



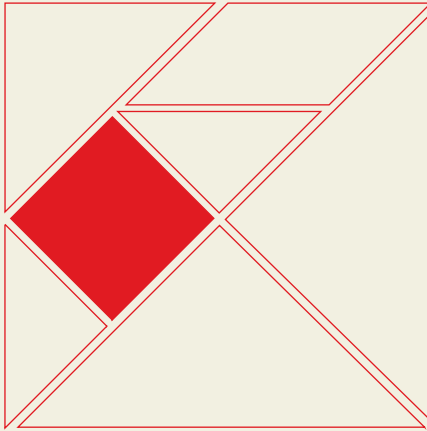
Changing the Game Staying Ahead

Singapore Telecommunications Limited
2009/2010 Annual Report

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SingTel is Asia's leading communications group, providing a diverse range of innovative communications services including fixed, mobile, data, Internet, IT and TV.



CHANGING THE GAME STAYING AHEAD

Elegant in its simplicity, the tangram embodies a world of infinite ideas, like the limitless possibilities SingTel creates through innovation and technology. Its changing form echoes our reshaping of the market through myriad configurations of our ever-expanding suite of products and services. As a puzzle, the tangram poses the challenge of constructing a coherent structure from distinct pieces. Similarly, the Group brings together different associates in a way that generates synergies and economies of scale. The timeless tangram is a symbol of how SingTel is always changing the game and staying ahead.



Operational Highlights

GROUP

The SingTel Group continues to leverage its telecommunications and Infocomm Technology (ICT) capabilities to provide converged ICT-telco services. In May 2009, SingTel signed a A\$500 million, five-year contract with ANZ to provide telecommunications and managed network services to ANZ in Australia and 30 countries across Asia and the Pacific to support ANZ's super regional strategy.



AUSTRALIA



D3

Optus launched the D3 satellite in August 2009, increasing its satellite fleet capacity by more than 30 per cent. Optus is committed to keeping Australia and New Zealand at the forefront of satellite technology as it continues to invest in bringing communications capability to more households.

13% mobile service revenue growth

Optus Mobile delivered a strong 13% growth in service revenue and outperformed the market, led by robust customer acquisitions and increased penetration of smartphones.

709,000

Optus Mobile continued its growth momentum, adding a total of 709,000 mobile customers this year.

10 MHz

In March 2010, Optus acquired an additional 10 MHz of paired 3G spectrum which doubled its holdings in Australia's eight capital cities from 10 MHz to 20 MHz. Through this investment, Optus deepens its mobile network capacity and is well-positioned to meet the strong growth in demand for data services.





SINGAPORE 200,000

mio TV customer base crossed 200,000 in April 2010. SingTel will strengthen its carriage business and leverage key iconic content to build scale in mio TV and drive takeup of its multimedia bundled services.

500,000 sq feet

With the launch of the new Kim Chuan Telecommunications Centre (KCTC-2), SingTel will offer over 500,000 sq feet of data centre space or almost half of Singapore's total data centre space*. KCTC-2 is the first facility in Singapore to be built according to Tier-4 specifications*, the industry's most stringent data centre standards for reliability and service availability.

*Source: Frost & Sullivan

AMPed™ - Best Mobile Music Service

SingTel launched AMPed in partnership with Universal Music Group in June 2009, which is the first-of-its-kind mobile social music service in Asia offering free unlimited music downloads and daily music news. AMPed has won the coveted "Best Mobile Music Service" award at the GSMA's Asia Mobile Awards 2009.



Visual courtesy of Universal Music Singapore

Wins exclusive rights for Barclays Premier League and ESPN STAR Sports

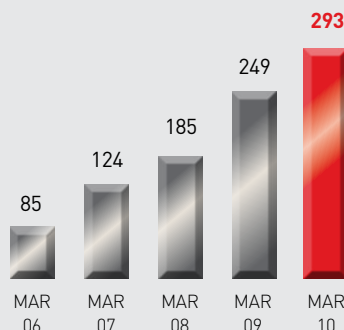
SingTel won the rights for the Barclays Premier League football matches for three years commencing August 2010 and ESPN STAR Sports from mid-2010, establishing it as the premier sports content provider in Singapore.

mio TV pricing philosophy is based on customers paying for programmes they want to watch, offering customers flexibility and choice via true video-on-demand programming. Through this, SingTel will attract even more customers who previously did not subscribe to a sports package on cable TV due to the high cost barrier.

REGIONAL 293 million

SingTel Group serves 293 million customers across Asia Pacific.

MOBILE CUSTOMERS (million)



LTE

SingTel is conducting a regional trial of Long Term Evolution (LTE) technology in Australia, Indonesia, the Philippines and Singapore, together with Optus, Globe and Telkomsel. LTE base stations and core network equipment will be installed for detailed field tests that will evaluate the features and end-to-end performance of the technology.



This will help the SingTel Group better understand LTE and determine the best approach and strategy for its adoption in their respective local markets, and lay the groundwork to establish a regionally compatible LTE network to drive growth in mobile broadband services.

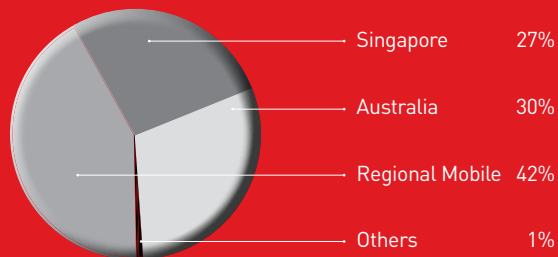


Financial Highlights

OPERATING REVENUE	UNDERLYING NET PROFIT ⁽¹⁾	FREE CASH FLOW ⁽²⁾																		
<p style="font-size: 2em; font-weight: bold; text-align: center;">+13%</p> <p>During the year, Singapore and Optus revenues in local currency terms both rose 8%, demonstrating strong execution. Group consolidated revenue rose 13%, helped by the stronger Australian dollar.</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">+13%</p> <p>Underlying net profit rose 13%, underpinned by robust performance in the Singapore and Australia businesses and earnings recovery in Telkomsel.</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">+5%</p> <p>Free cash flow for the year rose 5% to S\$3.4 billion. Both Singapore and Australia operations recorded higher free cash flows in their respective currencies, partially offset by lower dividend from Telkomsel in respect of its lower 2008 earnings.</p>																		
<table border="1"> <tr> <th>Fiscal Year</th> <th>Revenue (S\$m)</th> </tr> <tr> <td>FY08/09</td> <td>14,934</td> </tr> <tr> <td>FY09/10</td> <td>16,871</td> </tr> </table>	Fiscal Year	Revenue (S\$m)	FY08/09	14,934	FY09/10	16,871	<table border="1"> <tr> <th>Fiscal Year</th> <th>Profit (S\$m)</th> </tr> <tr> <td>FY08/09</td> <td>3,455</td> </tr> <tr> <td>FY09/10</td> <td>3,910</td> </tr> </table>	Fiscal Year	Profit (S\$m)	FY08/09	3,455	FY09/10	3,910	<table border="1"> <tr> <th>Fiscal Year</th> <th>Free Cash Flow (S\$m)</th> </tr> <tr> <td>FY08/09</td> <td>3,245</td> </tr> <tr> <td>FY09/10</td> <td>3,406</td> </tr> </table>	Fiscal Year	Free Cash Flow (S\$m)	FY08/09	3,245	FY09/10	3,406
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PROPORTIONATE EBITDA ⁽³⁾

The Group has a diversified earnings base as a result of its investments in large emerging markets. Overseas operations contributed 73% to proportionate EBITDA.



Notes:

(1) Underlying net profit refers to net profit before exceptional items

(2) Free cash flow refers to cash flow from operating activities less capital expenditure

(3) Based on proportionate Earnings Before Interest, Tax, Depreciation and Amortisation. As the associates are not consolidated on a line-by-line basis, proportionate information is provided as supplemental data to show the relative contribution from the different markets that the Group operates in



SINGAPORE	AUSTRALIA	REGIONAL																		
+8%	+8%	+17%																		
<p data-bbox="199 659 513 688" style="text-align: center; color: red; font-weight: bold;">SINGAPORE REVENUE</p> <div data-bbox="268 789 454 1138" style="text-align: center;"> <table border="1" style="margin: auto;"> <tr> <th>Fiscal Year</th> <th>Revenue (S\$m)</th> </tr> <tr> <td>FY08/09</td> <td>5,547</td> </tr> <tr> <td>FY09/10</td> <td>5,995</td> </tr> </table> </div>	Fiscal Year	Revenue (S\$m)	FY08/09	5,547	FY09/10	5,995	<p data-bbox="694 659 938 688" style="text-align: center; color: red; font-weight: bold;">OPTUS REVENUE</p> <div data-bbox="730 789 917 1138" style="text-align: center;"> <table border="1" style="margin: auto;"> <tr> <th>Fiscal Year</th> <th>Revenue (A\$m)</th> </tr> <tr> <td>FY08/09</td> <td>8,321</td> </tr> <tr> <td>FY09/10</td> <td>8,949</td> </tr> </table> </div>	Fiscal Year	Revenue (A\$m)	FY08/09	8,321	FY09/10	8,949	<p data-bbox="1129 659 1428 760" style="text-align: center; color: red; font-weight: bold;">SHARE OF REGIONAL MOBILE ASSOCIATES PRE-TAX PROFIT</p> <div data-bbox="1182 789 1369 1138" style="text-align: center;"> <table border="1" style="margin: auto;"> <tr> <th>Fiscal Year</th> <th>Pre-tax Profit (S\$m)</th> </tr> <tr> <td>FY08/09</td> <td>1,958</td> </tr> <tr> <td>FY09/10</td> <td>2,291</td> </tr> </table> </div>	Fiscal Year	Pre-tax Profit (S\$m)	FY08/09	1,958	FY09/10	2,291
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Fiscal Year	Pre-tax Profit (S\$m)																			
FY08/09	1,958																			
FY09/10	2,291																			
<ul style="list-style-type: none"> • Mobile outperformed the market, as revenue rose 8% on strong customer growth and increased data usage. • Data & Internet revenue rose 3% on cautious corporate telecom spending. Managed Services revenue posted a solid 17% growth as SingTel extended its lead in the international IP VPN market. • IT & Engineering revenue grew significantly by 32% with a robust performance from NCS Group, and boosted by first time recognition of fibre rollout revenue. 	<ul style="list-style-type: none"> • Mobile continued its growth momentum, with revenue surging 13% on strong demand for smartphones, wireless broadband, and popularity of its 'yes' Timeless unlimited plans. • Business and Wholesale Fixed revenue rose 2% as business voice declined and data usage moderated with cautious corporate spending. • In Consumer and Small and Medium Business fixed-line, Optus remained focused on delivering profitable on-net growth. Revenue for the year fell 3% as Optus continues to exit unprofitable resale fixed-line services. 	<ul style="list-style-type: none"> • Bharti continued to lead the Indian mobile market. Operating revenue grew 7% on strong customer growth partly offset by ARPU dilution due to intense competition in India. The Group's share of Bharti's pre-tax profit grew 12% to S\$978 million. • Telkomsel is the clear market leader in Indonesia. Operating revenue recorded a strong rebound, driven by growth in customer base and minutes of use amid a more stable albeit competitive environment. The Group's share of pre-tax profit from Telkomsel grew a strong 33% to S\$940 million. 																		



Chairman's Statement



Chumpol NaLamlieng
Chairman

Dear Shareholders

2009 marked the year during which the global economy, assisted by various governments' counter recession and stimulus measures, emerged from the global financial crisis. Asia led the economic recovery and the telecommunications market continued to grow.

I am pleased that the SingTel Group met and exceeded many of its financial and business targets set at the beginning of the financial year. Underlying net profit increased 13 per cent to S\$3.91 billion, with revenue growing at the same rate to S\$16.87 billion.

The Board has recommended a final ordinary dividend of 8.0 cents per share. Together with the interim dividend of 6.2 cents per share, the Group is delivering a 14 per cent increase in total dividends to S\$2.26 billion.

The Board has recommended a final ordinary dividend of 8.0 cents per share. Together with the interim dividend of 6.2 cents per share, the Group is delivering a 14 per cent increase in total dividends to S\$2.26 billion.

Anticipating change

We are entering the tenth year of full liberalisation of the Singapore telecommunications industry. The liberalisation has accelerated the Group's need to diversify and grow new revenues and geographies.

Today, more than 70 per cent of proportionate EBITDA is derived from outside of Singapore and international telephony services now account for just 4.2 per cent of revenue compared to 38 per cent back in 1999. In addition, our mobile services are present in eight markets with access to 293 million mobile customers; and we have a network of 37 overseas offices to serve the communications needs of our corporate customers. The Group now ranks among the Top 15 global telecommunications companies¹.

Presently, the Group similarly stands at the threshold of major technological, economic, regulatory and industry changes. Intensifying competition in our core carriage business makes it more urgent for us to transform and differentiate our products and services and customer service experience.

1: Based on market capitalisation as at 31 March 2010



We are moving fast to be ahead. We aim to lead and to shape the communications landscape.

Making the right moves, leveraging our scale

Our regional associates are facing increased competition as their markets open up to more service providers. In Singapore, the Next Generation National Broadband Network, which starts commercial operations this year, will bring ultra high-speed network access to homes and businesses and will attract many more new retail service providers. Structurally and operationally, we believe we are well positioned to capture the growth potential from successful adoption of fibre services in Singapore. In Australia, we are a strong advocate of

the Government's vision for the National Broadband Network to reshape the fixed-line telecoms sector to deliver significant benefits for the community.

A similar sea change is taking place in the mobile arena. Customers are increasingly engaged with their smartphones and Internet devices to perform functions for work and leisure anywhere, anytime. Richer applications and services will be delivered over mobile networks. In fact, for many regional and rural customers in the developing markets, they will be accessing the Internet for the first time through their mobile phones. We have also been stepping up our network investments in regional Australia to

enhance mobile and data capacity and distribution capabilities.

Besides enhancing our network capabilities, we are also leveraging the Group's scale to develop new applications, services and products across the region to give our customers faster access to the widest range of multimedia communications service offerings.

We have been transforming our businesses, people and processes to prepare for change. To meet the explosive demand for mobile data, the Group has planned a regional trial of Long Term Evolution technology across Singapore, Australia, Indonesia and the Philippines.



Optus launches its newest state-of-the-art satellite – Optus D3



CHAIRMAN'S STATEMENT

We are moving fast to be ahead. We aim to lead and to shape the communications landscape.

Strengthening our capabilities by innovating

We are strengthening our capabilities in content and applications and this allows us to beat the competition. Our corporate clients are now able to benefit from cloud computing and managed services. Our consumer customers enjoy hyperlocal information, music content and downloads and high-definition TV. We are also bringing iconic sports content like the Barclays Premier League and ESPN Star Sports to our Singapore viewers via interactive and engaging media on multiple platforms.

We continue to invest in our people – to harness their capabilities and talent – to drive innovation and achieve our vision of becoming Asia's leading communications provider. We are fostering a culture where our people embrace the "can do" challenger spirit to do things differently. Besides executing on in-house ideas, it is also imperative that we develop a culture that readily encourages, supports and absorbs innovations from the external Infocomm Technology and multimedia ecosystems.

The global economy is forecast to resume growth in 2010, with the economies of Singapore, Australia and the region expected to improve. But we will continue to exercise financial discipline to remain nimble and manage costs by investing and increasing automation across

our operations and outsourcing as appropriate to drive procurement synergies and raise productivity.

Showing our support

Even as we change the game and lead the competition, we recognise our responsibility to the communities around us. SingTel, Optus and our regional associates continue to contribute and raise funds for charities and victims of natural disasters, and support social causes in countries where we operate.

Acknowledging our supporters

We are committed to the highest standards of corporate governance in our dealings with all our stakeholders, partners and employees. We would like to thank them for supporting the Group in all our endeavours in the past year. I would also like to express my appreciation to my fellow Board members, the management and union for their support.

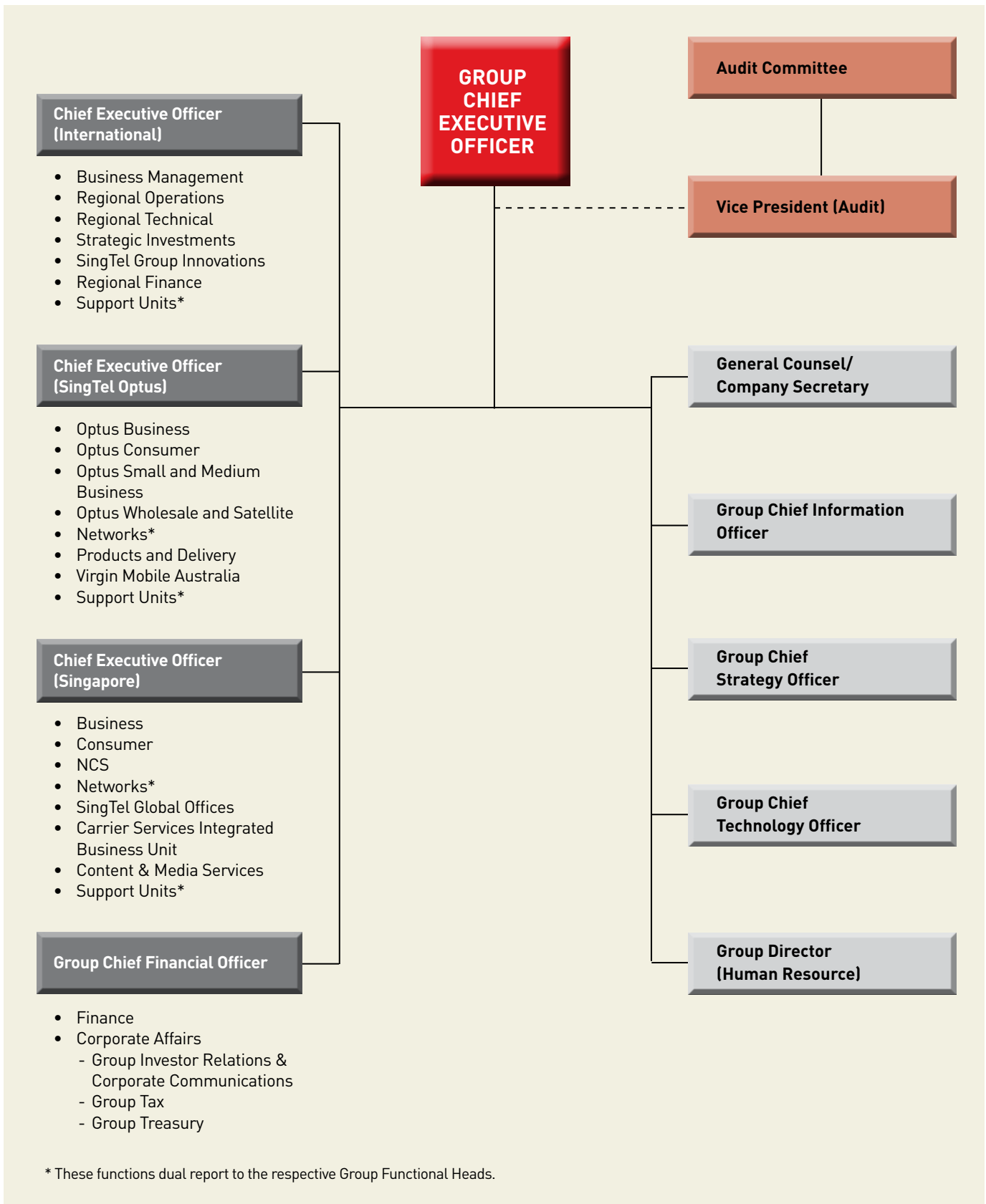
In particular, I would like to thank Messrs Heng Swee Keat, John Powell Morschel and Deepak S Parekh, who will be retiring from the Board at the conclusion of the coming Annual General Meeting, for their invaluable contributions and services as Board members over the years.

Chumpol NaLamlieng
Chairman

We continue to invest in our people – to harness their capabilities and talent – to drive innovation and achieve our vision of becoming Asia's leading communications provider.



Organisation Structure





Board of Directors

CHUMPOL NALAMLIENG

GRAHAM JOHN BRADLEY AM*

CHUA SOCK KOONG



SIMON ISRAEL

JOHN POWELL MORSCHEL

KAIKHUSHRU SHIYAVAX NARGOLWALA



* Member of the Order of Australia



FANG AI LIAN

HENG SWEE KEAT

DOMINIC CHIU FAI HO



ONG PENG TSIN

DEEPAK S PAREKH

NICKY TAN NG KUANG





BOARD OF DIRECTORS

CHUMPOL NALAMLIENG, 63

*Non-executive and independent Director
Chairman, SingTel Board
Chairman, Compensation Committee
Member, Corporate Governance and
Nominations Committee
Date of Appointment: Director on 13 Jun 2002
and Chairman on 29 Aug 2003
Last Re-elected: 25 Jul 2008*

Mr NaLamlieng is a member of the Board of Directors of The Siam Cement Public Co., Ltd. ("Siam Cement"). He was President of Siam Cement for 13 years before stepping down in December 2005. His career with Siam Cement spans more than 30 years.

Mr NaLamlieng is also a non-executive Director of Siam Commercial Bank Public Co., Ltd. He was a non-executive Director of British Airways Plc from November 2005 to July 2009.

Mr NaLamlieng was conferred the Royal Decoration, Knight Grand Commander (Second Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao, Thailand in May 2002 and the Officier de l'Ordre National du Mérite, France in July 2004. He holds a Bachelor of Science (Mechanical Engineering) from the University of Washington, US and a Master of Business Administration from Harvard Business School, US.

GRAHAM JOHN BRADLEY AM* 61

*Non-executive and independent Director
Member, Audit Committee
Member, Optus Advisory Committee
Date of Appointment: 24 Mar 2004
Last Re-elected: 25 Jul 2008*

Mr Bradley is a professional company director and is also involved in various philanthropic pursuits. He practised law for six years in Australia and US before joining McKinsey & Company in 1978. He was a Senior Partner of McKinsey & Company from 1984 to 1991, National Managing Partner of Blake Dawson from 1991 to 1995, and CEO of Perpetual Limited from 1995 to 2003.

Mr Bradley is Chairman of HSBC Bank Australia Limited, Stockland Corporation Limited, Boart Longyear Limited and Po Valley Energy Limited. He is also a Director of Brandenburg Ensemble Limited and a Director and President of the Business Council of Australia. He is the former Chairman of Film Finance Corporation Australia Limited, Garvan Research Foundation and Sydney Community Foundation and a former Director of MBF Australia Limited and Queensland Investment Corporation.

Mr Bradley holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney and a Master of Laws from Harvard Law School.

* Member of the Order of Australia

CHUA SOCK KOONG, 52

*Executive and non-independent Director
Member, Optus Advisory Committee
Date of Appointment: Director on 12 Oct 2006
and Group Chief Executive Officer (CEO) on
1 Apr 2007
Last Re-elected: 24 Jul 2009*

Ms Chua joined SingTel in June 1989 as Treasurer and was promoted to Chief Financial Officer (CFO) in April 1999. She held the positions of Group CFO and CEO (International) from February 2006 until 12 October 2006, when she was appointed Deputy Group CEO. Ms Chua was appointed Group CEO on 1 April 2007.

Ms Chua sits on the Boards of Bharti Airtel Limited, Bharti Telecom Limited and key subsidiaries of the SingTel Group. She is also a member of the Singapore Management University Board of Trustees, the Casino Regulatory Authority, the Public Service Commission and the Corporate Governance Council of the Monetary Authority of Singapore. She is a former Board member of JTC Corporation.

Ms Chua holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and a CFA charterholder.

FANG AI LIAN, 60

*Non-executive and independent Director
Chairman, Audit Committee
Date of Appointment: 7 Aug 2008
Last Re-elected: 24 Jul 2009*

Mrs Fang has been the Chairman of Great Eastern Holdings Ltd since April 2008, as well as Chairman of its insurance subsidiaries in both Singapore and Malaysia. Prior to that, she was with Ernst & Young for over 30 years, where she was appointed Managing Partner in 1996 and Chairman in 2005.

Mrs Fang is a Director of Banyan Tree Holdings Limited, MediaCorp Pte Ltd, Metro Holdings Limited and Oversea-Chinese Banking Corporation Limited. She is also the Chairman of the Charity Council and the Tax Academy of Singapore and President of the Home Nursing Foundation and the Breast Cancer Foundation. She was previously a Board member of the Public Utilities Board and International Enterprise Singapore.

Mrs Fang qualified as a Chartered Accountant in London in 1973 and is a Fellow of the Institute of Chartered Accountants in England and Wales.

HENG SWEE KEAT, 49

*Non-executive and independent Director
Member, Corporate Governance and
Nominations Committee
Member, Compensation Committee
Date of Appointment: 4 Jul 2003
Last Re-elected: 27 Jul 2007*

Mr Heng is the Managing Director of the Monetary Authority of Singapore. He is also Chairman of The Institute of Banking and Finance.



Mr Heng has served in various government departments. He joined the Singapore Administrative Service in 1997 and was appointed Principal Private Secretary to the Senior Minister from 1997 to 2000. He was appointed Deputy Secretary at the Ministry of Trade and Industry in 2000 and CEO of the Trade Development Board in 2001. He was Permanent Secretary at the Ministry of Trade and Industry from 23 October 2001 to April 2005.

Mr Heng was conferred the Public Administration Medal (Gold) at the Singapore National Day Awards 2001. He holds a Bachelor of Arts from the University of Cambridge, UK and a Master of Public Administration from Harvard University, US.

DOMINIC CHIU FAI HO, 59

*Non-executive and independent Director
Member, Audit Committee
Member, Corporate Governance and
Nominations Committee
Date of Appointment: 28 Nov 2007
Last Re-elected: 25 Jul 2008*

Mr Ho is the founder and a partner of HOPU Investment Management Co., Ltd. and a Director of Hang Lung Properties Limited and the Hong Kong Mercantile Exchange.

Mr Ho joined KPMG US in Houston in 1975 and became a partner in 1985. He was transferred to Beijing, China to set up KPMG's practice in 1984 and resided in China until 1989 when he was assigned to Hong Kong. Mr Ho became the China firm's Senior Partner based in Beijing in 2000 and was elected Chairman of KPMG in China and Hong Kong SAR in April 2003. He retired in April 2007.

Mr Ho holds a Bachelor of Business Administration and a Master of Science in Accountancy from the University of Houston. He is a member of the American Institute of Accountants and a member of the Hong Kong Institute of Certified Public Accounts.

SIMON ISRAEL, 57

*Non-executive and non-independent Director
Member, Finance, Investment and Risk
Committee
Member, Optus Advisory Committee
Date of Appointment: 4 Jul 2003
Last Re-elected: 27 Jul 2007*

Mr Israel is Chairman of the Singapore Tourism Board and Asia Pacific Breweries Limited, and an Executive Director of Temasek Holdings (Private) Limited. He is also a Director of Neptune Orient Lines Limited.

Mr Israel was Chairman of Asia Pacific of Danone, Asia, and a member of the Executive Committee of Group Danone before stepping down in June 2006. He held various positions in Sara Lee Corporation in the Asia Pacific region, including Country Manager/Zone Manager for Indonesia, the Philippines, the South Pacific and Thailand from 1974 to 1991, before becoming President (Household & Personal Care), Asia Pacific from 1992 to 1996.

Mr Israel is a former Director of Britannia Industries Ltd, Danone Asia Pte Ltd, Danone Food & Beverages India Pvt Ltd, Fraser and Neave Limited, Frucor Beverages Group Limited, Griffins Foods Pte Ltd, Hangzhou Wahaha Food Co. Ltd., PT Tirta Investama, Wuhan Dongda Brewery Co. Ltd, Wuhan Euro Dongxihu Brewery Co. Ltd, Wuhan Xingyingge Brewery Co. Ltd, Yakult Honsha Co., Ltd and Yeo Hiap Seng Ltd.

Mr Israel holds a Diploma in Business Studies from The University of the South Pacific.

JOHN POWELL MORSCHEL, 67

*Non-executive and independent Director
Member, Compensation Committee
Chairman, Optus Advisory Committee
Date of Appointment: 14 Sep 2001
Last Re-elected: 27 Jul 2007*

Mr Morschel is the non-executive Chairman of Australia and New Zealand Banking Group Limited and a non-executive Director of CapitalLand Limited and Tenix Group Pty. Ltd. Prior to his present appointment, he was an Executive Director and then Managing Director and Chief Executive of Lend Lease Corporation Limited.

Mr Morschel was Chairman of Rinker Group Limited, CSR Limited and Leighton Holdings Limited. He is also a former Director of Westpac Banking Corporation, Rio Tinto plc and Rio Tinto Limited.

Mr Morschel holds a Diploma in Quantity Surveying from The University of New South Wales. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

KAIKHUSHRU SHIVAX NARGOLWALA, 60

*Non-executive and Lead Independent Director
Member, Audit Committee
Chairman, Corporate Governance and
Nominations Committee
Date of Appointment: Director on 29 Sep 2006
and Lead Independent Director on
13 May 2009
Last Re-elected: 24 Jul 2009*

Mr Nargolwala joined Credit Suisse in January 2008 and is the Chief Executive Officer of Credit Suisse Asia Pacific and a member of the Executive Board.

Mr Nargolwala was a Group Executive Director of Standard Chartered PLC before he stepped down on 5 September 2007. Prior to that, he was the Group Executive Vice President and Head of Asia Wholesale Banking Group for



BOARD OF DIRECTORS

Bank of America, headquartered in Hong Kong. Mr Nargolwala was a non-executive Director of Tate & Lyle PLC from December 2004 to December 2007. He was also a non-executive Director of the Asia Pacific Region Board of Visa International until October 2007.

Mr Nargolwala holds a Bachelor degree in Economics (First Class Honours) from the University of Delhi, India. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

ONG PENG TSIN, 47

*Non-executive and independent Director
Member, Finance, Investment and Risk
Committee
Date of Appointment: 1 Jun 2009
Last Re-elected: 24 Jul 2009*

Mr Ong is Chairman of InfoComm Investments Pte Ltd and a Director of Banean Pte Ltd. He is also a member of the Board of the National Research Foundation, a member of the Board of Trustees of the Singapore University of Technology and Design and a member of COMPASS (Community and Parents in Support of Schools).

Mr Ong was the founder and Chairman of Encentuate, a company providing enterprise digital identity systems. IBM acquired Encentuate in 2008. Prior to starting Encentuate, Mr Ong was the founder and Chairman of Interwoven Inc., a leading provider of content infrastructure. Before Interwoven, Mr Ong was co-founder and chief architect of Electric Classifieds, Inc., the creators of Match.com and held various engineering and management roles at Illustra (now IBM Informix), Sybase Inc., and Gensym Corporation. He is a former Director of InfoComm Development Authority of Singapore.

Mr Ong holds a Bachelor of Science in Electrical Engineering from the University of Texas (US) and a Master of Science in Computer Science from the University of Illinois (US).

DEEPAK S PAREKH, 65

*Non-executive and independent Director
Member, Compensation Committee
Date of Appointment: 31 May 2004
Last Re-elected: 27 Jul 2007*

Mr Parekh is the Chairman of Housing Development Finance Corporation Limited ("HDFC") in India. He joined HDFC in 1978, was its Managing Director from 1985 and Executive Chairman from 1993 until he assumed his present office in January 2010.

Besides HDFC and its subsidiaries, Mr Parekh is on the Boards of several leading corporations across various sectors. He is the non-executive Chairman of GlaxoSmithKline Pharmaceuticals Limited, Infrastructure Development Finance Company Limited, Lafarge India Ltd. and Siemens India Limited. He is also on the Boards of Castrol India Limited, Hindustan Unilever Limited, Mahindra & Mahindra Limited, Indian Hotels Company Limited and WNS Global Services Pvt. Ltd. Mr Parekh has also been nominated by the Civil Aviation Ministry to the Board of Airports Authority of India. Mr Parekh was Director of Satyam Computer Services Limited from 12 January 2009 to 17 July 2009.

Mr Parekh holds a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai. He is a Chartered Accountant and a member of The Institute of Chartered Accountants in England and Wales.

NICKY TAN NG KUANG, 51

*Non-executive and independent Director
Chairman, Finance, Investment and
Risk Committee
Member, Optus Advisory Committee
Date of Appointment: 12 Mar 2002
Last Re-elected: 25 Jul 2008*

Mr Tan currently manages nTan Corporate Advisory Pte Ltd, a boutique firm specialising in corporate finance and corporate restructuring. He is also a Director of Fraser & Neave Limited and a member of its Audit Committee.

Mr Tan was a Partner and Head of Global Corporate Finance at Arthur Andersen, Singapore and ASEAN region, from 1999 to 2001. Prior to that, he was a Partner and Head of Financial Advisory Services at Price Waterhouse, Singapore and Chairman of Financial Advisory Services at PricewaterhouseCoopers, Asia Pacific region.

Mr Tan is a Chartered Accountant and a member of The Institute of Chartered Accountants in England and Wales. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Singapore.



Members of the Management Committee

CHUA SOCK KOONG

ALLEN LEW

LIM CHUAN POH



JEANN LOW

NG YOKE WENG

PAUL O'SULLIVAN

AILEEN TAN





MEMBERS OF THE MANAGEMENT COMMITTEE

CHUA SOCK KOONG, 52

Group Chief Executive Officer, SingTel

Ms Chua oversees SingTel's three key businesses - Singapore, Australia and International. Prior to this, she was the Deputy Group CEO from October 2006 to March 2007.

She joined SingTel in June 1989 as Treasurer. In April 1999, she was promoted to Chief Financial Officer (CFO), responsible for the Group's financial functions, including treasury, tax, insurance, risk management and capital management. In addition, she managed a diverse range of portfolios - from corporate development, company secretariat and legal to corporate communications and investor relations.

In February 2006, Ms Chua was appointed Group CFO and CEO International, responsible for the key drivers of SingTel's international business - Strategic Investments and NCS Pte. Ltd., the IT business arm. Besides overseeing the Group Information Systems and SingTel's regional associates, she was responsible for driving strategic acquisitions and international business.

Ms Chua is an Executive Director of SingTel and a Board member of Bharti Airtel Limited. She is also a member of the Singapore Management University (SMU) Board of Trustees, the Casino Regulatory Authority, the Public Service Commission and the Corporate Governance Council of the Monetary Authority of Singapore.

She holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore and is a Certified Public Accountant and Chartered Financial Analyst.

ALLEN LEW, 54

Chief Executive Officer (Singapore), SingTel

Mr Lew was appointed CEO Singapore in February 2006 with responsibility for the performance and operations of SingTel's business in Singapore. He began his career with the SingTel Group in November 1980. He has served in various senior management positions, including Chief Operating Officer of Advanced Info Service Public Company Limited (AIS) - SingTel's associate in Thailand, Chief Operating Officer of Singapore Telecom International Pte Ltd and Managing Director of Optus Consumer.

He is the Chairman of the AIS Executive Committee, Chairman of the Audit Committee and Member of the Sentosa Development Corporation and a member of the Advisory Council on the Impact of New Media on Society (AIMS), formed by the Ministry of Information, Communications and the Arts (MICA).

In 2007, Mr Lew was named Telecom CEO of the Year by Telecom Asia in recognition of his leadership role in SingTel's reinvigorated performance in Singapore's broadband and mobile market. He also won the Leading CEO Award in the Singapore Human Resources Awards 2009 for his active role in employee engagement initiatives.

Mr Lew holds a Bachelor of Electrical Engineering from the University of Western Australia and a Master of Science (Management) from the Massachusetts Institute of Technology, USA.

LIM CHUAN POH, 55

Chief Executive Officer (International), SingTel

Mr Lim joined SingTel in October 1998. He was appointed Executive Vice President (EVP) Strategic Investments in February 2006. In October 2006, Mr Lim assumed the position of CEO (International). He is responsible for SingTel's regional associates and supports the growth objectives of SingTel's business groups through strategic investments in the region.

Mr Lim has held various senior appointments, including EVP (Consumer Business) and EVP (Corporate Business) and was CEO of SingTel Mobile between April 2004 and February 2006. He is also Chairman of Bridge Alliance, a group of leading communications companies in Asia. Mr Lim has extensive managerial experience in the public sector and was Deputy Secretary at the Ministry of Communications prior to joining SingTel.

He holds a Bachelor of Engineering Science (Honours) from Balliol College, University of Oxford, UK and a Master in Public Health Engineering from the Imperial College of Science and Technology, University of London.

JEANN LOW, 49

Group Chief Financial Officer, SingTel

Ms Low was appointed Group Chief Financial Officer on 1 September 2008. She oversees the group's financial affairs including corporate finance, procurement, taxation, treasury, risk management and capital management and investor relations and group communications. Before this appointment, she had been Chief Financial Officer of Optus since 2006.

Ms Low joined SingTel in 1998 as the Group Financial Controller, responsible



for the financial functions of the SingTel Group. In 2004, she was promoted to Executive Vice President of Strategic Investments where she managed the Group's international investments and pursued opportunities for strategic investments globally.

Prior to joining SingTel she worked for several years in both the London and Singapore practices of an international accounting firm and thereafter in a public listed electronics company in Singapore.

Ms Low has been a Council Member of the Institute of Certified Public Accountants in Singapore since April 2010 and is a Director of OpenNet Pte. Ltd. She graduated from the National University of Singapore with an Honours Degree in Accountancy and is a Certified Public Accountant in Singapore.

NG YOKE WENG, 54

Group Chief Information Officer, SingTel

Mr Ng joined SingTel in 1997 as the Chief Information Officer. He was re-designated Group Chief Information Officer in 2003 following the integration of IT operations for SingTel's Singapore and Australian (Optus) businesses.

Mr Ng leads and oversees the planning, development and operations of the IT infrastructure and information systems to ensure quality service delivery and operational efficiency. Since 1 April 2007, he has been covering the Group Chief Technology Officer role, responsible for driving long-term technology strategy, synergies and benchmarking.

Mr Ng holds a Bachelor of Electrical Engineering (First Class Honours) from the University of Canterbury, New Zealand. He is a Fellow of the Singapore Computer Society.

PAUL O'SULLIVAN, 49

Chief Executive Officer, SingTel Optus

Mr O'Sullivan was appointed Chief Executive of Optus in 2004. He is responsible for all aspects of the performance and operations of Optus. Under his direction, Optus has experienced five years of rapid growth, increasing revenues and growing its mobile customer base while maintaining a strong position as Australia's second largest telecommunications company.

Mr O'Sullivan also has management responsibilities across the SingTel Group and serves on the Board of Commissioners of Telkomsel. Prior to his current role, Mr O'Sullivan held management positions within Optus including Chief Operating Officer and Managing Director of Optus Mobile, he has also held various international management roles at the Colonial Group and the Royal Dutch Shell Group.

Mr O'Sullivan is a board member of the Australian Business and Community Network (ABCN), which engages businesses to positively impact the community. In addition, he is one of the founders of TERRiA, a network of companies advocating for more competition and level playing field in telecommunications.

He has a B.A. (Mod) Economics, Trinity College, University of Dublin and is a graduate of the Harvard Business School's Advanced Management Program.

AILEEN TAN, 43

Group Director Human Resource, SingTel

Ms Tan joined SingTel in June 2008 as Group Director Human Resource. She oversees the development of human resource across the SingTel Group, including wholly-owned subsidiaries NCS Pte. Ltd. and Optus and is also responsible for delivering the Group's corporate social responsibility commitment.

Her role is to provide sound, well managed, responsive and efficient organisation-wide human resource programmes in support of SingTel, its subsidiaries and associates.


Ms Tan has a wealth of experience in Human Resource with many years of experience in various multinational corporations and local companies. Before joining SingTel, she was Group General Manager Human Resource at Wearne Brothers Services Group and was Vice President of Human Resource at Intensity Process Systems.

Ms Tan graduated with a Bachelor of Arts majoring in Statistics and Japanese Studies from the National University of Singapore. She also holds a Master in Organisational Behaviour from the California School of Professional Psychology Alliant University.

She is a member of the Home Nursing Foundation Board and HR Manpower Skills & Training Council.



Key Awards and Accolades

		
<p>2009</p> <p>APRIL</p> <p>Governance and Transparency Index</p> <ul style="list-style-type: none"> Ranked 1st <p>Singapore Corporate Awards</p> <ul style="list-style-type: none"> Best Investor Relations (Gold) <p>Readers' Digest Trusted Brands Awards</p> <ul style="list-style-type: none"> Platinum (Phone Service) – 6th year Gold (Internet Service Provider) <p>Computerworld Singapore Customer Care Award</p> <ul style="list-style-type: none"> Telecommunications Services – 2nd year <p>MAY</p> <p>FinanceAsia - Asia's Best Companies</p> <ul style="list-style-type: none"> Best Managed Regional Company (Telecoms) Best Managed Company (Singapore) Best Corporate Governance (Singapore) Best Corporate Social Responsibility (Singapore) <p>JUNE</p> <p>ALB Southeast Asia Law Awards</p> <ul style="list-style-type: none"> Best IT/Telecommunications In-House Team of the Year <p>CommsDay Asia Pacific Awards</p> <ul style="list-style-type: none"> Most Innovative Fixed Network Operator 	<p>JULY</p> <p>Singapore Human Resources Awards</p> <ul style="list-style-type: none"> Corporate HR Award Learning & Human Capital Development Talent Management Retention & Succession Planning HR Communications Leading CEO Award – Allen Lew, CEO Singapore <p>Australian Chamber of Commerce Business Awards</p> <ul style="list-style-type: none"> Commonwealth Bank of Australia Business Alliance Award – SingTel <p>AUGUST</p> <p>Wall Street Journal – Asia's 200 Most-Admired Companies</p> <ul style="list-style-type: none"> Ranked 2nd Most-Admired Singapore Company <p>SEPTEMBER</p> <p>Computerworld Singapore Readers Choice Awards</p> <ul style="list-style-type: none"> Ranked 1st for Data Centre and Hosting Best Managed Connectivity Service Provider – 3rd year <p>Asiamoney 20th Anniversary Poll of Polls</p> <ul style="list-style-type: none"> Best Overall for Corporate Governance in Singapore since 2004 <p>CCAS International Contact Centre Awards</p> <ul style="list-style-type: none"> Best Contact Centre of the Year (Employee Retention Program) – Juzcall Contact Centre <p>OCTOBER</p> <p>SIAS Investors' Choice Awards</p> <ul style="list-style-type: none"> Best Corporate Governance Board Diversity Award – 2nd year 	<p>Singapore Compact International Corporate Social Responsibility Conference</p> <ul style="list-style-type: none"> CSR Recognition Award <p>Annual Media, Entertainment and Telecommunications Awards</p> <ul style="list-style-type: none"> Best International Service Provider <p>Point of Purchase Advertising International Awards</p> <ul style="list-style-type: none"> Gold Award (Digital and Interactive Media category) – SingTel shop <p>Singapore Retailers Association Awards</p> <ul style="list-style-type: none"> Best Retail Concept of the Year – SingTel shop <p>NOVEMBER</p> <p>Lloyd's List Asia</p> <ul style="list-style-type: none"> Innovation Award <p>Corporate Reputation Survey</p> <ul style="list-style-type: none"> Ranked 1st for Mobile Service Providers <p>Metro Ethernet Forum</p> <ul style="list-style-type: none"> Service Provider Award – 2nd year <p>GSMA Asia Mobile Awards</p> <ul style="list-style-type: none"> Best Mobile Music Service – SingTel AMPed™ <p>DECEMBER</p> <p>IR Magazine Awards</p> <ul style="list-style-type: none"> Best Investor Relations by a CEO – Chua Sock Koong, SingTel GCEO Grand Prix for Best Overall Investor Relations Best Investor Relations Website/Webcasting <p>Network World Asia Readers Choice Awards</p> <ul style="list-style-type: none"> Best Managed Services



2010	NCS	OPTUS
<p>JANUARY</p> <p>Singapore 1000, Singapore SME 500 & Singapore International 100 Awards</p> <ul style="list-style-type: none"> • S1000 Turnover Excellence • S1000 Net Profit Excellence • Singapore International 100 Top 5 • Top Market – Oceania <p>FEBRUARY</p> <p>HardwareMag and HardwareZone.com Tech Awards, Reader's Choice category</p> <ul style="list-style-type: none"> • Best Mobile Operator (Singapore) – SingTel Mobile • Best Internet Service Provider – SingNet <p>Frost & Sullivan – Market Leadership Award</p> <ul style="list-style-type: none"> • Data Centre Services – Singapore <p>MARCH</p> <p>Media Magazine – Top Digital Brands Report</p> <ul style="list-style-type: none"> • Ranked 1st in Singapore <p>APRIL</p> <p>Governance and Transparency Index</p> <ul style="list-style-type: none"> • Ranked 1st – 2nd year <p>Seatrade Asia Awards</p> <ul style="list-style-type: none"> • Technical Innovation – 2nd time 	<p>2009</p> <p>SEPTEMBER</p> <p>CCAS International Contact Centre Awards</p> <ul style="list-style-type: none"> • Best Contact Centre of the Year (Employee Retention Program) <p>Government Call Centre Excellence Awards</p> <ul style="list-style-type: none"> • Best Governance Contact Centre (Over 30 Full-Time Employees category) <p>OCTOBER</p> <p>International Customer Management Institute Awards</p> <ul style="list-style-type: none"> • Global Call Centre of the Year (Small-to-medium category) <p>Singapore Ministry of Transport</p> <ul style="list-style-type: none"> • Minister's Innovation Award <p>DECEMBER</p> <p>MIS Asia Magazine</p> <ul style="list-style-type: none"> • Strategic 100 (Regional 20) Honouree <p>2010</p> <p>JANUARY</p> <p>2009 Hong Kong ICT Awards</p> <ul style="list-style-type: none"> • Certificate of Merit in the Best Public Service Application 	<p>2009</p> <p>MAY</p> <p>Consumers' Telecommunications Network Awards</p> <ul style="list-style-type: none"> • Recognition for Supporting Grassroots Consumer Consultation <p>Interactive Advertising Bureau Awards</p> <ul style="list-style-type: none"> • Brand Loyalty and Retention Award <p>JUNE</p> <p>ACOMMS Award</p> <ul style="list-style-type: none"> • Innovation in Content Delivery and Services through Partnership <p>Cisco Global Service Provider of the Year</p> <ul style="list-style-type: none"> • Optus Business and Alphawest <p>JULY</p> <p>Australian Business Award</p> <ul style="list-style-type: none"> • Best Value Product – Uecom Ethernet VPN <p>Juniper Partner of the Year award for Australia and New Zealand</p> <ul style="list-style-type: none"> • 2009 Juniper Partner of the Year – Alphawest <p>AUGUST</p> <p>The Franchise Council of Australia</p> <ul style="list-style-type: none"> • NSW/ACT Multi-Unit Franchisee of the Year – 'yes' Optus North Sydney



KEY AWARDS AND ACCOLADES

OCTOBER**Australian Service Excellence Awards**

- Service excellence in a help desk – Uecomm

Australian Marketing Institute Awards

- Finalist for best sponsorship – Tennis Australia

Australian Business Arts Foundation Awards

- Bytecraft Entertainment Commitment Award

Annual Media, Entertainment and Telecommunications Awards

- Best Mobile Operator – Optus

NOVEMBER**Australian Direct Marketing Association**

- Silver Effectiveness Award for IT

Bronze awards

- Creative Direct Mail Campaign: Business' Tape Recorder
- Creative Website/Microsite: Whale Song
- Creative (Art Direction): Cirque du Soleil website
- Effectiveness (Telecommunications): Timeless campaign
- Effectiveness (Data Driven Direct Marketing): Swoon
- Business & Domestic Products & Services Effectiveness: 'yes' Coach

Cisco Australia and New Zealand Partner Awards

- Cisco APAC Service Provider of the Year – Alphawest
- Unified Communications Partner of the Year – Alphawest
- Enterprise Partner of the Year – Alphawest

Frost & Sullivan Australia Best Practices Awards

- Unified Communications Systems Integrator of the Year – Alphawest

9th Annual HR Leadership Awards

- Best Talent Management Strategy – Optus

Australian Human Resources Institute Awards

- The John Boudreau Award for Human Capital Management – Optus Upward Feedback Tool

Australian Business Excellence Awards

- OH&S Management – Optus

DECEMBER**Smart Investor League of Exceptional Service Survey**

- Best Mobile Phone Provider – Virgin Mobile

Australian Interactive Media Industry Association Survey

- Ranked 1st for overall satisfaction
- Ranked 1st for customer satisfaction

2010**JANUARY****Hitachi Data Systems Partner of the Year Award**

- Hitachi ANZ Partner of the Year – Alphawest

FEBRUARY**Hewlett Packard 'Most Outstanding Information Management Partner of the Year' Award**

- Hewlett Packard Most Outstanding Information Management Partner of the Year 2009 – Alphawest

MARCH**BRW Client Choice Awards**

- Finalist for Best IT Services Firm (Revenue under \$500m) – Alphawest



SHAPING OUR MARKETS
ADDING NEW DIMENSIONS



Operating and Financial Review



BUSINESS IN SINGAPORE

hi! Buddy, the mascot for hi! Club, Singapore's 1st nationality-based community networking service

SingTel continued to lead and shape the market by focusing on innovation, excellent customer experience, teamwork and strong execution. This enabled us to achieve customer-focused breakthroughs, build our multimedia and solutions businesses and differentiate ourselves from the competition.

