



You & SingTel

This Year's Report

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our vision

To be Asia Pacific's best
multimedia solutions group

We aim to shape
communications and much
more by unlocking the
possibilities of the digital
world for our customers.

our mission

**Breaking
Barriers,
Building
Bonds**

We believe that the world
is a better place when
technology is used to help
people and businesses
communicate effortlessly.

We make communication
easier, faster and more
reliable for customers,
while delivering value
to our stakeholders.



**GROWING
TOGETHER**

For more than 100 years,
SingTel has been growing with
you. We connected the very
first voice call in Singapore,
and today we continue to
connect you with the rest of the
world. As technology evolves,
SingTel remains committed
to improving the way you live,
work and play in the digital era.

Our Mobile Reach

SingTel and Optus, together with our regional mobile associates, serve over half a billion mobile customers in 25 countries across Asia and Africa. With a mobile data penetration rate of less than 30%, the associates' markets have tremendous potential for growth.

With our experience in the developed markets in Singapore and Australia, we are helping our associates capture these opportunities as they transition from a voice-centric to a mobile- and data-centric world.



Together, we serve over

500 million

mobile customers across 3 continents



What Differentiates Us

1

CUSTOMER FOCUS

We put our customers first in everything we do. Passion for our customers is part of our DNA.

2

SUPERIOR NETWORKS

Our extensive and resilient networks power the digital revolution. We are continually increasing speed and capacity, expanding coverage and investing to build new functionalities.

3

DEEP DIGITAL COMMITMENT

We are forward thinking in our strategy, constantly innovating to ensure we continue to lead and shape the communications industry.

4

STRONG FINANCIAL PERFORMANCE

The strength of our business and assets continues to shine through, even with the weakening of the Australian Dollar and regional currencies against the Singapore Dollar.

ANNUAL REPORT 2014

Our Strategy

To thrive in the digital era, we have put in place a dual transformation strategy to strengthen our core communications business and build new growth engines.

OUR GOAL

Create sustainable long-term growth to deliver superior returns to shareholders

OUR STRATEGY

Strengthen the core business

Build new growth engines

Improve the economics of core consumer & enterprise businesses

Lift customer experience

Enhance collaboration with our regional mobile associates

Create innovative & differentiated digital services

KEY PERFORMANCE INDICATORS

Average revenue per user

Revenue from data usage

Subscriber acquisition and retention costs

Cost efficiencies

Customer satisfaction scores

Network quality

Churn rate

Associates:

Average revenue per user

Revenue from data usage

Smartphone penetration

3G/4G network rollout

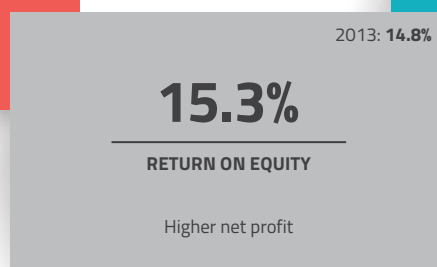
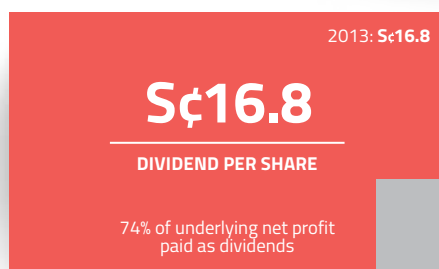
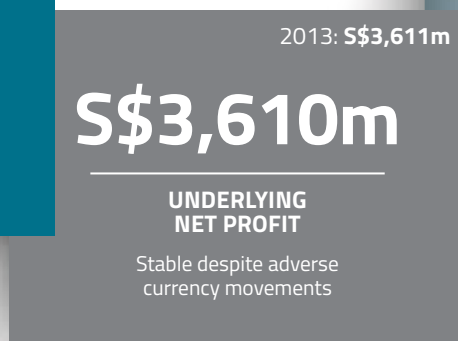
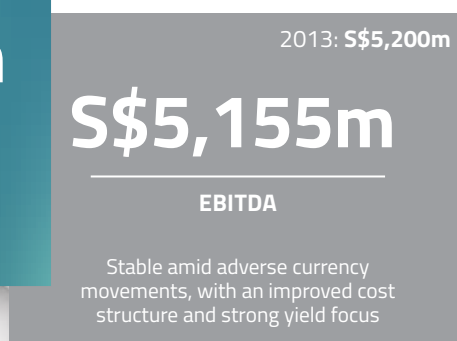
Innovations adopted by the core businesses

Monthly active users

Revenue from digital services

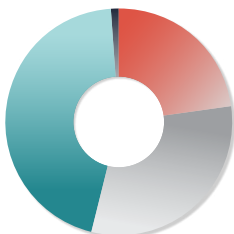
- Market share position
- Return on invested capital
- Total shareholder returns

Financial Highlights of the Year



PROPORTIONATE EBITDA

(%)



● SINGAPORE	24
● AUSTRALIA	30
● REGIONAL MOBILE ASSOCIATES	45
● OTHERS	1

NET PROFIT

(\$M)

2014	3,652
2013	3,508

UNDERLYING NET PROFIT

(\$M)

2014	3,610
2013	3,611

NET PROFIT (CONSTANT CURRENCY)

(\$M)

2014	3,864
2013	3,508

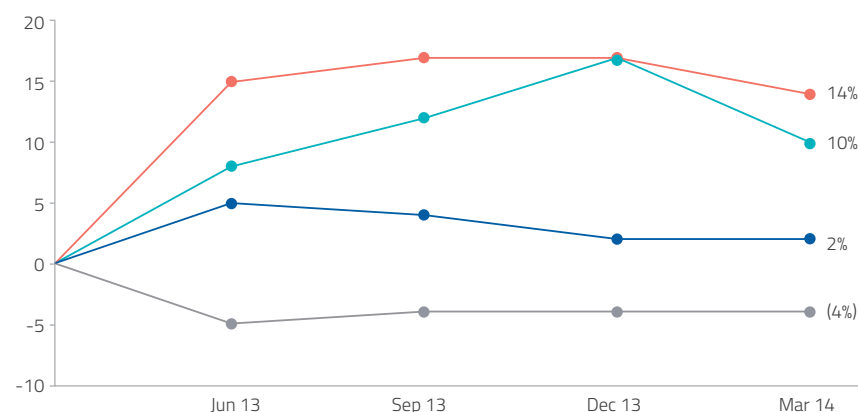
UNDERLYING NET PROFIT (CONSTANT CURRENCY)

(\$M)

2014	3,825
2013	3,611

SHARE PRICE

(%)



Between April 2013 and March 2014, the SingTel (SGX) share price gained 2% and the SingTel (ASX) share price gained 14%.

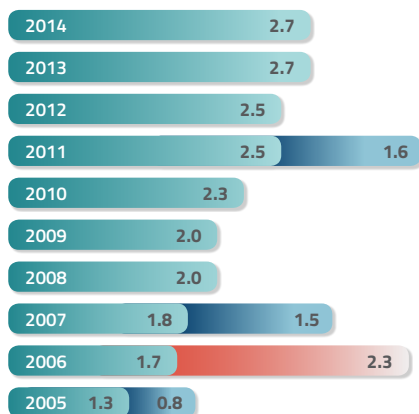
● SINGTEL (ASX)	14%
● MSCI ¹	10%
● SINGTEL (SGX)	2%
● STRAITS TIMES INDEX	(4%)

Source: Bloomberg

Note:¹ MSCI Asia Pacific Telecommunications Index.

SHAREHOLDER PAYOUT

(\$B)



- ORDINARY DIVIDEND
- SPECIAL DIVIDEND
- CAPITAL REDUCTION

SingTel has a track record of generous shareholder returns.

Since May 2013, SingTel's dividend policy has been to pay between 60% and 75% of underlying net profit.

The Board has recommended a final ordinary dividend of 10.0 Singapore cents a share for the financial year ended 31 March 2014. Together with the interim dividend of 6.8 Singapore cents a share, the total ordinary dividend for the year is 16.8 Singapore cents a share, which represents a payout ratio of 74% of underlying earnings for the year.

An Exciting Year

Optus

expanded coverage and capacity, with the mobile network now covering **98.5%** of the Australian population

AIS launched

3G SERVICES

in May 2013. As at March 2014, its network covered 90% of the population

SingTel 1st

in Singapore to provide mobile data speeds of up to **150 Mbps**



SingTel-led consortium completed **Southeast Asia-Japan Cable**, a new generation submarine cable system to strengthen regional connectivity



Amobee acquired Gradient X

– a digital marketing platform for advertisers to bid for multiple ad channels in real-time



Telkomsel successfully completed **LTE trial** in Indonesia

SingTel and Optus signed a 5-year ICT contract with **ANZ** worth **A\$530 million**

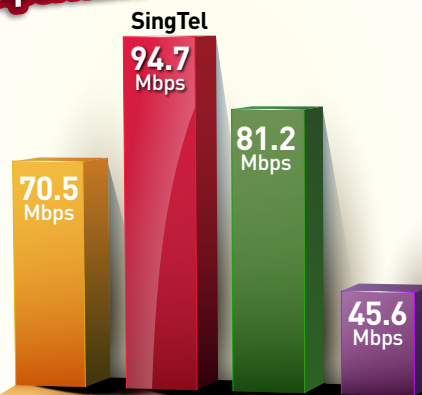


Globe

completed Phase 1 of its network modernisation programme. Its 3G footprint reached 90% and 4G services commenced in the Philippines

Optus signed a **A\$60 million** 5-year ICT contract with **Virgin Australia**

Fastest Fibre Broadband experience delivered.



*2013 IDA results on average international download speeds (US) for 100Mbps plans.



SingTel rallied a nation proud of its hawker food tradition and garnered 2.5 million votes for its favourite dishes



Optus

re-energised its brand and reaffirmed its commitment to customers with a "Declaration of Yes!"



Airtel crossed the 200 million mobile customer milestone in India

Optus

tackled bill shock with tiered data and travel plans



HungryGoWhere

Singapore's leading food portal expanded into Malaysia, and set a Guinness World Record for the longest line of nasi lemak

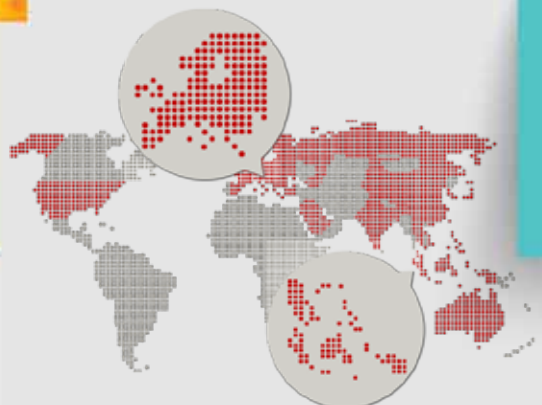


mio TV's

1st original production gives an insider look into Hokkien culture

SingTel

expanded unlimited data roaming to 52 countries and introduced Network Lock to protect customers from unintended charges



Airtel Africa

offers 3G across 15 countries. Full-year mobile data revenue grew by **86%**

Secured the rights to bring the 2013/14–2015/16 Barclays Premier League and the 2014 FIFA World Cup Brazil™ to Singapore

Chairman's Statement



Dear Shareholders,

The industry trends we discussed last year continued to unfold in FY2014.

LIVING IN THE MOBILE INTERNET ERA

People are consuming and co-creating increasing amounts of information, photos and videos on the internet with their smartphones, tablets and, in the emerging markets, feature phones. They are increasingly turning to cloud applications that provide easy storage and retrieval over multiple devices. Enterprises are similarly taking advantage of advances in cloud computing and enterprise mobility services to manage their massive and complex data over the internet.

OPPORTUNITIES AND THREATS

The increasing volume and variety of data are carried through telcos'

networks. The changes in customer behaviour have also brought new competition into the telecommunications space. Digital or over-the-top (OTT) companies now offer a myriad of online services and mobile applications, which threaten telcos' traditional revenue streams from voice, SMS, TV and data services.

The good news: the relevance of our network cannot be ignored – it is the highway for mobile data traffic, and puts us in an enviable position to address the growing demand for mobile data. We are in the right business and have the right assets to capture and monetise this growth.

Our goal is simple – we want to generate profitable returns by helping customers do more on their connected devices and networks. With this goal firmly in sight, we made good progress on our transformation plans in FY2014.

In our core business, we have restructured our voice-centric price plans to capture the growth in mobile data consumption. The new plans are a big step towards delivering returns on our network and spectrum investments.

We also streamlined our distribution, touchpoints, systems and processes to enhance operations efficiency and customer experience. SingTel is now stronger and more agile than ever to deal with the challenges ahead.

Our regional mobile associates are similarly reinventing themselves to capture the growth in mobile internet, with significant investments in mobile networks, spectrum and data-focused offerings targeted at emerging market consumers.

Group Digital Life is delivering to expectations, giving us the confidence to expand further into the digital space. However, with valuations of internet companies at record-high levels, we have been cautious in our investments. We are focused on investments with proven business models and cash returns, as well as businesses that can leverage the Group's scale of over half a billion mobile customers.

FINANCIAL PERFORMANCE

The Group turned in a resilient performance despite significant investments to support our business transformation and strong currency headwinds. Net profit for FY2014 rose 10% in constant currency terms. With the sharp declines in the Australian Dollar, Indian Rupee and Indonesian Rupiah, reported net profit grew 4%.

"Our goal is simple – we want to generate profitable returns by helping customers do more on their connected devices and networks."

The Board has recommended a final ordinary dividend of 10 Singapore cents per share, bringing the total ordinary dividend for the full year to 16.8 Singapore cents. This represents a payout ratio of 74% of our underlying net profit.

OUR COMMITMENT TO STAKEHOLDERS

We play an important role in society by facilitating consumer interaction and business communications. These in turn power economic growth and improve people's lives. We are committed to building better networks and bringing quality services to more people.

In October 2013, lapses in maintenance procedures led to a fire in an exchange facility in Singapore. It caused major service disruption to customers. Our independent Board Committee of Inquiry gave us a critical review of our operations and made recommendations to prevent a recurrence and ensure our network remains resilient. These have largely been implemented, and we are determined to raise our standards and ensure we continue to offer world-leading services to our customers.

In our community, we actively support vulnerable children and youths so that they can thrive and contribute to tomorrow's society. Our SingTel Touching Lives Fund has raised close to S\$28 million to support children and youth with special needs over the last 12 years.

We have also chosen to focus on cyber wellness. While the internet has brought numerous benefits, it also has risks. Children are increasingly vulnerable to cyber bullying, loss of privacy and access to inappropriate content. We recognise we can play a significant role in promoting online safety among vulnerable children and youth in this digital age and will launch relevant education programmes on cyber wellness. In Australia, together with education experts, we developed the Digital Thumbprint programme to educate students to be savvy, responsible and proactive members of the online community.

I want to thank the employees of the SingTel Group, whose efforts have helped us achieve so much in the past year. They remain the key driving force for our ongoing transformation and will be guided by an experienced and visionary management team.

Naturally, the strength of our executive team and management succession is a topic my fellow Board members and I spend considerable time on. Be assured that we have in place a comprehensive succession plan for key management roles, and diligently review it every year.

The Board is committed to the highest standards in corporate governance, and was recognised for its efforts when it was awarded The Best Managed Board at the Singapore Corporate Awards in August 2013.

In October 2013, the Board visited AIS in Thailand and experienced first-hand the game-changing developments that 3G networks are bringing to the country. We have established a Technology Advisory Panel, chaired by Mr Koh Boon Hwee, a former SingTel Chairman and a respected investor in the technology sector, to advise the Board in the area of digital technology.

I would like to thank my fellow Directors for their contribution throughout a busy year in FY2014. My sincere appreciation goes to Mr Dominic Ho, who will be stepping down from the Board after serving for six years. At the same time, we welcome Mrs Christina Ong, a leading banking and finance lawyer. Her appointment will bring an increased diversity of experience and skills to the Board.

Finally, I look forward to welcoming you to our Annual General Meeting in July.



SIMON ISRAEL
CHAIRMAN

GCEO Review



RESILIENT FINANCIAL PERFORMANCE

The SingTel Group reported strong growth in net profit and continued to make investments in the core telecommunications business and new digital businesses in FY2014. We achieved this performance against ongoing shifts in our broader industry and customer demand, as well as continuing foreign currency volatility. This showed the strength of our businesses.

Two-thirds of our earnings are derived from operations outside of Singapore. While this gives us earnings

diversification, the sharp declines in the Australian Dollar, Indian Rupee and Indonesian Rupiah against our reporting currency in Singapore Dollars impacted our results. Net profit rose 4% to S\$3.7 billion. On a constant currency basis, net profit increased 10%.

We are focused on delivering on our core business. We achieved cost improvements, increased productivity and launched new and innovative services and price plans. Our investments in the digital space are at an early growth phase and registered start-up losses.

STAYING AHEAD

Our story continues to centre on the digital revolution that is dramatically changing our lives. Better technologies, as well as a wider range of devices and content, have fed customers' appetite for doing more over the internet, anytime, anywhere. The mobile internet in particular has brought about many over-the-top (OTT) services, some of which compete directly with our traditional communication services.

At the same time, the underlying connectivity provided by telcos remains the glue that binds OTT providers to their customers. To keep up with the growing data traffic, we continue to invest in our networks to improve the speed and capacity of this connectivity.

We recognised this profound industry shift early on and have responded with our dual transformation strategy.

STRENGTHENING THE CORE

We are re-engineering and repositioning our core connectivity business, including our voice and data services, to thrive in the new mobile internet world. We are building new networks and IT functionalities, and making massive changes to lift customer experience. In addition, we are driving improvements in our cost structures and implementing new pricing and revenue models.

CREATING NEXT-GENERATION GROWTH ENGINES IN THE DIGITAL SPACE

We are leveraging our unique telco assets to develop new digital businesses and services that take advantage of the industry changes underway. We are engaging our customers differently with new services for their work, play, social interaction and other needs.

We are now two years into our transformation journey and have made progress in both areas. Success in our digital business must be anchored by our strong core business – building on its unique capabilities, scale and strong cash flow generation. Concurrently, our digital initiatives help our core business maintain its relevance with our customers and differentiate our services from competitors'.

GCEO Review

STRONG AND GROWING CORE BUSINESS

Our networks are what make the internet possible. To meet the insatiable demand for mobile data services, we have increased our investments in spectrum and mobile infrastructure, significantly boosting our network capacity, speeds and capabilities.

Across Singapore and Australia, we have invested S\$2.1 billion in our networks in FY2014 and expect to spend around S\$2.3 billion in the next financial year.

Our customers' feedback showed we have 4G network leadership in Singapore. In Australia, we will expand our 4G coverage and capacity with existing and newly acquired spectrum across multiple bands to drive growth in customer and data revenue.

The challenge our industry faces is not from any lack of demand for mobile data. The challenge is to put in place sustainable business and pricing models that enable telcos to continue to make the necessary investments in network capacity, speed and coverage. Revenue must keep pace with the cost of continued investment for better customer experience.

In our operations in Singapore and Australia, we have already introduced tiered data plans so that customers are charged fairly based on their data usage, while putting in place safeguards to remove bill shock. We will continue to refine our plans to achieve a more balanced distribution of scarce network and spectrum resources.

We are exploring various business models that will bring benefits to both OTT providers and end customers who use such OTT services. Our aim is to become the preferred network partner to customers and OTT providers alike.

Our efforts to lift customer experience have been rewarding. The positive results in our Net Promoter Scores across Singapore and Australia tell us that more customers are willing to recommend our services to their families and friends.

We are focused on extending our leadership in enterprise mobility, connectivity and managed network services. With strategic investments in data centres and international connectivity, we can better meet enterprise customers' increasing need for cloud computing and cyber security services.

HELPING OUR REGIONAL MOBILE ASSOCIATES PREPARE FOR THE FUTURE

In the emerging markets, mobile data usage is expected to grow significantly. With limited fixed-line infrastructure in these countries, the majority of the people's first and main contact with the internet will be through the mobile networks.

As such, our regional mobile associates have been focused on acquiring spectrum resources and are aggressively rolling out data networks in their respective countries. By working together as part of the SingTel Group, our associates can move more quickly

"There is no doubt that the future is a digital one, and those who are fast to adapt to the new reality stand to gain the most. We have been quick to recognise and respond to these changes."

to build the necessary data-centric capabilities, and create better products and operating models.

The Group's billing capabilities in the largely prepaid markets and our combined reach of over half a billion mobile customers provide a great platform for our digital services to take off and gain scale. Not only will these services bring new revenue streams, they will also help our associates differentiate themselves in their local markets.

DIGITAL SERVICES DIFFERENTIATE US

We have made the decision to boldly venture into the digital space. As a telco, we have unique assets and capabilities to make our digital services better than many of the OTT players. Many customers prefer to do business with brands they know and trust. We hope our familiar brands and pervasive customer touchpoints, both physical and virtual, can contribute to a better digital customer experience.

We cannot do it alone, and have been actively partnering other providers in the digital ecosystem – OTT players, network vendors and handset manufacturers – to discover new technologies, share investment costs and accelerate take-up of our digital services.

Amobee, our major investment in mobile advertising, creates and delivers highly targeted mobile advertisements to help brands increase the efficiency and effectiveness of their advertising spend. It counts major global brands among its

clients. Amobee's revenue more than doubled during the year, with revenues from America, Europe and Asia.

We have announced plans to allocate up to S\$2 billion for investments in the digital business. However, we note that valuations of internet companies are at record-high levels, and we will remain disciplined about how we acquire new capabilities to build these digital businesses.

GETTING THE BEST FROM OUR PEOPLE

We have made good progress since we started on our transformation. To succeed, we need our people to put in their best.

To help achieve this, we have made key changes to our compensation structures and aligned our staff behind a common set of core values and leadership behaviours. These changes affect all our staff, whether they are from the traditional core business or are digital natives who have been hired or have joined the Group following recent acquisitions.

We strive to provide a working environment that fosters creativity and innovation. Our staff engagement scores showed positive improvements, and continue to be at healthy levels. For our digital talents, we also introduced a different risk-reward balance, with remuneration schemes not unlike those in the Silicon Valley, which are typically tied to the value of the business and involve shares in the investee company.

A BRIGHT FUTURE

There is no doubt that the future is a digital one, and those who are fast to adapt to the new reality stand to gain the most. We have been quick to recognise and respond to these changes – as we grow our core business and execute our strategy in the digital space.

We have come a long way. I am confident of our prospects. I look forward to updating you on the next leg of our exciting transformation journey.



CHUA SOCK KOONG
GROUP CHIEF EXECUTIVE OFFICER

A woman with long dark hair is smiling and talking on a smartphone. She is wearing a silver watch. The background is a blurred outdoor scene with green foliage and a red car.

Your Life & SingTel

Business Review

Group Consumer



MARKET TRENDS

Customers' relationships with their telcos have been redefined by the proliferation of mobile devices, richer content and apps by over-the-top (OTT) players. Telcos are seeking new ways to maintain their relevance with customers who are less reliant on traditional call and text services. Yet, the role of telcos in providing access to the internet puts them at the centre of this digital revolution.

