortisation expenses were higher due largely to depreciation costs at the Regional eCommerce Logistics Hub and higher amortisation of intangible assets for TradeGlobal with the shortening of amortisation period of customer relationships from 18 years to 7 years.

Finance expenses rose to S$13.4 million for the full year due largely to unfavourable non-trade related foreign exchange differences.

	Financial Year ended 31 March		
	2018	2017	Change
Operating Profit	**S$'000**	S$'000	%
Postal	**144,627**	150,707	(4.0)
Logistics	**10,386**	23,596	(56.0)
eCommerce	**(16,696)**	(33,790)	50.6
Property	**36,331**	31,097	16.8
Others*	**(31,142)**	(24,600)	(26.6)
Operating profit before exceptional items	**143,506**	147,010	(2.4)
Exceptional items	**14,522**	(88,653)	N.M.
Operating profit	**158,028**	58,357	170.8

* Others refer to unallocated corporate overhead items and trade-related translation differences.
N.M Not meaningful.

Operating profit before exceptional items declined 2.4% for the full year.

Postal operating profit declined 4.0% for the full year, largely due to the decline in contribution from Domestic mail, and changes in the international terminal dues system that took effect from January 2018 which impacted the margin for the International mail business as the industry went through a period of adjustment.

In Logistics, operating profit declined 56.0%, impacted by the competitive pressures at Quantium Solutions Hong Kong, as well as a doubtful debt provision for a key customer. These were partly offset by growth in last-mile delivery volumes for SP Parcels on increased collaboration with some of the top eCommerce market-places in Singapore and the region. At the Regional eCommerce Logistics Hub, parcel sorting utilisation levels rose with higher daily parcel volumes, while warehousing and fulfilment activities rose with continued addition of new customers and expansion for existing ones.

FINANCIAL REVIEW AND OUTLOOK

Operating losses from eCommerce segment narrowed significantly by 50.6% to S$16.7 million for the full year. The US businesses' performance improved as management executed on the turnaround business plan for TradeGlobal, which grew revenue and demonstrated good cost controls, in particular over the peak period.

Under Property, operating profit rose 16.8% to S$36.3 million, boosted by rental income from the SingPost Centre retail mall which re-opened on 9 October 2017 after a period of redevelopment.

In the Others category, the movement was due largely to higher professional fees.

Exceptional items

For the full year, the Group recorded an exceptional gain of S$14.5 million largely due to fair value gains on investment properties, mainly for SingPost Centre building.

Share of results of associated companies and joint venture

Share of results of associated companies and joint venture declined for the full year, largely due to losses of 4PX, which incurred higher expenses as it continues to invest for growth.

Net Profit and Underlying Net Profit

Net profit attributable to equity holders rose 278.4% to S$126.4 million in the absence of impairment charges in exceptional items.

Excluding exceptional items, underlying net profit declined 9.2% to S$105.0 million for the full year, largely due to lower operating profit from the Logistics segment.

	Financial Year ended 31 March		
Cash Flow	**2018 S$'000**	2017 S$'000 Restated	Change %
Net cash inflow from operating activities	**198,243**	200,066	(0.9)
Net cash used in investing activities	**(48,757)**	(172,867)	71.8
Net cash (used in)/provided by financing activities	**(202,050)**	212,775	N.M.
Net (decrease)/increase in cash and cash equivalents	**(52,564)**	239,974	N.M.
Cash and cash equivalents at beginning of year	**366,614**	126,640	189.5
Cash and cash equivalents at end of year	**314,050**	366,614	(14.3)
Free cash flow	**136,100**	299	@
Cash capital expenditure as a percentage of revenue	**4.2%**	14.8%	

N.M. Not meaningful.
@ Denotes variance exceeding 300%

FINANCIAL REVIEW AND OUTLOOK

Operating activities

Net cash inflow from operating activities for the full year was largely stable at S$198.2 million, compared to S$200.1 million last year.

Investing activities

With the completion of the SingPost Centre retail mall redevelopment and the Regional eCommerce Logistics Hub, capital expenditure declined to S$62.1 million for the full year, compared to S$199.8 million last year.

As a result, net cash outflow for investing activities for the full year declined to S$48.8 million compared to S$172.9 million last year.

Financing activities

Net cash outflow from financing activities for the full year was S$202.1 million, compared to inflow of S$212.8 million last year. This was due to net repayment of short-term borrowings of S$118.9 million, compared to net inflow from borrowings last year. Last year, the Group also recorded proceeds from issuance of ordinary shares and partial divestment of interest in a subsidiary to the Alibaba Group.

Free cash flow

For the financial year ended 31 March 2018, the Group's free cash flow (operating cash flow less capital expenditure) increased to S$136.1 million, compared to S$0.3 million in the previous financial year, as a result of lower 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.

	Financial Year ended 31 March		
Group Debt And Perpetual Securities	**2018 S$'000**	2017 S$'000	Change %
Total debt	**243,978**	363,985	(33.0)
Net cash	**(70,072)**	(2,629)	@
Total debt plus perpetual securities *	**590,804**	710,811	(16.9)
Net debt plus perpetual securities *	**276,754**	344,197	(19.6)
Net debt plus perpetual securities to ordinary shareholders equity (%) *	**19.7%**	25.3%	
EBITDA to interest expense (number of times)	**25.2**	13.3	

* Presented for comparative purposes.
@ Denotes variance exceeding 300%

Total borrowings decreased from S$364.0 million as at 31 March 2017 to S$244.0 million as at 31 March 2018. Interest coverage ratio increased to 25.2 times, compared to 13.3 times last year. The increase was due to lower interest on borrowings incurred for the current period, as well as exceptional loss for the comparative period last year.

FINANCIAL REVIEW AND OUTLOOK

DIVIDEND

The Board of Directors is recommending a final dividend of 2.0 cents per share for the financial year ended 31 March 2018. Together with the interim dividend payments of 0.5 cent per share for the first three quarters, the annual dividend in respect of the current financial year would amount to 3.5 cents per share.

	Cents per share
Interim Q1	0.5 cent
Interim Q2	0.5 cent
Interim Q3	0.5 cent
Proposed final	2.0 cents
Total dividends paid and proposed in relation to FY 2017/18	3.5 cents

The dividend policy is based on a payout ratio ranging from 60% to 80% of underlying net profit for each financial year.

OUTLOOK

The Group is well-positioned to benefit from the strong growth in global eCommerce and last-mile deliveries.

The Group expects to further benefit from the integration of its eCommerce businesses.

Domestic mail volumes are expected to trend downwards while International mail is expected to grow on the strength of eCommerce. Blended margin is expected to decline with the change in mix.

The Group is undergoing structural cost transformation to optimise its cost base.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance refers to the set of systems, principles, rules and processes by which a company is governed. The Company recognises that good corporate governance is critical to corporate success and sustainable economic growth. Both the Board and Management are strongly committed to improve the standard of corporate governance of SingPost.

Consistent with this commitment, the Board had in the financial year ended 31 March 2017 formed an independent committee to conduct a thorough review of the circumstances surrounding SingPost's consideration and approval of the acquisition of TradeGlobal Holdings, Inc. (TG Review). The independent committee consists only of non-executive independent Directors namely Ms Elizabeth Kong Sau Wai, Mrs Fang Ai Lian and Mr Bob Tan Beng Hai, all appointed to the SingPost Board subsequent to the acquisition. The Summary Report of the TG Review prepared by WongPartnership LLP was released to the Singapore Exchange Securities Trading Limited (SGX-ST) on 17 July 2017. Released prior to the last Annual General Meeting (AGM), the AGM served as a forum for shareholders to ask questions and seek further clarification on the TG Review.

The Summary Report of the TG Review noted that observations relating to SingPost's corporate governance had already been identified in the executive summary of the earlier Corporate Governance Review (CGR) Report released to the SGX-ST on 4 July 2016 and that conclusions drawn from the TG Review were consistent with the view in the CGR Report. The Summary Report of the TG Review further noted that the Company had taken steps to implement the CGR recommendations. The Summary Report recommended the Company to submit a copy of the full report to the relevant regulatory authorities, and the Company has duly done so. The Company has received no notice of follow-up from the regulatory authorities to date.

Corporate governance is a journey and a continual work in progress. The events of the recent past have strengthened the Company's resolve to aspire to the highest standards of corporate governance.

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 principle role of the Board is to set the Company's vision and to regularly review its strategic direction. The Board is responsible for overseeing the corporate governance of the Company and Management's control and accountability framework. The Board provides leadership and guidance to Management on the Company's overall strategy and reviews Management performance. The Board oversees the Company's overall performance objectives, key operational initiatives, risk management and corporate governance practices. The Board approves financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board also approves the financial results for release to the SGX-ST, the appointment of Directors and key Management personnel, and changes in the composition and terms of reference of Board Committees. In carrying out its duties, the Board is ultimately accountable to shareholders for the performance of the Company.

CORPORATE GOVERNANCE REPORT

To ensure clarity of the role of the Board within the organisation, the role of the Board as described above, the respective roles of the Chairman, chairpersons of the Board Committees, the Lead Independent Director and Executive Director are clearly defined in a document entitled Success Profiles and Role Profiles for an Effective Board. This is complemented by the Schedule of Matters Reserved for the Board's Decision which sets out a comprehensive list of matters which require Board approval. Types of material transactions which require the approval from the Board include financial targets, entering new business sectors and geographies, annual business plan and budget, changes to share capital structure, corporate structure, operational structure, results, dividend policy, dividend, significant change in accounting policies, major capital projects and contracts not in the ordinary course of business, SGXNet announcements, appointments to Board and Board Committees, appointment, remuneration and removal of senior management including Group Chief Executive Officer (Group CEO), and delegation of authority. Both these documents are accessible to Management and staff on the Company's intranet.

Additionally, to optimise operational efficiencies, financial authorisation and approval limits have been established for operating and capital expenditure and the procurement of good and services. The Board approves transactions exceeding certain threshold amounts while delegating authority to Management for transactions below those limits.

Board Committees

The Board without abdication of responsibility has delegated authority to the following five committees to assist the Board in its duties:

- Audit Committee (AC)
- Board Risk and Technology Committee (BRTC)
- Compensation Committee (CC)
- Finance and Investment Committee (FIC)
- Nominations and Corporate Governance Committee (NCGC)

Each Board Committee has written terms of reference which clearly set out the authority delegated by the Board to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. The terms of reference are reviewed from time to time to ensure relevance. Any changes to the terms of reference for any Board Committee require Board approval. As mentioned in the section above, to ensure role clarity, the role of each Board Committee chairperson is also documented in the Success Profiles and Role Profiles for an Effective Board.

The composition of all the Board Committees comprises non-executive Directors only. The appointment of Board Committee members is carried out carefully to ensure the Board Committees comprise Directors with the appropriate qualifications and skills, to maximise the effectiveness of the Board. Board Committee appointments require the approval of the Board.

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Board Committee Members	Key Terms of Reference	Composition Requirements
AC Mrs Fang Ai Lian (chairperson) Mr Bob Tan Beng Hai Mr Zulkifli Bin Baharudin	Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.	In compliance with Guidelines 12.1 and 12.2 of the Code of Corporate Governance 2012 (2012 Code), the AC comprises three members all of whom including the chairperson are non-executive independent Directors and have recent and relevant accounting or related financial management expertise or experience. The profiles of the AC members can be found on pages 16 and 19.
BRTC Mr Steven Leonard (chairperson) Ms Aliza Knox Mr Bob Tan Beng Hai	Assists the Board in ensuring that Management maintains a sound system of risk management and material controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.	Pursuant to Guideline 11.4 of the 2012 Code, the Board opted to establish a separate board risk committee. There are no composition requirements.
CC Mr Bob Tan Beng Hai (chairperson) Mrs Fang Ai Lian Mr Simon Israel Mr Zulkifli Bin Baharudin	Assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract and retain talent.	In compliance with Guideline 7.1 of the 2012 Code, the CC comprises at least three members, the majority of whom including the chairperson are independent Directors and all the members are non-executive Directors.
FIC Mr Simon Israel (chairperson) Mr Chen Jun Ms Elizabeth Kong Sau Wai Ms Lim Cheng Cheng	Provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies.	There are no composition requirements.
NCGC Mr Zulkifli Bin Baharudin (chairperson) Mrs Fang Ai Lian Mr Simon Israel Ms Elizabeth Kong Sau Wai	Assists the Board in fulfilling its responsibilities on Board succession planning, Board evaluation, training of Board members and the selection, nomination, appointment and re-appointment of Directors to the Board of SingPost. Also has responsibility to recommend enhancements to the corporate governance principles applicable to SingPost and to uphold the same.	In compliance with Guideline 4.1 of the 2012 Code, the NCGC comprises at least three members, the majority of whom including the chairperson are independent Directors and the Lead Independent Director is a member.

CORPORATE GOVERNANCE REPORT

Board Meetings and Attendance

The Board meets regularly. Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors to ensure maximum attendance. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. The Board also participates in strategy workshop with Management to plan the Group's long-term strategy. When exigencies prevent Directors from attending in person, Directors participate by telephone or video-conference. Directors who are unable to attend a Board meeting can discuss related issues with the Chairman and the Group CEO. For the financial year ended 31 March 2018, five scheduled Board meetings and a Board Strategy Workshop were held. A record of the Directors' attendance at Board and Board Committee meetings during the financial year ended 31 March 2018 is set out below.

The agenda of each Board and Board Committee meeting is set by the respective chairpersons in consultation with the Group CEO to ensure all agenda items are addressed. A specific amount of time is pre-allocated to each agenda item to ensure sufficient attention is given to every agenda item. The agenda of every Board meeting includes an update from the chairperson of each Board Committee on significant matters relating to the scope of their respective Board Committees. Directors are provided with relevant information prior to each meeting by way of timely upload of the meeting materials via a secure portal accessible on tablet devices issued to every Director.

At every Board meeting, the Board sets aside time for discussion without the presence of Management. If there are situations of conflict of interest, the Director in question will recuse himself/herself from the discussion and abstain from participating in any Board decision.

Between Board meetings, Board approvals for matters in the ordinary course of business are obtained through the circulation of Directors' resolutions in writing. Management will if requested by any of the Directors, schedule an opportunity to discuss and provide further information to Directors either in a group or one-on-one basis concerning the matter. For parity of information, comments received from any of the Directors are shared with all the other Directors. Additionally, to avoid any wrongful perception of undue influence, the Board Chairman will not be the first to sign on any resolution.

The attendance of each Director at Board meetings and Board Committee meetings for the financial year ended 31 March 2018 is as follows:

		BOARD COMMITTEES				
NAME OF DIRECTORS	**BOARD** (1)	**AC**	**BRTC**	**CC**	**FIC**	**NCGC**
Number of Meetings held	**6**	**4**	**3**	**3**	**4**	**3**
Directors in service as at 31 March 2018						
Simon Israel	6/6	–	–	3/3	4/4	3/3
Paul Coutts (2)	5/5	–	–	–	–	–
Chen Jun	4/6	–	–	–	3/4	–
Fang Ai Lian (3)	6/6	4/4	–	2/3	–	2/2
Aliza Knox	6/6	–	2/3	–	–	–
Elizabeth Kong Sau Wai	6/6	–	–	–	4/4	3/3
Steven Leonard (4)	5/5	–	3/3	–	–	–
Lim Cheng Cheng (5)	4/6	–	–	–	4/4	–
Bob Tan Beng Hai (6)	6/6	4/4	3/3	3/3	–	–
Zulkifli Bin Baharudin	6/6	3/4	–	1/3	–	3/3
Director who left service as at 31 March 2018						
Professor Low Teck Seng (7)	1/2	–	–	–	–	–

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Notes

(1) Board meetings include Board Strategy Workshop attended by Directors.
(2) Mr Paul Coutts was appointed as Group CEO and Director of SingPost on 1 June 2017.
(3) Mrs Fang Ai Lian was appointed as chairperson of the AC and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the NCGC as recommended under Guideline 4.1 of the 2012 Code on 24 April 2017. Mrs Fang stepped down as chairperson of the CC on 24 April 2017 but remains as its member.
(4) Mr Steven Leonard was appointed as Director of SingPost and as member of the BRTC on 1 June 2017. Mr Leonard was subsequently appointed as chairperson of the BRTC on 20 July 2017.
(5) Ms Lim Cheng Cheng was appointed as Director of SingPost on 1 April 2017. Ms Lim was subsequently appointed as member of the FIC on 24 April 2017.
(6) Mr Bob Tan Beng Hai was appointed as chairperson of the CC on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the CC.
(7) Professor Low Teck Seng retired from the Board following the conclusion of the AGM held on 20 July 2017. Upon his retirement, he ceased to be chairperson and member of the BRTC.

Board Induction and Training

All our Directors receive a formal letter upon appointment informing of their duties as a Director and advising on disclosure obligations under the Companies Act, Cap. 50 and the SGX-ST listing rules. All newly appointed Directors also undergo an induction programme. The programme covers the duties and obligations of a Director. It also familiarises incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance, and presentations by senior Management on their respective businesses, directions and corporate governance practices. If required, facility visits are arranged for Directors to better understand the Group's business operations. The induction programme not only serves its objective of thoroughly acquainting the incoming Directors with the nature and workings of the Group's business, but also serves as a platform for the new Directors to get to know members of senior Management and to ask questions. All incoming Directors are also issued with a tablet device which contains relevant information on the Company and Board including policies and the terms of reference of all the Board Committees.

Existing Directors are encouraged to undergo continual professional development during the term of their appointment. Courses attended by the Directors included Listed Company Director Essentials, Singapore Governance & Transparency Index Forum 2017, Cybersecurity for Directors, Overcoming Cognitive Biases in Boardroom Decisions, Leading from the Chair-What it Takes to be Effective, and Harnessing Data and Artificial Intelligence in the Digital Economy. Directors also received training on relevant new laws and regulations.

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

Board renewal was a key issue in the recent past. In response, the Board had in FY2016/17 adopted a Board Renewal and Tenure Policy whereby Directors agree to serve no more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate phasing or the retention of critical skills set. The NCGC began the Board renewal process with the appointment of a new Board Chairman and three new non-executive independent Directors that same year namely Mr Simon Israel, Mrs Fang Ai Lian, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai. The Board renewal process continued with the appointment of three more new Directors in the following year namely Ms Lim Cheng Cheng, Mr Steven Leonard and Mr Paul Coutts. The search for suitable candidates continues.

A Board Composition Matrix is used to assess whether the core competencies, skills and experiences of a potential candidate complements those of the existing Directors to ensure that as a group the Board will have the appropriate balance to support the long-term success of the Company.

CORPORATE GOVERNANCE REPORT

The Board currently consists of ten members who collectively have a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including ecommerce, logistics, accounting, finance, legal, business and management, strategic planning, information and communication technology, engineering and regional business experience. All are non-executives except for the Group CEO.

Board Diversity

The Board recognises the benefit of diversity in fostering robust discussions and guarding against group thinking which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (four out of ten Directors) is one of the highest on the boards of companies publicly listed on the Singapore Exchange. The Board is ethnically diverse and their ages range from 36 to 68.

The Board has adopted a Policy on Diversity and Inclusivity which commits to give due consideration to the benefits of diversity when seeking to appoint candidates to the Board and to senior Management. The Policy defines "diversity" to refer not only to gender but also to skill-sets, experience, ethnicity, age, background and other relevant personal attributes important in providing a range of perspectives, insights and challenge needed to support good decision-making. The Policy also requires that any professional bodies engaged to assist with the search process will be required to be given explicit instructions of the Company's commitment to diversity to ensure the search for talent is conducted accordingly. In furtherance of this commitment, the Board will exercise best endeavours to appoint at least one female Director to the NCGC and to the CC to safeguard against gender bias in the nomination process, and to advance the interest of female employees and support mentoring and development opportunities for female executives, ensuring unbiased career progression. Female Directors are represented on both the NCGC and CC.

Review of Directors' Independence

Based on the guidelines provided in the 2012 Code and the definition of independence as set out in Guideline 2.3, the Board annually reviews and determines whether each Director is independent, taking into account the views of the NCGC. Each Director is required to complete a Director's independence checklist of himself/herself. The NCGC reviews the checklists in arriving at its recommendations to the Board on the independence of each Director.

Based on the recommendations of the NCGC, the Board treats the Board Chairman Mr Simon Israel as non-independent and considers Ms Lim Cheng Cheng, Mr Chen Jun and the Group CEO Mr Paul Coutts as non-independent. The other six Directors are considered independent. In accordance with the Board's Code of Business Conduct and Ethics, each member of the NCGC and of the Board recused himself/herself from the deliberations on his/her independence.

Mr Simon Israel is the Chairman of the Board of Singapore Telecommunications Limited (Singtel) which holds more than 10 per cent of the total voting shares in SingPost. Mr Simon Israel is not appointed as a nominee Director of Singtel to the SingPost Board. Mr Simon Israel is also not directly associated with Singtel as defined under Guideline 2.3(f) of the 2012 Code in that he is not accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of Singtel in relation to the corporate affairs of SingPost. Nevertheless, to provide added assurance to the Company's stakeholders, Mr Simon Israel is treated by SingPost as a non-independent Director and Chairman.

Ms Lim Cheng Cheng is the Group Chief Financial Officer (Group CFO) of Singtel and a nominee of Singtel to the SingPost Board. 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.

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No Director on the Board has served for more than nine years. Having served for more than eight years as an independent Director, Mr Zulkifli Bin Baharudin will step down at the coming AGM in keeping with the terms of the Board Renewal and Tenure Policy. Mr Zulkifli Bin Baharudin had at the request of the Board remained to serve beyond six years in order to perform the critical role of leading the board renewal process in his capacity as NCGC chairperson. Ms Aliza Knox who has served as an independent Director since 2013 for two terms was due to retire based on the rotation process at the coming AGM. She would exceed the six-year limit of the Board Renewal and Tenure Policy if she serves a full third term. Accordingly, she will also step down at the AGM. The Board thanks them both for their invaluable service.

Guideline 2.2 of the 2012 Code requires independent Directors to make up at least half of the Board where the Chairman is not an independent Director. The Board is compliant in that six of the ten Directors are independent.

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 the Group CEO are separate persons. Mr Simon Israel's appointment is a non-executive appointment totally separate from the office of Group CEO Mr Paul Coutts. There is no family relationship between the two.

The Board and Management are mindful of the division of responsibilities between leadership of the Board and the executives responsible for managing the Company's business.

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 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. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors. The Chairman also monitors the translation of the Board's decisions and directions into executive action, providing guidance on the transformation of the Group. 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 senior Management.

The respective roles of the Chairman and Group CEO are clearly defined in the Success Profiles and Role Profiles for an Effective Board.

Regulatory Approvals

The appointments of the Chairman, the Group CEO of the Company and any new Directors require the prior written approval of the Info-communications Media Development Authority of Singapore (IMDA) and the Monetary Authority of Singapore (MAS). The Company duly sought and obtained the approval of both regulators in respect of all new appointments.

CORPORATE GOVERNANCE REPORT

Lead Independent Director

As described above, the Chairman Mr Simon Israel is treated as a non-independent Director. Accordingly, in compliance with Guideline 3.3(d) of the 2012 Code, Mrs Fang Ai Lian was elected by the independent Directors as the Lead Independent Director. The role of the Lead Independent Director is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Her responsibilities as set out therein includes carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity, or if he is unable to do so. She ensures the affairs of the Board and the Company are managed in a manner that reflects effective corporate governance. She serves on the NCGC, leading the independent Directors in meetings periodically without the presence of the other Directors. She then provides feedback to the Chairman after such meetings. Accordingly, at the last AGM, Mrs Fang Ai Lian acted as the chairman of the meeting when the Board Chairman Mr Simon Israel was unable to attend the AGM for health reasons.

Principle 4: Board Membership

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

Succession Planning and Nomination Process

The NCGC has the responsibility of establishing a formal and transparent search and nomination process for the selection, appointment and re-appointment of Directors. When tasked to search for a new Director, the NCGC will first review the Company's emerging strategic priorities, then review the experience and expertise of the current Board composition in order to identify critical competency gaps that need to be filled that are aligned to the emerging strategic priorities of the Company. Potential candidates are then identified through professional search agencies, and consultation with Directors and shareholders. The NCGC also considers recommendations received from shareholders and members of the public. After a candidate has been identified by the NCGC, a Board Composition Matrix is used to assess whether the core competencies, skills and experiences of the candidate complements those of the existing Directors. The NCGC will then make its recommendation to the Board and arrange to meet with the shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected; and (iii) provide sufficient information for the candidates to make an informed decision on accepting the role. The Board will then deliberate on the recommendation of the NCGC. Upon the Board's approval, SingPost will seek IMDA'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 does not encourage the appointment of alternate Directors. No alternate Director has been or is currently appointed to the Board.

Directors' Time Commitment

The NCGC 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 NCGC will consider the other directorships held by the Directors and their principal commitments. In countries where the maximum number of Board seats a director may hold is specified, the range is typically between five and seven. Accordingly, the Board has set as a general guidance, that the maximum number of listed company board representation which any Director holds should not exceed five. The Board however recognises that depending on the Directors' other principal commitments, the capacity of each Director may differ greatly. Therefore under the terms of the Policy on Directors' Conflicts of Interest, Directors are also to consult the Chairman of the Board and the chairperson of the NCGC prior to accepting any appointments to the boards of directors or advisory boards of any public or privately held company or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate governance guidelines. For the past financial year, the NCGC has determined that all the Directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. Inclusive of their appointment to the SingPost Board, none of the Directors hold more than four appointments on the boards of listed companies.

CORPORATE GOVERNANCE REPORT

Annual Determination of Directors' Independence

The NCGC has the responsibility of determining on an annual basis whether or not each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The NCGC has duly determined and made its recommendations on independence to the Board. Details are reported earlier in this Report at pages 46 and 47 in the section on the Review of Directors' Independence.

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/she not to do so, he/she would at the next AGM have held office for more than three years. 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).