In 2009/2010, we continued to maintain our leadership position in key businesses. We captured 45.2 per cent of the mobile market and extended our lead significantly in Internet Protocol Virtual Private Network (IP VPN) to 20.4¹ per cent of the Asia Pacific market excluding Japan. NCS also saw its market share in Singapore in professional IT services increase to 19.5² per cent.

Enriching mobile content

Delivering new and innovative mobile content is a key component of SingTel's transformation into a multimedia solutions company. In June 2009, we introduced SingTel AMPed™, a unique lifestyle entertainment service. Users can download music and access music videos, entertainment news and pre-album releases, while enjoying opportunities to meet stars and interact online with music fans. An outstanding feature of AMPed is its availability on the widest range of 3G handsets and mobile operating platforms, including the Apple iPhone™ 3GS and various Android phones. AMPed won Best Mobile Music Service at the GSMA's Asia Mobile Awards 2009.

1: IDC Topline, Delivering the Business Benefits of Cloud with IP VPN, May 2010
2: 2008 Ranking, IT professional services (Gartner, Aug 2009)



During the year, SingTel also introduced several new mobile services. These include TrafficLIVE, the first intelligent traffic planning guide combining comprehensive traffic information and analysis with SMS alerts for reliable trip planning. Meanwhile, hi! Club, Singapore's first nationality-based community networking service, was introduced to help customers to keep connected with friends and families easily and affordably, easing the transition from home to Singapore.

With consumers increasingly accessing social media through their mobile phones, SingTel unveiled the INQ Chat 3G, our second exclusive INQ phone. We were also the first in Asia to bring the Motorola DEXTM, Motorola's first Android-powered device with a unique platform that automatically synchronises and delivers contacts, posts, feeds, messages and photos from popular social networking sites and email to the home screen.

We celebrated a major milestone with the Long Term Evolution (LTE) technology trial showcase by SingTel and Ericsson. SingTel became the first in the region to successfully power on air the 42 Mbps mobile broadband network at the showcase, supporting multiple high-bandwidth mobile applications. The trial demonstrates the LTE technology to

Delivering new and innovative mobile content is a key component of SingTel's transformation into a multimedia solutions company.

help industry players develop products and services to further excite our customers' multimedia mobile experience.

Changing the multimedia game

We continued to shake up the multimedia market with the launch of SingTel Digital Media in conjunction with our one-stop, hyperlocal web and mobile destination, inSing.com. Introduced in May 2009, inSing.com includes lifestyle channels, user reviews and commissioned editorials with a distinctly Singaporean point-of-view.

SingTel has also changed the game in the pay TV market by scoring notable content wins, particularly sports content which is a key driver for pay TV take-up. Since November 2009, ESPNEWS, the first 24/7 sports news channel dedicated to Asian fans, has broadcast on mio TV. Our sports programming was bolstered when SingTel secured exclusive rights to a suite of channels from ESPN STAR Sports starting July 2010; and our mio TV customers will

have access to world-class sporting events such as the Formula One, the Australian Open, Wimbledon, the US Open Golf Championship and MotoGP among others.

Winning the rights to the Barclays Premier League (BPL) 2010-2013 seasons was a major milestone for mio TV.



ABOVE: Best Retail Concept of the Year – SingTel shop at Jurong Point

LEFT: SingTel scores a major content win by securing the iconic BPL for 3 seasons





OPERATING AND FINANCIAL REVIEW



LEFT: SingTel's award-winning AMPed – a world's 1st for an operator-offered music service on the Apple iPhone

BELOW: SingTel signs an MOU with MDA and Ngee Ann Polytechnic to develop innovative broadcast media solutions

For the first time, fans in Singapore will see all 380 matches. SingTel's BPL offering will bring football viewing to new levels as we fulfil fans' wishes for interactivity, insightful commentary and higher quality production. SingTel also acquired the broadcasting rights to the 2010 FIFA World Cup™ for Singapore fans and will offer all 64 matches 'live' on mio TV and mobile, with complimentary viewing on the Internet.

With BPL, mio TV is now home to the three biggest football competitions in the world, having earlier secured the rights to UEFA Champions League and UEFA Europa League. Football fans can catch all the football action on a new channel called 'mio Stadium'.

This winning strategy drove the growth of mio TV, which exceeded 200,000 customers in April 2010.

SingTel's large customer base presents valuable opportunities for advertising to be a new growth engine for the company. Recognising this, we started SingTel iMedia, a service allowing advertisers to reach out to our base of 3.1 million mobile, 515,000 fixed broadband and 505,000 wireless broadband customers.

Innovating to enable businesses

SingTel continued to offer new and innovative services to help our business customers. Examples are IP VPN, data centre services and cloud computing, all of which allow customers to avoid costly infrastructure investments and maintenance. Meanwhile, to boost our data centre services, we have made a significant investment with building Kim Chuan Telecommunications Centre II, a 150,000 square foot next generation Tier 4 Green Data Centre commissioned for service in January 2010.

Besides serving our customers, SingTel's cloud computing services are helping to establish Singapore as a regional cloud computing hub. Partnering the Infocomm Development Authority, International Enterprise (Singapore), leading technology companies and software developers, we introduced the SingTel Innovation Exchange (SiX) to give software developers access to resources like grid computing and technical consultancy, which cut costs and time-to-market.

SingTel's Broadcast Innovation Centre, in operation since June 2009, serves as a powerful digital media exchange and content distribution hub connecting companies in Singapore to more than



40 countries via high-speed satellite and terrestrial fibre networks.

Enabling Singapore to make its mark in a unique way, SingTel provided a communications lifeline to the country's first women's Mount Everest team. Using SingTel's satellite solutions, the team sent SMS and email updates, accessed the Internet and called home.

Boosting international connectivity

With strong growth in global data traffic expected, SingTel is staying ahead through continued investment in cable infrastructure and by tapping markets with high growth potential. In January 2010, we joined a consortium of carriers to build and operate the new Southeast Asia Japan Cable system (SJC), a submarine cable system with the highest capacity in the world.



In addition to expected capacity, the SJC will increase the resiliency and diversity of our cable infrastructure. To be operational by 2012, it will initially connect Singapore, Indonesia, the Philippines, Hong Kong and Japan, catering to strong demand for data, e-commerce, web applications and Internet traffic in Asia's high-growth countries. The SJC will also connect to the new Unity cable network, enabling SingTel to offer superior connectivity between Asia and the US. SingTel is a founding member of the Unity cable, a new ultra high-speed submarine cable system linking the US to Japan.

SingTel extended its international reach even further, with a joint venture to offer superior network connectivity and IP solutions to companies in the major cities in India. The joint venture company, SingTel Global India Private Limited, provides fully managed solutions to meet customers' end-to-end communications and IT needs.

Strengthening Information Technology Services

SingTel continued to boost its IT capabilities and expertise. The year saw wholly owned subsidiary NCS Pte. Ltd. successfully complete its integration with SCS Computer Systems Pte. Ltd. and emerge as the first in Southeast Asia to offer a full suite of cloud services targeted at enterprise customers. NCS secured a high-profile Google Apps project with Singapore's Ministry of Education that gives over 30,000 teachers and staff access to a suite of online communications and collaboration tools.

Other major contract wins during the year included a four-year contract with the Inland Revenue Authority of Singapore to



provide data centre, disaster recovery and managed services.

Winning recognition of our success

Our efforts to change the game and stay clearly ahead earned us a number of accolades during the year. They reflect not only the quality but also the breadth and depth of our products and services.

We won the prestigious 2009 Singapore Frost & Sullivan Market Leadership Award in the Data Centre Services Market, and our leadership in developing innovative maritime communications garnered the Innovation Award from Lloyd's List Asia, a leading shipping news publication.

Our customers also affirmed our market leadership by voting SingTel Mobile and SingNet as the Best Mobile Operator (Singapore) and Best Internet Service Provider, respectively, at the inaugural HardwareMag and HardwareZone.com Tech Awards 2010, Reader's Choice category. Our concept store, SingTel shop at Jurong Point, won the Gold Award (Digital and Interactive Media category) at the Global Point of Purchase Advertising International (POPPI) Awards and Best Retail Concept of the Year at the Singapore Retailers Association Awards 2009.

NCS was among the Top 20 Regional IT vendors on MIS Asia magazine's Strategic 100 list, and recorded its significant milestone win in the International Customer Management Institute's Global Call Centre of the Year award in the small-to-medium category.



TOP: SiX incubates, brings to market and regionalises promising ICT companies from Singapore and the region

LEFT: SingTel's maritime broadband solutions help shipping companies boost business productivity



OPERATING AND FINANCIAL REVIEW



BUSINESS IN AUSTRALIA

iPhone 3GS customers are happier with Optus at a celebration in Sydney's Circular Quay

Optus made great strides in this financial year, driving competition and transforming the playing field in the Australian communications market by continuing to grow its customer base, improve customer experience and invest in both metropolitan and regional Australia.

Leading the growth in mobile

Optus strengthened its mobile market position in Australia with service revenue increasing by 11 per cent year-on-year, outperforming the market to increase revenue share.

Through leadership in smartphones and innovative mobile offers, coupled with significant investment in our mobile network, Optus continued to lead the Australian market in mobile offerings. This successful strategy attracted 709,000 new mobile customers to Optus during the year, a significant increase particularly in our postpaid base.

We continued the rollout of our 3G Dual Band mobile network, with voice coverage now reaching over 97 per cent of the Australian population. This investment positions Optus as the only carrier capable of challenging the incumbent telco's network on both coverage and speed.

Optus played a pivotal role in disrupting the Australian market with exclusive smartphones, market-leading rate plans and innovative products and services.

Tapping into the appetite for smartphones and social networking, we launched an Australian first with new rate plans offering generous data allowances for email and web browsing integrated with voice services and unlimited access to popular social networking sites.



In the small and medium business market, Optus scored a first by extending the successful Total Business Cap plan to include fixed voice, Internet, mobile broadband and mobile services.

Recognising the explosive demand for mobile broadband, we provided customers with market leading innovation through our business grade packages designed to provide fast speeds and 24x7 technical support to small and medium businesses. As a result of our market-leading offers, Optus' mobile broadband customers almost doubled to 907,000 by year-end.

Enhancing customer experience

Our vision for Optus is to deliver competitive differentiation in the Australian market by providing outstanding customer experience. This is grounded with significant investment in infrastructure, information systems and human resources to maintain a high level of customer service.

We made improvements to a number of customer touch-points including the continued rollout of the newly-designed Optus 'yes' shops. We stepped up our retail presence and now have 222 Optus branded stores, up from 123 a year ago.

We continue to invest smartly in IT systems to provide customers with improved online capability, including online sales and account management. We also launched the first Optus-developed application for the Apple iPhone™ called My Account, which lets customers monitor call and data usage, view and pay bills or recharge their accounts. This popular application reached the top ten lists in the Australia iTunes free applications store in the first week of launch.

In the year, we expanded our suite of innovative mobile content. We became the first Australian operator to launch a mobile application store offering both consumer and business customers access to a multitude of applications on a wide range of handsets.

In a creative opportunity with our sponsorship of Australia's leading cultural event, the Sydney Festival, we developed a custom-made iPhone application and 3G mobile guide. The Optus Festival Buddy provided event, ticketing and venue information for all festival goers with 3G mobile phones.

We also played a key role in supporting Australian sport. As the official telecommunications provider for the Australian Open Tennis Championships 2010, we offered our customers access to free live streaming of matches and a wide array of exclusive content. With

our appointment as the 2010 FIFA World Cup™ Mobile Broadcaster in Australia, our customers will also enjoy exclusive and free access to live streaming of matches, video on demand, scores, news and more during the 2010 FIFA World Cup.

Advocating for fair competition in fixed

In 2007, we invested in the expansion of our own unbundled local loop network to provide telephony and broadband services to Optus customers. By migrating customers onto our own network, we have been able to introduce exciting new offers and as a result, we now have more than one million customers accessing services via Optus' fixed network.

Optus. Mobile broadcaster of the 2010 FIFA World Cup.™

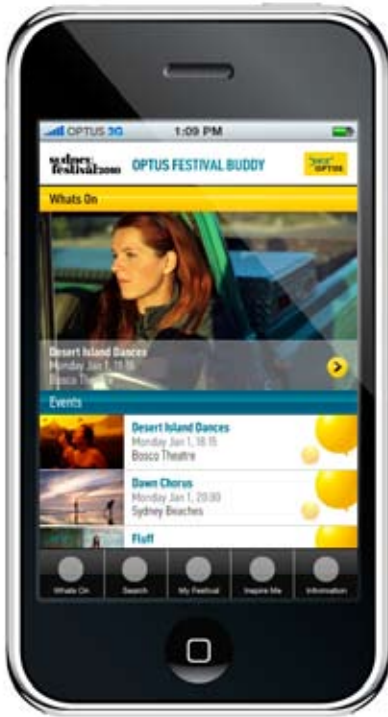
As an Optus 3G customer you can look forward to free live streaming of 2010 FIFA World Cup™ matches optimized for your mobile. Streaming is possible. Register your interest at optus.com.au/worldcup

yes OPTUS

Optus is the official mobile broadcaster of the 2010 FIFA World Cup



OPERATING AND FINANCIAL REVIEW



ABOVE: Optus' 1st custom made iPhone application for Australia's most attended cultural event – the Sydney Festival

BOTTOM RIGHT: Optus Country introduces a television campaign focusing on the needs of regional Australians

Optus is a supporter of the Australian Federal Government's planned National Broadband Network (NBN) on certain key principles. We have been a strong advocate for the Government's vision that the NBN has the potential to positively reshape the fixed-line telecommunications sector in Australia and deliver significant benefits to Australian consumers and businesses.

On 15 September 2009, the Government announced a landmark decision to reform the regulatory environment governing the Australian telecommunications sector. The draft legislation closely mirrors Optus' long-held principles for regulatory reform built around structural separation, open access principles, cost-based pricing and Australian Competition and Consumer Commission oversight.

As a champion for competition, we continue to play a significant role in ensuring that the objectives for greater competition and a level playing field remain at the forefront for Government, regulators and key influencers in the Australian market and to advocate for substantive implementation by the government on those principles.

Investing in infrastructure

We continued to invest significantly in our network to support mobile and data growth and improve customer experience. In addition to investments in transmission and backhaul capacity, 600 new mobile sites were added to improve coverage, predominantly in regional Australia. During the year, we acquired an additional 10 MHz of paired spectrum in the 2100 MHz band. This now doubles Optus' 2100 MHz paired spectrum holdings in the eight capital cities in Australia to support the growth of mobile broadband and content.

We have also commenced the upgrading of our Hybrid Fibre Coaxial cable network to speeds of up to 100 Mbps. This will enable our cable broadband customers in Sydney, Melbourne and Brisbane to enjoy high-speed content and services later in 2010.

In August 2009, we expanded our satellite fleet with the successful launch of our newest state-of-the-art satellite, Optus D3. This increased the capacity to deliver

Optus strengthened its mobile market position in Australia with service revenue increasing by 11 per cent year-on-year, outperforming the market to increase revenue share.





Optus Business at the 2009 CeBIT trade show

digital and high definition television to customers across Australia and New Zealand.

Bringing in business

Optus achieved significant new wins in the corporate, government and wholesale sectors.

ANZ awarded the SingTel Group a five-year A\$500 million contract to provide telecommunications and global managed network services across 30 countries. The Group will provide the bank with a single platform for voice, data and managed services to more than 34,000 staff. This includes the deployment of over 20,000 IP telephones and 40 advanced video conferencing units across the region. In Australia, Optus has started the rollout of a new data network to more than 850 ANZ retail branches, as well as end-to-end management of call centre infrastructure.

During the year, we won key contracts with the Australian Taxation Office and Brisbane City Council. The Australian Taxation Office awarded Optus with their

managed network services contract worth A\$187 million over four years, our largest Federal Government contract to date. Brisbane City Council awarded Optus a seven-year network managed services contract worth A\$60 million. The agreement will see the Council's telecommunications network infrastructure migrate to a new, fully managed IP-based communications system.

In the wholesale sector, we cemented our position as the number one wholesaler for mobile and mobile broadband services by concluding a four-year A\$160 million agreement with Dodo, a service provider. Australia's leading supermarket, Woolworths, also became a mobile virtual network operator when it signed a wholesale agreement to use the Optus' mobile network to offer a prepaid mobile service to its customers across Australia.

Reaching the regions

Optus aims to bring true choice and competition in telecommunications to rural and regional Australia by continuing to invest significant capital in our mobile network and distribution footprint.

2009 saw the launch of Optus Country, a team fully dedicated to servicing the needs of regional Australians. In line with this regional focus, we continued with the country-wide retail expansion of Optus 'yes' shops and 'yes' kiosks. We also initiated a national advertising campaign recognising investment by our franchisees in their local communities and contributed to the investments in community projects.



OPERATING AND FINANCIAL REVIEW



BUSINESS IN THE REGION

AIS celebrates the 10th anniversary of the One-2-Call! service

Today, the SingTel Group has major investments in India, Indonesia, the Philippines, Thailand, Pakistan and Bangladesh. Together with its regional associates in these countries, SingTel is Asia's largest multi-market mobile operator.

SingTel is a long term strategic investor. As a strategic investor, we work closely with our associates to grow the business, by leveraging our combined scale in networks, customer reach and extensive operational experience.

Our associates benefit not only from the relationship with SingTel. By being part of a larger group, they are able to share experiences and insights with one another. These learnings help our associates as they navigate challenges and take advantage of opportunities in their own markets.

Group initiatives

In 2009/2010, the Group collaborated on a number of strategic and tactical marketing projects. A working group comprising sales and marketing teams across the Group engaged device partners to be the first to market selected device models or to launch device models developed exclusively for the Group.

Through the SingTel Innovation Exchange (SiX), the Group brought together its associates, leading technology partners, such as Microsoft, Redhat and independent software vendors, to support the latter in early-ideas incubation and provide them the opportunity to access a regional market for their solutions. This has led to a proliferation of ideas for enterprise ICT and mobile handset applications, which the Group expects to develop further in the next financial year. Besides collaborating on marketing and other business initiatives, the governance



As a strategic investor, we work closely with our associates to grow the business, by leveraging our combined scale in networks, customer reach and extensive operational experience.

aspect of the Group's operations also received significant attention, driven by common objectives to raise the cost competitiveness of our operations and understand best practices towards the capital markets. This led to the inaugural Regional CFO Forum, where the CFOs across the Group share best practices in corporate governance, risk management, investor relations, enterprise performance management, cost management and treasury.

Riding the growth, maintaining competitiveness

Mobile penetration continued to soar in some of the regional markets. In India and Indonesia, headline penetration in terms of number of customers rose to 50 per cent and 75 per cent of the population, from 34 per cent and 62 per cent a year ago. Bharti Airtel has also passed the 100 million customer mark. Mobile services are reaching further into the rural populations and

have facilitated growth in social activities and economic transactions.

In these regional markets, which are predominantly prepaid markets and where headline penetration is often inflated as a result of the multi-SIM phenomenon, the growth potential often leads to bouts of severe price competition, fuelled by either new operators or existing competitors intending to capture additional market share. The Group enjoys mostly strong number 1 or number 2 positions in the regional markets, and may need to respond to aggressive tactics from competition from time to time.

India experienced its worst to date price competition in 2009/10. Bharti Airtel had responded by carefully segmenting the market and introducing a plethora of new products and plans to suit different customers. Bharti Airtel subscribers can now choose between per-minute tariff or per-second tariff plans. Under the Freedom Plan, Bharti Airtel subscribers can make calls at a uniform per second rate. The company also launched Airtel Advantage, allowing subscribers to call each other at

a low fixed per minute rate regardless of whether the call is local or national long distance.

In the Philippines, Globe launched IMMORTALCALL+, the first and only bucket call and text service with no expiry period to enhance subscriber usage and retention. In Indonesia, Telkomsel launched *simPATI M@X*, a new edition of its popular starter pack. It offers preloaded credits, a recharge bonus and other bonuses.

In the above instances, management of the associates carefully analyse the markets before they engage the competition with tariff reduction, clearly recognising the need to differentiate themselves from competitors.

Building differentiators

In Indonesia, the competitive landscape is changing with the rise of data usage driven mainly by mobile Internet. This is mainly contributed by the low fixed-line penetration, slower fixed-line broadband speed and growing youth population eager to explore new things such as social networking. With the rising trend in mobile Internet usage, Telkomsel has set itself apart in the mobile broadband area.



Bharti Airtel passes the 100 million customer mark



OPERATING AND FINANCIAL REVIEW

During the year, Telkomsel was chosen by Apple as its first official partner in Indonesia for the launch of both 3G and 3GS iPhones™. In the mobile broadband space, it was the first to launch the 'Next Generation Flash' HSPA+ to offer subscribers a superior web browsing experience and maximum Internet access speed. Similarly, Pacific Bangladesh Telecom's Citycell launched the first high-speed mobile broadband service in Bangladesh, Zoom™ Ultra.

In the year, Bharti Airtel introduced several initiatives for the small and medium sized enterprises to strengthen its enterprise grade offerings and simplify their customers' experience. For example, Bharti Airtel debuted VPN in a Box for SMEs in alliance with Cisco. This first-of-its-kind product is based on the infrastructure-as-a-service model.

Innovating to meet and shape customers needs

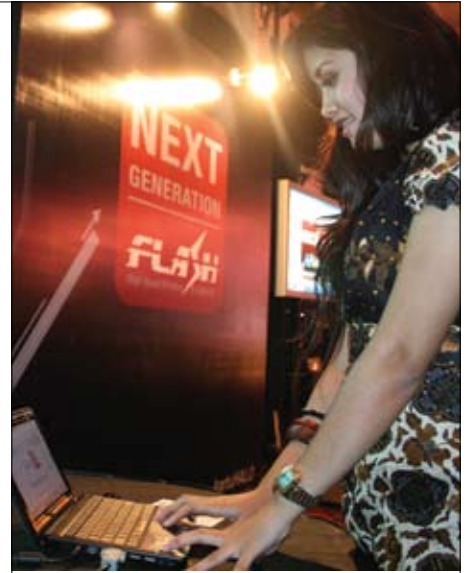
The associates introduced many unique services during the year, made possible by technology advancements and innovative service development. Often, while meeting customer needs, operators are also directly shaping the way customers consume telecommunication services.

AIS collaborated with Airports of Thailand Public Company Limited and I Access to create the Airport Flight Info service, which enables customers to check flight information via AIS mobile phones. A flight information SIM was also launched for air service and tourism operators.

In the Philippines, Globe introduced its revolutionary DUO product combining a mobile and wireless landline service into one SIM and one handset.

Most notably, our associates were quick to offer services that allow customers to engage in social networking and other new media. Epitomising this is GLOW, the new youth prepaid brand by Warid, our associate in Pakistan. This ground-breaking initiative empowers young people to decide how, when and with whom they wish to communicate via voice, SMS or Facebook™. Flexible bundles allow for cost-effective sharing of downloaded music, games and movies.

Telkomsel was the first in the world to launch BlackBerry Lifestyle, an affordable BlackBerry service exclusively for social networking and chatting, tailored to the Indonesian market with low entry prices. In addition, Telkomsel's innovative new SMS PRO makes SMS communications even easier, by offering predefined features such as SMS auto-reply, SMS divert, SMS copy, SMS black and white lists.



AIS' Facebook and Twitter Alerts let mobile customers receive and post real-time messages via SMS. Likewise, Bharti Airtel signed an agreement with Twitter, allowing over 128 million Airtel customers to send and receive SMS Tweets. Targeting the convergent needs of digitally attuned youth in the Philippines is the new *Globe Tattoo* SIM, which can be used in both a mobile phone and a Globe Tattoo USB stick.

Higher acclaim, more recognition

SingTel's regional associates continued to receive numerous accolades in 2009.



ABOVE: Telkomsel upgrades to HSPA+ technology 21 Mbps with the Next Generation Flash Network

LEFT: Globe introduces the Globe Tattoo SIM



LEFT: Warid GLOW's Pakistan Racer Hunt 2009, the first nationwide motor sport competition

BELOW: Citycell introduces its first high-speed mobile broadband service, Zoom Ultra

Industry-specific awards included Telkomsel's wins in the prepaid and postpaid categories of both Marketing & Frontier Consulting Group's Top Brand Award and Most Valuable Brand at the Indonesia Best Brand Award 2009. It also topped the mobile Internet service category of the Indonesia Customer Satisfaction Awards 2009. Bharti Airtel was named Service Provider of the Year and Wireless Service Provider of the Year at the Frost & Sullivan Asia Pacific ICT Awards.

In the area of customer care, Warid scored top marks in a report issued by the Pakistan Telecommunications Authority, as the telecom operator with the fewest customer complaints.

The associates also earned recognition for being well-run companies with convincing business strategies. Globe continued to earn praise for its corporate governance practices, with awards from the Institute of Corporate Directors as well as FinanceAsia Magazine.

Similarly, AIS was named Best Thai Company for Good Corporate Governance, by Euromoney Asia. AIS was voted one of the world's leading

public companies by Forbes magazine, most innovative Thai company by Wall Street Journal Asia, and Brand of the Year 2008-2009 by Superbrands.

Bharti Airtel was rated by Forbes Asia as one of the Fabulous 50 companies in the Asia Pacific, based on the criteria of long-term profitability, sales and earnings growth, projected earnings and stock-price gains. BusinessWeek also ranked Bharti Airtel among the world's six best performing technology companies.





OPERATING AND FINANCIAL REVIEW

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 March				
	2010	2009	2008	2007	2006
Income Statement (S\$ million)					
Group operating revenue	16,871	14,934	14,844	13,377	13,353
SingTel	5,995	5,547	4,904	4,430	4,355
Optus	10,876	9,387	9,940	8,947	8,998
Optus (A\$ million)	8,949	8,321	7,760	7,475	7,192
Group operational EBITDA	4,847	4,431	4,530	4,282	4,467
SingTel	2,224	2,110	1,967	1,902	1,915
Optus	2,623	2,321	2,564	2,380	2,552
Optus (A\$ million)	2,153	2,067	2,002	1,988	2,038
Share of associates' pre-tax earnings	2,410	2,051	2,559	2,073	1,649
Net profit after tax	3,907	3,448	3,960	3,779	4,163
Underlying net profit ⁽¹⁾	3,910	3,455	3,681	3,556	3,295
Cash Flow (S\$ million)					
Group free cash flow ⁽²⁾	3,406	3,245	3,575	2,795	2,772
SingTel	2,148	2,195	2,423	1,904	1,761
Optus	1,258	1,050	1,152	891	1,011
Optus (A\$ million)	1,015	967	903	742	815
Capital expenditure (cash)	1,923	1,918	1,879	1,790	1,714
Balance Sheet (S\$ million)					
Total assets	37,952	33,255	34,714	32,659	33,618
Shareholders' funds	23,493	20,476	21,000	20,847	21,091
Net debt	6,311	6,544	7,303	5,895	5,006
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	73	72	75	70	68
SingTel operational EBITDA margin (%)	37.1	38.0	40.1	42.9	44.0
Optus operational EBITDA margin (%) (in A\$)	24.1	24.8	25.8	26.6	28.3
Return on invested capital (%)	18.9	17.2	18.9	18.3	17.2
Return on equity (%)	17.8	16.6	18.9	18.0	20.6
Return on total assets (%)	11.0	10.2	11.8	11.4	12.1
Net debt to EBITDA (number of times)	0.9	1.0	1.0	0.9	0.8
EBITDA to net interest expense (number of times)	23.5	19.9	20.7	21.3	17.0
Per Share Information (cents)					
Earnings per share - basic	24.55	21.67	24.90	23.25	24.98
Earnings per share - underlying net profit ⁽¹⁾	24.56	21.71	23.15	21.88	19.77
Net assets per share	147.55	128.67	132.03	131.20	126.27
Dividend per share - ordinary	14.2	12.5	12.5	11.0	10.0
Dividend per share - special	-	-	-	9.5	-

'SingTel' refers to the SingTel Group excluding Optus.

Notes:

(1) Underlying net profit is defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.

(2) Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.



MANAGEMENT DISCUSSION AND ANALYSIS

GROUP	Financial Year ended 31 March		Change (%)
	2010 (S\$ million)	2009 (S\$ million)	
Operating revenue	16,871	14,934	13.0
Operational EBITDA	4,847	4,431	9.4
<i>Operational EBITDA margin</i>	<i>28.7%</i>	<i>29.7%</i>	
Share of associates' pre-tax profit	2,410	2,051	17.5
EBITDA	7,257	6,482	11.9
Exceptional items ⁽²⁾	(2)	(56)	-96.0
Net profit	3,907	3,448	13.3
Basic earnings per share (S cents)	24.6	21.7	13.3
Underlying net profit ⁽³⁾	3,910	3,455	13.1
Underlying earnings per share (S cents)	24.6	21.7	13.1

Notes:

- (1) In this section, 'Optus' refers to SingTel Optus Pty Limited and its subsidiaries, 'SingTel' refers to the SingTel Group excluding Optus and 'nm' denotes not meaningful. 'Associate' refers to either an associated company or a joint venture company as defined under Singapore Financial Reporting Standards.
- (2) The foreign exchange gain from capital reduction of a wholly-owned investment holding company of the Group in the previous financial year had been reclassified as 'Exceptional items'.
- (3) Underlying net profit refers to net profit before exceptional items.

The Group ended the financial year with double-digit net profit growth of 13 per cent, reflecting strong performance from Singapore, Australia and significant improvement in Telkomsel's performance. This was achieved amid a cautious economic climate. The Group outperformed the markets in Singapore and Australia and met guidance for the financial year.

The Group's operating revenue grew a strong 13 per cent and operational EBITDA increased 9.4 per cent, benefiting from the 8 per cent strengthening of the Australian Dollar against the Singapore Dollar from a year ago. If the Australian Dollar had remained stable from a year earlier, operating revenue would be up 8 per cent and operational EBITDA would have increased 5 per cent.

In Singapore, operating revenue was up 8.1 per cent, driven mainly by Information Technology and Engineering ("IT&E") revenue which grew strongly by 32 per cent with full year contribution from SCS Computer Systems Pte. Ltd. ("SCS") acquired in August 2008 and first-time revenue from the fibre rollout contract with OpenNet Pte. Ltd. ("OpenNet"). Mobile Communications revenue rose 8.4 per cent on strong customer growth.

In Australia, Optus delivered a solid 7.5 per cent increase in operating revenue, driven by a strong 13 per cent growth in mobile service revenue led by strong customer acquisitions and continued wireless broadband growth. Optus' translated revenue in Singapore Dollars grew 16 per cent from the previous financial year.

Operational EBITDA for the Group grew 9.4 per cent to S\$4.85 billion. However, margin fell 1.0 percentage point to 28.7 per cent, reflecting higher mobile acquisition and retention costs on strong customer connections, and higher IT&E revenue mix at the Singapore Business.



OPERATING AND FINANCIAL REVIEW

The Group's share of pre-tax profit of associates was up 18 per cent to S\$2.41 billion. Regional currencies were relatively stable from a year ago. The growth was boosted by a strong turnaround in Telkomsel's operational performance as well as fair value gains on mark-to-market valuations of the associates' foreign currency liabilities compared to significant fair value losses last year.

Consequently, EBITDA grew 12 per cent to S\$7.26 billion and would have been higher by 9 per cent if the Australian Dollar and regional currencies were stable from a year ago.

The Group recorded additional impairment provision of S\$260 million on Warid Telecom (Private) Limited and fair value loss of S\$61 million on certain available-for-sale investments, that were partially offset by a realised foreign exchange gain of S\$327 million on a loan repayment by an investment holding company within the Group. These one-off items do not impact the cash flows of the Group.

In the previous financial year, the Group recorded S\$49 million as an exceptional tax credit from the reduction in Singapore corporate tax rate and introduction of other tax measures.

Both the Group's net profit and underlying net profit grew 13 per cent to S\$3.91 billion, or 24.6 cents per share.

The Group diversified its earnings base through its investments in key markets overseas. On a proportionate basis where the associates are consolidated line-by-line, the operations outside Singapore accounted for 73 per cent of both the Group's proportionate revenue and EBITDA.

	Financial Year ended 31 March		Change (%)
	2010 (S\$ million)	2009 (S\$ million)	
SINGAPORE BUSINESS			
Operating revenue			
Data and Internet	1,577	1,535	2.7
Mobile communications	1,567	1,445	8.4
International telephone	563	624	-9.9
National telephone	393	404	-2.6
Sale of equipment	268	268	0.3
Others	210	200	5.0
	4,578	4,476	2.3
Telco	4,578	4,476	2.3
Information technology and engineering ("IT&E")	1,417	1,072	32.3
	5,995	5,547	8.1
Operational EBITDA (excluding Group's corporate costs)	2,293	2,162	6.1
<i>Operational EBITDA margin</i>			
<i>Singapore Business</i>	38.2%	39.0%	
<i>Singapore Telco business</i>	45.7%	45.8%	
<i>IT&E business</i>	14.3%	10.2%	

Note:

(1) Numbers in above table may not exactly add due to rounding.



The Singapore Business delivered strong operating results despite highly competitive market conditions and the economic slowdown. It continues to grow its Telco and IT businesses while making further strides in the multimedia segment with the launch of advertising and lifestyle web portal and innovative multimedia solutions.

Operating revenue was up a strong 8.1 per cent to S\$6.0 billion, driven mainly by IT&E revenue which grew significantly by 32 per cent including full year contribution from SCS and fibre rollout revenue from OpenNet. Revenue from the Singapore Telco business rose 2.3 per cent underpinned by robust mobile performance.

Operational EBITDA expanded 6.1 per cent to S\$2.29 billion. Margin, however, fell 0.8 percentage point to 38.2 per cent, reflecting the higher mix of IT&E revenue which had relatively lower margins.

Data and Internet revenue was up 2.7 per cent to S\$1.58 billion on cautious corporate telecom spending. SingTel continued to extend its lead in Internet Protocol Virtual Private Network ("IP VPN") in the region. With SingTel's global network and an innovative suite of Infocomm Technology (ICT) solutions, Managed Services achieved strong revenue growth of 17 per cent which were partly offset by decline in legacy data services. Fixed broadband revenue was stable amid a highly competitive market, with a net increase of 10,000 fixed broadband lines to 515,000 as at 31 March 2010.

Revenue from **Mobile Communications** delivered solid growth of 8.4 per cent to S\$1.57 billion on strong customer growth. Total mobile customer base grew 4.7 per cent to 3.12 million as at 31 March 2010, representing a leading market share of 45.2 per cent.

SingTel continued to lead the market with smartphones on innovative and exciting mobile price plans. It was the first company in Singapore to launch the Apple iPhone 3GS™, as well as the Android-powered smartphones, Motorola DEXT™ and Sony Ericsson XPERIA™ X10.

With strong success in its targeted acquisition initiatives, SingTel gained 7.5 per cent or 113,000 postpaid mobile customers in the year. This brought total postpaid base to 1.62 million as at 31 March 2010, strengthening its postpaid leadership at 46.0 per cent. Approximately 90 per cent or 1.45 million of these customers were on 3G services, 10 percentage points higher than a year ago. The growth was spurred by increased penetration of smartphones and data usage. Postpaid average revenue per user ("ARPU") was stable. The uplift from higher value smartphone customers was diluted by increased take-up of 'data only' price plans.

Demand for mobile broadband services continued to be strong. Mobile data services registered robust growth, constituting 34 per cent of ARPU, up from 32 per cent a year ago. Total customers on the monthly mobile broadband data subscription plans grew 330,000 in the year to 505,000 as at 31 March 2010.

During the year, SingTel reduced the validity period of lower denomination prepaid cards to 90 days and deactivated 101,000 inactive prepaid customers. Excluding this deactivation, prepaid customer base grew 8.7 per cent or 128,000 in the year. With a total prepaid base of 1.50 million as at 31 March 2010, SingTel maintained its lead in the market with a share of 44.4 per cent. Prepaid ARPU fell 6.0 per cent due to competition in various prepaid segments.

IT&E revenue grew strongly by 32 per cent to S\$1.42 billion, bolstered by strong sales from NCS group and fibre rollout revenue from OpenNet. Fibre rollout revenue, based on progressive completion for the rollout, contributed S\$181 million of revenue for the year. Revenue from NCS group, including the integrated SCS operations, rose 15 per cent, underpinned by higher sales of hardware, systems and network integration projects. The growth further entrenched NCS' leadership in Singapore and increased its market share in the region.



OPERATING AND FINANCIAL REVIEW

SingTel is making significant progress in its transformation to become a multimedia service solutions provider. In August 2009, *Football Frenzy*, Singapore's first multimedia social football experience was made available on SingTel's mio TV, online and mobile platforms. In September 2009, a significant milestone in **mio TV** was achieved when SingTel won the broadcast rights to the Barclays Premier League (BPL) matches for three years commencing August 2010 and a suite of ESPN STAR Sports channels. SingTel's BPL 'early bird' offers and exciting content bundles continue to attract customers. A record 113,000 customers were added in the year, with the customer base totalling 191,000 as at 31 March 2010 and exceeding 200,000 by end April 2010. With the increased demand for bundled plans, total customers on **mio bundles**¹ grew 70,000 in the year to 187,000 as at 31 March 2010.

International Telephone revenue declined 9.9 per cent to S\$563 million, reflecting higher mix of "free IDD" mobile traffic, price competition and increased take-up of corporate call plans.

Revenue from **Fixed-line** phone services declined 2.6 per cent to S\$393 million on lower voice traffic, reflecting continued fixed-to-mobile substitution. **Sale of equipment** revenue was stable at S\$268 million compared to a year ago.

	Financial Year ended 31 March		Change (%)
	2010 (A\$ million)	2009 (A\$ million)	
AUSTRALIA BUSINESS			
Operating revenue by division			
Mobile	5,573	4,938	12.9
Fixed			
Business and wholesale	2,004	1,974	1.5
Consumer and Small-Medium Business (SMB)	1,384	1,421	-2.6
Inter-divisional	(11)	(12)	-12.1
	8,949	8,321	7.5
Operational EBITDA	2,153	2,067	4.2
<i>Operational EBITDA margin</i>	24.1%	24.8%	
Net profit	676	583	15.9

Optus, SingTel's largest subsidiary and Australia's number two telecommunications operator, delivered a strong set of results and market share gains amid a highly competitive market.

Optus posted strong double-digit net profit growth of 16 per cent to A\$676 million, on solid revenue growth of 7.5 per cent to A\$8.95 billion.

Operational EBITDA was 4.2 per cent higher at A\$2.15 billion, with margin at 24.1 per cent, reflecting increased selling costs from its successful customer acquisition strategy.

¹ mio bundles comprise mio Plan (bundling of mobile, fixed broadband and fixed voice services) and mio Home (bundling of pay TV, fixed broadband and fixed voice services).



Optus Mobile contributed 62 per cent to Optus' operating revenue and 68 per cent to Optus' operational EBITDA. Mobile revenue surged 13 per cent over the year to A\$5.57 billion, further strengthening Optus' position in the Australian market. The increase in revenue was driven primarily by outgoing service revenue, which rose 13 per cent year-on-year as a result of strong customer growth. Incoming service revenue was up 12 per cent with interconnect mobile termination rate at 9 cents per minute since June 2007.

Optus added a total of 709,000 mobile customers this year, compared to 652,000 last year, underpinned by strong demand for wireless broadband and smartphones, as well as the "Timeless" unlimited plans. As at 31 March 2010, the total mobile customer base was 8.50 million, up 9.1 per cent, with 3.61 million customers being provisioned with 3G services, up 40 per cent from a year ago. Reflecting its success in penetrating the wireless broadband market, a total of 907,000 customers were provisioned with High Speed Packet Access (HSPA) broadband service at end of the financial year, up significantly from 486,000 a year ago. Postpaid customers comprised 49 per cent of total mobile customer base, up 3 percentage points from a year ago.

Blended ARPU grew 3.3 per cent, reflecting the successful acquisition of higher value customers and increased postpaid mix. Excluding wireless broadband, postpaid ARPU grew 6.4 per cent. With increased penetration of wireless data products, SMS and other data revenue grew to 36 per cent of service revenue, up from 33 per cent a year ago. Reflecting the focus on driving data growth, non-SMS data revenue constituted 13 per cent of ARPU, up from 9 per cent in the previous year.