We are transforming ourselves to ensure our services allow customers to do more with advances in technology, particularly over the mobile internet. This goal is supported by significant investments in networks to ensure quality coverage, speeds and capabilities as well as simplified price plans, customer touchpoints and processes, geared to maximise customer experience as they make use of mobile internet services.

Worldwide, the industry recognises that traditional pricing models for mobile services need to evolve to better match mobile data revenue with the corresponding use of mobile networks and spectrum. This will help to promote the necessary infrastructural investments.

In FY2014, we invested S\$2.1 billion in our networks in Singapore and Australia, and this amount will increase to S\$2.3 billion as we make further network enhancements for FY2015. Payments for spectrum costs will also rise to S\$900 million in FY2015.

STRATEGIC PRIORITIES

Our priorities are to create a more efficient and productive business with scale, and drive value from our core telecommunications operations by providing a differentiated and outstanding customer experience that deepens relationships with our customers and builds brand loyalty.

We continue to invest in superior networks and solutions to help customers stay connected in more places, all the time. We will also intelligently analyse our rich sources of data to create innovative and compelling products and services for customers.

We will work closely with our regional mobile associates to further unlock value and drive growth in their markets.

OUR ASSETS/STRENGTHS

Group Consumer comprises a number of consumer-related brands in both developed and emerging markets:

- As a Group, we serve over half a billion mobile customers across Asia and Africa
- In Singapore, SingTel is the leading mobile and fixed operator, with a share of more than half of the revenue in the country's telco sector
- In Australia, Optus is the number two mobile operator with a market share of 30%, as at 31 December 2013
- Our regional mobile associates remain the leading mobile operators in Thailand (AIS), India (Airtel) and Indonesia (Telkomsel), and number two in the Philippines (Globe). Through Airtel, we also have presence in 17 African countries
- Our regional mobile associates have been rolling out 3G networks and advanced 4G networks as more of their customers become mobile data users



OPERATIONS IN
SINGAPORE



MOBILE MARKET POSITION
1ST

MOBILE CUSTOMER BASE
3.98 MILLION

MOBILE MARKET SHARE
47%

¹ These figures include both enterprise and consumer mobile customers.

We are the market leader in Singapore. Our business continues to grow even as our industry becomes more challenging. We are facing intensifying competition and, at the same time, customers are constantly wanting more and seeking better value.

Our strategy is to differentiate ourselves with superior networks, customer experience and home bundling plans. We are also using data analytics to better understand our customers' preferences to develop customised experiences for them.

In FY2014, we improved all areas of our business from network coverage, speeds and price plans to customer service, and reported a 4% increase in revenue.

INVESTING IN SUPERIOR NETWORKS

We are the leader with a 47% share of the Singapore mobile market. It is our goal to give our customers the best, seamless internet experience by continuing to invest in our networks.

In mobile networks, we were the first to roll out nationwide dual-band long-term evolution (LTE) or 4G coverage with speeds of up to 150Mbps. Today, our coverage is 97%, with almost 1 million SingTel users enjoying fast speeds.

The superiority of our speeds has been recognised in blind speed tests, where eight out of ten Singaporeans surveyed cited our 4G speeds as being the fastest, as well as in independent tests by HardwareZone and Straits Times Digital Life. Starting from June 2014, we will ramp up 4G speeds to 300Mbps.

We are also enhancing our mobile networks with state-of-the-art Self Organising Networks technology. It automatically detects areas of congestion and immediately reassigns capacity from neighbouring cells that are underused. This way, customers enjoy optimal network performance at all times.

We set in motion an industry shift by introducing new data price plans aimed at encouraging fair use of our networks. Our tiered data mobile plans allow us to keep prices of our services competitive despite rising network and spectrum costs. Our customers have responded positively with more than 50% of our postpaid customers now on tiered plans, and 16% have exceeded their data caps.

In the fibre broadband market, we are undisputedly the leader. We delivered the fastest broadband internet speeds 12 months in a row according to an Infocomm Development Authority of Singapore report, helped by

significant investments into overseas bandwidth capacity.

DELIGHTING CUSTOMERS

We are lifting customer experience by ensuring every interaction customers have with us is truly satisfying as well as delivering innovative products and services.

As smartphones become more central to our lives, our customers want ready internet access even while travelling abroad, without fear of bill shock. We recognised this need early and launched our DataRoam Saver plan. We have gone one step further with our enhanced Easy DataRoam plan. This automatically registers customers onto roaming data plans and locks their mobile devices onto our partners' network. This way, we deliver a truly worry-free roaming experience.

Customers who connect with us online are supported with more options including web chat and social networking that promise an enhanced interactive experience. We also extended self-service options with the My SingTel app, which allows customers to track their use of mobile data and check their account balances. In SingTel shops, we have also streamlined our



processes to shorten transaction time for customers.

Our various initiatives have been recognised. In the 2013 Customer Satisfaction Index of Singapore, SingTel registered significant improvements and was ranked the number one mobile and internet service provider. We have also improved our Net Promoter Score (NPS), which is an indication of customer loyalty as well as their willingness to recommend our services to others.

DELIVERING TO HOMES

Our pay TV service, mio TV, is a significant part of our overall consumer strategy, allowing us to offer a full suite of products, including entertainment, on all screens – mobile devices, TVs and computers.

Our strategy has been successful, delivering a 6% increase in household revenue, which bucked the declining industry trend. The number of households on triple and quadruple bundles grew by 21,000 to 368,000.

mio TV's revenue and customer base continued to grow. This was in spite of having to share our Barclays Premier League (BPL) content under the government's cross carriage measures.

These measures require pay TV operators to make content deemed to be exclusive available on rival platforms.

To reach a wider group of customers, we introduced new channels on mio TV, including a suite of Disney channels. We also secured the rights to the 2014 World Cup, adding to our extensive sports coverage, which includes the BPL. Our mio TV Go app, a unique differentiator, allows our customers to watch popular channels including BPL on-the-go and use their mobile device as a remote control.

In the fibre broadband market, we are encouraging customers on ADSL to migrate onto fibre to experience faster speeds and better customer experience. Our initiatives are succeeding. We now have more customers on fibre and are the market leader with a 58% market share even as new entrants emerge as a result of the government-initiated Next Generation Nationwide Broadband Network, which has lowered the barriers of entry.

CASE STUDY: CREATING STRONGER CUSTOMER BONDS WITH HAWKER HEROES

Recognising Singapore's food obsession, we invited celebrity chef Gordon Ramsay to pit his culinary skills against the best food hawkers in the country for the SingTel Hawker Heroes Challenge.

The competition started with a bang as the nation cast their votes online for the top three food hawkers – from a group of 12 – who would take on Chef Ramsay. More than 2.5 million votes were cast over eight days, with the three chosen hawkers garnering approximately 320,000 votes each.

The campaign generated enormous buzz on mainstream and social media, including the nation's most popular blogs. Over 400,000 Singaporeans visited the campaign website over a 17-day period, with over half of them new to SingTel.

On the day of the finals, over 1,000 Singaporeans turned up for a chance to taste Chef Ramsay's take on chicken rice, laksa and chilli crab. Diners were then asked to vote for their preferred version of each dish.

The Singapore hawker heroes narrowly edged out Chef Ramsay by 6% of the total votes in the closely contested battle. In each dish category, Tian Tian Chicken Rice won by 6%, 328 Katong Laksa by 19% while Chef Ramsay's version of chilli crab triumphed by 5% of the votes.

The campaign was a huge success and helped us connect with customers and grow brand affinity. It created warmth and an interaction that complemented our traditional strengths as a trusted and respected brand.



OPERATIONS IN AUSTRALIA

OPTUS *yes*¹

MOBILE MARKET POSITION
2ND

MOBILE CUSTOMER BASE
9.43 MILLION

MOBILE MARKET SHARE
30%²

¹ These figures include both enterprise and consumer mobile customers.

² As at 31 December 2013.

Optus is Australia's second-largest telecommunications group. Two years ago, Optus embarked on a complete business transformation to clearly differentiate its brand to lead in superior customer experience and to reshape the business to deliver future profit growth.

Over the last 12 months, Optus has made significant progress as it aspired to become Australia's most loved and recommended service brand. Optus kicked off the financial year with a public pledge to focus on addressing the issues that matter most to customers: offering simple products, delivering brilliant customer service and continuing to build a great network.

OFFERING SIMPLE PRODUCTS

Nothing upsets customers more than hidden charges or receiving a large, unexpected bill as a result of exceeding their voice or data caps. Optus acknowledged this frustration and led the market with the introduction of My Plan on 1 July 2013.

My Plan helps to protect customers from bill shock if they exceed their monthly voice or data plan inclusions by automatically giving them a block of

extra minutes or data to use in that billing month at a cost of between A\$5 to A\$10.

The removal of large excess usage fees for voice and data has been critical in eliminating bill shock and providing Optus mobile customers with the certainty they need to use their mobile phones the way they want. My Plan also contributed to increased data revenues, with 31% of the My Plan customer base temporarily moving to a higher data tier each month as at 31 March 2014.

Optus also took action to reduce bill shock from high international data and voice roaming charges with a range of simple products with flat rates for customers travelling overseas. For example, the Optus Travel Pack offers customers an affordable A\$10 per day plan, on top of their normal mobile plan charges, so that they can connect overseas without worry.

Optus also streamlined its products for its broadband customers with My Home and My Office Plans in November 2013. These plans target common broadband customer pain points by removing hidden fees and charges, eliminating compulsory contracts and making it easier for customers to increase their data when the need arises.

DELIVERING BRILLIANT SERVICE

Over the past 12 months, Optus has made significant progress by improving the way customers shop and interact with us through two critical channels: in-store and online.

Since July 2013, Optus has rebranded more than 100 stores by creating open and friendly spaces where customers can easily interact with products and service staff. Optus also took back control of the customer experience from third-party providers, distributors and stores. In the last year, Optus ended retail distribution arrangements with many third-party providers.

An increasing number of Optus customers are choosing to engage online, prompting a redesign of Optus' website. The new site incorporates artificial intelligence technology to answer customers' questions using instant messaging. The feature is proving popular with customers, and received 3 million questions in the site's first six months of operation.

Optus is on track to become Australia's most loved and recommended service brand. Customers are responding positively to the changes. This is



reflected by an industry-leading decline in the number of new complaints to the Telecommunications Industry Ombudsman over the last 12 months. Optus has also seen significant improvements in its NPS.

BUILDING A GREAT NETWORK

Optus is committed to building a strong and diverse network that meets customers' needs. Throughout the year, Optus made improvements to its mobile network including completing the largest upgrade of its 3G network and the rapid rollout of its multi-band 4G network over both the LTE 1800 MHz spectrum and the LTE 2300 MHz spectrum. As at 31 March 2014, the Optus mobile network reached 98.5% of the population, while our 4G network reached 75% of the metro population.

Bringing 4G to more Australians is the number one network priority for Optus. With a multi-band 4G strategy that combines low-band 700 MHz 4G frequency for strong coverage with high band 2300 MHz spectrum for increased network capacity, Optus is positioning itself to meet customers' demand for superfast 4G in more places. The upcoming availability of 2600 MHz and

700 MHz spectrum bands means we are preparing our network to provide 4G services on those frequencies to more customers, including those in regional areas in early 2015.

Optus constantly invests in technology and data analytics capacity to enhance the customer experience. By crowdsourcing data on black spots, call drop out locations, signal strength and in-building coverage, Optus continues to tailor its network improvements to cater to customers' needs and real-time experiences.

Optus is proactive in working closely with the Australian Government to ensure it can offer customers the best possible experience on the National Broadband Network (NBN). The NBN will provide Optus with a great opportunity in the coming year and will be a core focus for Optus' fixed product offerings.

CASE STUDY: THE PROMOTER RESPONSE TEAM

An important part of our vision to make Optus the most loved and recommended service brand in Australia is to value and act on customer feedback.

We set up our Promoter Response Team in 2013 to contact customers who had a poor experience and rated us six or less out of ten in their Touch-point NPS survey. The team members were asked to call our detractors and try to improve their NPS rating by resolving any outstanding issues, and more importantly, gain insight into the issues that led to their poor experiences.

Since May 2013, the team has successfully contacted 63% of the customers referred to them. It has resolved over 90% of customer issues and achieved an average NPS of +30. Churn currently sits at less than half of the rate for the rest of the business.

The success of the Promoter Response Team has resonated across the organisation. We are currently looking at opportunities to expand this incredibly successful model across our business.

We continue to focus on driving advocacy and using our NPS data to make meaningful changes to the way we deliver customer experience and create long-term, sustainable profitability for our business.

REGIONAL MOBILE ASSOCIATES



MOBILE MARKET POSITION
1ST IN INDIA¹

MOBILE CUSTOMER BASE
205.52 MILLION¹

MOBILE MARKET SHARE
23% IN INDIA¹

SINGTEL'S EFFECTIVE
SHAREHOLDING:
32.4%

OPERATIONS IN
17 COUNTRIES
IN AFRICA, BANGLADESH,
SRI LANKA

MOBILE CUSTOMER BASE
78.06 MILLION¹

MOBILE MARKET POSITION
1ST OR 2ND
IN 14 OF THE 17
AFRICAN MARKETS¹



MOBILE MARKET POSITION
1ST IN THAILAND¹

MOBILE CUSTOMER BASE
42.36 MILLION¹

MOBILE MARKET SHARE
45%¹

SINGTEL'S EFFECTIVE
SHAREHOLDING:
23.3%



MOBILE MARKET POSITION
2ND IN PHILIPPINES¹

MOBILE CUSTOMER BASE
40.75 MILLION¹

MOBILE MARKET SHARE
37%¹

SINGTEL'S EFFECTIVE
SHAREHOLDING:
47.2%



MOBILE MARKET POSITION
1ST IN INDONESIA¹

MOBILE CUSTOMER BASE
132.65 MILLION¹

MOBILE MARKET SHARE
44%¹

SINGTEL'S EFFECTIVE
SHAREHOLDING:
35.0%

¹ These figures include both enterprise and consumer mobile customers.

We are a long-term strategic investor in our regional mobile associates, and have played a significant role in developing the telecommunications industry of their respective countries.

In the last two decades, our associates have made massive investments in mobile infrastructure, boosted mobile penetration levels and, in the process, created employment and contributed to their countries' economic development. As our associates have grown, they have become major contributors to their respective countries' economies, and are also a major component of SingTel's growth.

Our associates are now transitioning from traditionally voice- and text-heavy businesses to expand into data-centric services. By drawing on the rich experience of our operations in Singapore and Australia in mobile data as well as the collective expertise of the group, we are now helping our associates embark on the next phase of growth. We are achieving this with closer engagement with our associates and deriving greater synergistic benefits from technology, product development and customer offerings.

TRANSFORMING INTO DATA-CENTRIC OPERATORS

The current average internet penetration in the associate countries is between

12% and 36%, significantly below the level of more developed countries such as Singapore or Australia, where internet penetration levels have reached about 78%, according to statistics from The World Bank.

In these emerging markets, the majority of the population will be experiencing the internet for the first time via their mobile phones, due to the lack of fixed-line infrastructure. There is huge potential for our associates to grow as the mobile internet penetration rate is set to rise in these markets. To capture these opportunities, our associates are transforming their businesses.

They are investing heavily to acquire additional spectrum, roll out high-speed mobile data networks, drive smartphone adoption and offer new products and services to serve the needs of their customers, thus transforming the way people live, work and play.

Next year, our associates will collectively invest S\$7 billion in capital expenditure, of which a large percentage will be used to install mobile data networks to serve more people.

AIS, our associate in Thailand, launched 3G services in May 2013 after acquiring the necessary spectrum in late 2012. As at 31 March 2014, its network covered 90% of the population. AIS will achieve 95% coverage of the population by end 2014.

Currently, 62% of its customers are on 3G. AIS will continue to strengthen its network quality and expand network capacity in dense areas by adding small cells and accelerating fibre optic expansion. Its fibre transmission will support growing mobile data demand, as well as new potential wired-broadband services.

In February 2014, Airtel acquired 115 MHz of mobile spectrum for US\$3 billion to ensure business continuity as well as additional network capacity to support the phenomenal mobile data growth into the next 20 years. Airtel has launched commercial LTE in four major cities to serve the increasing data demand from customers. By March 2014, Airtel Africa had grown its mobile data customer base to 22.3 million, accounting for 32% of its total customer base. In its African markets, Airtel offers 3G services in 15 countries across the continent.

Similarly, Globe's network has significantly expanded in terms of capacity, coverage and capabilities since it started its network transformation programme in 2011. Over the last two years, Globe has invested over US\$790 million in its network and completed the change out of its legacy network with more than 22,000 base stations nationwide. Its 3G footprint now covers 90% of the population. Globe is the first operator to launch LTE in the Philippines and has since completed the pilot deployment of LTE in key commercial business districts and tourist destinations.



In Indonesia, Telkomsel continued to allocate more capital expenditure to 3G mobile base stations. It will have more than 36,000 3G mobile base stations by the end of 2014, accounting for 41% of its total stations. Telkomsel is the first Indonesian operator to successfully complete an LTE trial. The trial, carried out during the 2013 Asia Pacific Economic Cooperation meeting in Bali, recorded download speeds of 61Mbps.

DELIVERING A COMPREHENSIVE MOBILE EXPERIENCE

Our associates have also introduced a range of innovative products and services to help customers fully experience the power of mobile data in the digital world. This has led to more customers using the faster networks and consuming more mobile data.

Thanks to the faster speeds of its 3G 2100 MHz network, AIS can now support a wider range of applications including video streaming. Its AIS Mobile Barclays Premier League app allows football fans to enjoy live broadcasts of matches through their smart devices. In addition, its mPay Rabbit enables customers to conveniently pay for their Bus Rapid Transit and Bangkok Mass Transit System fares, as well as food items, at well-known shops via Near Field Communication technology.

Globe initiated an industry breakthrough with a suite of mix-and-match prepaid

plans that allow customers to tailor their own combination of calls, texts and data allowance. GoSAKTO was introduced to prepaid customers, allowing them to customise their voice, SMS and mobile data usage to best suit their lifestyle. GoSAKTO has won the Global Mobile Awards 2014 for the Best Network-based Solution for Serving Customers.

Mobile commerce is another area with growth potential in the emerging markets. Airtel rolled out Airtel Money to all 17 African countries it operates in, to enable transactions for customers in rural areas where banking facilities are not widely available. As at 31 March 2014, Airtel Africa registered an increase of 800,000 Airtel Money active customers from a quarter ago to reach a total of 3.5 million active customers. This boosted the total quarterly value of transactions from US\$1.7 billion to US\$2.2 billion.

DERIVING GROUP BENEFITS

There are significant scale benefits we drive as a collective group. Together, we share business insights and experiences that help shorten the learning curves for our associates and lead them to compete more effectively in their respective markets.

At the end of 2013, we set up Centres of Excellence (COEs) to help our associates acquire capabilities in areas of customer loyalty, analytics, carriage of mobile

video, innovative products and data monetisation in their markets.

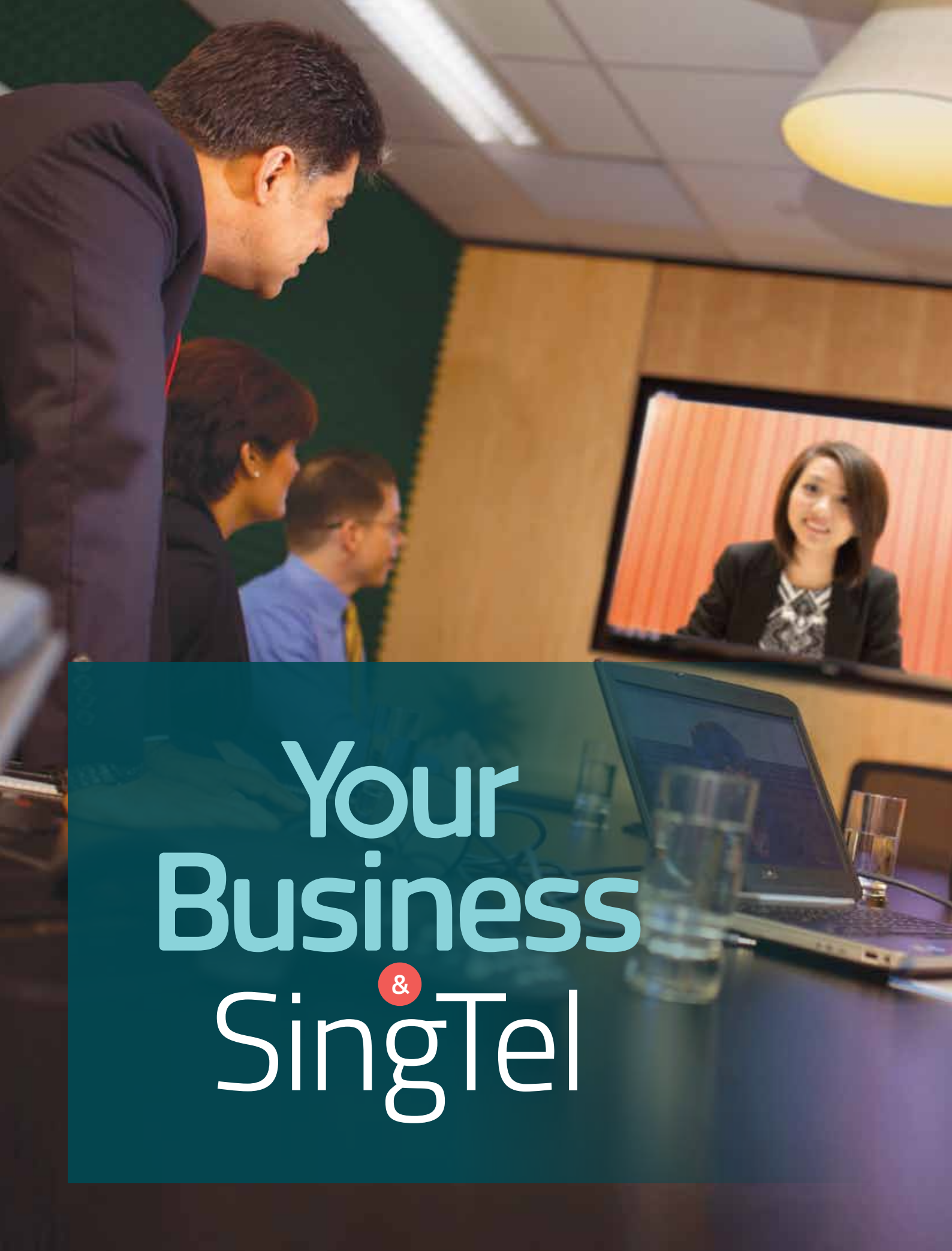
In April 2014, the COE on Innovative Products announced a partnership with Samsung to bring a seamless and richer data experience to the Group's customers. SingTel and its associates came together on 11 April 2014 to launch Samsung's flagship mobile device, the Galaxy S5.