The NCGC deliberated to identify the Directors to retire as well as to consider the suitability of the Directors for re-appointment. In considering suitability for re-appointment, the NCGC took into consideration the respective competencies, past contribution and performance as well as the manner in which each enhances the Board's collective balance and diversity of skills, experience, gender and knowledge in endorsing their re-appointment. The NCGC's recommendations were then made to the Board for their approval. The Board endorsed the following recommendations of the NCGC:

Pursuant to the 1/3 rotation rule, four out of the ten Directors are required to retire at the coming AGM. Three of the four are Directors who were not put up for re-election last year namely Mr Simon Israel, Ms Aliza Knox and Mr Zulkifli Bin Baharudin. Due to the Board renewal process, all the other Directors have only been recently appointed at the last AGM. Accordingly the fourth Director to retire by rotation had to be chosen from the Directors who stood for election at the last AGM. Of these Directors, the next longest serving Directors are Mrs Fang Ai Lian, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai all appointed on 10 October 2016 and re-elected at the AGM last year under the new Directors re-election rule. Mrs Fang Ai Lian was identified as the fourth Director to retire.

As explained earlier in this Report under the section on Review of Directors' Independence, Mr Zulkifli Bin Baharudin and Ms Aliza Knox will not be seeking re-election. Mr Simon Israel and Mrs Fang Ai Lian being eligible for re-appointment will seek re-election at the coming AGM.

Name	Retiring and standing for re-election pursuant to:
Mr Simon Israel *(last re-elected on 14 July 2016)*	1/3 rotation rule (Article 98(b))
Mrs Fang Ai Lian *(last re-elected on 20 July 2017)*	1/3 rotation rule (Article 98(b))

CORPORATE GOVERNANCE REPORT

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

Each year a process is undertaken to evaluate the effectiveness of the Board and Board Committees.

As in previous years, an external facilitator was appointed to carry out the evaluation for FY2017/18. Other than its role as assessor on Board effectiveness, Aon Hewitt, an international consulting firm is an independent service provider with no connection with the Company or with any of its Directors. As Aon Hewitt had conducted the Board evaluation previously, a factor in appointing Aon Hewitt was the consistency in having the same external facilitator to evaluate the performance for year on year comparison.

The external facilitator proposed the approach and evaluation criteria which was endorsed by the NCGC and approved by the Board. The approved evaluation methodology covered the same measures that the Singapore Governance and Transparency Index is based on namely board size, board independence, CEO-chairman separation, board competencies, board duties and responsibilities, board and committee meeting (e.g. times and attendance), selection of Directors (e.g. transparency of the process), succession planning process, appraisal of Directors, remuneration and shareholders/investor relations, communications and transparency.

The process involved Directors first completing a comprehensive online questionnaire covering various aspects of board processes and effectiveness. Following up from the responses to the questionnaire, one-on-one interviews were conducted by the external facilitator with each Director to discuss in-depth functioning and to gather feedback on Board performance, structure, processes and potential improvement suggestions. The interviews capture richer quantitative and qualitative data for greater insight. The responses from the Directors are then collated and a gap analysis conducted.

While the Board has met its performance objectives, a plan of action based on issues that surface during the evaluation is prepared by the external facilitator comparing the Board's performance in these areas against the current trends in the market. The Board Chairman will act on the results of the effectiveness evaluation in consultation with the NCGC.

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 ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Every Director is issued with a tablet device which provides access to information relevant to the discharge of their duties. This includes the Schedule of Matters for the Board's Decision, the Success Profiles and Role Profiles for an Effective Board, Code of Business Conduct and Ethics, policies on Directors' Conflicts of Interest, Board Renewal and Tenure, Proper Handling of Disclosure of Directors' Interest and the terms and reference of the Board Committees. Prior to each Board and Board Committee meeting, Board papers and other meeting materials are uploaded via a secure portal which is accessible on the tablet device. In general, the information is provided a week in advance of meetings. 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.

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The Group CEO and senior Management also provide the Board with updates on significant events relating to the Company, analyst reports on the Company and information concerning industry-related developments. The Group CFO also provides the Board with detailed monthly financial performance reports. In addition, the board strategy workshop programme includes 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.

Directors have separate and independent access to senior Management and the Company Secretary. Procedures are in place for Directors and Board Committees to seek independent professional advice if necessary at the Company's expense.

Role of the Company Secretary

The Company Secretary has a direct reporting line to the Board Chairman and serves as a focal point for communication with the Board, Group CEO, Management and SingPost's various stakeholders. The role is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Core duties as set out therein include acting as a channel of communication and information to executive and non-executive Directors and attendance at all Board meetings as far as possible. The Company Secretary is also responsible for ensuring the Company's compliance with its Constitution and applicable rules and requirements under the Companies Act and the SGX-ST listing rules.

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 CC meets yearly to discuss the specific remuneration package for the Group CEO, and these recommendations are submitted to the Board for approval. The CC 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 CC and submitted to the Board for endorsement. Directors' fees are subject to the approval of shareholders at the AGM.

To ensure long-term alignment between Management's interest and shareholders, shares granted in FY2017/18 consist of two types of awards:

(a) Performance Share Award; and

(b) Restricted Share Award.

The Performance Share Award has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award has one long-term performance hurdle: Underlying Net Profit.

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

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Principle 8: Level and Mix of Remuneration

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

Non-executive Directors' remuneration takes into account the effort and time spent, and responsibilities of the Directors. These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committee meetings. The Directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders at the AGM.

The Group CEO, who is an executive Director, is not paid Directors' fees. The Group CEO's terms of employment and rewards, including long-term incentives in the form of SingPost restricted shares, are reviewed by the CC and approved by the Board.

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

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Directors' Remuneration

The Directors' compensation for the financial year ended 31 March 2018 is as listed below:

Directors in service as at 31 March 2018

							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$1,250,000 to below S$1,500,000										
Paul Coutts (7)	814.2	300.0	–	–	198.2	1,312.4	–	–	–	–
S$250,000 to below S$500,000										
Simon Israel	–	–	256.0	–	–	256.0	–	–	–	–
Below S$250,000										
Chen Jun	–	–	98.4	–	–	98.4	–	–	–	–
Fang Ai Lian (8)	–	–	152.2	–	–	152.2	–	–	–	–
Aliza Knox	–	–	96.4	–	–	96.4	–	–	–	–
Elizabeth Kong Sau Wai	–	–	122.4	–	–	122.4	–	–	–	–
Steven Leonard (9)	–	–	89.4	–	–	89.4	–	–	–	–
Lim Cheng Cheng (10)	–	–	100.0	–	–	100.0	–	–	–	–
Bob Tan Beng Hai (11)	–	–	149.9	–	–	149.9	–	–	–	–
Zulkifli Bin Baharudin	–	–	142.4	–	1.5	143.9	–	–	–	–

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Director who left service as at 31 March 2018

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)	SingPost Share Option Scheme [6] No. Awarded & Accepted ('000)	SingPost Share Option Scheme [6] Value (S$'000)	SingPost Restricted Share Plan [6] No. Awarded & Accepted ('000)	SingPost Restricted Share Plan [6] Value (S$'000)
Below S$250,000										
Professor Low Teck Seng [12]	–	–	27.0	–	–	27.0	–	–	–	–

Notes
[1] Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2018.
[2] Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2018. To ensure rewards are closely linked to performance, the percentage of variable component is higher for the Group CEO and key Management personnel than other employees.
[3] Provident Fund represents payment in respect of statutory contributions to post-employment benefits plans such as Singapore Central Provident Fund (CPF).
[4] Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, housing benefits and pension allowance, where applicable.
[5] Total Compensation excludes the value of share options and restricted shares.
[6] The option/share valuation adopted simulation methodologies consistent with assumptions applied under the Monte Carlo Model and Cash Flow Discounting Model.
[7] Mr Paul Coutts was appointed as Group CEO and Director of SingPost on 1 June 2017.
[8] Mrs Fang Ai Lian was appointed as chairperson of the AC and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the NCGC as recommended under Guideline 4.1 of the 2012 Code on 24 April 2017. Mrs Fang stepped down as chairperson of the CC on 24 April 2017 but remains as its member.
[9] Mr Steven Leonard was appointed as Director of SingPost and as member of the BRTC on 1 June 2017. Mr Leonard was subsequently appointed as chairperson of the BRTC on 20 July 2017.
[10] Ms Lim Cheng Cheng was appointed as Director of SingPost on 1 April 2017. Ms Lim was subsequently appointed as member of the FIC on 24 April 2017.
[11] Mr Bob Tan Beng Hai was appointed as chairperson of the CC on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the CC.
[12] Professor Low Teck Seng retired from the Board following the conclusion of the AGM held on 20 July 2017. Upon his retirement, he ceased to be chairperson and member of the BRTC.

No employee of the Company and its subsidiary companies is an immediate family member of a Director or of the Group CEO, and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2018.

Executives' Remuneration

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

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

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

Variable Component
This component refers to the variable bonus and contractual payments that are paid based on the Group's and individual's performance. To ensure rewards are closely linked to performance, the percentage of variable component is higher for the Group CEO and key Management personnel than other employees. During FY2017/18, not all performance conditions were met fully due to market performance beyond Management's control.

Provident Fund
This component is made up of statutory contributions to post-employment benefits plans such as Singapore CPF.

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Benefits
Benefits provided are consistent with market practice and include medical, flexible benefits and car allowance. Eligibility for these benefits will depend on individual job grade and scheme of service. Housing benefits are provided to only a few where applicable.

Long-term Incentives
Long-term incentives are granted to align staff's interests with that of shareholders, and these are granted in the form of restricted shares rather than share options. These long-term incentives are granted with reference to the desired remuneration structure target and valued based on the Monte Carlo Model and Cash Flow Discounting Model. Details of the long-term incentive schemes can be found in the "Directors' Statement" section of the Annual Report.

The following information relates to the remuneration of the Company's key Management personnel (not being Director) in the financial year ended 31 March 2018:

						SingPost Restricted Share Plan [6]	
Name of Executives	**Fixed Component [1] %**	**Variable Component [2] %**	**Provident Fund [3] %**	**Benefits [4] %**	**Total Compensation [5] %**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
S$1,000,000 to below S$1,250,000							
Paul Demirdjian *Chief Executive Officer, eCommerce*	54	37	3	6	100	–	–
S$750,000 to below S$1,000,000							
Lim Sing Hok Mervyn *Deputy Group CEO (Corporate Services) & Group CFO*	50	44	1	5	100	179.7	156.8
S$500,000 to below S$750,000							
Woo Keng Leong *Chief Executive Officer, Postal Services*	67	26	1	6	100	179.7	156.8
S$250,000 to below S$500,000							
Tan Kia Hwee Alex [7] *Group Chief Information Officer*	63	26	5	6	100	–	–
Lim Jui-I [8] *Group Chief Transformation Officer*	88	0	4	8	100	–	–

Aggregate compensation of the above top five key Management personnel which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants is approximately S$3.5 million. Aggregate compensation for three former key Management personnel [9] which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants is approximately S$1.1 million.

Notes
(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2018.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2018.
(3) Provident Fund represents payment in respect of statutory contributions to post-employment benefits plans such as Singapore CPF.
(4) Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, pension allowance, long service awards and housing benefits, where applicable.
(5) Total Compensation excludes the value of restricted shares.
(6) The restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cash Flow Discounting Model. It comprised of restricted shares granted in the financial year ended 31 March 2018.
(7) Mr Tan Kia Hwee Alex joined SingPost on 4 September 2017.
(8) Mr Lim Jui-I joined SingPost on 7 September 2017.
(9) Mr Ang Sing Mein Sam (former Executive Vice President), Mr Marcelo Wesseler (former CEO, SingPost Commerce) and Mr Ramesh Narayanaswamy (former Group Chief Information Officer) were the three key Management personnel who left SingPost during FY2017/18.

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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 ensures 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. The BRTC assists the Board in the oversight of the Group's risk management framework and policies.

The BRTC has scheduled meetings which are attended by the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO, Group Chief Information Officer and Senior Vice President (Group Internal Audit) as well as key Management staff.

Management meetings are held 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 BRTC.

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 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 BRTC to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

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The key internal controls of the Group include:

- establishment of risk management systems and policies;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- documentation of key processes and procedures;
- segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected;
- safeguarding of assets;
- maintenance of proper accounting records;
- ensuring compliance with appropriate legislation and regulations; and
- having qualified and experienced persons to take charge of important functions.

The Board has received written assurance from the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Written assurance has also been received by the Board from the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO, and the Senior Vice President (Group Internal Audit) that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2018 to address the risks which the Group considers relevant and material to its operations and finances.

The Board, with the concurrence of the AC, 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 2018 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, and assurances received from the Group CEO, Deputy Group CEO (Corporate Services) and Group CFO, and Senior Vice President (Group Internal Audit).

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 AC currently comprises three Directors, all of whom are non-executive. The chairperson of the AC and all other members are independent Directors. At least two members, including the AC chairperson have recent and relevant accounting or related financial management expertise and experience. The AC's key responsibilities are outlined in the "Board Committees" section of this Report.

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The AC has explicit authority to investigate any matter 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 AC has direct access to the external auditor. If required, the AC has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal and other professional advice and services.

Internal Audit performs detailed work to assist the AC in the evaluation of material internal controls of the Group. The external auditor, in the course of conducting their normal audit procedures on the statutory financial statements of the Group, also review the Group's material internal controls to the extent of their scope as laid out in their audit plan. If any material internal control weaknesses are noted by the external auditor, these weaknesses and the external auditor's recommendations are reported to the AC.

The AC 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 AC also meets with the internal and external auditors, without the presence of Management, at least annually.

The AC 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 2018, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

The AC has reviewed with Management all the non-audit services provided by the external auditor to SingPost and the Group in the financial year ended 31 March 2018. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC.

During the financial year, the AC has reviewed with the Deputy Group CEO (Corporate Services) and Group CFO and the external auditor on changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.

The AC reviewed the statements of the financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The AC discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	The AC considered the approach and methodology applied to the valuation models used in the goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets. The AC reviewed the recoverable amounts of the cash-generating units (CGUs) which involve significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to the future cash flow projections. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 85 of the Annual Report.

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Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of property, plant and equipment and investments in associated companies	The AC considered the approach and methodology applied to the valuation models used in the impairment assessment of property, plant and equipment and investments in associated companies. The AC reviewed the determination of the recoverable amounts of property, plant and equipment and investments in associated companies based on the higher of fair value less costs to sell determined by an independent and qualified valuer, and the value-in-use calculations which involved Management's assessment of the future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 86 of this Annual Report.
Valuation of investment properties	The AC considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties. The AC reviewed the data, estimates and assumptions used in each valuation model as well as the independence and competence of the valuer appointed to perform the valuations. The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 87 of this Annual Report.
Assessment of indefinite useful life assumption for trademarked brand	The AC considered the approach and methodology applied to the assessment of indefinite useful life assumption for the trademarked brand arising from the acquisition of subsidiary in prior financial years. The AC reviewed the relevant factors in the assessment which included potential legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand. The assessment of the indefinite useful life assumption for the trademarked brand was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 87 of this Annual Report.

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 including concerns about the Group's accounting, internal controls, auditing matters and the conduct of officers or staff including Management and Directors. The AC reviews these policies and arrangements. Details of the whistle-blowing policy, 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.

All reportable incidents including allegations of fraudulent practices are brought to the attention of the chairperson of the AC and the Chairman of the Board and are investigated promptly, professionally, fairly and honestly.

In respect of the Board, the Code of Business Conduct and Ethics requires Directors to communicate any suspected violations promptly to the Chairman of the Board and the chairperson of the NCGC. If the suspected violations involve the Chairman of the Board or the chairperson of the NCGC, communication should be made to the chairperson of the AC whereupon suspected violations will be investigated by the Board of Directors or by a person or persons designated by the Board of Directors and appropriate action will be taken in the event it is determined that any violation has occurred.

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 chairperson of the AC, although it would also report administratively to the Group CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

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

The AC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis. The AC 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 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.

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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 a Market Disclosure Policy (MDP) which contains the principles, guidelines and procedures governing market disclosure and communication with shareholders.

One of the key objectives of the MDP is to uphold a high standard of investor relations communications to ensure transparency, fair and equitable treatment of all shareholders and protection of shareholders' interests.

To keep shareholders informed, SingPost posts its disclosures, including SGXNet announcements, circulars and investor presentations, on the investor relations section of the corporate website (www.singpost.com) and maintains regular dialogue with the investment community.

The Management and Investor Relations team proactively engage investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, as well as local and overseas investor roadshows and conferences. For the financial year ended 31 March 2018, SingPost engaged about 380 investors through meetings and conference calls.

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.

SingPost disseminates information on its general meetings through notices in its Annual Reports or Letters/Circulars to Shareholders. Annual Reports and Letters/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 chairpersons of all the Board Committees, together with Management, are present and available at general meetings to address shareholders' queries. The Company's external auditor is also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditor's report. Shareholders also have the opportunity to communicate with the Directors and Management after the meeting.

SingPost employs electronic polling at its general meetings. The voting procedures are carefully explained to the shareholders at the start of the meeting together with a test run to ensure familiarity with the electronic polling device and procedure. All resolutions are put to vote by poll. 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 disclosed live on-screen to shareholders immediately after the vote has been cast. The results are also announced via SGXNet after the conclusion of the meeting.

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Minutes of the general meetings are posted on the Company's website which minutes include substantial and relevant comments or queries from shareholders. Minutes are also available to shareholders upon their 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.

SUSTAINABILITY REPORTING

In compliance with SGX-ST introducing sustainability reporting on a "comply or explain" basis, SingPost will be publishing its inaugural Sustainability Report which has been prepared in accordance to the Global Reporting Initiative Standards – 'Core' reporting requirements, for FY2017/18.

In preparing this Sustainability Report, the Group carried out a materiality assessment exercise and identified six material Environmental, Social and Governance (ESG) matters, namely:

- Ethics, bribery and corruption
- Compliance with laws and regulations
- Business continuity planning
- Data security and privacy
- Responsible supply chain
- Fuel usage and associated greenhouse gas emissions

For more details on the Group's ESG matters which have been selected for reporting, please refer to the Sustainability Report which is targeted for release by end August 2018 and will be posted electronically on SGX-ST and our corporate website.

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 in January 2015 by the SGX-ST.

Corporate governance is a continuing journey. The Board and Management of SingPost are fully committed to putting in place leading practices of corporate governance to ensure that the Company's performance and compliance are conducive towards the enhancement of shareholder value.

CORPORATE GOVERNANCE REPORT

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.	Yes. Complied.
	(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?	Refer to Principle 1 of the Corporate Governance Report at page 42.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46.
	(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.	Yes. Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Refer to Principle 2 of the Corporate Governance Report under the sub-topic "Board Diversity" at page 46 in particular on details of the Policy on Diversity and Inclusivity adopted by the Board.
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.	Refer to Principle 4 of the Corporate Governance Report at pages 48 and 49. Refer in particular to: (i) the sub-topic "Succession Planning and Nomination Process" on the process for selecting and appointing of new Directors; and (ii) the sub-topic "Rotation and Re-election/ Re-appointment of Directors" on the process for re-electing incumbent Directors which applies both the Board Renewal and Tenure Policy and the 1/3 rotation rule.

CORPORATE
GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	(a) Yes.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(b) Refer to Principle 1 of the Corporate Governance Report under the sub-topic "Board Induction and Training" at page 45.
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?	Five. Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 48.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	Refer to Principle 4 of the Corporate Governance Report under the sub-topic "Directors' Time Commitment" at page 48.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Refer to Principle 5 of the Corporate Governance Report under the sub-topic "Board Effectiveness Assessment" at page 50.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Refer Principle 2 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Review of Directors' Independence" at page 46.
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.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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.	No.
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. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Directors' Remuneration" at page 52.
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. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
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. Refer to Principle 9 of the Corporate Governance Report and in particular the last paragraph under the sub-topic "Directors' Remuneration" at page 53.

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Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 53.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Refer to Principle 7 at page 51 and Principle 8 at page 52 of the Corporate Governance Report as well as Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 53.
	(c) Were all of these performance conditions met? If not, what were the reasons?	No. Refer to Principle 9 of the Corporate Governance Report under the sub-topic "Executives' Remuneration" at page 54.
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?	Refer to Principle 6 of the Corporate Governance Report at page 50.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Refer to Principle 13 of the Corporate Governance Report at page 59.
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.	(a) Refer to Principle 11 of the Corporate Governance Report at page 56.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) Yes. Refer to Principle 11 of the Corporate Governance Report at page 56.

CORPORATE GOVERNANCE REPORT

Guideline	Questions		How has the Company complied?	
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a)	Refer to page 199.
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b)	Non-audit fees amount to 23% of the total fees paid / payable to the auditors of your Company. The AC is of the opinion that the non-audit services provided by the auditors would not affect their independence.
Communication with Shareholders				
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a)	Yes. Refer to Principle 15 of the Corporate Governance Report at page 60.
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b)	Yes, SingPost has a dedicated Investor Relations team which performs the role.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	(c)	Please refer to answer (a).
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.		Not applicable.	

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RISK MANAGEMENT

Risks come in various forms and from different sources that may impact the business. Some risks can be eliminated, some may be accepted and managed as part of our business model, while others are beyond our control and can only be mitigated. The risk management strategy involves assessing and balancing risk probabilities, preparing for reasonable contingencies while minimising precautionary expenditure or activity.

The risk governance structure and framework is set out in the Corporate Governance Report, including risk management processes and internal controls. This section identifies the key risks to our assets and business, as well as the interests of our shareholders.

- **Personal Data Protection Act (PDPA) compliance**

  As SingPost handles personal data as part of our business operations, we have put in place a programme to ensure compliance with the Personal Data Protection Act 2012 which came into full force on 2 July 2014. Our framework of compliance is set out in the SingPost PDPA Handbook which is accessible by all staff via the company intranet and our approach towards the management of personal data is set out in our Privacy Policy which is published on our website.

  We have put in efforts to create awareness of the PDPA among our employees and to instil in them the importance of complying with the PDPA. These include in-house sharing of the regulatory obligations as well as the provision of regular updates.

  Customers may contact the SingPost Group Data Protection Officer by mail, email and phone on any aspects of the following:

  1. Questions relating to the processing of their personal data or about our personal data protection policy;

  2. Withdrawing their consent to our use of their personal data as set out in the Privacy Policy; and

  3. Updating, accessing or making corrections to their personal data records which are under our control or possession.

- **Cyber attack risk**

  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 holistic cyber defence strategy involving: Identification (of signs of attacks and vulnerabilities of SingPost's IT infrastructure), Detection of intrusion, Prevention and Response. We conduct cyber security awareness workshops for staff members and have implemented IT tools to detect phishing and malware intrusions. We have also established policies and standards to manage and address cyber security risks. To enhance the management of this risk, we have appointed a Chief Information Security Officer who is responsible for our cyber security risk management strategy and programme.

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- **Technology risk**

  Technology is a critical component of SingPost's transformation into an eCommerce logistics company. 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. Information Technology (IT) risk is managed through an enterprise technology risk approach. This covers risk governance, communication, monitoring, assessment, mitigation and acceptance, and is supported by a set of IT policies and standards, control processes and risk mitigation programmes.

  Technology failure can disrupt business operations, impact corporate reputation and lead to financial losses. To mitigate such risks, the Board Risk and Technology Committee, comprising mainly of Directors with competencies in technology, oversees our technology and IT strategy for investments and capital expenditure. This Committee reviews and evaluates plans, policies and proposals relating to IT matters, the progress of significant IT projects, and the management of IT risks. Implementation is then carried out at Business and Support Units.

- **Postal regulatory compliance and declining mail business risk**

  SingPost is a designated Public Postal Licensee working within the postal regulatory framework for basic mail services, which requires compliance with regulated service standards, licensing conditions, the Postal Services Act (Cap. 237A), the Postal Competition Code, Postal Services Regulations, Codes of Practices, Directions, and Guidelines. Non-compliance with the above, including service failures and breach of licence conditions may result in financial penalties.

  In line with global postal industry trends, we face declining letter mail volumes due to substitution by digital communications. Operating costs in Singapore and terminal dues (out-payments to other postal operators for the delivery of international mail) have also been increasing.

  To ensure obligations and service quality standards are met, SingPost has launched several initiatives to ensure competency in our role as Singapore's postal services provider. We have invested in postal infrastructure to enhance service quality and productivity. In addition to upgrading our mail sorting infrastructure, we have also been replacing our two-wheel scooters with three-wheelers in phases. The three-wheelers improve stability and safety on the road for our postmen and have greater load capacity. We are rolling out SmartPost, an initiative to harness digital technologies to improve operational efficiency and service quality.

  We ensure operational readiness through business continuity. Systems are in place for business operations to respond to incidents, crises and threats should these ever occur. We have contingency plans for a broad span of scenarios including trans-boundary haze, pandemics and security threats, as well as other forms of disruption that might occur in the course of our business. In addition to operational response plans, we have also set out processes to communicate in a forthright manner to all our stakeholders and customers in times of disruption or crisis. Stakeholders can expect SingPost to give open and timely accounts of all incidents and the progress of the recovery efforts that are being carried out.

  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, a crisis management team is in place with action plans for specific groups of staff at risk. Preparations include allocating recovery centres in operational facilities, and stocking up masks and eye drops for those working outdoors.

- **Innovation and Productivity**

  Innovation is critical for SingPost to ensure we stay ahead of our customer's evolving needs and expectations, providing value-creating services that will differentiate us from the competition, while enhancing operational efficiency.

  We launched the first application of our SmartPost initiative, progressively equipping our postmen with smartphones preloaded with our proprietary SmartPost app, as well as installing near-field communication tags at delivery points across the island. SmartPost amalgamates the use of customised mobile apps, near-field communication, radio frequency identification, imaging technology and electronic notification to enhance postal service levels and improve operational efficiency. At its heart is the creation of a digital backbone that will support greater integration across postal processes, while providing real-time, location-based data that may be used to further optimise work processes and enable new services.

  The official opening of our flagship General Post Office (GPO) marks the first of a new Smart Post Office network that will serve Singapore's postal needs in the digital age. The GPO is designed with future-ready features that enable a seamless integration with our SAM Omni-channel platform. Through our SAM self-service automated kiosks, web portal and mobile app, the digital post office will offer access to postal and other essential services anytime and anywhere. Our SAM platform has gained international recognition, winning last year the World Post and Parcel Award for Retail Customer Access, and Digital Innovation of the Year at the Postal and Parcel Technology International Awards.

  With increasing last-mile delivery volumes, and changing customer demands, SP Parcels introduced several new products and services that are aimed at catering to the needs of consumers – this is aided by advanced automation at the Regional eCommerce Logistics Hub. The new products and services include Speedpost Economy Singapore, a new low-cost service for local eCommerce marketplaces in which delivery takes three to five days; and Authorisation to Leave, which enables recipients to authorise couriers to hand deliveries to authorised parties.