Operational EBITDA margin declined 2 percentage points to 26 per cent, with strong service revenue growth offset by increased acquisition of higher value customers on smartphone and "Timeless" plans.

Business and Wholesale Fixed accounted for 22 per cent of Optus' operating revenue and 23 per cent of Optus' operational EBITDA. Revenue was A\$2.0 billion for the year, up 1.5 per cent from the previous financial year, lifted by higher ICT and Managed Services and Satellite revenue partially offset by weaker corporate telecom spending and lower wholesale international voice revenue.

Operational EBITDA increased 3.4 per cent and EBITDA margin was stable at 24 per cent, as Optus continued to focus on its key strategies of growing IP VPN and on-net traffic, and expanding ICT and Managed Services business.

Consumer and Small-Medium Business Fixed contributed 15 per cent to Optus' operating revenue and 10 per cent of Optus' operational EBITDA. Consistent with its strategy of focusing on on-net customer growth, Optus continued to exit its unprofitable resale services. Accordingly, consumer fixed on-net revenue was up 6.3 per cent while off-net revenue declined 41 per cent, resulting in an overall decline in consumer fixed revenue of 2.1 per cent to A\$1.21 billion. The proportion of on-net revenue in consumer fixed was 89 per cent, up from 82 per cent a year ago, contributing to the improved margin.

As at 31 March 2010, Optus had 980,000 broadband customers, 3.1 per cent or 29,000 more than a year ago. Of this, 920,000 broadband customers were on-net, up 8.5 per cent or 72,000 from a year ago.

Operational EBITDA margin expanded 1 percentage point to 15 per cent and operational EBITDA increased 1.8 per cent, reflecting higher on-net revenue mix and yield management initiatives.



OPERATING AND FINANCIAL REVIEW

	Financial Year ended 31 March		Change (%)
	2010 (S\$ million)	2009 (S\$ million)	
ASSOCIATES			
Share of pre-tax profit ⁽²⁾			
Regional mobile associates			
Bharti	978	871	12.2
Telkomsel	940	705	33.3
Globe	235	266	-11.7
AIS	215	255	-15.6
Warid Telecom	(63)	(116)	-45.4
Pacific Bangladesh Telecom	(13)	(23)	-43.7
	2,291	1,958	17.0
Other associates	119	93	27.9
	2,410	2,051	17.5
Share of post-tax profit ⁽²⁾			
Regional mobile associates			
Bharti	848	808	4.9
Telkomsel	682	517	31.8
Globe	165	172	-4.3
AIS	148	179	-17.3
Warid Telecom	(63)	(115)	-45.5
Pacific Bangladesh Telecom	(13)	(23)	-43.5
	1,766	1,538	14.8
Other associates	109	78	39.2
	1,875	1,616	16.0

Notes:

(1) Numbers in above table may not exactly add due to rounding.

(2) Exclude exceptional items recognised directly at Group.

The Group's share of pre-tax and post-tax profits from the associates grew 18 per cent and 16 per cent respectively. The growth was boosted by higher contribution from Telkomsel and fair value gains on mark-to-market valuations of foreign currency denominated liabilities of the associates compared to fair value losses a year ago.

The regional mobile associates continued their strong momentum in customer acquisitions. Bharti, India's leading mobile phone operator, posted robust growth of 36 per cent to a total of 128 million mobile customers as at 31 March 2010. Bharti's global footprint will further expand upon successful closing of the planned acquisition of Zain Group's African mobile operations in 15 countries with a total customer base of over 42 million. Telkomsel, the mobile phone leader in Indonesia, registered 14 per cent increase in its customer base to 82 million. The Group's combined mobile customer base reached 293 million, an increase of 17 per cent or 43 million added in the year.



Bharti contributed 45 per cent to the Group's share of associates' post-tax profit, 5 percentage points lower than a year ago. Operating revenue grew 7 per cent on strong customer growth partly offset by ARPU dilution from tariff pressures amid intense competition in India as new operators launched aggressive offers to attract customers. Bharti recorded fair value gains on mark-to-market valuation of its US Dollar and Japanese Yen denominated borrowings on a stronger Indian Rupee, which helped boost its overall profit. The Group's share of Bharti's pre-tax profit grew 12 per cent, while post-tax profit increased 4.9 per cent to S\$848 million after including a one-off tax credit in the previous financial year. Bharti continued to lead the Indian mobile market with a subscriber share of 21.8 per cent as at 31 March 2010.

Telkomsel accounted for 36 per cent of the Group's share of total post-tax profit from associates, up from 32 per cent last year. Operating revenue recorded a strong rebound, driven by growth in customer base and minutes of use amid a more stable albeit competitive environment. Telkomsel also recorded fair value gains on mark-to-market valuation of its vendor liabilities as the Indonesian Rupiah appreciated against the US Dollar and the Euro. The Group's share of post-tax profit from Telkomsel grew a strong 32 per cent to S\$682 million. Telkomsel is the market leader with approximately 46.2 per cent subscriber share at 31 March 2010.

Globe, the second largest mobile phone operator in the Philippines, recorded lower operational performance partly offset by fair value gains on its US Dollar liabilities with a stronger Philippine Peso. Operating revenue declined on lower customer base, with keen competition and growing multi-SIM usage. The Group's share of pre-tax profit from Globe declined 12 per cent while post-tax profit fell 4.3 per cent to S\$165 million due to lower tax charges from a reduction in its corporate tax rate with effect from January 2009.

The Group's share of post-tax profit from **AIS**, the leading mobile phone operator in Thailand, fell 17 per cent to S\$148 million amid a weak economy and political instability. The decline in operating revenue was partly offset by cost control measures. As at 31 March 2010, AIS maintained its lead in the Thailand mobile market with 44.4 per cent subscriber share.

Warid, a key challenger in Pakistan, recorded lower losses on improved operating results and lower fair value losses. Operating revenue increased while operating expenses declined on cost management measures. The Group's share of Warid's net loss amounted to S\$63 million, down from S\$115 million in the previous financial year.

The Group received gross dividends totalling S\$954 million from its associates, 11 per cent lower from the previous financial year, mainly due to lower dividends from Telkomsel as a result of its weaker 2008 performance.



OPERATING AND FINANCIAL REVIEW

	Financial Year ended 31 March		Change (%)
	2010 (S\$ million)	2009 (S\$ million)	
GROUP CASH FLOW			
Net cash inflow from operating activities	5,329	5,163	3.2
Net cash outflow for investing activities	(2,179)	(2,391)	-8.8
Net cash outflow for financing activities	(2,634)	(3,018)	-12.7
Net change in cash and cash equivalents	515	(245)	nm
Exchange effects on cash and cash equivalents	23	(51)	nm
Cash and cash equivalents at beginning of year	1,076	1,372	-21.6
Cash and cash equivalents at end of year	1,614	1,076	50.0
Free cash flow			
Singapore Business	1,290	1,231	4.8
Australia Business	1,258	1,050	19.8
Associates (net dividends after withholding tax)	858	963	-10.9
	3,406	3,245	5.0
<i>Cash capital expenditure as a percentage of operating revenue</i>	11%	13%	

Operating Activities

The Group's net cash inflow from operating activities for the year grew 3.2 per cent or S\$166 million to S\$5.33 billion, with steady operating cash flows from Singapore and Australia boosted by a stronger Australian Dollar. This was partly offset by lower net dividends from the associates which fell 11 per cent to S\$858 million.

Investing Activities

The investing cash outflow was S\$2.18 billion, a decline of 8.8 per cent or S\$212 million. In the previous financial year, payments totalling S\$459 million were made for additional capital injections in associates and acquisition of SCS. Capital expenditure totalled S\$1.92 billion, mainly incurred in expansion and enhancement of mobile networks to support customer and data growth, and investments in submarine cable capacity, satellites and core networks. It represented 11 per cent of the Group's operating revenue, down from 13 per cent a year ago.

Financing Activities

Net cash outflow of S\$2.63 billion for financing activities arose mainly from the payment of S\$1.10 billion for final dividends in respect of the previous financial year ended 31 March 2009, and S\$987 million for interim dividends in respect of the current financial year. The Group repaid net borrowings of S\$204 million during the year.

Free Cash Flow

The Group generated strong free cash flow of S\$3.41 billion for the year, up 5.0 per cent from the previous financial year. The Singapore Business contributed 38 per cent or S\$1.29 billion to the Group's free cash flow. The Australia Business reported free cash flow of A\$1.02 billion, the strongest performance in five years. In Singapore Dollar terms, it contributed 37 per cent to the Group's free cash flow, up from 32 per cent last year, benefiting also from the stronger Australian Dollar. With lower dividends receipts, the associates' contribution to the Group's free cash flow declined from 30 per cent last year to 25 per cent.



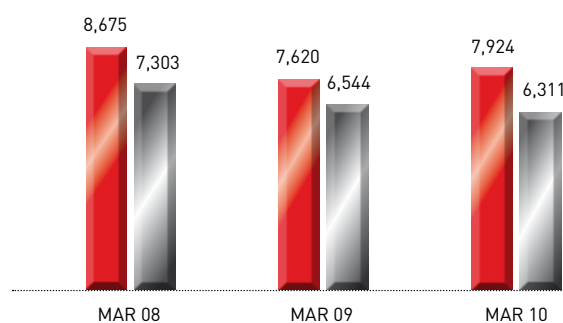
CAPITAL MANAGEMENT

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

Gross debt increased due to translation impact of a stronger Australian dollar on Optus debt and increased hedging liability from mark-to-market adjustments. Net debt gearing ratio fell to 21.2 per cent as at 31 March 2010 from 24.2 per cent a year ago. The average maturity of the Group's borrowings as at year end was 4.7 years. Group net debt was 0.9 times Group EBITDA, while Group EBITDA was 23.5 times net interest expense.

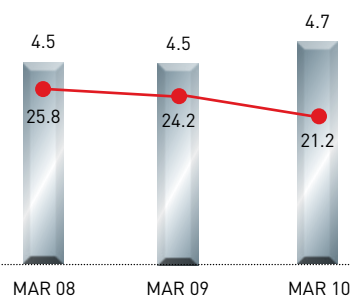
The Group has one of the strongest credit ratings among telecommunications companies in Asia and is committed to maintaining our investment grade credit ratings. SingTel is currently rated A+ by Standard & Poor's and Aa2 by Moody's Investors Service.

Group Debt (\$ million)



■ Gross Debt
■ Net Debt ⁽¹⁾

Group Debt Metrics



■ Average Maturity of Borrowings (Years)
● Net Debt Gearing Ratio ⁽²⁾ (%)

Group	Financial Year ended 31 March		
	2010	2009	2008
Net debt to EBITDA (number of times)	0.9	1.0	1.0
Interest cover ⁽³⁾ (number of times)	23.5	19.9	20.7

Notes:

(1) Gross debt less cash and bank balances adjusted for related hedging balances

(2) Net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests

(3) EBITDA to net interest expense (i.e. interest expense less interest income)



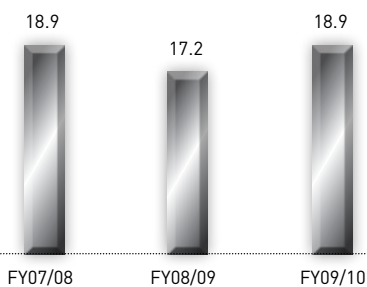
OPERATING AND FINANCIAL REVIEW

SHAREHOLDER RETURNS

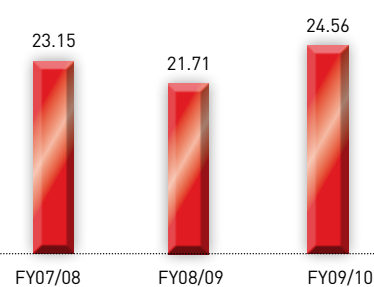
SingTel is committed to improving shareholder returns and firmly observes the alignment of shareholders and SingTel Management interests. SingTel Management remuneration is pegged closely to the performance of the Group. Senior Management Awards under the Performance Share Plan are vested only upon achievement of i) Total Shareholders' Return targets and ii) Return on Invested Capital targets (awards prior to 2010) or Economic Profit targets (2010 award).

More details are set out under 'Corporate Governance Report – Remuneration' on pages 69 to 74.

The Group's underlying earnings per share rose 13 per cent from a year ago, driven by strong performance across the Group.

Return on Invested Capital ⁽¹⁾ (%)

Underlying Earnings per Share (S cents)

**Note:**

(1) Ratio of Earnings before Interest and Tax (EBIT) to average net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.

SHAREHOLDER PAYOUT

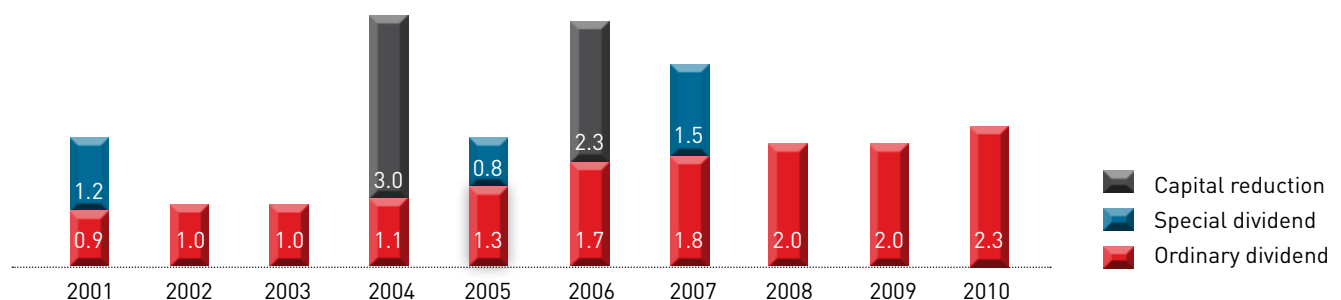
SingTel has a track record of generous shareholder payout. Our dividend policy is to pay out 45 to 60 per cent of our underlying net profit as ordinary dividends.

For the financial year ended 31 March 2010, the Board has recommended a final ordinary dividend of 8.0 cents a share.

Together with the interim ordinary dividend of 6.2 cents a share, total distribution for the year will amount to 14.2 cents a share, up 14 per cent from the previous year.

This brings our total shareholder payout to approximately S\$24 billion in the last ten years, or 74 per cent of earnings over the same period.

Shareholder Payout (S\$ billion)

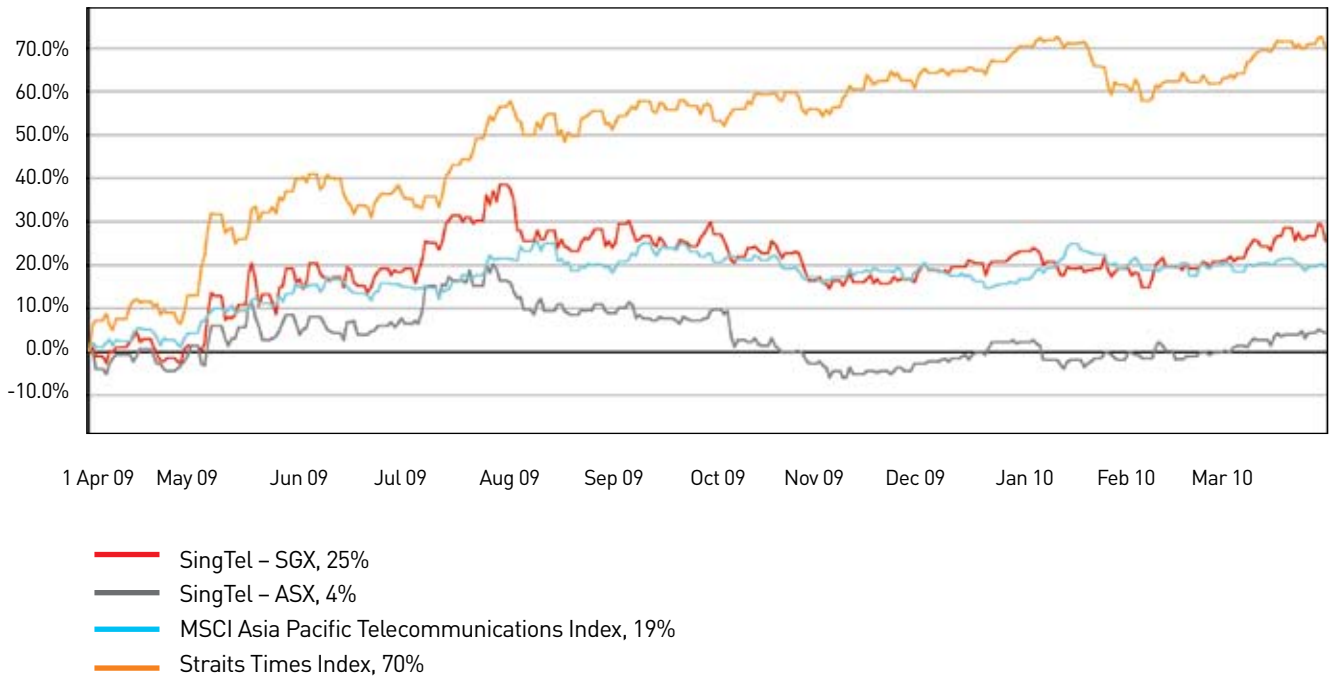




SHARE PRICE PERFORMANCE

SingTel's share price rose 25 per cent on the SGX and 4 per cent on the ASX between April 2009 and March 2010.¹

SingTel Share Price Performance – 1 April 2009 to 31 March 2010



1: The Australia dollar appreciated approximately 21% against the Singapore dollar during this period

Source: Bloomberg



OPERATING AND FINANCIAL REVIEW

RISK FACTORS

The SingTel Group's financial performance and operations in Singapore, Australia and its international operations and investments are influenced by a vast range of risk factors. Many of these risk factors affect not just our businesses but also other businesses in the telecommunications industry as well as in other industries. These risks vary widely and many would be beyond the control of the Board and Management. However the identification and management of risk reduces the uncertainty associated with the execution of the SingTel Group's business strategies. Management is responsible and regularly reports to the Board on appropriate risk assessment and the implementation of risk management strategy, policies and processes necessary to facilitate the achievement of the SingTel Group's business plans and goals. The section below sets out descriptions of the principal risk types.

ECONOMIC RISKS

Changes in domestic, regional and global economic conditions may have a material adverse effect on the demand for telecommunications, IT and related services and hence, on the financial performance and operations of the SingTel Group and its associates. The global credit and equity markets have recently experienced substantial dislocations, liquidity disruptions and market corrections. These and other related events have had a significant impact on the global credit and financial markets and economic growth as a whole, and consequently, consumer and business demand for telecommunications, IT and related services.

POLITICAL RISKS

Some of the countries in which the SingTel Group operates have experienced or continue to experience political instability. The continuation or re-emergence of such political instability in the future could have a material adverse effect on economic or social conditions in those countries, as well as the ownership, control and condition of the SingTel Group's assets in those areas.

REGULATORY RISKS AND LITIGATION RISKS

The SingTel Group's operations in Singapore, Australia and its international operations and investments (including associates) are subject to extensive government regulations, which may impact or limit flexibility to respond to market conditions, competition, new technologies or changes in cost structures. Governments may alter their policies relating to the telecommunications, IT and related industries and the regulatory environment (including taxation) in which the SingTel Group and its associates operate. Such changes could have a material adverse effect on the SingTel Group's financial performance and operations.

For example, the development and the implementation of the high-speed national broadband network projects in Singapore and Australia (currently at the proposal stage) will change the fixed-line competitive landscape in the countries. The recently announced revision by the Media Development Authority of Singapore of the Media Market Conduct Code to include a Public Interest Obligation to enable mandatory cross carriage of exclusive content in the Pay TV market is another example of ongoing regulatory change that will impact future operations.

The SingTel Group's overseas investments are subject to the risk of imposition of laws and regulations restricting the level, percentage and manner of foreign ownership and investment, as well as the risk of nationalisation, any of which could materially and adversely affect the SingTel Group's overseas investments.

The businesses of the SingTel Group and its associates depend upon statutory licences issued by governmental authorities. Failure to meet regulatory requirements could result in fines or other sanctions including, ultimately, revocation of the licences.

The SingTel Group may need to access additional spectrum to support both generic growth and the development of new services. Access to spectrum is of critical importance to the SingTel Group in order to support its business of providing mobile voice and broadband services. The use of spectrum in most countries the SingTel Group operates in is regulated by governmental authorities and requires licences. Failure to acquire access to spectrum or failure to acquire new or additional spectrum on favourable terms could have a material adverse effect on the SingTel Group's business, financial performance and growth plans.

The SingTel Group is exposed to the risk of regulatory or litigation action by regulators or private parties. Such regulatory matters or litigation actions may have a material effect on the SingTel Group's financial condition and results of operations. Examples of such actions which the SingTel Group is exposed to are disclosed in notes to the financial statements under the 'Contingent Liabilities'.

COMPETITIVE RISKS

The Group faces competitive risks in Singapore, Australia and other markets in which it operates.

The telecommunications market in Singapore is highly competitive. As competition intensifies, new players enter the market and regulation requires us to allow our competitors access to our networks. We expect this trend to continue. With the deployment of Singapore's Next Generation National Broadband Network, competition is expected to increase leading to an increased risk of market share loss in certain segments of the market and further price reductions.



In the Australia mobile market, a number of participants are subsidiaries of international groups and operators have made large investments which are now sunk costs. The Group is therefore, exposed to the risk of irrational pricing being introduced by such competitors. The fixed-line services market on the other hand continues to be dominated by the incumbent provider which can leverage its market position to restrict the development of competition. With the deployment of the Australian National Broadband Network, competition is expected to increase as new entrants enter the market.

The operations of our international businesses are also subject to highly competitive market conditions. There is a regional and global market for many of the services that we provide, particularly international communications and data services offered to business customers. The quality of, and rates for, these services can affect a potential business customer's decision to subscribe to the Group's services, locate or expand its offices or communications facilities in Singapore, or use Singapore as a transit hub for its communications. Prices for some of these services have declined in recent years as a result of capacity additions and general price competition.

The growth of our regional mobile associates depends in part on increases in mobile penetration rate in the markets they operate in. Some of these overseas markets have and may experience an increase in the number of competitors, any of which could lead to price competition in these markets and potential loss of market share for our regional mobile associates. As these markets mature, the pace of subscriber growth may slow and new customers may not be as profitable as existing customers.

The disintermediation in the telecommunications industry by handset providers and non-traditional telecommunications services providers obtaining access to, and establishing a relationship with customers by providing multimedia content and services directly on demand also challenges the business models and profits of vertically-integrated providers like the SingTel Group.

REGIONAL EXPANSION RISKS

A key element of the SingTel Group's business strategy involves the expansion of its operations in the Asia-Pacific region. Given the limited size of the Singapore market, the future growth of the SingTel Group depends, to a large extent, on its ability to grow its existing operations in Australia and the Asia-Pacific region. There are considerable risks associated with regional expansion.

The success of our strategic investments depends, to a large extent, on our relationships with, and the strength of our investment partners. There is no assurance that the Group will be able to maintain these relationships or that our investment partners will remain committed to their partnerships with the Group.

In acquisitions, the Group faces challenges arising from integrating newly-acquired businesses with our own operations, managing these businesses in markets where we have limited experience, and financing these acquisitions. There is no assurance that the Group will be able to generate synergies from regional acquisitions and that these acquisitions will not become a drain on the Group's management and capital resources.

We continuously look for investment opportunities that could contribute to our regional expansion strategy. There is no assurance that the Group will be successful in making further acquisitions due to the limited availability of opportunities, competition for the available opportunities from other potential investors, foreign ownership restrictions, government and regulatory policies, political considerations and the specific preferences of sellers.

In addition, the business strategy of some of our regional mobile associates involves the expansion of operations outside their home countries. These associates may enter into joint ventures and other arrangements with other parties. Such joint ventures and other arrangements involve risks, including but not limited to the possibility that the joint venture or investment partner may have economic or business interests or goals that are not consistent with those of the interests of the associates. There can be no assurance that the regional mobile associates can fully generate synergies and successfully achieve their aims of regional competitiveness and building a competitive regional footprint.

PROJECT RISKS

The telecommunications industry is highly capital-intensive. The Group incurs substantial capital expenditure in constructing and maintaining our network and systems infrastructure projects. The projects undertaken by the Group as sub-contractors to roll out infrastructure are subject to the risk of an increase in project build costs, the risk of disputes and the risk of unexpected implementation delays, any or all of which could result in an inability to meet projected roll out completion dates. For the Group's satellite business, the launch of any satellite is subject to the risk of launch delays, cost overruns, and the occurrence of other unforeseeable events, including but not limited to, satellite launch failure and satellite failure to enter into designated orbital locations, or any other event which is beyond the control of the Group. The Group's network and systems infrastructure projects are also subject to risks associated with the sale of capacity on the completed project infrastructure, including risks of default, disputes, litigation and arbitration involving contractors, suppliers, customers and other third parties involved in construction or operation of network infrastructure projects.



OPERATING AND FINANCIAL REVIEW

The SingTel Group is also a major IT services provider to government and large enterprises in the region. There could be potential project execution risks when projects are not accurately scoped, resulting in over-commitments to customers and inadequate resource allocation and scheduling. These could lead to cost overruns and project delays and losses.

NEW BUSINESS RISKS

The SingTel Group is evolving from its traditional carriage business in Singapore and Australia to venture into new growth engines to create new revenue streams, including mobile applications and services, pay TV, managed services, content and Infocomm Technology. There is no assurance that the SingTel Group will be successful in these new ventures which may require new expertise, substantial process or systems changes, and organisational cultural and mindset changes.

INFRASTRUCTURE AND TECHNOLOGY RISKS

The telecommunications industry is capital intensive in nature and is typified by rapid and significant technological changes. These changes may materially affect our capital expenditure and operating costs as well as the demand for our products and services.

The SingTel Group has invested substantial capital and other resources in the development and modernisation of its network and systems. Technological changes continue to expand the capacities and functions of new infrastructure capable of delivering competing products and services. As a result, the SingTel Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services. These changes may require the SingTel Group to replace and upgrade its network infrastructure. In addition, the Group faces risks of loss of, or damage to, our network infrastructure from natural and man-made causes beyond our control. Loss and damage caused by risks of this nature may significantly disrupt our operations and may materially and adversely affect our ability to deliver our services to customers.

Further, the SingTel Group faces the risk of unforeseen complications in the deployment of new technologies. Any newly adopted technology may not perform as expected, and the SingTel Group may not be able to successfully develop the new technology to effectively and economically deliver services based on such technology.

FINANCIAL RISKS

The main risks arising from the Group's financial assets and liabilities are foreign exchange, interest rate, market, liquidity and credit risks. The disruptions recently experienced in the international capital markets have also led to reduced liquidity and increased credit risk premiums for certain market participants, and have resulted in a reduction of available financing.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to such risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly. Financial instruments are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes. The Group's financial risk management is discussed in detail on page 170 in Note 37 to the Financial Statements.

BREACH OF PRIVACY RISKS

The SingTel Group seeks to protect the privacy of voice and information transmissions over its networks. The SingTel Group employs security mechanisms including the use of firewalls and the GSM encryption algorithm, designed to minimize the risk of privacy breaches. Significant failure of encryption and security measures may result in consumer confidence being undermined and materially impact our businesses.

ELECTROMAGNETIC ENERGY RISKS

Concerns have been raised regarding the possible adverse health consequences associated with the operation of mobile communications devices due to potential exposure to electromagnetic energy. While there is no substantiated evidence of public health effects from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, there is a risk that an actual or perceived health risk associated with mobile communications could result in:

- litigation against the Group;
- reduced demand for mobile communications services; and
- restrictions on the ability of the Group to deploy our mobile communications networks as a result of government environmental controls which exist or may be introduced to address this perceived risk.



ENGAGING THE COMMUNITY
DEVELOPING OUR TALENT



Corporate Social Responsibility

SingTel approaches corporate social responsibility (CSR) in the same way it does business, with the intent to excel at its undertakings and with effective collaboration across the Group. As a signatory of the United Nations Global Compact, we are committed to upholding ten principles covering human rights, labour standards, environment and anti-corruption. SingTel is also a committee member of the Singapore Compact, a society which furthers the CSR movement in Singapore.

We aim to be a good corporate citizen, not just in Singapore and Australia but also in our regional markets. In both Australia and Singapore, there are CSR Working Groups driving and reporting on CSR programmes. A regional CSR Working Group, comprising members from the CSR teams of our regional associates, meets regularly to share best practices and collaborate on projects.

FinanceAsia recognised SingTel for Best Corporate Social Responsibility in Singapore in 2009, and recently, the State of CSR in Australia: 2009 Annual Review listed Optus as a top performer in CSR management capabilities.

Giving back to the community

Our business revolves around connecting people. Likewise, our efforts in helping communities involve connecting people with opportunities. We seek to invest heavily in providing opportunities for the next generation.

Educating the next generation

One important avenue is education. Under the SingTel Group's regional scholarship programme, recipients pursue undergraduate studies in a variety of disciplines at selected top universities in Asia Pacific. In collaboration with AIS, the inaugural SingTel Group Undergraduate Scholarships were



awarded to three recipients from Thammasat University, Thailand.

In Thailand, AIS aims to reduce the burden of parents with young children by constructing and delivering pre-school learning centres to the district administrative organisations to care for and educate the children. In addition, AIS has produced a TV programme 'Strong Heart, Great Man' to inspire the young to help their family members and become role models in society. Apart from providing bursaries to students at various educational levels, AIS also renders financial assistance to their families.

Besides working with government schools to improve education for underprivileged children, Bharti Airtel establishes pre-primary and primary schools to provide free education for underprivileged children in rural India, with special focus on girls. To date, there are 236 such schools serving 29,000 children and offering employment opportunities to rural youth as teachers and women as mid-day meal providers.

As part of regional collaboration efforts, the Globe-SingTel Reading project was launched in November 2009. Over 1,300 books were collected from SingTel staff and shipped to the Philippines, where Globe helped to distribute the books and

AIS and the Population and Community Development built a community centre for pre-school children

implement reading programmes in 15 schools. The project encourages underprivileged students, aged 7-10, in rural areas, to develop a love for reading in English. The ability to understand, read and speak good English has the potential to open up life opportunities for them. Apart from the books, each student also received a school bag filled with school supplies.

Optus also supports 50 children in Cavite, Philippines, with their development needs through World Vision. In 2009, Optus engaged Globe to equip the children's school with computers and Internet access. Globe has connected more than 2,000 public high schools in the Philippines since 2001. During the year in review, it started the Global Filipino Teachers programme to help public high school teachers integrate Infocomm Technology into the curriculum. In Indonesia, Telkomsel similarly provides educational computer software to schools and trains teachers on its use for computer-based learning.



Helping youth in need

Besides opening the doors to education, the Group helps youths in various ways. In Australia, for example, Optus' partnership with Kids Helpline provides support and advice to young people in need. Kids Helpline answered over 300,000 telephone, web and email contacts in 2009 alone.

Through Optus' partnership with the Starlight Children's Foundation and the Livewire Hospital programme, we make it possible for seriously ill, chronically ill and disabled young people to stay connected during long hospital stays. Livewire offers a free, safe and supportive online social network where these young patients can express themselves and find support from other youths in similar circumstances. By end 2010, we will have connected 26 hospitals in Australia, reaching more young people in need.

Since 2008, Optus has also made over 54 grants through its Connecting Communities programme, providing life and training skills for disengaged youth, and helping grassroots organisations in Australia with access to communications.

In Indonesia, to help reduce unemployment and encourage young people to start their own businesses, Telkomsel runs a Skill and Entrepreneurship Training Programme. Trainees learn how to identify and repair the faulty parts of mobile phones.

Contributing to charity

The Group contributes generously to a number of charitable causes.

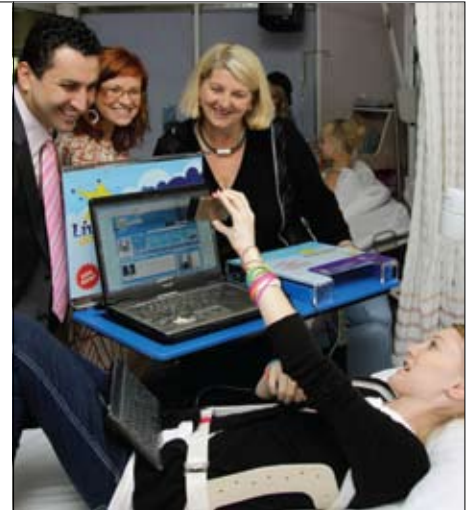
With support also from our business partners, employees and members of the public, the SingTel Touching Lives Fund (STLF) raised a total of S\$2.2 million during the year. Besides its corporate contribution to the fund, SingTel fully underwrote the fund-raising costs for the programme. This practice has been in place since our philanthropy

programme began in 2002, ensuring that every dollar raised goes towards the work of the charities.

In 2009/10, the STLF supported five beneficiaries: APSN Tanglin School, AWWA Early Years Centre, MINDS Lee Kong Chian Gardens School, Singapore Cancer Society and Students Care Service.

These charities supported mainly children and youths with programmes such as training and special education to meet the needs of those who are intellectually or physically challenged; school social work and counselling programmes that help youths from families facing problems or those with learning difficulties. In the case of the Singapore Cancer Society, the fund contributed S\$200,000 to launch the Singapore Cancer Society Help the Children and Youth programme. This initiative seeks to meet the needs of children and youths with cancer or whose parents are suffering from cancer. The donation was made at the inaugural SingTel-Singapore Cancer Society Race Against Cancer in August 2009.

In Australia, over A\$1.2 million has been donated to 13 charity partners since the launch of the Optus Answering the Call workplace giving programme in 2005. Optus matches employees' donations made through this programme dollar for



dollar. The charities represent a wide range of sectors and assistance areas, including youth, health, depression, overseas aid and development, welfare, animal protection and land conservation.

Supporting health initiatives

To improve understanding and prevention of dengue fever, Telkomsel partnered the Indonesian Ministry of Health to launch a programme in 14 pilot regions.

ABOVE: Optus brings wireless Internet access to young people in hospitals across Australia

BELOW: Children from AWWA Early Years Centre performing the elephant dance at the STLF cheque presentation ceremony





CORPORATE SOCIAL RESPONSIBILITY

Using the community-based approach, some 600 volunteers provided outreach and counselling. Telkomsel has also implemented a programme to help schools create a healthier and more sanitary environment.

In Bangladesh, our associate, Pacific Bangladesh Telecom Limited provided support and sponsored 14 beds at the Malnutrition ward of the Dhaka Shishu Hospital for a period of 12 months.

In Pakistan, Warid supported the National Polio Immunisation Drive during October 2009. To increase awareness of the three-day nationwide effort to visit homes and immunise children against polio, Warid broadcast an SMS notifying its subscribers and provided a helpline number for those whom the immunisation teams had not reached.

Volunteering to help others

Going forward, we are placing a greater emphasis on staff volunteerism. In the past year, SingTel employees have partnered the Metropolitan YMCA to clean and refurbish the homes of the low-income elderly and to distribute food to needy families on a regular basis. Our volunteers also help out at the recreation club at Northlight School, where some students come from challenging home environments.

As part of our support of the Singapore Cancer Society, our employees have also been helping to sort out home testing kits. These kits are among the free cancer services offered by the society.

In Australia, over 20 per cent of Optus employees contributed more than 18,000 hours in paid community volunteer leave to assist a range of community organisations during the year. Some 250 staff volunteers were also involved in the Australian Business Community Network

mentoring programmes that support disadvantaged schools.

Providing prompt disaster relief

SingTel supported Globe's relief efforts to help victims of Typhoon Ketsana in the Philippines. The donations were used to buy relief packs that included food and water. These were distributed to affected families, including those in far-flung areas.

Optus and our staff also promptly responded to overseas disasters by contributing A\$58,000 to the Philippines flood appeal and over A\$60,000 to victims of the Haiti earthquake. Bharti Airtel responded to the Kashmir earthquake by delivering over 2,000 food packets and water bottles to the affected area, and donating money, clothing and blankets to the victims. During the floods in Mumbai, the company's employees worked diligently to restore the network within a short time.

Following two major earthquakes in Indonesia in September 2009, Telkomsel quickly sent teams to provide food and water, clothing, public kitchens, medical help, starter-packs, free phone calls and monetary donations. It also restored the telecommunications network quickly, increasing capacity to cope with the surge in traffic during this time.

Telkomsel has also instituted a programme to increase the preparedness of people living in four flood-prone areas in Indonesia. The community-based programme involves training people in their emergency response skills and providing them with equipment such as floats, life jackets and rescue ropes.

Protecting the environment

AIS, Bharti Airtel, Globe, Optus, SingTel and Telkomsel supported Earth Hour 2010 and helped create awareness among employees as well as customers of the importance of environmental conservation. The lights at our landmark buildings in Singapore and Australia were switched off from 8.30pm to 9.30pm on 27 March, sending the message that we are concerned and care about climate change. In conjunction with this, we ran an environmental awareness campaign encouraging customers and employees to do their part for the environment. This was done through SMS, email, bill inserts and contests.

Earth Hour is a small part of the Group's environmental efforts. Throughout the year, we adopt various measures to help the environment and constantly seek new ways to do so.



SingTel and Globe donated funds for relief packs to victims of Typhoon Ketsana



LEFT: Teeing off to raise funds for our STLF beneficiaries

BELOW: SingTel's 1st Plant-a-Tree day

SingTel deploys an Environmental Management System to protect the environment, conserve resources and reduce waste, and minimise environmental impacts and risks during construction. For instance, radiation emissions from base stations are kept safely within internationally recognised standards. To minimise their visual impact, the location and style of mounts, feeders and antennas are considered carefully before construction. And only environmentally friendly Value Regulated Lead Acid batteries are used in our telephone exchanges.

Cutting our carbon footprint

We are transparent about our carbon emissions and participate in the Carbon Disclosure Project.

Our new data centre in Singapore, the Kim Chuan Telecommunications Centre 2, was constructed to meet the Building and Construction Authority's Green Mark scheme, a green building rating system that evaluates buildings based on criteria such as energy and water efficiency, as well as environmental protection and innovation.

In addition, we are actively exploring environmentally friendly energy solutions and processes. For example, we installed the new Grid-Tied Solar Photovoltaic System at our Pasir Ris Exchange in 2009. Through the 195

photovoltaic panels on the roof, this system collects enough energy to power up 182 PCs for ten hours or half the lights each day at the exchange. It was installed not only to save energy but to help lower our network's carbon footprint through the use of clean energy.

In India, Bharti Airtel is in its first year of measuring its carbon footprint. Among its carbon-cutting measures is the Green Shelter concept for base transceiver stations. The optimal cooling, power and thermal management system minimises greenhouse emissions from the stations.

AIS is also studying the use of clean energy. Its Wind Turbine Generator Base Station in Chonburi is the first site in Thailand to be powered by wind energy. The system is designed not only to supply electricity for the base station but also to reallocate the generated electricity to the state's power grid for the benefit of the community.

Similarly, Globe has begun implementing renewable energies in applicable infrastructure such as cell sites. To date, Globe has 32 cell sites running on solar energy and three with wind power in the Philippines.

Our corporate offices in Australia and Singapore recycle all paper. The MobileMuster programme also encourages staff in Australia to recycle their unwanted phones. Optus employees, franchisees,



customers and partners together supported a range of environmental programmes, including supporting Australia's endangered wildlife and protecting natural habitats for future generations to enjoy. Meanwhile, some 450 employees in Singapore participated in our inaugural Plant-A-Tree day on 3 July 2009, planting 200 trees in the Singapore nature reserves.



Our People

Ensuring talent sustainability

The SingTel Group aims to be a high-performing organisation so that our people will continuously stay connected and experience growth with the company.

Reaching a Common Goal

Our people are the key to achieving the Group's vision of being Asia's leading communications group. Our values provide a common platform to bridge diverse cultures and generations, environments and experiences. These five core values – Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence – fundamentally shape how our 23,000 employees across Singapore, Australia and the globe, work on a daily basis.

Our steadfast commitment to talent management and development, as well as our unrelenting focus on improving employee engagement, helps us build and maintain a world-class workforce. We continuously listen to our employees, gathering insights into the drivers of employee engagement, attraction and retention across our workforce.

Testament to the success of our people programmes are the various national HR awards won by the Group in both Singapore and Australia. SingTel participated in the Singapore Human Resources Awards (SHRA) in 2009 and won five SHRA awards: the Corporate HR Award and Leading HR Practices awards for Learning & Human Capital Development; Talent Management, Retention & Succession Planning and HR Communications. In addition, CEO Singapore Allen Lew was conferred the Leading CEO Award for his championship and endorsement of effective and innovative HR practices.

Optus won recognition at the Australian Human Resource Institute awards, winning the John Boudreau Award for Human Capital Management which recognises outstanding people management initiatives and strategies. Optus also won the Sage MicrOpay Award for Best Talent Management Strategy at the HR Leader Awards 2009.

Attracting Talent

The Group welcomes talent at various levels of experience. We work with domestic and international tertiary institutions to identify top graduate talent through career fairs, networking events and referrals. Strategic internships, cadetships, Management Associate programmes and scholarships also provide opportunities to discover and

engage promising talent from around the world. In 2009, we launched the SingTel Group Undergraduate Scholarship programme in Thailand, and will provide scholars a double internship at SingTel and our Thai associate, AIS.

Developing Talent

Our investment in talent development is ongoing and multi-faceted. We offer a three-pronged approach to learning, namely education, experience and relationship-based opportunities.

New employees are welcomed with a highly interactive integration programme that includes orientation sessions and online toolkits as well as being assigned a buddy and a guide. As they grow with the company, they are encouraged to take charge of their careers and discuss development plans with their managers. Online career development portals, toolkits, talks and workshops provide staff with the resources to evaluate and manage their careers. The Singapore Learning Fiestas and Australia Career Expos continue to be well received across the various employee segments, and serve as a model for employee development among SingTel's regional associates.



SingTel-Singapore Cancer Society 2009 Race Against Cancer



Employees' well being is important to Optus

The Group's increasingly diverse business reach and global presence enable us to offer unmatched career growth and development opportunities. We encourage job rotation across functions, businesses, market segments or geographies. To support talent development across the Group, we have implemented our regional exchange programme since 2007. We also sponsor our top talent for master's degrees at leading world-class universities.

In July 2009, SingTel was certified as an Approved Training Organisation by the Singapore Workforce Development Agency to design, deliver and assess programmes in the Workforce Skills Qualifications (WSQ) system, a national credentials system for lifelong learning. SingTel became an early adopter of the Leadership & People Management WSQ framework where in-house programmes were designed and developed for our people managers.

Grooming Leaders

Recognising the importance of people to the Group's long-term success, our People plan is integrated into our business planning process and we benchmark our leaders' performance against people development goals. People managers who demonstrate exemplary people management practices are recognised with annual awards in Australia and Singapore.

Our People Managers programme includes education programmes targeted at different levels of management. We continue to equip people managers with effective leadership skills to foster empowerment, cross-functional collaboration and build high-performing teams. In 2009, SingTel also launched a flagship programme, "Game for Global Growth - Winning the Future", designed to further develop promising leadership talent across the SingTel Group of companies, including the associates.

Our management team plays an active role in grooming the next generation of leaders and we continue to refresh, monitor and invest in the pool of high and emerging potential talent to ensure a robust leadership talent pipeline. Interventions based on experience, education and relationships - such as education sponsorships, job rotations and

mentoring - are customised to individuals to accelerate their development.

Driving and Rewarding Performance

We drive a high performance ethic by ensuring that every employee understands where the organisation is heading and how they can contribute to achieving our corporate goals. We reward and recognise individual and team performance and how our people act as role models for our core values. Our leaders are measured and rewarded not only for achieving business results but also on how well they engage, lead and develop their teams.

We provide competitive rewards that demonstrate our pay-for-performance value proposition and integrated work-life benefits. Performance-based incentives are offered to motivate our people and encourage continued excellence. Breakthrough performance is acknowledged through awards such as the Optus Reward 'yes', SingTel Excellence Awards and NCS Making IT Happen awards.

As a special gesture of appreciation for employees' hard work over a challenging year, as well as the support provided by family and friends, SingTel/NCS sponsored three special nights at Universal Studios Singapore at the end of the financial year.



Globe reaches out to schools by providing Internet access



OUR PEOPLE



Universal Studios Singapore opened exclusively for three evenings for SingTel/NCS staff and family members to enjoy

This was the first-ever staff event at the new attraction, when the theme park was opened exclusively for SingTel and NCS staff, family members and friends.

Providing a Healthy Work Environment

We are committed to providing a safe and healthy work environment conducive to employee wellness and work-life harmony.

In 2009, Optus was awarded the SAI Global Business Excellence Systems Award for its Occupational Health & Safety (OHS) management systems, providing external verification to the business, community and key stakeholders that our health, safety and well being programs are operating at best practice. Optus was awarded Accreditation from the Office Federal Safety Commission for all building and construction works in September 2009. SingTel's flu pandemic plans and programmes were smoothly executed when required during the H1N1 outbreak.