In the near future, our associates' customers will be able to pay for their apps from Samsung's application store by deducting the amount from their prepaid credit balance or through their monthly postpaid bills. In the emerging markets, where credit card use is still low, this brings convenience to customers and provides a differentiating advantage over competitors.

Since 2013, we have been providing technical expertise and support to help Airtel Africa expedite 3G network implementation in several African countries. This has significantly lifted its network performance and data revenue.

For other examples of collaboration efforts, refer to pages 34 and 35.

Our associates are an important part of the Group, and we remain committed to working closely with them to deliver the best experience for our customers in the digital age.

A photograph of a business meeting in a modern office. Three people are gathered around a table, looking at a large screen displaying a video call with a woman. In the foreground, there are laptops and glasses of water on the table. The scene is lit with warm office lights.

Your Business & SingTel

Business Review

Group Enterprise



MARKET TRENDS

Revolutionary technologies continue to transform our world and the way enterprises operate. The convergence of mobile, fixed and cloud computing, together with emerging developments in social and analytics technologies, is driving change and creating new opportunities for businesses. With these breakthroughs, enterprises are establishing new markets, developing new products and realising new growth areas.

Enterprises are seeking ways to eliminate the complexities of working with multiple vendors. They are also looking to reduce significant upfront investments and the risk to their competitiveness from rapid changes in technology. Enterprises want their infocomm technology (ICT) providers to deliver secure, reliable and resilient solutions that help them meet their customers' needs.

STRATEGIC PRIORITIES

Group Enterprise is strengthening its position as Asia's leading ICT solutions provider. We are providing a seamless experience based on the quality of our people, products, networks, platforms, processes and operations.

We are focused on extending our leadership in enterprise mobility, connectivity and network services, as well as in managed and data centre services. We are also developing new opportunities in the areas of cloud computing, cyber security and solutions for smart cities.

Central to all our efforts in this space is the drive to continue enhancing customer experience for our enterprise customers.

OUR ASSETS/STRENGTHS

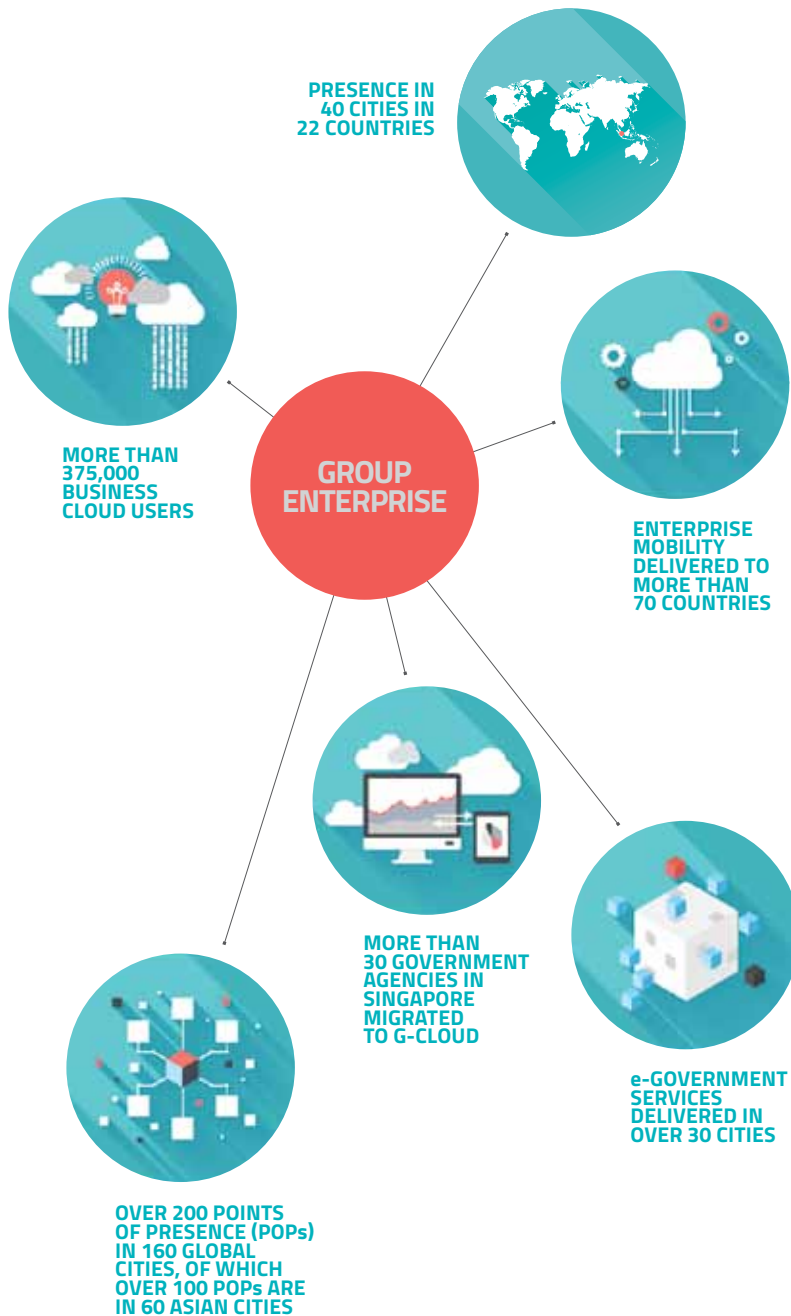
Our constant drive for innovation ensures that enterprises working with us have access to the latest technologies to keep their businesses ahead. Our partnerships are founded on growing together with our customers.

Group Enterprise provides fixed, mobile, cloud, managed services, IT services and consulting to a customer base that ranges from small and medium enterprises to large multinational corporations and governments.

As a market leader in Asia Pacific, our comprehensive suite of smart ICT solutions is backed by an extensive data network and infrastructure that span across key business cities and markets in the region. We also have offices in 40 cities in 22 countries worldwide.

Business Review

Group Enterprise



SHAPING THE ICT LANDSCAPE

Our extensive data infrastructure is the backbone of our solutions. To deliver unrivalled and end-to-end connectivity across the world, it is important for us to continually invest in and enhance our infrastructures.

Our global coverage was expanded during the year by deepening our presence in China, India and the US. We now have over 200 points of presence (POPs) in 160 cities. SingTel was also part of the consortium that launched the Southeast Asia Japan Cable system, which, together with the Unity cable system, offers the fastest available transmission speed to deliver the lowest latency connectivity between Asia and the US.

To enhance our infocomm technology (ICT) solutions, we introduced a comprehensive managed mobility service to deliver consistency in solutions, services and support for enterprises across Asia Pacific. Our one-stop service allows enterprises to simplify regional procurement, contract negotiation, policy and spend management, mobile application services and roaming.

We continued to be the leader for International Internet Protocol Virtual Private Network (IP VPN) and International Ethernet-Line in Asia Pacific, excluding Japan, from January to June 2013¹. We were also recognised as a leader for Datacenter and Hosted Cloud Services in Asia Pacific, scoring highest in capabilities according to the IDC 2013 MarketScape report.²

Notes:

¹ IDC Asia/Pacific (Excluding Japan) Telecom Service Tracker, Jan-Jun 2013.

² IDC MarketScape: Asia/Pacific Next-Generation Telcos — Datacenter and Hosted Cloud Services 2013–2014 Vendor Analysis, Dec 2013.

CUSTOMER CASE STUDY: AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED



Photo courtesy of ANZ

Australia and New Zealand Banking Group Limited (ANZ) was looking to expand its presence in Asia Pacific and needed an ICT provider to deliver end-to-end managed services. In 2009, ANZ signed a A\$500 million agreement with SingTel to deliver these services, leveraging our international network reach and capabilities. In 2013, ANZ renewed the contract, valued at A\$530 million, for another five years.

SingTel is transforming ANZ's infrastructure to support enhanced global communication, providing a single platform for the delivery of voice, data network services and services managed by a dedicated Global Enterprise Management Centre. The contract also includes the deployment of over 5,000 routers and switches, as well as 12,000 mobile services, among various other solutions.

" We are now entering our second services outsourcing partnership with SingTel. In this phase, SingTel is helping ANZ's progress in becoming a super-regional bank by enabling the connectivity of our business and the delivery of ICT services to our customers in Australia, Asia and the Pacific. This strategic partnership offers increased value in service quality, management control and increased capability to connect and support our accelerated business growth into the region."

MR ALISTAIR CURRIE
GROUP CHIEF OPERATING OFFICER OF ANZ

Business Review

Group Enterprise

INNOVATING TO CREATE BUSINESS ADVANTAGE

Innovation is a constant for Group Enterprise. It is key to ensuring that we deliver solutions that give our customers a competitive advantage. The aggregation of leading-edge technologies, including sensing, social, analytics, security, cloud and networks, is the foundation of our offering to small and medium enterprises (SMEs), large multinational corporations (MNCs) and governments.

Our strategy in the increasingly complex cyber security environment is based on next-generation predictive, responsive and recovery capabilities. Our ability to apply the best technologies is critical to scalable security services.

We also aim to become the preferred cloud computing partner in the region, with an expanded suite of multi-tenanted private cloud, hybrid cloud and cloud professional services capabilities.

In FY2013, we introduced Unified Communications-as-a-Service in Asia Pacific to deliver seamless communications and collaboration services. The pay-per-user solution is cost-effective for enterprises, and its rich media collaboration tools allow for faster decision making, leading to greater productivity.

We joined the Bridge Machine-to-Machine (M2M) alliance, and can now provide MNCs with quick worldwide deployment of connected devices and machines. This delivers an uninterrupted platform, allowing MNCs in the retail, electronics, transportation, health, energy and manufacturing sectors to

connect and exchange information more cost effectively.

For MNCs in the shipping industry, we introduced VoiceLink, an award-winning innovation that allows crew members to connect with loved ones through Facebook and e-greetings, and gain access to the latest news. For enterprises in the retail industry, our Video Analytics-as-a-Service solution converts videos into real-time data. This helps retailers better understand shopper behaviour and manage their storefronts.

For SMEs, we introduced our new cloud-based Fibre Broadband Security Suite, which protects the IT networks of SMEs from online threats. This suite is unique as it intercepts and eliminates security threats in the internet cloud before they even have the chance to reach a company's IT network. We are also working with the Infocomm Development Authority of Singapore to help SMEs manage their home-based workforce and increase their productivity through technology solutions and services.

Our award-winning myBusiness portal for SMEs in Singapore has expanded its capabilities. With the new group buy function, SMEs gain economies of scale and enjoy deeper discounts. The portal was also improved with an experts online section, where SMEs can gain business insights from industry practitioners.

For governments, we led efforts to establish Singapore as a regional computing hub. We worked with the Singapore government to offer G-Cloud, bringing an entire nation onto the cloud

with one of the most efficient and secure public service systems worldwide.

We are also working with Singapore's Ministry of Education to deliver a web-based interactive mother tongue language portal that uses cloud-based voice analytics technologies to help students from primary to junior college levels improve their mother tongue language skills.

CREATING SAFER, SMARTER CITIES

As the world becomes more connected, enterprises and government agencies are incorporating new technologies into a complete service delivery network for their customers. At Group Enterprise, we help shape future urban cities that respond to the needs of customers, citizens and city administrators.

Our Solutions for an Urbanised Future (SURF) initiative was developed for that purpose. Utilising new technologies such as big data and analytics, M2M communications, sensing technology, social networking and mobility technologies, SURF aims to enhance services in education, healthcare, transport and other key industry sectors. These new technologies complement and enhance our solution offerings to customers. Since introducing SURF in 2012, we have made good progress towards this vision.

In Singapore, we participated in various Call-for-Collaboration projects with the government, significantly enhancing operational efficiency and effectiveness through our intelligent platform of automated sensors and aggregated information, which allow analytical insights and complex event processing in real time.

In China, we are providing e-government solutions across various provinces and cities. We have also identified potential development areas in smart education campuses, digital hospitals and intelligent transport systems.

To further develop our data analytics capability, we collaborated with the Institute for Infocomm Research, a member of the Agency for Science, Technology and Research of Singapore, to build our business intelligence capabilities for harnessing enterprise data for actionable, timely and predictive insights.

ENHANCING CUSTOMER EXPERIENCE

Enterprise customers require their operations across different locations to be interconnected. They also prefer to have a single point of contact regardless of where they are or which office they are from. To enhance our global customer service delivery commitment, we introduced the one-stop Technical Assistance Centre. The centre is a single point of contact for our customers' IT and communications support across the region for faster post-sale support. We also introduced a web-based portal for customers to manage and track the status of reported incidents.

Our customer-centric culture and absolute focus on an enhanced customer experience are pursued relentlessly, and we are inspired to always do better.

CUSTOMER CASE STUDY: RESORTS WORLD SENTOSA

Resorts World Sentosa (RWS) is an award-winning, family-centric destination resort in Asia.

RWS requires a robust network for high-speed internet access and strong mobile coverage as it operates 24/7. Today, RWS uses SingTel's wireless solutions with secured access, which provides round-the-clock monitoring via the SingTel Network Operation Centre. In addition, a Network Access Controller system is deployed to provide RWS with an authentication process for its guests to access the internet.

Visitors to RWS can stay connected, and hotel guests get to enjoy the wide variety of in-room entertainment with SingTel IPTV and mio TV content.

"SingTel's tailored suite of services and solutions for RWS gives us peace-of-mind, enabling smooth operations and ensuring that our teams stay connected across multiple locations. This means we can now focus on what we do best – creating and delivering exceptional experiences for all our guests."

MR YAP CHEE YUEN
EXECUTIVE VICE PRESIDENT,
CORPORATE SERVICES,
GENTING SINGAPORE PLC,
WHICH OWNS RWS





Your Digital World & SingTel

Business Review

Group Digital Life



MARKET TRENDS

Rapid advances in technology, the proliferation of smartphones and a surge in demand for mobile internet services are changing customer behaviour and expectations. With the convergence of technology and communications industries, digital companies are competing with us in the telco space.

SingTel's response to these trends led to the establishment of Group Digital Life in 2012, marking our evolution from a traditional telco into a digital communications provider.

The mobile internet is a game changer; it has altered how people live, work and play in developed markets. Similar trends are playing out in the emerging markets, where limited fixed-line infrastructure means that many users' first contact with the internet is through their mobile devices. This opens the door to a new world of media consumption, shopping and TV experiences for users in these markets.

STRATEGIC PRIORITIES

Group Digital Life's focus is to create new growth opportunities and revenue platforms in mobile-led internet usage.

By doing so, we are deepening SingTel's relationships with customers through new products and services to inspire, delight and engage our customers in the digital space. Our solutions are developed through an understanding and anticipation of our customers' behaviour and expectations.

We are making investments directly and through partnerships to gain access to new technology and talent. In our investments, we balance implementation risks with opportunity. We are confident that we have in place the right structures, capabilities and initiatives to succeed.

OUR ASSETS/STRENGTHS

Our most valuable asset is the half a billion mobile customers whose lives are touched by SingTel every day in the developed and emerging markets. These relationships are the foundation of our future growth as we broaden our services.

In the emerging markets, where credit card adoption is still low, our billing relationships are especially important in bringing people into the digital world. These billing relationships give us significant opportunities to build long-term customer loyalty.

Group Digital Life's strength also comes from our network of partnerships around the world. These allow us to accelerate service adoption as we team up with specialised vendors and research institutes, and work with start-ups through our corporate venture capital arm, SingTel Innov8.

Business Review

Group Digital L!fe

Group Digital L!fe is a key driver in the ongoing dual transformation across the SingTel Group. To create value for the Group, we are executing on two strategic priorities.

Firstly, we are focused on creating new growth avenues and revenue platforms for the Group. We have already identified growth areas such as digital advertising and big data, where our telco assets give us a competitive advantage. We will continue to explore other opportunities.

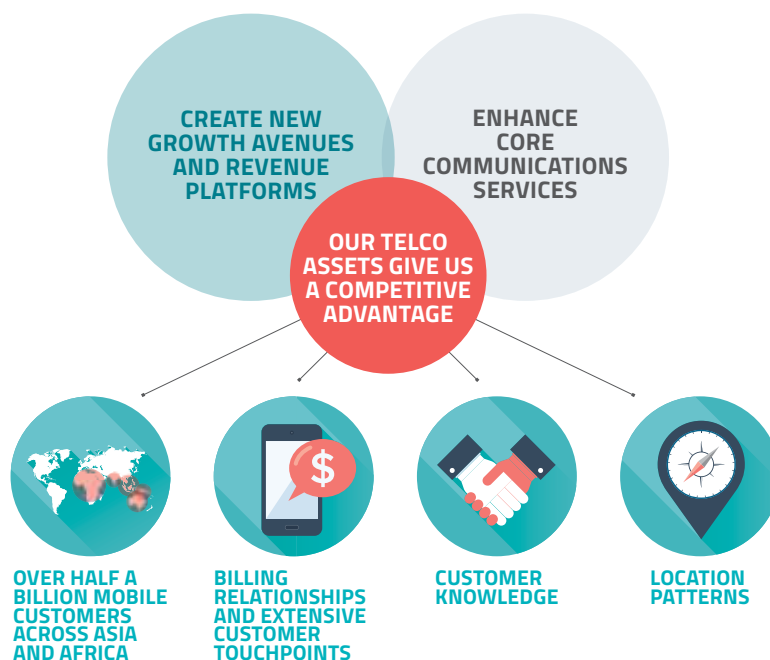
Secondly, Group Digital L!fe is responsible for enhancing SingTel's core communications offerings with products and services that are not only essential to our customers' daily lives, but also inspire and delight them.

Instead of trying to out-innovate the many entrepreneurs in the digital space, our approach is to collaborate with other telcos, specialised vendors and research institutes, and to invest in start-ups that have the potential to disrupt adjacent industries and their traditional operating models.

Group Digital L!fe's activities in Singapore and Australia are also crucial in helping our regional mobile associates continue to be successful in the digital era. The average smartphone penetration rate for our associates' markets is low at 15% as they transition from a voice-centric market to a data-centric one. Our expertise and knowledge in the digital space is a real asset to them and their customers as they drive this transition.

We understand that to innovate in the digital space, we must try many things and that there will be successes and failures along the way. While we have been making good progress, our attitude

Group Digital L!fe Creates Value in Two Ways



towards failure is also guided by an important principle – “fail fast and fail cheap”.

EXPANDING OUR Foothold IN DIGITAL ADVERTISING

The exponential growth in smartphone users and mobile data usage has changed the dynamics of marketing, with advertising expenditure shifting from traditional to digital media.

The acquisition of Amobee – our digital advertising arm – in 2012, equips us with the necessary tools to capture this new and growing revenue stream. Just two years on, revenue at Amobee has grown by four times. Amobee has also expanded to Australia, China, India, Indonesia, the Philippines, Singapore and Thailand.

Amobee recently invested in a data centre in Singapore to support its regional growth. This was made possible through the close relationship between SingTel and its partners in the common adoption of the Amobee platform. Amobee's client list has expanded to include premier global brands such as Ford, H&M, Lexus, McDonald's, the Wall Street Journal and many others.

Amobee is strengthening its capabilities through acquisitions, notably the purchase of Gradient X, the developer of a real-time bidding platform for mobile advertising. The platform now offers advanced real-time bidding that includes support for multiple advertising channels and formats such as video and HTML5.

CASE STUDY: AMOBBEE BRINGING THE FORD F-150 TO LIFE WITH AN INNOVATIVE 3D MOBILE AD EXPERIENCE

To build on 36 years of success, Ford tapped Amobee to develop a best-of-breed creative execution on mobile devices to drive brand awareness and user engagement for its latest vehicle, the Ford F-150.

By using Amobee's ground-breaking mobile 3D technology Amobee 3D, Ford was able to bring the F-150 brand to life in new ways by pushing the creative boundaries with the most realistic virtual showroom experience ever.

Customer engagement achieved by the Amobee 3D F-150 mobile ad campaign far exceeded Ford's expectations, achieving up to two times the industry average of time-spent per ad. Across all measured categories, the 3D F-150 mobile campaign delivered significant increases in brand metrics.

Key findings included:

■ BRAND FAVOURABILITY:

20% ▲
(2 times higher than industry average)

■ PURCHASE CONSIDERATION:

40.4% ▲
(2.5 times higher than industry average)

■ "WE OWN WORK" MESSAGE ASSOCIATION:

71.1% ▲
(4 times higher than industry average)

■ AIDED BRAND AWARENESS:

11.4% ▲
(higher than industry average)

"A majority of mobile campaigns are focused on targeting and big data, which are important. However, the difference between a good mobile campaign and a great one is delivering an amazing interactive and creative experience.

Amobee 3D gives us a brand new creative palette to develop a more engaging ad experience and tell brand stories in ways that are different from what we can do through linear video and traditional expandable mobile-rich media ad units. It's by far the coolest thing I've seen in mobile advertising in the last three years."

MR BRIAN BOS
FORD'S SENIOR VICE PRESIDENT & GROUP DIRECTOR
OF EMERGING MEDIA FOR TEAM DETROIT



Business Review

Group Digital Life

BUILDING BIG DATA CAPABILITIES

Our rich database of customer information presents us with a valuable opportunity to provide customers with real-time data analytics and data visualisation solutions.

We have set up DataSpark to help businesses and governments make better informed decisions that drive strong business outcomes. The key elements to a great data analytics service are the ability to understand and predict lifestyle and behavioural patterns, and intuitive data visualisation. Together with our associates, our operations give us richness of data that cuts across different markets, while our combined customer reach provides ready scale for our data analytics solutions. We also have unique technology that allows real-time, continuous data collection, while ensuring all data provided remains anonymous and the privacy of individuals is respected at all times.

ENHANCING CORE COMMUNICATIONS OFFERINGS

To enhance the offerings from Group Consumer, Group Digital Life is developing a suite of next-generation digital products and services to create differentiation factors that inspire, delight and engage our customers.

Mobile devices have become our customers' constant companions. We have, therefore, been aggressively growing our suite of apps and services to meet customer expectations of access to products and services that touch various aspects of their lives.

We have identified five major areas of focus for our mobile internet businesses:

Hyperlocal Content

Hyperlocal content lets people know what is going on around them with the most up-to-date information. The content we provide is enhanced

by our extensive Asia experience in localising products and services that cater to our customers' needs. We gain a clear competitive advantage over global competitors by applying this in-depth, local knowledge.

inSing.com is a robust portal that connects users in Singapore to hyperlocal information. A large part of this portal is the HungryGoWhere site and app, which were also introduced in Malaysia this year. HungryGoWhere remembers customers' preferences and makes relevant recommendations on where and what to eat. With the food obsession in these two countries, the app has gained a tremendous amount of traction.

We are also sharpening NewsLoop to deliver the most relevant news updates to our customers. Users in Australia, Indonesia, Malaysia, the Philippines, Singapore and Thailand can already access localised content.