  Our proprietary eCommerce software – EDGE continues to be recognised by the industry as one of the top eCommerce platforms. Enhancements have been made to EDGE this year, including Customer Service Portal enhancements, simpler returns processing to expedite handling times, globalisation enhancements and VAT tax support, as well as StorePoint Omni-channel fulfilment improvements.

  We are working with Airbus Helicopters on an autonomous drone delivery system called Project Skyways, which successfully completed its first flight demonstration and is on track to launch a trial service at the National University of Singapore (NUS). The service will see NUS students and staff use Skyways to have their small parcels delivered to them through designated parcel stations within the campus. SingPost is contributing our knowledge of logistics, particularly at the critical first and last mile, and systems planning and software that can manage all the moving parts that are needed for successful operations. These include software systems that control and manage delivery networks, customer-interface systems and real-time back-end links to a delivery system that serves the last mile. The solution we are developing has complete track-and-trace capability, including the tracking of drone operations such as landing, pickup and delivery.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

BUILDING A SUSTAINABLE FUTURE

Just as we are entrusted with connecting businesses and people, we seek to be good stewards of the environment and resources, and contribute towards the wellbeing of the communities we serve.

ENVIRONMENT

We recognise our responsibility in the global challenge of climate change and are committed to promoting greater environmental stewardship.

During the year, we strengthened our environmental oversight with the setting up of an environment committee comprising the heads of operating units that contribute to the Group's carbon footprint. We did this to ensure greater environmental responsibility across the organisation, and have introduced processes to better monitor and manage our environmental programmes and performance. We also continued to explore environmentally friendly modes of operations for our business.

A key focus of our efforts is to integrate environmental principles into our business and operations. Our POPStation smart locker network has improved the fleet efficiency of our courier operations, as multiple deliveries and collections may be made at each POPStation location, reducing the total distance travelled by the couriers.

Approximately 40 per cent of our delivery scooters are now made up of three-wheelers which carry larger pannier boxes and allow for more deliveries to be made each trip, reducing the total distance travelled. Fleet replacements will adhere to new National Environment Agency emission standards for diesel vehicles that were implemented on 1 January 2018.

At our head office, which houses over 600 staff in a single office, the use of shared networks of office equipment, paperless systems and electronic equipment has enabled the monitoring and management of office consumables such as stationery and paper, all of which are Forest Stewardship Council certified. At our operations areas, waste materials generated are segregated for proper disposal and recycling.

We took action in promoting responsible electronic waste management and introduced a nation-wide e-waste recycling programme, ReCYCLE, in collaboration with Singtel. Leveraging our postal network, the programme allows members of the public to mail in small e-waste items using specially designed envelopes, which we then send on to an e-waste recycling company. ReCYCLE bins are also available at select post offices and Singtel outlets for the public to drop off e-waste items for recycling, while larger bins are available at our self-storage solutions operator Lock+Store's sites for the collection of bigger e-waste items. The collaboration with Singtel collected over 9,676 kg of e-waste during the period.

PEOPLE ARE OUR FUTURE

At SingPost, people are the building blocks of our vision to be a postal and eCommerce logistics leader. In transforming our business, we want to be future-ready and key to this, is the development of our people. During the year, we continued to enhance our core learning framework, implementing carefully selected training initiatives that support our current and future business needs.

In support of the national SkillsFuture initiative, we added the SkillsFuture series, a curated set of short industry-related training programmes focused on emerging skills, into our core learning framework. We also introduced SkillsFuture Leave in 2018 to encourage staff members to take charge of their professional development and work to upskill and upgrade themselves. Teams will be supported by a progressive Career Management framework that includes detailed career maps across our businesses, as well as tools and guides to empower them to drive their own careers.

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In March 2018, we launched iLead, an accelerated development programme for high potential talent. iLead comprises a series of developmental interventions over 12 to 18 months that will help them deepen their skills and competencies, as well as prepare them for future critical roles within the Group.

We will also be rolling out a programme to equip our team leaders with skills and knowledge, and cultivate in them values and attitudes that will increase their effectiveness as people managers. Created in-house, the Advanced Manager Effectiveness Programme forms part of the journey of continuous development that we have designed for our management staff.

As SingPost expands globally, our workforce now spans across 19 markets around the world. We have embarked on a technology-led journey to incorporate digital learning in our global training programmes. We began in 2016 with the introduction of an online eLearning platform, Harvard ManageMentor, to support just-in-time development needs of our managerial and supervisory colleagues. In July 2018, we will launch the Learning Management System, which provides our people with better access to information and learning opportunities on a single platform. In addition, we will be digitalising the on-boarding experience for new hires by the end of 2018.

We believe that diversity helps us to build and sustain our competitive advantage, fostering innovative thinking and creative solutions to business challenges. The SingPost Iftar, an annual event where staff and management share the evening meal that marks the end of a day's Ramadan fast for Muslims, is one of many occasions through which we celebrate our diversity and express appreciation to our frontline colleagues for upholding service standards during the fasting month. We were honoured for Associate Professor Dr Yaacob Ibrahim, Minister for Communications and Information and Minister-in-charge of Muslim Affairs, to grace this tradition that was attended by more than 100 staff, management and union representatives.

Workplace Safety and Health

SingPost has always been committed to provide a safe work environment for our employees and inculcate a strong safety culture in the workplace. We were re-certified a bizSAFE Level 3 organisation last year, and took steps to introduce and extend various safety initiatives to our subsidiaries. In recognition of our efforts, our Singapore subsidiaries, namely SP Parcels, Quantium Solutions, Famous Holdings and Lock & Store have also been certified as bizSAFE Level 3 organisations. We have lined up a series of safety programmes in the coming years, which will continue to improve our performance in this area.

Our people are our greatest asset and their wellbeing is of our utmost concern. We provide free annual health screening to all full-time staff members. On-site health screening for diabetics, hypertension and hypercholesterolemia are also available to help our employees identify and address health issues early. We encourage our staff to adopt a physically active and healthier lifestyle, and were an active participant in the National Steps Challenge Season 3: Corporate Challenge 2017.

COMMUNITY

As Singapore's postal service provider for more than 150 years, SingPost has been integral in connecting people and communities.

Preserving our heritage

We have a responsibility to preserve the postal heritage for future generations, even as we innovate and transform for the digital age. We support the Singapore Philatelic Museum, the custodian and curator of Singapore's philatelic materials. Our new General Post Office (GPO) has been designed to capture design motifs of the old iconic Fullerton GPO, with a heritage corner retelling stories from our postal history.

To inspire love and concern for the neighbourhood, we sponsored the delivery of 240,000 open letters, penned by local authors, to various neighbourhoods in the "Love Letters to Singapore" initiative in support of #BuySingLit to promote local literature. In addition, stamp issues during the year conveyed social values, culture and traditions of the community.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING

CORPORATE SOCIAL RESPONSIBILITY

Community outreach

We contribute towards uplifting the wellbeing of the disadvantaged in the communities in which we operate, focusing on causes and issues that align with our business, resources and expertise.

We continued to explore new corporate programmes that leverage our capabilities and network for sustainability. A programme that commenced in the year involves our postmen checking in on the vulnerable elderly identified by social service organisations on the ground. The trial is ongoing and we expect to expand the coverage to more neighbourhoods beyond the two currently on trial. We also conducted dementia awareness training sessions for our postmen to equip them with practical knowledge on how to help residents in the community with dementia.

Ongoing programmes that we have supported for several years include the use of our delivery network to collect unsold food from bakeries and hotels, dropping them off at collection points for the needy, as well as at our touch points to facilitate collections. In FY2017/18, our delivery fleet collected and dropped off approximately 7,450 kg of food items valued at an estimated S$133,000. This helped to reduce food wastage and supported about 1,000 beneficiaries weekly at the collection centres. We are also supporting the Singapore Police Force in efforts to raise anti-scam awareness, and are part of the Central Narcotics Bureau's United Against Drugs Coalition to spread the anti-drug message.

Our Charity@Work programme encourages staff to initiate fundraising and volunteer activities. During the year, some of the activities organised included a spectacle collection drive where over 50 elderly beneficiaries received new eyeglasses, a blood donation drive which collected over 70 packets of blood, fundraising sales of food and products and participation in charity runs.

Donations and sponsorships

We contributed over $400,000 in cash donations and sponsorships during the year. We have been a major corporate sponsor of the Singapore Philatelic Museum since 1995. We have also participated in Community Chest's employee payroll donation matching programme, SHARE, since 2004. We continue to support the annual UTES – U Care Bursary awards, contributing $80,000 towards bursaries for 221 children of our employees.

We provided various means of support to our charity partners. These included space at our retail mall and auditorium for events by community partners, use of POPStations for the collection of donated items for Make A Wish's charity run, provisions of stamps and postcards to Make A Wish children beneficiaries, sponsoring Lock+Store storage space for the New Charis Mission, and freighting of non-urgent humanitarian aid items for Mercy Relief. Undeliverable items received in our networks are also donated to charitable organisations for their fund-raising initiatives.

PROFILES OF KEY EXECUTIVES

MR LIM SING HOK MERVYN, 60
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 and public transportation. 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 and FJ Benjamin. 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 corporate sector. He graduated from the National University of Singapore with a Bachelor of Accountancy degree and has a Master of Business Administration degree from the University of Brunel (UK).

MR WOO KENG LEONG, 62
Chief Executive Officer, Postal Services

Mr Woo joined SingPost in 1980, when it was the 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, Famous Air & Sea Services Pte Ltd, Famous Holdings Pte Ltd, FPS Global Logistics Pte Ltd, GD Express Carrier Berhad, General Storage Company Pte Ltd, L+S Self Storage Pte Ltd, Lock and Store (Glenmarie) Sdn Bhd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, Quantium Solutions (Philippines) Inc, Quantium Solutions (Taiwan) Co, Ltd, Singapore Post Enterprise Private Limited, SingPost Centre (Retail) Pte Ltd, SingPost Distribution Pte Ltd, SingPost Ecommerce II Pte Ltd, SingPost eCommerce (Korea) Co, Ltd, SingPost eCommerce (Malaysia) Sdn Bhd, SingPost eCommerce (Thailand) Co, Ltd, SingPost eCommerce Logistics Holdings Pte Ltd, SingPost Investments (eCommerce Logistics) Pte Ltd, SingPost Investments (Tampines) Pte Ltd, SingPost Investments (Toh Guan) Pte Ltd, SingPost Investment Pte Ltd, SingPost Logistics Investments Pte Ltd, SingPost Storage Company Limited 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 degree from Nanyang University in Singapore, and has completed an International Post Office Management course in the UK.

MR PAUL DEMIRDJIAN, 57
Chief Executive Officer, eCommerce

Mr Demirdjian leads the growth and development of SingPost's eCommerce business as Chief Executive Officer of eCommerce. Prior to co-founding Jagged Peak in 2000, he had more than 20 years of experience in a variety of leadership roles at several technology companies, including Davel Communications, a publicly traded telecom company where he held several executive-level positions, including Senior Vice President of Operations, Chief Technology Officer and Director. A true eCommerce pioneer and entrepreneur, Mr Demirdjian has deep eCommerce domain knowledge, and was instrumental in the original design and architecture of the EDGE platform. He has a degree in electronic engineering technology from St. Petersburg College, where he also was a member of the Engineering Honor Society (Tau Alpha Pi). He is Vice Chairman of the St. Petersburg College Foundation and on University of South Florida's Information Systems & Decision Sciences Advisory Board.

PROFILES OF KEY EXECUTIVES

MR TAN KIA HWEE ALEX, 57
Group Chief Information Officer

Mr Tan joined SingPost in September 2017 as the Group Chief Information Officer and is responsible for SingPost's overall technology strategy, implementing all technology-related transformation programmes, global IT applications, infrastructure, cybersecurity, eCommerce logistics and building strategic digital partnerships. He has over 25 years of experience in regional IT leadership, product management and transformation roles with multinational companies across multiple industries such as logistics, telecoms and banking. Prior to SingPost, he was the Regional CIO of DB Schenker Asia Pacific, Regional CIO of Pacnet and Head of Group Payments Products of OCBC Bank. Mr Tan is a member of Business Angel Network for South East Asia (BANSEA) that provides seed funding for promising start-ups, such as FinTech. Mr Tan was formerly an adjunct associate professor at the National University of Singapore School of Computing. He has a Master of Business IT and a Bachelor of Business Administration (Distinction) from the Royal Melbourne Institute of Technology, Australia.

MR LIM JUI-I, 39
Group Chief Transformation Officer

Mr Lim joined SingPost in September 2017 as Group Chief Transformation Officer, responsible for the transformation blueprint across the SingPost business. He oversees the change management process across the Group and its subsidiaries, providing strategic and commercial leadership to identify and drive growth opportunities across the business. He is also responsible for strategic investments and integration, as well as improving processes within corporate functions. Mr Lim joined SingPost from Toll Global Forwarding (TGF), where he was Director, Strategy & Development of the worldwide freight forwarding network. Prior to TGF, Mr Lim worked at Toll Holdings, Linfox and YCH Group in various strategy and business development roles. He holds a Master of Engineering and a Bachelor of Science in Applied & Engineering Physics from Cornell University in the USA.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The directors present their statement to the members together with the audited financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 90 to 198 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts 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)	
Mr Paul William Coutts (Group Chief Executive Officer)	(Appointed on 1 June 2017)
Ms Aliza Knox	
Mr Bob Tan Beng Hai	
Mr Chen Jun	
Ms Elizabeth Kong Sau Wai	
Mrs Fang Ai Lian	
Mr Steven Robert Leonard	(Appointed on 1 June 2017)
Ms Lim Cheng Cheng	
Mr Zulkifli Bin Baharudin	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF 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 78 to 82 of this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(a) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and 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 31.3.2018	At 1.4.2017	**At 31.3.2018**	At 1.4.2017
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Ms Aliza Knox	**20,529**	20,529	**–**	–

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2018	At 1.4.2017	**At 31.3.2018**	At 1.4.2017
Company				
Singapore Post Limited				
(4.25% Senior Perpetual Cumulative securities)				
Mrs Fang Ai Lian	**250,000**	250,000	**–**	–

(b) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, none of the directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 78 to 82 of this statement.

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

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 Bob Tan Beng Hai (Chairman[1]), Mr Simon Claude Israel, Mrs Fang Ai Lian and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2018.

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

The principal terms of the Scheme are as follows:

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

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

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

- The vesting schedule for the share options granted to eligible employees (including executive directors) 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

1 Mr Bob Tan Beng Hai was appointed as chairperson of the Compensation Committee on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the Compensation Committee.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

SHARE OPTIONS (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 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

- On 11 May 2012, 17 January 2014, 7 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's 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 2017, a total of 178,687,936 share options were granted. Particulars of the options were set out in the Directors' Statement for the respective financial years.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

SHARE OPTIONS (continued)

During the financial year ended 31 March 2018, no 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**	**Balance At 1.4.17 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.18 ('000)**
Options Granted Under Singapore Post Share Options Scheme For employees (including executive directors)							
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	196	–
30.06.08	01.07.09 to 30.06.18	S$1.100	190	–	–	–	190
29.06.10	30.06.11 to 29.06.20	S$1.140	513	–	–	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	666	–	13	–	653
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	43	–	1,007
10.08.12	11.08.13 to 10.08.22	S$1.070	1,524	–	150	–	1,374
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	75	–
17.01.14	18.01.17 to 17.01.24	S$1.350	7,602	–	30	3,378	4,194
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	80	–	–	80	–
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	5,633	–	–	2,210	3,423
07.08.14	08.08.15 to 07.08.24	S$1.760	568	–	–	250	318
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	100	850
19.05.15	20.05.16 to 19.05.25	S$1.890	12,957	–	–	7,485	5,472
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.26	S$1.570	6,687	–	–	1,872	4,815
Total Share Options			39,431	–	236	15,646	23,549

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

RESTRICTED SHARE PLAN

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") are designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan will continue to 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) prior to FY2017/18 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 2017, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2018, no restricted shares were granted under the Plan. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year is as follows:

Date of Grant	Balance As At 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
05.08.13	8	–	–	–	8
20.05.14	233	–	214	16	3
19.05.15	396	–	170	57	169
20.05.16	2,018	–	522	648	848
Total	**2,655**	**–**	**906**	**721**	**1,028**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

RESTRICTED SHARE PLAN (continued)

ENHANCED PLAN

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that certain prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 2017/18 onwards comprises of two types of awards:

(a) Performance Share Award; and

(b) Restricted Share Award.

The Performance Share Award, granted to senior management, has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award, granted to a broader group of executives and key talents, have one long-term performance hurdle: Underlying Net Profit. The performance period for the awards granted is three or four years depending on when performance targets are achieved.

The performance conditions would incorporate stretched targets aimed at delivering long-term shareholder value. Depending on the extent of the satisfaction of the relevant performance criteria, 0% to 200% of the shares comprised in the awards may vest.

Performance Share Awards

During the financial year ended 31 March 2018, 359,478 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 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
18.01.18	–	359	–	–	359
Total	**–**	**359**	**–**	**–**	**359**

Restricted Share Awards

During the financial year ended 31 March 2018, 1,354,999 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 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
18.01.18	–	1,355	–	37	1,318
Total	**–**	**1,355**	**–**	**37**	**1,318**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

AUDIT COMMITTEE

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

Mrs Fang Ai Lian (Chairman)
Mr Zulkifli Bin Baharudin
Mr Bob Tan Beng Hai

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 statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018 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, Deloitte & Touche LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

AUDITOR

The auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Simon Claude Israel
Chairman

Mr Paul William Coutts
Director

Singapore
15 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 198.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 15 May 2017.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our audit performed and responses thereon
Assessment of impairment of goodwill and other intangible assets *Refer to Notes 3(a) and 23 to the financial statements.* As at 31 March 2018, the goodwill and other intangible assets recorded amounted to S$299.4 million and S$86.3 million respectively. The other intangible assets comprise principally customer relationships and trademarked brands. For the financial year ended 31 March 2018, no impairment charge was recognised on the Group's goodwill and other intangible assets. Management's assessment of the recoverable amounts of the cash-generating units ("CGUs") involves significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to the future cash flow projections. In arriving at the recoverable amounts, management has considered strategies and plans that have been approved by the Board and are in the process of being implemented.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the impairment review. These procedures included: • challenging management's future cash flow projections through comparison with recent performance, historical trend analyses, expectations of future development of the business and market and publicly available industry and economic data; • involving our valuation specialists to evaluate appropriateness of management's assumptions which include terminal growth rates and discount rates by developing an independent expectation using economic and industry forecasts; and rates of comparable companies with consideration for specific jurisdiction factors; and • comparing current year's actual results against prior year's forecasts to assess whether assumptions made in prior year on hindsight had been reasonable. We evaluated the appropriateness of allocation of goodwill to the different CGUs. We performed sensitivity analysis over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above. Based on the procedures performed, we noted management's key estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be within a reasonable range of our expectations. We have also evaluated the adequacy of the Group's disclosures made in relation to goodwill and other intangible assets.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matter	Our audit performed and responses thereon
Assessment of impairment of property, plant and equipment and investments in associated companies *Refer to Notes 3(b), 19 and 22 to the financial statements.* The Group operates various businesses globally, which utilise property, plant and equipment with a total carrying value of S$532.3 million as at 31 March 2018. The Group also has investments in associated companies with a total carrying value of S$114.9 million as at 31 March 2018. Management estimates the recoverable amounts of these assets based on the higher of fair values less costs to sell and the value-in-use when there is an indication that these assets may be impaired. The fair values are based on valuations performed by independent valuers. Valuation is inherently subjective and involves significant judgement in determining the appropriate valuation methodologies to be used and underlying assumptions to be applied. Value-in-use calculations involve management's assessment of the future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections. For the financial year ended 31 March 2018, no impairment charge was recognised on the Group's property, plant and equipment and investments in associated companies.	When an impairment indicator exists, we evaluated management's assessment of the recoverable amount of the asset. In respect of fair values determined by management, we assessed the appropriateness of the fair values used in management's assessment of impairment. The audit procedures were performed in conjunction with the procedures performed to address the key audit matter, "Valuation of investment properties" as set out below. In respect of value-in-use calculations used, we performed the following: • agreed management's future cash flow projections to approved internal forecasts and strategic plans and tested them against historical trend analyses and expectations of the future development of the business, and market and publicly available industry and economic data; • compared the current year actual results with the prior year forecast to consider whether the assumptions made in the prior year, with hindsight, had been reasonable; and • evaluated reasonableness of terminal growth rates and discount rates applied to future cash flow projections by comparing them against economic and industry forecasts and against comparable companies with consideration for specific jurisdiction factors respectively. We also performed sensitivity analysis over the recoverable amounts of the Group's property, plant and equipment and investments in associated companies, based on reasonably possible changes in the key assumptions as set out above. Based on the procedures performed, we found the estimates and assumptions used in the impairment assessment of property, plant and equipment and investments in associated companies to be reasonable. We also considered the adequacy of the Group's disclosures made in relation to property, plant and equipment, and investments in associated companies.

INDEPENDENT
AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matter	Our audit performed and responses thereon
Valuation of investment properties *Refer to Notes 3(c) and 21 to the financial statements.* As at 31 March 2018, the Group's investment properties amounted to S$1,014.3 million, representing 37% of the Group's total assets. These investment properties are stated at their fair values based on independent external valuations. The net fair value gains on investment properties recognised in the financial year then ended amounted to S$12.7 million. The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities) is inherently subjective as it involves significant judgement in determining the appropriate valuation methodologies to be used and the underlying assumptions to be applied and consideration of terms and conditions and restrictions in the property agreements. The assumptions on which the property values are based are influenced by the tenure and tenancy details for each property, prevailing market yields and comparable market transactions.	We evaluated the qualifications and competence of the external valuer. We read the terms of engagement of the valuer with the Group to determine whether there were any matters that might have affected their independence and objectivity or imposed a limitation on the scope of their work. We also read and considered the external valuer's reports to confirm that the valuation approach used was consistent with the requirements and principles of FRSs. We held discussions with the valuer to understand the basis of valuation techniques and assumptions applied. With the involvement of our internal valuation specialists, we evaluated the appropriateness of the valuation techniques used by the external valuer for the key investment properties. We benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data, where available, and we also considered whether these assumptions are consistent with the current market environment. Based on the procedures performed, the valuation methodologies used are in line with generally accepted market practices and the estimates and assumptions used are within a reasonable range of our expectations. We also considered the adequacy of the disclosures in the financial statements, regarding the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values.
Assessment of indefinite useful life assumption for trademarked brand *Refer to Notes 3(d) and 23(e) to the financial statements.* The Group has a trademarked brand arising from the acquisition of a subsidiary in prior year, which amounted to S$40.3 million as at 31 March 2018. The assessment of the indefinite useful life assumption is an area of focus because it involves significant management judgement about the factors which could limit the useful life of the related trademarked brand, such as the typical product life cycle for the brand and useful lives of similar brands adopted by companies within the same industry and the stability of the industry in which the brand operates and changes in market demand for the services from or related to the brand.	We evaluated management's assessment of the relevant factors, including stability of the industry that the subsidiary operates and the useful lives of similar brands adopted by companies within the same industry, by reviewing comparable market transactions and publicly available industry and economic data. We considered management's assessment of whether there could be any material legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand. Based on procedures performed, we found management's determination of the useful life of the related trademarked brand to be reasonable. We also considered the adequacy of the Group's disclosures made in relation to trademarked brand with indefinite useful life.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

INDEPENDENT

AUDITOR'S REPORT

To the Members of Singapore Post Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore
15 May 2018

CONSOLIDATED
INCOME STATEMENT

For the financial year ended 31 March 2018

	Note	Group 2018 S$'000	2017 S$'000 (Restated)
Revenue	4	**1,464,099**	1,347,764
Other income and gains (net)			
– Rental and property–related income	4	**47,499**	36,574
– Miscellaneous	4	**11,346**	9,777
Labour and related expenses	5	**(328,162)**	(328,559)
Volume-related expenses	6	**(816,090)**	(704,455)
Administrative and other expenses	7	**(154,687)**	(144,336)
Depreciation and amortisation		**(60,749)**	(51,018)
Selling expenses		**(15,064)**	(15,298)
Finance expenses	8	**(13,411)**	(5,674)
Total expenses		**(1,388,163)**	(1,249,340)
Exceptional items	9	**14,522**	(88,653)
Share of loss of associated companies and joint venture	19	**(3,099)**	(1,177)
Profit before income tax		**146,204**	54,945
Income tax expense	10	**(30,659)**	(25,233)
Total profit		**115,545**	29,712
Profit attributable to:			
Equity holders of the Company		**126,400**	33,403
Non-controlling interests		**(10,855)**	(3,691)
		115,545	29,712
Earnings per share attributable to ordinary shareholders of the Company	11		
– Basic		**4.92 cents**	0.85 cent
– Diluted		**4.91 cents**	0.84 cent

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Group 2018 S$'000	Group 2017 S$'000
Total profit	**115,545**	29,712
Other comprehensive (loss)/income (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Available for sale financial assets:		
– Fair value gain	**423**	446
Currency translation differences:		
– (Loss)/gains	**(7,298)**	6,797
– Transfers to profit or loss arising from disposals of subsidiaries and associated companies	**–**	73
Item that will not be reclassified subsequently to profit or loss:		
Revaluation gain on property, plant and equipment upon transfer to investment properties	**–**	17,386
Other comprehensive (loss)/income for the year (net of tax)	**(6,875)**	24,702
Total comprehensive income for the year	**108,670**	54,414
Total comprehensive income attributable to:		
Equity holders of the Company	**119,519**	58,008
Non-controlling interests	**(10,849)**	(3,594)
	108,670	54,414