We encourage people to take control of their health. Health clubs and gymnasiums are available at SingTel, NCS and Optus premises, while healthier

food is offered in all staff cafeterias. Our annual Health Expos at Optus host a range of talks, health screenings and programmes for health management. During the year, the Expos took place in all capital cities across Australia with 21 per cent of staff attending and 76 per cent stating they would make a change to their health and well being status. SingTel and NCS offer free health screenings to all staff, as well as disease management programmes. Presentations and programmes around various health and wellness themes are conducted at SingTel and NCS on a regular basis to create greater awareness and encourage staff to lead healthy lifestyles.

We organise various sporting and recreational activities catering to diverse interests, including fitness classes and mass participation in national sporting events. The year saw about 4,000 SingTel and NCS staff members, including senior management, take part in events such as Fitness at Work, where a fitness instructor conducted 25 weekly workout sessions at SingTel's Comcentre, as well as other competitive and non-competitive sport and fun activities.

The Group offers family-friendly policies such as flexible work schedules,

telecommuting and various forms of family leave arrangements. NCS and Optus also provide on-site childcare facilities. All employees and their immediate family members have access to professional counselling services on work-life issues through Employee Assistance Programmes run by external consultants. SingTel and NCS took part in a national online pledge in 2009 to treasure employees' mental health and well being, signifying our commitment to a workplace that supports both physical and mental health and wellness, and to actively promote healthy living. Both SingTel and NCS fulfil all ten of the recommended practices from iCARE Mental Health Alliance.

Over the year, SingTel, NCS and Optus collaborated to develop the Group Health, Safety and Environment policy and framework. While this framework is at the developmental stage, synergies across the Group have been reviewed to determine alignment and learnings.

Collective Agreements

Our strong collaborative partnership with the Union of Telecoms Employees of Singapore (UTES) facilitates our win-win approach to labour management



relations. Our collective agreements with UTES cover more than 4,000 bargainable employees at SingTel and NCS combined.

Within Optus, about 6,800 staff members are covered by the Employment Partnership Agreement (EPA). The EPA, a feature of the Optus culture since 1994, is a collective agreement made directly between Optus and employees, and reflects our philosophy of dealing directly with our people. The EPA was renewed in late 2009 for a further three years.

Leading in the marketplace

SingTel aims to lead the market also in terms of the way we conduct business. As part of our CSR efforts, we comply with all legal requirements wherever we operate, going the extra mile to adopt policies that safeguard the interests of our customers, shareholders, business partners and employees.

Upholding high standards

In Singapore and Australia, we have instituted internal rules and policies

to run our operations with honesty and integrity. Clear policies and standards are stipulated in the staff manual to guide our people in carrying out their daily tasks. The Group has zero tolerance for fraud and our whistleblower policy provides open channels for employees to report any improper conduct.

Our procurement manual sets out the Ethics Policy on Procurement Practices, and our procurement policy aims to award tenders fairly, on the basis of merit.

In order to protect minors against undesirable Internet content that could be accessed via mobile phones, SingTel adheres to the Voluntary Code for Self-regulation of Mobile Content in Singapore. The code, which was jointly developed by SingTel and other local mobile operators, identifies inappropriate content.

In Australia, the Group meets all of its obligations under the Privacy Act and Privacy Provisions of the Telecommunications Act, as well as the Spam Act. We also abide by the Do Not Call Register, which protects consumers from unsolicited marketing calls.

Optus regularly seeks a better understanding of consumers' needs through the Consumer Liaison Forum, at an annual stakeholder meeting. Optus has also removed barriers to access to our products and services by customers, potential customers and staff, in accordance with the Disability Action Plan that was developed in consultation with representatives of disability organisations.

Our strong ethics, transparency and responsiveness to industry and regulatory requirements have earned us numerous awards. We were ranked number one for the second year in a row in the Governance & Transparency Index introduced by the Business Times and the National University of Singapore's Corporate Governance and Financial Reporting Centre.



Optus works with Globe to make technology more accessible for schools in the Philippines



Corporate Governance

INTRODUCTION

Good corporate governance ensures key stakeholders interests are protected and enhances corporate performance and accountability. SingTel aspires to the highest standards of corporate governance and, to this end, has put in place a set of well-defined policies and processes.

As SingTel shares are listed on both the Singapore Stock Exchange ("SGX") and Australian Stock Exchange ("ASX"), SingTel seeks to comply with two sets of listing rules and is guided in its corporate governance practices by the Singapore Code of Corporate Governance 2005 ("2005 Code") as well as the revised ASX Corporate Governance Principles and Recommendations released on 2 August 2007 ("Revised ASX Code"). Where one exchange has more stringent requirements, SingTel will strive to observe the more stringent requirements.

In line with corporate governance best practices, certain changes to the Group's corporate governance regime have been made, including:

- SingTel's Securities Transactions Policy (see page 68) was enhanced as follows:
 - Directors are to consult with the Company Secretary/Group CEO before trading in SingTel shares.
 - Directors are to refrain from trading in shares of SingTel's listed associates when in possession of material price sensitive information relating to such associates.
 - Directors are to refrain from trading in shares of SingTel's competitors if that might create a conflict of interest.
- SingTel's policy on multiple directorships was enhanced by introducing the following:
 - In support of their candidature for directorship or re-election, Directors should provide the Corporate Governance and Nominations Committee with details of other commitments and an indication of the time involved.
 - Non-executive Directors should consult the Chairman or chairman of the Corporate Governance and Nominations Committee before accepting any new appointments as directors.

- The SingTel corporate website was revamped in 2009 to provide extensive information on SingTel's corporate governance policies and practices. These include the Audit Committee charter, summary terms of reference for the Compensation Committee, and summaries of SingTel's Employees' Code of Conduct, Market Disclosure Policy, Risk Management Policy and Securities Transactions Policy.

At the Annual General Meeting held on 24 July 2009, the Board proposed and the shareholders approved the following changes to provide shareholders with enhanced protection against dilution of their shareholding interest:

- Reduction of the limit for *non-pro rata* share issues from 10 per cent of the total number of issued shares in the capital of SingTel to 5 per cent of the total number of issued shares in the capital of SingTel.
- Introduction of an annual limit of 1 per cent of the total number of issued shares in the capital of SingTel on the number of new shares under awards to be granted pursuant to the SingTel Performance Share Plan.

This report sets out SingTel's main corporate governance practices with reference to the 2005 Code and the Revised ASX Code. Unless otherwise stated, these practices were in place for the entire financial year. SingTel complies with the 2005 Code save that, in respect of Board appraisal, the Board is of the view that financial indicators are not appropriate criteria for assessing the Board's performance as the Board's role is seen to be more in formulating, rather than executing, strategy and policy. SingTel also complies with the Revised ASX Code.

The Board of Directors is responsible for SingTel's corporate governance standards and policies, and stresses their importance across the Group. SingTel has received accolades from the investment community for excellence in corporate governance. More details are included in the 'Key Awards and Accolades' section on pages 18 to 20.



BOARD MATTERS

Board's Conduct of its Affairs

The Board oversees the business affairs of the SingTel Group. It assumes responsibility for the Group's overall strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices. The Board also appoints the Group CEO, approves the policies and guidelines for Board and Senior Management remuneration, and approves the appointment of Directors. In line with best practices in corporate governance, the Board also oversees long-term succession planning for Senior Management.

SingTel has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from matters that specifically require the Board's approval, such as the issue of shares, dividend distributions and other returns to shareholders, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees and the Management Committee so as to optimise operational efficiency.

Directors' Attendance at Board Meetings during the Financial Year Ended 31 March 2010

Name of Director	Scheduled Board Meetings*		Ad Hoc Board Meetings*	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Chumpol NaLamlieng	7	7	3	3
Graham John Bradley AM [#]	7	7	3	3
Chua Sock Koong	7	7	3	3
Fang Ai Lian	7	6	3	3
Heng Swee Keat	7	7	3	2
Dominic Chiu Fai Ho	7	7	3	3
Simon Israel	7	7	3	3
John Powell Morschel	7	7	3	2
Kaikhushru Shiavax Nargolwala	7	7	3	1
Ong Peng Tsin ⁽¹⁾	6	6	3	3
Deepak S Parekh	7	4	3	3
Nicky Tan Ng Kuang	7	7	3	3

[#] Member of the Order of Australia

* Refers to meetings held/attended while each Director was in office

(1) Mr Ong Peng Tsin was appointed to the Board on 1 June 2009.



CORPORATE GOVERNANCE

The Board meets regularly, and sets aside time at each scheduled Board meeting to meet without the presence of Management. Board meetings are full-day affairs and include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas. Typically, at least one Board meeting a year is held overseas, in a country where the Group either has significant investment or has an interest in investing. On such occasions, the Board may meet with local business leaders and government officials, so as to help the Board gain greater insight into such countries. The Board also meets SingTel's partners in those countries to develop stronger relationships with such partners. In addition to at least seven scheduled meetings each year, the Board meets as and when warranted by particular circumstances. Ten Board meetings were held in the financial year ended 31 March 2010. Meetings via telephone or video conference are permitted by SingTel's Articles of Association.

A record of the Directors' attendance at Board meetings during the financial year ended 31 March 2010 is set out on page 59.

Directors are required to act in good faith and in the interests of SingTel. All new Directors appointed to the Board are briefed on the Group's business activities, strategic direction and policies, key business risks, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors. In line with best practices in corporate governance, the 2005 Code and the Revised ASX Code, new Directors also receive a letter from the Company stating clearly the Board's role and the role of non-executive Directors, the time commitment that the Director would be expected to allocate and other relevant matters.

Board Composition and Balance

The size and composition of the Board are reviewed from time to time by the Corporate Governance and Nominations Committee, which seeks to ensure that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate number of independent Directors. The Committee also seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, industry knowledge, strategic planning, customer-based experience and knowledge, and regional business expertise. Any potential conflicts of interest are taken into consideration.

Reflecting the focus of the Group's business in the region, more than half of SingTel's 12 Directors are, or originate, from countries outside Singapore, namely, the Chairman,

Mr Chumpol NaLamlieng, and non-executive Directors, Messrs Graham John Bradley AM, Dominic Chiu Fai Ho, Simon Israel, John Powell Morschel, Kaikhushru Shiavax Nargolwala and Deepak S Parekh.

The Corporate Governance and Nominations Committee assesses the independence of each Director, taking into account the SGX and ASX corporate governance guidance for assessing independence. On this basis, Ms Chua Sock Koong, SingTel's Group CEO, and Mr Simon Israel, an Executive Director of Temasek Holdings (Private) Limited, are the only non-independent Directors.

A Director who has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SingTel, is considered to be independent. SingTel also requires independence from the major shareholder in order to consider a Director independent although the 2005 Code does not specify this. The Chairman and all other members of the Board, except those identified above as being non-independent, are considered to be independent Directors.

In assessing the independence of the Directors, the Corporate Governance and Nominations Committee has examined the different relationships identified by the 2005 Code and the Revised ASX Code that might impair the Directors' independence and objectivity, and is satisfied that the Directors are able to act with independent judgement.

In particular, while Mr Graham John Bradley AM is the Chairman of Stockland Corporation Limited ("Stockland"), which is listed on the ASX, and Optus pays to the Stockland group rents under commercial leases which exceed S\$200,000, Mr Bradley has been assessed as independent as the leases were negotiated at arms' length on commercial terms. The Board considers that this relationship did not influence Mr Bradley's ability and willingness to operate independently, and he has shown independence and objectivity in the broader performance of his obligations as Director.

The profile of each Director and other relevant information are set out under 'Board of Directors' from pages 12 to 14.

Chairman and CEO

There is a clear separation of the roles and responsibilities of the Chairman and the Group CEO. The Chairman, who is an independent Director, leads the Board and is responsible for the Board's workings and proceedings, while the Group CEO



is responsible for implementing the Group's strategies and policies, and for conducting the Group's business. The Chairman and GCEO are not related.

Lead Independent Director

In line with corporate governance best practices, Mr Kaikhushru Shiavax Nargolwala was appointed as the Lead Independent Director of the Board in May 2009. Mr Nargolwala has been an independent Director on the Board since 29 September 2006.

The Lead Independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the non-executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and to assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director serves as chairman of the Corporate Governance and Nominations Committee. The role of the Lead Independent Director includes meeting with the non-executive Directors without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate. He will also be available to shareholders if they have concerns relating to matters which contact through the normal channels of the Chairman, Group CEO or Group CFO has failed to resolve, or for which such contact is inappropriate.

Board Membership

SingTel's Corporate Governance and Nominations Committee establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the Corporate Governance and Nominations Committee reviews the range of expertise, skills and attributes on the Board and the composition of the Board. The Committee then identifies SingTel's needs and prepares a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the Committee may seek advice from external search consultants.

The Corporate Governance and Nominations Committee takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director for recommendation

to the Board. However, the re-nomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board. The Committee may have to consider the need to position and shape the Board in line with the evolving needs of SingTel and the business. In order to ensure Board renewal, the Board has in place a guideline on the tenure of the Chairman and Directors.

Directors must ensure that they are able to give sufficient time and attention to the affairs of SingTel and, as part of its review process, the Corporate Governance and Nominations Committee decides whether or not a Director is able to do so and whether he/she has been adequately carrying out his/her duties as a Director of SingTel. The Board has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The guideline has been enhanced so that (1) in support of their candidature for directorship or re-election, Directors are to provide the Corporate Governance and Nominations Committee with details of other commitments and an indication of the time involved and (2) non-executive Directors should consult the Chairman or chairman of the Corporate Governance and Nominations Committee before accepting any new appointments as directors.

A Director must retire from office at the third Annual General Meeting ("AGM") after the Director was elected or last re-elected. A retiring Director is eligible for re-election by SingTel shareholders at the AGM. In addition, a Director appointed by the Board to fill a casual vacancy, or appointed as an additional Director, may only hold office until the next AGM, at which time he/she will be eligible for re-election by shareholders. If at any AGM, less than three Directors would retire pursuant to the requirements set out above, the additional Directors to retire at that AGM shall be those who have been longest in office since their last re-election or appointment. The Group CEO, as a Director, is subject to the same retirement by rotation, resignation and removal provisions as the other Directors and such provisions will not be subject to any contractual terms that he/she may have entered into with the Company. Shareholders are provided with relevant information on the candidates for election or re-election.

Board Performance

The Board and the Corporate Governance and Nominations Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.



CORPORATE GOVERNANCE

Directors also participate in an annual offsite workshop with Senior Management to strategise and plan the Group's mid-term direction. Training and development programmes for Directors include talks and presentations by renowned experts and professionals in various fields, such as telecommunications, technology, regulatory matters and the economic/business environment in relevant markets. The Directors may also attend other appropriate courses, conferences and seminars.

Each year, the Corporate Governance and Nominations Committee undertakes a process to assess the effectiveness of the Board as a whole and the contributions by each Director. During the financial year, Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board. The results of the appraisal exercise were considered by the Committee which then made recommendations to the Board, aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to its principal functions, communication with Senior Management and Directors' standards of conduct.

The Directors were also requested to complete appraisal forms to assess each individual Director's contributions to the Board's effectiveness. Each Director was given the opportunity to meet with the Chairman and the chairman of the Corporate Governance and Nominations Committee to discuss the appraisal exercise and other Board matters. In addition, the contributions and performance of each Director were assessed by the Committee as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, the Committee was able to identify areas for improving the effectiveness of the Board and its Committees. In relation to the Chairman, the Lead Independent Director conducted an appraisal by the non-executive Directors and gave the feedback to the Chairman. In relation to the Board Committees, the chairman of each Committee prepared a report on the Committee's activities for the financial year, which was reported to the Board.

Access to Information

Prior to each Board meeting, SingTel's Management provides the Board with information relevant to matters on the agenda for the Board meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group. In addition, Directors receive analysts' reports on SingTel and other telecommunications companies on a quarterly basis.

Such reports enable the Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group.

The Board has separate and independent access to the Senior Management and the Company Secretary at all times. The Company Secretary attends all Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by SingTel.

Board and Management Committees

The following Board Committees assist the Board in executing its duties:

- Finance, Investment and Risk Committee
- Audit Committee
- Compensation Committee
- Corporate Governance and Nominations Committee
- Optus Advisory Committee.

The chairman of each Board Committee is an independent Director. Each Board Committee may make decisions on matters within its terms of reference and applicable limits of authority. The terms of reference of each Committee are reviewed from time to time, as are the Committee structure and membership.

The selection of Board Committee members requires careful management to ensure that each Committee comprises Directors with appropriate qualifications and skills, and that there is an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board, and to encourage active participation and contribution from Board members, is also taken into consideration.

A record of each Director's Board Committee memberships and attendance at Board Committee meetings during the financial year ended 31 March 2010 is set out on page 63.

Finance, Investment and Risk Committee

The Finance, Investment and Risk Committee ("FIRC") comprises three Directors, the majority of whom, including the chairman, are independent Directors. Membership of the Audit Committee and the FIRC is mutually exclusive.



The main responsibilities of the FIRC are to consider and approve strategic and portfolio investments and divestments within certain prescribed thresholds, review the Group's investment and treasury policies, and manage the Group's assets and liabilities in accordance with the policies and directives of the Board. The FIRC also approves consultancy fees, capital expenditure and write-off of irrecoverable debts in accordance with the Board's policies and directives. In addition,

the FIRC reviews the Group's risk profile and policies, examines the effectiveness of the Group's risk management system, guides the process to identify, evaluate and manage significant risks, and reports to the Board on material matters, findings and recommendations pertaining to risk management.

The FIRC also oversees any on-market share repurchases pursuant to SingTel's share purchase mandate.

Directors' Board Committee Memberships and Attendance at Board Committee Meetings during the Financial Year Ended 31 March 2010

Name of Director	Finance, Investment and Risk Committee*		Audit Committee*		Compensation Committee*		Corporate Governance and Nominations Committee*		Optus Advisory Committee*	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Chumpol NaLamlieng					5	5	7	7		
Graham John Bradley AM			4	4					3	3
Chua Sock Koong ⁽¹⁾	5	5	4	4	5	5	7	7	3	3
Fang Ai Lian			4	4						
Heng Swee Keat					5	4	7	5		
Dominic Chiu Fai Ho ⁽²⁾			4	4	2	2	6	6		
Simon Israel	5	5							3	3
John Powell Morschel ⁽³⁾	1	1			5	5			3	3
Kaikhushru Shiavax Nargolwala			4	4			7	7		
Ong Peng Tsin ⁽⁴⁾	4	4								
Deepak S Parekh					5	3				
Nicky Tan Ng Kuang	5	5							3	3

* Refers to meetings held/attended while each Director was in office

(1) Ms Chua Sock Koong is not a member of the committees other than the Optus Advisory Committee although she was in attendance at meetings of those committees as appropriate.

(2) Mr Dominic Chiu Fai Ho ceased to be a member of the Compensation Committee, and was appointed to the Corporate Governance and Nominations Committee, on 13 May 2009.

(3) Mr John Powell Morschel ceased to be a member of the Finance, Investment and Risk Committee on 1 June 2009.

(4) Mr Ong Peng Tsin was appointed to the Board and the Finance, Investment and Risk Committee on 1 June 2009.



CORPORATE GOVERNANCE

Audit Committee

The Audit Committee comprises at least three Directors, all of whom shall be non-executive Directors and the majority of whom, including the chairman, shall be independent Directors. At least two members of the Audit Committee must have accounting or related financial management expertise or experience. As required by the terms of reference of the Audit Committee, the chairman of the Audit Committee is a Director other than the Chairman of the Board. The current Audit Committee members are all independent Directors.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has the full cooperation of and access to Management. It has direct access to the internal and external auditors, and full discretion to invite any Director or executive officer to attend its meetings.

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management.

The Audit Committee reports to the Board on the results of the audits undertaken by the internal and external auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of risk management and internal controls. It reviews the quarterly and annual financial statements with Management and the external auditors, reviews and approves the annual audit plans for the internal and external auditors, and reviews the internal and external auditors' evaluation of the Group's system of internal controls.

The Audit Committee is responsible for evaluating the cost-effectiveness of audits, the independence and objectivity of the external auditors, and the nature and extent of the non-audit services provided by the external auditors. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors. In addition, the Audit Committee reviews and approves the SingTel Internal Audit Charter to ensure the effectiveness of the internal audit function. At the same time, it ensures that the internal audit function is adequately resourced and has appropriate standing within SingTel.

During the financial year, the Audit Committee reviewed the Management's and SingTel Internal Audit's assessment of fraud risk and held discussions with the external auditors, and was satisfied that adequate measures were put in place to mitigate fraud risk exposure in the Group. The Audit Committee also

reviewed and was satisfied with the adequacy of the whistleblower arrangements instituted by the Group through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistleblower reports were reviewed by the Audit Committee at its quarterly meetings to ensure thorough investigation and adequate follow up.

The Audit Committee met four times during the financial year. At these meetings, the Group CEO, CEO (Singapore), CEO (International), CEO (Optus), Group CFO, Group Financial Controller, CFO (Singapore), CFO (Optus) and Vice President (Audit) were also in attendance. During the financial year, the Audit Committee reviewed and approved the quarterly financial statements prior to recommending their release to the Board, as applicable. It reviewed the results of audits performed by SingTel Internal Audit based on the approved audit plan, significant litigation and fraud investigations, SingTel's register of interested person transactions and non-audit services rendered by the external auditors. The Audit Committee also met with the internal and external auditors, without the presence of Management, during the financial year.

Compensation Committee

The Compensation Committee comprises four Directors, all of whom are non-executive and independent. The Committee may have access to expert advice inside and/or outside SingTel.

The main responsibilities of the Compensation Committee are to approve the Group's policies on remuneration for employees of all grades, and to administer and review any performance share plan or other long-term incentive schemes of SingTel.

The Compensation Committee is responsible for the appointment and promotion of Senior Management (except for the Group CEO, CEOs and Group CFO) and Top Management who are direct reports to the Group CEO. The Compensation Committee proposes the remuneration package for the Group CEO, CEOs and Group CFO for the Board's approval. It is also responsible for approving the remuneration of the other Senior Management. Policies and guidelines for Directors' fees are also determined by the Compensation Committee for the Board's endorsement.

The Group CEO, who is not a member of the Compensation Committee, may attend meetings of the Committee but does not attend discussions relating to her own performance and remuneration.



SingTel's remuneration policy and remuneration for Directors and Senior Management are discussed in this report from pages 69 to 74.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee must comprise at least three Directors, the majority of whom, including the chairman, must be independent. In line with the 2005 Code, the chairman of the Committee, Mr Kaikhushru Shiavax Nargolwala, is not a substantial shareholder of SingTel, nor is he directly associated with any substantial shareholder of SingTel.

The main functions of the Corporate Governance and Nominations Committee are outlined in the commentaries on 'Board Composition and Balance', 'Board Membership' and 'Board Performance' from pages 60 to 62. The Committee is also responsible for the development and review of SingTel's corporate governance principles and practices, taking into account relevant local and international developments in the area of corporate governance.

Optus Advisory Committee

The Optus Advisory Committee comprises at least three Directors, the majority of whom, including the chairman, are independent. The Committee reviews strategic business issues relating to the Australian business.

Management Committee

In addition to the five Board Committees, SingTel has a Management Committee that comprises the Group CEO, CEO (Singapore), CEO (International), CEO (Optus), Group CFO, Group Chief Information Officer, Group Chief Technology Officer and Group Director (Human Resource).

The Management Committee meets every week to review and direct management on operational policies and activities.

ACCOUNTABILITY AND AUDIT

Accountability

SingTel recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive monthly financial and business reports from SingTel's Management. Such reports compare SingTel's actual performance against the budget, and highlight key business drivers/indicators and major issues that are relevant to SingTel's performance, position and prospects.

For the financial year ended 31 March 2010, SingTel's Group CEO and Group CFO have provided assurance to the Board on the integrity of SingTel's financial statements and on SingTel's risk management, compliance and internal control systems. The certification covers SingTel and the subsidiaries which are under SingTel's management control. In line with the SGX Listing Rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the Group CEO and Group CFO.

Internal Audit

SingTel Internal Audit comprises a team of 52 staff members, including the Vice President (Audit) who reports to the Audit Committee functionally and to the Group CEO administratively. SingTel Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and adopts the International Standards for the Professional Practice of Internal Auditing ("the IIA Standards") laid down in the International Professional Practices Framework issued by the IIA. SingTel Internal Audit successfully completed its external Quality Assurance Review in 2006 and continues to meet or exceed the IIA Standards in all key aspects.

SingTel Internal Audit adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. This plan is reviewed and approved by the Audit Committee. The reviews performed by SingTel Internal Audit are aimed at assisting the Board in promoting sound risk management and good corporate governance, through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group. SingTel Internal Audit's reviews also focus on compliance with SingTel's policies, procedures and regulatory responsibilities, performed in the context of financial and operational, revenue assurance and information systems reviews. SingTel Internal Audit engages closely with Management in its internal consulting and control advisory role to promote effective risk management, internal control and governance practices in the development of new products/services, systems and processes. SingTel Internal Audit also works with the internal audit functions of SingTel's regional mobile associates to promote joint reviews and the sharing of knowledge and/or internal audit best practices.

To ensure that the internal audits are performed effectively, SingTel Internal Audit recruits and employs suitably qualified professional staff with the requisite skillsets and experience. SingTel Internal Audit provides training and development opportunities for its staff to ensure their technical knowledge and skillsets remain current and relevant.



CORPORATE GOVERNANCE

External Auditors

The Board is responsible for the initial appointment of external auditors. Shareholders then approve the appointment at SingTel's AGM. The external auditors hold office until their removal or resignation. The Audit Committee assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their re-appointment to the Board. Pursuant to the requirements of the SGX, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Deloitte & Touche LLP audit partner for SingTel was appointed with effect from the financial year ended 31 March 2007.

In order to maintain the independence of the external auditors, SingTel has developed policies regarding the type of non-audit services that the external auditors can provide to the SingTel Group and the related approval processes. The Audit Committee has also reviewed the non-audit services provided by the external auditors during the financial year and the fees paid for such services. The Audit Committee is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided a confirmation of their independence to the Audit Committee.

Risk Management

The identification and management of risk reduces the uncertainty associated with the execution of our business strategies and allows the Group to maximise opportunities that may arise.

Risk arises in many forms and can have material adverse impacts on the Group's ability to achieve its stated objectives. Risk has the potential to impact the reputation, regulatory, operational, human resources and financial performance of the Group and thus our ability to meet our stated objectives.

The Group's philosophy and approach in effective risk management is underpinned by three key principles as follows:

- **Culture.** We seek to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks and promoting accountability. In short, we seek to promote a risk-conscious workforce across the Group.

- **Structure.** We seek to put in place an appropriate organisational structure that promotes good corporate governance, provides for proper segregation of duties, defines clearly risk taking responsibility and authority, and promotes ownership and accountability for risk taking.
- **Process.** We seek to implement robust processes and systems for effective identification, quantification, monitoring, mitigating and management of risk. We seek to improve our risk management and internal control policies and procedures on an on-going basis to ensure that they remain sound and relevant by benchmarking against global best practices.

Based on the above principles, the Group undertakes a continuous process of risk identification, monitoring, management and reporting of risks throughout the organisation, to provide assurance to the Board and relevant stakeholders. The effectiveness of risk management policies and processes is reviewed on a regular basis and, where necessary, improved. Furthermore, the risk management processes facilitate alignment of the Group's strategy and annual operating plan with the management of key risks.

The Board has overall responsibility for the oversight of material risks in the Group's business. The FIRC assists the Board in the oversight of the Group's risk profile and policies, effectiveness of the Group's risk management system including the identification and management of significant risks and reports to the Board on material matters, findings and recommendations pertaining to risk management. The Audit Committee provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems.

The Board has approved a Group Risk Framework for the identification of key risks within the business. This Framework defines 28 categories of risks ranging from environmental, operational and management decision making risks. The Group adopts the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model and the Australia / New Zealand Risk Management Standard (AS/NZ 4360) as the best practices benchmarks for assessing the soundness of its financial reporting, and the efficiency and effectiveness of its risk management, internal control and compliance systems.



The identification and management of risk is delegated to management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals. The Risk Management Committee, comprising relevant members from the Senior Management team, is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures including the adequacy of the Group's insurance programme. The Risk Management Committee reports to the FIRC on a regular basis.

Risk assessment and mitigation strategy is an integral part of the Group's annual business planning and budgeting process. The key risk management activities also include scenario planning, business continuity / disaster recovery management and crisis planning and management. Close monitoring and control processes, including the establishment of appropriate key risk indicators and key performance indicators, are put in place to ensure that risk profiles managed are within policy limits. The Group has in place a formal programme of risk and control self assessment whereby line personnel are involved in the on-going assessment and improvement of risk management and controls in selected areas. Additionally, external consultants are engaged from time to time to review the Group's risk management framework and processes.

SingTel Internal Audit carries out reviews and internal control advisory activities which are aligned to the key risks in the Group's business to provide independent assurance to the Audit Committee on the adequacy and effectiveness of the risk management, financial reporting processes and internal control and compliance systems. In order to provide assurance to the Board, via the FIRC, the CEOs of the business groups submit to the FIRC on a semi-annual basis, a report on the key risks and mitigation strategies for their respective areas. On an annual basis, the Group CEO and Group CFO provide a written certification to the Board confirming the soundness of financial reporting, and the efficiency and effectiveness of the risk management, internal control and compliance systems.

The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation, regulations and best practices, and the identification and management of business risk.

In the course of their statutory audit, SingTel's external auditors carry out a review of the Group's material internal controls to the extent of the scope as laid out in their audit plan. Any material non-compliance and internal control weaknesses, together with the external auditors' recommendations to address them, are reported to the Audit Committee. SingTel's Management, with the assistance of SingTel Internal Audit, follows up on the external auditors' recommendations as part of their role in reviewing the Group's system of internal controls.

Based on the work performed by SingTel Internal Audit during the financial year and the review undertaken by the external auditors, the Audit Committee is of the opinion that there are adequate internal controls in place within the Group.

Communication with Shareholders

SingTel is committed to maintaining high standards of disclosure and corporate transparency. We adopt an open and non-discriminatory approach in our communication with shareholders, the investment community and the media. We aim to provide relevant, consistent and timely information - regarding the Group's performance, progress and prospects - to assist shareholders and investors in their investment decisions.

Quarterly financial results are reported within six weeks after the end of each quarter. These results contain detailed financial disclosures and analyses of key value drivers and metrics for each business. In addition, guidance on the outlook for each business is provided at the start of each financial year, and, reflecting market conditions, is affirmed or updated every quarter at the same time as the announcement of the quarterly results.

The Investor Relations' website contains a wealth of investor-related information on SingTel which serves as an important resource for investors. It is a one-stop source of investor presentations, stock exchange announcements, annual reports, the investor calendar, AGM and dividend information. The website also houses significant financial information. In relation to SingTel's quarterly earnings announcements, one can access comprehensive materials from the website, including webcasts of earnings presentations, presentation slides, transcripts of conference calls and 5-year financial summaries. All new material information is posted on the website following its filing with the SGX and ASX, to ensure fair and equal dissemination of information.



CORPORATE GOVERNANCE

SingTel believes in the importance of regular interaction with investors and shareholders. Senior Management actively participates in one-on-one meetings, roadshows, conferences and investor events organised by the Investor Relations Department. In the financial year ended 31 March 2010, SingTel met with approximately 720 investors in over 280 meetings held in various cities and countries around the world. Furthermore, more than 300 shareholders and their proxies had the opportunity to interact, question, clarify and relay their concerns and feedback, not only with the Senior Management, but with the Chairman and the Directors during the AGM.

SingTel fully supports and encourages shareholder participation at AGMs. SingTel sends out the notice of the meeting, together with the meeting agenda and related information a month ahead, providing ample time for it to be received and reviewed by shareholders. The AGM is held at a convenient central location with easy access to public transportation. A registered shareholder who is unable to attend may choose to appoint a proxy to attend and vote on his behalf.

At the AGM, the Group CEO delivers a presentation to update shareholders on the progress of the Company over the past year. The Directors and Senior Management are in attendance during the AGM to address queries and concerns about SingTel. The proxy voting results are presented to the audience during the voting process and are filed with the stock exchanges. Voting in absentia by mail, facsimile, or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

SingTel places great importance on communicating with and reaching out to our shareholders and the investment community. Our proactive efforts have been acknowledged at the Singapore Corporate Awards and recognised by leading financial journals and organisations such as IR Magazine, Business Times, Finance Asia and Thomson Reuters during the year.

Securities Transactions

SingTel's Securities Transactions Policy states that Directors and officers of the Group should not deal in SingTel shares during the period commencing two weeks before the announcement of SingTel's financial statements for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial statements for the full financial year, and ending on the date of the announcement of the relevant results. The policy also discourages trading on short-term considerations and reminds Directors and officers of their obligations under insider trading laws. Directors are to consult with the Company

Secretary/Group CEO before trading in SingTel shares to ensure compliance with securities laws. The Board is kept informed when a Director trades in SingTel securities. A summary of SingTel's Securities Transactions Policy is available in the Corporate Governance section of the SingTel corporate website.

In relation to shares of other companies, Directors are to refrain from trading in shares of SingTel's listed associates when in possession of material price sensitive information relating to such associates. Directors are also to refrain from having any direct or indirect financial interest in SingTel's competitors that might or might appear to create a conflict of interest or affect the decisions Directors make on behalf of SingTel.

Continuous Disclosure

There are formal policies and procedures to ensure that SingTel complies with its disclosure obligations under the listing rules of the SGX and ASX. A Market Disclosure Committee is responsible for SingTel's Market Disclosure Policy. The policy contains guidelines and procedures for internal reporting and decision-making with regard to the disclosure of material information. The Company Secretary manages the policy.

Material Contracts

There are no material contracts entered into by SingTel or any of its subsidiaries that involve the interests of the Group CEO, any Director, or the controlling shareholder, Temasek Holdings (Private) Limited.

Codes Of Conduct And Practice

SingTel has a code of internal corporate governance practices, policy statements and standards, as described in this report, and makes this code available to Board members as well as employees of the Group. The processes and standards in the code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

SingTel also has a code of conduct that applies to all employees. The code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SingTel, its competitors, customers, suppliers and the community. The code of conduct covers areas such as conduct in the workplace, business conduct, protection of SingTel's assets, confidentiality, non-solicitation of customers and employees, conflicts of interest and corporate opportunities. The code is



posted on SingTel's internal website and a summarised version is accessible from the SingTel corporate website. SingTel's staff manual maps out SingTel's policies and standards by which employees are expected to conduct themselves in the course of their employment with SingTel. The manual also contains procedures for the investigation of reports of misconduct or unethical practices and for taking appropriate remedial actions.

SingTel has established an escalation process so that the Board of Directors, Senior Management, and internal and external auditors are kept informed of corporate crises in a timely manner, according to their severity. Such crises may include violations of the code of conduct and/or applicable laws and regulations, as well as loss events which have or are expected to have a significant impact, financial or otherwise, on the Group's business and operations.

Whistle-Blower Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. SingTel undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blower policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to SingTel Internal Audit and a whistle-blower hotline service independently managed by an external service provider, for reporting suspected fraud, corruption, dishonest practices or other similar matters. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

REMUNERATION

The broad principles that guide the Compensation Committee in its administration of fees, benefits, remuneration and incentives for the Board of Directors and Senior Management are set out below.

Directors' Fees and Incentives

SingTel's Group CEO is an Executive Director and is therefore remunerated as part of Senior Management. She does not receive Directors' fees.

The fees for non-executive Directors for the financial year ended 31 March 2010 comprised a basic retainer fee, additional fees

for appointment to Board Committees, attendance fees for ad hoc Board meetings, and a travel allowance for Directors who were required to travel out of their country or city of residence to attend Board meetings and Board Committee meetings which did not coincide with Board meetings. There are no retirement benefit schemes or share-based compensation schemes in place for non-executive Directors. The framework for determining non-executive Directors' fees was as follows:

Basic Retainer Fee

Board chairman	S\$180,000 per annum
Director	S\$ 90,000 per annum

Fee for Appointment to Audit Committee

Committee chairman	S\$50,000 per annum
Committee member	S\$35,000 per annum

Fee for Appointment to Any Other Board Committee

Committee chairman	S\$35,000 per annum
Committee member	S\$25,000 per annum

Attendance Fee per Ad Hoc Board Meeting

S\$2,000

Travel Allowance for Board Meetings and Board Committee Meetings which do not coincide with Board Meetings (per day of travel required to attend meeting)

S\$3,000

The proposed framework for Directors' fees for the financial year ending 31 March 2011 is the same as that for the financial year ended 31 March 2010 except that it is proposed that the Chairman's basic fee be increased to \$220,000 and the Director's basic fee be increased to \$110,000 so that the fees payable are more in line with comparable benchmarks. As SingTel has diverse and complex operations and investments internationally and is not just a Singapore-based company, the fees are benchmarked against fees paid by other comparable companies in Singapore and Australia.



CORPORATE GOVERNANCE

Directors' Remuneration for the Financial Year Ended 31 March 2010

Name of Director	Fixed Component ⁽¹⁾ (S\$)	Variable Component ⁽²⁾ (S\$)	Provident Fund ⁽³⁾ (S\$)	Benefits ⁽⁴⁾ (S\$)	Directors' Fees ⁽⁶⁾ (S\$)	Total (S\$)
Chumpol NaLamlieng	-	-	-	-	271,156	271,156
Graham John Bradley AM	-	-	-	-	186,000	186,000
Chua Sock Koong ⁽⁵⁾	1,365,000	2,700,000	8,038	72,704	-	4,145,742
Fang Ai Lian	-	-	-	-	152,000	152,000
Heng Swee Keat ⁽⁷⁾	-	-	-	-	150,000	150,000
Dominic Chiu Fai Ho	-	-	-	-	186,000	186,000
Simon Israel ⁽⁸⁾	-	-	-	-	176,000	176,000
John Powell Morschel	-	-	-	-	194,167	194,167
Kaikhushru Shiavax Nargolwala	-	-	-	-	193,844	193,844
Ong Peng Tsin ⁽⁹⁾	-	-	-	-	107,833	107,833
Deepak S Parekh	-	-	-	-	145,000	145,000
Nicky Tan Ng Kuang	-	-	-	-	186,000	186,000

Notes:

- (1) Fixed Component refers to base salary and Annual Wage Supplement earned for the year ended 31 March 2010.
- (2) Variable Component refers to cash bonuses awarded for performance for the year ended 31 March 2010.
- (3) Provident Fund represents payments in respect of company statutory contributions to the Singapore Central Provident Fund.
- (4) Benefits are stated on the basis of direct costs to the company, and include car benefits, flexible benefits and other non-cash benefits such as medical cover and club membership.
- (5) In addition to the total remuneration above, long-term incentives in the form of performance share awards under the SingTel Performance Share Plan was granted to Ms Chua on 3 June 2010 for performance for the year ended 31 March 2010. She received the General Award ("GA") and the Senior Management Award ("SMA") based on fair values of S\$1.651 and S\$1.837 per share respectively. The fair values of performance share awards granted to her are S\$1,542,857 for GA and S\$1,157,143 for SMA. The vesting criteria for the performance share awards are detailed on pages 72-73.
- (6) Directors' Fees are paid on a half-yearly basis in arrears.
- (7) Fees for public sector Director are payable to government agencies.
- (8) Fees are payable to Mr Simon Israel's employer.
- (9) Appointed to the Board on 1 June 2009.

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S\$150,000 during the financial year ended 31 March 2010.



No Director decides his own fees. Directors' fees are recommended by the Compensation Committee and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM.

Until the financial year ended 31 March 2007, the Company's practice was to seek shareholders' approval for the payment of Directors' fees at the AGM held after the end of the financial year. As a result, Directors were only paid for services rendered 17 months after the commencement of the relevant financial year. In order to enable the Company to attract the right calibre of directors to contribute effectively to the Board, in addition to the right level of remuneration, timely payment to directors is also necessary. Accordingly, commencing from the 2007 AGM, SingTel now seeks shareholders' approval for Directors' fees for the current financial year so that Directors' fees can be paid on a half-yearly basis in arrears for that year.

In order to align Directors' interests with that of shareholders, Directors are encouraged to acquire SingTel shares each year from the open market to the extent of one-third of their fees until they hold the equivalent of one year's fees in shares, and to continue to hold the equivalent of one year's fees in shares while they remain on the Board. Directors who were previously eligible for applicable share option schemes are encouraged to hold, beyond the vesting period, any shares acquired by the exercise of share options under those schemes.

Remuneration for Executive Director and Senior Management

The Compensation Committee recognises that the Group operates in a regional environment. To remain competitive, the Compensation Committee has established the following objectives for its remuneration policy:

- To align the interests of Senior Management with those of shareholders;
- To attract, motivate and retain high-performing executives, which is necessary to sustain SingTel as a leading communications provider in Asia Pacific;
- To achieve Business and People targets and
- To be locally focused and competitive in each of the relevant employment markets.

The Compensation Committee reviews remuneration through a process that considers Group, company, business unit and individual performance, relevant comparative remuneration in the market and, where required, feedback from independent external advisors on human resource management and reward and benefit policies. The performance evaluations for the executive Director and Senior Management have been conducted for the financial year in accordance with the above considerations.

In line with market practice, SingTel may, under special circumstances, compensate Senior Management for their past contributions when their services are no longer needed; for example, due to redundancies arising from reorganisation or restructuring of the Group.

Remuneration Components

The remuneration structure for Senior Management comprises five components – fixed component, variable component, provident/superannuation fund, benefits and long-term incentives. The structure is designed such that the percentage of the variable component of Senior Management's remuneration increases as they move up the organisation. The variable component also depends on the actual achievement of corporate targets and individual performance objectives. The cost and value of the remuneration components are considered as a whole and are designed to strike a balance between linking rewards to short-term and long-term objectives, and maintaining competitiveness with market practice.

• *Fixed Component*

The base salary should fall within the mid-range of what is paid by comparable companies in relevant employment markets for similar jobs, but may vary with responsibilities, performance, skills and the experience that the individual brings to the role.

In Australia, consistent with local market practice, executives may opt for a portion of their salaries to be received in tax-effective benefits-in-kind, such as superannuation contributions and motor vehicles, while maintaining the same overall cost to the company.

• *Variable Component*

Variable bonus payouts are based on actual achievement against Group, company, business unit and individual performance objectives. Although the performance objectives are different for each executive, they are assessed on the same principles across two broad categories of targets: Business and People. Business targets comprise financials, strategy, customer and business processes. People targets comprise leadership competencies, core values, people development and staff engagement. In addition, the executives are assessed on teamwork and collaboration across the Group. The performance objectives are reviewed at the commencement of each financial year to ensure that the objectives contribute to the overall strategic, financial and operational goals of the Group.



CORPORATE GOVERNANCE

Individual bonus payouts are linked by way of performance indicators and scorecards to the areas mentioned above. The Compensation Committee assesses the extent to which the performance objectives have been achieved and proposes the payouts for the Group CEO, CEOs and Group CFO for the Board's approval. The Compensation Committee also approves the variable bonus payouts for the other Senior Management. For executives who exceed their performance objectives, the aggregate of base salary and variable bonus should fall within the upper range of what is paid by comparable companies. To ensure that the remuneration of Senior Management is consistent with these levels, the Compensation Committee benchmarks remuneration components against those of comparable companies.

- ***Provident/Superannuation Fund***

This component is made up of SingTel's contributions towards the Singapore Central Provident Fund or the Optus Superannuation Fund or any other chosen fund, as applicable.

- ***Benefits***

SingTel provides benefits consistent with local market practice, such as in-company medical scheme, club membership, employee discounts and other benefits that may incur Australian Fringe Benefits Tax, where applicable. Participation in such benefits is dependent on the country in which the executive is located. For expatriates located away from home, additional benefits such as accommodation, children's education and tax equalisation may be provided.

- ***Long-Term Incentives***

Long-term incentives are provisionally allocated or granted to Senior Management for performance for the year ended 31 March 2010.

For long-term incentives granted under the SingTel Performance Share Plan ("Share Plan"), as in past years, two categories of awards are made at the discretion of the Compensation Committee – General Awards for eligible staff at Executive and higher grades, and Senior Management Awards for eligible Senior Management staff. They are made with reference to the desired total remuneration target benchmarked against comparable companies in the market. The number of performance shares awarded is determined using the valuation (of the shares) based on a Monte-Carlo simulation. The final number of performance shares vested to the recipient will depend on the level of achievement of targets set over a three-year period.