Video

One of the highlights of the year was our partnership with Vuclip, a SingTel Innov8 investment. Vuclip is a mobile video service provider, specialising in delivering videos to feature phones, as well as low-cost smartphones on constrained data networks.

Our mio TV Go app, introduced this year, differentiates our pay TV service in Singapore by offering our customers on-the-go convenience. In addition to live streaming of shows on the move, customers can use the app to discover new content and control their set-top box.



Gaming

During the year, we boosted our gaming presence with the introduction of the WePlay app. WePlay is an alternative social gaming platform that recommends games based on customers' preferences. It also connects them to a gaming community where they have access to hundreds of free and paid games. All purchases can be billed directly to the customers' SingTel bill. We plan to roll out localised versions for India, Indonesia and the Philippines in FY2015.

WePlay followed our investment in TheMobileGamer (TMG). TMG provides a device-neutral gaming experience as its games can be played on any mobile browser with no downloads or installations required.

Music

We enhanced our music streaming service AMPed™ with a fresh new look for the best entertainment experience. AMPed carries the catalogues of all major international music labels, as well as a comprehensive range of music from local and regional artistes. It offers a repository of over 5 million songs in addition to money-can't-buy experiences such as exclusive showcases, autograph sessions and concerts by top artistes.

eCommerce

During the year, we partnered Shopify, a successful North American eCommerce company, to bring its solutions to India, Indonesia, Malaysia and Singapore. We worked with payment providers in each country to enable transactions in local currencies.

CASE STUDY: SINGTEL INNOV8 GENERATING VALUE THROUGH SINGTEL INNOV8

SingTel Innov8 (Innov8), our corporate venture capital fund, is a key facilitator for creating win-win partnerships between its investees and members of the SingTel Group.

It helps investees access the Group's scale and market insights and, through partnerships, it allows our regional mobile associates to tap cutting-edge technology with the opportunity to make it relevant in their respective markets. Vuclip, a US-based mobile video provider is, a prime example.

In April 2013, Airtel in India leveraged Vuclip's technology and introduced a revolutionary portal that serves curated videos at one Rupee each. The initiative was designed to encourage mobile data usage in a market where most users have yet to experience the power of the mobile internet. In less than 12 months, the portal gained 20 million users,

more than 40% of whom were first-time mobile internet users. This service single-handedly enabled more people to experience mobile data than any other campaign by a mobile carrier.

Following its success in India, Vuclip worked on a similar campaign with Telkomsel in Indonesia and introduced the Telkomsel Video 500 store in December 2013. In less than three months, it garnered over 1 million users.

Since Innov8's investment in August 2012, Vuclip has grown from 40 million monthly active users (MAUs) to 120 million MAUs. Vuclip has also expanded its product reach into Indonesia, Malaysia, Thailand and the United Arab Emirates, making it the world's largest independent mobile video and media company.

"Choosing SingTel Innov8 as an investor has been one of my best decisions since founding Vuclip. Their value-add has provided us with the best of both worlds: a comprehensive view of the operator and media worlds because of their close collaboration with the SingTel Group, as well as a top-tier institutional investor's view point when it comes to strategic and operational insights."

MR NICKHIL JAKATDAR
CHIEF EXECUTIVE OFFICER, VUCLIP



Key Awards and Accolades

BUSINESS EXCELLENCE

- **ASEAN ICT AWARDS 2013 – SINGTEL**
 - myBusiness – Gold
- **ASIA BUSINESS CONTINUITY AWARDS 2013 – SINGTEL**
 - Business Continuity Provider of the Year for BCM Services & Recovery Site
- **ASIA COMMUNICATIONS AWARD 2013 – SINGTEL**
 - Best Enterprise Service for Connectivity-as-a-Service
 - Best SME Service for myBusiness
- **ASIA-PACIFIC CARRIER ETHERNET SERVICE PROVIDER AWARDS 2013 – SINGTEL**
 - Best Carrier Ethernet Business Applications
 - Best Wholesale Ethernet Service
- **ASIA-PACIFIC CUSTOMER SERVICE CONSORTIUM AWARDS 2013 – AIS**
 - Contact Centre of the Year
- **AUSTRALIA COMMUNICATIONS AWARDS 2013 – OPTUS**
 - Satellite Provider of the Year
- **CNET ASIA READERS' CHOICE AWARDS 2013 – GLOBE**
 - Best Telco in the Philippines
- **CNET ASIA READERS' CHOICE AWARD 2013 – TELKOMSEL**
 - Best Telco in Indonesia
- **COMMUNICATIONS ALLIANCE AND COMMSDAY AWARDS 2013 – OPTUS**
 - Satellite Provider of the Year
- **COMMUNICATOR AWARDS 2013 – AMOBEE**
 - Advertising Excellence
- **COMPUTERWORLD HONG KONG AWARDS 2013 – SINGTEL**
 - Best IT Outsourcing & Managed Services Provider
- **COMPUTERWORLD SINGAPORE CUSTOMER CARE AWARD 2013 – SINGTEL**
 - Telecommunications Services & Cloud Services
- **CONTACT CENTRE WORLD ASIA PACIFIC AWARDS 2013 – SINGTEL**
 - Best Outsourced Contact Centre – Gold
- **CONTACT CENTRE WORLD AWARDS 2013 – OPTUS**
 - Best Technology Innovation for Customer Call Back – Gold
 - Best Use of Social Media in a Contact Centre – Gold
- **CUSTOMER SATISFACTION INDEX OF SINGAPORE 2013 – SINGTEL**
 - 1st in Broadband Service
 - 1st in Mobile Service
- **EUROFINANCE TREASURY AWARDS FOR EXCELLENCE IN ASIA 2013 – AIRTEL INDIA**
 - Top Treasury Team, Asia
- **EXCELLENT SERVICE AWARD 2013 – SINGTEL**
 - 1st in the Telco Category
- **IDC TELECOM SERVICE PROVIDER INNOVATION AWARDS 2013 – SINGTEL**
 - Service Provider of the Future
- **INTERACTIVE MEDIA AWARDS 2013 – NCS**
 - Outstanding Achievement Award for One.Motoring Portal & National Service Life Microsite
- **FROST & SULLIVAN ASIA PACIFIC ICT AWARDS 2013 – SINGTEL**
 - Service Provider CEO of the Year – Chua Sock Koong
- **FROST & SULLIVAN INDIA ICT AWARDS 2013 – AIRTEL INDIA**
 - Enterprise Telecom Service Provider of the Year
- **FROST & SULLIVAN INDONESIA EXCELLENCE AWARDS 2013 – TELKOMSEL**
 - Mobile Broadband Service Provider of the Year
 - Mobile Service Provider of the Year
- **FROST & SULLIVAN PHILIPPINES EXCELLENCE AWARDS 2013 – GLOBE**
 - Mobile Service Provider of the Year
- **FROST & SULLIVAN THAILAND EXCELLENCE AWARDS 2013 – AIS**
 - Telecom Service Provider of the Year
- **IAB MIXX AWARD 2013 – AMOBEE**
 - Best Custom Rich Media Display for BMW Accelerates Engagement with Immersive 3D Mobile Ads
- **MARKETING EXCELLENCE AWARDS 2013 – SINGTEL**
 - Marketer of the Year
- **MOBILE ENTERTAINMENT AWARD 2013 – AMOBEE**
 - Best Rich Media Ad Platform
- **NETWORK WORLD ASIA INFORMATION MANAGEMENT AWARDS 2013 – SINGTEL**
 - Best in Security-as-a-Service
- **PITCH BRANDS AWARDS 2013 – AIRTEL INDIA**
 - Globetrotters Award
- **PREMIUM SERVICE GEMS AWARD 2013 – SINGTEL**
 - Premium Service GEM Award in Telecommunications

CORPORATE CITIZENSHIP

SMART AWARDS 2013 – OPTUS

- Excellence in Supply Chain & Logistics

STRAITS TIMES DIGITAL LIFE IN SINGAPORE 2013 – SINGTEL

- Editor's Choice for AMPed

STUFF READERS' CHOICE AWARD 2013 – HUNGRYGOWHERE

- Local App of the Year

THE CREATIVE CIRCLE AWARDS 2013 – SINGTEL

- Best Use or Integration of Experiential Events for SingTel Hawker Heroes – Gold
- Directed Integrated Campaign for SingTel Hawker Heroes – Gold

FROST & SULLIVAN CUSTOMER EXPERIENCE AWARDS 2014 – OPTUS

- Best Practice in Customer Experience for Telecommunications In-store

GLOBAL MOBILE AWARDS 2014 – GLOBE

- Best Network-based Solution for Serving Customers Award (GoSakto)

GLOBAL REVIEWS DIGITAL CUSTOMER EXPERIENCE INDEX (CEI) 2014 – OPTUS

- Best Digital Customer Experience for Telecommunications Websites

HWM + HARDWAREZONE.COM TECH AWARDS (READERS' CHOICE) 2014 – SINGTEL

- Best 4G Network
- Best Fibre Broadband Service
- Best Telco

KALAHARI AWARDS 2014 – AIRTEL AFRICA

- Fastest Growth & Expansion in Africa for Mobile Money

AITD 2013 – SINGTEL

- Organisational Learning Effectiveness Award

AUSTRALIA COMMUNICATIONS AWARDS 2013 – OPTUS

- Community Contribution

AUSTRALIAN EVENT AWARDS 2013 – OPTUS

- Best Charity or Cause-related Event for Optus RockCorps

CDP (EX-JAPAN) CLIMATE DISCLOSURE LEADERSHIP INDEX AWARD 2013 – SINGTEL

COMMUNITY CHEST AWARDS 2013 – SINGTEL

- Corporate Platinum
- SHARE Corporate Gold
- Special Events Platinum

INCLUDED IN DOW JONES SUSTAINABILITY INDEX AUSTRALIA 2013 – SINGTEL

INVESTORS' CHOICE AWARDS 2013 – SINGTEL

- Board of Diversity Award
- Internal Audit Excellence Award

IR MAGAZINE AWARDS 2013 – SINGTEL

- Best Corporate Literature
- Best Corporate Governance & Disclosure

LEADING HR PRACTICES AWARD 2013 – SINGTEL

- Learning & Human Capital Development

SINGAPORE HUMAN RESOURCE INSTITUTE 2013 – SINGTEL

- Leading HR Practices in CSR

ASEAN CORPORATE SUSTAINABILITY SUMMIT AND AWARDS 2014 – GLOBE

- 1st in Integrated Communication Category

ETHISPHERE INSTITUTE 2014 – SINGTEL

- World's Most Ethical Company

FINANCEASIA 2014 – SINGTEL

- Best Corporate Governance
- Best CSR
- Most Committed to a Strong Dividend Policy

HRM AWARDS 2014 – SINGTEL

- HR Champion – Yuen Kuan Moon
- Social Media Award

Sustainability & Governance

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ANNUAL REPORT 2014

Board of Directors

**SIMON ISRAEL****CHUA SOCK KOONG****BOBBY CHIN****FANG AI LIAN****DAVID GONSKI AC** ⁽¹⁾**DOMINIC HO****LOW CHECK KIAN****PETER MASON AM** ⁽²⁾**KAI NARGOLWALA****CHRISTINA ONG****PETER ONG****Notes:**⁽¹⁾ Companion of the Order of Australia.⁽²⁾ Member of the Order of Australia.

Board of Directors

SIMON ISRAEL

- Non-executive and non-independent Director
- Chairman, SingTel Board
- Chairman, Finance and Investment Committee
- Member, Corporate Governance and Nominations Committee
- Member, Executive Resource and Compensation Committee
- Member, Optus Advisory Committee
- Date of Appointment: Director on 4 Jul 2003 and Chairman on 29 Jul 2011
- Last Re-elected: 26 Jul 2013

Mr Israel, 61, is a Director of CapitalLand Limited, Fonterra Co-operative Group Limited and Stewardship and Corporate Governance Centre Pte. Ltd. He is also a member of the Governing Board of Lee Kuan Yew School of Public Policy and Westpac's Asia Advisory Board.

Mr Israel was an Executive Director and President of Temasek Holdings (Private) Limited before retiring on 1 July 2011. Prior to that, he was Chairman Asia Pacific

of the Danone Group. Mr Israel also held various positions in Sara Lee Corporation before becoming President (Household & Personal Care), Asia Pacific.

Mr Israel was conferred the Knight in the Legion of Honour by the French government in 2007 and awarded the Public Service Medal at the Singapore National Day Awards 2011. He holds a Diploma in Business Studies from The University of the South Pacific.

CHUA SOCK KOONG

- 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: 27 Jul 2012

Ms Chua, 56, was appointed Group CEO on 1 April 2007. She is responsible for SingTel's three key businesses – Group Consumer, Group Enterprise and Group Digital Life.

Ms Chua joined SingTel in June 1989 as Treasurer and was made CFO in April 1999. She held the positions of Group CFO and CEO, International from February 2006 to 12 October 2006, when she was appointed Deputy Group CEO.

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 and the Public Service Commission.

Ms Chua holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a CFA charterholder.

BOBBY CHIN

- Non-executive and independent Director
- Chairman, Risk Committee
- Member, Audit Committee
- Date of Appointment: 1 May 2012
- Last Re-elected: 27 Jul 2012

Mr Chin, 62, is a member of the Council of Presidential Advisers and serves on the boards of the Singapore Labour Foundation, NTUC Enterprise Co-operative Limited and NTUC Fairprice Co-operative Limited. He is also a Director of several listed companies including Yeo Hiap Seng Limited, Ho Bee Land Limited, SembCorp Industries Ltd and AV Jennings Limited.

Mr Chin was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005.

Mr Chin holds a Bachelor of Accountancy from the University of Singapore. He is a Fellow Chartered Accountant of Singapore and an associate member of the Institute of Chartered Accountants in England and Wales.

FANG AI LIAN

- Non-executive and independent Director
- Chairman, Audit Committee
- Member, Executive Resource and Compensation Committee
- Date of Appointment: 7 Aug 2008
- Last Re-elected: 27 Jul 2012

Mrs Fang, 64, was the Chairman of Great Eastern Holdings Limited as well as Chairman of its insurance subsidiaries until her retirement in April 2014. 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 and Metro Holdings Limited and an advisor to Far East Organization. She is also the Chairman of the Charity Council and the Tax Academy of 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.

DAVID GONSKI AC⁽¹⁾

- Non-executive and independent Director
- Member, Optus Advisory Committee
- Member, Risk Committee
- Date of Appointment: 1 Mar 2013
- Last Re-elected: 26 Jul 2013

⁽¹⁾ Companion of the Order of Australia.

Mr Gonski, 60, is the Chairman of Australia and New Zealand Banking Group Limited and Coca-Cola Amatil Limited and the Chancellor of The University of New South Wales.

Mr Gonski is a lawyer by training and has been involved in the financial services industry in Australia for more than 30 years.

He was appointed a Companion of the Order of Australia in 2007 and received the Centenary Medal in 2003. Mr Gonski holds a Bachelor of Commerce and Bachelor of Laws from The University of New South Wales. He is a Life Fellow of the Australian Institute of Company Directors and a Fellow of the Certified Practicing Accountants in Australia.

DOMINIC HO

- Non-executive and independent Director
- Member, Audit Committee
- Member, Corporate Governance and Nominations Committee
- Date of Appointment: 28 Nov 2007
- Last Re-elected: 29 Jul 2011

Mr Ho, 63, is a non-executive Director of Underwriters Laboratories Inc., Hang Lung Properties Limited and DBS Bank (Hong Kong) Limited. He is also the non-executive Chairman of DBS Bank (China) Limited.

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, US. He is a member of the American Institute of Accountants and the Hong Kong Institute of Certified Public Accountants.

LOW CHECK KIAN

- Non-executive and independent Director
- Member, Corporate Governance and Nominations Committee
- Member, Finance and Investment Committee
- Date of Appointment: 9 May 2011
- Last Re-elected: 29 Jul 2011

Mr Low, 55, was one of the founding partners of NewSmith Capital Partners LLP, an independent partnership providing corporate finance advice and investment management services, with its headquarters based in London. Prior to founding NewSmith, Mr Low was a Senior Vice-President and Member of the Executive Management Committee of Merrill Lynch & Co., and its Chairman for the Asia Pacific region.

Mr Low also sits on the boards of Neptune Orient Lines Limited and the Fullerton Fund Management Company Ltd, and is a trustee of the Singapore London School of Economics Trust and the Nanyang Technological University.

Mr Low holds Bachelor and Master degrees in Economics from the London School of Economics.

PETER MASON AM⁽²⁾

- Non-executive and independent Director
- Chairman, Optus Advisory Committee
- Member, Executive Resource and Compensation Committee
- Date of Appointment: 21 Sep 2010
- Last Re-elected: 26 Jul 2013

⁽²⁾ Member of the Order of Australia.

Mr Mason, 68, is a Senior Advisor to UBS Australia. He is a Trustee of the Sydney Opera House Trust and the Chairman of the Centre for International Finance and Regulation.

Mr Mason has more than 40 years' experience in investment banking. He was Chairman of JP Morgan Chase Bank in Australia from 2000 to 2005. Prior

to this, he was Chairman and Chief Executive of Schroders Australia and Group Managing Director of Schroders' investment banking businesses in the Asia Pacific region.

Mr Mason holds a Bachelor of Commerce (First Class Honours), an MBA and an Honorary Doctorate from The University of New South Wales.

Board of Directors

Notes:

⁽¹⁾ Mr Ong Peng Tsin retired from the SingTel Board following the conclusion of the Annual General Meeting held on 26 July 2013.

⁽²⁾ Please see the next page for a summary of the past chairmanships and directorships of the members of the SingTel Board.

KAI NARGOLWALA

- Non-executive and Lead Independent Director
- Chairman, Corporate Governance and Nominations Committee
- Chairman, Executive Resource and Compensation Committee
- Member, Finance and Investment Committee
- Date of Appointment: Director on 29 Sep 2006 and Lead Independent Director on 13 May 2009
- Last Re-elected: 27 Jul 2012

Mr Nargolwala, 64, is an independent non-executive Director of the UK-based Prudential plc., Credit Suisse Group AG and PSA International Pte Ltd. He is the Chairman of Clifford Capital Pte. Ltd. and the Chairman of the Governing Board of the Duke-NUS Graduate Medical School of Singapore. He also serves on the board of the Casino Regulatory Authority of Singapore and is a member of the Singapore Capital Markets Committee of the Monetary Authority of Singapore.

Mr Nargolwala was the non-executive Chairman of Credit Suisse Asia Pacific from October 2010 to December 2011 and the CEO of Credit Suisse Asia Pacific

and a member of the Executive Board of Credit Suisse AG from January 2008 to September 2010. He was a Group Executive Director of Standard Chartered PLC before joining Credit Suisse Asia Pacific. Prior to that, he was the Group Executive Vice President and Head of Asia Wholesale Banking Group for Bank of America, headquartered in Hong Kong.

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 as well as the Singapore Institute of Directors.

CHRISTINA ONG

- Non-executive and independent Director
- Member, Audit Committee
- Member, Corporate Governance and Nominations Committee
- Date of Appointment: 7 Apr 2014

Mrs Ong, 63, is a Partner of Allen & Gledhill LLP as well as the Head of its Financial Services Department. She is a Director of SIA Engineering Company Limited, Singapore Tourism Board and Trailblazer Foundation Ltd. She also sits on the boards of companies and entities which are owned by Allen & Gledhill LLP.

Mrs Ong is a lawyer and her areas of practice include banking, securities offerings, securities regulations,

investment funds, capital markets and corporate finance. She has been involved in a broad range of international transactions in Asia, including debt and equity issues. She provides corporate and corporate regulatory and compliance advice, particularly to listed companies.

Mrs Ong holds a Bachelor of Laws (Second Upper Class Honours) from the University of Singapore. She is a member of the Law Society of Singapore and the International Bar Association.

PETER ONG

- Non-executive and non-independent Director
- Member, Audit Committee
- Member, Risk Committee
- Date of Appointment: 1 Sep 2010
- Last Re-elected: 29 Jul 2011

Mr Ong, 52, is the Head of Singapore's Civil Service, Permanent Secretary of the Ministry of Finance and Permanent Secretary (Special Duties) in the Prime Minister's Office. He previously held the positions of Permanent Secretary (National Security and Intelligence Co-ordination), Permanent Secretary (Ministry of Trade and Industry), Permanent Secretary (Ministry of Transport) and 2nd Permanent Secretary (Ministry of Defence). Prior to that, he was an Executive Vice President of Temasek Holdings (Private) Limited.

Mr Ong currently sits on the boards of the Monetary Authority of Singapore, the National Research Foundation and the

ASEAN+3 Macroeconomic Research Office. He is also the Chairman of the Inland Revenue Authority of Singapore and Calvary Community Care.

Mr Ong was conferred the Meritorious Service Medal (Pingat Jasa Gemilang) at the Singapore National Day Awards 2010. He was also conferred the (Honorary) Knight of the Most Distinguished Order of the Crown by the Yang di-Pertuan Agong Malaysia XIV in June 2012 (with the title of "Tan Sri").

Mr Ong holds a Bachelor of Economics (Honours) from the University of Adelaide, Australia and an MBA from Stanford University, US.

Past Chairmanships and Directorships

The following is a summary of the past chairmanships and directorships of the members of the SingTel Board ⁽¹⁾:

SIMON ISRAEL

- Asia Pacific Breweries Limited (Chairman)
- Temasek Holdings (Private) Limited (Executive Director and President)

CHUA SOCK KOONG

- Casino Regulatory Authority of Singapore (Board member)
- Corporate Governance Council established by the Monetary Authority of Singapore (Member)

BOBBY CHIN

- Singapore Totalisator Board (Chairman)
- Neptune Orient Lines Limited (Director)
- Competition Commission of Singapore (Board member)
- Oversea-Chinese Banking Corporation Limited (Director)

FANG AI LIAN

- Great Eastern Holdings Limited (Chairman)
- Ernst & Young (Chairman)
- Oversea-Chinese Banking Corporation Limited (Board member)
- Public Utilities Board (Board member)
- International Enterprise Singapore (Board member)

DAVID GONSKI AC ⁽²⁾

- Australian Securities Exchange Limited (Chairman)
- Singapore Airlines Ltd (Director)
- Westfield Group (Director)
- Guardians of the Future Fund of Australia (Chairman)
- Investec Bank (Australia) Limited (Chairman)
- Investec Holdings Australia Limited (Chairman)
- Investec Property Limited (Director)
- Swiss Re Life & Health Australia Ltd (Chairman)

DOMINIC HO

- KPMG (Chairman, China and Hong Kong SAR)
- Hong Kong Mercantile Exchange Limited (Director)

LOW CHECK KIAN

- Singapore Exchange Limited (Lead Independent Director/Director)
- Fibrechem Technologies Limited (Board member)

PETER MASON AM ⁽³⁾

- David Jones Limited (Chairman)
- AMP Limited (Chairman)

KAI NARGOLWALA

Nil

CHRISTINA ONG

- ST Asset Management Ltd

PETER ONG

- MND Holdings Pte Ltd (Chairman)

Notes:

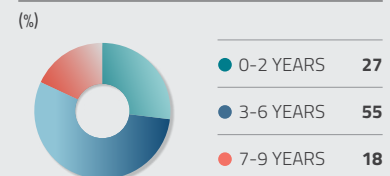
⁽¹⁾ Held over the preceding three years.