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Note	Group 2018 S$'000	Group 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**314,050**	366,614	**258,112**	303,179
Financial assets	13	**1,921**	4,301	**1,921**	3,954
Trade and other receivables	14	**271,583**	199,007	**231,983**	173,304
Derivative financial instruments	15	**19,856**	16,079	**19,856**	16,142
Inventories		**959**	4,450	**66**	107
Other current assets	16	**18,204**	17,174	**7,867**	5,180
		626,573	607,625	**519,805**	501,866
Non-current assets					
Financial assets	13	**35,460**	36,010	**35,201**	35,748
Trade and other receivables	17	**7,087**	7,091	**391,821**	405,122
Investments in associated companies and joint venture	19	**114,925**	117,783	**15,366**	14,849
Investments in subsidiaries	20	**–**	–	**340,533**	340,533
Investment properties	21	**1,014,315**	970,392	**970,378**	927,538
Property, plant and equipment	22	**532,283**	565,583	**241,463**	240,371
Intangible assets	23	**385,730**	400,683	**–**	–
Deferred income tax assets	27	**3,197**	6,218	**–**	–
Other non-current assets	16	**5,137**	5,198	**–**	–
		2,098,134	2,108,958	**1,994,762**	1,964,161
Total assets		**2,724,707**	2,716,583	**2,514,567**	2,466,027
LIABILITIES					
Current liabilities					
Trade and other payables	24	**525,791**	395,084	**458,762**	353,681
Current income tax liabilities		**39,172**	34,774	**30,926**	30,367
Deferred income	26	**7,238**	7,413	**7,238**	7,413
Derivative financial instruments	15	**465**	1,055	**451**	1,055
Borrowings	25	**23,475**	148,786	**–**	117,743
		596,141	587,112	**497,377**	510,259
Non-current liabilities					
Trade and other payables	24	**23,468**	44,462	**1,358**	2,070
Borrowings	25	**220,503**	215,199	**201,569**	202,318
Deferred income	26	**42,307**	49,545	**42,307**	49,545
Deferred income tax liabilities	27	**52,392**	62,547	**23,253**	22,603
		338,670	371,753	**268,487**	276,536
Total liabilities		**934,811**	958,865	**765,864**	786,795
NET ASSETS		**1,789,896**	1,757,718	**1,748,703**	1,679,232
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**638,762**	638,756	**638,762**	638,756
Treasury shares	28	**(16,023)**	(1,227)	**(16,023)**	(1,227)
Other reserves	29	**63,826**	71,787	**38,104**	37,249
Retained earnings		**716,159**	650,007	**741,034**	657,628
		1,402,724	1,359,323	**1,401,877**	1,332,406
Perpetual securities	30	**346,826**	346,826	**346,826**	346,826
		1,749,550	1,706,149	**1,748,703**	1,679,232
Non-controlling interests		**40,346**	51,569	**–**	–
Total equity		**1,789,896**	1,757,718	**1,748,703**	1,679,232

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

Group	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 S$'000
Balance at 1 April 2017		**638,756**	**(1,227)**	**650,007**	**71,787**	**1,359,323**	**346,826**	**1,706,149**	**51,569**	**1,757,718**
Total comprehensive income/(loss) for the year		**–**	**–**	**126,400**	**(6,881)**	**119,519**	**–**	**119,519**	**(10,849)**	**108,670**
Transactions with owners, recognised directly into equity										
Acquisition of non-controlling interests	20	**–**	**–**	**–**	**(433)**	**(433)**	**–**	**(433)**	**(314)**	**(747)**
Adjustment to other reserves	29(iv)	**–**	**–**	**–**	**(1,139)**	**(1,139)**	**–**	**(1,139)**	**–**	**(1,139)**
Transfer of non-controlling interests of subsidiary to capital reserve	29(iv)	**–**	**–**	**–**	**60**	**60**	**–**	**60**	**(60)**	**–**
Distribution of perpetual securities	30	**–**	**–**	**(14,875)**	**–**	**(14,875)**	**14,875**	**–**	**–**	**–**
Distribution paid on perpetual securities	30	**–**	**–**	**–**	**–**	**–**	**(14,875)**	**(14,875)**	**–**	**(14,875)**
Dividends	31	**–**	**–**	**(45,373)**	**–**	**(45,373)**	**–**	**(45,373)**	**–**	**(45,373)**
Employee share option scheme:										
– Value of employee services	29b(i)	**–**	**–**	**–**	**1,359**	**1,359**	**–**	**1,359**	**–**	**1,359**
– New shares issued	28	**6**	**–**	**–**	**–**	**6**	**–**	**6**	**–**	**6**
– Treasury shares re-issued	28	**–**	**1,181**	**–**	**(927)**	**254**	**–**	**254**	**–**	**254**
Purchase of treasury shares	28	**–**	**(15,977)**	**–**	**–**	**(15,977)**	**–**	**(15,977)**	**–**	**(15,977)**
Total		**6**	**(14,796)**	**(60,248)**	**(1,080)**	**(76,118)**	**–**	**(76,118)**	**(374)**	**(76,492)**
Balance at 31 March 2018		**638,762**	**(16,023)**	**716,159**	**63,826**	**1,402,724**	**346,826**	**1,749,550**	**40,346**	**1,789,896**
Balance at 1 April 2016		448,775	(2,116)	749,647	7,258	1,203,564	346,826	1,550,390	11,113	1,561,503
Total comprehensive income/(loss) for the year		–	–	33,403	24,605	58,008	–	58,008	(3,594)	54,414
Transactions with owners, recognised directly into equity										
Reclassification	20	–	–	6,571	–	6,571	–	6,571	(6,571)	–
Acquisition of non-controlling interests	20	–	–	–	(1,599)	(1,599)	–	(1,599)	(776)	(2,375)
Partial divestment of a subsidiary	20	–	–	(5,191)	39,437	34,246	–	34,246	51,397	85,643
Distribution of perpetual securities	30	–	–	(14,875)	–	(14,875)	14,875	–	–	–
Distribution paid on perpetual securities	30	–	–	–	–	–	(14,875)	(14,875)	–	(14,875)
Dividends	31	–	–	(119,548)	–	(119,548)	–	(119,548)	–	(119,548)
New shares issued	28	183,960	–	–	–	183,960	–	183,960	–	183,960
Employee share option scheme:										
– Value of employee services	29b(i)	–	–	–	3,351	3,351	–	3,351	–	3,351
– New shares issued	28	6,021	–	–	(376)	5,645	–	5,645	–	5,645
– Treasury shares re-issued	28	–	889	–	(889)	–	–	–	–	–
Total		189,981	889	(133,043)	39,924	97,751	–	97,751	44,050	141,801
Balance at 31 March 2017		638,756	(1,227)	650,007	71,787	1,359,323	346,826	1,706,149	51,569	1,757,718

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

Company	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 equity S$'000
Balance at 1 April 2017		638,756	(1,227)	657,628	37,249	1,332,406	346,826	1,679,232
Total comprehensive income for the year		–	–	143,654	423	144,077	–	144,077
Transactions with owners, recognised directly into equity								
Distribution of perpetual securities	30	–	–	(14,875)	–	(14,875)	14,875	–
Distribution paid on perpetual securities	30	–	–	–	–	–	(14,875)	(14,875)
Dividends	31	–	–	(45,373)	–	(45,373)	–	(45,373)
Employee share option scheme:								
– Value of employee services	29b(i)	–	–	–	1,359	1,359	–	1,359
– New shares issued	28	6	–	–	–	6	–	6
– Treasury shares re-issued	28	–	1,181	–	(927)	254	–	254
Purchase of treasury shares	28	–	(15,977)	–	–	(15,977)	–	(15,977)
Total		6	(14,796)	(60,248)	432	(74,606)	–	(74,606)
Balance at 31 March 2018		638,762	(16,023)	741,034	38,104	1,401,877	346,826	1,748,703
Balance at 1 April 2016		448,775	(2,116)	780,232	34,713	1,261,604	346,826	1,608,430
Total comprehensive income for the year		–	–	11,819	450	12,269	–	12,269
Transactions with owners, recognised directly into equity								
Distribution of perpetual securities	30	–	–	(14,875)	–	(14,875)	14,875	–
Distribution paid on perpetual securities	30	–	–	–	–	–	(14,875)	(14,875)
Dividends	31	–	–	(119,548)	–	(119,548)	–	(119,548)
New shares issued	28	183,960	–	–	–	183,960	–	183,960
Employee share option scheme:								
– Value of employee services	29b(i)	–	–	–	3,351	3,351	–	3,351
– New shares issued	28	6,021	–	–	(376)	5,645	–	5,645
– Treasury shares re–issued	28	–	889	–	(889)	–	–	–
Total		189,981	889	(134,423)	2,086	58,533	–	58,533
Balance at 31 March 2017		638,756	(1,227)	657,628	37,249	1,332,406	346,826	1,679,232

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Cash flows from operating activities			
Total profit		**115,545**	29,712
Adjustments for:			
Income tax expense		**30,659**	25,233
Allowance for doubtful debts and bad debts written off		**5,528**	2,940
Amortisation of deferred income		**(7,413)**	(8,173)
Amortisation of intangible assets		**9,705**	7,691
Depreciation		**51,044**	43,834
Fair value gain on investment properties		**(12,712)**	(108,744)
Gains on disposal of investments, property, plant and equipment		**(2,670)**	(4,577)
Gain on derivative instruments		**(1,845)**	(16,011)
Share option expenses		**1,359**	3,351
Interest expense		**8,573**	8,846
Interest income		**(4,686)**	(3,439)
Impairment of intangible assets, investments and property, plant and equipment		**–**	215,063
Share of loss of associated companies and joint venture		**3,099**	1,177
		80,641	167,191
Operating cash flow before working capital changes		**196,186**	196,903
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
Inventories		**3,491**	49
Trade and other receivables		**(78,896)**	(7,807)
Trade and other payables		**108,658**	41,437
Cash generated from operations		**229,439**	230,582
Income tax paid		**(31,196)**	(30,516)
Net cash provided by operating activities		**198,243**	200,066
Cash flows from investing activities			
Additions to property, plant and equipment, investment properties and intangible assets		**(62,143)**	(199,767)
Contingent consideration paid in relation to acquisition of subsidiaries		**(3,730)**	(528)
Disposal of a subsidiary, net of cash disposed of	12	**–**	(1,568)
Dividends received from associated companies		**930**	2,583
Interest received		**5,042**	2,682
Investment in an associated company		**(517)**	(798)
Loan to an associated company		**–**	(1,844)
Proceeds from sale of financial assets		**2,376**	–
Proceeds from disposal of property, plant and equipment		**9,285**	1,976
Proceeds on maturity of financial assets		**–**	6,250
Repayment of loans by associated companies		**–**	18,147
Net cash used in investing activities		**(48,757)**	(172,867)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Cash flows from financing activities			
Acquisition of non-controlling interests	20(b)	**(747)**	(2,375)
Distribution paid to perpetual securities		**(14,875)**	(14,875)
Dividends paid to shareholders		**(45,373)**	(119,548)
Interest paid		**(6,443)**	(9,637)
Proceeds from issuance of ordinary shares		**6**	189,605
Purchase of treasury shares		**(15,977)**	–
Proceeds from re-issuance of treasury shares		**254**	–
Proceeds from bank loans		**320,694**	537,060
Proceeds from partial divestment of interest in a subsidiary	20(c)	**–**	85,643
Repayment of bank loans		**(439,589)**	(453,098)
Net cash (used in)/ provided by financing activities		**(202,050)**	212,775
Net (decrease)/ increase in cash and cash equivalents		**(52,564)**	239,974
Cash and cash equivalents at beginning of financial year		**366,614**	126,640
Cash and cash equivalents at end of financial year		**314,050**	366,614

SIGNIFICANT NON-CASH TRANSACTIONS

In the current financial year, contingent consideration amounting to S$905,000 (2017: S$2,060,000) in relation to the acquisition of subsidiaries in prior financial years was settled by way of offset against escrow deposits for the acquisition of those subsidiaries.

NOTES TO THE

FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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.

These financial statements were authorised for issue on 15 May 2018 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 2018

On 1 April 2017, the Group adopted all the new and amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows – Disclosure Initiatives*.

2.2 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 has power over the entity, 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 until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.2 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

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

Non-controlling interests 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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

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

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

If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

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)

2.2 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 2.15 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 equity transactions.

(c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's joint venture 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 venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies and joint venture 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 venture 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 venture 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 venture's post-acquisition profits or losses is 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 venture 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 ventures, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

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

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

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

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

Please refer to Note 2.15 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.3 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 economic benefits associated with the transaction will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

Sales of goods and services

(a) *Postal and Logistics-related activities*

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

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

Accrual for unearned revenue is made for stamps which have been sold, but for which services have not been rendered as at the end of the reporting period. This accrual is classified as advance billings under trade and other payables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Revenue recognition (continued)

(a) Postal and Logistics-related activities (continued)

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) 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 Group has delivered the products to the customers and the customers have accepted the products. Sales are presented, net of goods and service tax, rebates and discounts.

Revenue from the rendering of services is recognised when the services are rendered.

Rendering of services

(c) 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.

2.4 Operating leases

(a) When the Group is the lessee:

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

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

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.4 Operating leases (continued)

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

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

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

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

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

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

2.5 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 statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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 the end of each reporting period, 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.

2.6 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.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Income taxes

Income tax expense comprises current and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

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 in countries where the Company and subsidiaries operate by the end of the reporting period.

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 calculated 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 end of the reporting period. Except for investment properties measured using the fair value method, the measurement of deferred tax liabilities and assets reflects the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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 end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(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 end of the reporting period.

2.11 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 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 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 end of the reporting period 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 statement of financial position.

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 the end of the reporting period 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.

2.13 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 the end of the reporting period.

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 end of the reporting period 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 end of the reporting period.

(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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(c) *Initial measurement*

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

(d) *Subsequent measurement*

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

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

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. 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 the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default, or significant delay in payments are objective evidence that these financial assets are impaired.

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

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

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

In addition to the objective evidence of impairment described in Note 2.13(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 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.

2.15 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 statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.16 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.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in the income statement.

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.

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

2.17 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. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Property, plant and equipment (continued)

(b) Depreciation

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

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

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

(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 2.16 for the accounting policy on the transfer from investment properties to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum 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 (ii) the fair value 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 represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired and is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(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 and accumulated impairment losses. Amortisation is calculated using the straight line method over 7 years, which is the expected life of the customer relationships.

(c) *Acquired licence*

Licence fee represents a lump-sum fee paid to the Info-communications Media Development Authority 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 20 years starting from 1 April 2017.

(d) *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.

(e) *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.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 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 assumption 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 annual reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2.19 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.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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 or 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.

2.20 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Derivative financial instruments and hedging activities

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

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

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

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

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.

2.22 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 as 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 end of the reporting period are included in current borrowings in the statement of financial position. Other borrowings with an unconditional right to defer settlement for at least twelve months after the end of the reporting period are included in non–current borrowings in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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.

2.24 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.

2.25 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.

2.26 Dividends to Company's shareholders

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

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive Officer and Group Chief Financial Officer (2017: covering Group Chief Executive Officer/Group Chief Financial Officer) who are responsible for allocating resources and assessing performance of operating segments.

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. Actual results may differ from these estimates.

(a) *Estimated impairment of goodwill and other intangible assets*

Goodwill and trademarked brands with indefinite useful lives are tested for impairment annually and whenever there is indication that goodwill and trademarked brand may be impaired. The recoverable amount of goodwill and trademarked brand, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on approved financial budgets covering a five-year period (2017: minimally, a three-year period). Significant judgements are used to estimate the terminal growth rates and discount rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance, its expectations of the future developments of the various businesses, and market and publicly available industry and economic data. Details of these key assumptions applied in the impairment assessment of goodwill and trademarked brand are provided in Notes 23(a) and 23(e).

Other intangible assets are tested for impairment whenever there is any objective evidence of indication that these assets may be impaired.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

No impairment charge (2017: S$205.7 million) was recognised on the Group's goodwill and other intangible assets during the financial year. The carrying values of goodwill and other intangible assets as at 31 March 2018 are disclosed in Note 23.

(b) *Estimated impairment of other non-financial assets*

Property, plant and equipment 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 amount of an asset, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculation prepared on the basis of management's assumptions and estimates.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

During the preceding financial year ended 31 March 2017, the Group recognised impairment charges on property, plant and equipment and investments in associated companies of S$9.3 million and S$20.5 million respectively. No impairment charge was recognised on the Group's other non-financial assets during the financial year. The carrying values of investments in associated companies and joint venture, investments in subsidiaries and property, plant and equipment are disclosed in Notes 19, 20 and 22 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

(c) Valuation of investment properties

As at 31 March 2018, the Group's investment properties of S$1,014.3 million (2017: S$970.4 million) (Note 21) are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) Use of indefinite useful life assumption for trademarked brand

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 has concluded 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. As at 31 March 2018, the carrying value of the trademarked brand was S$40.3 million (2017: S$42.7 million).

(e) 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 the end of each reporting period 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 2018 was S$532.3 million (2017: S$565.6 million). There were no significant revisions to the estimated residual values and useful lives during the financial year ended 31 March 2018.

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FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Revenue from services rendered	**1,444,672**	1,327,704
Sale of products	**19,427**	20,060
Revenue	**1,464,099**	1,347,764
Other income and gains (net):		
– Rental and property-related income	**47,499**	36,574
Miscellaneous:		
– Interest income		
– Bank deposits	**3,226**	1,533
– Financial assets, held-to-maturity	**960**	1,012
– Others	**500**	894
	4,686	3,439
– Currency exchange gains (net)	**3,067**	1,379
– Others	**3,593**	4,959
	6,660	6,338
Miscellaneous	**11,346**	9,777
Other income and other gains (net)	**58,845**	46,351
	1,522,944	1,394,115

5. LABOUR AND RELATED EXPENSES

	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Wages and salaries	**219,160**	224,022
Employer's contribution to defined contribution plans including Central Provident Fund	**26,626**	28,153
Share options expense (Note 29(b)(i))	**1,359**	3,351
Other benefits	**10,972**	10,875
Temporary and contract staff cost	**72,751**	67,829
Government grant	**(2,706)**	(5,671)
	328,162	328,559

6. VOLUME-RELATED EXPENSES

	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Traffic expenses	**490,297**	374,111
Outsourcing services and delivery expenses	**325,793**	330,344
	816,090	704,455

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For the financial year ended 31 March 2018

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2018	2017
	S$'000	S$'000
Included in administrative and other expenses are the following:		
Professional services	**22,535**	16,895
Repair and maintenance expenses	**22,127**	22,511
Rental on operating leases	**39,318**	41,615
Supplies and services	**25,781**	23,864

8. FINANCE EXPENSES

	Group	
	2018	2017
	S$'000	S$'000
Interest expense:		
– Fixed rate notes	**6,251**	6,274
– Bank borrowings	**2,322**	2,572
	8,573	8,846
Currency exchange losses/(gains) – net	**4,838**	(3,172)
	13,411	5,674

9. EXCEPTIONAL ITEMS

	Group	
	2018	2017
	S$'000	S$'000
Fair value gains:		
– Investment properties (Note 21)	**12,712**	108,744
– Warrants from an associated company	**1,845**	16,011
Impairment losses:		
– Property, plant and equipment (Note 22)	**–**	(9,349)
– Goodwill (Note 23(a)) *	**–**	(166,063)
– Customer relationships (Note 23(b))	**–**	(18,953)
– Associated company (Note 19(a))	**–**	(20,471)
Write-off of goodwill	**–**	(227)
Gain/(loss) on disposal of property, plant and equipment	**2,670**	(659)
Gain on dilution of interest in associated company (Note 19(a))	**–**	4,892
Professional fees	**(2,292)**	(1,620)
Provision for the restructuring of operation	**(413)**	(958)
	14,522	(88,653)

* Included in exceptional items for the preceding financial year ended 31 March 2017 was a S$20.6 million gain arising from the full write-back of contingent consideration for a subsidiary assessed to be no longer payable. This write-back was offset by a reduction in the carrying value of goodwill on acquisition of this subsidiary by the same amount of the write-back.

The goodwill of S$166.1 million above arose from TG Acquisition Corporation CGU (Note 23) which is part of the eCommerce business segment.

10. INCOME TAX EXPENSE

	Group	
	2018	2017
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**33,404**	31,027
– Deferred income tax (Note 27)	**(4,905)**	(3,492)
	28,499	27,535
Under/(over) provision in preceding financial years:		
– Current income tax	**2,315**	(1,624)
– Deferred income tax (Note 27)	**(155)**	(678)
	30,659	25,233

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	
	2018	2017
	S$'000	S$'000
Profit before tax	**146,204**	54,945
Tax calculated at a tax rate of 17% (2017: 17%)	**24,855**	9,341
Effects of:		
– Tax effect of share of results of associated companies and joint venture	**527**	200
– Different tax rates in other countries	**790**	(2,776)
– Withholding tax deducted at source	**459**	–
– Singapore statutory stepped income exemption	**(260)**	(126)
– Tax incentive	**(300)**	(973)
– Income not subject to tax	**(5,943)**	(26,476)
– Expenses not deductible for tax purposes	**7,757**	36,335
– Effect on deferred tax balances due to the change in US income tax rate	**(6,927)**	–
– Utilisation of tax losses and capital allowances	**(185)**	(336)
– Deferred income tax assets not recognised	**7,726**	12,346
– Under/(over) provision in preceding financial years	**2,160**	(2,302)
Tax charge	**30,659**	25,233

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For the financial year ended 31 March 2018

11. 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	
	2018	2017
Net profit attributable to equity holders of the Company (S$'000)	**126,400**	33,403
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,875)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**111,525**	18,528
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,268,633**	2,191,060
Basic earnings per share (cents per share)	**4.92**	0.85

(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.

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	
	2018	2017
Net profit attributable to equity holders of the Company (S$'000)	**126,400**	33,403
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,875)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**111,525**	18,528
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,268,633**	2,191,060
Adjustment for share options ('000)	**1,477**	2,031
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,270,110**	2,193,091
Diluted earnings per share (cents per share)	**4.91**	0.84

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FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**94,211**	106,352	**39,703**	47,004
Deposits with financial institutions	**219,839**	260,262	**218,409**	256,175
	314,050	366,614	**258,112**	303,179

Deposits with financial institutions earn interest ranging from 0.6% to 1.73% (2017: 0.5% to 1.81%) per annum. Tenure for these deposits range from 2 to 122 days (2017: 6 to 365 days).

Disposal of subsidiary

On 7 September 2016, the Group disposed of its entire interest in Japan Self Storage Company Limited for a cash consideration of S$2,372,000. The effects of the disposal on the cash flows of the Group were:

	Group
	2017
	S$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	3,940
Total assets	3,940
Trade and other payables	7
Total liabilities	7
Net assets derecognised	3,933
Less: Non-controlling interest	(1,573)
Net assets disposed of	2,360

The aggregate cash inflows arising from the disposal of Japan Self Storage Company Limited were:

	Group
	2017
	S$'000
Net assets disposed of (as above)	2,360
– Reclassification of currency translation reserve	(332)
	2,028
Gain on disposal	344
Cash proceeds from disposal	2,372
Less: Cash and cash equivalents in subsidiaries disposed of	(3,940)
Net cash outflow on disposal	(1,568)

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For the financial year ended 31 March 2018

13. FINANCIAL ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, available-for-sale				
– Equity securities – quoted	**1,921**	3,954	**1,921**	3,954
– Equity instrument – unquoted	**–**	347	**–**	–
	1,921	4,301	**1,921**	3,954
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**30,640**	31,187	**30,640**	31,187
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,820**	4,823	**4,561**	4,561
	35,460	36,010	**35,201**	35,748

The bonds are corporate bonds at fixed rates between 2.7% to 3.8% per annum and due between 10 April 2019 and 29 August 2022.

The fair values of the financial assets at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, available-for-sale				
– Equity securities – quoted	**1,921**	3,954	**1,921**	3,954
– Equity instrument – unquoted	**–**	347	**–**	–
	1,921	4,301	**1,921**	3,954
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**30,834**	31,371	**30,834**	31,371
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,820**	4,823	**4,561**	4,561
	35,654	36,194	**35,395**	35,932

The fair values of quoted securities are based on published price quotations at the end of the reporting period.

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For the financial year ended 31 March 2018

14. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**38,927**	64,268
– Associated company	**120,212**	46,115	**120,212**	46,115
– Companies related by a substantial shareholder	**2,029**	1,776	**2,029**	1,776
– Non-related parties	**149,240**	148,904	**41,301**	46,972
	271,481	196,795	**202,469**	159,131
Less: Allowance for impairment of receivables – non-related parties	**(10,053)**	(5,665)	**(775)**	(951)
Trade receivables – net	**261,428**	191,130	**201,694**	158,180
Non-trade receivables from subsidiaries	**–**	–	**23,893**	11,574
Loan to associated companies	**3,344**	3,394	**–**	–
Less: Non-current portion (Note 17)	**(2,350)**	(2,423)	**–**	–
	994	971	**23,893**	11,574
Staff loans (Note 18)	**48**	51	**48**	51
Interest receivable	**677**	1,033	**665**	1,029
Other receivables	**8,436**	5,822	**5,683**	2,470
	271,583	199,007	**231,983**	173,304

(a) The loan of S$764,000 (2017: S$789,000) to an associated company is unsecured, repayable in full on 15 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(b) The loan of S$1,586,000 (2017: S$1,634,000) to an associated company is unsecured, repayable in full on 29 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(c) The loan of S$661,000 (2017: S$647,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

(d) Remaining loan of S$333,000 (2017: S$324,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.

(e) Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount 2018 S$'000	**Fair value assets/ (liabilities) 2018 S$'000**	Contract notional amount 2017 S$'000	Fair value assets/ (liabilities) 2017 S$'000
Group				
Net investment hedges				
Currency forwards	**10,715**	**(186)**	10,210	20
Other non-hedging derivatives				
Currency forwards	**177,828**	**1,056**	164,905	(1,007)
Warrants	**–**	**18,521**	–	16,011
Total derivative financial instruments	**188,543**	**19,391**	175,115	15,024
Company				
Net investment hedges				
Currency forwards	**10,715**	**(172)**	10,210	83
Other non-hedging derivatives				
Currency forwards	**177,828**	**1,056**	164,905	(1,007)
Warrants	**–**	**18,521**	–	16,011
Total derivative financial instruments	**188,543**	**19,405**	175,115	15,087

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 end of the reporting period. 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 2.21.

The fair value of derivative financial instruments are shown on the statement of financial position as follows:

	Group		**Company**	
	2018 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000
Assets:				
– Current	**19,856**	16,079	**19,856**	16,142
Liabilities				
– Current	**(465)**	(1,055)	**(451)**	(1,055)

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16. OTHER ASSETS

	Group 2018 S$'000	Group 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000
Current				
Deposits	**6,257**	6,354	**2,323**	2,359
Prepayments	**11,947**	10,820	**5,544**	2,821
	18,204	17,174	**7,867**	5,180
Non-current				
Deposits	**5,137**	5,198	**–**	–

Included within non-current deposits is an escrow deposit of S$3,230,000 (2017: S$5,134,000) for the acquisition of a subsidiary.