The vesting criteria for the General Award for 2010 are similar to the corresponding criteria adopted for awards made under the Share Plan since 2004. The vesting for half (50 per cent) of the General Award granted to an employee will be based on the Group's Total Shareholders' Return ("TSR") relative to the component stocks in the MSCI Asia Pacific Telecommunications Index (the "Index") over the three-year performance period from 1 April 2010 to 31 March 2013. No performance shares will vest if the TSR, as determined by the Compensation Committee at its sole discretion, is below the 50th percentile as measured against that of other component stocks in the Index. The number of performance shares to be vested will be determined in accordance with the table on page 73.



Total Shareholders' Return Percentile Ranking Criteria for 50 per cent of the 2010 General Award

TSR	Percentage of Performance Shares to be Vested
80th to 100th percentile	100%
70th to 79th percentile	90%
60th to 69th percentile	70%
50th to 59th percentile	50%
< 50th percentile	0%

The remaining tranche (50 per cent) of the General Award will be subject to the TSR performance measured against the Index (as opposed to individual component stocks) over the performance period from 1 April 2010 to 31 March 2013:

- If SingTel Group's TSR is at or exceeds 8 per cent that of the Index, 100 per cent of the shares under this tranche will vest.
- If SingTel Group's TSR is -2 per cent or more but less than 8 per cent that of the Index, the percentage of the shares under this tranche that will vest will vary accordingly.
- If SingTel Group's TSR is less than -2 per cent that of the Index, none of the shares under this tranche will vest.

For the 2010 Senior Management Award, vesting will take place if the following criteria are met:

- ***Vesting of the General Award***

There must be vesting of the 2010 General Award before the 2010 Senior Management Award can vest. This will strengthen the alignment of interests of Senior Management with those of other executives. This criterion was also adopted for the Senior Management Awards from 2004 to 2009.

- ***Economic Profit ("EP")***

To further strengthen the alignment of Senior Management with shareholder value creation, EP (measured as profits, net of tax, and after deducting cost of invested capital) will replace Return on Invested Capital as the second criteria under the Senior Management Award.

Under this criteria, performance shares will vest, although subject always to the vesting of the General Award, according to the cumulative EP achieved against targets over the 3-year performance period as follows:

- Where EP is at or greater than 100 per cent of target, 100 per cent of the performance shares will vest.
- Where EP is between 75 per cent to 100 per cent of target, between 50 per cent and 100 per cent of the performance shares will vest.
- Where EP is at or more than 50 per cent but less than 75 per cent of target, 20 per cent of the performance shares will vest.
- Where EP is more than 0 per cent but less than 50 per cent of target, 10 per cent of the performance shares will vest.
- Where there is no EP achievement, no performance shares will vest.

Details of the performance shares granted under the Share Plan during the financial year are set out in the financial statements under the 'Directors' Report'.

SingTel employees are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under SingTel's equity-based remuneration schemes.



CORPORATE GOVERNANCE

Remuneration of Senior Management

The aggregate compensation paid to or accrued to the five top-earning key executives for the financial year ended 31 March 2010 is set out in the table below:

Name of Senior Executive	Fixed Component ⁽¹⁾ (S\$)	Variable Component ⁽²⁾ (S\$)	Provident/ Superannuation Fund ⁽³⁾ (S\$)	Benefits ⁽⁴⁾ (S\$)	Total ⁽⁵⁾ (S\$)
The following are in alphabetical order:					
Bill Chang EVP (Business) SingTel	520,000	700,000	11,098	55,729	1,286,827
Allen Lew CEO (Singapore) SingTel	910,000	1,900,000	8,038	61,159	2,879,197
Lim Chuan Poh CEO (International) SingTel	780,000	1,400,000	7,903	59,233	2,247,136
Jeann Low ⁽⁶⁾ Group CFO SingTel	520,000	840,000	11,069	1,020,243	2,391,312
Paul O'Sullivan ⁽⁷⁾ CEO (SingTel Optus)	1,296,424	1,816,514	285,564	77,599	3,476,101

Notes:

- (1) Fixed Component refers to base salary and Annual Wage Supplement (if applicable) earned for the year ended 31 March 2010.
- (2) Variable Component refers to cash bonuses awarded for performance for the year ended 31 March 2010.
- (3) Provident Fund in Singapore represents payments in respect of company statutory contributions to the Singapore Central Provident Fund. Superannuation Fund in Australia represents payments in respect of the superannuation guarantee levy to the superannuation scheme. Any contributions made by an individual may be salary sacrificed, and are part of the fixed component.
- (4) Benefits are stated on the basis of direct costs to the company, and include overseas assignment benefits, tax equalisation, car benefits, flexible benefits and other non-cash benefits such as medical cover, club membership and Australia Fringe Benefits Tax, where applicable.
- (5) In addition to the total remuneration above, long-term incentives in the form of performance share awards under the SingTel Performance Share Plan were granted to Senior Management on 3 June 2010 for performance for the year ended 31 March 2010. The Senior Management received the General Award ("GA") and the Senior Management Award ("SMA") based on fair values of S\$1.651 and S\$1.837 per share respectively. The vesting criteria for the performance share awards are detailed on pages 72-73. The fair values of performance share awards granted to the following Senior Management are:
 - Bill Chang: GA of S\$354,286 and SMA of S\$265,714
 - Allen Lew: GA of S\$1,114,286 and SMA of S\$835,714
 - Lim Chuan Poh: GA of S\$628,571 and SMA of S\$471,429
 - Jeann Low: GA of S\$480,000 and SMA of S\$360,000
 - Paul O'Sullivan: GA of S\$1,200,000 and SMA of S\$900,000
- (6) Benefits for Ms Jeann Low include tax equalisation in relation to her past secondment to Optus, Australia.
- (7) Mr Paul O'Sullivan is based in Australia and he is remunerated in Australian dollars. The exchange rate used to convert his remuneration to Singapore dollars is S\$1.20 : A\$1.00.



GENERATING GROWTH
DELIVERING VALUE

FINANCIAL STATEMENTS

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Directors' Report

For the financial year ended 31 March 2010

The Directors present their report to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company (or "**SingTel**") for the financial year ended 31 March 2010.

1. DIRECTORS

The Directors of the Company in office at the date of this report are -

Chumpol NaLamlieng (Chairman)
Chua Sock Koong (Group Chief Executive Officer)
Graham John Bradley AM*
Fang Ai Lian
Heng Swee Keat
Dominic Chiu Fai Ho
Simon Israel
John Powell Morschel
Kaikhushru Shiavax Nargolwala
Ong Peng Tsin (appointed on 1 June 2009)
Deepak S Parekh
Nicky Tan Ng Kuang

* Member of the Order of Australia

2. 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 is 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, except for share options granted under the Singapore Telecom Share Option Scheme 1999 ("**1999 Scheme**"), and performance shares granted under the SingTel Performance Share Plan ("**Share Plan 2004**").



Directors' Report

For the financial year ended 31 March 2010

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests of the Directors holding office at the end of the financial year in the share capital of the Company and related corporations according to the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act were as follows -

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2010	At 1 April 2009 or date of appointment, if later	At 31 March 2010	At 1 April 2009 or date of appointment, if later
Singapore Telecommunications Limited				
(Ordinary shares)				
Chumpol NaLamlieng	199,500	199,500	-	-
Chua Sock Koong	2,940,513	2,359,757	13,859,950 ⁽¹⁾	16,278,933
Graham John Bradley AM	40,000	40,000	8,000 ⁽²⁾	-
Fang Ai Lian	91,930	91,930	-	-
Heng Swee Keat	1,330	1,330	-	-
Dominic Chiu Fai Ho	-	-	-	-
Simon Israel	179,820	179,820	1,360 ⁽³⁾	1,360
John Powell Morschel	55,780	55,780	-	-
Kaikhushru Shiavax Nargolwala	250,000	148,000	-	-
Ong Peng Tsin	40,000	-	-	-
Deepak S Parekh	20,000 ⁽⁴⁾	-	-	-
Nicky Tan Ng Kuang	150,000	150,000	-	-
(Options to purchase ordinary shares)				
Chua Sock Koong	1,450,000 ⁽⁵⁾	1,584,000	-	-
Singapore Airlines Limited				
(Ordinary shares)				
Chua Sock Koong	2,000	2,000	-	-
Simon Israel	9,000	9,000	-	-
SP AusNet				
(stapled securities comprising one share in each of SP Australia Networks (Transmission) Ltd and SP Australia Networks (Distribution) Ltd and a unit in SP Australia Networks (Finance) Trust)				
Nicky Tan Ng Kuang	900,000	600,000	-	-
Singapore Technologies Engineering Limited				
(Ordinary shares)				
Fang Ai Lian	50,000	50,000	-	-



Directors' Report

For the financial year ended 31 March 2010

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2010	At 1 April 2009 or date of appointment, if later	At 31 March 2010	At 1 April 2009 or date of appointment, if later
StarHub Ltd				
(Ordinary shares)				
Kaikhushru Shiavax Nargolwala	-	37,000	-	-

Notes:

- (1) Chua Sock Koong's deemed interest of 13,859,950 shares included -
- (a) 10,125,094 ordinary shares in SingTel held by RBC Dexia Trust Services Singapore Limited, the trustee of a trust established for the purposes of the Share Plan 2004 for the benefit of eligible employees of the Group;
 - (b) 28,137 ordinary shares held by Ms Chua's spouse; and
 - (c) an aggregate of up to 3,706,719 ordinary shares in SingTel awarded to Ms Chua pursuant to the Share Plan 2004, subject to certain performance criteria being met and other terms and conditions.
- (2) Held by Daphino Pty Limited, a company wholly-owned by Graham John Bradley AM and spouse.
- (3) Held by spouse.
- (4) Held by Deepak S Parekh and spouse.
- (5) At an exercise price of S\$1.41 and S\$2.12 per share (1 April 2009: between S\$1.41 and S\$2.85 per share).

Between the end of the financial year and 21 April 2010, Chua Sock Koong's deemed interest increased to 15,381,950 shares due to the acquisition by RBC Dexia Trust Services Singapore Limited of an additional 1,522,000 ordinary shares in SingTel for the benefit of eligible employees in the Group.

Except as disclosed above, there were no changes to any of the above-mentioned interests between the end of the financial year and 21 April 2010.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and in this report.

5. SHARE OPTIONS AND PERFORMANCE SHARES

The Compensation Committee is responsible for administering the share option and performance share plans. At the date of this report, the members of the Compensation Committee are Chumpol NaLamlieng (Chairman of the Compensation Committee), Heng Swee Keat, John Powell Morschel, and Deepak S Parekh.



Directors' Report

For the financial year ended 31 March 2010

5.1 Share Options

1999 Scheme

Options granted pursuant to the 1999 Scheme are in respect of ordinary shares in SingTel. Options exercised and cancelled during the financial year, and options outstanding at the end of the financial year under the 1999 Scheme, were as follows -

Date of grant	Exercise period	Exercise price	Balance as at 1 April 2009 ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31 March 2010 ('000)
Market Price Share Options						
For staff and senior management						
09.11.99	10.11.00 to 09.11.09	S\$2.85	1,736	(1,009)	(727)	-
09.06.00	10.06.01 to 09.06.10	S\$2.12	2,880	(1,553)	-	1,327
30.05.01	31.05.02 to 30.05.11	S\$1.56	2,135	(759)	-	1,376
01.06.01	02.06.02 to 01.06.11	S\$1.55	30	(30)	-	-
16.08.01	17.08.02 to 16.08.11	S\$1.75	47	-	(47)	-
29.11.01	30.11.02 to 29.11.11	S\$1.61	3,773	(942)	(118)	2,713
30.05.02	31.05.03 to 30.05.12	S\$1.41	6,794	(964)	(201)	5,629
			17,395	(5,257)	(1,093)	11,045
For Group Chief Executive Officer (Chua Sock Koong)						
09.11.99	10.11.00 to 09.11.09	S\$2.85	134	(134)	-	-
09.06.00	10.06.01 to 09.06.10	S\$2.12	750	-	-	750
30.05.02	31.05.03 to 30.05.12	S\$1.41	700	-	-	700
			1,584	(134)	-	1,450
Total			18,979	(5,391)	(1,093)	12,495

The options under the 1999 Scheme do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.



Directors' Report

For the financial year ended 31 March 2010

5.1 Share Options (cont'd)

Details of the Directors' share options are set out in the following table -

	Aggregate Options		
	Granted since commencement of scheme to 31 March 2010 ('000)	Exercised since commencement of scheme to 31 March 2010 ('000)	Outstanding as at 31 March 2010 ('000)
1999 Scheme			
Chumpol NaLamlieng	60	(60)	-
Chua Sock Koong	4,709	(3,259)	1,450
Graham John Bradley AM	-	-	-
Fang Ai Lian	-	-	-
Heng Swee Keat	-	-	-
Dominic Chiu Fai Ho	-	-	-
Simon Israel	-	-	-
John Powell Morschel	60	(60)	-
Kaikhushru Shiavax Nargolwala	-	-	-
Ong Peng Tsin	-	-	-
Deepak S Parekh	-	-	-
Nicky Tan Ng Kuang	60	(60)	-
	4,889	(3,439)	1,450

No options were granted to the Directors during the financial year ended 31 March 2010.

No option has been granted to controlling shareholders of the Company or their associates, and there are no participants who have received five per cent or more of the total number of options available under the 1999 Scheme.

The 1999 Scheme was suspended with the implementation of the SingTel Executives' Performance Share Plan ("Share Plan 2003") following a review of the remuneration policy across the Group in 2003. Hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the 1999 Scheme and the respective grants.

From the commencement of the 1999 Scheme to 31 March 2010, options in respect of an aggregate of 273,767,350 ordinary shares in the Company have been granted to Directors and employees of the Company and its subsidiaries.

5.2 Performance Shares

Following the review of the remuneration policy across the Group, SingTel implemented the Share Plan 2003 in June 2003 and granted awards to selected employees of the Group under this plan. This plan only allows the purchase and delivery of existing SingTel shares to participants upon the vesting of the awards.

The Share Plan 2004 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 29 August 2003. This plan gives the flexibility to either allot and issue and deliver new SingTel shares or purchase and deliver existing SingTel shares upon the vesting of awards.



Directors' Report

For the financial year ended 31 March 2010

5.2 Performance Shares (cont'd)

Participants will receive fully paid SingTel shares free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met within a prescribed performance period. The performance period for the awards granted is three years. The number of SingTel shares to be allocated to each participant or category of participants will be determined at the end of the performance period based on the level of attainment of the performance targets.

From the commencement of the performance share plans to 31 March 2010, awards comprising an aggregate of 38,548,775 shares and 167,786,183 shares have been granted under the Share Plan 2003 and Share Plan 2004 respectively.

Performance share awards granted, vested and cancelled during the financial year, and share awards outstanding at the end of the financial year, were as follows -

Date of grant	Balance as at 1 April 2009 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2010 ('000)
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Performance shares (General Awards)

For staff and senior management

25.05.06	25,818	-	(24,259)	(1,559)	-
24.08.06	20	-	(19)	(1)	-
28.11.06	30	-	-	(30)	-
02.03.07	40	-	(38)	(2)	-
29.05.07	14,164	-	-	(861)	13,303
03.09.07	10	-	-	(10)	-
28.11.07	99	-	-	-	99
27.02.08	98	-	-	-	98
04.06.08	12,650	-	-	(594)	12,056
01.09.08	115	-	-	-	115
02.12.08	925	-	-	(32)	893
02.03.09	103	-	-	-	103
03.06.09	-	20,996	-	(762)	20,234
02.09.09	-	177	-	-	177
	54,072	21,173	(24,316)	(3,851)	47,078

For Group Chief Executive Officer (Chua Sock Koong)

25.05.06	470	-	(447)	(23)	-
29.05.07	592	-	-	-	592
04.06.08	671	-	-	-	671
03.06.09	-	922	-	-	922
	1,733	922	(447)	(23)	2,185

Sub-total

	55,805	22,095	(24,763)	(3,874)	49,263
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Directors' Report

For the financial year ended 31 March 2010

5.2 Performance Shares (cont'd)

Date of grant	Balance as at 1 April 2009 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2010 ('000)
Performance shares (Senior Management Awards)					
For senior management					
25.05.06	1,657	-	(1,657)	-	-
29.05.07	1,618	-	-	(84)	1,534
04.06.08	1,621	-	-	(47)	1,574
03.06.09	-	2,290	-	-	2,290
	4,896	2,290	(1,657)	(131)	5,398
For Group Chief Executive Officer (Chua Sock Koong)					
25.05.06	323	-	(323)	-	-
29.05.07	440	-	-	-	440
04.06.08	453	-	-	-	453
03.06.09	-	629	-	-	629
	1,216	629	(323)	-	1,522
<i>Sub-total</i>	6,112	2,919	(1,980)	(131)	6,920
<i>Total</i>	61,917	25,014	(26,743)	(4,005)	56,183

During the financial year, awards in respect of an aggregate of 26,743,124 shares granted under the Share Plan 2004 were vested. The awards under Share Plan 2004 were satisfied in part by the delivery of existing shares purchased from the market and in part by the payment of cash in lieu of delivery of shares, as permitted under the Share Plan 2004.

As at 31 March 2010, no participant has been granted options under the 1999 Scheme and/or received shares pursuant to the vesting of awards granted under the Share Plan 2004 which, in aggregate, represents five per cent or more of the aggregate of -

- (i) the total number of new shares available under the Share Plan 2004 and the 1999 Scheme collectively; and
- (ii) the total number of existing shares purchased for delivery of awards released under the Share Plan 2004.



Directors' Report

For the financial year ended 31 March 2010

6. AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are non-executive and independent -

Fang Ai Lian (Chairman of the Audit Committee)
Graham John Bradley AM
Dominic Chiu Fai Ho
Kaikhushru Shiavax Nargolwala

The Audit Committee carried out its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50.

In performing its functions, the Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal auditors to discuss the results of the respective examinations and their evaluation of the Company's system of internal accounting controls. The Committee also held discussions with the external auditors and is satisfied that the processes put in place by management provide reasonable assurance on mitigation of fraud risk exposure to the Group.

The Committee also reviewed the consolidated 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 2010 as well as the Independent Auditors' Report thereon.

In addition, the Committee had, with the assistance of the internal auditors, reviewed the procedures set up by the Group and the Company to identify and report, and where necessary, sought appropriate approval for interested person transactions.

The Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Committee has nominated Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Directors

Chumpol NaLamlieng
Chairman

Chua Sock Koong
Director

Singapore, 12 May 2010



Statement of Directors

For the financial year ended 31 March 2010

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 87 to 190 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Chumpol NaLamlieng
Chairman

Chua Sock Koong
Director

Singapore, 12 May 2010



Independent Auditors' Report

To the Members of Singapore Telecommunications Limited
For the financial year ended 31 March 2010

We have audited the accompanying financial statements of Singapore Telecommunications Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at 31 March 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 87 to 190.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: 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 income statement and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore, 12 May 2010



Consolidated Income Statement

For the financial year ended 31 March 2010

	Notes	2010 S\$ Mil	2009 S\$ Mil
Operating revenue	4	16,870.9	14,934.4
Operating expenses	5	(12,119.0)	(10,595.3)
Other income	6	94.7	92.1
		4,846.6	4,431.2
Depreciation and amortisation	7	(1,878.0)	(1,732.7)
Exceptional items	8	4.7	(235.7)
Profit on operating activities		2,973.3	2,462.8
Share of results of associated and joint venture companies	9	1,862.1	1,796.1
Profit before interest, investment income (net) and tax		4,835.4	4,258.9
Interest and investment income (net)	10	(8.4)	48.5
Finance costs	11	(325.9)	(360.7)
Profit before tax		4,501.1	3,946.7
Tax expense	12	(594.6)	(497.5)
Profit after tax		3,906.5	3,449.2
Attributable to -			
Shareholders of the Company		3,907.3	3,448.4
Minority interests		(0.8)	0.8
		3,906.5	3,449.2
Earnings per share attributable to shareholders of the Company			
- basic (cents)	13	24.55	21.67
- diluted (cents)	13	24.46	21.60

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
Independent Auditors' Report – page 86



Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2010

	2010 S\$ Mil	2009 S\$ Mil
Profit after tax	3,906.5	3,449.2
Other comprehensive income/ (loss):		
Exchange differences arising from translation of foreign operations and other currency translation differences		
- Currency translation differences during the year	1,420.9	(1,791.2)
- Currency translation differences transferred to income statement upon repayment of loan by subsidiary	(340.1)	-
- Currency translation differences transferred to income statement upon capital reduction of subsidiary	-	(83.9)
- Currency translation differences transferred to income statement upon disposal of joint venture company	-	0.6
	1,080.8	(1,874.5)
Cash flow hedges		
- Fair value changes during the year	(322.8)	587.7
- Tax effects	48.1	(84.4)
	(274.7)	503.3
- Fair value changes transferred to income statement	370.7	(570.1)
- Tax effects	(43.2)	87.7
	327.5	(482.4)
	52.8	20.9
Available-for-sale investments		
- Fair value changes during the year	21.5	(115.2)
- Fair value loss transferred to income statement	60.9	-
	82.4	(115.2)
Share of other comprehensive income of associated and joint venture companies	4.1	12.6
Other comprehensive income / (loss), net of tax	1,220.1	(1,956.2)
Total comprehensive income	5,126.6	1,493.0
Attributable to -		
Shareholders of the Company	5,127.4	1,492.2
Minority interests	(0.8)	0.8
	5,126.6	1,493.0

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
Independent Auditors' Report – page 86



Statements of Financial Position

As at 31 March 2010

	Notes	Group		Company	
		2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Current assets					
Cash and cash equivalents	15	1,613.6	1,076.0	201.3	333.1
Trade and other receivables	16	3,172.1	2,531.9	3,452.5	1,359.4
Financial assets at fair value through profit or loss (" FVTPL investments ")	17	-	10.8	-	-
Derivative financial instruments	26	12.8	1.5	12.8	1.5
Inventories	18	345.8	173.4	151.8	35.4
		5,144.3	3,793.6	3,818.4	1,729.4
Non-current assets					
Property, plant and equipment	19	10,750.2	9,122.6	1,891.8	1,968.1
Intangible assets	20	10,200.2	10,027.4	2.3	2.7
Subsidiaries	21	-	-	9,942.3	11,798.7
Associated companies	22	278.8	669.3	24.7	24.7
Joint venture companies	23	10,132.7	7,989.9	34.1	29.9
Available-for-sale (" AFS ") investments	25	255.8	236.3	31.1	24.6
Derivative financial instruments	26	175.6	461.3	182.7	461.3
Deferred tax assets	12	890.3	806.4	-	-
Other non-current receivables	27	123.6	147.9	158.5	104.7
		32,807.2	29,461.1	12,267.5	14,414.7
Total assets		37,951.5	33,254.7	16,085.9	16,144.1
Current liabilities					
Trade and other payables	28	4,649.8	3,267.5	1,999.6	1,130.7
Provision	29	17.9	16.8	-	-
Current tax liabilities		338.9	340.2	214.0	221.3
Borrowings (unsecured)	30	1,513.1	1,427.4	-	-
Borrowings (secured)	31	14.9	6.4	-	-
Derivative financial instruments	26	300.2	44.2	14.4	12.6
		6,834.8	5,102.5	2,228.0	1,364.6

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
Independent Auditors' Report – page 86



Statements of Financial Position

As at 31 March 2010

	Notes	Group		Company	
		2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Non-current liabilities					
Borrowings (unsecured)	30	5,327.9	6,047.5	3,809.1	4,353.2
Borrowings (secured)	31	23.2	13.7	-	-
Advance billings		628.6	532.5	157.8	157.0
Deferred income	32	29.4	34.2	10.7	12.8
Derivative financial instruments	26	941.1	563.2	899.9	504.8
Deferred tax liabilities	12	294.8	307.9	182.8	186.7
Other non-current liabilities	33	355.7	152.9	155.8	9.2
		7,600.7	7,651.9	5,216.1	5,223.7
Total liabilities		14,435.5	12,754.4	7,444.1	6,588.3
Net assets		23,516.0	20,500.3	8,641.8	9,555.8
Share capital and reserves					
Share capital	34	2,616.3	2,605.6	2,616.3	2,605.6
Reserves		20,876.5	17,870.6	6,025.5	6,950.2
Equity attributable to shareholders of the Company					
		23,492.8	20,476.2	8,641.8	9,555.8
Minority interests		23.2	24.1	-	-
Total equity		23,516.0	20,500.3	8,641.8	9,555.8

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
Independent Auditors' Report – page 86



Statements of Changes in Equity

For the financial year ended 31 March 2010

Attributable to shareholders of the Company											
	Share Capital	Treasury Shares ⁽¹⁾	Capital Reserve - Performance Shares	Currency Translation Reserve ⁽²⁾	Hedging Reserve	Fair Value Reserve	Retained Earnings	Other Reserves ⁽³⁾	Total	Minority Interests	Total Equity
Group - 2010	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2009	2,605.6	(43.7)	(32.6)	(1,778.7)	(245.1)	(60.8)	21,259.6	(1,228.1)	20,476.2	24.1	20,500.3
Changes in equity for the year											
Issue of new shares	10.7	-	-	-	-	-	-	-	10.7	-	10.7
Performance shares purchased by the Company	-	(10.8)	-	-	-	-	-	-	(10.8)	-	(10.8)
Performance shares purchased by Trust ⁽⁴⁾	-	(41.5)	-	-	-	-	-	-	(41.5)	-	(41.5)
Performance shares vested	-	65.5	(65.5)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	24.4	-	-	-	-	-	24.4	-	24.4
Transfer of liability to equity	-	-	2.3	-	-	-	-	-	2.3	-	2.3
Cash paid to employees under performance share plans	-	-	(0.3)	-	-	-	-	-	(0.3)	-	(0.3)
Performance shares purchased by SingTel Optus Pty Limited ("Optus") and vested	-	-	(11.6)	-	-	-	-	-	(11.6)	-	(11.6)
Goodwill transferred from 'Other Reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(0.8)	0.8	-	-	-
Final dividend paid to shareholders of the Company	-	-	-	-	-	-	(1,097.0)	-	(1,097.0)	-	(1,097.0)
Interim dividend paid to shareholders of the Company	-	-	-	-	-	-	(987.0)	-	(987.0)	-	(987.0)
Contribution to subsidiary	-	-	-	-	-	-	-	-	-	0.5	0.5
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(0.6)	(0.6)
	10.7	13.2	(50.7)	-	-	-	(2,084.8)	0.8	(2,110.8)	(0.1)	(2,110.9)
Total comprehensive income/ (loss) for the year	-	-	-	1,080.8	52.8	82.4	3,907.3	4.1	5,127.4	(0.8)	5,126.6
Balance as at 31 March 2010	2,616.3	(30.5)	(83.3)	(697.9)	(192.3)	21.6	23,082.1	(1,223.2)	23,492.8	23.2	23,516.0

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2010

Attributable to shareholders of the Company											
	Share Capital	Treasury Shares	Performance Reserve - Shares	Currency Translation Reserve ⁽²⁾	Hedging Reserve	Fair Value Reserve	Retained Earnings	Other Reserves ⁽³⁾	Total	Minority Interests	Total Equity
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Group - 2009	2,593.7	(50.1)	11.8	95.8	(266.0)	54.4	19,800.7	(1,240.8)	20,999.5	2.8	21,002.3
Balance as at 1 April 2008											
Changes in equity for the year											
Issue of new shares	11.9	-	-	-	-	-	-	-	11.9	-	11.9
Performance shares purchased by the Company	-	(12.1)	-	-	-	-	-	-	(12.1)	-	(12.1)
Performance shares purchased by Trust ⁽⁴⁾	-	(36.9)	-	-	-	-	-	-	(36.9)	-	(36.9)
Performance shares vested	-	55.4	(55.4)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	24.9	-	-	-	-	-	24.9	-	24.9
Transfer of liability to equity	-	-	1.1	-	-	-	-	-	1.1	-	1.1
Cash paid to employees under performance share plans	-	-	(0.9)	-	-	-	-	-	(0.9)	-	(0.9)
Performance shares purchased by Optus and vested	-	-	(14.1)	-	-	-	-	-	(14.1)	-	(14.1)
Goodwill transferred from 'Other Reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(0.1)	0.1	-	-	-
Final dividend paid to shareholders of the Company	-	-	-	-	-	-	(1,098.1)	-	(1,098.1)	-	(1,098.1)
Interim dividend paid to shareholders of the Company	-	-	-	-	-	-	(891.3)	-	(891.3)	-	(891.3)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	12.3	12.3
Contribution to subsidiary	-	-	-	-	-	-	-	-	-	18.9	18.9
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(10.0)	(10.0)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(0.7)	(0.7)
	11.9	6.4	(44.4)	-	-	-	(1,989.5)	0.1	(2,015.5)	20.5	(1,995.0)
Total comprehensive (loss)/ income for the year	-	-	-	(1,874.5)	20.9	(115.2)	3,448.4	12.6	1,492.2	0.8	1,493.0
Balance as at 31 March 2009	2,605.6	(43.7)	(32.6)	(1,778.7)	(245.1)	(60.8)	21,259.6	(1,228.1)	20,476.2	24.1	20,500.3

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2010

Company - 2010	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2009	2,605.6	-	(38.9)	(237.9)	15.0	7,212.0	9,555.8
Changes in equity for the year							
Issue of new shares	10.7	-	-	-	-	-	10.7
Performance shares purchased by the Company	-	(10.8)	-	-	-	-	(10.8)
Performance shares vested	-	10.8	(7.0)	-	-	-	3.8
Equity-settled performance shares	-	-	13.1	-	-	-	13.1
Transfer of liability to equity	-	-	2.3	-	-	-	2.3
Cash paid to employees under performance share plans	-	-	(0.3)	-	-	-	(0.3)
Contribution to Trust ⁽⁴⁾	-	-	(28.0)	-	-	-	(28.0)
Final dividend paid to shareholders of the Company	-	-	-	-	-	(1,097.4)	(1,097.4)
Interim dividend paid to shareholders of the Company	-	-	-	-	-	(987.5)	(987.5)
	10.7	-	(19.9)	-	-	(2,084.9)	(2,094.1)
Total comprehensive income for the year	-	-	-	70.7	6.5	1,102.9	1,180.1
Balance as at 31 March 2010	2,616.3	-	(58.8)	(167.2)	21.5	6,230.0	8,641.8

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2010

Company - 2009	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2008	2,593.7	-	(22.8)	(263.8)	24.9	7,427.9	9,759.9
Changes in equity for the year							
Issue of new shares	11.9	-	-	-	-	-	11.9
Performance shares purchased by the Company	-	(12.1)	-	-	-	-	(12.1)
Performance shares vested	-	12.1	(6.5)	-	-	-	5.6
Equity-settled performance shares	-	-	13.6	-	-	-	13.6
Transfer of liability to equity	-	-	1.1	-	-	-	1.1
Cash paid to employees under performance share plans	-	-	(0.8)	-	-	-	(0.8)
Contribution to Trust ⁽⁴⁾	-	-	(23.5)	-	-	-	(23.5)
Final dividend paid to shareholders of the Company	-	-	-	-	-	(1,098.8)	(1,098.8)
Interim dividend paid to shareholders of the Company	-	-	-	-	-	(892.1)	(892.1)
	11.9	-	(16.1)	-	-	(1,990.9)	(1,995.1)
Total comprehensive income/ (loss) for the year	-	-	-	25.9	(9.9)	1,775.0	1,791.0
Balance as at 31 March 2009	2,605.6	-	(38.9)	(237.9)	15.0	7,212.0	9,555.8

Notes:

- (1) 'Treasury Shares' are accounted for in accordance with FRS 32 (revised 2004).
- (2) 'Currency Translation Reserve' relate mainly to the translation of the net assets of foreign subsidiaries, associated and joint venture companies of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Pakistani Rupee, Philippine Peso, Thai Baht and United States Dollar.
- (3) 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001.
- (4) RBC Dexia Trust Services Singapore Limited (the "Trust") is the trustee of a trust established to administer the performance share plans.



Consolidated Statement of Cash Flows

For the financial year ended 31 March 2010

	2010 S\$ Mil	2009 S\$ Mil
Cash Flows from Operating Activities		
Profit before tax	4,501.1	3,946.7
Adjustments for -		
Depreciation and amortisation	1,878.0	1,732.7
Exceptional items	(4.7)	235.7
Interest and investment income (net)	8.4	(48.5)
Finance costs	325.9	360.7
Share of results of associated and joint venture companies (post-tax)	(1,862.1)	(1,796.1)
Other non-cash items	36.5	34.2
	<u>382.0</u>	<u>518.7</u>
Operating cash flow before working capital changes	4,883.1	4,465.4
Changes in operating assets and liabilities		
Trade and other receivables	(455.7)	(86.0)
Trade and other payables	357.2	96.0
Inventories	(63.6)	(41.6)
Currency translation adjustments of subsidiaries	26.2	3.5
	<u>26.2</u>	<u>3.5</u>
Cash generated from operations	4,747.2	4,437.3
Payment to employees in cash under performance share plans	(2.2)	(3.7)
Dividends received from associated and joint venture companies	953.6	1,068.2
Income tax and withholding tax paid	(369.8)	(338.8)
	<u>(369.8)</u>	<u>(338.8)</u>
Net cash inflow from operating activities	<u>5,328.8</u>	<u>5,163.0</u>

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
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Consolidated Statement of Cash Flows

For the financial year ended 31 March 2010

	Note	2010 S\$ Mil	2009 S\$ Mil
Cash Flows from Investing Activities			
Dividends received from AFS investments (net of withholding tax paid)		17.5	19.9
Interest received		16.7	34.7
Payment for acquisition of subsidiary, net of cash acquired (Note 1)		-	(194.0)
Proceeds from disposal of subsidiary, net of cash received		-	8.8
Contribution from minority shareholders		0.6	18.9
Investment in associated and joint venture companies		(90.2)	(268.1)
Loan to joint venture company		(9.4)	-
Repayment of loan by joint venture company		0.9	3.0
Proceeds from sale of joint venture company (net of withholding tax paid)		-	12.8
Net sale proceeds from FVTPL investments		10.2	-
Investment in AFS investments		(0.2)	(0.9)
Proceeds from sale of AFS investments		4.2	0.3
Proceeds from capital reduction of AFS investments (net of withholding tax paid)		-	2.3
Payment for purchase of property, plant and equipment		(1,923.0)	(1,918.3)
Advance payment for purchase of submarine cable capacity		(29.1)	(43.5)
Drawdown of prepaid submarine cable capacity		59.1	24.7
Proceeds from sale of property, plant and equipment		17.2	1.3
Purchase of intangible assets		(122.5)	(3.7)
Withholding tax paid on intra-group interest income		(131.2)	(88.8)
Net cash outflow from investing activities		(2,179.2)	(2,390.6)
Cash Flows from Financing Activities			
Proceeds from term loans		3,229.2	2,815.1
Repayment of term loans		(3,498.8)	(2,767.1)
Proceeds from bond issue		701.5	-
Bonds repaid		(625.9)	(512.0)
Decrease in finance lease liabilities		(10.4)	(1.6)
Net repayment of borrowings		(204.4)	(465.6)
Settlement of swap for bonds repaid		-	(137.3)
Net interest paid on borrowings and swaps		(314.8)	(373.6)
Dividend paid to minority shareholders		(0.6)	(0.7)
Final dividend paid to shareholders of the Company		(1,097.0)	(1,098.1)
Interim dividend paid to shareholders of the Company		(987.0)	(891.3)
Net loan proceeds from minority shareholder		23.1	-
Proceeds from issue of shares		10.7	11.9
Purchase of performance shares		(64.4)	(63.1)
Net cash outflow from financing activities		(2,634.4)	(3,017.8)
Net increase/ (decrease) in cash and cash equivalents		515.2	(245.4)
Exchange effects on cash and cash equivalents		22.5	(50.7)
Cash and cash equivalents at beginning of year		1,075.8	1,371.9
Cash and cash equivalents at end of year	15	1,613.5	1,075.8

The accompanying notes on pages 98 to 190 form an integral part of these financial statements.
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Consolidated Statement of Cash Flows

For the financial year ended 31 March 2010

Note (1): Acquisition of subsidiary

In the previous financial year, the Group acquired 100 per cent equity interest in SCS Computer Systems Pte. Ltd. (formerly known as Singapore Computer Systems Limited) and its subsidiaries ("SCS").

Fair values of identifiable net assets of SCS acquired and the net cash outflow on the acquisition were as follows –

	2009 S\$ Mil
Property, plant and equipment	52.1
Non-current assets (excluding property, plant and equipment)	7.9
Cash and cash equivalents	45.4
Current assets (excluding cash and cash equivalents)	203.3
Current liabilities	(156.5)
Non-current liabilities	(9.3)
	142.9
Fair value adjustments -	
Identifiable intangible assets	30.2
Property, plant and equipment	7.2
Deferred tax liability	(10.8)
	26.6
Minority interest	(12.3)
	157.2
Net assets acquired	157.2
Goodwill	82.2
	239.4
Total cash consideration	239.4
Less: Cash and cash equivalents acquired	(45.4)
	194.0



Notes to the Financial Statements

For the financial year ended 31 March 2010

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

1. GENERAL

The Company, Singapore Telecommunications Limited ("**SingTel**"), is domiciled and incorporated in Singapore and is publicly traded on the Singapore Exchange and Australian Stock Exchange. The address of its registered office is 31 Exeter Road, Comcentre, Singapore 239732.

The principal activities of the Company consist of the operation and provision of telecommunication systems and services, and investment holding. The principal activities of the subsidiaries are disclosed in **Note 46**.

Under a licence granted by the Info-communications Development Authority of Singapore ("**IDA**"), the Group had the exclusive rights to provide fixed national and international telecommunications services through 31 March 2000 (with limited exceptions) and public cellular mobile telephone services through 31 March 1997. From the expiry of the exclusive rights, the Group's licences for these telecommunications services continue on a non-exclusive basis to 31 March 2017.

In addition, the Group is licensed to offer Internet services and has also obtained frequency spectrum and licence rights from IDA to install, operate and maintain 3G mobile communication systems and services respectively, as well as wireless broadband systems and services. The Group also holds licences from the Media Development Authority of Singapore for the purpose of providing subscription nationwide television services.

In Australia, Optus was granted telecommunication licences under the Telecommunications Act 1991. Pursuant to the Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997, the licences continued to have effect after the deregulation of telecommunications in Australia in 1997. The licences do not have a finite term, but are of continuing operation until cancelled under the Telecommunications Act 1997.

These financial statements were authorised and approved for issue in accordance with a Directors' resolution dated 12 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement are disclosed in **Note 3**.

The accounting policies have been consistently applied by the Group, and are consistent with those used in the previous financial year. The adoption of the new or revised FRS and Interpretations to FRS ("**INT FRS**") which are mandatory from 1 April 2009 did not result in substantial changes to the Group's accounting policies.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.1 Basis of Accounting (cont'd)

The following are the new or revised FRS and INT FRS which are relevant to the Group:

FRS 1 - *Presentation of Financial Statements (Revised)*, introduces a new statement of comprehensive income which requires the separate disclosure of owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with details of all non-owner changes in equity presented in the statement of comprehensive income.

FRS 108 - *Operating Segments* (which replaces FRS 14 - *Segment Reporting*), requires disclosure of the Group's operating segments determined based on information regularly reviewed by the chief operating decision maker, as presented in **Note 38**.

Amendments to FRS 107 - *Financial Instruments: Disclosures*, require additional disclosure on fair value measurement and liquidity risk, as presented in **Note 26.2**.

2.2 Group Accounting

The accounting policy for subsidiaries, associated and joint venture companies in the Company's financial statements is stated in **Note 2.4**. The Group's accounting policy on goodwill is stated in **Note 2.15.1**.

2.2.1 Subsidiaries

Subsidiaries are entities (including special purpose entities) controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity, generally accompanying a shareholding of more than one half of the voting rights.

In the consolidated financial statements, acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority shareholders' share of changes in equity since the date of the combination. Any losses in excess of the interest in the equity of the subsidiary attributable to the minority shareholders are charged to the Group except to the extent that the minority shareholders are able and have a binding obligation to make good the losses.

2.2.2 Associated companies

Associated companies are entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recording the investment in associated companies initially at cost, and recognising the Group's share of the post-acquisition results of associated companies in the consolidated income statement, and the Group's share of post-acquisition reserve movements in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments in the consolidated statement of financial position.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.2 Group Accounting (cont'd)

2.2.2 Associated companies (cont'd)

In the consolidated statement of financial position, investments in associated companies include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001, net of accumulated impairment losses. Goodwill is assessed for impairment as part of the investment in associated companies.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including loans that are in fact extensions of the Group's investment, the Group does not recognise further losses, unless it has incurred or guaranteed obligations in respect of the associated company.

Unrealised gains resulting from transactions with associated companies are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.3 Joint venture companies

Joint venture companies are entities over which the Group has contractual arrangements to jointly share the control with one or more parties, and none of the parties involved has unilateral control over the entities' economic activities.

The Group's interest in joint venture companies is accounted for in the consolidated financial statements using the equity method of accounting.

In the consolidated statement of financial position, investments in joint venture companies include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001, net of accumulated impairment losses. Goodwill is assessed for impairment as part of the investment in joint venture companies.

The Group's interest in its unincorporated joint venture operations is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

Unrealised gains resulting from transactions with joint venture companies are eliminated to the extent of the Group's interest in the joint venture company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.4 Transaction costs

External costs directly attributable to an acquisition are included as part of the cost of acquisition.

2.2.5 Special purpose entity

The Trust has been consolidated in the consolidated financial statements under INT FRS 12, *Consolidation – Special Purpose Entities*.

2.3 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction, net of tax, from the proceeds.

When the Company purchases its own equity share capital, the consideration paid, including any directly attributable costs, is taken against 'Treasury Shares' within equity. When the shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are included in 'Other Reserves' of the Company.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.3 Share Capital (cont'd)

The Trust acquires shares in the Company from the open market for delivery to employees upon vesting of performance shares awarded under the Group's performance share plans. Such shares are designated as 'Treasury Shares'. In the consolidated financial statements, the cost of unvested shares, including directly attributable costs, is taken against 'Treasury Shares' within equity.

Upon vesting of the performance shares, the weighted average costs of the shares delivered to employees, whether held by the Company or the Trust, are transferred to 'Capital Reserve – Performance Shares' within equity in the consolidated financial statements.

2.4 Investments in Subsidiaries, Associated and Joint Venture Companies

In the Company's statement of financial position, investments in subsidiaries, associated and joint venture companies, including loans that meet the definition of equity instruments, are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable value. On disposal of investments in subsidiaries, associated and joint venture companies, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the income statement of the Company.

2.5 Investments

The investments of the Group are classified either as 'FVTPL investments' or 'AFS investments'. Purchases and sales of investments are recognised on trade date, which is the date that the Group commits to purchase or sell the investment.

2.5.1 FVTPL investments

FVTPL investments are initially recognised at fair value and subsequently re-measured at fair value at the end of the reporting period with any resulting gains and losses, including currency translation differences on equity investments (if any), recognised in the income statement immediately. The interest and dividend income from these investments are recognised separately from the fair value adjustment in the income statement.

2.5.2 AFS investments

The Group's other long term investments are designated as AFS investments and initially recognised at fair value plus directly attributable transaction costs.

The AFS investments are subsequently stated at fair value at the end of the reporting period, with all resulting gains and losses, including currency translation differences, taken to 'Fair Value Reserve' within equity.

When AFS investments are sold or impaired, the accumulated fair value adjustments in the 'Fair Value Reserve' are included in the income statement.

A significant or prolonged decline in fair value below the cost is objective evidence of impairment. Impairment loss is computed as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement until the equity investments are disposed.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.6 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair values at the end of each reporting period.

Derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in fair value are recognised immediately in the income statement, unless they qualify for hedge accounting.

2.6.1 Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge transactions. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Fair value hedge

Designated derivative financial instruments that qualify for fair value hedge accounting are initially recognised at fair value on the date that the contract is entered into. Changes in fair value of derivatives are recorded in the income statement together with any changes in the fair value of the hedged items that are attributable to the hedged risks.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

Cash flow hedge

The effective portion of changes in the fair value of the designated derivative financial instruments that qualify as cash flow hedges are recognised in 'Other Comprehensive Income'. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the 'Hedging Reserve' are transferred to the income statement in the periods when the hedged items affect the income statement.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.6 Derivative Financial Instruments and Hedging Activities (cont'd)

2.6.1 Hedge accounting (cont'd)

Net investment hedge

Changes in the fair value of designated derivatives that qualify as net investment hedges, and which are highly effective, are recognised in 'Other Comprehensive Income' in the consolidated financial statements and the amount accumulated in 'Currency Translation Reserve' are transferred to the consolidated income statement in the period when the foreign operation is disposed.

In the Company's financial statements, the gain or loss on the financial instrument used to hedge a net investment in a foreign operation of the Group is recognised in the income statement.