⁽²⁾ Companion of the Order of Australia.

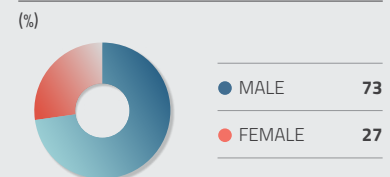
⁽³⁾ Member of the Order of Australia.

SINGTEL BOARD DIVERSITY

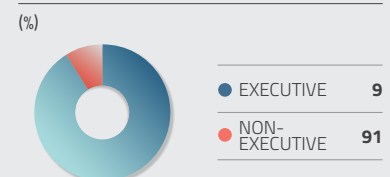
TENURE



MALE/FEMALE



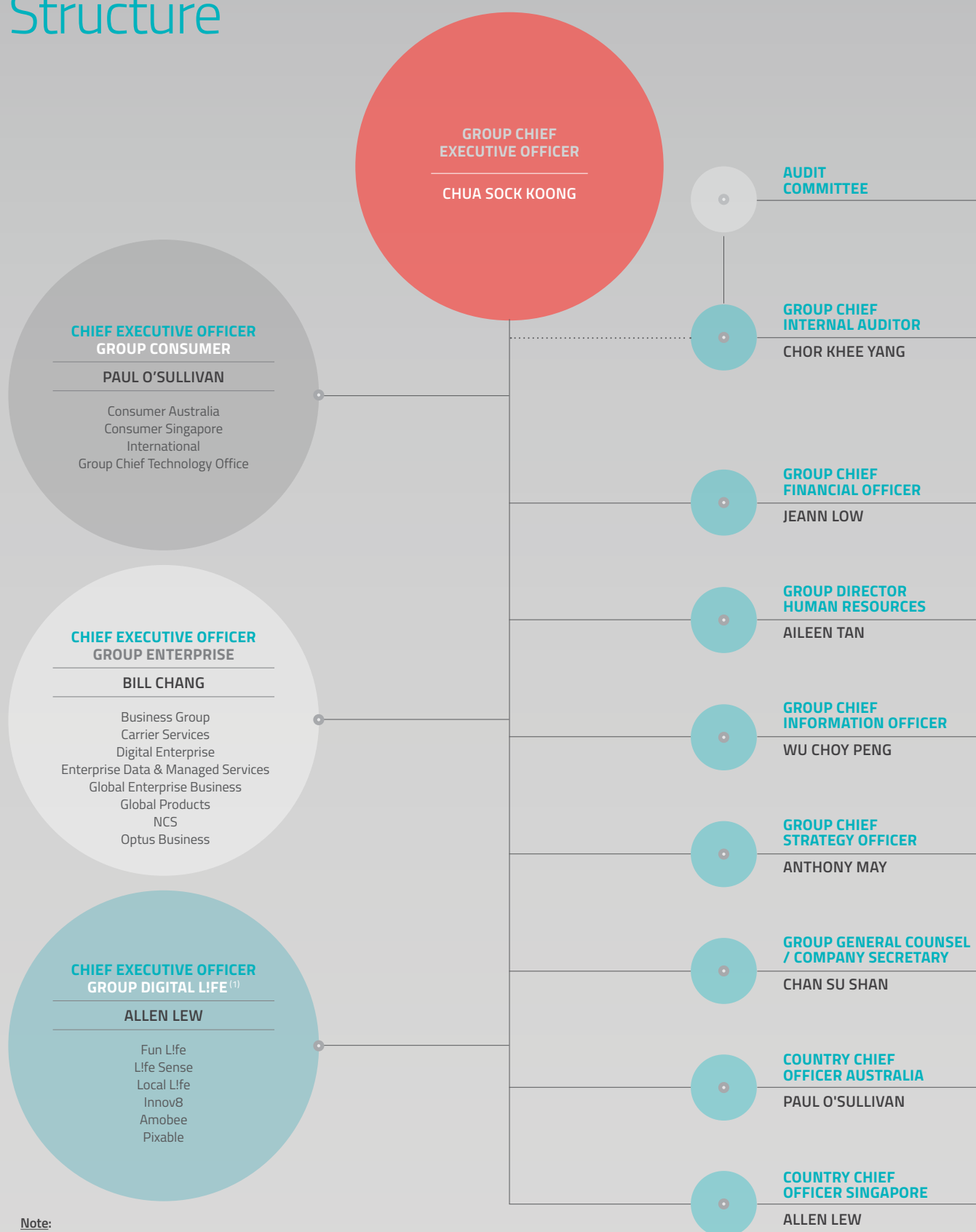
EXECUTIVE/NON-EXECUTIVE



GEOGRAPHICAL REPRESENTATION



Organisation Structure



Note:

- ⁽¹⁾ Fun Life: Games, lifestyle and entertainment.
Life Sense: Mobile financial services.
Local Life: Hyperlocal services and eCommerce.

Management Committee



CHUA SOCK KOONG

GROUP CHIEF EXECUTIVE OFFICER

Ms Chua, 56, was appointed Group CEO on 1 April 2007. She is responsible for SingTel's three key businesses – Group Consumer, Group Enterprise and Group Digital Life.

Ms Chua joined SingTel in June 1989 as Treasurer and was made CFO in April 1999. She held the positions of Group CFO and CEO, International from February 2006 to October 2006, when she was appointed Deputy Group CEO.

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 and the Public Service Commission.

Ms Chua holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a CFA charterholder.



BILL CHANG

CHIEF EXECUTIVE OFFICER,
GROUP ENTERPRISE

Mr Chang, 47, was appointed CEO, Group Enterprise on 16 July 2012. He is responsible for providing ICT solutions to serve the Group's enterprise customers, offering innovative and comprehensive IT and telecommunications solutions across multiple geographies.

Mr Chang was previously Managing Director, Business Group, and joined SingTel in 2005 as Executive Vice President of Corporate Business. Before joining SingTel, he was the Managing Director of Cisco Systems' Advanced Services Group in Asia Pacific. His

earlier career included roles at various multinational technology companies.

In 2014, Mr Chang was conferred the honorary Fellow of the Singapore Computer Society in recognition of his pivotal role in advancing the Infocomm Industry in Singapore. He is the Chairman of the Singapore Polytechnic Board of Governors and a Board member of Singapore Post, serving in their Compensation and Technology Committees.

Mr Chang graduated with a Bachelor of Engineering (Honours) in Electrical and Computer Systems Engineering from Monash University, Australia.



ALLEN LEW

CHIEF EXECUTIVE OFFICER,
GROUP DIGITAL LIFE
COUNTRY CHIEF OFFICER, SINGAPORE

Mr Lew, 58, is CEO, Group Digital Life and responsible for transforming the Group into a leading player in the digital ecosystem, shaping how people connect and discover innovative and cutting-edge digital services. As Country Chief Officer Singapore, he is the principal liaison with local and regulatory bodies. He assumed these positions on 1 April 2012.

Mr Lew began his career with the SingTel Group in November 1980 and has served in various senior management positions, including Chief Operating Officer of Advanced Info Service Public Company Limited (AIS) – the Group's associate

in Thailand, Chief Operating Officer of Singapore Telecom International Pte Ltd and Managing Director of Optus Consumer. He was CEO, Singapore from February 2006 to March 2012.

Mr Lew is the Chairman of the AIS Executive Committee and a Board member of the Energy Market Authority in Singapore.

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

Management Committee



JEANN LOW

GROUP CHIEF FINANCIAL OFFICER

Ms Low, 53, was appointed Group CFO in September 2008. She oversees the Group's financial affairs, including corporate finance, treasury and capital management and investor relations.

Ms Low joined SingTel in 1998 as the Group Financial Controller. In 2004, she was promoted to Executive Vice President of Strategic Investments, managing the Group's international investments, and was appointed CFO of Optus in 2006. Prior to SingTel, Ms Low worked in the Singapore and London practices of an international accounting firm and thereafter at a

public listed electronics company in Singapore.

Ms Low is a member of the Governing Board of the Lee Kong Chian School of Medicine. She is also a Director of Advanced Info Service Public Company Limited and was a Council Member of the Institute of Singapore Chartered Accountants from April 2010 to April 2014.

She holds an Honours Degree in Accountancy from the National University of Singapore and is a Chartered Accountant of Singapore.



PAUL O'SULLIVAN

CHIEF EXECUTIVE OFFICER,
GROUP CONSUMER
COUNTRY CHIEF OFFICER AUSTRALIA

Mr O'Sullivan, 53, was appointed CEO, Group Consumer on 1 April 2012. He is responsible for the Consumer businesses across the Group, which include the wholly owned operations in Singapore and Australia as well as SingTel's investments in Advanced Info Service Public Company Limited, Bharti Airtel Limited, Globe Telecom, Inc., Pacific Bangladesh Telecom Limited and PT Telekomunikasi Selular (Telkomsel). Mr O'Sullivan was reappointed Country Chief Officer Australia on 27 February 2014 to be the principal liaison with local and regulatory bodies. He previously assumed this role from April 2012 to April 2013.

Mr O'Sullivan was CEO of Optus from September 2004 to March 2012. Prior to that, he held management positions within Optus including Chief Operating Officer and Managing Director of Optus Mobile. He has also worked in various international management roles at the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, Australia and the United Kingdom.

Mr O'Sullivan serves on the Board of Commissioners of Telkomsel.

He holds a Bachelor of Arts (Mod) Economics from Trinity College, University of Dublin and is a graduate of the Advanced Management Program of Harvard University, US.

**AILEEN TAN**

GROUP DIRECTOR HUMAN RESOURCES

Ms Tan, 47, joined SingTel in June 2008 as Group Director Human Resources. She oversees the development of human resources across the SingTel Group, and also leads the Group's corporate sustainability function.

Prior to joining SingTel, Ms Tan was Group General Manager Human Resources at WBL Corporation Limited and Vice President, Centers of Excellence with Abacus International Pte Ltd. Her earlier career comprised human resources roles in multinational corporations and Singapore companies across various industries.

Ms Tan is a member of the Home Nursing Foundation Board and the Singapore Workforce Development Agency's Human Resource Workforce Skills Qualifications (WSQ) Manpower, Skills and Training Council.

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

**WU CHOY PENG**

GROUP CHIEF INFORMATION OFFICER

Ms Wu, 49, joined SingTel as Group CIO in August 2012 and is responsible for the development of the SingTel Group's IT vision and roadmap. She also drives synergies to establish excellence in technology management.

Before joining SingTel, Ms Wu was the Group CIO of Neptune Orient Lines Group from 2006. She served as the Singapore Government's Chief Information Officer from January 2000 to June 2006, after holding a range of IT management roles in the Singapore Civil Service, where she started her career.

Ms Wu is the Deputy Chairman of IDA International Pte Ltd, a wholly owned subsidiary of the Infocomm Development Authority of Singapore. Ms Wu also serves on the Management Board of the Institute of Systems Science, National University of Singapore.

She holds a Bachelor of Science (Honours with Highest Distinction) in Computer/Communication Science and Mathematics, and a Master of Science in Computer Science/Engineering, both from the University of Michigan, US.

Senior Management



VICKI BRADY

MANAGING DIRECTOR, CUSTOMER
GROUP CONSUMER



CHIA WEE BOON

CHIEF EXECUTIVE OFFICER, NCS
GROUP ENTERPRISE



MARK CHONG

CHIEF EXECUTIVE OFFICER, INTERNATIONAL
GROUP CONSUMER



HUI WENG CHEONG

CHIEF OPERATING OFFICER
AIS



MURRAY KING

CHIEF FINANCIAL OFFICER
GROUP CONSUMER



SAMBA NATARAJAN

MANAGING DIRECTOR,
DIGITAL ENTERPRISE



JOHN PAITARIDIS

MANAGING DIRECTOR, OPTUS BUSINESS
GROUP ENTERPRISE



MICHAEL SMITH

CHIEF COMMERCIAL OFFICER
GROUP DIGITAL LIFE



MARK STRECKER

CHIEF EXECUTIVE OFFICER, AMOBEE
GROUP DIGITAL LIFE



TAY SOO MENG

GROUP CHIEF TECHNOLOGY OFFICER
GROUP CONSUMER



WILLIAM WOO

MANAGING DIRECTOR,
ENTERPRISE DATA & MANAGED SERVICES
GROUP ENTERPRISE



YUEN KUAN MOON

CHIEF EXECUTIVE OFFICER,
CONSUMER SINGAPORE
GROUP CONSUMER

Sustainability and Governance Philosophy

Environmental, social and governance performance are integral to SingTel's success.

We strive to stay ahead of our competition and build a sustainable future for all our stakeholders by:

- Aspiring to the highest level of corporate governance, increasing shareholder value and embracing responsible business practices
- Supporting, investing and partnering communities in the markets where we operate
- Being an employer of choice
- Managing our environmental footprint and impact

Corporate Governance

Our Governance Framework

CHAIRMAN

SIMON ISRAEL

KEY OBJECTIVES

Responsible for leadership of the Board and for creating conditions for overall Board, committee and individual effectiveness

THE BOARD OF SINGTEL

11 DIRECTORS:

- 1 executive Director
- 1 non-independent Chairman
- 1 non-independent non-executive Director
- 8 independent non-executive Directors

KEY OBJECTIVES

To create value for shareholders and to ensure the long-term success of the Group

AUDIT COMMITTEE

4 independent Directors
1 non-independent Director

CHAIRMAN FANG AI LIAN

KEY OBJECTIVES

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

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

4 independent Directors
1 non-independent Director

CHAIRMAN KAI NARGOLWALA

KEY OBJECTIVES

To establish and review the profile of Board members; to make recommendations to the Board on the appointment, renomination and retirement of Directors; to review the independence of Directors; to assist the Board in evaluating the performance of the Board, Board committees and Directors; and to develop and review the Company's corporate governance practices

EXECUTIVE RESOURCE & COMPENSATION COMMITTEE

3 independent Directors
1 non-independent Director

CHAIRMAN KAI NARGOLWALA

KEY OBJECTIVES

To oversee the remuneration of the Board and Senior Management, and to set appropriate remuneration framework and policies, including long-term incentive schemes, to deliver annual and long-term performance of the Group

FINANCE & INVESTMENT COMMITTEE

2 independent Directors
1 non-independent Director

CHAIRMAN SIMON ISRAEL

KEY OBJECTIVES

To provide advisory support on the development of the Group's overall strategy; review strategic issues; approve investments and divestments; review the Group's Investment and Treasury Policies; evaluate and approve financial offers and banking facilities; and manage the Group's liabilities

OPTUS ADVISORY COMMITTEE

2 independent Directors
2 non-independent Directors

CHAIRMAN PETER MASON

KEY OBJECTIVES

To review strategic business issues relating to the Australian business

RISK COMMITTEE

2 independent Directors
1 non-independent Director

CHAIRMAN BOBBY CHIN

KEY OBJECTIVES

To ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and to determine the nature and extent of the material risks that the Board is willing to take in achieving the Group's strategic objectives

INTRODUCTION

SingTel aspires to the highest standards of corporate governance and, to this end, has in place a set of well-defined policies and processes to enhance corporate performance and accountability, as well as protect the interests of key stakeholders. The Board of Directors is responsible for SingTel's corporate governance standards and policies, and stresses their importance across the Group.

As SingTel shares are listed on both the Singapore Exchange Securities Trading Limited (SGX) and ASX Limited (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 2012 (Singapore Code), as well as the ASX Corporate Governance

Principles and Recommendations with 2010 Amendments (ASX Code). Where one Exchange has more stringent requirements, SingTel will strive to observe the stricter criteria. SingTel complies with the Singapore Code and the ASX Code. This report sets out SingTel's main corporate governance practices with reference to the Singapore Code and the ASX Code. Unless otherwise stated, these practices were in place for the entire financial year.

Initiatives/Enhancements

- The ASX issued the third edition of the ASX Corporate Governance Principles and Recommendations (revised ASX Code) in March 2014. The revised ASX Code will apply to SingTel for the financial year ending 31 March 2016. SingTel has reviewed its corporate governance policies and practices against the revised ASX Code and is

of the view that it is substantially in compliance with the revised ASX Code, and is taking steps to address areas where enhancements may be made.

- In April 2014, the SingTel Board established a Technology Advisory Panel (Panel), comprised of distinguished international members, to advise the Board in the area of digital technology. The Panel is chaired by Mr Koh Boon Hwee, and the members of the Panel are Messrs Gregory Becker, Venky Ganesan, Douglas Haynes, Lim Chuan Poh, Jonathan Miller and Erez Ofer.

Recognition

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 36 and 37.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014⁽¹⁾

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
Simon Israel	8	8	3	3
Chua Sock Koong	8	8	3	3
Bobby Chin	8	8	3	3
Fang Ai Lian	8	8	3	2
David Gonski AC ⁽²⁾	8	8	3	2
Dominic Ho	8	8	3	3
Low Cheek Kian	8	8	3	3
Peter Mason AM ⁽³⁾	8	7	3	3
Kai Nargolwala	8	8	3	1
Christina Ong ⁽⁴⁾	—	—	—	—
Peter Ong	8	8	3	2
Ong Peng Tsin ⁽⁵⁾	3	3	1	1

Notes:

⁽¹⁾ Refers to meetings held/attended while each Director was in office.

⁽²⁾ Companion of the Order of Australia.

⁽³⁾ Member of the Order of Australia.

⁽⁴⁾ Mrs Christina Ong was appointed to the Board on 7 April 2014.

⁽⁵⁾ Mr Ong Peng Tsin retired following the conclusion of the AGM held on 26 July 2013.

Corporate Governance

BOARD MATTERS

Role of the Board and Conduct of its Affairs

The Board aims to create value for shareholders and ensure the long-term success of the Group by focusing on the development of the right strategy, business model, risk appetite, management, succession plan and compensation framework. It also seeks to align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned.

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 policies and guidelines on remuneration as well as the remuneration for the Board and Senior Management, 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 to optimise operational efficiency.

The Board meets regularly and sets aside time at each scheduled meeting to meet without the presence of Management. Board meetings generally last a full day and may include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas, as well as presentations by the Group's associates. This allows the Board to develop a good understanding of the Group's businesses and to promote active engagement with the Group's partners and key executives. Typically, at least one Board meeting a year is held overseas, in a country where the Group has a significant investment, has an interest in investing, or where Board members can be exposed to new technology relevant to the Group's growth strategy.

On such occasions, the Board may meet with local business leaders and government officials so as to help Board members gain greater insight into such countries. The Board also meets SingTel's partners and key customers in those countries to develop stronger relationships with such partners and customers. SingTel also arranges for the Board to meet with renowned experts in the technology/digital space to enhance their knowledge in new growth areas and enable the Board to make more informed decisions. In addition to approximately eight scheduled meetings each year, the Board meets as and when warranted by particular circumstances. Eleven Board meetings were held in the financial year ended 31 March 2014. 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 2014 is set out on page 51.

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 Singapore Code and the ASX Code, new Directors also sign a letter of appointment from the Company stating clearly the role of the Board and non-executive Directors, the time commitment that the Director would be expected to allocate, and other relevant matters.

Board Composition, Diversity and Balance

The size and composition of the Board are reviewed from time to time by the Corporate Governance and Nominations Committee (CGNC). The CGNC 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 CGNC also aims to maintain a diversity of expertise, skills and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, legal, industry knowledge, strategic planning, customer-based experience and knowledge, and regional business expertise, and takes into account broader diversity considerations such as gender, age and nationality/ethnicity. When a Board position becomes vacant or additional Directors are required, the CGNC will select and recommend candidates on the basis of their skills, experience and knowledge, taking into account the need for board diversity. Any potential conflicts of interest are taken into consideration.

Reflecting the focus of the Group's business in the region, five of SingTel's

11 Directors are from, and have extensive experience in, jurisdictions outside Singapore, namely, the Chairman, Mr Simon Israel, and non-executive Directors, Messrs David Gonski AC, Dominic Ho, Peter Mason AM and Kai Nargolwala. In relation to gender diversity, SingTel currently has three female Directors, namely Ms Chua Sock Koong, Mrs Fang Ai Lian and Mrs Christina Ong. In this regard, SingTel is of the view that gender is but one aspect of diversity and SingTel Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

In order to help attract high calibre international directors to the SingTel Board, especially in the case of candidates who come from jurisdictions where it is common practice for companies to grant Deeds of Indemnity to their directors, SingTel has adopted a policy on the award of Deeds of Indemnity to Directors to ensure that they are adequately covered against personal liability incurred in the course of performing their professional duties.

The Board, taking into account the views of the CGNC, assesses the independence of each Director in accordance with the guidance in the Singapore Code and the ASX Code. 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.

In line with the guidance in the Singapore Code and the ASX Code, the Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a Director is independent, including the employment of a Director by the Company or any of its related corporations during the financial year in question or any of the previous three financial years; the acceptance by a

Director of any significant compensation from the Company or any of its related corporations for the provision of services during the financial year in question or the previous financial year, other than compensation for board service; and a Director being related to any organisation from which SingTel or any of its subsidiaries received significant payments or material services during the financial year in question or the previous financial year. On this basis, Ms Chua Sock Koong, SingTel's Group CEO; Mr Simon Israel, Chairman of the SingTel Board; and Mr Peter Ong, Permanent Secretary of the Ministry of Finance, Singapore are the only non-independent Directors. All other members of the Board are considered to be independent Directors.

The Board has examined the different relationships identified by the Singapore Code and the 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, the Board noted that while Mrs Christina Ong is a partner at Allen & Gledhill LLP (A&G) and A&G provides legal services to, and receives fees from, the SingTel Group, she has an interest of less than 5% in A&G. Mrs Ong is also a non-executive director of SIA Engineering Company Limited (SIAEC). The SIAEC group obtains telecommunication services from, and makes payments to, the SingTel Group in the ordinary course of business. The Board considers that these relationships do not affect Mrs Christina Ong's ability and willingness to operate independently.

The profile of each Director and other relevant information are set out under "Board of Directors" and "Past Chairmanships and Directorships" from pages 39 to 43.

The Chairman and the Group CEO

The Chairman of the Board is a non-executive appointment and is separate from the office of the Group CEO.

The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Group CEO is responsible for implementing the Group's strategies and policies, and for conducting the Group's business. The Chairman and the Group CEO are not related.

Role of the Chairman

The Chairman is responsible for leadership of the Board and is pivotal in creating the conditions for overall Board, Committee and individual Director effectiveness, both inside and outside the boardroom. This includes setting the agenda of the Board in consultation with the Directors and the Group CEO, and promoting active engagement and an open dialogue among the Directors, as well as between the Board and the Group CEO.