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group 2018 S$'000	Group 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000
Loans to subsidiaries	**–**	–	**585,959**	599,242
Less: Allowance for impairment	**–**	–	**(194,365)**	(194,365)
	–	–	**391,594**	404,877
Loan to an associated company (Note 14)	**2,350**	2,423	**–**	–
Loan to a shareholder of a subsidiary	**4,510**	4,423	**–**	–
Staff loans (Note 18)	**227**	245	**227**	245
	7,087	7,091	**391,821**	405,122

Loan to a subsidiary of S$68,450,000 (2017: S$75,065,000) is non-trade related, unsecured and interest-free. Although there are no fixed terms of repayment, the loan is 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$36,547,000 (2017: S$33,963,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and will be repaid in full on 7 July 2019. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S$6,249,000 (2017: S$5,817,000) is non-trade related, unsecured, interest bearing at KLIBOR plus 1.2% per annum and is repayable in full on demand. Settlement of the loan is not foreseeable within the next 12 months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S$1,400,000 (2017: S$2,272,000) is non-trade related, unsecured, interest bearing at ABS SIBOR plus 1.2% per annum and will be repaid in full on 21 August 2020. The carrying amount of these loans approximate their fair value.

Loans to subsidiaries of S$278,948,000 (2017: S$287,760,000) are non-trade related, unsecured, interest bearing at 2.2% to 4.1% per annum and repayable in full on various dates up to 31 October 2019. The fair value of the loans is S$273,544,000 (2017: S$283,171,000). The fair value of the loans is computed based on cash flows discounted at market borrowing rates of 1.476% to 1.993% (2017: 1.264% to 1.755%). The fair value is within Level 2 of the fair value hierarchy.

An allowance for impairment amounting to S$194.4 million was made in the prior year in respect of loans to subsidiaries which underlying investments have been impaired and the loans receivable are assessed as non-recoverable.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.7% to 2.3% per annum (2017: 1.6% to 2.1% per annum) and repayable in full by 19 May 2019. The carrying amount of the loan approximates its fair value.

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18. STAFF LOANS

	Group and Company	
	2018	2017
	S$'000	S$'000
Not later than one year (Note 14)	**48**	51
Later than one year (Note 17)	**227**	245
– Between one and five years	**99**	113
– Later than five years	**128**	132
	275	296

As at the end of the reporting period, no loan was made to the key management personnel of the Group.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**114,925**	117,783	**15,366**	14,849
Investment in a joint venture (Note (b))	**–**	–	**–**	–
	114,925	117,783	**15,366**	14,849

(a) *Associated companies*

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**15,366**	14,849
Beginning of financial year	**117,783**	146,401		
Additional investment in an associated company	**517**	798		
Gain on dilution of interest in an associated company (Note (i), 9)	**–**	4,892		
Impairment of an associated company (Note (ii), 9)	**–**	(20,471)		
Reversal of contingent consideration of an associated company (Note (iii))	**–**	(7,215)		
Share of loss	**(3,099)**	(1,177)		
Dividends received	**(930)**	(2,583)		
Currency translation differences	**654**	(2,862)		
End of financial year	**114,925**	117,783		

(i) During the preceding financial year ended 31 March 2017, the Group recognised a gain on dilution of interest in an associated company amounting to S$4,892,000 arising from an additional capital injection by an external party into the associated company.

(ii) During the preceding financial year ended 31 March 2017, the Group recognised an impairment loss of S$20,471,000 against the carrying amount of its investment in an associated company, being the difference between the carrying amount of the Group's investment and its recoverable amount. The recoverable amount represents the Group's share in the net assets of the associated company. The impairment charge arose from cumulative losses incurred by the associated company.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) Associated companies (continued)

(iii) During the preceding financial year ended 31 March 2017, the Group derecognised contingent consideration payable for an acquisition of an associated company amounting to S$7,215,000 upon reassessment of the earn-out conditions.

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$30,783,000 (2017: S$27,655,000), for which the published price quotations are S$122,136,000 (2017: S$119,376,000) at the end of the reporting period, 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 40.

Summarised financial information in respect of each of the Group's material associated companies are set out below.

Shenzhen 4PX Information and Technology Co Ltd.

	2018 **S$'000**	2017 S$'000
Current assets	**127,999**	142,315
Non-current assets	**63,570**	56,322
Current liabilities	**(130,763)**	(115,019)
Equity	**60,806**	83,618
Revenue	**959,504**	713,808
Loss for the year, representing total comprehensive loss for the year	**(30,177)**	(15,818)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shenzhen 4PX Information and Technology Co Ltd. recognised in the consolidated financial statements:

	2018 **S$'000**	2017 S$'000
Net assets of the associated company	**60,806**	83,618
Proportion of the Group's ownership in the associated company	**30.52%**	30.52%
Group's share of net assets	**18,558**	25,520
Goodwill and other identifiable intangible assets	**24,414**	25,372
Carrying amount of the Group's interest in the associated company	**42,972**	50,892

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19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) *Associated companies* (continued)

In Do Trans Logistics Corporation

	2018 S$'000	2017 S$'000
Current assets	**70,284**	46,850
Non-current assets	**76,258**	59,146
Current liabilities	**(40,906)**	(31,678)
Non-current liabilities	**(39,063)**	(27,154)
Equity	**66,573**	47,164
Revenue	**275,421**	205,179
Profit for the year, representing total comprehensive income for the year	**25,889**	10,679

Reconciliation of the above summarised financial information to the carrying amount of the interest in In Do Trans Logistics Corporation recognised in the consolidated financial statements:

	2018 S$'000	2017 S$'000
Net assets of the associated company	**66,573**	47,165
Proportion of the Group's ownership in the associated company	**30.0%**	30.0%
Group's share of net assets	**19,972**	14,149
Goodwill and other identifiable intangible assets	**10,122**	10,504
Carrying amount of the Group's interest in the associated company	**30,094**	24,653

Aggregate information of other associated companies that are not individually material

	2018 S$'000	2017 S$'000
The Group's share of (loss)/profit for the year	**(1,656)**	254
The Group's share of other comprehensive income/(loss)	**50**	(58)
The Group's share of total comprehensive (loss)/income	**(1,606)**	196
Aggregate carrying amount of the Group's interests in these associated companies	**41,859**	42,238

(b) *Joint venture*

The Group has a joint venture, PT Trio Specommerce Indonesia, which had been fully written off since 2016.

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20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**367,429**	362,654
Additional capital injection to an existing subsidiary	**–**	4,775
	367,429	367,429
Less: Allowance for impairment	**(26,896)**	(26,896)
End of financial year	**340,533**	340,533

In the preceding financial year ended 31 March 2017, an impairment loss of S$20,471,000 was recognised for a certain subsidiary of the Company as a result of its recoverable amount being estimated to be less than its carrying amount, which mainly arose from cumulative losses incurred by the subsidiary.

Details of the subsidiaries are included in Note 40. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group.

Carrying value of non-controlling interests

	2018	2017
	S$'000	S$'000
Quantium Solutions International Pte Ltd ("QSI")	**36,379**	47,768
Other subsidiaries with immaterial non-controlling interests	**3,967**	3,801
Total	**40,346**	51,569

Exercise of put option in a subsidiary

A non-controlling shareholder of a subsidiary has exercised his put option in September 2016. As there were differences between the parties on the final valuation of the put option, the non-controlling shareholder commenced arbitration proceedings. The Company, in consultation with its advisors, is of the view that they are without merit.

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For the financial year ended 31 March 2018

20. INVESTMENTS IN SUBSIDIARIES (continued)

Transactions with non-controlling interests for the financial years ended 31 March 2018 and 2017 are set out below.

2018

(a) *Acquisition of additional interest in a subsidiary*

(i) On 30 November 2017, the Group acquired an additional 25% interest in The Store House Operating Company Limited for a purchase consideration of S$220,000. The Group now holds 100% of the equity share capital of The Store House Operating Company Limited. The carrying amount of the non-controlling interests in The Store House Operating Company Limited on the date of acquisition was S$38,000. The Group derecognised non-controlling interests of S$38,000 and recorded a decrease in equity attributable to owners of the parent of S$182,000. The effect of changes in the ownership interest of The Store House Operating Company Limited during the year is summarised as follows:

	2018 S$'000
Carrying amount of non-controlling interests acquired	**38**
Consideration paid to non-controlling interests	**(220)**
Excess of consideration paid recognised in parent's equity	**(182)**

(ii) On 8 February 2018, the Group acquired an additional 10% interest in Famous Pacific Shipping (NZ) Limited for a purchase consideration of S$527,000. The Group now holds 100% of the equity share capital of Famous Pacific Shipping (NZ) Limited. The carrying amount of the non-controlling interests in Famous Pacific Shipping (NZ) Limited on the date of acquisition was S$276,000. The Group derecognised non-controlling interests of S$276,000 and recorded a decrease in equity attributable to owners of the parent of S$251,000. The effect of changes in the ownership interest of Famous Pacific Shipping (NZ) Limited during the year is summarised as follows:

	2018 S$'000
Carrying amount of non-controlling interests acquired	**276**
Consideration paid to non-controlling interests	**(527)**
Excess of consideration paid recognised in parent's equity	**(251)**

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For the financial year ended 31 March 2018

20. INVESTMENTS IN SUBSIDIARIES (continued)

2017

(b) *Acquisition of additional interest in a subsidiary*

On 16 March 2017, the Group acquired an additional 0.9% interest in TG Acquisition Corporation and its subsidiaries ("TG Group") for a purchase consideration of S$2,375,000. The Group now holds 97.3% of the equity share capital of TG Group. The carrying amount of the non-controlling interests in TG Group on the date of acquisition was S$1,334,000. The Group derecognised non-controlling interests of S$776,000 and recorded a decrease in equity attributable to owners of the parent of S$1,599,000. The effect of changes in the ownership interest of TG Group during the year is summarised as follows:

	2017 S$'000
Carrying amount of non-controlling interests acquired	776
Consideration paid to non-controlling interests	(2,375)
Excess of consideration paid recognised in parent's equity	(1,599)

(c) *Disposal of interest in a subsidiary without loss of control*

On 27 October 2016, the Group disposed of a 34% interest out of the 100% interest held in Quantium Solutions International Pte. Ltd. ("QSI") at a net consideration of S$85,643,000. This resulted in an increase in non-controlling interests of S$51,397,000 and an increase in equity attributable to owners of the parent of S$34,246,000. The effect of changes in the ownership interest of QSI during the year is summarised as follows:

	2017 S$'000
Carrying amount of non-controlling interests acquired	51,397
Consideration received from non-controlling interests	(85,643)
Excess of consideration received recognised in parent's equity	(34,246)

(d) Arising from the full write-back of the contingent consideration in relation to the acquisition of a subsidiary assessed to be no longer payable (Note 9), this subsidiary is now deemed to be a wholly-owned subsidiary of the Group. Accordingly, the non-controlling interest of S$6.6 million was reclassified to retained earnings in 2017.

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20. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has a non-controlling interest that is material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	QSI	
	2018	2017
	S$'000	S$'000
Current		
Assets	**69,539**	99,276
Liabilities	**(17,616)**	(23,432)
Total current net assets	**51,923**	75,844
Non-current		
Assets	**55,252**	64,823
Liabilities	**(177)**	(171)
Total non-current net assets	**55,075**	64,652
Net assets	**106,998**	140,496

Summarised income statement

	QSI	
	For the year ended	
	31 March 2018	31 March 2017
	S$'000	S$'000
Revenue	**98,694**	115,843
Loss before income tax	**(35,052)**	(16,570)
Income tax (expense)/credit	**(325)**	328
Post-tax loss from continuing operations	**(35,377)**	(16,242)
Other comprehensive income/(loss)	**1,878**	(1,045)
Total comprehensive loss	**(33,499)**	(17,287)
Total comprehensive loss allocated to non-controlling interests	**(11,390)**	(3,629)

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20. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	QSI	
	2018	2017
	S$'000	S$'000
Cash flows from/(used in) operating activities		
Cash generated from/(used in) operations	**37,888**	(22,838)
Income tax paid	**(172)**	(152)
Net cash generated from/(used in) operating activities	**37,716**	(22,990)
Net cash used in investing activities	**(581)**	(10,299)
Net cash (used in)/provided by financing activities	**(43,163)**	25,589
Net decrease in cash and cash equivalents	**(6,028)**	(7,700)
Cash and cash equivalents at beginning of year	**14,617**	22,317
Cash and cash equivalents at end of year	**8,589**	14,617

21. INVESTMENT PROPERTIES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**970,392**	745,844	**927,538**	760,842
Additions	**32,691**	97,818	**32,691**	97,818
Reclassification (to)/from property, plant and equipment (Note 22)	**(2,393)**	19,200	**(2,393)**	(3,244)
Fair value gain recognised in profit or loss (Note 9)	**12,712**	108,744	**12,542**	72,122
Currency translation differences	**913**	(1,214)	**–**	–
End of financial year	**1,014,315**	970,392	**970,378**	927,538

Certain investment properties of the Group with carrying amounts of S$50.2 million (2017: S$49.3 million) are mortgaged to secure bank borrowings (Note 25).

The following amounts are recognised in profit or loss:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income (Note 4)	**47,499**	36,574	**49,241**	39,235
Direct operating expenses arising from:				
– Investment property that generated income	**(17,367)**	(9,949)	**(16,145)**	(8,579)

Investment properties are leased to non-related parties under operating leases (Note 34(c)).

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21. INVESTMENT PROPERTIES (continued)

At the end of the reporting period, 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
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

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21. INVESTMENT PROPERTIES (continued)

	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 2018			
– Commercial and retail – Singapore	–	2,484	999,554
– Commercial and retail – Malaysia	–	–	12,277
31 March 2017			
– Commercial and retail – Singapore	–	2,812	956,215
– Commercial and retail – Malaysia	–	–	11,365

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's 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.

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 comparable sales method is used as a reference.

There were no transfers in or out of fair value hierarchy levels for the financial years ended 31 March 2018 and 2017.

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21. INVESTMENT PROPERTIES (continued)

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)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2018			**2018**	
Group					
Building for commercial and retail (Singapore Post Centre)	**859,250** (2017: 814,132)	Discounted cash flow approach	Discount rate	7-7.5% (2017: 7.25-7.75%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.35-6.15% (2017: 4.5-6.25%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**98,969** (2017: 100,386)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2017: 4.25-5%)	The higher the capitalisation rate, the lower the valuation
Building for warehousing and self-storage – Singapore	**41,335** (2017: 41,697)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2017: 7-7.5%)	The higher the capitalisation rate, the lower the valuation
Warehousing – Malaysia	**12,277** (2017: 11,365)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2017: 7-7.5%)	The higher the capitalisation rate, the lower the valuation

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21. INVESTMENT PROPERTIES (continued)

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

Description	Fair value (S$'000) 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2018	Relationship of unobservable inputs to fair value
Company					
Building for commercial and retail (Singapore Post Centre)	**868,925** (2017: 824,339)	Discounted cash flow approach	Discount rate	7-7.5% (2017: 7.25-7.75%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.35-6.15% (2017: 4.5-6.25%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**98,969** (2017: 100,386)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2017: 4.25-5%)	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 2018 and 2017, the fair values of the Group's investment properties have been determined by Knight Frank Pte Ltd.

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22. 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
<u>Group</u>						
2018						
Cost						
Beginning of financial year	79,959	408,056	45,735	267,359	16,129	817,238
Additions	–	1,850	–	10,608	21,695	34,153
Reclassifications from investment properties						
– At fair value (Note 21)	–	2,393	–	–	–	2,393
	–	2,393	–	–	–	2,393
Disposals	–	(6,655)	(44)	(11,912)	(176)	(18,787)
Transfers	–	242	74	16,478	(16,794)	–
Adjustment[1]	–	(9,678)	–	–	–	(9,678)
Currency translation differences	–	(99)	–	(3,442)	–	(3,541)
End of financial year	79,959	396,109	45,765	279,091	20,854	821,778
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	19,680	109,322	7,549	115,104	–	251,655
Depreciation charge	1,666	10,649	3,035	35,694	–	51,044
Disposals	–	(842)	(34)	(11,296)	–	(12,172)
Currency translation differences	–	(39)	–	(993)	–	(1,032)
End of financial year	21,346	119,090	10,550	138,509	–	289,495
Net book value						
End of financial year	**58,613**	**277,019**	**35,215**	**140,582**	**20,854**	**532,283**

[1] Included in additions in prior financial years was S$9,678,000 which arose from the construction of buildings. Upon finalisation of the construction costs in the current financial year, an adjustment of S$9.7 million was made.

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22. 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						
2017						
Cost						
Beginning of financial year	57,653	306,558	45,312	215,357	131,426	756,306
Additions	–	8,478	–	67,583	29,564	105,625
Reclassifications to investment Properties						
– At fair value (Note 21)	(4,924)	(14,276)	–	–	–	(19,200)
– Transfer to asset valuation reserve (Note 29(b)(v))	3,673	12,659	–	–	–	16,332
	(1,251)	(1,617)	–	–	–	(2,868)
Disposals	–	(2,127)	(113)	(41,568)	–	(43,808)
Transfers	23,477	96,680	536	24,168	(144,861)	–
Currency translation differences	80	84	–	1,819	–	1,983
End of financial year	79,959	408,056	45,735	267,359	16,129	817,238
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,009	91,470	4,620	124,831	–	238,930
Depreciation charge	1,671	10,399	3,022	28,742	–	43,834
Impairment charge (Note (a), 9)	–	9,349	–	–	–	9,349
Disposals	–	(1,899)	(93)	(39,181)	–	(41,173)
Currency translation differences	–	3	–	712	–	715
End of financial year	19,680	109,322	7,549	115,104	–	251,655
Net book value						
End of financial year	**60,279**	**298,734**	**38,186**	**152,255**	**16,129**	**565,583**

(a) During the preceding financial year ended 31 March 2017, the Group recognised an impairment loss amounting to S$9,349,000 on its building at 3B Toh Guan Road East arising from a decline in the market value of the building.

The building was valued by an independent professional valuer based on its highest and best use using the discounted cash flow approach at the end of the reporting period. The fair value is within Level 3 of the fair value hierarchy. A description of the valuation technique and the valuation processes of the Group are provided in Note 21.

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22. 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						
2018						
Cost						
Beginning of financial year	58,127	184,235	45,735	128,620	15,555	432,272
Additions	–	–	–	1,826	18,414	20,240
Reclassifications from investment properties						
– At fair value (Note 21)	1,240	1,153	–	–	–	2,393
	1,240	1,153	–	–	–	2,393
Disposals	–	(300)	(44)	(4,521)	–	(4,865)
Transfers	–	242	74	15,374	(15,690)	–
End of financial year	59,367	185,330	45,765	141,299	18,279	450,040
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,688	82,116	7,549	84,548	–	191,901
Depreciation charge	835	4,029	3,035	13,223	–	21,122
Disposals	–	(165)	(34)	(4,247)	–	(4,446)
End of financial year	18,523	85,980	10,550	93,524	–	208,577
Net book value						
End of financial year	**40,844**	**99,350**	**35,215**	**47,775**	**18,279**	**241,463**

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22. 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						
2017						
Cost						
Beginning of financial year	58,003	180,814	45,312	138,338	29,998	452,465
Additions	–	2,070	–	4,612	8,039	14,721
Reclassifications from investment properties						
– At fair value (Note 21)	120	3,124	–	–	–	3,244
– Transfer to asset valuation reserve (Note 29(b)(v))	4	–	–	–	–	4
	124	3,124	–	–	–	3,248
Disposals	–	(2,127)	(113)	(35,922)	–	(38,162)
Transfers	–	354	536	21,592	(22,482)	–
End of financial year	58,127	184,235	45,735	128,620	15,555	432,272
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	16,850	79,998	4,620	109,054	–	210,522
Depreciation charge	838	4,017	3,022	10,712	–	18,589
Disposals	–	(1,899)	(93)	(35,218)	–	(37,210)
End of financial year	17,688	82,116	7,549	84,548	–	191,901
Net book value						
End of financial year	**40,439**	**102,119**	**38,186**	**44,072**	**15,555**	**240,371**

23. INTANGIBLE ASSETS

	Group		Company	
	2018 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000
Composition:				
Goodwill on acquisitions (Note (a))	**299,384**	305,118	**–**	–
Customer relationships (Note (b))	**29,249**	36,683	**–**	–
Preferential rent (Note (c))	**4,047**	4,667	**–**	–
Acquired software licence (Note (d))	**12,343**	11,040	**–**	–
Trademarked brands (Note (e))	**40,707**	43,175	**–**	–
	385,730	400,683	**–**	–

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23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Cost				
Beginning of financial year	**491,781**	482,322	**–**	227
Write-off	**–**	(227)	**–**	(227)
Currency translation differences	**(5,734)**	9,686	**–**	–
End of financial year	**486,047**	491,781	**–**	–
Accumulated impairment				
Beginning of financial year	**(186,663)**	–	**–**	–
Impairment charge (Note 9)	**–**	(186,663)	**–**	–
End of financial year	**(186,663)**	(186,663)	**–**	–
Net book value	**299,384**	305,118	**–**	–

Impairment tests for goodwill

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

	Group	
	2018	2017
	S$'000	S$'000
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**59,908**	59,908
Couriers Please Holdings Pty Limited	**74,145**	78,521
Tras - Inter Co. Ltd	**2,339**	2,369
F.S. Mackenzie Limited	**5,241**	4,952
Famous Pacific Shipping (NZ) Limited	**5,361**	5,515
The Store House Limited	**10,456**	11,264
Rotterdam Harbour Holding B.V.	**17,113**	15,812
L+S Self Storage Pte Ltd	**10,646**	10,646
Jagged Peak, Inc	**20,499**	21,860
TG Acquisition Corporation*	**8,961**	9,556
	299,384	305,118

* TG Acquisition Corporation is the immediate holding company of TradeGlobal.

The recoverable amount of each CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets covering a five-year period (2017: minimally, a three-year period). Cash flows beyond the periods covered by the financial budgets were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the country in which the CGU operates.

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23. 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.	L+S Self Storage Pte Ltd	Jagged Peak, Inc	TG Acquisition Corporation
2018											
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate	9.0%	7.3%	10.0%	8.7%	10.0%	10.0%	7.3%	10.0%	7.3%	10.0%	10.5%
2017											
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate	9.0%	7.0%	10.0%	8.7%	10.0%	10.0%	7.0%	10.0%	7.0%	10.0%	10.5%

The above assumptions were used for the analysis of each material CGU.

A total impairment charge of $Nil (2017: $186.7 million) is included within "Exceptional items" in the consolidated income statement.

The total impairment charge in the preceding financial year consisted of:

- S$166.1 million for the TG Acquisition Corporation CGU which arose as a result of the CGU not achieving the underlying profit assumptions of the business plan which supported the investment; and
- S$20.6 million for the Famous Holdings Pte. Ltd CGU.

The impairment test carried out as at 31 March 2018 for the Quantium Solutions International Pte. Ltd. CGU, which comprises 26% (2017: 26%) of the goodwill recognised on the statement of financial position, has revealed that the recoverable amount of the CGU is S$14,435,000 or 16% (2017: S$3,707,000 or 4%) higher than its carrying amount. A further decrease in the terminal growth rate by 1.1% (2017: 0.4%) or an increase in the discount rate by 0.8% (2017: 0.3%) would result in the recoverable amount of the Quantium Solutions International Pte. Ltd. CGU being equal to its carrying amount.

The impairment test carried out as at 31 March 2018 for The Store House Limited, which comprises 3% (2017: 4%) of the goodwill recognised on the statement of financial position, has revealed that the recoverable amount of the CGU is S$1,697,000 or 16% higher than its carrying amount. A further decrease in the terminal growth rate by 0.7% or an increase in the discount rate by 0.5% would result in the recoverable amount of The Store House Limited being equal to its carrying amount. The impairment test carried out as at 31 March 2017 for The Store House Limited was assessed collectively with General Storage Company Pte.Ltd and L+S Self Storage Pte. Ltd..

The impairment test carried out as at 31 March 2018 for the Couriers Please Holdings Pty Limited, which comprises 25% (2017: 26%) of the goodwill recognised on the statement of financial position, has revealed that the recoverable amount of the CGU is S$20,292,000 or 20% (2017: S$47,433,000 or 41%) higher than its carrying amount. A further decrease in the terminal growth rate by 0.7% or an increase in the discount rate by 0.8% (2017: 2.3%) would result in the recoverable amount of the Couriers Please Holdings Pty Limited being equal to its carrying amount. A zero growth rate assumption in 2017 would still result in the recoverable amount being higher than its carrying value.

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For the financial year ended 31 March 2018

23. INTANGIBLE ASSETS (continued)

(b) Customer relationships

	Group	
	2018	2017
	S$'000	S$'000
Cost		
Beginning of financial year	**67,524**	65,395
Currency translation differences	**(2,102)**	2,129
End of financial year	**65,422**	67,524
Accumulated amortisation and impairment		
Beginning of financial year	**(30,841)**	(7,451)
Amortisation charge	**(5,332)**	(4,437)
Impairment charge (Note 9)	**–**	(18,953)
End of financial year	**(36,173)**	(30,841)
Net book value	**29,249**	36,683

In the preceding financial year ended 31 March 2017, the Group recognised an impairment charge of $19.0 million on its customer relationships in relation to the acquisition of TG Acquisition Corporation. The impairment charge arose as a result of the loss of two major customers of TradeGlobal, and was included within "Exceptional items" in the consolidated income statement (Note 9).

(c) Preferential rent

	Group	
	2018	2017
	S$'000	S$'000
Cost		
Beginning of financial year	**7,507**	7,474
Currency translation differences	**(5)**	33
End of financial year	**7,502**	7,507
Accumulated amortisation		
Beginning of financial year	**(2,840)**	(2,081)
Amortisation charge	**(615)**	(759)
End of financial year	**(3,455)**	(2,840)
Net book value	**4,047**	4,667

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For the financial year ended 31 March 2018

23. INTANGIBLE ASSETS (continued)

(d) Acquired software licence

	Group	
	2018	2017
	S$'000	S$'000
Cost		
Beginning of financial year	**13,733**	6,703
Additions	**5,562**	6,891
Currency translation differences	**(561)**	139
End of financial year	**18,734**	13,733
Accumulated amortisation		
Beginning of financial year	**(2,693)**	(262)
Amortisation charge	**(3,698)**	(2,431)
End of financial year	**(6,391)**	(2,693)
Net book value	**12,343**	11,040

(e) Trademarked brands

	Group	
	2018	2017
	S$'000	S$'000
Cost		
Beginning of financial year	**43,262**	41,907
Currency translation differences	**(2,408)**	1,355
End of financial year	**40,854**	43,262
Accumulated amortisation		
Beginning of financial year	**(87)**	(23)
Amortisation charge	**(60)**	(64)
End of financial year	**(147)**	(87)
Net book value	**40,707**	43,175

Included in the carrying amount is a trademarked brand with indefinite useful life of S$40,324,000 (2017: S$42,704,000).