The Group has entered into the following derivative financial instruments to hedge its risks, namely -

Cross currency interest rate swaps and Singapore Dollar interest rate swaps are fair value hedges for the interest rate risk and cash flow hedges for the currency risk arising from the Group's issued bonds. The swaps involve the exchange of principal and fixed interest receipts in the foreign currency in which the issued bonds are denominated, for principal and floating or fixed interest payments in the Group's functional currency.

Cross currency swaps are net investment hedges for the foreign currency exchange risk on its Australia operations.

Forward foreign exchange contracts are cash flow hedges for the Group's exposure to foreign currency exchange risks arising from forecasted or committed expenditure.

2.7 Fair Value Estimation of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument -

Bank balances, receivables and payables, short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these instruments.

Quoted and unquoted investments

The fair value of investments traded in active markets is based on the market quoted mid-price (average of offer and bid price) or the mid-price quoted by the market maker at the close of business at the end of the reporting period.

The fair values of unquoted investments are determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current market value of another instrument which is substantially the same or discounted cash flow analysis.

Cross currency and interest rate swaps

The fair value of a cross currency or an interest rate swap is the estimated amount that the swap contract can be exchanged for or settled with under normal market conditions. This fair value can be estimated using the discounted cash flow method where the future cash flows of the swap contract are discounted at the prevailing market foreign exchange rates and interest rates. Market interest rates are actively quoted interest rates or interest rates computed by applying techniques to these actively quoted interest rates.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.7 Fair Value Estimation of Financial Instruments (cont'd)

Forward foreign currency contracts

The fair value of forward foreign exchange contracts is determined using forward exchange market rates for contracts with similar maturity profiles at the end of the reporting period.

Non-current borrowings

For disclosure purposes, the fair value of non-current borrowings which are traded in active markets is based on the market quoted ask price. For other non-current borrowings, the fair values are based on valuation provided by service providers or estimated by discounting the future contractual cash flows using a discount rate based on the borrowing rates which the Group expects would be available at the end of the reporting period.

2.8 Financial Guarantee Contracts

Financial guarantees issued by the Company are recorded initially at fair values plus transactions costs and amortised in the income statement over the period of the guarantee.

2.9 Trade and Other Receivables

Trade and other receivables, including loans given by the Company to subsidiaries, associated and joint venture companies, are recognised initially at fair value and, other than those that meet the definition of equity instruments, are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debts. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts. The impairment loss, measured as the difference between the debt's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate, is recognised in the income statement. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the income statement.

2.10 Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, unhedged borrowings are subsequently stated at amortised cost using the effective interest method.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.12 Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, balances with banks and fixed deposits with original maturity of three months or less, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

Bank overdrafts are included under borrowings in the statement of financial position.

2.13 Foreign Currencies

2.13.1 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 (the "functional currency"). The statement of financial position and statement of changes in equity of the Company and consolidated financial statements of the Group are presented in Singapore Dollar, which is the functional and presentation currency of the Company and the presentation currency of the Group.

2.13.2 Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement.

2.13.3 Translation of foreign operations' financial statements

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates ruling at the end of the reporting period except for share capital and reserves which are translated at historical rates of exchange (see **Note 2.13.4** for translation of goodwill and fair value adjustments).

Income and expenses in the income statement are translated using either the average exchange rates for the month or year, which approximate the exchange rates at the dates of the transactions. All resulting translation differences are taken directly to 'Other Comprehensive Income'.

On disposal, the accumulated translation differences deferred in 'Currency Translation Reserve' relating to that foreign operation are recognised in the consolidated income statement as part of the gain or loss on disposal.

2.13.4 Translation of goodwill and fair value adjustments

Goodwill and fair value adjustments arising on the acquisition of foreign entities completed on or after 1 April 2005 are treated as assets and liabilities of the foreign entities and are recorded in the functional currencies of the foreign entities and translated at the exchange rates prevailing at the end of the reporting period. However, for acquisitions of foreign entities completed prior to 1 April 2005, goodwill and fair value adjustments continue to be recorded at the exchange rates at the respective dates of the acquisitions.

2.13.5 Net investment in a foreign entity

The exchange differences on loans from the Company to its subsidiaries which form part of the Company's net investment in the subsidiaries are included in 'Currency Translation Reserve'. On disposal, the accumulated exchange differences are recognised in the consolidated income statement as part of the gain or loss on disposal.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.14 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation. No provision is recognised for future operating losses.

The provision for liquidated damages in respect of information technology contracts is made based on management's best estimate of the anticipated liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

2.15 Intangible Assets

2.15.1 Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiary, associated or joint venture company over the fair value of the Group's share of their identifiable net assets, including contingent liabilities, at the date of acquisition. 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 the acquisition, plus costs directly attributable to the acquisition.

Goodwill is stated at cost less accumulated impairment losses.

Acquisitions completed prior to 1 April 2001

Goodwill on acquisitions completed prior to 1 April 2001 had been adjusted in full against 'Other Reserves' within equity. Such goodwill has not been retrospectively capitalised and amortised.

The Group also had acquisitions where the costs of acquisition were less than the fair value of identifiable net assets acquired. Such differences (negative goodwill) were adjusted against 'Other Reserves' in the year of acquisition.

Goodwill which has been previously taken to 'Other Reserves' is not taken to income statement when the entity is disposed of or when the goodwill is impaired.

Acquisitions completed on or after 1 April 2001

Prior to 1 April 2004, goodwill on acquisitions completed on or after 1 April 2001 was capitalised and amortised on a straight-line basis in the consolidated income statement over its estimated useful life of up to 20 financial years. In addition, goodwill was assessed for indications of impairment at the end of each reporting period.

Since 1 April 2004, goodwill is no longer amortised but is tested annually for impairment or whenever there is an indication of impairment (see **Note 2.16**). The accumulated amortisation for goodwill as at 1 April 2004 had been eliminated with a corresponding decrease in the capitalised goodwill.

Goodwill on acquisitions of subsidiaries is shown in the consolidated statement of financial position whereas goodwill on acquisitions of associated and joint venture companies are recorded as part of the carrying value of the related investment.

Negative goodwill is recognised directly in the consolidated income statement.

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



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.15 Intangible Assets (cont'd)

2.15.2 Other intangible assets

Expenditure on telecommunication and spectrum licences is capitalised and amortised using the straight-line method over their estimated useful lives of 12 to 25 years. Customer relationships or customer contracts acquired in business combinations are carried at fair values at date of acquisition, and amortised on a straight-line basis over the period of the expected benefits, which is estimated at 5 to 10 years.

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

2.16 Impairment of Non-financial Assets

Goodwill on acquisition of subsidiaries, which has an indefinite useful life, is subject to annual impairment tests or more frequently tested for impairment if events or changes in circumstances indicate that it might be impaired. Goodwill is not amortised (see **Note 2.15.1**).

The other intangible assets of the Group, which have definite useful lives and are subject to amortisation, as well as property, plant and equipment and investments in subsidiaries, associated and joint venture companies, are reviewed at the end of each reporting period to determine whether there is any indicator for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the assets' recoverable amounts are estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An impairment loss for an asset, other than goodwill on acquisition of subsidiaries, is reversed if, and 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. Impairment loss on goodwill on acquisition of subsidiaries is not reversed in a subsequent period.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Work-in-progress is stated at costs less progress payments received and receivable on uncompleted information technology and engineering services. Costs include third party hardware and software costs, direct labour and other direct expenses attributable to the project activity and associated profits recognised on projects-in-progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Work-in-progress is presented in the consolidated statement of financial position as "Work-in-progress" (as a current asset) or "Excess of progress billings over work-in-progress" (as a current liability) as applicable.

Inventories include maintenance spares acquired for the purpose of replacing damaged or faulty plant or equipment. Until they are used, they are amortised over the useful life of the plant and equipment they support. When used, the unamortised balance is expensed.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.18 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where applicable. The cost of self-constructed assets includes the cost of material, direct labour, capitalised borrowing costs and an appropriate proportion of production overheads.

Depreciation is calculated on a straight-line basis to write off the cost of the property, plant and equipment over their expected useful lives. Property, plant and equipment under finance leases are depreciated over the shorter of the lease term or useful life. The estimated useful lives are as follows -

	<u>No. of years</u>
Buildings	5 - 40
Transmission plant and equipment	5 - 25
Switching equipment	3 - 10
Other plant and equipment	3 - 20

Other property, plant and equipment consist mainly of motor vehicles, office equipment, furniture and fittings.

No depreciation is provided on freehold land, long-term leasehold land with a remaining lease period of more than 100 years and capital work-in-progress. Leasehold land with a remaining lease period of 100 years or less is depreciated in equal installments over its remaining lease period.

In respect of capital work-in-progress, assets are depreciated from the month the asset is completed and held ready for use.

Costs to acquire computer software which are an integral part of the related hardware are capitalised and recognised as assets and included in property, plant and equipment when it is probable that the costs will generate economic benefits beyond one year and the costs are associated with identifiable software products which can be reliably measured by the Group.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent expenditure is included in the carrying amount of an asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period.

On disposal of property, plant and equipment, the difference between the disposal proceeds and its carrying value is taken to the income statement.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.19 Leases

2.19.1 Finance leases

Finance leases are those leasing agreements which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items. Assets financed under such leases are treated as if they had been purchased outright at the lower of fair value and present value of the minimum lease payments and the corresponding leasing commitments are shown as obligations to the lessors.

Lease payments are treated as consisting of capital repayments and interest elements. Interest is charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

2.19.2 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the period of the lease.

2.19.3 Sales of network capacity

Sales of network capacity are accounted as finance leases where -

- (i) the purchaser's right of use is exclusive and irrevocable;
- (ii) the asset is specific and separable;
- (iii) the terms of the contract are for the major part of the asset's useful economic life;
- (iv) the attributable costs or carrying value can be measured reliably; and
- (v) no significant risks are retained by the Group.

Sales of network capacity that do not meet the above criteria are accounted for as an operating lease.

2.19.4 Gains or losses from sale and leaseback

Gains on sale and leaseback transactions resulting in finance leases are deferred and amortised over the lease term on a straight-line basis, while losses are recognised immediately in the income statement.

Gains and losses on sale and leaseback transactions established at fair value which resulted in operating leases are recognised immediately in the income statement.

2.19.5 Capacity Swaps

The Group may exchange network capacity with other capacity or service providers. The exchange is regarded as a transaction which generates revenue unless the transaction lacks commercial substance or the fair value of neither the capacity received nor the capacity given up is reliably measurable.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.20 Revenue Recognition

Revenue for the Group is recognised based on the fair value for the sale of goods and services rendered, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue includes the gross income received and receivable from revenue sharing arrangements entered into with overseas telecommunication companies in respect of traffic exchanged.

For phone cards and prepaid cards which have been sold, provisions for unearned revenue are made for services which have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Revenue from the provision of information technology and engineering services is recognised based on the percentage of completion of the projects using cost-to-cost basis. Revenue from information technology and engineering services where the services involve substantially the procurement of computer equipment and third party software for installation is recognised upon full completion of the project.

Revenue from the sale of equipment is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Dividend income is recorded gross in the income statement when the right to receive payment is established.

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

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

2.21 Employees' Benefits

2.21.1 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. The Group has no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

The Group's contributions to the defined contribution plans are recognised in the income statement as expenses in the financial year to which they relate.

2.21.2 Employees' leave entitlements

Employees' entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for the annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.21.3 Share-based compensation

Performance shares

The performance share plans of the Group are accounted for either as equity-settled share-based payments or cash-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each statement of financial position. The performance share expense is amortised and recognised in the income statement on a straight-line basis over the vesting period.

At the end of each reporting period, the Group revises its estimates of the number of performance shares that the participants are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity or liability for equity-settled and cash-settled share-based payments respectively.

The dilutive effect of Share Plan 2004 is reflected as additional share dilution in the computation of diluted earnings per share.

Share options

As the share options were granted before 22 November 2002, FRS 102, *Share-based Payment*, is not applicable. No compensation expense is recognised for the outstanding share options under the share option schemes.

The proceeds received, net of any directly attributable transaction costs, from the exercise of share options are credited to 'Share Capital'.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of diluted earnings per share.

2.22 Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in arranging borrowings, and finance lease charges. Borrowing costs are generally expensed as incurred, except to the extent that they are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

2.23 Customer Acquisition Costs

Customer acquisition costs, including related sales and promotion expenses and activation commissions, are expensed as incurred.

2.24 Pre-incorporation Expenses

Pre-incorporation expenses are expensed as incurred.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.25 Government Grants

Grants in recognition of specific expenses are recognised in the income statement over the periods necessary to match them with the relevant expenses they are intended to compensate. Grants related to depreciable assets are deferred and recognised in the income statement over the period in which such assets are depreciated and used in the projects subsidised by the grants.

2.26 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 for the financial year.

2.27 Deferred Taxation

Deferred taxation is provided in full, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is also not recognised for goodwill which is not deductible for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and laws) enacted or substantively enacted in countries where the Company and subsidiaries operate by, at the end of the reporting period.

Deferred tax liabilities are provided on all taxable temporary differences arising on investments in subsidiaries, associated and joint venture companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unutilised tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused losses can be utilised.

At the end of each reporting period, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Current and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

2.28 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.



Notes to the Financial Statements

For the financial year ended 31 March 2010

2.29 Segment Reporting

Operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

2.30 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through sale transactions rather than through continuing use.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

FRS 1, *Presentation Of Financial Statements*, requires disclosure of the judgements management has made in the process of applying the accounting policies that have the most impact on the amounts recognised in the financial statements. It also requires disclosure about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The following presents a summary of the critical accounting estimates and judgments -

3.1 Impairment Reviews

The accounting policies for impairment of non-financial assets are stated in **Note 2.16**.

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use. In making this judgement, the Group evaluates the value-in-use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value-in-use calculations of goodwill on acquisition of subsidiaries, and carrying values of associated and joint venture companies are stated in **Note 24**.

3.2 Impairment of Trade Receivables

The Group assesses at the end of each reporting period whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated experience.



Notes to the Financial Statements

For the financial year ended 31 March 2010

3.3 Estimated Useful Lives of Property, Plant and Equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. 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.

3.4 Taxation

3.4.1 Deferred tax asset

The Group reviews the carrying amount of deferred tax asset at the end of each reporting period. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

3.4.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.5 Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at the end of each reporting period. In addition, the Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at the end of each reporting period.

The assumptions of the valuation model used to determine fair values are set out in **Note 5.3**.

3.6 Purchase Consideration Payable

In November 2009, the Group purchased an additional 1.5% effective equity interest in Bharti Airtel Limited ("**Bharti**"), a joint venture company. The purchase consideration will be INR 18,073 million (S\$562 million) to INR 30,084 million (S\$936 million), payable in cash. As at 31 March 2010, the Group determined the fair value of the purchase consideration payable based on the net present value of estimated future cash flows expected to arise from the continuing operations of Bharti. This determination requires significant judgement to be applied on the future cash flows, growth rate and discount rate. The assumptions used by management are stated in **Note 28**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

3.7 Contingent Liabilities

The Group consults with legal counsel on matters related to litigation, and other experts both within and outside the Group with respect to matters in the ordinary course of business.

As at 31 March 2010, the Group was involved in various legal proceedings where it has been vigorously defending its claims as disclosed in **Note 41**.

4. OPERATING REVENUE

	Group	
	2010	2009
	S\$ Mil	S\$ Mil
Mobile communications	7,042.7	5,935.6
Data and Internet	3,341.9	3,109.8
Information technology and engineering		
- infrastructure services and business solutions	1,779.3	1,557.1
- fibre rollout	180.8	-
	1,960.1	1,557.1
National telephone	1,893.7	1,861.6
Sale of equipment	1,452.2	1,221.3
International telephone	702.2	800.0
Pay television	150.4	161.1
Others	327.7	287.9
Operating revenue	16,870.9	14,934.4
Operating revenue	16,870.9	14,934.4
Other income (see Note 6)	94.7	92.1
Interest and dividend income (see Note 10)	36.1	56.8
Total revenue	17,001.7	15,083.3



Notes to the Financial Statements

For the financial year ended 31 March 2010

5. OPERATING EXPENSES

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Selling and administrative costs ⁽¹⁾	4,165.3	3,544.8
Traffic expenses	2,714.1	2,497.4
Staff costs	2,122.1	1,965.7
Cost of equipment sold	1,896.2	1,681.6
Repairs and maintenance	322.0	299.0
Other cost of sales	899.3	606.8
	12,119.0	10,595.3

Note:

(1) Included mobile and broadband subscriber acquisition and retention costs, supplies and services, as well as rentals of properties and mobile base stations.

5.1 Staff Costs

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Staff costs included the following -		
Contributions to defined contribution plans	204.8	189.2
Performance share expense		
- equity-settled arrangements	24.4	24.9
- cash-settled arrangements	9.2	2.6
Termination benefits	6.8	8.3



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.2 Key Management Personnel Compensation

	Group	
	2010	2009
	S\$ Mil	S\$ Mil
Key management personnel compensation ⁽¹⁾		
Directors' fees and remuneration ⁽²⁾	6.1	5.2
Other key management personnel remuneration ⁽³⁾	12.5	9.2
	18.6	14.4

Notes:

- (1) Comprised base salary, annual wage supplement, bonus, contributions to defined contribution plans and other cash benefits, and does not include performance share expense.
- (2) The Director was awarded up to 1,551,738 (2009: 1,123,464) ordinary shares of SingTel pursuant to Share Plan 2004 during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense for the Director computed in accordance with FRS 102, *Share-based Payment*, was S\$2.6 million (2009: S\$1.7 million).
- (3) The other key management personnel were awarded up to 3,953,019 (2009: 3,004,063) ordinary shares of SingTel pursuant to Share Plan 2004 during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense for other key management computed in accordance with FRS 102, *Share-based Payment*, was S\$6.9 million (2009: S\$5.1 million).

The other key management personnel of the Group comprise members of SingTel's Management Committee.

5.3 Share-based Payments

5.3.1 Share options

In 2003, the Singapore Telecom Share Option Scheme 1999 was suspended with the implementation of Share Plan 2003. The existing share options granted continue to vest according to the terms and conditions of the scheme and the respective grants.

The share options have a validity period of ten years from the date of grant, and are granted either without performance hurdles ("**Market Price Share Options**") or with performance hurdles ("**Performance Share Options**").

Market Price Share Options are granted based on the performance of the Group and individuals. These share options vest over three years from the date of the grant and are exercisable after the first anniversary of the date of the grant and will expire on the tenth anniversary of the date of grant.

Performance Share Options are conditional grants where vesting is conditional on performance targets set based on medium-term corporate objectives. At the end of the three-year performance period, the final number of Performance Share Options awarded will depend on the level of achievement of those targets.



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.1 Share options (cont'd)

Group and Company	Number of share options		Weighted average exercise price per share	
	2010 '000	2009 '000	2010 S\$	2009 S\$
Outstanding as at 1 April	18,979	25,305	1.75	1.80
Cancelled	(1,093)	(275)	2.40	1.63
Exercised	(5,391)	(6,051)	1.97	1.95
Outstanding and exercisable as at 31 March	12,495	18,979	1.59	1.75
			2010 '000	2009 '000
The outstanding share options have the following exercise prices -				
S\$2.50 to S\$2.85			-	1,870
S\$2.00 to S\$2.49			2,077	3,630
S\$1.50 to S\$1.99			4,088	5,985
S\$1.40 to S\$1.49			6,330	7,494
			12,495	18,979
Weighted average remaining validity life			1.6 years	2.3 years

No compensation expense is recognised when the share options are issued (see **Note 2.21.3**).

5.3.2 Performance share plans

Two categories of awards – General Awards given to selected staff and Senior Management Awards for senior management staff – are made on an annual basis. The grants are conditional on the achievement of targets set for a three-year performance period. The performance shares will only be released to the recipients at the end of the qualifying performance period. The final number of performance shares will depend on the level of achievement of the targets over the three-year period.

The General Awards are generally settled by delivery of SingTel shares, while the Senior Management Awards are generally settled by SingTel shares or cash, at the option of the recipient.

Additionally, early vesting of the performance shares can also occur under special circumstances approved by the Compensation Committee such as retirement, redundancy, illness and death while in employment.

The performance share plans provide for the award of performance shares to selected employees of SingTel and its subsidiaries. Though the performance shares are awarded by SingTel, the respective subsidiaries that wish to provide incentives to their own employees to retain and encourage their continued service, bear all costs and expenses in any way arising out of, or connected with, the grant and vesting of the awards to their employees.



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.2 Performance share plans (cont'd)

The fair value of the performance shares are estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates for equity-settled awards, and at the end of the reporting period for cash-settled awards.

General Awards - equity-settled arrangements

The movements of the number of performance shares for the General Awards during the financial year were as follows -

Group and Company 2010	Outstanding as at 1 April 2009 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 March 2010 '000
Date of grant					
Share Plan 2004					
FY2007 ⁽¹⁾					
25 May 2006	26,288	-	(24,706)	(1,582)	-
Aug 2006 to Mar 2007	90	-	(57)	(33)	-
FY2008					
29 May 2007	14,756	-	-	(861)	13,895
Sep 2007 to Feb 2008	207	-	-	(10)	197
FY2009					
4 Jun 2008	13,321	-	-	(594)	12,727
Sep 2008 to Mar 2009	1,143	-	-	(32)	1,111
FY2010					
3 Jun 2009	-	21,918	-	(762)	21,156
Sep 2009	-	177	-	-	177
	55,805	22,095	(24,763)	(3,874)	49,263

Note:

(1) "FY2007" denotes financial year ended 31 March 2007.



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.2 Performance share plans (cont'd)

Group and Company 2009	Outstanding as at 1 April 2008 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and invested as at 31 March 2009 '000
Date of grant					
Share Plan 2004					
FY2006					
26 May 2005	22,424	-	(19,503)	(2,921)	-
Aug 2005 to Feb 2006	1,208	-	(997)	(211)	-
FY2007					
25 May 2006	28,936	-	(210)	(2,438)	26,288
Aug 2006 to Mar 2007	468	-	-	(378)	90
FY2008					
29 May 2007	16,255	-	(52)	(1,447)	14,756
Sep 2007 to Feb 2008	215	-	-	(8)	207
FY2009					
4 Jun 2008	-	14,248	-	(927)	13,321
Sep 2008 to Mar 2009	-	1,143	-	-	1,143
	69,506	15,391	(20,762)	(8,330)	55,805



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.2 Performance share plans (cont'd)

The fair values of the significant General Awards at grant date and the assumptions of the fair value model for the equity-settled grants were as follows -

	Date of grant		
	Share Plan 2004		
2010 and 2009 General Awards	FY2008 29 May 07	FY2009 4 June 08	FY2010 3 June 09
Fair value at grant date	S\$1.95	S\$1.61	S\$1.56
Assumptions under Monte-Carlo Model			
Expected volatility			
SingTel	22.8%	25.9%	34.6%
MSCI Asia Pacific Telco Index	13.7%	17.6%	23.1%
MSCI Asia Pacific Telco Component Stocks			
Historical volatility period			
From	July 2001	July 2001	July 2001
To	May 2007	June 2008	June 2009
Risk free interest rates			
Yield of Singapore Government Securities on	29 May 2007	4 June 2008	3 June 2009



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.2 Performance share plans (cont'd)

Senior Management Awards - cash-settled arrangements

The movements of the number of performance shares under the Senior Management Awards, the fair value of the grants at the end of the reporting period and the assumptions of the fair value model for the relevant grants were as follows -

2010	Date of grant				Group And Company
	Share Plan 2004				
	FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	FY2010 3 June 09	

Senior Management Awards

Number of performance shares ('000)

Outstanding as at 1 April 2009	1,980	2,058	2,074	-	6,112
Granted	-	-	-	2,919	2,919
Vested	(1,980)	-	-	-	(1,980)
Cancelled	-	(84)	(47)	-	(131)

Outstanding and unvested as at 31 March 2010	-	1,974	2,027	2,919	6,920
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Fair value at 31 March 2010

	S\$3.17	S\$2.15	S\$2.50
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Assumptions under Monte-Carlo Model

Expected volatility

SingTel	33.7%	33.7%
MSCI Asia Pacific Telco Index	22.8%	22.8%
MSCI Asia Pacific Telco Component Stocks	800 days historical volatility preceding March 2010	

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2010	31 March 2010
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Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.2 Performance share plans (cont'd)

	Date of grant				Group And Company
	Share Plan 2004				
2009	FY2006 26 May 05	FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	
Senior Management Awards					
Number of performance shares ('000)					
Outstanding as at 1 April 2008	1,474	2,122	2,058	-	5,654
Granted	-	-	-	2,190	2,190
Vested	(1,397)	-	-	-	(1,397)
Cancelled	(77)	(142)	-	(116)	(335)
Outstanding and unvested as at 31 March 2009	-	1,980	2,058	2,074	6,112
Fair value at 31 March 2009		S\$2.53	S\$2.12	S\$1.58	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.5%	33.5%	
MSCI Asia Pacific Telco Index			22.9%	22.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2009		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2009	31 March 2009	



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.3 Performance-based Deferred Bonus Scheme ("PBDBS")

With effect from 2004, discretionary PBDBS units are granted to selected overseas local hires. While these units have the same vesting criteria as the Share Plan 2004, the payout is in the form of cash instead of shares. The recipients are encouraged to purchase and hold SingTel shares with the cash payout, in line with the objective of the performance share plans.

2010	Date of grant				Group
	FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	FY2010 3 June 09	
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2009	953	613	622	-	2,188
Granted	-	-	-	623	623
Vested	(900)	-	-	-	(900)
Cancelled	(53)	(29)	(50)	(34)	(166)
Outstanding and unvested as at 31 March 2010	-	584	572	589	1,745
Fair value at 31 March 2010		S\$3.22	S\$1.46	S\$1.92	

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	33.7%	33.7%
MSCI Asia Pacific Telco Index	22.8%	22.8%
MSCI Asia Pacific Telco Component Stocks	800 days historical volatility preceding March 2010	

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2010	31 March 2010
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Notes to the Financial Statements

For the financial year ended 31 March 2010

5.3.3 Performance-based Deferred Bonus Scheme ("PBDBS") (cont'd)

2009	Date of grant				Group
	FY2006 26 May 05	FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2008	459	1,113	676	-	2,248
Granted	-	-	-	655	655
Vested	(312)	-	-	-	(312)
Cancelled	(147)	(160)	(63)	(33)	(403)
Outstanding and unvested as at 31 March 2009	-	953	613	622	2,188
Fair value at 31 March 2009		S\$2.55	S\$1.56	S\$1.02	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.5%	33.5%	
MSCI Asia Pacific Telco Index			22.9%	22.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2009		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2009	31 March 2009	



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.4 Special Purpose Entity

The Trust's purpose is to purchase the Company's shares from the open market for delivery to the recipients upon vesting of the awards.

As at the end of the reporting period, the Trust held the following assets -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Cash at bank	0.5	0.8	0.4	0.5
Cost of SingTel shares, net of vesting	30.5	43.7	23.6	28.5
	<u>31.0</u>	<u>44.5</u>	<u>24.0</u>	<u>29.0</u>

The details of SingTel shares held by the Trust were as follows -

Group	Number of shares		Amount	
	2010 '000	2009 '000	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	13,303	15,382	43.7	50.1
Purchase of SingTel shares	15,276	10,970	41.5	36.9
Vesting of shares	(18,454)	(13,049)	(54.7)	(43.3)
Balance as at 31 March	<u>10,125</u>	<u>13,303</u>	<u>30.5</u>	<u>43.7</u>

Upon consolidation of the Trust in the consolidated financial statements, the weighted average cost of vested SingTel shares is taken to 'Capital Reserve - Performance Shares' whereas the weighted average cost of unvested shares is taken to 'Treasury Shares' within equity. See **Note 2.3**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

5.5 Other Operating Expense Items

	Group	
	2010	2009
	S\$ Mil	S\$ Mil
Operating expenses included the following -		
Auditors' remuneration		
- Deloitte & Touche LLP, Singapore	1.0	0.7
- Deloitte Touche Tohmatsu, Australia	1.0	0.7
- Other Deloitte & Touche offices	0.3	0.2
Non-audit fees paid to		
- Deloitte & Touche LLP, Singapore ⁽¹⁾	0.6	0.5
- Deloitte Touche Tohmatsu, Australia ⁽¹⁾	0.3	0.3
- Other auditors	1.5	2.0
Impairment of trade receivables	138.1	127.7
Allowance for inventory obsolescence	13.9	11.6
Inventory written off	4.0	2.6
Provision for liquidated damages and warranties	2.5	3.5
Research and development expenses written off	0.5	0.6
Operating lease payments for properties and mobile base stations	258.6	226.9

Note:

(1) The non-audit fees for the current financial year ended 31 March 2010 included S\$0.1 million (2009: S\$0.1 million) and S\$0.3 million (2009: S\$0.3 million) paid to Deloitte & Touche LLP, Singapore, and Deloitte Touche Tohmatsu, Australia, respectively in respect of certification and review for regulatory purposes.

The Audit Committee had undertaken a review of the non-audit services provided by the auditors, Deloitte & Touche LLP, and in the opinion of the Audit Committee, these services would not affect the independence of the auditors.

6. OTHER INCOME

	Group	
	2010	2009
	S\$ Mil	S\$ Mil
Bad trade receivables recovered	7.2	9.4
Rental income	4.8	4.6
Net foreign exchange losses - trade related	(15.4)	(19.9)
Net losses on disposal of property, plant and equipment	(4.3)	(6.7)
Others	102.4	104.7
	<u>94.7</u>	<u>92.1</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

7. DEPRECIATION AND AMORTISATION

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Depreciation of property, plant and equipment	1,818.5	1,685.8
Amortisation of intangible assets	64.3	52.8
Amortisation of sale and leaseback income	(1.7)	(2.8)
Amortisation of deferred gain on sale of joint venture company	(3.1)	(3.1)
	1,878.0	1,732.7

8. EXCEPTIONAL ITEMS

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Exceptional gains		
Foreign exchange gain, net of hedging, from loan repayment by subsidiary	327.4	-
Foreign exchange gain, net of hedging, from capital reduction of subsidiary	-	83.9
Gain on disposal of non-current investments	2.4	-
Gain on dilution of interest in associated and joint venture companies	3.2	4.1
Write back of impairment for property, plant and equipment	-	10.8
Gain on disposal of subsidiary	-	1.7
Gain on sale of interest in joint venture company	-	3.6
Others	1.5	-
	334.5	104.1
Exceptional losses		
Impairment of associated and joint venture companies (see Note 24.2)	(260.0)	(330.0)
Impairment of AFS investments	(60.9)	-
Impairment of property, plant and equipment	(8.9)	(3.5)
Impairment of other non-current investments	-	(1.3)
Others	-	(5.0)
	(329.8)	(339.8)
	4.7	(235.7)



Notes to the Financial Statements

For the financial year ended 31 March 2010

9. SHARE OF RESULTS OF ASSOCIATED AND JOINT VENTURE COMPANIES

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Share of ordinary results of		
- joint venture companies	2,426.8	2,098.0
- associated companies	(7.3)	(67.5)
	2,419.5	2,030.5
Share of exceptional items ⁽¹⁾ of joint venture companies	(16.5)	200.8
Share of tax of		
- joint venture companies	(535.5)	(426.6)
- associated companies	(5.4)	(8.6)
	(540.9)	(435.2)
	<u>1,862.1</u>	<u>1,796.1</u>
Note:		
(1) Share of exceptional items comprised -		
(Reversal of gain)/ Gain on dilution of equity interest in a subsidiary	(6.9)	224.5
Transaction costs on acquisitions	(9.6)	-
Write-back of overprovision for concession rights payable	-	15.6
Gain on disposal of property, plant and equipment	-	8.5
Write-back of impairment for property, plant and equipment	-	3.7
Impairment on goodwill of a subsidiary	-	(44.3)
Recognition of prior years' frequency fees	-	(15.4)
Others	-	8.2
	<u>(16.5)</u>	<u>200.8</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

10. INTEREST AND INVESTMENT INCOME (NET)

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Interest income from		
- bank deposits	15.3	33.1
- FVTPL investments	0.2	0.5
- others	1.2	1.1
	16.7	34.7
Gross dividends from AFS investments	19.4	22.1
Other revenue	36.1	56.8
Net foreign exchange losses	(26.0)	(8.1)
Fair value losses on hedging instruments	(17.8)	-
Fair value losses on FVTPL investments	(0.7)	(0.2)
Fair value losses on fair value hedges		
- hedged items	752.4	(411.1)
- hedging instruments	(752.4)	411.1
	-	-
	(8.4)	48.5

11. FINANCE COSTS

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Interest expense		
- bonds	302.2	360.3
- bank loans	56.4	71.1
- others	21.7	4.9
	380.3	436.3
Less: Amounts capitalised	(7.2)	(11.7)
	373.1	424.6
Effects of hedging using interest-rate swaps	(48.2)	(68.8)
Unwinding of discount (including adjustments)	1.0	4.9
	325.9	360.7

As at 31 March 2010, the interest rate applicable to the capitalised borrowings was 4.6 per cent (2009: 7.7 per cent).



Notes to the Financial Statements

For the financial year ended 31 March 2010

12. TAXATION

12.1 Tax Expense

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Current income tax		
- Singapore	253.0	238.2
- Overseas	502.0	397.9
	755.0	636.1
Deferred income tax	(39.0)	7.9
Tax expense attributable to current year's profit	716.0	644.0
Recognition of deferred tax asset on other temporary differences ⁽¹⁾	(120.4)	(90.4)
Adjustments in respect of prior year -		
Current income tax		
- (over)/ under provision	(0.4)	0.7
Deferred income tax		
- over provision	(0.6)	(56.8)
	594.6	497.5

Note:

(1) This relates to a deferred tax asset recognised on interest expense arising from inter-company loans.



Notes to the Financial Statements

For the financial year ended 31 March 2010

12.1 Tax Expense (cont'd)

The tax expense on profits was different from the amount that would arise using the Singapore standard rate of income tax due to the following -

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Profit before tax	4,501.1	3,946.7
Less: Share of results of associated and joint venture companies	(1,862.1)	(1,796.1)
	<u>2,639.0</u>	<u>2,150.6</u>
Tax calculated at tax rate of 17 per cent (2009: 17 per cent)	448.6	365.6
<i>Effects of -</i>		
Different tax rates of other countries	259.4	220.0
Income not subject to tax	(80.9)	(10.7)
Expenses not deductible for tax purposes	88.8	73.8
Deferred tax asset not recognised	2.1	0.8
Deferred tax asset previously not recognised now recognised	(1.4)	(4.0)
Others	(0.6)	(1.5)
	<u>716.0</u>	<u>644.0</u>
Tax expense attributable to current year's profits		



Notes to the Financial Statements

For the financial year ended 31 March 2010

12.2 Deferred Taxes

The movements of the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows -

Group - 2010	Provisions	TWDV ⁽¹⁾ in excess of NBV ⁽²⁾ of depreciable assets	Tax losses and unutilised capital allowances	Others	Total
Deferred tax assets	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2009	311.1	328.5	75.3	104.1	819.0
Credited/ (Charged) to income statement	133.0	5.5	(0.4)	25.1	163.2
Credited to other comprehensive income	-	-	-	4.9	4.9
Transfer (to)/ from current tax	(256.7)	-	(32.8)	31.3	(258.2)
Translation differences	63.9	73.7	15.1	25.6	178.3
Balance as at 31 March 2010	251.3	407.7	57.2	191.0	907.2

Group - 2010	Accelerated tax depreciation	Offshore interest and dividend not remitted	Others	Total
Deferred tax liabilities	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2009	(288.7)	(5.1)	(26.7)	(320.5)
(Charged)/ Credited to income statement	(4.9)	-	1.7	(3.2)
Transfer to current tax	-	-	12.5	12.5
Translation differences	(0.1)	-	(0.4)	(0.5)
Balance as at 31 March 2010	(293.7)	(5.1)	(12.9)	(311.7)



Notes to the Financial Statements

For the financial year ended 31 March 2010

12.2 Deferred Taxes (cont'd)

Group - 2009 Deferred tax assets	Provisions S\$ Mil	TWDV ⁽¹⁾ in excess of NBV ⁽²⁾ of depreciable assets S\$ Mil	Tax losses and unutilised capital allowances S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2008	458.3	380.4	135.1	123.3	1,097.1
Acquisition of subsidiary	0.1	-	0.7	3.2	4.0
Credited/ (Charged) to income statement	100.2	13.2	(0.3)	(11.7)	101.4
Credited to other comprehensive income	-	-	-	3.3	3.3
Transfer (to)/ from current tax	(167.9)	-	(39.5)	5.8	(201.6)
Disposal of subsidiary	-	-	-	(1.0)	(1.0)
Translation differences	(79.6)	(65.1)	(20.7)	(18.8)	(184.2)
Balance as at 31 March 2009	311.1	328.5	75.3	104.1	819.0

Group - 2009 Deferred tax liabilities	Accelerated tax depreciation S\$ Mil	Offshore interest and dividend not remitted S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2008	(282.0)	(43.1)	(18.5)	(343.6)
Acquisition of subsidiary	(0.5)	-	(10.8)	(11.3)
(Charged)/ Credited to income statement	(6.0)	41.2	2.7	37.9
Transfer from current tax	-	(3.2)	-	(3.2)
Disposal of subsidiary	(0.1)	-	-	(0.1)
Translation differences	(0.1)	-	(0.1)	(0.2)
Balance as at 31 March 2009	(288.7)	(5.1)	(26.7)	(320.5)



Notes to the Financial Statements

For the financial year ended 31 March 2010

12.2 Deferred Taxes (cont'd)

Company - 2010 Deferred tax assets	Provisions S\$ Mil	Deferred sale and leaseback income S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2009	0.3	0.9	2.2	3.4
Credited/ (Charged) to income statement	0.2	(0.1)	(0.7)	(0.6)
Balance as at 31 March 2010	0.5	0.8	1.5	2.8
Company - 2010 Deferred tax liabilities	Accelerated tax depreciation S\$ Mil	Interest and investment income S\$ Mil	Offshore interest and dividend not remitted S\$ Mil	Total S\$ Mil
Balance as at 1 April 2009	(190.1)	-	-	(190.1)
Credited to income statement	4.6	-	-	4.6
Balance as at 31 March 2010	(185.5)	-	-	(185.5)
Company - 2009 Deferred tax assets	Provisions S\$ Mil	Deferred sale and leaseback income S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2008	0.3	1.2	2.5	4.0
Charged to income statement	-	(0.3)	(0.3)	(0.6)
Balance as at 31 March 2009	0.3	0.9	2.2	3.4
Company - 2009 Deferred tax liabilities	Accelerated tax depreciation S\$ Mil	Interest and investment income S\$ Mil	Offshore interest and dividend not remitted S\$ Mil	Total S\$ Mil
Balance as at 1 April 2008	(197.6)	-	(40.9)	(238.5)
Credited to income statement	7.5	-	40.9	48.4
Balance as at 31 March 2009	(190.1)	-	-	(190.1)

Notes:

- (1) TWDV – Tax written down value
(2) NBV – Net book value



Notes to the Financial Statements

For the financial year ended 31 March 2010

12.2 Deferred Taxes (cont'd)

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 deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Deferred tax assets	890.3	806.4	-	-
Deferred tax liabilities	(294.8)	(307.9)	(182.8)	(186.7)
	<u>595.5</u>	<u>498.5</u>	<u>(182.8)</u>	<u>(186.7)</u>

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 31 March 2010, the subsidiaries of the Group had estimated unutilised income tax losses of approximately S\$272 million (2009: S\$328 million), including S\$187 million (2009: S\$248 million) from the Optus Group, unutilised capital tax losses of S\$26 million (2009: S\$21 million) and unabsorbed capital allowances of approximately S\$2.1 million (2009: S\$1.5 million).

These unutilised income tax losses and unabsorbed capital allowances are available for set-off against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiaries operate. The unutilised capital tax losses are available for set-off against future capital gains of a similar nature subject to compliance with certain statutory tests in Australia.

As at the end of the reporting period, the potential tax benefits arising from the following items were not recognised in the financial statements due to uncertainty on their recoverability -

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Unutilised income tax losses and unabsorbed capital allowances	87.4	81.8
Unutilised capital tax losses	<u>25.9</u>	<u>21.3</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

13. EARNINGS PER SHARE

	Group	
	2010	2009
	'000	'000
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ⁽¹⁾	15,918,280	15,911,823
Adjustment for dilutive effect of share options	7,055	9,136
Adjustment for dilutive effect of Share Plan 2004	44,379	43,515
	<u>15,969,714</u>	<u>15,964,474</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share		
	<u>15,969,714</u>	<u>15,964,474</u>

Note:

(1) Adjusted to exclude the number of performance shares held by the Trust.

'Basic earnings per share' is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For 'Diluted earnings per share', the weighted average number of ordinary shares in issue included the number of additional shares outstanding if the potential dilutive ordinary shares arising from the share options and performance shares granted by the Group were issued. Adjustment is made to earnings for the dilutive effect arising from the associated and joint venture companies' dilutive shares.



Notes to the Financial Statements

For the financial year ended 31 March 2010

14. RELATED PARTY TRANSACTIONS

Related parties consist of key management of the Group, subsidiaries of the ultimate holding company, and associated and joint venture companies of the Group. In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with related parties –

	Group	
	2010	2009
	S\$ Mil	S\$ Mil
Revenue		
Subsidiaries of ultimate holding company		
Telecommunications	129.5	123.2
Rental and maintenance	30.0	29.8
Information technology	15.7	25.2
Associated and joint venture companies		
Telecommunications	34.0	30.0
Expenses		
Subsidiaries of ultimate holding company		
Telecommunications	71.4	62.4
Utilities	76.5	83.2
Information technology	3.1	-
Associated and joint venture companies		
Telecommunications	68.3	106.0
Transmission capacity	7.3	4.5
Postal	10.9	11.8
Due from related parties	19.0	22.0
Due to related parties	5.6	5.2

All the above transactions were on normal commercial terms and conditions and market rates.

Please refer to **Note 5.2** for information on key management personnel compensation.



Notes to the Financial Statements

For the financial year ended 31 March 2010

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Fixed deposits	1,175.9	506.9	142.0	258.1
Cash and bank balances	437.7	569.1	59.3	75.0
	<u>1,613.6</u>	<u>1,076.0</u>	<u>201.3</u>	<u>333.1</u>

The carrying amounts of the cash and cash equivalents approximate their fair values.

For the purpose of the consolidated cash flow statements, cash and cash equivalents comprise -

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Fixed deposits	1,175.9	506.9
Cash and bank balances	437.7	569.1
Less: Bank overdrafts (see Note 30)	(0.1)	(0.2)
	<u>1,613.5</u>	<u>1,075.8</u>

Cash and cash equivalents denominated in the non-functional currencies of the Group were as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
USD	200.9	65.1	150.3	14.7
AUD	14.2	157.9	13.9	157.6
EUR	5.6	11.0	1.1	3.5
HKD	6.9	3.8	4.6	2.1

The maturities of the fixed deposits were as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Less than three months	1,170.9	503.3	142.0	258.1
Over three months	5.0	3.6	-	-
	<u>1,175.9</u>	<u>506.9</u>	<u>142.0</u>	<u>258.1</u>

As at 31 March 2010, the weighted average effective interest rates of the fixed deposits of the Group and Company were 0.3 per cent (2009: 1.0 per cent) and 0.1 per cent (2009: 1.6 per cent) respectively.

The exposure of cash and cash equivalents to interest rate risks is disclosed in **Note 37.3**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Trade receivables	2,720.4	2,294.0	464.2	453.9
Less: Allowance for impairment of trade receivables	(294.8)	(260.6)	(88.5)	(82.8)
	2,425.6	2,033.4	375.7	371.1
Other receivables	187.5	112.5	22.9	18.2
Loans to subsidiaries	-	-	143.3	162.9
Less: Allowance for impairment of loans due	-	-	(24.1)	(24.2)
	-	-	119.2	138.7
Amount due from subsidiaries				
- trade	-	-	486.9	286.3
- non-trade	-	-	2,182.1	486.1
Less: Allowance for impairment of amount due	-	-	(45.7)	(45.7)
	-	-	2,623.3	726.7
Amount due from associated and joint venture companies				
- trade	5.6	13.0	1.5	0.3
- non-trade	7.8	91.6	-	1.0
	13.4	104.6	1.5	1.3
Amount due from associated company on fibre rollout	207.8	-	207.8	-
Loan to joint venture company	1.4	2.3	1.4	2.3
Interest receivable	105.6	111.0	77.5	83.9
Prepayments	216.6	155.4	18.0	11.4
Staff loans	1.3	1.0	0.1	0.1
Others	12.9	11.7	5.1	5.7
	<u>3,172.1</u>	<u>2,531.9</u>	<u>3,452.5</u>	<u>1,359.4</u>

The loans to subsidiaries and the balances with subsidiaries, associated and joint venture companies were unsecured, interest-free and repayable on demand.