The Chairman ensures that the performance of the Board is evaluated regularly, and guides the development needs of the Board. The Chairman leads the evaluation of the Group CEO's performance and works with the Group CEO in overseeing talent management to ensure that robust succession plans are in place for the senior leadership team.

The Chairman works with the Board, the relevant Board Committees and Management to establish the boundaries of risk undertaken by the Group and ensure that governance systems and processes are in place and regularly evaluated.

The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the Group CEO and Management on strategy and the drive to transform SingTel's businesses. This involves developing a keen understanding of the Group's diverse and complex businesses, the industry, partners, regulators and competitors.

Corporate Governance

The Chairman provides support and advice to, and acts as a sounding board for, the Group CEO, while respecting executive responsibility. He engages with other members of the senior leadership regularly.

The Chairman also maintains effective communications with large shareholders and supports the Group CEO in engaging with a wide range of other stakeholders such as partners, governments and regulators where the Group operates. He travels overseas to visit the Group's key associates in the region and, in the process, fosters strong relationships with the Group's partners and gathers valuable feedback for Management to consider and follow up on.

The scope and extent of the Chairman's and the Board's responsibilities and obligations have been expanding due to the increased focus on corporate governance, risk management, regulation and compliance. Given the increased demands on the Board and the Chairman, the Chairman in particular has been spending, and is expected to spend, more time on, and be more hands-on in, the affairs of the Group. The Board has agreed with the Chairman that he will commit a significant proportion of his time to his role and will manage his other time commitments accordingly.

Role of the Lead Independent Director

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 CGNC. 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 that contact through the Chairman, Group CEO or Group CFO has failed to resolve, or where such contact is inappropriate.

Board Membership

The CGNC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, renomination 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 CGNC reviews the range of expertise, skills and attributes of the Board and the composition of the Board. The CGNC then identifies SingTel's needs and prepares a shortlist of candidates with the appropriate profile for nomination or renomination. Where necessary, the CGNC may seek advice from external search consultants.

The CGNC 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 renomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board. The CGNC 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 guidelines 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 CGNC decides

whether or not a Director is able to do so and whether he has been adequately carrying out his 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 provides that, as a general rule, each Director should hold no more than six principal board appointments. The guideline includes the following: (1) in support of their candidature for directorship or re-election, Directors are to provide the CGNC 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 CGNC 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 will be eligible for re-election by shareholders. If at any AGM, fewer 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 may have been 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 CGNC 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.

Directors also participate in an annual offsite workshop with Senior Management to strategise and plan the Group's longer term strategy. 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. In addition, Board meetings may be held in overseas locations where Board members can be exposed to new technology relevant to the Group's growth strategy. The Board may also hold meetings in conjunction with key industry events where relevant experts would be invited to speak on issues relevant to the Group's businesses.

Each year, the CGNC undertakes a process to assess the effectiveness of the Board as a whole and the Board Committees, as well as the contributions by each Director. During the financial year, an independent external consultant was appointed to facilitate the evaluation of the Board and Board Committees, as well as the Directors' peer appraisal exercise. Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual Director's contributions to the Board and Board Committees. The appraisal process focused on the evaluation of factors such as Board composition, information management, Board processes, Board Chairman, corporate social responsibility, management of the Company's performance, Board priorities, Board Committee effectiveness, CEO performance and succession planning, Director development and management, risk management and overall perception of the Board.

In addition to the appraisal exercise, the contributions and performance of each Director were assessed by the CGNC as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, the CGNC was able to identify areas for improving the effectiveness of the Board and its Committees. The Board was also able to assess the Board Committees through their regular reports to the Board on their activities.

Access to Information

Prior to each Board meeting, SingTel's Management provides the Board with information relevant to matters on the agenda for the meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group, as well as regular updates, which include information on the Group's competitors, and industry and technological developments. In addition, Directors receive analysts' reports on SingTel and other telecommunications and digital 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. In line with SingTel's commitment to conservation of the environment, as well as technology advancement, SingTel has done away with hard copy Board papers, and Directors are instead provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and at meetings.

The Board has separate and independent access to the Senior Management and the Company Secretary at all times. Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by SingTel.

Role of the Company Secretary

The Company Secretary attends all Board meetings and is accountable directly to the Board, through the

Chairman, on all matters to do with the proper functioning of the Board.

Board and Management Committees

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

- Audit Committee (AC)
- Corporate Governance and Nominations Committee (CGNC)
- Executive Resource and Compensation Committee (ERCC)
- Finance and Investment Committee (FIC)
- Optus Advisory Committee (OAC)
- Risk Committee (RC).

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 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 2014 is set out on page 58.

Audit Committee

The AC 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 AC, including the AC chairman, must have recent and relevant accounting or related financial management expertise or experience. As required by the terms of reference

Corporate Governance

of the AC, the chairman of the AC is a Director other than the Chairman of the Board. The AC members are all non-executive Directors, and the majority of the members, including the chairman, are independent.

The AC 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. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

The main responsibilities of the AC 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 AC 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 AC 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 to ensure that the independence of the external auditors is not compromised. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors. In addition, the AC reviews and approves the SingTel

Internal Audit Charter to ensure the independence and 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. The AC also reviews the performance of Internal Audit, including approving decisions relating to appointment or removal of Group Chief Internal Auditor and approving the performance and compensation of the Group Chief Internal Auditor. A copy of the charter of the AC is available on the corporate governance page on the company's website at <http://info.singtel.com/about-us/corporate-governance>.

During the financial year, the AC reviewed the Management's and SingTel Internal Audit's assessment of fraud risk and held discussions with the external auditors to obtain reasonable assurance that adequate measures were put in place to mitigate fraud risk exposure in the Group. The AC also reviewed the adequacy of the whistle-blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower complaints were reviewed by the AC at its quarterly meetings to ensure independent and thorough investigation and adequate follow-up.

The AC met four times during the financial year. At these meetings, the Group CEO, Group CFO, Vice President (Group Finance), Group Chief Internal Auditor and the respective CEOs of the businesses were also in attendance. During the financial year, the AC reviewed and endorsed the Group's quarterly and full-year financial statements to the Board for approval and release. 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 AC also met with the internal and external auditors, without the presence of Management, during the financial year.

The external auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Corporate Governance and Nominations Committee

The CGNC comprises at least three Directors, the majority of whom, including the chairman, shall be independent.

The main functions of the CGNC are outlined in the commentaries on "Board Composition, Diversity and Balance", "Board Membership" and "Board Performance" from pages 52 to 55. The CGNC 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.

Executive Resource and Compensation Committee

The ERCC plays an important role in helping to ensure that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive and robust policies so as to achieve the Group's goals and deliver sustainable shareholder value.

The ERCC comprises at least three Directors, all of whom shall be non-executive and the majority of whom shall be independent. The ERCC is chaired by an independent non-executive Director.

The main responsibilities of the ERCC, as delegated by the Board, are to oversee the remuneration of the Board and Senior Management. It sets appropriate remuneration framework and policies, including long-term incentive schemes, to deliver annual and long-term performance of the Group.

The ERCC has been tasked by the Board to approve or recommend to the Board the appointment, promotion and remuneration of Senior Management. The ERCC also recommends the Directors' compensation for the Board's endorsement. Directors' compensation is subject to the approval of shareholders at the AGM. The ERCC's recommendations cover all aspects of remuneration for Directors and Senior Management, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives, management awards, and benefits-in-kind.

The ERCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. The ERCC draws on a pool of independent consultants for diversified views and specific expertise. The ERCC will ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The ERCC approves or recommends termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Senior Management. The ERCC ensures that contracts of service for Senior Management contain fair and reasonable termination clauses that are not overly generous.

The ERCC also ensures that appropriate recruitment, development and succession planning programmes are in

place for key executive roles, with the objective of building strong and sound leadership bench strength for long-term sustainability of the business. The ERCC conducts, on an annual basis, a succession planning review of Senior Management.

The Group CEO, who is not a member of the ERCC, may attend meetings of the ERCC 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 62 to 69.

Finance and Investment Committee

The FIC comprises at least three Directors, the majority of whom shall be independent Directors. Membership of the AC and the FIC is mutually exclusive.

The main responsibilities of the FIC include the provision of advisory support on the development of the SingTel Group's overall strategy, review of strategic issues, approval of investments and divestments, review of the Group's Investment and Treasury Policies, evaluation and approval of any financial offers and banking facilities and management of the Group's liabilities in accordance with the policies and directives of the Board. In addition, the FIC reviews and approves guarantees, letters of comfort and letters of awareness, and approves consultancy fees, capital expenditure and write-off of irrecoverable debts in accordance with the SingTel Board's policies and directives.

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

Optus Advisory Committee

The OAC comprises at least three Directors, the majority of whom shall be non-executive Directors. The Committee reviews strategic business issues relating to the Australian business.

Risk Committee

The role of the RC is to assist the Board in fulfilling its responsibilities in relation to governance of material risks in the Group's business. These responsibilities include ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determining the nature and extent of the material risks that the Board is willing to take in achieving the Group's strategic objectives.

The RC comprises at least three members, the majority of whom, including the chairman, shall be independent. Members of the RC shall be appointed by the Board, on the recommendation of the CGNC. There shall be at least one common member between the RC and the AC.

The RC shall review the Group's strategy, policies, framework, processes and procedures for the identification, measurement, reporting and mitigation of material risks in the Group's business and shall report any significant matters, findings and recommendations in this regard to the Board.

The RC shall meet at least three times a year, with additional meetings to be convened as deemed necessary by the chairman of the RC.

Management Committee

In addition to the six Board Committees, SingTel has a Management Committee that comprises the Group CEO, CEO Group Consumer, CEO Group Enterprise, CEO Group Digital Life, Group CFO, Group Chief Information Officer and Group Director Human Resources.

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

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DIRECTORS' BOARD COMMITTEE MEMBERSHIPS AND ATTENDANCE AT BOARD COMMITTEE MEETINGS DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014 ⁽¹⁾

Name of Director	Audit Committee		Corporate Governance and Nominations Committee		Executive Resource and Compensation Committee		Finance and Investment Committee		Optus Advisory Committee		Risk 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	Number of Meetings Held	Number of Meetings Attended
Simon Israel	—	—	4	4	3	3	5	5	3	3	—	—
Chua Sock Koong ⁽²⁾	4	4	4	4	3	3	5	5	3	3	3	3
Bobby Chin	4	4	—	—	—	—	—	—	—	—	3	3
Fang Ai Lian	4	4	—	—	3	3	—	—	—	—	—	—
Dominic Ho	4	4	3	3	—	—	—	—	—	—	—	—
David Gonski AC	—	—	—	—	—	—	—	—	3	3	3	3
Low Check Kian	—	—	4	4	—	—	5	5	—	—	—	—
Peter Mason AM	—	—	—	—	3	3	—	—	3	3	—	—
Kai Nargolwala	—	—	4	4	3	3	5	5	—	—	—	—
Christina Ong ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—	—
Peter Ong	4	4	—	—	—	—	—	—	—	—	3	2
Ong Peng Tsin ⁽⁴⁾	—	—	—	—	—	—	2	2	—	—	1	1

Notes:

⁽¹⁾ Refers to meetings held/attended while each Director was in office.

⁽²⁾ 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.

⁽³⁾ Mrs Christina Ong was appointed to the Board on 7 April 2014 and the Audit Committee and Corporate Governance and Nominations Committee on 2 May 2014.

⁽⁴⁾ Mr Ong Peng Tsin retired following the conclusion of the AGM held on 26 July 2013.

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 2014, SingTel's Group CEO and Group CFO have provided written confirmation to the Board on the integrity of SingTel's financial statements and on the adequacy and effectiveness of SingTel's risk management and internal control systems, addressing financial,

operational and compliance risks including information technology risks. This certification covers SingTel and the subsidiaries that are under SingTel's management control.

Internal Audit

SingTel Internal Audit comprises a team of 54 staff members, including the Group Chief Internal Auditor, who reports to the AC 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 2010 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 that aligns its activities to the key strategies and risks across the Group's business. This plan is reviewed and approved by the AC. The reviews performed by SingTel Internal Audit are aimed at assisting the Board in promoting sound risk management, robust internal controls 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 works 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, and implementation of new/enhanced systems and processes. SingTel Internal Audit also collaborates with the internal audit functions of SingTel's associates to promote joint reviews and the sharing of knowledge and/or 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.

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 AC 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 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. Deloitte & Touche LLP has met this requirement, and the current Deloitte & Touche LLP audit partner for SingTel took over from the previous audit partner with effect from 26 July 2013. SingTel has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to the appointment of its auditors.

In order to maintain the independence of the external auditors, SingTel has developed policies regarding the types of non-audit services that the external

auditors can provide to the SingTel Group and the related approval processes. The AC has also reviewed the non-audit services provided by the external auditors during the financial year and the fees paid for such services. The AC 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 confirmation of their independence to the AC.

Risk Management and Internal Controls

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. During the financial year ended 31 March 2014, the Risk Committee assisted the Board in the oversight of the Group's risk profile and policies, adequacy and effectiveness of the Group's risk management system including the framework and processes for the identification and management of significant risks, and reports to the Board on material matters, findings and recommendations pertaining to risk management. The AC 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 to operational and management decision-making risks. The Group's risk management and internal control framework is aligned with the ISO 31000:2009 Risk Management framework and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework. Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by

Management to address the underlying risks.

The identification and management of risks are delegated to Management, who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis.

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 RC on a regular basis.

The Board has established a Risk Appetite Statement and Risk Tolerance Framework to provide guidance to the Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, were also reviewed by the Risk Committee on a regular basis and reported to the Board. Risk registers are maintained by the business and operational units that identify the key risks facing the Group's business and the internal controls in place to manage those risks.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems in the Group, addressing financial, operational and compliance risks. Any material non-compliance or lapses in internal controls together with remedial measures recommended by internal and external auditors

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are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by Management in response to the recommendations made by the internal and external auditors. Control self-assessments in key areas of the Group's operations are conducted by Management on a periodic basis to evaluate the adequacy and effectiveness of the risk management and internal control systems, including quarterly and annual certifications by Management to the AC and the Board respectively, on the integrity of financial reporting and the adequacy and effectiveness of the risk management, internal control and compliance systems.

The Group has put in place a Board Escalation Process, where major incidents and violations, including major/material operational loss events and potential breaches of laws and regulations by the Company and/or its key officers, are required to be reported by Management/Internal Audit to the Board immediately to facilitate the Board's oversight of crisis management, and adequacy and effectiveness of follow-up actions taken by Management. Through this process, the Board has been kept informed promptly of any incidents with potential material financial, operational, compliance and technology risk impact.

A major incident that was reported to the Board under the Board Escalation Process during the financial year was the fire that broke out in the cable chamber of the Bukit Panjang Exchange on 9 October 2013. SingTel had established a Board Committee of Inquiry (BCOI) to provide an objective and expert review of the incident, focusing on key areas of fire prevention, network reliability and resiliency, and crisis communication and management. The BCOI's findings and recommendations were released to the public on 16 December 2013. Management has accepted all the findings and recommendations of the BCOI and appropriate and timely follow-

up actions have been taken or are being taken to prevent the recurrence of a similar incident.

The Board has received assurance from the Group CEO and Group CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2014 to address financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations.

The system of internal control and risk management established by Management provides reasonable, but not absolute, assurance that SingTel will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Further details of the Group's Risk Management Philosophy and Approach can be found on pages 72 to 79.

Communication with Shareholders

SingTel remains committed to delivering high standards of corporate disclosure and transparency through an open and

non-discriminatory approach towards our communications with shareholders, the investment community and the media. SingTel provides regular and relevant information regarding the Group's performance, progress and prospects to aid shareholders and investors in their investment decisions.

Over the year, SingTel has won recognition from leading business journals and investor associations for its strong emphasis and proactive approach to shareholder communication and engagement.

The SingTel Investor Relations website is a key resource of information for the investment community. It contains a wealth of investor-related information on SingTel, including investor presentations, webcasts of earnings presentations, transcripts of earnings conference calls, annual reports, upcoming events, shares and dividend information, and investor factsheets.

SingTel makes timely disclosures of any new material information to the SGX and ASX. These filings are also posted on the SingTel IR website, allowing investors to keep abreast of strategic and operational developments.

SingTel reports financial results on a quarterly basis: typically within 45 days from the end of each financial quarter for the first three quarters, and within 60 days from the end of the financial year. The quarterly financial results announcements contain detailed financial disclosures and in-depth analyses of key value-drivers and metrics for the Group's businesses.

SingTel also provides financial guidance for its businesses at the beginning of each financial year, and may affirm or update the guidance every quarter to accurately reflect prevailing market conditions.

SingTel proactively engages shareholders and the investment community through

group and one-on-one meetings, conference calls, email communications, investor conferences and roadshows. This year, SingTel engaged about 500 investors in over 280 meetings and conference calls in Singapore, Australia and other global financial centres to share the Group's business strategy, operational and financial performance, and business prospects. While these meetings are largely undertaken by SingTel's Senior Management, the Chairman and certain Board members also meet with investors every year.

To ensure a two-way flow of information, SingTel commissions an annual survey of investors' perceptions to solicit feedback from the investment community on a range of strategic and topical issues. The survey provides the SingTel Board and Management with invaluable insights into investors' views of the Group and helps SingTel identify areas for improvement in investor communication.

SingTel strongly encourages and supports shareholder participation at AGMs. SingTel delivers the Notice of AGM and related information a month ahead, providing ample time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if they wish. The Notice of AGM is also advertised in the Straits Times for the benefit of shareholders. SingTel holds its AGM at a central location in Singapore with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint up to two proxies to attend and vote on his behalf. Under SingTel's Articles of Association, the Central Provident Fund Board and CHESS Depositary Nominees Pty Ltd may each appoint more than two proxies.

At each AGM, the Group CEO delivers a presentation to update shareholders on SingTel's progress over the past year. The Directors and Senior Management are in attendance to address queries

and concerns about SingTel. SingTel's external auditors also attend to help address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' reports. All resolutions at SingTel's AGM and Extraordinary General Meeting are voted on by electronic poll so as to better reflect shareholders' shareholding interests and ensure greater transparency. The poll voting results, in addition to the proxy voting results, are presented to the audience and subsequently 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.

Securities Transactions

SingTel has in place a Securities Transactions Policy, which provides 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 and officers of the Group wishing to deal in SingTel shares during a closed period must secure prior written approval of the Chairman (in the case of Directors of SingTel), the Lead Independent Director (in the case of the Chairman) or the Group CEO (in the case of directors of SingTel subsidiaries, top management members and persons who are in attendance at Board and top management meetings). Requests for written approval must contain a full explanation of the exceptional circumstances and proposed dealing. If approval is granted, trading must be

undertaken in accordance with the limits set out in the written approval. Directors are to inform the Company Secretary before trading in SingTel shares. 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 prohibited 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.

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

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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 workplace health and safety, conduct in the workplace, business conduct, protection of SingTel's assets, proprietary information and intellectual property, confidentiality, conflict of interest, and non-solicitation of customers and employees. The code is posted on SingTel's internal website and a summarised version is accessible from the SingTel corporate website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

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 that 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 and corruption.

SingTel undertakes to investigate complaints of suspected fraud and corruption in an objective manner. To this end, it has put in place a whistle-

blower policy and procedures that provide employees and other external parties with well-defined and accessible channels within the Group. These include 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, unethical practices or other similar matters. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees and other persons 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. All whistle-blower complaints are investigated independently by SingTel Internal Audit or an independent investigation committee as appropriate, and the outcome of each investigation is reported to the AC for review.

REMUNERATION

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

Remuneration of Non-Executive Directors

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

The ERCC recommends the non-executive Directors' fees for the Board's endorsement and approval by shareholders. 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.

SingTel seeks shareholders' approval at the AGM for Directors' fees for the current financial year so that Directors' fees can be paid on a half-yearly basis in arrears. No Director decides his own fees.

Save as mentioned below, there are no retirement benefit schemes or share-based compensation schemes in place for non-executive Directors.

To align Directors with shareholders' interests, Directors are encouraged to acquire SingTel shares each year from the open market 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.

Financial Year Ended 31 March 2014

For the financial year ended 31 March 2014, the fee for each of the chairmen of the AC and the FIC was increased from S\$50,000 to S\$60,000 per annum and the fee for the chairman of the ERCC was increased from S\$35,000 to S\$45,000 per annum to align fees with comparable benchmarks. These changes were disclosed in the 2013 Annual Report. The fees for non-executive Directors 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 that did not coincide with Board meetings. The framework for determining non-executive Directors' fees for the financial year ended 31 March 2014 is set out on page 63.

Basic Retainer Fee

Board Chairman	S\$220,000 per annum
Director	S\$110,000 per annum

Fee for appointment to Audit Committee and Finance and Investment Committee

Committee chairman	S\$60,000 per annum
Committee member	S\$35,000 per annum

Fee for appointment to Executive Resource and Compensation Committee

Committee chairman	S\$45,000 per annum
Committee member	S\$25,000 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 that do not coincide with Board meetings (per day of travel required to attend meeting)

S\$3,000

The aggregate compensation paid to SingTel non-executive Directors for services in all capacities for the financial year ended 31 March 2014 was S\$2,119,865 (details set out in the table below.)

Name of Director	Director's Fees (\$)
Simon Israel ⁽¹⁾	386,828
Bobby Chin	205,000
Fang Ai Lian	216,828
David Gonski AC	196,000
Dominic Ho	229,000
Low Check Kian	195,000
Peter Mason AM	200,000
Kai Nargolwala	234,828
Christina Ong ⁽²⁾	–
Peter Ong ⁽³⁾	185,000
Ong Peng Tsin ⁽⁴⁾	71,381

Notes:

⁽¹⁾ In addition to his fees, Mr Simon Israel also received car-related benefits with a taxable value of S\$16,511.

⁽²⁾ Appointed to the Board on 7 April 2014.

⁽³⁾ Fees for Singapore public sector Director are processed in accordance with the framework of the Singapore Directorship and Consultancy Appointments Council.

⁽⁴⁾ Retired following the conclusion of the AGM held on 26 July 2013.

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S\$50,000 during the financial year ended 31 March 2014.

Financial Year Ending 31 March 2015

For the financial year ending 31 March 2015, it is proposed that aggregate fees of up to S\$2,950,000 be paid to the Directors, representing an increase of S\$240,000 over the fees of up to S\$2,710,000 approved by shareholders for the financial year ended 31 March 2014. The increase in the maximum aggregate Directors' fees is due to an increase in the fees to be paid to Chairman. It is proposed that the Chairman will receive an all-inclusive fee of S\$960,000 (save for car-related benefits), to be paid two-thirds in cash and one-third in SingTel shares. There will be no separate retainer fees, committee fees, attendance fees or travel allowance to be paid to the Chairman. Save as mentioned above in relation to the Chairman, it is proposed that the remuneration framework for Directors remains unchanged from the framework for the financial year ended 31 March 2014.