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

	Group	
	2018	2017
Terminal growth rate	**2.5%**	2.5%
Discount rate	**8.7%**	8.7%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Current				
Trade payables				
– Subsidiaries	**–**	–	**52,849**	79,343
– Companies related by a substantial shareholder	**3,251**	346	**3,251**	346
– Non-related parties	**302,470**	200,982	**263,127**	163,779
	305,721	201,328	**319,227**	243,468
Advance billings	**30,789**	31,712	**17,992**	18,525
Accrual for other operating expenses	**103,489**	104,193	**62,055**	48,754
Provision for reinstatement costs (Note (a))	**1,454**	1,488	**577**	–
Interest payable	**3,510**	631	**3,510**	631
Customers' deposits	**4,695**	4,630	**4,695**	4,630
Collections on behalf of third parties	**26,741**	18,540	**26,741**	18,540
Contingent consideration payable (Note (b))	**14,803**	–	**–**	–
Tender deposits	**23,366**	19,758	**16,094**	12,473
Other creditors	**11,223**	12,804	**7,871**	6,660
	525,791	395,084	**458,762**	353,681
Non-current				
Contingent consideration payable (Note (b))	**3,177**	23,363	**–**	–
Deferred lease	**2,778**	2,574	**–**	–
Accrual for the operating expenses	**1,402**	1,225	**–**	–
Provision for reinstatement costs (Note (a))	**14,218**	15,232	**1,358**	2,070
Post-employment benefits (Note 32)	**1,893**	2,068	**–**	–
	23,468	44,462	**1,358**	2,070
Total trade and other payables	**549,259**	439,546	**460,120**	355,751

(a) *Provision for reinstatement costs*

A provision is recognised for the present value of costs to be incurred for the restoration of the Group's investment properties and property, plant and equipment.

Movement in this provision is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**16,720**	–	**2,070**	–
Provision made	**–**	16,720	**–**	2,070
Adjustment	**(1,048)**	–	**(135)**	–
End of financial year	**15,672**	16,720	**1,935**	2,070

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For the financial year ended 31 March 2018

24. TRADE AND OTHER PAYABLES (continued)

(b) Contingent consideration payable

(i) F.S. Mackenzie Limited ("FSML")

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

In the current year, the contingent consideration amounting to S$2,127,000 was fully paid upon the fulfillment of the terms agreed upon during acquisition.

(ii) Famous Pacific Shipping (NZ) Limited ("FPSNZ")

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

In the current year, the contingent consideration amounting to S$1,603,000 was fully paid upon the fulfillment of the terms agreed upon during acquisition.

(iii) Rotterdam Harbour Holding B.V. ("FPS Rotterdam")

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.

As at 31 March 2018, the fair value of contingent consideration amounted to S$3,177,000 (2017: S$3,797,000).

(iv) Jagged Peak, Inc. ("JP")

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 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.

As at 31 March 2018, the fair value of contingent consideration amounted to S$14,803,000 (2017: S$15,786,000).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

25. BORROWINGS

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Other borrowings	**243,978**	363,985	**201,569**	320,061

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

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**6,475**	14,043	**–**	–
– Borrowings (unsecured)	**17,000**	134,743	**–**	117,743
	23,475	148,786	**–**	117,743
Non-current				
– Borrowings (secured)	**18,934**	12,881	**–**	–
– Borrowings (unsecured)	**201,569**	202,318	**201,569**	202,318
	220,503	215,199	**201,569**	202,318
	243,978	363,985	**201,569**	320,061

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$50.2 million (2017: S$49.3 million) (Note 21) or assets with carrying amount of S$41.0 million (2017: S$38.0 million) at the end of the reporting period, 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% (2017: 3.5%) per annum.

Fair value of non-current borrowings

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**18,934**	12,881	**–**	–
– Borrowings (unsecured)	**204,386**	207,896	**204,386**	207,896
	223,320	220,777	**204,386**	207,896

The fair value of the Notes above are determined based on the over-the-counter quoted price.

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FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

25. BORROWINGS (continued)

The fair value of external bank loans are computed based on cash flows discounted at market borrowing rates. The fair value is classified within Level 2 of the fair value hierarchy.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 35(a)(ii).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 April 2017	Financing cash flows (i)	Foreign exchange movement	Other changes (ii)	31 March 2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	363,985	(125,338)	(1,112)	6,443	243,978

(i) The cash flows consist of interest paid, net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals and payments.

26. 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 2018. 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, National Trade Union Congress and Economic Development Board. 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 end of the reporting period are S$7,238,000 (2017: S$7,413,000) and S$42,307,000 (2017: S$49,545,000).

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27. DEFERRED INCOME TAXES

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

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Deferred income tax assets	**3,197**	6,218	**–**	–
Deferred income tax liabilities	**52,392**	62,547	**23,253**	22,603

Movement in the deferred income tax account is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**56,329**	60,491	**22,603**	19,199
Currency translation differences	**(2,074)**	1,062	**–**	–
Tax (credited)/charged to profit or loss (Note 10)	**(5,060)**	(4,170)	**650**	3,404
Revaluation of properties, plant and equipment transferred to investment properties	**–**	(1,054)	**–**	–
End of financial year	**49,195**	56,329	**23,253**	22,603

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 and capital allowance of S$197,657,000 (2017: S$155,354,000) at the end of the reporting period 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.

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For the financial year ended 31 March 2018

27. DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others [1] S$'000	Total S$'000
2018			
Beginning of financial year	**39,979**	**30,806**	**70,785**
Currency translation differences	**(967)**	**(1,428)**	**(2,395)**
Credited to profit or loss	**(2,959)**	**(4,798)**	**(7,757)**
End of financial year	**36,053**	**24,580**	**60,633**
2017			
Beginning of financial year	27,128	39,091	66,219
Currency translation differences	201	528	729
Charged/(credited) to profit or loss	12,650	(7,759)	4,891
Revaluation of property, plant and equipment transferred to investment properties (Note 29(b)(v))	–	(1,054)	(1,054)
End of financial year	39,979	30,806	70,785

[1] Mainly arises from intangible assets

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2018			
Beginning of financial year	**(12,829)**	**(1,627)**	**(14,456)**
Currency translation difference	**193**	**128**	**321**
Charged to profit or loss	**2,678**	**19**	**2,697**
End of financial year	**(9,958)**	**(1,480)**	**(11,438)**
2017			
Beginning of financial year	(3,216)	(2,512)	(5,728)
Currency translation difference	24	309	333
(Credited)/charged to profit or loss	(9,637)	576	(9,061)
End of financial year	(12,829)	(1,627)	(14,456)

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FINANCIAL STATEMENTS

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27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2018			
Beginning of financial year	**22,337**	**452**	**22,789**
Charged to profit or loss	**601**	**51**	**652**
End of financial year	**22,938**	**503**	**23,441**
2017			
Beginning of financial year	18,731	632	19,363
Charged/(credited) to profit or loss	3,606	(180)	3,426
End of financial year	22,337	452	22,789

Deferred income tax assets

	Provisions S$'000
2018	
Beginning of financial year	**(186)**
Credited to profit or loss	**(2)**
End of financial year	**(188)**
2017	
Beginning of financial year	(164)
Credited to profit or loss	(22)
End of financial year	(186)

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28. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2018				
Beginning of financial year	**2,275,084**	**(1,181)**	**638,756**	**(1,227)**
– Treasury shares purchased	**–**	**(12,283)**	**–**	**(15,977)**
Employee share option scheme				
– New shares issued	**5**	**–**	**6**	**–**
– Treasury shares re-issued	**–**	**1,137**	**–**	**1,181**
End of financial year	**2,275,089**	**(12,327)**	**638,762**	**(16,023)**
2017				
Beginning of financial year	2,163,001	(2,046)	448,775	(2,116)
– New shares issued	107,554	–	183,960	–
Employee share option scheme				
– New shares issued	4,529	–	6,021	–
– Treasury shares re-issued	–	865	–	889
End of financial year	2,275,084	(1,181)	638,756	(1,227)

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

(a) Treasury shares

The Company acquired 12,283,000 (2017: Nil) of its issued shares in the open market during the financial year. The total amount paid to acquire the shares was S$15,977,000 and this was presented as a component within shareholders' equity.

The Company re-issued 1,137,000 (2017: 865,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices ranging from S$1.03 to S$1.35. The cost of the treasury shares re-issued amounted to S$1,181,000 (2017: S$889,000).

(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 Bob Tan Beng Hai (Chairman[1]), Mr Simon Claude Israel, Mrs Fang Ai Lian and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2018.

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 Bob Tan Beng Hai was appointed as chairperson of the Compensation Committee on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the Compensation Committee.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

The principal terms of the Scheme are as follows:

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

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

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

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 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 30.0 per cent of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant **OR** Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On/After third anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 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

- On 11 May 2012, 17 January 2014, 7 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's 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 2017, a total of 178,687,936 share options were granted. Particulars of the options were set out in the Directors' Statement for the respective financial years.

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28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

During the financial year ended 31 March 2018, no 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**	**Balance At 1.4.17 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.18 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	196	–
30.06.08	01.07.09 to 30.06.18	S$1.100	190	–	–	–	190
29.06.10	30.06.11 to 29.06.20	S$1.140	513	–	–	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	666	–	13	–	653
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	43	–	1,007
10.08.12	11.08.13 to 10.08.22	S$1.070	1,524	–	150	–	1,374
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	75	–
17.01.14	18.01.17 to 17.01.24	S$1.350	7,602	–	30	3,378	4,194
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	80	–	–	80	–
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	5,633	–	–	2,210	3,423
07.08.14	08.08.15 to 07.08.24	S$1.760	568	–	–	250	318
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	100	850
19.05.15	20.05.16 to 19.05.25	S$1.890	12,957	–	–	7,485	5,472
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.26	S$1.570	6,687	–	–	1,872	4,815
Total Share Options			39,431	–	236	15,646	23,549

No option has been granted to controlling shareholders of the Company or their associates.

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28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") are designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan will continue to 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) prior to FY2017/18 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 2017, a total of 5,839,118 restricted shares were granted.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Restricted Share Plan (continued)

During the financial year ended 31 March 2018, no restricted shares were granted under the Plan. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year is as follows:

Date of Grant	Balance As At 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
05.08.13	8	–	–	–	8
20.05.14	233	–	214	16	3
19.05.15	396	–	170	57	169
20.05.16	2,018	–	522	648	848
Total	2,655	–	906	721	1,028

Enhanced Plan

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that certain prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 17/18 onwards comprises of two types of awards:

(a) Performance Share Award; and

(b) Restricted Share Award.

The Performance Share Award, granted to senior management, have two long-term performance hurdles: Return on Equity ("ROE") and Absolute Total Shareholder Returns ("TSR"). The Restricted Share Award, granted to a broader group of executives and key talents, have one long-term performance hurdle: Underlying Net Profit ("UNP"). The performance period for the awards granted is three or four years depending on when performance targets are achieved.

The performance conditions would incorporate stretched targets aimed at delivering long-term shareholder value. Depending on the extent of the satisfaction of the relevant performance criteria, 0% to 200% of the shares comprised in the awards may vest.

Performance Share Awards

During the financial year ended 31 March 2018, 359,478 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 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
18.01.18	–	359	–	–	359
Total	–	359	–	–	359

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For the financial year ended 31 March 2018

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Enhanced Plan (continued)

Restricted Share Awards

During the financial year ended 31 March 2018, 1,354,999 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 1.4.17 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.18 ('000)
18.01.18	–	1,355	–	37	1,318
Total	–	1,355	–	37	1,318

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 23,549,000 (2017: 39,431,000) shares, 16,182,000 (2017: 17,219,000) options are exercisable as at 31 March 2018. Options exercised in the financial year ended 31 March 2018 resulted in 5,000 (2017: 4,529,000) new ordinary shares being issued for options with average exercise price of S$1.070 (2017: S$1.247), rounded to 3 decimal places. Options were exercised throughout the year. The weighted average share price during the financial year was S$1.31 (2017: S$1.49).

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	Performance Share Awards (TSR)	Performance Share Awards (ROE)	Restricted Share Awards (UNP)
2018			
Total fair value of options granted during financial year	S$99,755	S$213,889	S$1,568,575
Valuation Model	Black-Scholes & Monte Carlo Simulation	Discounted Cashflow	Discounted Cashflow
Weighted average share price at the grant dates	S$1.26	S$1.26	S$1.26
Expected volatility	19%	–	–
Expected option life	3 years	3 years	3 years
Expected dividend yield	2.5%	2.5%	2.5%

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28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

The volatility assumption is based on the actual volatility of Singapore Post's daily closing share price over the three-year period to the valuation date.

The annual risk free rate is interpolated from the yield on Singapore Government Bonds of appropriate term, as detailed by the Monetary Authority of Singapore.

Type of Share Options	Singapore Post Share Option Scheme 2012	Restricted Share Plan
2017		
Total fair value of options granted during financial year	S$989,225	S$2,840,681
Valuation Model	Trinomial Option Pricing Model	Adjusted Share Price Model
Weighted average share price at the grant dates	S$1.58	S$1.58
Weighted average exercise price	S$1.57	S$1.55
Expected volatility	14%	–
Expected option life	10 years	3 years
Annual risk-free interest rate (per annum)	1.6%	0.9%
Expected dividend yield	4.5%	4.5%

The volatility measured was based on the historical volatility of the rate of returns of the Company's shares since listing date of 13 May 2003.

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

29. OTHER RESERVES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
(a) Composition:				
Share option reserve	**9,422**	8,990	**9,422**	8,990
Fair value reserve	**(236)**	(659)	**(236)**	(659)
Currency translation reserve	**(25,145)**	(17,841)	**–**	–
Other capital reserve	**35,935**	37,447	**–**	–
Asset valuation reserve	**43,850**	43,850	**28,918**	28,918
	63,826	71,787	**38,104**	37,249

Other reserves are non-distributable.

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29. OTHER RESERVES (continued)

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**8,990**	6,904	**8,990**	6,904
Employee share option scheme:				
– Value of employee services (Note 5)	**1,359**	3,351	**1,359**	3,351
– Issue of shares	**–**	(376)	**–**	(376)
– Re-issuance of treasury shares	**(927)**	(889)	**(927)**	(889)
End of financial year	**9,422**	8,990	**9,422**	8,990
(ii) Fair value reserve				
Beginning of financial year	**(659)**	(1,105)	**(659)**	(1,105)
Fair value gain	**423**	446	**423**	446
End of financial year	**(236)**	(659)	**(236)**	(659)
(iii) Currency translation reserve				
Beginning of financial year	**(17,841)**	(25,042)	**–**	–
Acquisition of non-controlling interests (Note 20)	**–**	23	**–**	–
Partial divestment of a subsidiary	**–**	405	**–**	–
Reclassification on disposal of subsidiaries and associated companies	**–**	73	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(7,298)**	6,797	**–**	–
Less: Non-controlling interests	**(6)**	(97)	**–**	–
End of financial year	**(25,145)**	(17,841)	**–**	–
(iv) Other capital reserve				
Beginning of financial year	**37,447**	37	**–**	–
Acquisition of non-controlling interests (Note 20)	**(433)**	(1,622)	**–**	–
Adjustment	**(1,139)**	–	**–**	–
Partial divestment of a subsidiary	**–**	39,032	**–**	–
Transfer of non-controlling interests of subsidiary to capital reserve	**60**	–	**–**	–
End of financial year	**35,935**	37,447	**–**	–

Other capital reserve mainly arises from changes in shareholding in subsidiaries which do not result in a loss of control.

	Group		Company	
(v) Asset valuation reserve				
Beginning of financial year	**43,850**	26,464	**28,918**	28,914
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 22, 27)	**–**	17,386	**–**	4
End of financial year	**43,850**	43,850	**28,918**	28,918

30. 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 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: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to S$14,875,000 (2017: S$14,875,000) were made to perpetual securities holders.

31. DIVIDENDS

	Group and Company	
	2018	2017
	S$'000	S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 0.5 cent per share (2017: 2.5 cents)	**11,357**	54,075
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 0.5 cent per share (2017: 1.5 cents)	**11,356**	32,457
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 0.5 cent per share (2017: 1.0 cent)	**11,337**	21,648
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 0.5 cent per share (2017: 0.5 cent)	**11,323**	11,368
	45,373	119,548

At the Annual General Meeting on 11 July 2018, a final exempt (one-tier) dividend of 2.0 cents per share amounting to S$45.3 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

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For the financial year ended 31 March 2018

32. POST-EMPLOYMENT BENEFITS

The Group operates one defined benefit pension plan in Japan to provide pensions for employees upon retirement.

	Group	
	2018	2017
	S$'000	S$'000
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations	**1,893**	2,068
The amounts recognised in profit or loss are as follows:		
Current service cost	**463**	187
Interest cost	**13**	14
	476	201
Beginning of financial year	**2,068**	1,796
Current service cost	**463**	187
Interest cost	**13**	14
Benefits paid	**(623)**	–
Currency translation differences	**(28)**	71
End of financial year	**1,893**	2,068
The significant actuarial assumptions used were as follows:		
Discount rate	**0.60%**	0.87%
Retirement age	**60**	60
Salary growth rates	**2.5%**	2.5%
Withdrawal	**0%**	0%
The cumulative actuarial losses recognised for the defined benefit pension plans was as follows:		
Beginning and end of financial year	**(11)**	(11)

33. CONTINGENT LIABILITIES

A foreign subsidiary has tax-related contingent liabilities arising from certain tax compliance issues which, due to inherent uncertainties, is not possible to make an accurate quantification of such liability at this juncture. The Company had notified the relevant regulatory authorities regarding these tax compliance issues. These tax-related contingent liabilities are subject to an indemnity claim by the Group against the vendor under the sale and purchase agreement entered into between the Company and the vendor for which the acquisition of the foreign subsidiary was made.

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For the financial year ended 31 March 2018

34. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for/approved at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Property, plant and equipment	**84,233**	111,762	**70,673**	103,286

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

The Group and Company lease various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**35,110**	38,776	**6,835**	9,413
Between one and five years	**61,177**	65,278	**11,512**	11,307
Later than five years	**21,610**	43,513	**1,131**	2,209
	117,897	147,567	**19,478**	22,929

(c) Operating lease arrangements – *where the Group is a lessor*

The Group and Company lease out various retail and office space under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**26,518**	44,214	**24,248**	39,575
Between one and five years	**46,141**	58,558	**45,225**	55,143
Later than five years	**12,029**	3,750	**12,029**	3,750
	84,688	106,522	**81,502**	98,468

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35. 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 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 USD. 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 and associated companies 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group									
As at 31 March 2018									
Financial assets									
Cash and cash equivalents	**266,956**	**–**	**2,435**	**7,322**	**4,657**	**12,392**	**2,599**	**17,689**	**314,050**
Trade and other receivables	**179,530**	**4,681**	**8,750**	**40,830**	**2,632**	**21,637**	**1,250**	**19,360**	**278,670**
Other financial assets	**3,222**	**–**	**3,230**	**595**	**1,305**	**224**	**127**	**2,691**	**11,394**
Financial assets	**37,122**	**–**	**–**	**–**	**–**	**–**	**–**	**259**	**37,381**
Derivative financial instruments	**–**	**–**	**–**	**1,293**	**–**	**–**	**18,546**	**17**	**19,856**
	486,830	**4,681**	**14,415**	**50,040**	**8,594**	**34,253**	**22,522**	**40,016**	**661,351**
Financial liabilities									
Derivative financial instruments	**–**	**–**	**(146)**	**–**	**–**	**–**	**(186)**	**(133)**	**(465)**
Borrowings	**(226,814)**	**–**	**–**	**(12,405)**	**–**	**–**	**(4,617)**	**(142)**	**(243,978)**
Trade and other payables	**(183,395)**	**(235,716)**	**(4,844)**	**(49,235)**	**(1,865)**	**(15,051)**	**(1,474)**	**(22,219)**	**(513,799)**
	(410,209)	**(235,716)**	**(4,990)**	**(61,640)**	**(1,865)**	**(15,051)**	**(6,277)**	**(22,494)**	**(758,242)**
Net financial assets/(liabilities)	**76,621**	**(231,035)**	**9,425**	**(11,600)**	**6,729**	**19,202**	**16,245**	**17,522**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	**76,621**	**–**	**6,563**	**(16,816)**	**5,875**	**17,461**	**(1,637)**	**19,400**	
Add/(less): Currency forwards	**–**	**115,664**	**–**	**(37,449)**	**–**	**–**	**–**	**–**	
Currency exposure	**–**	**(115,371)**	**2,862**	**(32,233)**	**854**	**1,741**	**17,882**	**(1,878)**	
As at 31 March 2017									
Financial assets									
Cash and cash equivalents	259,026	–	4,926	59,105	8,834	12,319	2,144	20,260	366,614
Trade and other receivables	102,197	5,710	5,009	37,129	8,936	21,859	1,436	23,822	206,098
Other financial assets	3,639	–	3,879	333	1,251	183	137	2,130	11,552
Financial assets	40,049	–	–	–	–	–	–	262	40,311
Derivative financial instruments	–	–	–	–	–	–	16,079	–	16,079
	404,911	5,710	13,814	96,567	19,021	34,361	19,796	46,474	640,654
Financial liabilities									
Derivative financial instruments	–	–	(357)	(597)	–	–	–	(101)	(1,055)
Borrowings	(346,805)	–	–	(11,497)	–	–	(4,809)	(874)	(363,985)
Trade and other payables	(169,327)	(145,249)	(3,412)	(45,971)	(1,826)	(15,163)	(1,287)	(20,957)	(403,192)
	(516,132)	(145,249)	(3,769)	(58,065)	(1,826)	(15,163)	(6,096)	(21,932)	(768,232)
Net financial assets/(liabilities)	**(111,221)**	**(139,539)**	**10,045**	**38,502**	**17,195**	**19,198**	**13,700**	**24,542**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(111,221)	–	5,284	(17,804)	13,651	17,682	(2,379)	19,216	
Add/(less): Currency forwards	–	79,565	–	(85,340)	–	–	–	–	
Currency exposure	–	(59,974)	4,761	(29,034)	3,544	1,516	16,079	5,326	

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35. 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$'000	MYR S$'000	Others S$'000	Total S$'000
Company								
As at 31 March 2018								
Financial assets								
Cash and cash equivalents	**257,442**	**–**	**33**	**601**	**5**	**–**	**31**	**258,112**
Trade and other receivables	**573,979**	**4,681**	**–**	**38,574**	**–**	**6,570**	**–**	**623,804**
Other financial assets	**2,323**	**–**	**–**	**–**	**–**	**–**	**–**	**2,323**
Financial assets	**37,122**	**–**	**–**	**–**	**–**	**–**	**–**	**37,122**
Derivative financial instruments	**–**	**–**	**–**	**1,293**	**–**	**18,546**	**17**	**19,856**
	870,866	**4,681**	**33**	**40,468**	**5**	**25,116**	**48**	**941,217**
Financial liabilities								
Derivative financial instruments	**–**	**–**	**(146)**	**–**	**–**	**(172)**	**(133)**	**(451)**
Borrowings	**(201,569)**	**–**	**–**	**–**	**–**	**–**	**–**	**(201,569)**
Trade and other payables	**(206,412)**	**(235,716)**	**–**	**–**	**–**	**–**	**–**	**(442,128)**
	(407,981)	**(235,716)**	**(146)**	**–**	**–**	**(172)**	**(133)**	**(644,148)**
Net financial assets/(liabilities)	**462,885**	**(231,035)**	**(113)**	**40,468**	**5**	**24,944**	**(85)**	
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	**462,885**	**–**	**–**	**–**	**–**	**–**	**–**	
Add/(less): Currency forwards	**–**	**115,664**	**–**	**(37,449)**	**–**	**–**	**–**	
Currency exposure	**–**	**(115,371)**	**(113)**	**3,019**	**5**	**24,944**	**(85)**	
As at 31 March 2017								
Financial assets								
Cash and cash equivalents	245,017	–	972	54,510	25	–	2,655	303,179
Trade and other receivables	534,448	5,710	–	32,437	–	5,831	–	578,426
Other financial assets	2,359	–	–	–	–	–	–	2,359
Financial assets	39,702	–	–	–	–	–	–	39,702
Derivative financial instruments	–	–	–	–	–	16,142	–	16,142
	821,526	5,710	972	86,947	25	21,973	2,655	939,808
Financial liabilities								
Derivative financial instruments	–	–	(357)	(597)	–	–	(101)	(1,055)
Borrowings	(320,061)	–	–	–	–	–	–	(320,061)
Trade and other payables	(191,977)	(145,249)	–	–	–	–	–	(337,226)
	(512,038)	(145,249)	(357)	(597)	–	–	(101)	(658,342)
Net financial assets/(liabilities)	**309,488**	**(139,539)**	**615**	**86,350**	**25**	**21,973**	**2,554**	
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	309,488	–	–	–	–	–	–	
Add/(less): Currency forwards	–	79,565	–	(85,340)	–	–	–	
Currency exposure	–	(59,974)	615	1,010	25	21,973	2,554	

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35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 2% (2017: 3%) with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit before tax	
	2018	2017
	S$'000	S$'000
Group		
SDR against SGD		
– strengthened	**(2,307)**	(1,799)
– weakened	**2,307**	1,799
Company		
SDR against SGD		
– strengthened	**(2,307)**	(1,799)
– weakened	**2,307**	1,799

If the EUR changes against the SGD by 2% (2017: 4%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2018	2017
	S$'000	S$'000
Group		
EUR against SGD		
– strengthened	**57**	190
– weakened	**(57)**	(190)
Company		
EUR against SGD		
– strengthened	**(2)**	25
– weakened	**2**	(25)

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35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 4% (2017: 4%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2018	2017
	S$'000	S$'000
Group		
USD against SGD		
– strengthened	**(1,289)**	(1,161)
– weakened	**1,289**	1,161
Company		
USD against SGD		
– strengthened	**121**	40
– weakened	**(121)**	(40)

(ii) Interest rate risk

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 variable 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 interest rate risk from its borrowings (Note 25) which bear interest ranging from 0.88% to 3.5% (2017: 0.58% to 3.5%).