Notes to the Financial Statements

For the financial year ended 31 March 2010

16. TRADE AND OTHER RECEIVABLES (cont'd)

In respect of Optus' action against Telstra Corporation Ltd for breach of the provisions of the Access Agreement dated 14 August 1992 between the parties, the Federal Court of Australia has in April 2009 delivered judgment on liability in favour of Optus. As at 31 March 2010, the assessment of damages hearing has not taken place, hence no receivable has been recorded in the financial statements.

Trade receivables are non-interest bearing and are generally on 14-day to 30-day terms, while balances due from carriers are on 60-day terms, and certain balances in respect of information technology and engineering services are on 90-day terms.

The maximum exposure to credit risk for trade receivables by type of customer is as follows:

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Individuals	629.4	502.2	173.1	155.0
Corporations and others	1,796.2	1,531.2	202.6	216.1
	2,425.6	2,033.4	375.7	371.1

The age analysis of trade receivables before allowance for impairment is as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Not past due or less than 60 days overdue	2,299.7	1,929.5	344.2	336.4
Past due				
- 61 to 120 days	190.7	164.8	31.1	38.2
- more than 120 days	230.0	199.7	88.9	79.3
	2,720.4	2,294.0	464.2	453.9

Based on historical collections experience, the Group believes that no allowance for impairment is necessary in respect of certain trade receivables which are not past due as well as certain trade receivables which are past due but not impaired.



Notes to the Financial Statements

For the financial year ended 31 March 2010

16. TRADE AND OTHER RECEIVABLES (cont'd)

The movement in the allowance for impairment of trade receivables is as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	260.6	283.0	82.8	95.7
Acquisition of subsidiary	-	3.7	-	-
Allowance for impairment	142.0	130.0	26.9	25.2
Utilisation	(142.1)	(121.0)	(21.2)	(38.1)
Write-back	(3.9)	(2.3)	-	-
Translation differences	38.2	(32.8)	-	-
Balance as at 31 March	294.8	260.6	88.5	82.8

The movement in the allowance for impairment of loans to subsidiaries is as follows -

	Company	
	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	24.2	24.2
Write-back	(0.1)	-
Balance as at 31 March	24.1	24.2

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL INVESTMENTS")

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Quoted interest bearing securities		
SGD denominated Bonds and Notes	-	10.2
Quoted other investments		
USD denominated Investment Funds	-	0.6
	-	10.8



Notes to the Financial Statements

For the financial year ended 31 March 2010

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL INVESTMENTS") (cont'd)

The effective interest rates at the end of the reporting period were as follows -

	Group	
	2010 %	2009 %
Quoted interest bearing securities		
Fixed rate maturing in less than 1 year	-	5.1

18. INVENTORIES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Equipment held for resale	191.1	132.8	-	-
Maintenance and capital works' inventories	33.2	36.1	32.9	35.4
Work-in-progress				
- fibre rollout	118.9	-	118.9	-
- others	2.6	4.5	-	-
	121.5	4.5	118.9	-
	345.8	173.4	151.8	35.4



Notes to the Financial Statements

For the financial year ended 31 March 2010

19. PROPERTY, PLANT AND EQUIPMENT

Group - 2010	Freehold land S\$ Mil	Leasehold land S\$ Mil	Buildings S\$ Mil	Transmission plant and equipment S\$ Mil	Switching equipment S\$ Mil	Other plant and equipment S\$ Mil	Capital work-in- progress S\$ Mil	Total S\$ Mil
Cost								
Balance as at 1 April 2009	22.1	259.3	642.9	13,031.5	2,906.9	4,771.0	643.8	22,277.5
Additions (net of rebates)	-	-	2.6	382.5	110.5	146.7	1,524.7	2,167.0
Disposals/ Write-offs	-	-	(0.2)	(56.8)	(337.6)	(106.4)	-	(501.0)
Reclassifications / Adjustments	-	-	1.8	1,453.4	18.5	140.6	(1,703.0)	(88.7)
Translation differences	4.9	(1.3)	33.8	2,144.8	247.8	756.4	52.6	3,239.0
Balance as at 31 March 2010	27.0	258.0	680.9	16,955.4	2,946.1	5,708.3	518.1	27,093.8
Accumulated depreciation								
Balance as at 1 April 2009	-	46.4	249.2	7,527.3	2,081.2	3,224.4	-	13,128.5
Depreciation charge for the year	-	4.2	18.1	1,173.1	150.8	472.3	-	1,818.5
Disposals/ Write-offs	-	-	-	(53.8)	(333.2)	(84.3)	-	(471.3)
Translation differences	-	(0.6)	8.1	1,176.8	143.1	514.2	-	1,841.6
Balance as at 31 March 2010	-	50.0	275.4	9,823.4	2,041.9	4,126.6	-	16,317.3
Accumulated impairment								
Balance as at 1 April 2009	-	2.0	7.3	2.7	4.4	10.0	-	26.4
Impairment charge for the year	-	-	-	5.8	3.1	-	-	8.9
Disposals	-	-	-	-	(2.4)	(6.7)	-	(9.1)
Translation differences	-	-	-	-	0.1	-	-	0.1
Balance as at 31 March 2010	-	2.0	7.3	8.5	5.2	3.3	-	26.3
Net Book Value as at 31 March 2010	27.0	206.0	398.2	7,123.5	899.0	1,578.4	518.1	10,750.2



Notes to the Financial Statements

For the financial year ended 31 March 2010

19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group - 2009	Freehold land S\$ Mil	Leasehold land S\$ Mil	Buildings S\$ Mil	Transmission plant and equipment S\$ Mil	Switching equipment S\$ Mil	Other plant and equipment S\$ Mil	Capital work-in- progress S\$ Mil	Total S\$ Mil
Cost								
Balance as at 1 April 2008	19.8	234.9	658.8	13,996.5	3,067.7	4,616.2	777.8	23,371.7
Additions (net of rebates)	-	-	-	224.0	129.1	150.9	1,381.7	1,885.7
Disposals/ Write-offs	-	-	-	(108.4)	(124.6)	(76.6)	-	(309.6)
Acquisition of subsidiary	-	22.9	7.1	-	-	29.3	-	59.3
Disposal of subsidiary	-	-	-	-	-	(9.6)	-	(9.6)
Reclassifications / Adjustments	6.0	-	6.9	717.6	57.6	653.8	(1,441.9)	-
Translation differences	(3.7)	1.5	(29.9)	(1,798.2)	(222.9)	(593.0)	(73.8)	(2,720.0)
Balance as at 31 March 2009	22.1	259.3	642.9	13,031.5	2,906.9	4,771.0	643.8	22,277.5
Accumulated depreciation								
Balance as at 1 April 2008	-	41.9	238.1	7,466.0	2,162.1	3,298.6	-	13,206.7
Depreciation charge for the year	-	3.9	18.1	1,077.5	163.0	423.3	-	1,685.8
Disposals/ Write-offs	-	-	-	(90.8)	(120.6)	(76.9)	-	(288.3)
Reclassifications / Adjustments	-	-	-	1.3	-	(1.3)	-	-
Translation differences	-	0.6	(7.0)	(926.7)	(123.3)	(419.3)	-	(1,475.7)
Balance as at 31 March 2009	-	46.4	249.2	7,527.3	2,081.2	3,224.4	-	13,128.5
Accumulated impairment								
Balance as at 1 April 2008	-	2.0	7.3	6.6	4.0	20.9	-	40.8
Impairment charge for the year	-	-	-	-	3.4	0.1	-	3.5
Write-back during the year	-	-	-	-	-	(10.8)	-	(10.8)
Disposals	-	-	-	(3.9)	(3.1)	(0.3)	-	(7.3)
Translation differences	-	-	-	-	0.1	0.1	-	0.2
Balance as at 31 March 2009	-	2.0	7.3	2.7	4.4	10.0	-	26.4
Net Book Value as at 31 March 2009	22.1	210.9	386.4	5,501.5	821.3	1,536.6	643.8	9,122.6



Notes to the Financial Statements

For the financial year ended 31 March 2010

19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company - 2010	Freehold land S\$ Mil	Leasehold land S\$ Mil	Buildings S\$ Mil	Transmission plant and equipment S\$ Mil	Switching equipment S\$ Mil	Other plant and equipment S\$ Mil	Capital work-in- progress S\$ Mil	Total S\$ Mil
Cost								
Balance as at 1 April 2009	0.4	220.5	421.9	2,859.2	1,068.4	956.6	284.5	5,811.5
Additions (net of rebates)	-	-	2.6	219.5	30.6	71.0	5.5	329.2
Disposals/ Write-offs	-	-	-	(51.2)	(27.3)	(32.1)	-	(110.6)
Reclassifications	-	-	-	-	-	-	(82.8)	(82.8)
Balance as at 31 March 2010	0.4	220.5	424.5	3,027.5	1,071.7	995.5	207.2	5,947.3
Accumulated depreciation								
Balance as at 1 April 2009	-	38.5	186.9	1,913.8	955.0	737.5	-	3,831.7
Depreciation charge for the year	-	2.3	11.9	176.6	46.2	74.8	-	311.8
Disposals/ Write-offs	-	-	-	(48.6)	(27.3)	(29.9)	-	(105.8)
Balance as at 31 March 2010	-	40.8	198.8	2,041.8	973.9	782.4	-	4,037.7
Accumulated impairment								
Balance as at 1 April 2009	-	2.0	7.2	1.2	-	1.3	-	11.7
Disposals/ Write-offs	-	-	-	5.8	1.2	(0.9)	-	6.1
Balance as at 31 March 2010	-	2.0	7.2	7.0	1.2	0.4	-	17.8
Net Book Value as at 31 March 2010								
	0.4	177.7	218.5	978.7	96.6	212.7	207.2	1,891.8



Notes to the Financial Statements

For the financial year ended 31 March 2010

19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Leasehold land	Buildings	Transmission plant and equipment	Switching equipment	Other plant and equipment	Capital work-in- progress	Total
Company - 2009	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Cost								
Balance as at 1 April 2008	0.4	220.5	421.9	2,807.0	1,075.2	937.5	206.9	5,669.4
Additions (net of rebates)	-	-	-	106.9	43.9	71.3	77.6	299.7
Disposals/ Write-offs	-	-	-	(54.7)	(50.7)	(52.2)	-	(157.6)
Balance as at 31 March 2009	0.4	220.5	421.9	2,859.2	1,068.4	956.6	284.5	5,811.5
Accumulated depreciation								
Balance as at 1 April 2008	-	36.2	174.3	1,801.5	942.4	712.6	-	3,667.0
Depreciation charge for the year	-	2.3	12.6	160.8	59.3	77.0	-	312.0
Disposals/ Write-offs	-	-	-	(48.5)	(46.7)	(52.1)	-	(147.3)
Balance as at 31 March 2009	-	38.5	186.9	1,913.8	955.0	737.5	-	3,831.7
Accumulated impairment								
Balance as at 1 April 2008	-	2.0	7.2	3.3	3.0	1.5	-	17.0
Disposals/ Write-offs	-	-	-	(2.1)	(3.0)	(0.2)	-	(5.3)
Balance as at 31 March 2009	-	2.0	7.2	1.2	-	1.3	-	11.7
Net Book Value as at 31 March 2009	0.4	180.0	227.8	944.2	113.4	217.8	284.5	1,968.1

Property, plant and equipment included the following -

	Group		Company	
	2010	2009	2010	2009
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Net book value of property, plant and equipment				
- Finance lease obligations	51.8	18.7	-	-
- Held for generating operating lease income	9.5	11.8	-	-
Interest charges capitalised during the year	7.2	11.7	-	-
Staff costs capitalised during the year	175.3	149.6	11.8	15.0

In the current financial year, an impairment charge of S\$8.9 million (2009: S\$3.5 million) was made at the Group on certain property, plant and equipment to bring their carrying values to their recoverable values.



Notes to the Financial Statements

For the financial year ended 31 March 2010

20. INTANGIBLE ASSETS

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Goodwill on acquisition of subsidiaries	9,654.6	9,620.0	-	-
Telecommunications and spectrum licences	517.8	373.4	2.3	2.7
Customer relationships and others	27.8	34.0	-	-
	<u>10,200.2</u>	<u>10,027.4</u>	<u>2.3</u>	<u>2.7</u>

20.1 Goodwill on Acquisition of Subsidiaries

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	9,620.0	9,569.1
Acquisition of subsidiary	-	82.2
Translation differences	34.6	(31.3)
Balance as at 31 March	<u>9,654.6</u>	<u>9,620.0</u>

20.2 Telecommunications and Spectrum Licences

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	373.4	476.2	2.7	3.0
Additions	127.7	3.7	-	-
Amortisation for the year	(56.5)	(47.0)	(0.4)	(0.3)
Reclassifications	5.9	3.4	-	-
Translation differences	67.3	(62.9)	-	-
Balance as at 31 March	<u>517.8</u>	<u>373.4</u>	<u>2.3</u>	<u>2.7</u>
Cost	933.2	673.5	8.4	8.4
Accumulated amortisation	(413.1)	(297.8)	(6.1)	(5.7)
Accumulated impairment	(2.3)	(2.3)	-	-
Net book value as at 31 March	<u>517.8</u>	<u>373.4</u>	<u>2.3</u>	<u>2.7</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

20.3 Customer Relationships and Others

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	34.0	11.2
Acquisition of subsidiary	-	30.2
Amortisation for the year	(7.8)	(5.8)
Translation differences	1.6	(1.6)
	<hr/>	<hr/>
Balance as at 31 March	27.8	34.0
	<hr/>	<hr/>
Cost	52.7	48.7
Accumulated amortisation	(24.9)	(14.7)
	<hr/>	<hr/>
Net book value as at 31 March	27.8	34.0

21. SUBSIDIARIES

	Company	
	2010 S\$ Mil	2009 S\$ Mil
Unquoted equity shares, at cost	7,305.4	8,601.7
Shareholders' advances	3,283.4	3,792.5
Deemed investment in a subsidiary	42.0	24.1
	<hr/>	<hr/>
	10,630.8	12,418.3
Less: Allowance for impairment losses	(688.5)	(619.6)
	<hr/>	<hr/>
	9,942.3	11,798.7

The advances given to subsidiaries were unsecured with settlement neither planned nor likely to occur in the foreseeable future. The effective interest rate at the end of the reporting period was 0.6 per cent (2009: 1.1 per cent) per annum.

The deemed investment in a subsidiary, SingTel Group Treasury Pte. Ltd. ("**SGT**"), resulted from financial guarantees provided by the Company for loans drawn down totalling S\$1.28 billion (2009: S\$1.54 billion) entered into by SGT as at 31 March 2010.

The details of subsidiaries are set out in **Note 46**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

22. ASSOCIATED COMPANIES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Quoted equity shares, at cost	74.3	74.3	24.7	24.7
Unquoted equity shares, at cost	1,440.3	1,421.7	-	-
Shareholder's loan (unsecured)	1.7	1.7	-	-
	<u>1,516.3</u>	<u>1,497.7</u>	<u>24.7</u>	<u>24.7</u>
Goodwill on consolidation adjusted against shareholders' equity	(28.3)	(28.3)	-	-
Share of post acquisition reserves (net of dividends, and accumulated amortisation of goodwill and intangible)	(224.5)	(179.6)	-	-
Translation differences	(393.0)	(288.8)	-	-
	<u>(645.8)</u>	<u>(496.7)</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment losses (see Note 24.2)	<u>(591.7)</u>	<u>(331.7)</u>	<u>-</u>	<u>-</u>
	<u>278.8</u>	<u>669.3</u>	<u>24.7</u>	<u>24.7</u>

As at 31 March 2010,

- (i) The market values of the quoted equity shares in associated companies held by the Group and Company were S\$532.5 million (2009: S\$386.9 million) and S\$518.7 million (2009: S\$382.9 million) respectively.
- (ii) The Group's shares representing 26% equity interest in an associated company were under a negative lien.
- (iii) The Group's proportionate interest in the capital commitments of the associated companies was S\$76.8 million (2009: S\$118.1 million).

The details of associated companies are set out in **Note 46**.

The summarised financial information of associated companies were as follows –

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Operating revenue	1,293.2	1,207.8
Net profit/ (loss) after tax	20.7	(222.2)
Total assets	4,529.6	3,987.4
Total liabilities	<u>(2,968.5)</u>	<u>(2,271.2)</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

23. JOINT VENTURE COMPANIES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Quoted equity shares, at cost	2,388.1	2,388.1	-	-
Unquoted equity shares, at cost	3,748.1	3,069.8	34.1	34.1
	6,136.2	5,457.9	34.1	34.1
Goodwill on consolidation adjusted against shareholders' equity	(1,225.9)	(1,225.9)	-	-
Share of post acquisition reserves (net of dividends, and accumulated amortisation of goodwill)	5,979.1	4,887.3	-	-
Translation differences	(726.7)	(1,099.4)	-	-
	4,026.5	2,562.0	-	-
Less: Allowance for impairment losses (see Note 24.2)	(30.0)	(30.0)	-	(4.2)
	10,132.7	7,989.9	34.1	29.9

As at 31 March 2010,

- (i) The market value of the quoted equity shares in joint venture companies held by the Group was S\$10.03 billion (2009: S\$9.46 billion).
- (ii) The Group's proportionate interest in the capital commitments of joint venture companies was S\$875.9 million (2009: S\$1.20 billion).
- (iii) The Group's shares representing 24.8% equity interest in a joint venture company are placed in an escrow account under a deed of undertaking whereby under certain events of default, the joint venture partner could be entitled to these shares.

The details of joint venture companies are set out in **Note 46**.

On 30 March 2010, Bharti, a 32.0%-owned joint venture of the Group, entered into a definitive agreement with the Zain Group to acquire Zain Africa BV's African mobile operations in 15 countries. The transaction is pending completion and subject to certain conditions precedent.

Optus holds a 31.25% (2009: 31.25% interest in an unincorporated joint venture to maintain an optical fibre submarine cable between Western Australia and Indonesia).

In addition, Optus has an interest in an unincorporated joint venture to share certain 3G network sites and radio infrastructure across Australia whereby it holds an interest of 50% (2009: 50%) in the assets, with access to the shared network and shares 50% (2009: 50%) of the cost of building and operating the network.

The Group's property, plant and equipment included the Group's interest in the property, plant and equipment employed in the unincorporated joint ventures of S\$319.3 million (2009: S\$284.3 million).



Notes to the Financial Statements

For the financial year ended 31 March 2010

23. JOINT VENTURE COMPANIES (cont'd)

The Group's share of certain items in the income statements and statements of financial position of the joint venture companies were as follows –

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Operating revenue	6,200.6	5,925.0
Operating expenses	(3,012.0)	(3,006.3)
Net profit before tax	2,410.3	2,298.8
Net profit after tax	1,874.8	1,872.2
Non-current assets	10,398.0	8,903.2
Current assets	1,970.7	1,744.8
Current liabilities	(2,575.4)	(2,364.6)
Non-current liabilities	(2,458.7)	(2,278.9)
Net assets	7,334.6	6,004.5

24. IMPAIRMENT REVIEWS

24.1 Goodwill arising on acquisition of subsidiaries

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 31 March 2010 were assessed for impairment during the financial year.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit ("CGU").

The fixed, mobile, cable and broadband networks of Optus Group are integrated operationally and accordingly, Optus as a group is a CGU for the purpose of impairment tests for goodwill.

Group	2010 S\$ Mil	2009 S\$ Mil	Terminal growth rate ⁽¹⁾		Pre-tax discount rate	
			2010	2009	2010	2009
Carrying value of goodwill in -						
- Optus Group	9,572.4	9,537.8	4.0%	4.0%	12.1%	10.9%
- SCS Computer Systems Pte Ltd	82.2	82.2	2.0%	2.0%	10.0%	8.3%

Note:

(1) Weighted average growth rate used to extrapolate cash flows beyond the terminal year.



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For the financial year ended 31 March 2010

24.1 Goodwill arising on acquisition of subsidiaries (cont'd)

The recoverable values of cash generating units including goodwill are determined based on value-in-use calculations.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering periods of four to five years. Cash flows beyond the terminal year are extrapolated using the estimated growth rates stated in the table above. Key assumptions used in the calculation of value-in-use are growth rates, operating margins, capital expenditure and discount rates.

The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports.

The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital (WACC) where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

As at 31 March 2010, no impairment charge was required for goodwill on acquisition of subsidiaries, with any reasonably possible change to the key assumptions applied not likely to cause the recoverable values to be below their carrying values.

24.2 Carrying values (including goodwill) of associated and joint venture companies

The Group's carrying values in Warid Telecom (Private) Limited ("**Warid**") and Pacific Bangladesh Telecom Limited ("**PBTL**") as at 31 March 2010 were assessed for impairment.

Group	2010	2009	Terminal growth rate ⁽¹⁾		Pre-tax discount rate	
	S\$ Mil	S\$ Mil	2010	2009	2010	2009
Carrying value (including goodwill) in -						
Warid and PBTL	796.5	966.2				
Less: Allowance for impairment losses	(590.0)	(330.0)				
	206.5	636.2	5.5% to 8%	5.5% to 8%	12.4% to 17.4%	14.4% to 17.5%

Note:

(1) Weighted average growth rate used to extrapolate cash flows beyond the terminal year.

The impairment review of the Group's investments in the associated and joint venture companies is based on the same methodology described in **Note 24.1**. The cash flow projections were based on financial budgets and forecasts approved by management covering periods of five to ten years.

For the year ended 31 March 2010, an additional impairment provision of S\$260 million was recorded on the carrying value of Warid. The lower value-in-use arose from the increased cost of debt, as well as lower expected earnings. In the previous financial year ended 31 March 2009, impairment provisions of S\$300 million and S\$30 million were recorded on the carrying values of Warid and PBTL respectively.



Notes to the Financial Statements

For the financial year ended 31 March 2010

25. AVAILABLE-FOR-SALE ("AFS") INVESTMENTS

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	236.3	352.6	24.6	37.0
Additions	0.3	1.8	-	-
Disposals	(6.4)	(2.8)	-	(2.5)
Write-back of provision/ (Provision for impairment)	4.1	(0.1)	-	-
Net fair value gains/ (losses) included in other comprehensive income	21.5	(115.2)	6.5	(9.9)
Balance as at 31 March	255.8	236.3	31.1	24.6

AFS investments included the following –

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Quoted equity securities		
- Taiwan	217.0	202.9
- Thailand	12.2	9.2
- Singapore and United States	8.9	5.8
	238.1	217.9
Unquoted		
Equity securities - Singapore and United States	13.8	13.9
Others	3.9	4.5
	17.7	18.4
	255.8	236.3
	Company	
	2010 S\$ Mil	2009 S\$ Mil
Quoted equity securities		
- Thailand	12.2	9.2
- Singapore and United States	8.8	5.6
	21.0	14.8
Unquoted equity securities		
- Singapore	10.1	9.8
	31.1	24.6



Notes to the Financial Statements

For the financial year ended 31 March 2010

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	(144.6)	(1,136.4)	(54.6)	(749.6)
Fair value (losses)/ gains				
- included in income statement	(540.3)	458.2	(736.3)	531.9
- included in 'Hedging Reserve'	(157.6)	263.7	72.1	25.8
- included in 'Currency Translation Reserve'	(190.7)	66.7	-	-
Settlement of swap for bonds repaid	-	137.3	-	137.3
Translation differences	(19.7)	65.9	-	-
Balance as at 31 March	(1,052.9)	(144.6)	(718.8)	(54.6)
Disclosed as -				
Current asset	12.8	1.5	12.8	1.5
Non-current asset	175.6	461.3	182.7	461.3
Current liability	(300.2)	(44.2)	(14.4)	(12.6)
Non-current liability	(941.1)	(563.2)	(899.9)	(504.8)
	(1,052.9)	(144.6)	(718.8)	(54.6)



Notes to the Financial Statements

For the financial year ended 31 March 2010

26.1 Fair Values

The fair values of the currency and interest rate swap contracts excluded the accrued interest of S\$33.6 million (2009: S\$49.4 million). The accrued interest is separately disclosed in **Note 16** and **Note 28**.

The fair value adjustments of the derivative financial instruments were as follows -

2010	Group		Company	
	Fair value adjustments		Fair value adjustments	
	Assets S\$ Mil	Liabilities S\$ Mil	Assets S\$ Mil	Liabilities S\$ Mil
Fair value hedges				
Cross currency swaps	-	(94.0)	-	(94.0)
Interest rate swaps	187.8	-	187.8	-
Forward foreign exchange	11.8	4.5	11.8	0.6
Cash flow hedges				
Cross currency swaps	-	1,271.2	-	762.2
Interest rate swaps	(12.3)	25.9	(9.9)	13.4
Forward foreign exchange	1.1	15.9	1.1	10.0
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	-	197.2
Interest rate swaps	-	17.8	4.7	24.9
Forward foreign exchange	-	*	-	-
	188.4	1,241.3	195.5	914.3
Disclosed as -				
Current	12.8	300.2	12.8	14.4
Non-current	175.6	941.1	182.7	899.9
	188.4	1,241.3	195.5	914.3

* Denotes amount less than S\$50,000.



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For the financial year ended 31 March 2010

26.1 Fair Values (cont'd)

2009	Group		Company	
	Fair value adjustments		Fair value adjustments	
	Assets	Liabilities	Assets	Liabilities
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Fair value hedges				
Cross currency swaps	172.5	(94.5)	172.5	(94.5)
Interest rate swaps	268.8	-	268.8	-
Forward foreign exchange	1.5	9.0	1.5	8.6
Cash flow hedges				
Cross currency swaps	53.6	636.0	58.5	571.7
Interest rate swaps	(33.6)	44.7	(29.6)	28.9
Forward foreign exchange	-	4.6	-	2.7
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	(4.9)	-
Interest rate swaps	-	-	(4.0)	-
Forward foreign exchange	-	7.6	-	-
	<u>462.8</u>	<u>607.4</u>	<u>462.8</u>	<u>517.4</u>
Disclosed as -				
Current	1.5	44.2	1.5	12.6
Non-current	<u>461.3</u>	<u>563.2</u>	<u>461.3</u>	<u>504.8</u>
	<u>462.8</u>	<u>607.4</u>	<u>462.8</u>	<u>517.4</u>

The cash flow hedges are designated for foreign currency commitments and repayments of principal and interest of the foreign currency denominated bonds.

The forecasted transactions for the foreign currency commitments are expected to occur in the financial year ending 31 March 2011, while the forecasted transactions for the repayment of principal and interest of the foreign currency denominated bonds will occur according to the timing disclosed in **Note 30.1**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

26.1 Fair Values (cont'd)

As at 31 March 2010, the details of the outstanding derivative financial instruments were as follows -

	Group		Company	
	2010	2009	2010	2009
Interest rate swaps				
Notional principal (S\$ million equivalent)	5,737.5	5,214.6	5,382.1	4,713.5
Fixed interest rates	1.8% to 7.7%	2.0% to 7.7%	1.8% to 3.9%	2.0% to 3.9%
Floating interest rates	0.4% to 5.7%	3.2% to 5.5%	0.4% to 2.3%	3.9% to 5.5%
Cross currency swaps				
Notional principal (S\$ million equivalent)	5,193.5	4,910.4	3,649.7	3,679.8
Fixed interest rates	3.9% to 8.0%	3.9% to 8.1%	3.9% to 5.2%	3.9% to 5.2%
Floating interest rates	2.0% to 6.3%	2.3% to 4.7%	2.0% to 2.8%	2.3% to 3.1%
Forward foreign exchange				
Notional principal (S\$ million equivalent)	1,359.3	729.5	1,020.1	413.7

The interest rate swaps entered into by the Group are re-priced at intervals ranging from monthly to six-monthly periods. The interest rate swaps entered by the Company are re-priced every six months.

26.2 Fair Value Measurements

The Group classifies fair value measurements using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels -

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



Notes to the Financial Statements

For the financial year ended 31 March 2010

26.2 Fair Value Measurements (cont'd)

The following table presents the assets and liabilities measured at fair value as at 31 March 2010 -

Group 2010	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments (Note 25)				
- Quoted equity securities	238.1	-	-	238.1
- Unquoted	-	-	17.7	17.7
	238.1	-	17.7	255.8
Derivative financial instruments (Note 26)				
	-	188.4	-	188.4
	238.1	188.4	17.7	444.2
Financial liabilities				
Purchase consideration payable				
- Current (Note 28)	-	-	487.5	487.5
- Non-current (Note 33)	-	-	144.6	144.6
	-	-	632.1	632.1
Derivative financial instruments (Note 26)				
	-	1,241.3	-	1,241.3
	-	1,241.3	632.1	1,873.4



Notes to the Financial Statements

For the financial year ended 31 March 2010

26.2 Fair Value Measurements (cont'd)

Company 2010	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments (Note 25)				
- Quoted equity securities	21.0	-	-	21.0
- Unquoted equity securities	-	-	10.1	10.1
	21.0	-	10.1	31.1
Derivative financial instruments (Note 26)	-	195.5	-	195.5
	21.0	195.5	10.1	226.6
Financial liabilities				
Purchase consideration payable				
- Current (Note 28)	-	-	487.5	487.5
- Non-current (Note 33)	-	-	144.6	144.6
	-	-	632.1	632.1
Derivative financial instruments (Note 26)	-	914.3	-	914.3
	-	914.3	632.1	1,546.4

See **Note 2.7** for the policies on fair value estimation of the financial assets and liabilities.

The fair values of the unquoted equity securities in AFS investments included within Level 3 were estimated using the net asset values as reported in the statements of financial position in the management reports of the AFS investments.

The fair value estimation of the purchase consideration payable is as disclosed in **Note 3.6**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

26.2 Fair Value Measurements (cont'd)

The following table presents the reconciliation for the unquoted equity securities in AFS investments measured at fair value based on unobservable inputs (Level 3) -

	Group 2010 S\$ Mil	Company 2010 S\$ Mil
	<u> </u>	<u> </u>
AFS investments - unquoted		
Balance as at 1 April	18.4	9.8
Total gains included in other comprehensive income	1.1	0.3
Additions	0.2	-
Disposals	<u>(2.0)</u>	<u>-</u>
Balance as at 31 March	<u>17.7</u>	<u>10.1</u>

27. OTHER NON-CURRENT RECEIVABLES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Prepayments	89.6	118.7	158.4	104.5
Loan to joint venture company	9.4	-	-	-
Other receivables	<u>24.6</u>	<u>29.2</u>	<u>0.1</u>	<u>0.2</u>
	<u>123.6</u>	<u>147.9</u>	<u>158.5</u>	<u>104.7</u>



Notes to the Financial Statements

For the financial year ended 31 March 2010

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Trade payables	2,515.2	1,955.6	566.5	485.5
Advance billings	600.9	467.5	74.7	69.7
Accruals	654.4	507.1	94.3	85.8
Interest payables	183.9	186.1	140.1	140.0
Due to subsidiaries				
- trade	-	-	309.2	138.5
- non-trade	-	-	213.9	107.8
	-	-	523.1	246.3
Due to associated and joint venture companies (trade)	53.2	37.5	47.3	33.2
Deferred income (see Note 32)				
- Deferred gain on sale of a joint venture company	3.1	3.1	-	-
- Financial guarantee contracts	-	-	3.2	4.8
	3.1	3.1	3.2	4.8
Customers' deposits	21.6	21.4	11.5	11.6
Other deferred income	19.9	13.6	5.1	5.5
Purchase consideration payable	487.5	-	487.5	-
Other payables	110.1	75.6	46.3	48.3
	<u>4,649.8</u>	<u>3,267.5</u>	<u>1,999.6</u>	<u>1,130.7</u>

The amounts due to subsidiaries are repayable on demand and interest-free.

The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms.

The interest payables on borrowings are generally settled on a half-year basis except for interest payables on certain bonds and syndicated loan facilities which are settled on quarterly and monthly basis respectively.

The purchase consideration payable of S\$487.5 million (2009: Nil) represents the current payable in respect of the Group's purchase of an additional 1.5% effective equity interest in Bharti in November 2009. The non-current payable is shown in **Note 33**. The total amount payable is subject to a minimum and maximum purchase consideration to be finalised based on the prevailing Bharti share price in May 2011, in accordance with the terms of the share purchase agreement. As at 31 March 2010, as required by FRS 39, *Financial Instruments: Recognition and Measurement*, the Group assessed and recorded the fair value of the purchase consideration using a discounted cash flow model based on the same methodology described in **Note 24.1**, with post-tax discount rate of 10.6% and terminal growth rate of 4%. The Group will reassess the fair value of the purchase consideration payable at the end of each reporting period and at settlement date with any fair value adjustment taken to the income statement.



Notes to the Financial Statements

For the financial year ended 31 March 2010

29. PROVISION

The provision mainly relates to provision for liquidated damages and warranties. The movements were as follows -

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Balance as at 1 April	16.8	12.7
Acquisition of subsidiary	-	2.2
Provision	2.5	3.5
Amount written off against provision	(1.4)	(1.6)
Balance as at 31 March	<u>17.9</u>	<u>16.8</u>

30. BORROWINGS (UNSECURED)

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Current				
Bonds	577.6	542.2	-	-
Bank loans	935.4	885.0	-	-
Bank overdraft	0.1	0.2	-	-
	<u>1,513.1</u>	<u>1,427.4</u>	<u>-</u>	<u>-</u>
Non-current				
Bonds	4,496.8	5,004.3	3,809.1	4,353.2
Bank loans	831.1	1,043.2	-	-
	<u>5,327.9</u>	<u>6,047.5</u>	<u>3,809.1</u>	<u>4,353.2</u>
Total unsecured borrowings	<u>6,841.0</u>	<u>7,474.9</u>	<u>3,809.1</u>	<u>4,353.2</u>



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30.1 Bonds

Principal amount	Maturity	Fixed interest rate %	Group		Company	
			2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
US\$345 million ⁽¹⁾	2009	8.13	-	529.6	-	-
US\$393.8 million ⁽¹⁾	2010	8.00	559.9	636.4	-	-
US\$1,350 million ^{(2) (3)}	2011	6.38	2,024.0	2,251.7	2,024.0	2,251.7
US\$500 million ^{(1) (2)}	2019	4.63	687.7	-	-	-
US\$500 million ^{(2) (3)}	2031	7.38	791.2	1,024.2	791.2	1,024.2
€500 million ^{(2) (3)}	2011	6.00	993.9	1,077.3	993.9	1,077.3
A\$62.6 million	2011	6.82	17.7	27.3	-	-
			5,074.4	5,546.5	3,809.1	4,353.2
Classified as -						
Current			577.6	542.2	-	-
Non-current			4,496.8	5,004.3	3,809.1	4,353.2
			5,074.4	5,546.5	3,809.1	4,353.2

Notes:

- (1) The bonds, issued by Optus Group, are subject to a negative pledge that limits the amount of secured indebtedness of certain subsidiaries of Optus.
- (2) The bonds are listed on Singapore Exchange.
- (3) On 4 January 2010, the bonds were delisted from the Luxembourg Stock Exchange.

30.2 Bank Loans

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Current	935.4	885.0
Non-current	831.1	1,043.2
	1,766.5	1,928.2

As at 31 March 2010, A\$375 million (2009: A\$375 million) had been drawn down under various loan facilities totalling A\$975 million with maturity between April to September 2012.

As at 31 March 2010, S\$1.28 billion (2009: S\$1.54 billion) had been drawn down under various loan facilities of approximately S\$3 billion with maturity between August 2010 to November 2013.



Notes to the Financial Statements

For the financial year ended 31 March 2010

30.3 Maturity

The maturity periods of the non-current unsecured borrowings at the end of the reporting period were as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Between one and two years	3,017.9	951.1	3,017.9	-
Between two and five years	831.1	4,072.2	-	3,329.0
Over five years	1,478.9	1,024.2	791.2	1,024.2
	<u>5,327.9</u>	<u>6,047.5</u>	<u>3,809.1</u>	<u>4,353.2</u>

30.4 Interest Rates

The weighted average effective interest rates at the end of the reporting period were as follows -

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bonds	6.4	6.8	6.5	6.5
Bank loans	2.5	2.4	-	-

30.5 Fair Values

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Carrying value				
Bonds	5,074.4	5,546.5	3,809.1	4,353.2
Bank loans	1,766.5	1,928.2	-	-
Fair value				
Bonds	5,183.7	5,296.4	3,918.4	4,103.1
Bank loans	1,776.0	1,940.4	-	-

See **Note 2.7** on the basis of estimating the fair values and **Note 26** for information on the derivative financial instruments used for hedging the risks associated with the borrowings.



Notes to the Financial Statements

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30.6 The tables below set out the expected contractual undiscounted cash flows of the borrowings, including the effects of hedging. The adjustments column represents the possible future cash flows attributable to the borrowings which are not included in the carrying amounts on the statement of financial position.

Group	Less than 1 year S\$ Mil	Between 1 and 2 years S\$ Mil	Between 2 and 5 years S\$ Mil	Over 5 years S\$ Mil	Adjustments S\$ Mil	Total S\$ Mil
As at 31 March 2010						
Net-settled interest rate swaps	462.3	170.2	122.9	563.2	(1,318.6)	-
Borrowings	1,586.3	3,585.9	933.7	1,743.4	(1,008.3)	6,841.0
	2,048.6	3,756.1	1,056.6	2,306.6	(2,326.9)	6,841.0

As at 31 March 2009

Net-settled interest rate swaps	165.3	224.4	177.1	543.5	(1,110.3)	-
Borrowings	1,503.4	938.1	4,078.4	881.2	73.8	7,474.9
	1,668.7	1,162.5	4,255.5	1,424.7	(1,036.5)	7,474.9

Company	Less than 1 year S\$ Mil	Between 1 and 2 years S\$ Mil	Between 2 and 5 years S\$ Mil	Over 5 years S\$ Mil	Adjustments S\$ Mil	Total S\$ Mil
As at 31 March 2010						
Net-settled interest rate swaps	160.4	143.7	61.3	474.0	(839.4)	-
Borrowings	-	3,528.6	-	881.2	(600.7)	3,809.1
Financial guarantee contracts (Note 32)	0.5	-	9.0	-	-	9.5
	160.9	3,672.3	70.3	1,355.2	(1,440.1)	3,818.6

As at 31 March 2009

Net-settled interest rate swaps	160.4	156.8	177.1	543.5	(1,037.8)	-
Borrowings	-	-	3,335.2	881.2	136.8	4,353.2
Financial guarantee contracts (Note 32)	1.8	1.6	8.9	-	-	12.3
	162.2	158.4	3,521.2	1,424.7	(901.0)	4,365.5

The maximum amount that the Company can be called on under the financial guarantee contract if the full guaranteed amount is claimed by the counterparty to the guarantee is as disclosed in **Note 41(a)(iii)**.



Notes to the Financial Statements

For the financial year ended 31 March 2010

31. BORROWINGS (SECURED)

31.1 Finance Lease Liabilities

The minimum lease payments under the finance lease liabilities were payable as follows -

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Not later than one year	17.1	7.4
Later than one but not later than five years	24.8	14.8
	41.9	22.2
<i>Less: Future finance charges</i>	(3.8)	(2.1)
	<u>38.1</u>	<u>20.1</u>
Classified as -		
Current	14.9	6.4
Non-current	23.2	13.7
	<u>38.1</u>	<u>20.1</u>

31.2 Interest Rates

The weighted average effective interest rates per annum at the end of the reporting period were as follows -

	Group	
	2010 %	2009 %
Finance lease liabilities	<u>10.0</u>	<u>10.7</u>

31.3 Fair Values

	Group	
	2010 S\$ Mil	2009 S\$ Mil
Carrying value		
Finance lease liabilities	<u>38.1</u>	<u>20.1</u>
Fair value		
Finance lease liabilities	<u>38.1</u>	<u>20.1</u>

The fair value of the finance lease obligations was estimated by discounting the expected future cash flows using current interest rates for liabilities with similar risk profiles.



Notes to the Financial Statements

For the financial year ended 31 March 2010

32. DEFERRED INCOME

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Gain on sale and leaseback arrangements				
Balance as at 1 April	11.3	14.1	5.3	6.8
Amount recognised as income during the year	(1.7)	(2.8)	(0.9)	(1.5)
Balance as at 31 March	9.6	11.3	4.4	5.3
Deferred gain on sale of a joint venture company				
Balance as at 1 April	26.0	29.1	-	-
Amount recognised as income during the year	(3.1)	(3.1)	-	-
Balance as at 31 March	22.9	26.0	-	-
Financial guarantee contracts				
Balance as at 1 April	-	-	12.3	5.3
Amount deferred during the year	-	-	17.8	12.6
Amount recognised as income during the year	-	-	(20.6)	(5.6)
Balance as at 31 March	-	-	9.5	12.3
	32.5	37.3	13.9	17.6
Classified as -				
Current (see Note 28)	3.1	3.1	3.2	4.8
Non-current	29.4	34.2	10.7	12.8
	32.5	37.3	13.9	17.6

Gain on sale and finance leaseback of certain telecommunications equipment is recognised as income over the lease period of 11 to 16 years.

Deferred gain on sale of a joint venture company is recognised as income on a straight-line basis over the remaining useful life of the joint venture company's cable system of approximately 10 years.



Notes to the Financial Statements

For the financial year ended 31 March 2010

33. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Performance share liability	8.7	4.4	6.5	2.8
Other deferred income	13.9	20.2	-	-
Other payables, including purchase consideration payable (see Note 28)	333.1	128.3	149.3	6.4
	<u>355.7</u>	<u>152.9</u>	<u>155.8</u>	<u>9.2</u>

34. SHARE CAPITAL

Group and Company	2010		2009	
	Number of shares Mil	Share capital S\$ Mil	Number of shares Mil	Share capital S\$ Mil
Balance as at 1 April	15,926.8	2,605.6	15,920.8	2,593.7
Issue of shares under share options	5.4	10.7	6.0	11.9
Balance as at 31 March	<u>15,932.2</u>	<u>2,616.3</u>	<u>15,926.8</u>	<u>2,605.6</u>

All issued shares are fully paid.

During the year, the Company issued 5,391,400 (2009: 6,050,600) shares upon the exercise of 5,391,400 (2009: 6,050,600) share options under the 1999 Scheme at exercise prices between S\$1.41 and S\$2.85 (2009: S\$1.41 and S\$2.85) per share.

The newly issued shares rank pari passu in all respects with the previously issued shares.

Capital Management

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings. In order to achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

The Group monitors capital based on gross and net gearing ratios, and the dividend payout ratio target ranges from 45% to 60% of its underlying net profit, defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, as well as significant exceptional items of the associated and joint venture companies.

From time to time, the Group purchases its own shares from the market. The shares purchased are primarily for delivery to employees upon vesting of performance shares awarded under the Group's performance share plans. The Group can also cancel the shares which are re-purchased from the market.

There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to any externally imposed capital requirement.



Notes to the Financial Statements

For the financial year ended 31 March 2010

35. DIVIDENDS

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Final dividend of 6.9 cents (2009: 6.9 cents) (one-tier tax exempt) per share, paid	1,097.0	1,098.1	1,097.4	1,098.8
Interim dividend of 6.2 cents (2009: 5.6 cents) (one-tier tax exempt) per share, paid	987.0	891.3	987.5	892.1
	<u>2,084.0</u>	<u>1,989.4</u>	<u>2,084.9</u>	<u>1,990.9</u>

During the year, a final one-tier exempt ordinary dividend of 6.9 cents per share was paid in respect of the financial year ended 31 March 2009, and an interim one-tier exempt ordinary dividend of 6.2 cents per share was paid in respect of the financial year ended 31 March 2010.

The amount paid by the Group differed from that paid by the Company due to dividends on performance shares held by the Trust that were eliminated on consolidation of the Trust.

The Directors have proposed a final one-tier exempt ordinary dividend of 8.0 cents per share totalling approximately S\$1.27 billion in respect of the financial year ended 31 March 2010 for approval at the forthcoming Annual General Meeting.

These financial statements do not reflect the final dividend payable of approximately S\$1.27 billion, which will be accounted for in the shareholders' equity as an appropriation of 'Retained Earnings' in the next financial year ending 31 March 2011.

36. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of FVTPL investments, AFS investments and borrowings are set out in **Note 17, Note 25, Note 30** and **Note 31** respectively.

The carrying values of the other financial assets and liabilities approximate their fair values.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 Financial Risk Factors

The Group's activities are exposed to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, liquidity risk and market risk. The Group's overall risk management seeks to minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group uses financial instruments such as currency forwards, cross currency and interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures. No financial derivatives are held or sold for speculative purposes.

The Directors assume responsibility for the overall financial risk management of the Group. The Finance, Investment and Risk Committee ("**FIRC**") assists the Directors in reviewing and establishing policies relating to financial risk management in accordance with the policies and directives of the Directors.