The new fee structure for the Chairman is proposed in view of:

- the significant leadership role played by the Chairman on the Board, and in providing clear oversight and guidance to management;
- the amount of time the Chairman spends on SingTel matters, including providing input and guidance on strategy and supporting management in engaging with a wide range of other stakeholders such as partners, governments and regulators, as well as travelling to visit the Group's key associates in the region. In this regard, the Board has agreed with the Chairman that he will commit a significant proportion of his time to his role as Chairman of the SingTel Board and will manage his other time commitments accordingly; and
- comparable benchmarks from other large listed companies in Singapore that have chairmen with similar roles and responsibilities, as well as benchmarks from large listed companies in Australia, where SingTel is also listed and where SingTel has sizeable operations.

It is proposed that one-third of the fees payable to the Chairman for the financial year ending 31 March 2015 be delivered in the form of a share award to be granted under the SingTel Performance Share Plan 2012 (SingTel PSP 2012), subject to shareholders' approvals being obtained at the Extraordinary General Meeting to be held on 25 July 2014 for alterations to the SingTel PSP 2012 and for the share award to the Chairman. The actual number of shares proposed to be awarded to the Chairman will be determined by reference to the volume-weighted average price of a SingTel share on the SGX over the 10 trading days immediately following the date of the 22nd Annual General Meeting (AGM) of the Company. The share award is proposed to be granted in August 2014 after the

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22nd AGM. The award will consist of fully paid shares, with no performance conditions attached and no vesting periods imposed, but there will be a moratorium on the sale of such shares for a period of two years after the grant of the award. The cash component of the Chairman's remuneration will be paid half-yearly in arrears.

The SingTel PSP 2012 is proposed to be altered to permit the grant of share awards to non-executive Directors as part of their remuneration in respect of their office as such in lieu of cash. Currently, the only non-executive Director to whom awards are being proposed to be made is the Chairman. Further details of the proposed alterations to the SingTel PSP 2012 are set out in the Circular to Shareholders and CUFH Holders dated 26 June 2014 issued by the Company.

Remuneration of Executive Director and Senior Management

The remuneration framework and policy is designed to support the implementation of the Group's strategy and enhance shareholder value. The ERCC adopts the following guiding principles when determining the remuneration arrangements for Senior Management:

Alignment with Shareholders' Interest

- Align interest between management and shareholders
- Select appropriate performance metrics for annual and long-term incentive plans to support business strategies and ongoing enhancement of shareholder value
- Ensure targets are appropriately set for threshold, target and stretch performance levels
- Establish sound and structured funding to ensure affordability

Competitive Remuneration

- Offer competitive packages to attract and retain highly experienced and talented individuals

- Link a significant proportion of remuneration to performance, both on an annual and long-term basis

Pay-for-Performance

- Measure performance based on a holistic balanced scorecard approach, comprising both financial and non-financial metrics
- Structure a significant but appropriate proportion of remuneration to be at risk, taking into account risk policies of the Group
- Build flexibility into the remuneration package to allow for clawback if long-term performance targets are not met

Effective Implementation

- Meet rigorous corporate governance requirements

The ERCC recognises that the Group operates in a multinational and multifaceted environment and reviews remuneration through a process that considers Group, business unit and individual performance as well as relevant comparative remuneration in the market. The performance evaluations for Senior Management have been conducted for the financial year in accordance with the above considerations.

In 2013/2014, the ERCC engaged Aon Hewitt Singapore Pte Ltd (Aon Hewitt) to provide valuation and vesting computation for grants awarded under the SingTel Performance Share Plan 2012 and Hay Group to conduct Executive Remuneration Benchmarking for Senior Management. Both Aon Hewitt and Hay Group and their respective consultants are independent and not related to SingTel or any of its Directors.

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.

The ERCC has the discretion not to award incentives in any year if an executive is involved in misconduct or fraud resulting in financial loss to the company.

Remuneration Components

The remuneration structure for Senior Management comprises five components – fixed remuneration, variable bonus, 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. On an annual basis, the ERCC proposes the compensation for the Group CEO, CEO Group Consumer, CEO Group Enterprise, CEO Group Digital Life and Group CFO (collectively defined as "Key Management") for the Board's approval and approves compensation for the other Senior Management.

Fixed Remuneration

The fixed remuneration comprises base salary and reflects the market worth of the job but may vary with responsibilities, performance, qualifications 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 Bonus

Variable bonus comprises the Performance Bonus and the Value Sharing Bonus. In determining the final variable bonus payments, the ERCC considers the overall Group, business unit and individual performance as well as relevant market remuneration benchmarks.

Performance Bonus

Performance bonus is designed to support the Group's business strategy and the ongoing enhancement of shareholder value through the delivery of annual financial strategy and operational objectives. On an individual level, the performance bonus will vary according to the actual achievement against Group, business unit and individual performance objectives.

While these 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.

Value Sharing Bonus (VSB)

A portion of Senior Management's annual remuneration is tied to the Economic Profit (EP) performance of the Group in the form of the Value Sharing Bonus (VSB), which is also extended to top management executives. VSB is used to defer their bonuses over a time horizon to ensure alignment with sustainable value creation for the shareholders over the longer term. A 'VSB bank' is created for each executive to hold the VSB allocated to him or her in any year. One-third of the 'bank' balance would be paid out in cash provided it is positive. The remaining balance will be carried forward and at risk as it is subject to clawback and could be reduced in the event of EP underperformance in the future years.

■ **Provident/Superannuation Fund**

This 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 an 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, with a focus on encouraging the delivery of long-term growth and shareholder value, are delivered through equity plans, to drive an ownership culture and retain key talents. These are provisionally granted to Senior Management based on performance for the year ended 31 March 2014.

From 1 April 2012, SingTel ceased to grant General Awards (GA) and Senior Management Awards (SMA) under the SingTel Performance Share Plan (see description of GA and SMA in previous annual reports). The SingTel Performance Share Plan was terminated in July 2012 with the adoption of the SingTel Performance Share Plan 2012. The termination of the SingTel Performance Share Plan is without prejudice to the rights of holders of awards outstanding under the SingTel Performance Share Plan as at the date of termination of the plan.

Two new types of award were introduced in 2012 – the Performance Share Award (PSA) and the Restricted Share Award (RSA) – with grants made at the discretion of the ERCC. The PSA is granted to top management while a broader group of executives are eligible for the RSA. The number

of performance shares awarded is determined using the valuation of the shares based on a Monte-Carlo simulation. The share awards are conditional upon the achievement of predetermined performance targets over the performance period. These performance conditions and targets are approved by the ERCC at the beginning of the performance period. The final number of performance shares vested to the recipient will depend on the level of achievement of these targets over the performance period, subject to the approval of the ERCC.

A significant portion of the remuneration package for our Senior Management is delivered in SingTel shares to ensure that their interests are aligned with shareholders. This is further supported by significant shareholding requirements in which they are required to retain at least the equivalent of their annual base salary in shares.

The details of the vesting criteria for the two awards granted in June 2014 are as follows:

Restricted Share Award (RSA)

The Restricted Share Award (RSA) has a two-year performance period from 1 April 2014 to 31 March 2016. Shares are allocated according to the following performance conditions:

- 50% based on SingTel Group's Net Profit After Tax (NPAT) – SingTel Group NPAT achieved against predetermined targets; and
- 50% based on SingTel Group's Free Cash Flow (FCF) – SingTel Group FCF achieved against predetermined targets.

Details of the RSA vesting schedule are shown in Figure A on page 66.

Corporate Governance

Performance Share Award (PSA)

The Performance Share Award (PSA) has a three-year performance period from 1 April 2014 to 31 March 2017. Shares are allocated according to the following performance conditions:

- 50% based on SingTel Group's Relative Total Shareholder Return (Relative TSR) – TSR relative to the MSCI Asia Pacific Telecommunications Index; and
- 50% based on SingTel Group's Absolute Total Shareholder Return

(Absolute TSR) – Absolute TSR achieved against predetermined targets.

Details of the PSA vesting schedule are shown in Figure B below.

The above performance conditions were chosen as they are key drivers of shareholder value creation and aligned to the Group's business objectives.

Special provisions for vesting and lapsing of awards apply for events such as the termination of employment, misconduct, retirement

and any other events approved by the ERCC. Upon occurrence of any of the events, the ERCC will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

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.

Figure A: Restricted Share Award (RSA) Vesting Schedule

Group NPAT (50%)		Group FCF (50%)	
Performance	Vesting Level ^	Performance	Vesting Level ^
Stretch	130%	Stretch	130%
Target	100%	Target	100%
Threshold	50%	Threshold	50%
Below Threshold	0%	Below Threshold	0%

^ For achievement between these performance levels, the percentage of shares under this tranche that will vest would vary accordingly.

Figure B: Performance Share Award (PSA) Vesting Schedule

Relative TSR (50%)		Absolute TSR (50%)	
Performance*	Vesting Level ^	Performance	Vesting Level ^
–	–	Stretch	200%
≥ +7.00%	100%	Target	100%
+2.00%	50%	Threshold	50%
< +2.00%	0%	Below Threshold	0%

* Percentage outperformance against the MSCI Asia Pacific Telecommunications Index.

^ For achievement between these performance levels, the percentage of shares under this tranche that will vest would vary accordingly.

Remuneration of Key Management and Senior Management

For the financial year ended 31 March 2014, there were no termination, retirement and post-employment benefits granted to Directors and Key Management.

Remuneration of Executive Director

The aggregate compensation paid to or accrued to Group CEO (Chua Sock Koong) for the financial year ended 31 March 2014 is set out in the table below:

Name	Fixed Remuneration ⁽¹⁾ (\$)	Variable Bonus ⁽²⁾ (\$)	Provident Fund ⁽³⁾ (\$)	Benefits ⁽⁴⁾ (\$)	Total Cash & Benefits ⁽⁵⁾ (\$)	Restricted Share Award (RSA) ⁽⁶⁾ (no. of shares)	Performance Share Award (PSA) ⁽⁶⁾ (no. of shares)
Chua Sock Koong	S\$1,647,100	S\$2,980,000	S\$8,925	S\$74,820	S\$4,710,845	102,097	1,422,663

Performance shares granted, vested and lapsed for Ms Chua as at 31 March 2014 are as follows:

	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2011 Awards	1-Jun-14	1,013	608	405	655	655	–
Restricted Share Award (RSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards		119	155	–	1-Jun-14	39	
					1-Jun-15	116 ⁽⁷⁾	
2013 Awards ⁽⁸⁾		98			1-Jun-15		
					1-Jun-16		
Performance Share Award (PSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards ⁽⁸⁾		1,273			1-Jun-15		
2013 Awards ⁽⁸⁾		1,418			1-Jun-16		

Notes:

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

⁽²⁾ Variable Bonus comprises both the Performance Bonus and the Value Sharing Bonus (VSB). Performance bonus varies according to the actual achievement against Group, business unit and individual performance objectives. The VSB is tied to the Economic Profit (EP) performance of the Group to ensure alignment with sustainable value creation for shareholders over the longer term. For more details, please refer to page 65.

⁽³⁾ Provident Fund in Singapore 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⁾ Total Cash & Benefits is the sum of Fixed Remuneration, Variable Bonus, Provident Fund and Benefits for the year ended 31 March 2014.

⁽⁶⁾ Long-term Incentives are awarded in the form of performance shares. Grants of the Restricted Share Award (RSA) and Performance Share Award (PSA) under the SingTel Performance Share Plan 2012 were made in June 2014 for performance for the year ended 31 March 2014. The per unit fair values of the RSA and PSA are S\$3.239 and S\$2.092 respectively. The performance conditions for the awards are detailed on pages 65 to 66.

⁽⁷⁾ The second tranche of the vested 2012 RSA will be released in June 2015, subject to continued service of the employee.

⁽⁸⁾ The vesting of the 2012 PSA, 2013 RSA and 2013 PSA are conditional upon the achievement of predetermined performance targets over the respective performance periods, which are a 3-year period for PSA and a 2-year period for RSA.

Corporate Governance

Remuneration of Other Key Management and Senior Management

The aggregate compensation paid to or accrued to the other top five Key Management and Senior Management for the financial year ended 31 March 2014 is set out in the table below:

Name	Fixed Remuneration ⁽¹⁾ (\$)	Variable Bonus ⁽²⁾ (\$)	Provident/ Superannuation Fund ⁽³⁾ (\$)	Benefits ⁽⁴⁾ (\$)	Total Cash & Benefits ⁽⁵⁾ (\$)	Restricted Share Award (RSA) ⁽⁶⁾ (no. of shares)	Performance Share Award (PSA) ⁽⁶⁾ (no. of shares)
The following are in alphabetical order:							
Bill Chang CEO Group Enterprise	S\$910,000	S\$950,000	S\$13,600	S\$64,649	S\$1,938,249	36,617	510,230
Hui Weng Cheong ⁽⁷⁾ COO, AIS	S\$663,000	S\$850,000	S\$9,450	S\$214,652	S\$1,737,102	52,486	325,048
Allen Lew CEO Group Digital Life/ Country Chief Officer Singapore	S\$1,170,000	S\$2,065,000	S\$8,925	S\$63,563	S\$3,307,488	60,822	847,515
Jeann Low Group CFO	S\$910,000	S\$1,150,000	S\$11,900	S\$61,894	S\$2,133,794	32,418	451,721
Paul O'Sullivan ⁽⁸⁾⁽⁹⁾ CEO Group Consumer/ Country Chief Officer Australia	A\$1,235,355	A\$1,372,998	A\$241,648	A\$157,046	A\$3,007,046	69,190	964,286
Total	S\$5,091,932	S\$6,614,258	S\$325,344	S\$587,684	S\$12,619,218	251,533	3,098,800

Performance shares granted, vested and lapsed for the above five executives as at 31 March 2014 are as follows:

	Vesting Date	General Award (GA)			Senior Management Award (SMA)		
		Granted ('000)	Vested ('000)	Lapsed ('000)	Granted ('000)	Vested ('000)	Lapsed ('000)
2011 Awards	1-Jun-14	2,459	1,475	984	1,590	1,590	–
Restricted Share Award (RSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards		337	438	–	1-Jun-14	110	
					1-Jun-15	328 ⁽¹⁰⁾	
		20	26	–	16-Jul-14	7	
					16-Jul-15	19 ⁽¹⁰⁾	
2013 Awards ⁽¹¹⁾		256			1-Jun-15		
					1-Jun-16		
Performance Share Award (PSA)							
		Granted ('000)	Vested ('000)	Lapsed ('000)	Released		
					Date	('000)	
2012 Awards ⁽¹¹⁾		2,925			1-Jun-15		
		97			16-Jul-15		
2013 Awards ⁽¹¹⁾		3,286			1-Jun-16		

Notes:

- ⁽¹⁾ Fixed Remuneration refers to base salary and Annual Wage Supplement (if applicable) earned for the year ended 31 March 2014.
- ⁽²⁾ Variable Bonus comprises both the Performance Bonus and the Value Sharing Bonus (VSB). Performance bonus varies according to the actual achievement against Group, business unit and individual performance objectives. The VSB is tied to the Economic Profit (EP) performance of the Group to ensure alignment with sustainable value creation for shareholders over the longer term. For more details, please refer to page 65.
- ⁽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 fixed remuneration.
- ⁽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 Australian Fringe Benefits Tax, where applicable.
- ⁽⁵⁾ Total Cash & Benefits is the sum of Fixed Remuneration, Variable Bonus, Provident/Superannuation Fund and Benefits for the year ended 31 March 2014.
- ⁽⁶⁾ Long-term Incentives are awarded in the form of performance shares. Grants of the Restricted Share Award (RSA) and Performance Share Award (PSA) under the SingTel Performance Share Plan 2012 were made in June 2014 for performance for the year ended 31 March 2014. The per unit fair values of the RSA and PSA are S\$3.239 (A\$2.775) and S\$2.092 (A\$1.792) respectively. The performance conditions for the awards are detailed on pages 65 to 66.
- ⁽⁷⁾ Benefits for Mr Hui Weng Cheong include tax equalisation in relation to his assignment to AIS, Thailand.
- ⁽⁸⁾ Mr Paul O'Sullivan is based in Australia and remunerated in Australian dollars.
- ⁽⁹⁾ Mr Paul O'Sullivan was reappointed as Country Chief Officer Australia on 27 February 2014. He had previously assumed this role from April 2012 to April 2013.
- ⁽¹⁰⁾ The second tranche of the vested 2012 RSA will be released in June/July 2015, subject to continued service of the employee.
- ⁽¹¹⁾ The vesting of the 2012 PSA, 2013 RSA and 2013 PSA are conditional upon the achievement of predetermined performance targets over the respective performance periods, which are a 3-year period for PSA and a 2-year period for RSA.

Investor Relations

SingTel's Investor Relations (IR) team promotes and facilitates communications with existing and potential institutional investors, financial analysts and retail shareholders. We are committed to maintaining high standards of disclosure and corporate transparency.



Disseminate accurate and relevant information to the marketplace in a timely manner to help investors make informed investment decisions

Provide direct and regular access to our management through face-to-face meetings (including investor days), conferences, roadshows, conference calls and webcasts

Balance investors' expectations for **open and transparent disclosure** with commercial sensitivities of SingTel's businesses

PROACTIVE COMMUNICATION WITH THE INVESTMENT COMMUNITY

Since the Group announced its transformation in March 2012, our senior management and the IR team have devoted significant effort towards helping the investment community better understand the rationale behind our transformation, in particular the key strategic priorities for the three business units: Group Consumer, Group Enterprise and Group Digital Life. SingTel currently provides disclosures and outlook on our three key business units, supplemented by traditional disclosures by geography – Singapore, Australia and the regional mobile associates.

During the year, our management, together with the IR team, engaged about 500 investors in over 280 meetings and conference calls to discuss the Group's business strategy, operational and financial performance, and prospects. SingTel participated in investor conferences and roadshows in Singapore, Hong Kong, Japan, US and Europe. Such events facilitate access to potential new shareholders and help us deepen existing relationships with long-term shareholders. The IR team also arranged site visits to SingTel's business facilities to aid investors' understanding of our key business objectives and expansion plans in the consumer, enterprise and digital spaces.

IR
CALENDAR
MAJOR
EVENTS

The IR team develops and maintains strong links with sell-side research analysts who play an important role in educating the investment community. More than 20 sell-side analysts based in Australia, Hong Kong, Malaysia, Singapore and UK currently cover SingTel. We keep a close watch on analyst and media reports in our efforts to continuously improve our investor relations efforts.

Beyond conferences and roadshows, SingTel holds an annual Investor Day event during which the CEOs of Group Consumer, Group Enterprise and Group Digital Life, as well as the senior management of AIS, Airtel, Globe and Telkomsel share detailed insights into their businesses and respond to questions. The Investor Day typically attracts more than 50 investors and analysts, who have provided positive feedback on the openness of management in sharing strategic plans and operational insights.

SingTel actively seeks investors' feedback. During the year, SingTel commissioned an investor perception study, which is an independent report involving in-depth interviews with approximately 50 institutional investors and financial analysts. Respondents generously shared their views on SingTel's strategic direction and industry issues such as mobile data growth and dividend policy. Investors typically cite the following reasons for investing in SingTel: our commitment to capital discipline, high level of corporate governance, depth of experience at both the board and management level,

and exposure to carriers in emerging markets, which are either the number one or number two operator in their respective countries. Investors generally view SingTel as a stock which offers both capital growth and attractive yield.

INVESTOR RELATIONS RESOURCES

The IR website is a key resource for corporate information, financial data and significant business developments. It also houses SingTel's stock exchange announcements, quarterly results and annual reports, upcoming investor events, shares and dividend information, fact sheets and investor presentation slides.

SingTel produces a comprehensive set of materials for its quarterly financial results announcements, including detailed financial statements, management discussion and analysis, and presentation slides. We hold an investor conference call on the day of the results announcement, during which analysts and investors have the opportunity to pose questions to our management. A recording of the investor presentation webcast is posted on the IR website on the same day the results are released, and the transcript of the analyst conference call is posted on the IR website the following day.

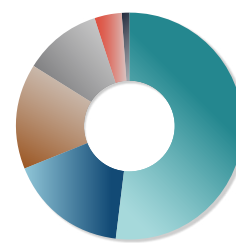
All new material announcements are posted on the IR website immediately following its release to the Singapore and Australian exchanges (SGX and ASX respectively) to ensure fair, equal and prompt dissemination of information.

SHAREHOLDER INFORMATION

As at 30 April 2014, Temasek Holdings (Private) Limited remained the largest shareholder, with 52.0% of issued share capital. Other Singapore shareholders held approximately 15% of ownership interest. US/Canada and Europe held approximately 17% and 11% of issued share capital respectively.

SHARE OWNERSHIP BY GEOGRAPHICAL POSITION

(%)



TEMASEK HOLDINGS	52
US/CANADA	17
SINGAPORE EX TEMASEK	15
EUROPE	11
ASIA EX SINGAPORE	4
AUSTRALIA	1

Risk Management Philosophy and Approach

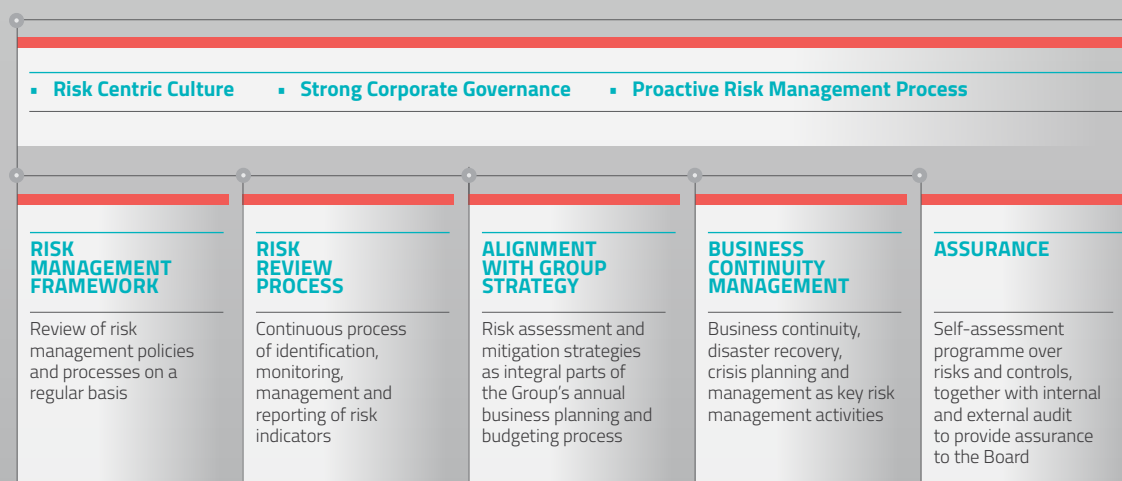
Our Risk Framework

- Defines how risk management functions
- Aligns the Group's strategy with management of key risks
- Specifies role of the Board/Management to fulfil risk appetite and tolerances
- Identifies risks and determines mitigation plans



Our Risk Philosophy

- Three key principles underpinning our Risk Management Approach



The identification and management of risks reduce the uncertainty associated with the execution of our business strategies and allow the Group to maximise opportunities that may arise. Risks take on many forms and can have material adverse impacts on the Group's ability to achieve our stated objectives by potentially impacting our reputation, operations, human resources and financial performance.