As at 31 March 2018 and 2017, if the interest rate had increased/decreased by 1% with all other variables, being held constant, it would have insignificant impact on the profit before tax for the year.

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For the financial year ended 31 March 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other 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. Trade receivables from an associated company represented 46% (2017: 24%) and 60% (2017: 29%) of the Group's and Company's trade receivables respectively. Revenues of S$278,168,000 (2017: S$161,198,000) are derived from the associated company. These revenues are attributable to the Logistics segment.

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

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

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

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**53,950**	56,373	**84,457**	104,466
Other countries	**207,478**	134,757	**117,237**	53,714
	261,428	191,130	**201,694**	158,180
By types of customers				
Related parties	**122,241**	47,891	**161,168**	112,159
Non-related parties:				
– Government bodies	**3,610**	6,321	**3,610**	6,321
– Banks	**7,582**	6,360	**7,307**	6,109
– Overseas postal administrations	**4,562**	5,615	**4,562**	5,615
– Other companies	**123,433**	124,943	**25,047**	27,976
	261,428	191,130	**201,694**	158,180

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For the financial year ended 31 March 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

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

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

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

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Past due up to 3 months	**60,897**	69,076	**39,258**	42,459
Past due over 3 months	**20,111**	5,143	**15,715**	1,058
	81,008	74,219	**54,973**	43,517

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	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Gross amount	**10,053**	5,665	**775**	951
Less: Allowance for impairment	**(10,053)**	(5,665)	**(775)**	(951)
	–	–	**–**	–
Beginning of financial year	**5,665**	5,390	**951**	1,741
Allowance made	**5,528**	1,356	**(142)**	–
Allowance utilised	**(1,140)**	(1,081)	**(34)**	(790)
End of financial year	**10,053**	5,665	**775**	951

The impaired trade receivables arise mainly from sales to certain customers that are in significant financial difficulty.

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For the financial year ended 31 March 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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

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

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 March 2018				
Trade and other payables	**(495,002)**	**(8,407)**	**(2,450)**	**(7,940)**
Borrowings	**(30,475)**	**(223,281)**	**(5,677)**	**–**
	(525,477)	**(231,688)**	**(8,127)**	**(7,940)**
At 31 March 2017				
Trade and other payables	(363,372)	(25,602)	(6,171)	(8,047)
Borrowings	(155,786)	(8,561)	(221,112)	–
	(519,158)	(34,163)	(227,283)	(8,047)
Company				
At 31 March 2018				
Trade and other payables	**(440,770)**	**(709)**	**(394)**	**(255)**
Borrowings	**(7,000)**	**(208,569)**	**–**	**–**
	(447,770)	**(209,278)**	**(394)**	**(255)**
At 31 March 2017				
Trade and other payables	(335,156)	(577)	(943)	(550)
Borrowings	(124,743)	(7,000)	(209,318)	–
	(459,899)	(7,577)	(210,261)	(550)

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35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period.

	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 2018				
Cash and cash equivalents	**314,050**	**–**	**–**	**–**
Trade and other receivables	**271,937**	**4,552**	**2,407**	**128**
Other financial assets	**6,257**	**1,615**	**1,679**	**1,843**
Financial assets	**2,924**	**7,353**	**30,050**	**–**
	595,168	**13,520**	**34,136**	**1,971**
At 31 March 2017				
Cash and cash equivalents	366,614	–	–	–
Trade and other receivables	199,792	–	6,959	132
Other financial assets	6,354	920	3,048	1,230
Financial assets	5,321	977	29,828	8,161
	578,081	1,897	39,835	9,523
Company				
At 31 March 2018				
Cash and cash equivalents	**258,112**	**–**	**–**	**–**
Trade and other receivables	**237,084**	**392,086**	**1,457**	**128**
Other financial assets	**2,323**	**–**	**–**	**–**
Financial assets	**2,924**	**7,353**	**29,791**	**–**
	500,443	**399,439**	**31,248**	**128**
At 31 March 2017				
Cash and cash equivalents	303,179	–	–	–
Trade and other receivables	178,817	267,936	142,570	132
Other financial assets	2,821	–	–	–
Financial assets	4,974	977	29,566	8,161
	489,791	268,913	172,136	8,293

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35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following table details the liquidity analysis for derivative financial liabilities. The table has been drawn up based on the undiscounted net cash inflows and (outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Group		Company	
Less than 1 year	**2018 S$'000**	2017 S$'000	**2018 S$'000**	2017 S$'000
Net settled:				
Warrants	**18,521**	16,011	**18,521**	16,011
Gross settled:				
Foreign exchange forward				
Gross inflow	**199,171**	700,474	**199,185**	700,537
Gross outflow	**(198,301)**	(701,461)	**(198,301)**	(701,461)
	19,391	15,024	**19,405**	15,087

(d) Capital risk

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

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

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

	Group		Company	
	2018 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000
Net (cash)/debt	**(70,072)**	(2,629)	**(56,543)**	16,882
Total equity	**1,789,896**	1,757,718	**1,748,703**	1,679,232
Gearing ratio	**(3.9%)**	(0.1%)	**(3.2%)**	1.0%

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

35. FINANCIAL RISK MANAGEMENT (continued)

(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 end of the reporting period. 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 the end of each reporting period. 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 24 for details.

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

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

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35. 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
Group				
2018				
Assets				
Available-for-sale financial assets	**1,921**	**–**	**4,820**	**6,741**
Held-to-maturity financial assets	**30,640**	**–**	**–**	**30,640**
Derivative financial instruments	**18,521**	**1,335**	**–**	**19,856**
Liabilities				
Derivative financial instruments	**–**	**465**	**–**	**465**
Contingent consideration payable	**–**	**–**	**17,980**	**17,980**
2017				
Assets				
Available-for-sale financial assets	3,954	–	5,170	9,124
Held-to-maturity financial assets	31,187	–	–	31,187
Derivative financial instruments	16,011	68	–	16,079
Liabilities				
Derivative financial instruments	–	1,055	–	1,055
Contingent consideration payable	–	–	23,363	23,363
Company				
2018				
Assets				
Available-for-sale financial assets	**1,921**	**–**	**4,561**	**6,482**
Held-to-maturity financial assets	**30,640**	**–**	**–**	**30,640**
Derivative financial instruments	**18,521**	**1,335**	**–**	**19,856**
Liabilities				
Derivative financial instruments	**–**	**451**	**–**	**451**
2017				
Assets				
Available-for-sale financial assets	3,954	–	4,561	8,515
Held-to-maturity financial assets	31,187	–	–	31,187
Derivative financial instruments	16,011	131	–	16,142
Liabilities				
Derivative financial instruments	–	1,055	–	1,055

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35. FINANCIAL RISK MANAGEMENT (continued)

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

The following table presents the changes in Level 3 instruments:

	Company	Group		
	Available-for-sale financial assets S$'000	Available-for-sale financial assets S$'000	Contingent consideration S$'000	Total S$'000
2018				
Beginning of financial year	**4,561**	**5,170**	**23,363**	**28,533**
Fair value losses recognised in				
– Profit or loss	**–**	**–**	**(452)**	**(452)**
– Other comprehensive income	**–**	**(347)**	**–**	**(347)**
Partial settlement of contingent consideration	**–**	**–**	**(4,635)**	**(4,635)**
Currency translation differences	**–**	**(3)**	**(296)**	**(299)**
End of financial year	**4,561**	**4,820**	**17,980**	**22,800**
Total losses for the year included in profit or loss for assets and liabilities held at the end of the financial year	**–**	**–**	**(452)**	**(452)**
2017				
Beginning of financial year	4,561	5,159	53,216	58,375
Fair value losses recognised in				
– Profit or loss	–	–	(196)	(196)
Partial settlement of contingent consideration	–	–	(2,588)	(2,588)
Write-down of contingent consideration	–	–	(27,816)	(27,816)
Currency translation differences	–	11	747	758
End of financial year	4,561	5,170	23,363	28,533
Total losses for the year included in profit or loss for assets and liabilities held at the end of the financial year	–	–	(196)	(196)

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

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For the financial year ended 31 March 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Notes 13, 15 and 25 to the financial statements, except for the following:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Loans and receivables	**604,114**	584,264	**884,239**	883,964
Financial liabilities at amortised cost	**513,799**	403,192	**442,128**	337,226

(g) Offsetting financial assets and financial liabilities

There were no financial instruments subject to enforceable master netting arrangement for the year ended 31 March 2018.

The Group and Company have the following financial instruments subject to enforceable master netting arrangements or similar agreement for the financial year ended 31 March 2017:

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)+(d)
	Related amounts set off in the statement of financial position			Related amounts not set off in the statement of financial position		
	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 statement of financial position S$'000	Financial instruments S$'000	Cash collateral pledged S$'000	Net amount S$'000
At 31 March 2017						
Currency forwards	724	(1,779)	(1,055)	–	–	(1,055)

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36. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2018	2017
	S$'000	S$'000
Services rendered to an associated company	**278,168**	161,198
Services received from associated companies	**(968)**	(1,038)
Services rendered to related companies of a substantial shareholder	**19,478**	23,671
Services received from related companies of a substantial shareholder	**(11,429)**	(12,025)
Interest received from loans to associated companies	**86**	812

During the financial year ended 31 March 2018, the Company made payments on behalf of subsidiaries totalling S$50.2 million (2017: S$47.5 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the end of the reporting period and are disclosed in Notes 14 and 24 respectively.

(b) Key management personnel compensation is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Salaries and other short-term employee benefits	**6,709**	6,534
Post-employment benefits – contribution to CPF	**98**	68
Share-based staff costs	**417**	540
	7,224	7,142

Included in the above is total compensation to non-executive directors of the Company amounting to S$1,235,000 (2017: S$1,525,000).

37. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer and Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. The Group has reclassified the reporting of certain business units into four business segments, namely Postal, Logistics, eCommerce and Property. Management manages and monitors the business in these primary business areas:

- Postal – Postal segment provides comprehensive services for collecting, sorting, transporting and distributing domestic and international mail as well as sale of philatelic products, agency services and financial services. 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 (SP Parcels), freight forwarding (Famous Group) and self-storage solutions (General Storage).

- eCommerce ("eCom") – eCommerce segment provides front-end eCommerce solutions.

- Property – Property segment provides commercial property rental.

Other operations include unallocated corporate overhead items and trade-related translation differences, 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.

In line with the change in reporting structure of the Group as set out above, segment information for the financial year ended 31 March 2017 has been restated to conform to current year's presentation.

37. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2018 and 2017 are as follows:

	Postal S$'000	Logistics S$'000	eCom S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2018							
Revenue:							
– External	609,782	588,716	265,601	–	–	–	1,464,099
– Inter-segment	16,118	75,175	10	–	–	(91,303)	–
	625,900	663,891	265,611	–	–	(91,303)	1,464,099
Other income and gains (net)							
– Rental, property-related and miscellaneous income							
– External	1,046	990	2,758	49,656	4,395	–	58,845
– Inter-segment	–	–	–	32,414	–	(32,414)	–
	1,046	990	2,758	82,070	4,395	(32,414)	58,845
Operating profit/(loss)	144,627	10,386	(16,696)	36,331	(31,142)	–	143,506
Depreciation and amortisation	9,088	11,587	20,508	15,843	3,723	–	60,749
Segment assets	225,865	623,000	159,595	1,315,208	93,802	–	2,417,470
Segment assets include:							
Investment in associated companies	–	52,984	–	–	61,941	–	114,925
Intangible assets	–	314,295	71,435	–	–	–	385,730
Additions to:							
– Property, plant and equipment	6,349	4,465	4,941	6,133	12,265	–	34,153
– Investment property	–	–	–	32,691	–	–	32,691

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37. SEGMENT INFORMATION (continued)

	Postal S$'000	Logistics S$'000	eCom S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2017 (Restated)							
Revenue:							
– External	518,637	562,785	266,342	–	–	–	1,347,764
– Inter-segment	25,504	74,016	2	–	–	(99,522)	–
	544,141	636,801	266,344	–	–	(99,522)	1,347,764
Other income and gains (net)							
– Rental, property-related and miscellaneous income							
– External	1,105	2,900	317	41,188	841	–	46,351
– Inter-segment	–	–	–	30,326	–	(30,326)	–
	1,105	2,900	317	71,514	841	(30,326)	46,351
Operating profit/(loss)	150,707	23,596	(33,790)	31,097	(24,600)	–	147,010
Depreciation and amortisation	9,249	9,419	15,857	13,383	3,110	–	51,018
Segment assets	148,449	667,109	183,743	1,282,089	81,604	–	2,362,994
Segment assets include:							
Investment in associated companies	–	62,367	–	–	55,416	–	117,783
Intangible assets	–	321,074	79,609	–	–	–	400,683
Additions to:							
– Property, plant and equipment	6,693	13,595	21,171	52,877	11,289	–	105,625
– Investment property	–	–	–	97,818	–	–	97,818

37. SEGMENT INFORMATION (continued)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

(a) Reconciliation of segment profits

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 results of associated companies and joint venture. Interest income and finance expenses are not allocated to segments.

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

	2018	2017
	S$'000	S$'000
		(Restated)
Operating profit for reportable segments	**174,648**	171,610
Other segments operating loss	**(31,142)**	(24,600)
Exceptional items	**14,522**	(88,653)
Finance expenses	**(13,411)**	(5,674)
Interest income	**4,686**	3,439
Share of loss of associated companies and joint venture	**(3,099)**	(1,177)
Profit before tax	**146,204**	54,945

(b) Reconciliation of segment assets

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 statement of financial position 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. Cash and cash equivalents are allocated to reportable segments where applicable.

	2018	2017
	S$'000	S$'000
		(Restated)
Segment assets for reportable segments	**2,323,668**	2,281,390
Other segments assets	**93,802**	81,604
Unallocated:		
Cash and cash equivalents	**250,259**	297,808
Financial assets	**37,122**	39,702
Derivative financial instruments	**19,856**	16,079
Total assets	**2,724,707**	2,716,583

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37. SEGMENT INFORMATION (continued)

(c) Revenue from major products and services

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

	2018 S$'000	2017 S$'000 (Restated)
Domestic and International Mail services	**609,782**	518,637
Domestic and International distribution and delivery services	**588,716**	562,785
Retail and eCommerce sale of products and services	**265,601**	266,342
Revenue	**1,464,099**	1,347,764

(d) Geographical information

The Group's three business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 53% (2017: 50%) of its revenues are generated. The operations in this area comprise principally of the core postal business, post office products and services, courier activities and investment holding.
- The United States – the operations in this area are principally front-end related e-commerce businesses.
- Australia – the operations in this area are principally delivery services and e-commerce logistics solutions.
- Other countries – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2018 S$'000	2017 S$'000 (Restated)
Singapore	**770,369**	667,474
The United States	**235,811**	235,599
Australia	**194,241**	188,087
Other countries	**263,678**	256,604
	1,464,099	1,347,764

The geographical information on the Group's non-current assets is not presented as it is not used for segmental reporting purposes.

NOTES TO THE

FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

(a) Adoption of a new financial reporting framework

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 March 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

(b) SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 March 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 March 2019, an additional opening statement of financial position as at date of transition (1 April 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 April 2017) and as at end of last financial period under FRS (31 March 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 March 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and does not expect the adoption of the new accounting framework to have a material impact on the financial statements, other than the effects arising from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and electing the following transition options:

(i) The currency translation loss of the Group as at 1 April 2017 of S$17.8 million will be reset to nil upon its transfer to retained earnings as at 1 April 2017.

(ii) Both the assets and retained earnings of the Group will be lower by S$50.0 million following the use of fair value as the "deemed cost" as at 1 April 2017 for certain property, plant and equipment.

(c) New SFRS(I) that may have impact

The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

- SFRS(I) 9 *Financial Instruments*

  SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets. This will take effect from financial year beginning on 1 April 2018, with retrospective application.

38. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

(c) New SFRS(I) that may have impact (continued)

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at fair value through other comprehensive income ("FVTOCI"), with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- In respect of hedge accounting, SFRS(I) 9 provides a greater flexibility to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of SFRS(I) 9 will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

(c) New SFRS(I) that may have impact (continued)

- SFRS(I) 15 *Revenue from Contracts with Customers*

  SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This will take effect from financial year beginning on 1 April 2018, with retrospective application.

  The core principle of SFRS(I) 15 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

  - 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.

  Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

  The Group received upfront payments from certain financial services contracts which were recognised in profit or loss over the contract period (Note 26). Management has determined that a significant financing component may exist arising from these upfront payments received. As a result, finance expenses will be recognised and the retained earnings as at 31 March 2018 is estimated to decrease by S$2.8 million.

- SFRS(I) 16 *Leases*

  The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. This will take effect from financial year beginning on 1 April 2019, with retrospective application. Management does not plan to early adopt SFRS(I) 16 for the financial year ending 31 March 2019.

  Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

(c) New SFRS(I) that may have impact (continued)

- SFRS(I) 16 *Leases* (continued)

  The standard will affect primarily the accounting for the Group's operating leases as a lessee. As at the reporting date, the Group has non-cancellable operating lease commitments of S$117.9 million (Note 34(b)). Upon adoption of SFRS(I) 16, all non-cancellable lease obligations other than those which fall within the above exemptions, will be recognised as liabilities concurrently with the recognition of right of use of assets.

39. RESTATEMENTS AND COMPARATIVES

(a) Consolidated income statement

The following adjustments have been made to the prior year's consolidated income statement and related notes to the financial statements:

(i) Revenue from merchant of record service is presented on a net basis; and

(ii) Labour costs from contract hires are reclassified from "Labour and related expenses" to "Volume – related expenses".

	Previously reported 2017 S$'000	After restatement 2017 S$'000
Revenue	1,348,502	1,347,764
Labour and related expenses	(345,099)	(328,559)
Volume-related expenses	(688,653)	(704,455)

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

39. RESTATEMENTS AND COMPARATIVES (continued)

(b) Consolidated statement of cash flows

Certain adjustments have been made to the prior year's consolidated statement of cash flows to enhance comparability with the current year's consolidated statement of cash flows to reclass associated cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control from investing activities to financing activities.

	Previously reported 2017 S$'000	After restatement 2017 S$'000
Consolidated Statement of Cash Flows		
Investing activities		
Acquisition of non-controlling interests	(2,375)	–
Proceeds from partial divestment of interest in a subsidiary	85,643	–
Net cash used in investing activities	(89,599)	(172,867)
Financing activities		
Acquisition of non-controlling interests	–	(2,375)
Proceeds from partial divestment of interest in a subsidiary	–	85,643
Net cash provided by financing activities	129,507	212,775

(c) Trade and other payables

In addition, comparative figures for certain line items of trade and other payables for the Group (Note 24) have been adjusted to conform to the current year's presentation following the separate disclosure of post-employment benefits (Note 32).

	Previously reported 2017 S$'000	After restatement 2017 S$'000
Trade and Other Payables		
Current		
Accrual for other operating expenses	105,681	104,193
Provision for reinstatement costs	–	1,488
	105,681	105,681
Non-current		
Accrual for other operating expenses	1,805	1,225
Provision for reinstatement costs	16,720	15,232
Post-employment benefits	–	2,068
	18,525	18,525

As the amounts are reclassifications within current and non-current trade and other payables, this reclassification did not have any effect on the statement of financial position. Accordingly, a third statement of financial position is not presented.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018 %	2017 %	**2018 %**	2017 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte Ltd.	Online sale of luxury products	Singapore	**100**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holdings Pte Ltd	Investment holding	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 subsidiaries						
SP Jagged Peak LLC [1]	Investment holding	United States	**100**	100	**–**	–
Jagged Peak, Inc [1]	eCommerce logistics enabler for high-velocity consumer products	United States	**100**	100	**–**	–
Jagged Peak Canada, Inc [1]	eCommerce logistics enabler for high-velocity consumer products	Canada	**100**	100	**–**	–
Jagged Peak UK Limited [1]	End-to-end eCommerce Solutions including software and fulfillment services	United Kingdom	**100**	–	**–**	–
SingPost Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100**	100	**–**	–

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2018 %	by the Group 2017 %	by the NCI 2018 %	by the NCI 2017 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SP Commerce Holdings, Inc [1]	Investment holding	United States	**100**	100	**–**	–
SP Commerce, Inc [1]	Provision of global sale & marketing services	United States	**100**	100	**–**	–
TG Acquisition Corporation [1]	Investment holding	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal Holdings, Inc [1]	eCommerce enablement provider	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal North America Holding, Inc. [1]	eCommerce enablement provider	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal LLC [1]	eCommerce enablement provider	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal Asia Holdings Limited [1]	eCommerce enablement provider	Hong Kong	**97.3**	97.3	**2.7**	2.7
Trade Global Europe GmbH [1]	eCommerce enablement provider	Germany	**97.3**	97.3	**2.7**	2.7
Netrada Trade and Consulting (Shanghai) Co Ltd [1]	eCommerce enablement provider	China	**97.3**	97.3	**2.7**	2.7
SingPost Logistics Enterprise Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Australia Holdings Pty Ltd	Investment holding	Australia	**100**	100	**–**	–
Quantium Solutions International Pte. Ltd.	Investment holding, provision of management and consultancy services to related entities	Singapore	**66**	66	**34**	34
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	**66**	66	**34**	34

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018	2017	**2018**	2017
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Mail Logistics Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	66	**34**	34
Quantium Express Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	66	**34**	34
Quantium Solutions (Australia) Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**66**	66	**34**	34
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	**66**	66	**34**	34
Quantium Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	**66**	66	**34**	34
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of delivery services and eCommerce logistics solutions	Malaysia	**66**	66	**34**	34
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	**66**	66	**34**	34
Quantium Solutions (Philippines) Inc +	Provision of delivery services and eCommerce logistics solutions	Philippines	**26.4**	26.4	**73.6**	73.6

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018 %	2017 %	**2018 %**	2017 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Taiwan) Co., Ltd	Provision of delivery services and eCommerce logistics solutions	Taiwan	**66**	66	**34**	34
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	**66**	66	**34**	34
PT Quantium Solutions Logistics Indonesia +	Provision of delivery services and eCommerce logistics solutions	Indonesia	**44.22**	32.34	**55.78**	67.66
Couriers Please Holdings Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Australia Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
SingPost Storage Company Ltd	Investment holding	Mauritius	**100**	100	**–**	–
SingPost Investments (Tampines) Pte Ltd	Investment holding and real estate activities with owned or leased property	Singapore	**100**	100	**–**	–
SingPost Investments (Toh Guan) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018 %	2017 %	**2018 %**	2017 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SingPost Investments (Ecommerce Logistics) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost Centre (Retail) Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
SingPost eCommerce Logistics Holdings Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
General Storage Company Pte Ltd	Investment holding & provision of management services	Singapore	**100**	100	**–**	–
Lock + Store (Chai Chee) Pte Ltd	Self storage solutions and warehousing	Singapore	**100**	100	**–**	–
Lock + Store (Tanjong Pagar) Pte Ltd	Self storage solutions	Singapore	**100**	100	**–**	–
Lock + Store (Ayer Rajah) Pte Ltd	Self storage solutions	Singapore	**100**	100	**–**	–
The Store House Limited	Self storage solutions	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited	Self storage management services	Hong Kong	**100**	75	**–**	25
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	**100**	100	**–**	–
L+S Self Storage Pte Ltd	Self storage solutions	Singapore	**100**	100	**–**	–
SP Parcels Pte Ltd	Courier activities other than national post activities	Singapore	**100**	100	**–**	–
Famous Holdings Pte Ltd	Investment holding and provision of management services	Singapore	**100**	100	**–**	–

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018	2017	**2018**	2017
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Air & Sea Services Pte Ltd	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Global Logistics Pte Ltd	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Famous Pacific Shipping Sdn Bhd	Freight forwarding	Malaysia	**100**	100	**–**	–
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	**100**	100	**–**	–
F.S. Mackenzie Limited	Freight forwarding	United Kingdom	**100**	100	**–**	–
Famous Pacific Shipping (NZ) Limited	Freight forwarding	New Zealand	**100**	90	**–**	10
Mercury Worldwide (NZ) Limited (1)	Freight forwarding	New Zealand	**100**	90	**–**	10
Eazyshipping (NZ) Limited (1)	Freight forwarding	New Zealand	**50**	45	**50**	55
FPS Logistics (USA) Inc. (1)	Logistics management and services	United States	**100**	100	**–**	–
Sino Famous Intertrans Co Ltd	Freight forwarding	China	**100**	100	**–**	–
Famous Container Lines Co Ltd	Freight forwarding	China	**100**	100	**–**	–
Shinyei Shipping Co Ltd	Freight forwarding	Japan	**89**	89	**11**	11
Tras – Inter Co. Ltd (1)	Customs brokerage and freight forwarding	Japan	**89**	89	**11**	11
Rotterdam Harbour Holding B.V. (2)	Investment holdings	Netherlands	**80**	80	**20**	20
FPS Famous Pacific Shipping B.V. (1)	Logistics services	Netherlands	**80**	80	**20**	20
Trans Ocean Pacific Forwarding B.V. (1)	Logistics services	Netherlands	**80**	80	**20**	20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2018 %	2017 %	**2018 %**	2017 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
EWC East Way Commodities B.V. [(1)]	Trading company and purchase organisation for oceanfreight services	Netherlands	**80**	80	**20**	20
FPS Famous Pacific Shipping Germany GmbH [(1)]	Sales company for logistics services	Germany	**80**	80	**20**	20
FPS Famous Pacific Shipping s.r.o. [(1) +]	Logistics services	Netherlands	**–**	40.8	**–**	59.2
SP eCommerce (Thailand) Co Ltd [(1)]	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co Ltd [(1)]	eCommerce specialising in the provision of online shopping platforms and services	Korea	**100**	100	**–**	–
SP eCommerce (Malaysia) Sdn. Bhd	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	**100**	100	**–**	–

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
			2018	2017
			%	%
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Berhad *	Provision of express delivery and customised logistics services	Malaysia	**11.22**	11.22
Held by subsidiaries				
Postea, Inc. (1)	Provision of technology and support in postal, courier and other distribution markets	United States	**27**	27
Indo Trans Logistics Corporation (4)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Dash Logistics Company Ltd (3) *	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**51**	51
Shenzhen 4PX Information and Technology Co Ltd.	Provision of international express delivery services, international freight forwarding, import and export of goods and technology	China	**20.14**	20.14
Efficient E-Solutions Berhad (5)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd (6)	eCommerce and logistics retail network	Australia	**30**	30
Morning Express & Logistics Holding Ltd (7)	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	33
E Link Station Ltd (7)	Provision of redemption services	Hong Kong	**50**	50

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FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
			2018	2017
			%	%
JOINT VENTURE				
Held by subsidiary				
PT Trio Specommerce Indonesia [(1)]	Dormant	Indonesia	**33**	33

Notes
All companies as at 31 March 2018 are audited by member firms of Deloitte Touche Tohmatsu Limited, except for the following:

(1) Not required to be audited for the financial year ended 31 March 2018
(2) Audited by Crowe Horwath Peak, The Netherlands
(3) Audited by local statutory auditors in the countries of incorporation
(4) Audited by KPMG Limited, Vietnam
(5) Audited by PKF International, Malaysia
(6) Audited by Assura Group
(7) Audited by HKCMCPA Company Limited
+ 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.
* It is considered to be an associated company of the Company as the Company can exercise significant influence over its financial and operating policies and voting rights.