Notes to the Financial Statements

For the financial year ended 31 March 2010

37.2 Foreign Exchange Risk

The foreign exchange risk of the Group arises from subsidiaries, associated and joint venture companies operating in foreign countries such as Australia, Bangladesh, India, Indonesia, Philippines, Pakistan and Thailand. Translation risks of overseas net investments are not hedged unless approved by the FIRC. As approved by the FIRC, EUR 500 million borrowing has been swapped into AUD 825.3 million borrowing to hedge against the translation risk of the Group's investment in Australia. As at 31 March 2010, if the Australian Dollar appreciates or depreciates against the Singapore Dollar by 3 percentage points, the impact to equity from the translation of the AUD 825.3 million borrowing will be S\$31.8 million (2009: S\$26.0 million).

The Group also has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the respective borrowing entities using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any change in the fair value of the cross currency swaps has minimal impact on profit and equity.

The Group Treasury Policy, as approved by the FIRC, is to substantially hedge all known transactional currency exposures. The Group generates revenue, receives foreign dividends and incurs costs in currencies which are other than the functional currencies of the operating units, thus giving rise to foreign exchange risk. The currency exposures are primarily relating to Australian Dollar, Euro, Hong Kong Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Pound Sterling, Thai Baht, United States Dollar and Japanese Yen.

Foreign currency purchases and forward currency contracts are used to reduce the Group's transactional exposure to foreign currency exchange rate fluctuations. The foreign exchange difference on trade balances is disclosed under **Note 6** and the exchange difference on non-trade balances is disclosed under **Note 10**.

37.3 Interest Rate Risk

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks on its interest income by placing the cash balances on varying maturities and interest rate terms.

The Group's borrowings include bank borrowings and bonds. The borrowings expose the Group to interest rate risk. The Group seeks to minimise its exposure to these risks by entering into interest rate swaps over the duration of its borrowings. Interest rate swaps entail the Group agreeing to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 March 2010, after taking into account the effect of interest rate swaps, approximately 67% (2009: 59%) of the Group's borrowings were at fixed rates of interest.

As at 31 March 2010, assuming that the market interest rate is 50 basis points higher or lower than the market interest rate and with no change to the other variables, the annualised interest expense on borrowings would be higher or lower by S\$13.4 million (2009: S\$14.2 million).



Notes to the Financial Statements

For the financial year ended 31 March 2010

37.4 Credit Risk

Financial assets that potentially subject the Group to concentrations of credit risk consist primarily of trade receivables, cash and cash equivalents, marketable securities and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessment and approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers or enters into credit insurance arrangements. See **Note 16** for additional information.

The Group places its cash and cash equivalents and marketable securities with a number of major and high credit rating commercial banks and other financial institutions. Derivative counter-parties are limited to high credit rating commercial banks and other financial institutions. The Group has policies that limit the financial exposure to any one financial institution.

37.5 Liquidity Risk

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. See **Note 30.6** for additional information.

37.6 Market Risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.



Notes to the Financial Statements

For the financial year ended 31 March 2010

38. SEGMENT INFORMATION

Segment information is presented based on the information reviewed by the chief operating decision maker for performance measurement and resource allocation.

The Group's reportable segments are as follows -

Singapore – represent the services and products provided by SingTel and its subsidiaries (excluding Optus).

Australia – represent the services and products provided by Optus, a wholly-owned subsidiary of the Group domiciled in Australia.

Associates & Joint Ventures (“Assoc & JV”) – represent the Group's investments in associated and joint venture companies which mainly comprise Advanced Info Service Public Company Limited (“AIS”) in Thailand, Bharti in India, Globe Telecom, Inc. (“Globe”) in the Philippines, and PT Telekomunikasi Selular (“Telkomsel”) in Indonesia.

The main services and products provided by both Singapore and Australia are mobile communications, data and Internet, national telephone, information technology and engineering, sale of equipment, international telephone and pay television.

The accounting policies used to derive the reportable operating segment results are consistent with those described in the “Significant Accounting Policies” note to the financial statements.

Segment results represent operating revenue less expenses. Corporate costs represent the allocated costs of the Group function not allocated to the reportable operating segments.

Segment assets represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment and inventories. Corporate held-assets managed at corporate level include cash and bank balances, fixed deposits and AFS investments.

Segment capital expenditure comprise additions to property, plant and equipment and intangible assets.

The comparative figures for the previous financial year ended 31 March 2009 were restated to be consistent with the current year's presentation.

The Group's revenue from its major products and services are disclosed in **Note 4**.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 31 March 2010 and 31 March 2009.



Notes to the Financial Statements

For the financial year ended 31 March 2010

38. SEGMENT INFORMATION (cont'd)

Group 2010	Singapore S\$ Mil	Australia S\$ Mil	Assoc & JV S\$ Mil	Elim S\$ Mil	Segment Total S\$ Mil	Corp S\$ Mil	Group Total S\$ Mil
Operating revenue	5,995.0	10,875.9	-	-	16,870.9	-	16,870.9
Segment results	1,734.2	1,212.2	-	-	2,946.4	(72.5)	2,873.9
Other income	40.5	51.1	-	-	91.6	3.1	94.7
Profit/ (Loss) before exceptional items	1,774.7	1,263.3	-	-	3,038.0	(69.4)	2,968.6
Exceptional items	(5.0)	-	(260.0)	-	(265.0)	269.7	4.7
Profit/ (Loss) on operating activities	1,769.7	1,263.3	(260.0)	-	2,773.0	200.3	2,973.3
Share of results of associated and joint venture companies							
- Bharti	-	-	834.8	-	834.8	-	834.8
- Telkomsel	-	-	681.5	-	681.5	-	681.5
- Globe	-	-	164.5	-	164.5	-	164.5
- AIS	-	-	148.1	-	148.1	-	148.1
- Others	-	-	33.2	-	33.2	-	33.2
	-	-	1,862.1	-	1,862.1	-	1,862.1
Profit before interest, investment income (net) and tax	1,769.7	1,263.3	1,602.1	-	4,635.1	200.3	4,835.4
Interest and investment income (net)	-	22.3	-	-	22.3	(30.7)	(8.4)
Finance costs	-	(109.1)	-	-	(109.1)	(216.8)	(325.9)
Profit/ (Loss) before tax	1,769.7	1,176.5	1,602.1	-	4,548.3	(47.2)	4,501.1
Segment assets							
Investment in associated and joint venture companies							
- Bharti	-	-	4,951.5	-	4,951.5	-	4,951.5
- Telkomsel	-	-	3,231.9	-	3,231.9	-	3,231.9
- Globe	-	-	1,049.0	-	1,049.0	-	1,049.0
- AIS	-	-	656.8	-	656.8	-	656.8
- Others	-	-	522.3	-	522.3	-	522.3
	-	-	10,411.5	-	10,411.5	-	10,411.5
Goodwill on acquisition of subsidiaries	82.2	9,572.4	-	-	9,654.6	-	9,654.6
Other assets	4,706.4	13,938.9	-	(2,938.3)	15,707.0	2,178.4	17,885.4
	4,788.6	23,511.3	10,411.5	(2,938.3)	35,773.1	2,178.4	37,951.5
Capital expenditure	722.0	1,572.7	-	-	2,294.7	-	2,294.7
Depreciation and amortisation	(518.2)	(1,359.8)	-	-	(1,878.0)	-	(1,878.0)
Impairment of property, plant and equipment	(8.9)	-	-	-	(8.9)	-	(8.9)
Impairment of AFS investments	-	-	-	-	-	(60.9)	(60.9)
Impairment of associated company	-	-	(260.0)	-	(260.0)	-	(260.0)



Notes to the Financial Statements

For the financial year ended 31 March 2010

38. SEGMENT INFORMATION (cont'd)

Group 2009	Singapore S\$ Mil	Australia S\$ Mil	Assoc & JV S\$ Mil	Elim S\$ Mil	Segment Total S\$ Mil	Corp S\$ Mil	Group Total S\$ Mil
Operating revenue	5,547.4	9,387.0	-	-	14,934.4	-	14,934.4
Segment results	1,657.8	1,014.2	-	-	2,672.0	(65.6)	2,606.4
Other income	27.9	50.3	-	-	78.2	13.9	92.1
Profit/ (Loss) before exceptional items	1,685.7	1,064.5	-	-	2,750.2	(51.7)	2,698.5
Exceptional items	7.3	-	(330.0)	-	(322.7)	87.0	(235.7)
Profit/ (Loss) on operating activities	1,693.0	1,064.5	(330.0)	-	2,427.5	35.3	2,462.8
Share of results of associated and joint venture companies							
- Bharti	-	-	1,032.5	-	1,032.5	-	1,032.5
- Telkomsel	-	-	516.9	-	516.9	-	516.9
- Globe	-	-	171.9	-	171.9	-	171.9
- AIS	-	-	134.8	-	134.8	-	134.8
- Others	-	-	(60.0)	-	(60.0)	-	(60.0)
	-	-	1,796.1	-	1,796.1	-	1,796.1
Profit before interest, investment income (net) and tax	1,693.0	1,064.5	1,466.1	-	4,223.6	35.3	4,258.9
Interest and investment income (net)	-	12.4	-	-	12.4	36.1	48.5
Finance costs	-	(150.9)	-	-	(150.9)	(209.8)	(360.7)
Profit/ (Loss) before tax	1,693.0	926.0	1,466.1	-	4,085.1	(138.4)	3,946.7
Segment assets							
Investment in associated and joint venture companies							
- Bharti	-	-	3,279.4	-	3,279.4	-	3,279.4
- Telkomsel	-	-	2,773.2	-	2,773.2	-	2,773.2
- Globe	-	-	1,129.0	-	1,129.0	-	1,129.0
- AIS	-	-	580.4	-	580.4	-	580.4
- Others	-	-	897.2	-	897.2	-	897.2
	-	-	8,659.2	-	8,659.2	-	8,659.2
Goodwill on acquisition of subsidiaries	82.2	9,537.8	-	-	9,620.0	-	9,620.0
Other assets	4,218.9	10,482.8	-	(1,665.8)	13,035.9	1,939.6	14,975.5
	4,301.1	20,020.6	8,659.2	(1,665.8)	31,315.1	1,939.6	33,254.7
Capital expenditure	640.9	1,248.5	-	-	1,889.4	-	1,889.4
Depreciation and amortisation	(476.1)	(1,256.6)	-	-	(1,732.7)	-	(1,732.7)
Impairment of property, plant and equipment	(3.5)	-	-	-	(3.5)	-	(3.5)
Impairment of associated and joint venture companies	-	-	(330.0)	-	(330.0)	-	(330.0)



Notes to the Financial Statements

For the financial year ended 31 March 2010

39. OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Not later than one year	453.8	424.0	158.6	89.8
Later than one but not later than five years	1,394.6	1,211.0	215.6	152.7
Later than five years	1,385.5	1,134.2	515.8	336.6
	<u>3,233.9</u>	<u>2,769.2</u>	<u>890.0</u>	<u>579.1</u>

Sale and operating leaseback contracts were entered into for certain property, plant and equipment for a period of 20 years commencing from 2 March 2005 and 18 January 2010. The above commitments included the minimum amounts payable of S\$37.8 million (2009: S\$24.4 million) per annum under those contracts. The operating lease payments under these contracts are subject to review every year with a general increase not exceeding the higher of 2 per cent or Consumer Price Index percentage of the preceding year.

40. COMMITMENTS

40.1 The commitments for capital and operating expenditures, and investments which had not been recognised in the financial statements, excluding the commitments shown under **Note 40.2**, were as follows -

	Group		Company	
	2010 S\$ Mil	2009 S\$ Mil	2010 S\$ Mil	2009 S\$ Mil
Authorised and contracted for	<u>928.7</u>	<u>763.0</u>	<u>105.3</u>	<u>105.5</u>

The above included equity funding commitments for an associated company of US\$66 million (S\$92 million) (2009: US\$75 million) and commitments to purchase capacity in the cable network of a joint venture company of A\$57 million (S\$73 million) (2009: Nil).

40.2 As at 31 March 2010, the Group's commitments for the purchase of broadcasting program rights were S\$602.6 million (2009: S\$211.9 million). The commitments included only the minimum guaranteed amounts payable under the respective contracts and do not include amounts that may be payable based on revenue share arrangement which cannot be reliably determined as at the end of the reporting period. A third-party had agreed to reimburse the Group for A\$2.2 million (S\$2.8 million) (2009: A\$3.2 million) of certain relevant commitments.



Notes to the Financial Statements

For the financial year ended 31 March 2010

41. CONTINGENT LIABILITIES

(a) Guarantees

As at 31 March 2010,

- (i) The Group and Company provided bankers' and other guarantees, and insurance bonds of S\$687.6 million and S\$435.5 million (31 March 2009: S\$226.9 million and S\$19.2 million) respectively.
- (ii) The Company provided guarantees for loans totalling S\$1.28 billion (2009: S\$1.54 billion) drawn down under various loan facilities entered into by SGT with maturity between August 2010 and November 2013. SGT made early repayment of loans totalling S\$930 million in April 2010.
- (iii) The Company provided a guarantee for US\$94 million (S\$132 million) on a proportionate share basis in respect of a loan obtained by an associated company.

(b) Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission") and institution of class action suits

SingTel announced on 29 June 2007 that SingTel and its wholly-owned subsidiary, Singapore Telecom Mobile Pte Ltd ("**SingTel Mobile**"), had been called by the Commission to attend before it for an examination concerning the allegation of a violation by Temasek Business Group of Article 27(a) ¹ of Law No.5 of 1999 (the "**Law**") relating to business competition matters.

On 20 November 2007, SingTel announced that the Commission had issued its decision (the "**Decision**"). The Decision states that SingTel and SingTel Mobile together with other parties to the proceedings (the "**Parties**") are in violation of Article 27(a) of the Law and that Telkomsel is in violation of Article 17(1) ² of the Law.

The Decision orders, amongst other things, that (i) the Parties divest either Telkomsel or PT Indosat Tbk ("**Indosat**") within two years, (ii) Telkomsel reduces tariffs by at least 15 per cent and (iii) each of the Parties and Telkomsel pay 25 billion rupiah in fines.

SingTel and SingTel Mobile filed an appeal to the District Court of Central Jakarta on 19 December 2007. The District Court announced its ruling on 9 May 2008 dismissing SingTel's and SingTel Mobile's appeal, but (i) setting aside the order that Telkomsel reduce tariffs by at least 15 per cent; and (ii) reducing the fine for each of the Parties and Telkomsel to 15 billion rupiah (approximately S\$2 million). SingTel and SingTel Mobile appealed to the Supreme Court of the Republic of Indonesia on 22 May 2008.

By a written decision dated 9 September 2008, of which official notification was given to SingTel and SingTel Mobile on 25 November 2008, the Supreme Court dismissed the appeal.

¹ Article 27(a) relates to the ownership of majority shares in several similar companies conducting business activities in the same field in the same market.

² Article 17(1) relates to the control of the production and or marketing of goods and or services which may result in monopolistic practices and or unfair business competition.



Notes to the Financial Statements

For the financial year ended 31 March 2010

41. CONTINGENT LIABILITIES (cont'd)

(b) **Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission") and institution of class action suits** (cont'd)

On 20 May 2009, SingTel and SingTel Mobile filed an application to the Indonesian Supreme Court for civil review of the Supreme Court decision. On 9 June 2009, KPPU applied to the Central Jakarta District Court to enforce the Supreme Court Decision. Both applications are understood to be pending.

SingTel and SingTel Mobile will continue to take all necessary steps to protect their interests.

In December 2007, a class action suit has been filed in Indonesia, in the Tangerang District Court against SingTel, SingTel Mobile, PT Telekomunikasi Indonesia Tbk, Indosat, the State Ministry of State Owned Enterprises of the Government of Indonesia and other parties largely similar to the Parties.

The Plaintiffs to the suit are consumers of cellular mobile services and have made their claims pursuant to the Consumer Protection Law and the Telecommunication Law.

The Plaintiffs seek interim relief which includes, amongst other things, an order for an attachment of shares in Telkomsel and Indosat and the assets of Telkomsel and Indosat. The Plaintiffs also seek substantial damages, amongst other things, as final relief.

The Tangerang class action remains at a preliminary phase. SingTel and SingTel Mobile have been advised by its legal advisers that the Plaintiffs' claims are without merit and will take all necessary steps to protect their interests.

(c) **Disputes concerning content supply**

Optus is in dispute with The Movie Network Channels Pty Limited ("**Movie Network**"), a content supplier, regarding licence fees under a content supply agreement. Judgement has been received in Optus' favour. Movie Network has appealed the judgement. Optus is vigorously defending the appeal.

(d) **Other commercial disputes**

Optus (and certain subsidiaries) is in dispute with third parties regarding certain transactions and/or representations arising out of the ordinary course of business. Some of these disputes involve legal proceedings relating to the contractual obligations of the parties and/or representations made, including the amounts payable by Optus' companies under the contracts and claims against Optus' companies for compensation for alleged breach of contract and/or representations. Optus is vigorously defending all these claims.



Notes to the Financial Statements

For the financial year ended 31 March 2010

42. SIGNIFICANT DISPUTES AT JOINT VENTURE COMPANIES

- (a) In January 2008, TOT Public Company Limited and CAT Telecom Public Company Limited demanded additional payments of revenue share from AIS and its subsidiary, Digital Phone Company Limited ("DPC") respectively. The Group holds an equity interest of 21.3% in AIS Group.

AIS and DPC have stated that in their opinion, the amounts demanded are the same as the excise taxes that they have submitted to the Excise Department in prior years, according to the resolution of the Thai Cabinet dated 11 February 2003, and believe that the rulings of the Arbitration Panel shall have no impact to their financial statements. Both cases are in the arbitration process and it could take several years before an arbitral award is rendered.

- (b) Bharti, a 32.0%-owned joint venture of the Group, has received demands amounting to Rs 2,289 million (SingTel's equity share: S\$23 million) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. Bharti's view is that such imports should not be subject to any custom duty as it would be an operating software exempt from any custom duty. Bharti's management is of the view that the probability of the claims being successful is remote.

43. SUBSEQUENT EVENT

On 8 April 2010, SGT completed a S\$600 million Note issue maturing in 2020 with a semi-annual coupon of 3.4875% per annum. The Note issue is guaranteed by the Company and listed on the Singapore Exchange on 9 April 2010.

44. COMPARATIVE FIGURES

The foreign exchange gain, net of hedging, from capital reduction of subsidiary in the previous financial year had been reclassified from 'Interest and investment income (net)' to 'Exceptional items' to be consistent with the current year's presentation.

	Group 2009 S\$ Mil
Exceptional items	
- as previously reported	(319.6)
- effects of change	83.9
	<hr/>
- restated	(235.7)
	<hr/>
Interest and investment income (net)	
- as previously reported	132.4
- effects of change	(83.9)
	<hr/>
- restated	48.5
	<hr/>



Notes to the Financial Statements

For the financial year ended 31 March 2010

45. EFFECTS OF FRS AND INT FRS ISSUED BUT NOT YET EFFECTIVE

Certain new or revised FRS and INT FRS are mandatory for adoption by the Group for financial period beginning on 1 April 2010.

In particular, FRS 103 (revised) – *Business Combinations*, introduces changes to the accounting for business combinations, and FRS 27 (revised) – *Consolidated and Separate Financial Statements*, requires changes in the ownership interest of a subsidiary, while maintaining control, to be accounted for as an equity transaction. These changes will be applied prospectively for transactions after the date of adoption of the standards.

The other new or revised FRS and INT FRS are not expected to have a significant impact on the financial statements of the Group or the Company in the period of initial application.

46. COMPANIES IN THE GROUP

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore. The following were the significant subsidiaries, associated and joint venture companies as at 31 March 2010 and 31 March 2009.

46.1 Significant subsidiaries incorporated in Singapore

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
1.	C2C Asiapac Pte Ltd	Provision of administrative, technical and advisory services	100	100
2.	CVSI Pte Ltd	Provision of service support of computer hardware & software and other information technology related services	100	100
3.	NCS Communications Engineering Pte. Ltd.	Provision of facilities management and consultancy services, and distributor of specialised telecommunications and data communication products	100	100
4.	NCS Pte. Ltd.	Provision of information technology and consultancy services	100	100
5.	NCSI Solutions Pte. Ltd.	Provision of information technology services	100	100
6.	SCS Computer Systems Pte. Ltd.	Provision of information technology and consultancy services	100	100
7.	NCSI Holdings Pte. Ltd.	Investment holding	100	100



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.1 Significant subsidiaries incorporated in Singapore (cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010	2009
			%	%
8.	Computer Systems Holdings Pte Ltd	Investment holding	100	100
9.	Singapore Telecom Mobile Pte Ltd	Operation and provision of cellular mobile telecommunications systems and services, resale of fixed line and broadband services and investment holding	100	100
10.	Singapore Telecom Paging Pte Ltd	Investment holding	100	100
11.	SingNet Pte Ltd	Provision of internet access services	100	100
12.	Singapore Telecom International Pte Ltd	Holding of strategic investments and provision of technical and management consultancy services	100	100
13.	SingTel Group Treasury Pte. Ltd.	Provision of finance and treasury services to SingTel and its subsidiaries	100	100
14.	SingTel Investments Private Limited	Portfolio investment holding company	100	100
15.	SingTel Ventures (Singapore) Private Limited	Venture capital investments in start-up technology and telecommunications companies	100	100
16.	SingTelSat Pte Ltd	Provision of satellite capacity for telecommunications and video broadcasting services	100	100
17.	SingTel Asia Pacific Investments Pte. Ltd.	Investment holding and provision of consultancy services	100	100
18.	ST-2 Satellite Ventures Private Limited	Provision of satellite capacity for telecommunications and video broadcasting services	61.9	61.9
19.	Subsea Network Services Pte Ltd	Ownership and chartering of barges and provision of storage facilities for submarine cables and related equipment	100	100
20.	Sembawang Cable Depot Pte Ltd	Provision of storage facilities for submarine cables and related equipment	60	60



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.1 Significant subsidiaries incorporated in Singapore (cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010	2009
			%	%
21.	SingTel Digital Media Pte Ltd	Development and management of on-line internet portal	100	100
22.	Telecom Equipment Pte Ltd	Engaged in the sale and maintenance of telecommunications equipment	100	100

46.2 Significant subsidiaries incorporated in Australia

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010	2009
			%	%
1.	Alphawest Services Pty Ltd ⁽¹⁾	Provision of information technology services	100	100
2.	Cable & Wireless Optus Satellites Pty Limited ⁽¹⁾	C1 Satellite contracting party	100	100
3.	Inform Systems Australia Pty Ltd ⁽¹⁾	Provision of information technology services	100	100
4.	NCSI (Australia) Pty Limited	Provision of information technology services	100	100
5.	Optus Administration Pty Limited ⁽¹⁾	Provision of management services to the Optus Group	100	100
6.	Optus Backbone Investments Pty Limited	Investment in telecommunications network infrastructure in Australia	100	-
7.	Optus Billing Services Pty Limited ⁽⁴⁾	Provision of billing services to the Optus Group	100	100
8.	Optus Broadband Pty Limited ⁽¹⁾	Provision of high speed residential internet service	100	100
9.	Optus Data Centres Pty Limited ⁽¹⁾	Provision of data communication services	100	100
10.	Optus Finance Pty Limited ⁽¹⁾	Provision of financial services to the Optus Group	100	100
11.	Optus Insurance Services Pty Limited	Provision of handset insurance and related services	100	100
12.	Optus Internet Pty Limited ⁽¹⁾	Provision of internet services to retail customers	100	100



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.2 Significant subsidiaries incorporated in Australia (cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
13.	Optus Mobile Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
14.	Optus Narrowband Pty Limited ^(*)	Provision of narrow band portal content services	100	100
15.	Optus Networks Investments Pty Ltd ^{(*) (1)}	Bidding company for the National Broadband Network in Australia	100	100
16.	Optus Networks Pty Limited ⁽¹⁾	Provision of telecommunications services	100	100
17.	Optus Rental & Leasing Pty Limited ^(*)	Provision of equipment rental services to customers	100	100
18.	Optus Stockco Pty Limited ^(*)	Purchases of Optus Group network inventory	100	100
19.	Optus Superannuation Pty Limited ^(*)	A trustee for Optus Group's superannuation scheme	100	100
20.	Optus Systems Pty Limited ⁽¹⁾	Provision of information technology services to the Optus Group	100	100
21.	Optus Vision Interactive Pty Limited ^(*)	Provision of interactive television service	100	100
22.	Optus Vision Media Pty Limited ^{(*) (2)}	Provision of broadcasting related services	20	20
23.	Optus Vision Pty Limited ⁽¹⁾	Provision of telecommunications services	100	100
24.	Perpetual Systems Pty Ltd ⁽¹⁾	Provision of IT disaster recovery services	100	100
25.	Prepaid Services Pty Limited ⁽¹⁾	Distribution of prepaid mobile products	100	100
26.	Reef Networks Pty Ltd ⁽¹⁾	Operation and maintenance of fibre optic network between Brisbane and Cairns	100	100
27.	Singapore Telecom Australia Investments Pty Limited	Investment holding company	100	100
28.	Simplus Mobile Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
29.	SingTel Optus Pty Limited	Investment holding company	100	100



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.2 Significant subsidiaries incorporated in Australia (cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
30.	Source Integrated Networks Pty Limited ⁽¹⁾	Provision of data communications and network services	100	100
31.	Uecomm Operations Pty Limited ⁽¹⁾	Provision of data communication services	100	100
32.	Virgin Mobile (Australia) Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
33.	XYZed LMDS Pty Limited ^(*)	Holder of telecommunications licence	100	100
34.	XYZed Pty Limited ⁽¹⁾	Provision of telecommunications services	100	100

All companies are audited by Deloitte Touche Tohmatsu, Australia, except for those companies denoted (*) where no statutory audit is required.

Notes:

(1) These entities are relieved from the Australian Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998.

(2) Optus Vision Media Pty Limited is deemed to be a subsidiary by virtue of control.

46.3 Significant subsidiaries incorporated outside Singapore and Australia

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
1.	GB21 (Hong Kong) Limited	Provision of telecommunications services and products	Hong Kong	100	100
2.	Guangzhou Zhong Sheng Information Technology Co., Ltd. ^{(**)(1)}	Provision of information technology training	People's Republic of China	100	100
3.	Information Network Services Sdn Bhd	Provision of data communication and value added network services	Malaysia	100	100
4.	Lanka Communication Services (Pvt) Limited	Provision of data communication services	Sri Lanka	82.9	82.9
5.	NCSI Information Technology (Suzhou) Co., Ltd. ^{(**)(1)}	Software development and provision of information technology services	People's Republic of China	100	100



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.3 Significant subsidiaries incorporated outside Singapore and Australia (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
6.	NCSI (Chengdu) Co., Ltd ^{(**)(1)}	Provision of information technology research and development, and other information technology related services	People's Republic of China	100	100
7.	NCSI (HK) Limited	Provision of information technology services	Hong Kong	100	100
8.	NCSI (India) Private Limited	Provision of information technology services	India	100	100
9.	NCSI (Korea) Co., Limited	Provision of information technology consultancy and system integration services	South Korea	100	100
10.	NCSI Lanka (Private) Limited	Provision of information technology and communication engineering services	Sri Lanka	100	100
11.	NCSI (Malaysia) Sdn Bhd	Provision of information technology services	Malaysia	100	100
12.	NCSI (ME) W.L.L.	Provision of information technology and communication engineering services	Bahrain	100	100
13.	NCSI (Philippines) Inc.	Provision of information technology and communication engineering services	Philippines	100	100
14.	NCSI (Shanghai), Co. Ltd ^{(**)(1)}	Provision of system integration, software research and development and other information technology-related services	People's Republic of China	100	100
15.	Shanghai Zhong Sheng Information Technology Co., Ltd. ⁽¹⁾	Provision of information technology training and software resale	People's Republic of China	100	100
16.	NCSI Holdings (Malaysia) Sdn. Bhd.	Investment holding	Malaysia	100	100
17.	SingTel Global Private Limited	Provision of infotainment products and services, and investment holding	Mauritius	100	100
18.	SingTel Global India Private Limited	Provision of telecommunications services and all related activities	India	74	74



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.3 Significant subsidiaries incorporated outside Singapore and Australia (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
19.	Singapore Telecom Hong Kong Limited	Provision of telecommunications services and all related activities	Hong Kong	100	100
20.	Singapore Telecom India Private Limited	Engaged in general liaison and support services	India	100	100
21.	Singapore Telecom Japan Co Ltd	Provision of telecommunications services and all related activities	Japan	100	100
22.	Singapore Telecom Korea Limited	Provision of telecommunications services and all related activities	South Korea	100	100
23.	Singapore Telecom USA, Inc. ^(*)	Provision of telecommunications, engineering and marketing services	USA	100	100
24.	SingTel Australia Investment Ltd ^(*)	Investment holding company	British Virgin Islands	100	100
25.	SingTel (Europe) Limited	Provision of telecommunications services and all related activities	United Kingdom	100	100
26.	SingTel (Philippines), Inc.	Engaged in general liaison and support services	Philippines	100	100
27.	SingTel Taiwan Limited	Provision of telecommunications services and all related activities	Taiwan	100	100
28.	SingTel Ventures (Cayman) Pte Ltd ^(*)	Venture capital investments in start-up technology and telecommunications companies	Cayman Islands	100	100
29.	Sudong Sdn. Bhd.	Management, provision and operations of a call centre for telecommunications services	Malaysia	100	100

All companies are audited by a member firm of Deloitte Touche Tohmatsu except for the following -

(*) No statutory audit is required.

(**) Audited by another firm.

Note:

(1) Subsidiary's financial year-end is 31 December.



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.4 Associated companies held by the Group

	Name of associated company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
1.	ADSB Telecommunications B.V.	Dormant	Netherlands	25.6	25.6
2.	APT Satellite Holdings Limited ⁽¹⁾	Investment holding company	Bermuda	20.3	20.3
3.	APT Satellite International Company Limited ⁽¹⁾	Investment holding company	British Virgin Islands	28.6	28.6
4.	Ayala Systems Technology, Inc ⁽²⁾	Sale, distribution, installation and maintenance of computer equipment and related products	Philippines	-	30.0
5.	Infoserve Technology Corp.	Dormant	Cayman Islands	25.0	25.0
6.	OpenNet Pte. Ltd. ⁽³⁾	To design, build and operate the passive infrastructure for Singapore's Next Generation National Broadband Network	Singapore	29.9	29.9
7.	Singapore Post Limited ⁽⁴⁾	Operation and provision of postal services	Singapore	25.6	25.7
8.	Telescience Singapore Pte Ltd	Sale, distribution and installation of telecommunications equipment	Singapore	50.0	50.0
9.	Viewers Choice Pte Ltd	Provision of services relating to motor vehicle rental and retail of general merchandise	Singapore	49.2	49.2
10.	Warid Telecom (Private) Limited ⁽⁵⁾	Provision of cellular telecommunications services	Pakistan	30.0	30.0

Notes:

- (1) The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2009, the financial year-end of the company.
- (2) The company had been classified as a subsidiary following SCS' acquisition of an additional 21% equity interest during the financial year.
- (3) Audited by Ernst & Young LLP, Singapore.
- (4) Audited by PricewaterhouseCoopers LLP, Singapore.
- (5) Audited by A.F. Ferguson & Co. (a member firm of PricewaterhouseCoopers).



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.5 Joint venture companies held by the Group

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
1.	Abacus Travel Systems Pte Ltd	Marketing and distributing certain travel-related services through on-line airline computerised reservations systems	Singapore	30.0	30.0
2.	Acasia Communications Sdn Bhd ⁽¹⁾	Provision of services relating to telecommunications, computer, data and information within and outside Malaysia	Malaysia	14.3	14.3
3.	ACPL Marine Pte Ltd	Owning, operating and managing of maintenance-cum-laying cables	Singapore	41.7	41.7
4.	Advanced Info Service Public Company Limited ⁽¹⁾⁽²⁾	Provision of cellular, broadband and international telecommunications services, and call center and data transmission	Thailand	21.3	21.4
5.	ASEAN Cables Pte Ltd	Operation of cables for laying, repair and maintenance of submarine telecommunication cables	Singapore	16.7	16.7
6.	ASEAN Telecom Holdings Sdn Bhd ⁽¹⁾	Investment holding company	Malaysia	14.3	14.3
7.	Asiacom Philippines, Inc. ⁽¹⁾	Investment holding company	Philippines	40.0	40.0
8.	Bharti Telecom Limited ⁽³⁾⁽⁴⁾	Investment holding company	India	36.2	32.8
9.	Bharti Airtel Limited ⁽³⁾⁽⁴⁾	Provision of cellular, long distance, broadband and telephony telecommunication services, enterprise solutions, pay television, and passive infrastructure services	India	32.0	30.4
10.	Bridge Mobile Pte Ltd	Provision of regional mobile services	Singapore	33.6	33.4



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.5 Joint venture companies held by the Group (cont'd)

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
11.	Globe Telecom, Inc. ⁽⁵⁾	Provision of cellular, broadband, international and fixed line telecommunications services	Philippines	47.3	47.3
12.	Grid Communications Pte Ltd ⁽¹¹⁾	Provision of public trunk radio services	Singapore	50.0	50.0
13.	Indian Ocean Cables Pte Ltd	Leasing, operating and managing of maintenance-cum-laying cables	Singapore	50.0	50.0
14.	International Cables Pte Ltd	Ownership and chartering of cables	Singapore	45.0	45.0
15.	Main Event Television Pty Limited	Provision of cable television programmes	Australia	33.3	33.3
16.	OPEL Networks Pty Limited	Dormant	Australia	50.0	50.0
17.	Pacific Bangladesh Telecom Limited ⁽⁶⁾	Operation and provision of cellular mobile telecommunications systems and services	Bangladesh	45.0	45.0
18.	Pacific Carriage Holdings Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0
19.	PT Telekomunikasi Selular ⁽⁷⁾	Provision of cellular telecommunications services	Indonesia	35.0	35.0
20.	Radiance Communications Pte Ltd ⁽¹¹⁾	Sale, distribution, installation and maintenance of telecommunications equipment	Singapore	50.0	50.0
21.	Southern Cross Cables Holdings Limited ⁽⁸⁾	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0



Notes to the Financial Statements

For the financial year ended 31 March 2010

46.5 Joint venture companies held by the Group (cont'd)

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
22.	TeleTech Park Pte Ltd	Engaged in the business of development, construction, operation and management of TeleTech Park	Singapore	40.0	40.0
23.	VA Dynamics Sdn Bhd ⁽¹⁾	Distribution of networking cables and related products	Malaysia	49.0	49.0

Notes:

- (1) The company has been equity accounted for in the consolidated financial statements based on the results ended, or as at, 31 December 2009, the financial year-end of the company.
- (2) Audited by KPMG, Bangkok.
- (3) Audited by S.R.Batlboi & Associates, New Delhi (a member firm of Ernst & Young).
- (4) During the financial year, the Group increased its shareholding in Bharti Telecom Limited from 32.8% to 36.2%. Correspondingly, the Group's effective equity interest in Bharti Airtel Limited increased from 30.4% to 32.0%.
- (5) Audited by SGV & Co. (a member firm of Ernst & Young).
- (6) Audited by Hoda Vasi Chowdhury & Co (an independent correspondent firm of Deloitte Touche Tohmatsu).
- (7) Audited by Tanudiredja Wibisana & Rekan (a member firm of PricewaterhouseCoopers).
- (8) Audited by KPMG, Bermuda.



Interested Person Transactions

The aggregate value of all interested person transactions during the financial year ended 31 March 2010 (excluding transactions less than S\$100,000) were as follows -

Name of interested person	S\$ mil
Aetos Security Management Pte Ltd	4.7
Capitaland Limited	0.6
CESMA International Pte Ltd	0.2
Global Crossing Australia Pty Limited	3.4
Grid Communications Pte Ltd	1.4
iShopAero Pte Ltd	2.3
MediaCorp Pte Ltd	1.6
Radiance Communications Pte Ltd	3.7
SembCorp Industries Limited	0.2
Singapore Airlines Ltd	1.4
Singapore Airport Terminal Services Ltd	0.1
Singapore Technologies Electronics Limited	1.6
Singapore Technologies Marine Ltd	0.1
SMRT Corporation Ltd	0.5
SMRT Engineering Pte Ltd	0.1
SMRT Taxis Pte Ltd	0.3
SPI Networks Pty Ltd	2.7
SP AusNet	1.0
SP PowerAssets Limited	0.1
SPT Networks Pty Ltd	3.8
StarHub Ltd	56.2
StarHub Cable Vision Ltd	30.1
StarHub Mobile Pte Ltd	6.4
ST Electronics (Info-Software Systems) Pte Ltd	0.7
ST Electronics (Satcom & Sensor Systems) Pte Ltd	3.0
Temasek Holdings (Private) Ltd	1.6
Trusted Source Pte Ltd	0.1
	127.9



Shareholder Information

As at 31 May 2010

ORDINARY SHARES

Number of ordinary shareholders	320,549
Number of holders of CHES Units of Foreign Securities relating to ordinary shares in the Company ("CUFS")	23,059

Voting rights:

On a show of hands - every member present in person and each proxy shall have one vote

On a 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)

SingTel shares are listed on Singapore Exchange Securities Trading Limited and ASX Limited ("ASX") (in the form of CUFS).

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	Deemed Interest
Temasek Holdings (Private) Limited	8,671,325,982	34,997,186*

* Deemed through interests of associated companies and/or subsidiaries.

MAJOR SHAREHOLDERS LIST - TOP 20

No.	Name	No. of shares held	% of issued share capital#
1.	Temasek Holdings (Pte) Ltd	8,671,325,982	54.43
2.	Citibank Nominees Singapore Pte Ltd	1,408,043,523	8.84
3.	DBSN Services Pte Ltd	1,358,684,147	8.53
4.	DBS Nominees Pte Ltd	1,222,627,031+	7.67
5.	Central Provident Fund Board	957,298,143	6.01
6.	Chess Depository Nominees Pty Limited*	480,889,291	3.02
7.	HSBC (Singapore) Nominees Pte Ltd	467,524,908	2.93
8.	United Overseas Bank Nominees Pte Ltd	295,932,624	1.86
9.	BNP Paribas Securities Services Singapore	188,602,944	1.18
10.	Raffles Nominees (Pte) Ltd	91,131,740	0.57
11.	DB Nominees (S) Pte Ltd	83,420,034	0.52
12.	OCBC Nominees Singapore Private Limited	19,528,056	0.12
13.	Merrill Lynch (Singapore) Pte Ltd	19,481,184	0.12
14.	TM Asia Life Singapore Ltd-Par Fund	15,300,000	0.10
15.	Royal Bank of Canada (Asia) Ltd	11,559,950	0.07
16.	UOB Kay Hian Pte Ltd	8,920,792	0.06
17.	Societe Generale Singapore Branch	8,822,638	0.06
18.	OCBC Securities Private Ltd	7,048,137	0.04
19.	Phillip Securities Pte Ltd	6,022,616	0.04
20.	Morgan Stanley Asia (Singapore)	5,885,721	0.04
		15,328,049,461	96.21

* The shares held by CHES Depository Nominees Pty Ltd are held on behalf of the persons entered in the register of CUFS holders.

The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 31 May 2010, excluding 1,805,919 ordinary shares held as treasury shares as at that date.

+ Excludes 1,805,919 ordinary shares held by DBS Nominees Pte Ltd as treasury shares for the account of the Company.

Shareholder Information

As at 31 May 2010

MAJOR CUFS HOLDERS LIST* - TOP 20

No.	Name	No. of CUFS held	% of issued share capital#
1.	National Nominees Limited	149,206,210	0.94
2.	J P Morgan Nominees Australia Limited	101,461,182	0.64
3.	HSBC Custody Nominees (Australia) Limited	49,701,366	0.31
4.	Cogent Nominees Pty Limited	20,628,457	0.13
5.	ANZ Nominees Limited (Cash Income A/C)	13,246,658	0.08
6.	RBC Dexia Investor Services Australia Nominees Pty Limited	13,127,015	0.08
7.	Citicorp Nominees Pty Limited	9,163,846	0.06
8.	Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 1 A/C)	7,520,000	0.05
9.	AMP Life Limited	6,522,445	0.04
10.	UBS Nominees Pty Ltd	3,463,397	0.02
11.	Australian Reward Investment Alliance	3,310,892	0.02
12.	The Australian National University	3,000,000	0.02
13.	M F Custodians Ltd	2,742,588	0.02
14.	Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 8 A/C)	2,313,000	0.01
15.	Mr Paul O'Sullivan	2,094,342	0.01
16.	Cogent Nominees Pty Limited (SMP ACCOUNTS)	1,981,205	0.01
17.	RBC Dexia Investor Services Australia Nominees Pty Limited (BKCUST A/C)	1,896,988	0.01
18.	Mr Paul O'Sullivan	1,708,664	0.01
19.	HSBC Custody Nominees (Australia) Limited (A/C 3)	1,441,507	0.01
20.	Fortis Clearing Nominees P/L (Settlement A/C)	1,174,148	0.01
		395,703,910	2.48

* CUFS are CHESS Units of Foreign Securities relating to ordinary shares in the Company. The shares are held by CHESS Depository Nominees Pty Ltd on behalf of the persons entered in the CUFS register.

The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 31 May 2010, excluding 1,805,919 ordinary shares held as treasury shares as at that date.

ANALYSIS OF SHAREHOLDERS AND CUFS HOLDERS

Range of holdings	No. of holders	% of holders	No. of shares/CUFS	% of issued share capital
1 - 999	272,194	79.22	62,826,827	0.40
1,000 - 5,000	50,028	14.56	119,861,658	0.75
5,001 - 10,000	11,121	3.24	85,424,577	0.54
10,001 - 100,000	9,673	2.81	242,840,368	1.52
100,001 - 1,000,000	526	0.15	121,740,499	0.76
1,000,001 and above	66	0.02	15,301,440,602	96.03
	343,608	100.00	15,934,134,531	100.00

Number of holders holding less than a marketable parcel 244,962

Notes:

- (1) This table is compiled on the basis that each holding of CUFS is a separate holding and, accordingly, the holding of shares by CHESS Depository Nominees Pty Ltd is ignored.
- (2) Based on information available to the Company as at 31 May 2010, approximately 45.32% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with. The percentage of issued ordinary shares held by the public is calculated based on the number of issued ordinary shares of the Company as at 31 May 2010, excluding 1,805,919 ordinary shares held as treasury shares as at that date.
- (3) A marketable parcel is defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in Australian dollars, based on the closing price of the securities on the ASX.
- (4) As at 31 May 2010, the number of ordinary shares held in treasury is 1,805,919, and the percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held as treasury shares) is 0.01%.

SHARE PURCHASE MANDATE

At the Extraordinary General Meeting of the Company held on 24 July 2009 ("2009 EGM"), the shareholders approved the renewal of a mandate to enable the Company to purchase or otherwise acquire not more than 10 per cent of the issued ordinary share capital of the Company as at the date of the 2009 EGM. As at 31 May 2010, there is no current on-market buy-back of shares pursuant to the mandate.



Corporate Information

BOARD OF DIRECTORS

Chumpol NaLamlieng (Chairman)
 Chua Sock Koong (Group CEO)
 Graham John Bradley AM*
 Fang Ai Lian
 Heng Swee Keat
 Dominic Chiu Fai Ho
 Simon Israel
 John Powell Morschel
 Kaikhushru Shiavax Nargolwala
 Ong Peng Tsin
 Deepak S Parekh
 Nicky Tan Ng Kuang

AUDIT COMMITTEE

Fang Ai Lian (Chairman)
 Graham John Bradley AM*
 Dominic Chiu Fai Ho
 Kaikhushru Shiavax Nargolwala

COMPENSATION COMMITTEE

Chumpol NaLamlieng (Chairman)
 Heng Swee Keat
 John Powell Morschel
 Deepak S Parekh

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

Kaikhushru Shiavax Nargolwala (Chairman)
 Heng Swee Keat
 Dominic Chiu Fai Ho
 Chumpol NaLamlieng

FINANCE, INVESTMENT AND RISK COMMITTEE

Nicky Tan Ng Kuang (Chairman)
 Simon Israel
 Ong Peng Tsin

OPTUS ADVISORY COMMITTEE

John Powell Morschel (Chairman)
 Graham John Bradley AM*
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 Simon Israel
 Nicky Tan Ng Kuang

COMPANY SECRETARY

Chan Su Shan

ASSISTANT COMPANY SECRETARY

Lim Li Ching

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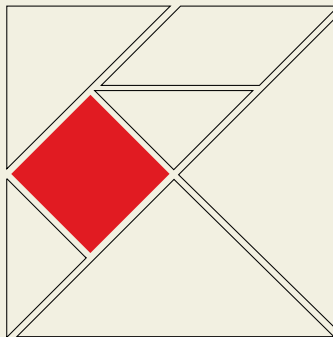
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