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2018

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*

	2018 S$'000	2017 S$'000
Fees on audit services paid/payable to:		
– Auditor of the Company*	**1,351**	1,747
– Other auditor	**84**	213
Fees on non-audit services paid/payable to :		
– Auditor of the Company*	**394**	511
– Other auditor	**4**	20
	1,833	2,491

* Includes the network of member firms of Deloitte Touche Tohmatsu Limited (2017: PricewaterhouseCoopers International Limited)

(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. USE OF PROCEEDS

The net proceeds of approximately S$184.0 million (after deducting approximately S$3.2 million professional fees and expenses) from the issuance of 107,553,907 ordinary shares in the capital of the Company to Alibaba Investment Limited at S$1.74 each have been utilised as follows:

Intended Use of Proceeds		**Percentage Allocated/ Amount Allocated**	**Percentage Utilised/ Amount Utilised**
(i)	the Group's business of ecommerce logistics for purposes such as investments, mergers and acquisitions and the upgrade of the Group's operations and information technology systems relating to the ecommerce logistics business	75%/ S$138.0 million	Nil
(ii)	the general working capital of the Group	25%/ S$46.0 million	25%/ S$46.0 million

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2018

4. INTERESTED PERSON TRANSACTIONS

During the full year ended 31 March 2018, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Sales				
Mediacorp Group	**–**	–	**370***	–
Singapore Telecommunications Group	**–**	–	**1,684**	14,366*
SP Services Ltd	**–**	–	**1,223**	1,157
Starhub Group	**–**	–	**638**	759
	–	–	**3,915**	16,282
Purchases				
CapitaLand Group	**–**	–	**–**	10,920*
Certis Cisco Group	**–**	–	**–**	450
HarbourFront Centre Pte Ltd	**–**	–	**–**	490*
PSA Corporation	**–**	–	**1,518***	–
SembCorp Group	**–**	–	**–**	5,524*
Singapore Airlines Group	**–**	–	**4,248**	4,588
Singapore Technologies Engineering Ltd	**–**	–	**127**	–
Singapore Telecommunications Group	**–**	–	**499***	724*
SMRT Group	**–**	–	**1,404***	–
	–	–	**7,796**	22,696
Total interested person transactions	**–**	–	**11,711**	38,978

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

* Include contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

As at 21 May 2018

No. of Issued Shares:	2,275,089,525
No. of Issued Shares excluding Treasury Shares:	2,262,779,720
No. of Treasury Shares held:	12,309,805
No. of Subsidiary Holdings held:	Nil
Percentage of the aggregate no. of Treasury Shares and Subsidiary Holdings held:	0.54%
Class of Shares:	Ordinary Shares
No. of Shareholders:	37,059

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.
(The Company cannot exercise any voting rights in respect of shares held by it as treasury shares)

	No. of Shares	
Substantial Shareholders	**Direct Interest**	**Deemed Interest**
Temasek Holdings (Private) Limited	–	496,144,382 [1]
Singapore Telecommunications Limited	494,000,000	–
Alibaba Investment Limited	327,649,907	–
Alibaba Group Holding Limited	–	327,649,907 [2]
SoftBank Group Corp.	–	327,649,907 [3]

Notes

[1] Deemed through its subsidiaries, Singapore Telecommunications Limited, ST Asset Management Ltd., its associated company, DBS Group Holdings Ltd and Dymon Fund. Dymon Fund is an independently managed investment fund in which Temasek Holdings (Private) Limited has an indirect interest.

[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 SHAREHOLDERS

Range of Shareholdings	No. of Shareholders	%	No. of Shares (Excluding Treasury Shares)	% *
1 – 99	58	0.16	2,057	0.00
100 – 1,000	4,629	12.49	4,314,103	0.19
1,001 – 10,000	22,172	59.83	120,367,512	5.32
10,001 – 1,000,000	10,147	27.38	483,831,016	21.38
1,000,001 and above	53	0.14	1,654,265,032	73.11
	37,059	100.00	2,262,779,720	100.00

Note

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 21 May 2018, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 21 May 2018

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	% *
1	Singapore Telecommunications Limited	494,000,000	21.83
2	DB Nominees (Singapore) Pte Ltd	337,793,870	14.93
3	DBS Nominees (Private) Limited	249,535,119	11.03
4	Citibank Nominees (Singapore) Pte Ltd	222,060,377	9.81
5	DBSN Services Pte Ltd	53,352,998	2.36
6	Raffles Nominees (Pte) Ltd	38,777,605	1.71
7	HSBC (Singapore) Nominees Pte Ltd	37,288,997	1.65
8	United Overseas Bank Nominees (Private) Limited	35,572,117	1.57
9	OCBC Securities Private Limited	14,764,705	0.65
10	OCBC Nominees Singapore Private Limited	14,715,800	0.65
11	BPSS Nominees Singapore (Pte.) Ltd.	11,598,107	0.51
12	NTUC Fairprice Co-operative Ltd	10,000,000	0.44
13	Toh Capital Pte Ltd	10,000,000	0.44
14	Phillip Securities Pte Ltd	9,659,927	0.43
15	Morgan Stanley Asia (S) Securities Pte Ltd	9,535,188	0.42
16	CGS-CIMB Securities (S) Pte Ltd	8,474,665	0.38
17	UOB Kay Hian Pte Ltd	7,755,540	0.34
18	Star Resources Pte Ltd	7,000,000	0.31
19	Heng Siew Eng	6,606,300	0.29
20	Maybank Kim Eng Securities Pte Ltd	6,002,685	0.27
		1,584,494,000	70.02

Note

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 21 May 2018, 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 21 May 2018, approximately 63.43% 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
Deloitte & Touche LLP
6 Shenton Way,
OUE Downtown 2, #33-00,
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166

AUDIT PARTNER: Shariq Barmaky
Appointed with effect from financial year ended 31 March 2018

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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

19 June 2018

Dear Shareholder

We are pleased to enclose printed copies of the Notice and Proxy Form for the upcoming 26th Annual General Meeting of Singapore Post Limited ("**SingPost**") which will be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Summit 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 11 July 2018 at 2.30pm.

In line with the SingPost Group's sustainability strategy, we will be discontinuing the practice of mailing SingPost's Annual Reports to shareholders. Instead, SingPost's Annual Report for the financial year ended 31 March 2018, and its Letter to Shareholders dated 19 June 2018 (in relation to the proposed renewal of the shareholders mandate for interested person transactions and the proposed renewal of the share purchase mandate), will be available for download from SingPost's corporate website from the date of this letter.

The Annual Report and the Letter to Shareholders may be accessed at the URL https://www.singpost.com/about-us/investor-centre/annual-reports and https://www.singpost.com/about-us/investor-centre/shareholders-meetings respectively. You will need an internet browser and PDF reader to view these documents.

- To access the Annual Report, click on the hyperlink for "full Annual Report" under "FY2017/18 Annual Report".
- To access the Letter to Shareholders, click on the hyperlink for "Letter to Shareholders" under "FY2017/18 AGM".

You may also opt to receive an electronic copy of SingPost's Annual Report via SingPost's Digital Postal Mail service. You will need an internet browser and a SingPost SAM account.

- For new or existing SingPost SAM account holders:

  Step 1: Go to ***www.mysam.sg/spar*** (or scan the QR code on the right) to log in to your SAM account. If you do not have a SAM account, you may sign up for one at this URL to activate your Digital Postal Mailbox to receive the SingPost Annual Report via SingPost's Digital Postal Mail service.

  Step 2: While signed into your SAM account, go to your *Mailbox* and click on the envelope labelled "SingPost FY 2017/18 Annual Report".

We hope that you will join our sustainability efforts. If you still wish to receive printed copies of the Annual Report and the Letter to Shareholders for this year, please complete the Request Form below and return it to SingPost no later than 30 June 2018 to receive in time for the 26th Annual General Meeting.

By completing, signing and returning the Request Form to us, you agree and acknowledge that we and/or our service provider may collect, use and disclose your personal data, as contained in your submitted Request Form or which is otherwise collected from you (or your authorised representative(s)), for the purpose of processing and completing your request.

Yours faithfully
For and on behalf of
Singapore Post Limited

Genevieve Tan McCully (Mrs)
Group Company Secretary

Request Form

To: Singapore Post Limited

Please send me a printed copy of each of the Annual Report for the financial year ended 31 March 2018 and the Letter to Shareholders dated 19 June 2018.

Name of Shareholder: ______________________________

NRIC/Passport Number: ______________________________

Company Registration Number: ______________________________

Mailing Address: ______________________________

Signature: ______________________ Date: ______________________

Note: This request is valid for the FY2017/18 Annual Report and Letter to Shareholders dated 19 June 2018 only.

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BUSINESS REPLY SERVICE
PERMIT NO. 09990

SINGAPORE POST LIMITED
Corporate Secretariat
10 Eunos Road 8
#02-36 Singapore Post Centre
Singapore 408600

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glue all sides firmly
stapling or spot sealing is disallowed

SINGAPORE POST LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 26TH ANNUAL GENERAL MEETING of Singapore Post Limited ("**Company**") will be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Summit 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 11 July 2018 at 2.30 p.m. to transact the following business:

ROUTINE BUSINESS

1.	To receive and adopt the audited Financial Statements for the financial year ended 31 March 2018, and the Directors' Statement and Independent Auditor's Report thereon.	(Ordinary Resolution 1)
2.	To declare a final tax exempt one-tier dividend of 2.0 cents per ordinary share in respect of the financial year ended 31 March 2018.	(Ordinary Resolution 2)
3.	To re-elect the following directors who retire in accordance with Article 98(b) of the Company's Constitution and who, being eligible, offer themselves for re-election:	
	(a) Mr Simon Claude Israel	(Ordinary Resolution 3)
	(b) Mrs Fang Ai Lian	(Ordinary Resolution 4)
4.	To approve directors' fees payable by the Company of S$1,233,950 for the financial year ended 31 March 2018 (2017: S$1,320,520).	(Ordinary Resolution 5)
5.	To re-appoint Deloitte & Touche LLP as Auditor of the Company and to authorise the directors to fix its remuneration.	(Ordinary Resolution 6)

EXPLANATORY NOTES ON ROUTINE BUSINESS TO BE TRANSACTED

Ordinary 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, chairman of the Finance and Investment Committee and a member of the Compensation Committee and the Nominations and Corporate Governance Committee. Mr Israel is the Chairman of the Board of Singapore Telecommunications Limited ("**Singtel**"), which is a 21.83% shareholder of the Company. While Mr Israel is neither appointed as a nominee director of Singtel to the Company's Board of Directors nor directly associated with Singtel as defined under the Code of Corporate Governance 2012, nevertheless to provide added assurance to stakeholders, Mr Israel is treated by the Company as a non-independent director and Chairman. 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 2017/18.

Ordinary Resolution 4

Mrs Fang Ai Lian will, upon re-election as a director of the Company, remain as the chairperson of the Audit Committee, a member of the Compensation Committee and the Nominations and Corporate Governance Committee and lead independent director. Mrs Fang is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mrs Fang and any of the other directors or management, or between Mrs Fang and the Company or any of the 10% shareholders of the Company. The profile of Mrs Fang can be found in the "Board of Directors" section of the Company's Annual Report 2017/18.

In relation to the retirement of directors by rotation at the 26th Annual General Meeting, Mr Zulkifli Bin Baharudin and Ms Aliza Knox are also due to retire by rotation and they have each given notice to the Company that they do not wish to be re-elected to office thereat.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any amendments, the following Resolutions 7 to 10 as ordinary resolutions:

Authority to Issue Shares and to Make or Grant Convertible Instruments

6. 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 and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) 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, and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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. (Ordinary Resolution 7)

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

7. 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 and subsidiary holdings) from time to time and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST. (Ordinary Resolution 8)

Proposed Renewal of the Shareholders Mandate for Interested Person Transactions

8. 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 19 June 2018 ("**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/she may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution. (Ordinary Resolution 9)

Proposed Renewal of the Share Purchase Mandate

9. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("**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 treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); 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, whether pursuant to a market purchase or an off-market purchase, 105% 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/she may consider expedient or necessary or in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution. (Ordinary Resolution 10)

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Group Company Secretary

Singapore
19 June 2018

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED
STATEMENT PURSUANT TO ARTICLE 61 OF THE CONSTITUTION OF THE COMPANY

Ordinary Resolution 7

Ordinary Resolution 7 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 and subsidiary holdings), 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 and subsidiary holdings) at the time that Ordinary Resolution 7 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 Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Ordinary Resolution 8

Ordinary Resolution 8 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 and subsidiary holdings) 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, Ordinary Resolution 8 provides for a lower limit, namely, 5 per cent of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings), as the Company does not anticipate that it will require a higher limit before the next Annual General Meeting.

Ordinary Resolution 9

Ordinary Resolution 9 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. Ordinary Resolution 9 will, if passed, continue being in force until the conclusion of the next Annual General Meeting of the Company.

Ordinary Resolution 10

Ordinary Resolution 10 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 21 May 2018 ("**Latest Practicable Date**") (out of which 12,309,805 Shares were held in treasury and no shares were held as subsidiary holdings as at the Latest Practicable Date), and assuming that on or prior to the Annual General Meeting, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, the purchase by the Company of 10% of its issued Shares (excluding the 12,309,805 Shares held in treasury) will result in the purchase or acquisition of 226,277,972 Shares.

In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the 226,277,972 Shares at the Maximum Price of S$1.43 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 226,277,972 Shares is S$323,577,500.

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 2018 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, "**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 72 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

ANNUAL GENERAL MEETING
PROXY FORM

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 19 June 2018.

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 26th Annual General Meeting of the Company (the "**Annual General Meeting**"), as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting to be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Summit 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 11 July 2018 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
	Routine 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 2.0 cents per ordinary share		
3.	To re-elect Mr Simon Claude Israel as director		
4.	To re-elect Mrs Fang Ai Lian as director		
5.	To approve directors' fees payable by the Company		
6.	To re-appoint Deloitte & Touche LLP as Auditor of the Company and to authorise the directors to fix its remuneration		
	Special Business		
7.	To authorise directors to issue shares and to make or grant instruments convertible into ordinary shares		
8.	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		
9.	To approve the proposed renewal of the Shareholders Mandate for Interested Person Transactions		
10.	To approve the proposed renewal of the Share Purchase Mandate		

Dated this __________ day of ____________________ 2018

Total number of shares held	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read Notes

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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 Depository (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 of the Company 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 Annual General 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 Annual General 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 72 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 (including any related attachment). 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 19 JUNE 2018

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.

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SINGAPORE POST LIMITED

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

Directors:

Mr Simon Israel
(*Chairman and Non-Executive Non-Independent Director*)
Mr Paul William Coutts (*Executive Non-Independent Director*)
Mrs Fang Ai Lian (*Non-Executive Lead Independent Director*)
Mr Chen Jun (*Non-Executive Non-Independent Director*)
Ms Lim Cheng Cheng (*Non-Executive Non-Independent Director*)
Ms Aliza Knox (*Non-Executive Independent Director*)
Ms Elizabeth Kong Sau Wai (*Non-Executive Independent Director*)
Mr Steven Robert Leonard (*Non-Executive Independent Director*)
Mr Bob Tan Beng Hai (*Non-Executive Independent Director*)
Mr Zulkifli Bin Baharudin (*Non-Executive Independent Director*)

Registered Office:

10 Eunos Road 8
Singapore Post Centre
Singapore 408600

19 June 2018

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 26th Annual General Meeting of the Company dated 19 June 2018 (the "**Notice**") convening the 26th Annual General Meeting of the Company to be held on 11 July 2018 (the "**2018 AGM**");

(b) Ordinary Resolution No. 9 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. 10 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. 9 and 10, 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 annual general meeting of the Company held on 20 July 2017 (the "**2017 AGM**"), 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 Appendix 2 to the Letter to Shareholders dated 28 June 2017 (the "**2017 Letter**").

2.2 **Proposed Renewal of the Shareholders Mandate**. At the 2017 AGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2018 AGM. Accordingly, the Directors of the Company (the "**Directors**") propose that the Shareholders Mandate be renewed at the 2018 AGM, to take effect until the 27th 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 **The 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 Mrs Fang Ai Lian, Mr Bob Tan Beng Hai 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 2017 AGM; 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 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2018 AGM. The Company will disregard any votes cast by Temasek, Singtel and their respective associates on Resolution 9.

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 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2018 AGM. The Company will disregard any votes cast by the Directors and their respective associates, in respect of their holdings of Shares (if any) on Resolution 9.

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 9, 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 9.

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 2017 AGM. The authority and limitations on the Share Purchase Mandate were set out in the 2017 Letter and Resolution 15 set out in the Notice of the 2017 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 15 at the 2017 AGM and will expire on the date of the forthcoming 2018 AGM to be held on 11 July 2018. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2018 AGM.

As at 21 May 2018, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), the Company had purchased or acquired an aggregate of 8,932,800 Shares by way of Market Purchases (as defined in paragraph 3.3.3 below) pursuant to the Share Purchase Mandate approved by Shareholders at the 2017 AGM. The highest and lowest price paid was S$1.41 and S$1.23 per Share respectively and the total consideration paid for all purchases was S$11,553,145.38, excluding commission, brokerage and goods and services tax.

As at the Latest Practicable Date, the Company had 12,309,805 treasury shares and no subsidiary holdings (as defined in the Listing Manual)[1].

[1] "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

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 2018 AGM, are substantially the same as were previously approved by Shareholders at the 2017 AGM, except in relation to the maximum price which may be paid for Shares in the case of Off-Market Purchases (as defined in paragraph 3.3.3(b) below) which is proposed to be lowered from 110% to 105% of the Average Closing Price of the Shares (as defined in paragraph 3.3.4 below), excluding related expenses of the purchase or acquisition. These 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 2018 AGM. Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,275,089,525 Shares in issue as at the Latest Practicable Date (out of which 12,309,805 Shares were held in treasury and no shares were held as subsidiary holdings as at the Latest Practicable Date), and assuming that on or prior to the 2018 AGM, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, not more than 226,277,972 Shares (representing 10% of the Shares in issue as at that date and disregarding the 12,309,805 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 2018 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 of Singapore (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 and must not exceed, in the case of both Market Purchases and Off-Market Purchases, 105% of the Average Closing Price of the Shares, 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 2019 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[2] cannot at any time exceed 10% of the total number of issued Shares.

[2] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, Chapter 50 of Singapore.

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 2018, are based on the assumptions set out below:

3.7.1 ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of both Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires 226,277,972 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$1.43 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 226,277,972 Shares is S$323,577,500.

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 further assuming that the purchase or acquisition of 10% of the Shares (excluding treasury shares and subsidiary holdings) by the Company pursuant to the Share Purchase Mandate by way of Market Purchases or Off-Market Purchases is made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury, 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 2018 are set out below.

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 2018 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 and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). 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 2019 or ability to service its debts would be adversely affected.

Scenario A

Market Purchases or 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 2018				
Share capital	638,762	509,331	638,762	509,331
Capital reserves	35,935	35,935	–	–
Other reserves	27,891	27,891	38,104	38,104
Revenue reserves	716,159	518,715	741,034	543,590
	1,418,747	1,091,872	1,417,900	1,091,025
Treasury shares	(16,023)	(16,023)	(16,023)	(16,023)
Ordinary equity	1,402,724	1,075,849	1,401,877	1,075,002
Perpetual securities	346,826	346,826	346,826	346,826
	1,749,550	1,422,675	1,748,703	1,421,828
Net tangible assets (NTA)	1,404,166	1,077,291	1,748,703	1,421,828
Current assets	626,573	468,461	519,805	361,693
Current liabilities	596,141	599,439	497,377	500,675
Total borrowings	243,978	409,443	201,569	367,034
Cash and cash equivalents	314,050	155,938	258,112	100,000
Number of shares ('000)	2,262,780	2,036,502	2,262,780	2,036,502
Financial ratios				
Basic earnings per share (cents)	4.92	4.80	5.68	5.56
NTA per share (cents)	62.1	52.9	77.3	69.8
Gross gearing (%)	17.4	38.1	14.4	34.1
Net debt gearing (%)	n.m.	23.6	n.m.	24.8
Current ratio (%)	105.1	78.1	104.5	72.2

Scenario B

Market Purchases or 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 2018				
Share capital	638,762	638,762	638,762	638,762
Capital reserves	35,935	35,935	–	–
Other reserves	27,891	27,891	38,104	38,104
Revenue reserves	716,159	713,177	741,034	738,052
	1,418,747	1,415,765	1,417,900	1,414,918
Treasury shares	(16,023)	(323,758)	(16,023)	(323,758)
Ordinary equity	1,402,724	1,092,007	1,401,877	1,091,160
Perpetual securities	346,826	346,826	346,826	346,826
	1,749,550	1,438,833	1,748,703	1,437,986
Net tangible assets (NTA)	1,404,166	1,093,449	1,748,703	1,437,986
Current assets	626,573	468,461	519,805	361,693
Current liabilities	596,141	599,123	497,377	500,359
Total borrowings	243,978	393,601	201,569	351,192
Cash and cash equivalents	314,050	155,938	258,112	100,000
Number of shares ('000)	2,262,780	2,047,581	2,262,780	2,047,581
Financial ratios				
Basic earnings per share (cents)	4.92	4.81	5.68	5.57
NTA per share (cents)	62.1	53.4	77.3	70.2
Gross gearing (%)	17.4	36.0	14.4	32.2
Net debt gearing (%)	n.m.	21.8	n.m.	23.0
Current ratio (%)	105.1	78.2	104.5	72.3

Notes:

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 12,309,805 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 227,508,952 Shares to 215,199,147 Shares. The financial effects under Scenario A is computed based on 226,277,972 Shares purchased and cancelled. The financial effects under Scenario B is computed based on 215,199,147 additional Shares purchased and held as treasury shares.

n.m. means "not meaningful".

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 21.83% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 496,144,382 Shares (including the Shares held by Singtel) representing approximately 21.93% of the issued Shares (excluding the Shares held in treasury) as at that date, Alibaba Investment Limited has a direct interest in 327,649,907 Shares representing approximately 14.48% of the issued Shares (excluding the Shares held in treasury) as at that date, and Alibaba Group Holding Limited and SoftBank Group Corp. each has a deemed interest in 327,649,907 Shares held by Alibaba Investment Limited representing approximately 14.48% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 63.43% 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 59.37% 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 Media Development Authority of Singapore (the “**IMDA**”), unless otherwise exempted in accordance with any applicable exemption issued under the Postal Services Act.

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 IMDA, 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 IMDA, by notification published in the *Gazette*, to be a designated class of postal licensees, for the purposes of Part IVA of the Postal Services Act. 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 IMDA 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 IMDA 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 IMDA to reach or exceed the Prescribed Limits, on such terms as may be imposed by the IMDA, 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 2017, which was issued by the IMDA on 29 May 2017 and which came into effect on 9 June 2017 (the "**Postal Competition Code**") provides some additional guidance on the purchase or acquisition of Shares by the Company. Section 8 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, or had control of less than 5% of the voting power in the Company would, after the transaction, hold 5% or more, but less than 12% of the voting shares in the Company, or control 5% or more but less than 12% of the voting power 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 IMDA 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);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) 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 subsidiary holdings after the purchase, the number of treasury shares held and the number of subsidiary holdings 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 Israel	–	–	–	–
Paul William Coutts	–	–	–	–
Fang Ai Lian	–	–	–	–
Chen Jun	–	–	–	–
Lim Cheng Cheng	–	–	–	–
Aliza Knox	20,529	–	20,529	n.m.(2)
Elizabeth Kong Sau Wai	–	–	–	–
Steven Robert Leonard	–	–	–	–
Bob Tan Beng Hai	–	–	–	–
Zulkifli Bin Baharudin	–	–	–	–

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) "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	–	496,144,382(2)	496,144,382	21.93
Singapore Telecommunications Limited	494,000,000	–	494,000,000	21.83
Alibaba Investment Limited	327,649,907	–	327,649,907	14.48
Alibaba Group Holding Limited	–	327,649,907	327,649,907(3)	14.48
SoftBank Group Corp.	–	327,649,907	327,649,907(4)	14.48

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 subsidiaries, Singapore Telecommunications Limited, ST Asset Management Ltd., its associated company, DBS Group Holdings Ltd and Dymon Fund. Dymon Fund is an independently managed investment fund in which Temasek has an indirect interest.

(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 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2018 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 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2018 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 2018 AGM:

(a) the Constitution of the Company;

(b) the Annual Report of the Company for the financial year ended 31 March 2018; and

(c) the 2017 Letter.

The Annual Report of the Company for the financial year ended 31 March 2018 and the 2017 Letter may also be accessed at the URL https://www.singpost.com/about-us/investor-centre/annual-reports and https://www.singpost.com/about-us/investor-centre/shareholders-meetings respectively.

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 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 2018, the consolidated NTA of the SingPost Group was S$1,404,166,000. 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 2019 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S$70,208,000.

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;

(ii) 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 and subsidiary holdings 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 11 July 2018 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 Mrs Fang Ai Lian, Mr Bob Tan Beng Hai 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.

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