The Board is overall responsible for determining the Group's risk appetite and tolerance, and risk profile, overseeing the Group's risk management framework, reviewing the Group's key risks and mitigation strategies and ensuring the effectiveness of risk management policies and procedures. The Risk Committee (RC) and the Audit Committee (AC) review the management of these risks and effectiveness of mitigation strategies and controls. The Risk Management Committee (RMC) supports the Board and RC in terms of risk governance and oversight, and sets the direction and strategies for corporate risk management to be in line with the Group's risk appetite and risk tolerance thresholds.

The Board has approved the following risk appetite statement:

The Group is committed to delivering value to our shareholders achieved through sustained profitable growth. However, the Group shall not compromise our integrity, values and reputation by risking brand damage, service delivery standards, severe network disruption or regulatory non-compliance.

The Group will defend our market leadership position in Singapore and strengthen our market position in

Australia and in Asia Pacific through our regional mobile associates. The Group will continue to pursue business expansion in the emerging markets, including acquiring controlling stakes in the associates, and actively manage the risks.

The Group is prepared to take measured risks to seek new growth in the digital space by providing global platforms and enablers, targeted at a global footprint, while leveraging our current scale and core strengths.

The Group targets an investment grade credit rating and dividend payout policy consistent with our stated dividend policy and guidance.

The Management has the primary responsibility of identifying, managing and reporting the key risks faced by the Group to the Board. The Management is also responsible for ensuring that the risk management framework is effectively implemented within all areas of the respective business units. In addition, specialised areas such as Regulatory, Legal, Environment, Insurance, Treasury and Credit support the Group in the management of these risks.

The Group's philosophy and approach towards effective risk management are underpinned by three key principles:

- **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, clearly defines 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, mitigation and management of risks. We seek to improve our risk management as well as internal control policies and procedures on an ongoing 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. Independent reviews are conducted by third-party consultants regularly to ensure the appropriateness of the Group's risk management framework. The consultants also report key risks to the Board, as well as provide periodic support and input when undertaking specific risk assessments. Furthermore, the risk management processes facilitate alignment of the Group's strategy and annual operating plan with the management of key risks.

Risk Management Philosophy and Approach

Risk assessment and mitigation strategy is an integral part of the Group's annual business planning and budgeting process. The key risk management activities 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 are managed within policy limits. The Group has in place a formal programme of risk and control self-assessment whereby line personnel are involved in the ongoing assessment and improvement of risk management and controls. Additionally, independent specialist 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 aligned to the key risks in the Group's business. This provides independent assurance to the AC on the adequacy and effectiveness of our risk management, financial reporting processes, and internal control and compliance systems. In order to provide assurance to the Board, the CEOs of the business groups submit a report on the key risks and mitigation strategies for their respective businesses to the RC on a semi-annual basis. Annually, the Group CEO and Group CFO provide a written certification to the Board confirming the integrity of financial reporting, and the efficiency and effectiveness of the risk management, internal control and compliance systems.

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 plans. Any material non-compliance and internal control weaknesses, together with the external auditors' recommendations to address them, are reported to the AC. 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.

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 risks.

RISK FACTORS

The Group's financial performance and operations are influenced by a vast range of risk factors. Many of these risk factors affect not just our businesses but also other businesses in and outside of the telecommunications industry. These risks vary widely and many are beyond the Group's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. However, we aim to mitigate the exposures through appropriate risk management strategies and internal controls.

The section below sets out 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, digital services, and hence, on the Group's financial performance and operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. These and other related events have had a significant impact on economic growth as a whole and consequently, consumer and business demand for telecommunications, IT and related services, and digital services.

Our planning and management review processes involve the periodic monitoring of budgets and expenditures to minimise the risk of over-investment. Each of the business units in the Group has continuing cost management programmes to drive improvements in their cost structures.

POLITICAL RISKS

Some of the countries in which Group Consumer 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 our assets in those areas.

Group Consumer is geographically diversified with operations in Singapore, Australia and the emerging markets. We work closely with the Management and

our partners in the countries where we operate to leverage the local expertise, knowledge and ability. In this way, we ensure compliance with the laws and are able to implement risk mitigation measures.

As Group Enterprise and Group Digital Life expand their products and services across the region and around the world, exposure to similar political risks may increase in the future.

REGULATORY RISKS AND LITIGATION RISKS

Regulatory Risks

The Group's global operations are subject to extensive government regulations, which may impact or limit our 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 as well as the regulatory environment (including taxation) in which we operate. Such changes could have a material adverse effect on the Group's financial performance and operations.

Group Consumer and Group Enterprise are impacted by the implementation of national broadband networks in both Australia and Singapore. In Singapore, the Infocomm Development Authority of Singapore (IDA) has, in its implementation of the Next Generation Nationwide Broadband Network (Next Gen NBN), designed a structure aimed at levelling the playing field to allow the benefits of the Next Gen NBN to be available to all industry players. This has significantly altered the existing cost model of the industry and increased the level of competition in the market with new entrants.

In Australia, the government is currently undertaking a significant reform of the fixed-line telecommunications sector, including the rollout of a national broadband network to be operated on a wholesale-only open-access basis. It is possible that the Australian government's regulatory reforms, including legislation and the deployed national broadband network and commercial transactions relating to the national broadband network, could ultimately lead to a sub-optimal or negative outcome for Optus. Our businesses depend on statutory licences issued by governmental authorities. Failure to meet regulatory requirements could result in fines or other sanctions including, ultimately, the revocation of licences.

In Singapore, the Personal Data Protection Act 2012 (PDPA), which came into effect in January 2013, regulates the collection, use, disclosure, transfer and security of personal data. The Act will be enforced in phases, with the provisions relating to the Do-Not-Call Registry coming into force in early 2014 and the provisions relating to the main data protection coming into force in July 2014. In Australia, The Privacy Act introduced changes with effect from March 2014 on a new set of Australian Privacy Principles that will regulate handling of personal information by Australian government agencies and some businesses. The Group has access to appropriate regulatory expertise and staffing resources in Singapore and Australia. We regularly participate in discussions and consultations with the respective regulatory authorities and the industry to propose changes and provide feedback on regulatory reforms and developments in the telecommunications and media industry.

Our 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 our overseas investments.

With regards to personal data protection, the Group has established a PDPA Steering Committee and Working Committee to put in place PDPA policies and procedures in Singapore to ensure compliance. Similarly, in Australia, most of the recent changes to the Privacy Law existed under the previous Act, and there are well-established mechanisms in place to ensure compliance. The inclusion of a new Australian Privacy Principle – Direct Marketing – has meant some change to ensure prevalent opt-out mechanisms are in place. Overall, the Group has also increased resources and improved the support infrastructure around information security.

Access to Spectrum

The Group may need to access additional spectrum to support both organic growth and the development of new services. Access to spectrum is of critical importance to us in order to support our business of providing mobile voice and broadband services. The use of spectrum in most countries that we operate in is regulated by governmental authorities and requires licences. Failure to acquire access to spectrum or new or additional spectrum on reasonable terms or at all could have a material adverse effect on the core communications business, financial performance and growth plans.

Risk Management Philosophy and Approach

Litigation Risks

We are exposed to the risk of regulatory or litigation action by regulators or other parties. Such regulatory matters or litigation actions may have a material effect on our financial condition and results of operations. Examples of such actions which the Group is exposed to are disclosed in Notes to the Financial Statements under "Contingent Liabilities".

The Group has put in place standard master supply agreements with vendors and implemented contract policies to manage contractual arrangements with customers. The policies provide the necessary empowerment framework for the CEOs, the Management Committee and the Board Committees to approve any deviations from the standard policies.

COMPETITIVE RISKS

The Group faces competitive risks in all the markets and business segments in which we operate.

Group Consumer Business

The telecommunications market in Singapore is highly competitive. As new players enter the market and regulation requires SingTel in Singapore to allow our competitors to have access to our networks, our market share in some segments and prices for certain products and services have declined. These trends may continue and intensify for SingTel in Singapore.

In the Australian mobile market, in addition to the incumbent operator, a number of participants are subsidiaries of international groups and operators, and 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 consumer fixed-line services market continues to be dominated by the incumbent provider, which can leverage its scale and 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 associates' businesses are also subject to highly competitive market conditions. The growth of our associates depends in part on increases in the mobile penetration rate in the markets where they operate. Some of these overseas markets, including India and Indonesia, have experienced and could continue to experience an increase in the number of competitors, leading to intense price competition and potential loss of market share for our associates. As these markets mature, the pace of subscriber growth may slow and new customers may not be as profitable as existing customers.

Our business models and profits are also challenged by disintermediation in the telecommunications industry by handset providers and non-traditional telecommunications service providers who provide multimedia content, applications and services directly on demand.

Group Consumer continues to work with Group Digital Life to invest in innovation, technologies, new products and services, transformational initiatives in processes, new business models and customer experience to meet evolving customer needs and strengthen customer loyalty.

Group Digital Life Business

The digital products and services offered by the Group face competition from both traditional and non-traditional competitors globally. The proliferation of mobile applications and other content delivered over the internet threaten to disintermediate the relationships between telcos and their customers. The over-the-top operators which provide these services are seeking to grow scale through mergers and acquisitions, which will allow them to exert a stronger influence in customers' usage of our services.

Against this environment, the Group plans to leverage valuable assets we already have, such as our extensive customer knowledge, touchpoints, intelligent networks and the scale of the Group's customer base, to create relevant and personalised services for our customers, such as digital advertising, mCommerce and content.

Group Enterprise Business

Business customers enjoy a wide range of choices for many of the services that we provide, particularly international voice and data communications. Competitors include multinational IT and telecommunications companies, while in Australia, the enterprise market is dominated by the incumbent. The quality and prices of these services can influence a potential business customer's decision. Prices for some of these services have declined significantly in recent years as a result of capacity additions and price competition. Such price declines are expected to continue.

Group Enterprise continues to focus on offering companies comprehensive and integrated infocomm technology (ICT) solutions and initiatives to strengthen customer engagement.

REGIONAL EXPANSION RISKS

Given the size of the Singapore and Australian markets, the future growth of the Group depends, to a large extent, on our ability to grow our overseas operations in both traditional and new digital services. This comes with considerable risks.

Partnership Relations

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.

Acquisition Risks

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. The Group risks not being able to generate synergies from these acquisitions, and the acquisitions become a drain on the Group's management and capital resources.

We continually look for investment opportunities that can contribute to our regional expansion strategy and for the development of new revenue streams. Our efforts are challenged by 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 associates. There is 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.

Members of our management team are also directors on the boards of our associates. In addition to the sharing of network and commercial experience, best practices in the areas of corporate governance and financial reporting are also shared across the Group.

The Group adopts a disciplined approach in our investment evaluation and decision-making process.

PROJECT RISKS

The Group incurs substantial capital expenditure in constructing and maintaining our networks and systems infrastructure. These projects are subject to risks associated with the construction, supply, installation and operation of equipment and systems.

Project Management

The projects the Group undertake as contractors to roll out infrastructure are subject to the risks of increased project costs, disputes and unexpected implementation delays, any of which can result in an inability to meet projected completion dates.

Group Enterprise is also a major IT services provider to governments and large enterprises in the region. We face potential project execution risks when projects are not accurately scoped or the quality of service performance is not up to customers' specifications, resulting in over-commitments to customers, as well as inadequate resource allocation and scheduling. These can lead to cost overruns, project delays and losses.

The Group has a project risk management framework in place, with processes for regular risk assessment, performance monitoring and reporting of key projects.

Satellite Business

The launch and operation of any satellite is subject to the risk of launch delays, cost overruns and the occurrence of other unforeseeable events such as satellite launch failures, satellite failure to enter into designated orbital locations, in-orbit failure or any other events beyond the control of the Group. We maintain and regularly review our business continuity programme, including restoration plans, for implementation in the event of a catastrophic loss of all or part of a satellite.

A key capital project undertaken by Optus is the planned launch of a new satellite, Optus 10. The build and launch plan of Optus 10 is closely monitored by the Management. The satellite will be launched in mid-2014 and will also be part of the Group's business continuity plans.

NEW BUSINESS RISKS

From a traditional carriage business in Singapore and Australia, the Group is now venturing into new growth areas to create new revenue streams,

Risk Management Philosophy and Approach

including mobile applications and services, pay TV, managed services, cloud services, content, ICT, and new digital services such as digital advertising. There is no assurance that the Group will be successful in these ventures, which may require substantial capital, new expertise, substantial process or systems changes, as well as organisational cultural and mindset changes. These businesses may also expose the Group to new areas of risks associated with the media and online industries such as content rights disputes and customer data privacy and protection.

The Group's organisation structure, talent management and development programme seeks to respond to changing needs and new business strategies. We continue to update our policies and invest in processes and technologies to support the requirements of new businesses.

BREACH OF PRIVACY RISKS

The Group seeks to protect the privacy of voice and information on networks and systems infrastructure. Significant failure of encryption and security measures may result in customer confidence being undermined and materially impact our businesses. The Group may also be subject to the imposition of additional regulatory measures relating to the security and privacy of customer data.

The Group has in place security mechanisms such as firewalls and encryption algorithms designed to minimise the risk of privacy breaches. We also implement and test antivirus or intrusion prevention systems, based on established security standards. Aside from cyber security practices,

the Group has also established an escalation process for major incidents, which includes security breaches, to ensure timely response, internally and externally, to minimise impact.

INFRASTRUCTURE AND TECHNOLOGY RISKS

Rapid and significant technological changes are typical in the telecommunications and ICT industry, and these changes may materially affect Group Consumer and Group Enterprise's capital expenditure and operating costs, as well as the demand for the products and services offered by all of our business divisions.

We have invested substantial capital and other resources in the development and modernisation of our networks and systems. Technological changes continue to reduce costs and expand the capacities of new infrastructure able to deliver competing products and services. Moreover, our associates operate predominantly in emerging markets, where the regulatory practices, including spectrum availability, may not synchronise with the technology progression path and the market demand for new technologies.

Such rapid advancements in technology may leave the Group stranded with investments that are technologically obsolete before the end of their expected useful life. These changes may require us to replace and upgrade our network infrastructure to remain competitive and as a result, incur additional capital expenditure.

Each of the business groups face the continuing risk of market entry by new operators and service providers (including non-telecommunications

players) that, by using newer or lower-cost technologies, may succeed in rapidly attracting customers away from established market participants.

Group Enterprise may have to incur substantial development expenditure to gain access to related or enabling technologies so that we may pursue new growth opportunities in the ICT industry. The challenge is to modify our network infrastructure in a timely and cost-effective manner to facilitate such implementation, failing which this could adversely affect our quality of service, financial condition and results of operations.

The Group continues to invest in upgrading, modernising and equipping our systems with new capabilities to ensure that we continue to deliver innovative and relevant services to our customers.

VENDOR RISKS

The Group relies on third-party vendors in many aspects of our business for various purposes, including but not limited to the construction of our network, the supply of handsets and equipment, systems and applications development and services, content provision and customer acquisition. Accordingly, our operations may be affected by third-party vendors failing to perform their obligations. In addition, the industry is dominated by a few key vendors for such services and equipment, and any failure or refusal by a key vendor to provide such services or equipment, or any consolidation of the industry, may significantly affect our business and operations.

The Group monitors closely our relationships with strategic vendors and develops new relationships to mitigate supply risks.

INFORMATION TECHNOLOGY RISKS

As the Group's businesses and operations rely heavily on information technology, the Management has established the IT & Network Security Committee to provide oversight of all IT and network security risks, including cyber security threats and data privacy breaches. The committee comprises members from the various IT and network domains, meets bi-monthly and reports directly to the Risk Management Committee. The committee develops appropriate policies and frameworks to ensure information system security, reviews the projects and initiatives on IT and network security, and reviews any IT security incidents.

The Group has established the Group Information Security Policy for managing risks associated with information security in a holistic manner. The policy is developed based on industry best practices and is aligned with international standards such as ISO27001. The policy covers various aspects of IT risk governance including change management, user access management, database configuration standards and disaster recovery planning, and provides the cornerstone for driving robust IT security controls across the Group.

The Group has also established the Project Management Methodology to ensure that new systems are developed with appropriate IT security controls and are subjected to rigorous acceptance tests, including penetration testing, prior to implementation.

FINANCIAL RISKS

The main risks arising from the Group's financial assets and liabilities are

foreign exchange, interest rate, market, liquidity, access to financing sources and increased credit risks. Financial markets continue to be volatile and this may heighten execution risk for funding activities and credit risk premiums for market participants.

The Group is exposed to foreign exchange fluctuations from our operations and through subsidiaries as well as associated and joint venture companies operating in foreign countries. These relate to the translation of the foreign currency earnings and carrying values of the overseas operation. Additionally, a significant portion of associated and joint venture company purchases and liabilities are denominated in foreign currencies, versus the local currency of the respective operations, thereby giving rise to changes in cost structures and fair value gains or losses when marked to market.

The Group has established policies, guidelines and control procedures to manage and report exposure to such risks. Our financial risk management is discussed in detail on page 187 in Note 37 to the Financial Statements.

ELECTROMAGNETIC ENERGY RISKS

Health concerns have been raised regarding the potential exposure to electromagnetic energy associated with the operation of mobile communications devices. While there is no substantiated evidence of public health risks from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, perceived health risks can result in reduced demand for mobile communications services or worse, litigation against the Group. In addition, government

environment controls may be introduced to address this perceived risk, restricting our ability to deploy our mobile communications networks.

The Group is currently in compliance with the leading global standard, International Commission on Non-Ionizing Radiation Protection (ICNIRP) Electromagnetic Energy (EME), as well as relevant standards and regulations in Singapore and Australia on emission of electromagnetic energy. We continue to monitor research findings on electromagnetic energy health risks and their implications on relevant standards and regulations in Singapore and Australia, as well as the rest of the world.

NETWORK FAILURE AND CATASTROPHIC RISKS

The provision of our services depends on the quality, stability, resilience and robustness of our integrated networks. We face the risk of the malfunction of, loss of, or damage to network infrastructure from natural or man-made causes. Some of the countries in which we operate have experienced a number of major natural catastrophes over the years, including typhoons, droughts and earthquakes. Such losses or damage may significantly disrupt our operations, which may materially adversely affect our ability to deliver services to customers.

The Group has insurance policies as well as a defined crisis management and escalation process involving the CEOs and senior management to respond to emergencies and/or catastrophic events. However, our inability to operate our networks or customer support systems may have a material impact on our business.

Sustainability

Our Sustainability Pillars

As a communications group, we are at the very centre of our customers' daily lives – be it at home, work or play. We work hard to meet and even exceed all stakeholders' expectations to earn their trust and confidence.

Our commitment is to be best-in-class in terms of service quality, corporate governance, corporate sustainability and community commitment. As a signatory of the UN Global Compact, we uphold its ten principles covering human rights, labour practices, environment and anti-corruption.

As a responsible corporate citizen, we continue to look at ways to build a sustainable business and grow together with all our stakeholders. We also engage a diverse group of stakeholders to understand their concerns and expectations, so that we can anticipate and respond to their needs. In FY2014, we completed the second year of a three-year stakeholder engagement programme in Singapore.

Every year, we benchmark our sustainability efforts in Singapore and Australia against global best practices. Our review over the past year has affirmed our commitment to the four pillars of Marketplace and Customer, People, Community and the Environment.

We are also undertaking an extensive business sustainability materiality review across the SingTel Group in Singapore and Australia. The findings will help us to refine our strategy and continue to stay relevant in our rapidly changing operating environment.

MARKETPLACE AND CUSTOMER

Increasing stakeholder value and leading the market with innovative ICT services and care for our customers

COMMUNITY

Driving positive and sustainable changes to disadvantaged communities, focusing on vulnerable young people and bridging communities through ICT

PEOPLE

Providing challenges and opportunities for our people and maintaining a diverse, inclusive and collaborative workplace and culture

ENVIRONMENT

Managing our environmental footprint through resource conservation and pollution prevention

Marketplace and Customer

The SingTel Group is committed to leading the market with care for our customers and innovative infocomm technology (ICT) services that help them stay connected and improve their personal and professional lives.

We adhere to the highest standards of corporate governance and responsible business practices. We also hold our partners and suppliers to those same high standards.

INNOVATING FOR INCLUSION

In the digital age, we are leading the way in delivering products and services to customers – no matter where they are and what devices they use. To look after the well-being of our community stakeholders, we also offer solutions that are both socially and digitally inclusive.

We want customers who do not have credit cards to enjoy the same access to the universe of mobile apps as others. To this end, we created mCash, a stored

value facility. With mCash, customers can pay for services such as prepaid SIM card top-up, money remittance and game credits purchase.

We also encouraged seniors to be part of the digital world by introducing the first mobile data plans in Singapore targeted at users aged 55 and above. We offer a 20% discount on two of the most popular 4G data plans among seniors, with a selection of handsets at no extra charge.

Innovation is a part of the SingTel Group's DNA, and we constantly improve our products and processes. For more details, please read our business reviews from page 16 to 35.

TAKING RESPONSIBILITY

The internet and mobile devices have brought us many benefits such as easy access to information and entertainment. Youths and children have also become more vulnerable to risks such as cyber bullying and the loss of privacy.

As service providers, we do not have full control of the internet. However, we are determined to play a pivotal role in educating stakeholders and protecting at-risk groups in this space.

In Australia, we developed and introduced the Digital Thumbprint programme in consultation with leading education experts. The programme offers high schools workshops that educate students to be savvy, responsible and proactive members of the online community.

In partnership with Kids Helpline, the country's only free 24-hour phone and online counselling service for the young, we launched a new initiative called Kids Helpline @ School. The initiative connects primary school students to counsellors via video or voice to discuss topics such as cyber bullying. We deliver both Digital Thumbprint and Kids Helpline @ School to schools across Australia at no charge.

1 The **Digital Thumbprint** programme educates high school students to be savvy, responsible and proactive online users

2 **Kids Helpline @ School**, Australia's only free 24/7 phone and online counselling service, connects primary school students to counsellors via video or voice to discuss topics such as cyber bullying



1



2

Sustainability

OUR COMMITMENT TO CUSTOMER AND DATA PRIVACY

We conduct our business in full compliance with local laws and regulations, and have implemented additional measures to protect our customers' personal information. These include:

- Safeguards to prevent security breaches in our networks and database systems
- Limits on access to information in our systems and the systems of our business partners and vendors
- Strict verification processes to prevent unauthorised access to information

Our approach goes beyond customer data protection and is designed to ensure continued engagement to encourage customers to deepen their trust in us.

- We know that privacy is important to our customers and we strive to be as open and transparent as possible in how we serve them.
- We have always been mindful of engaging our customers in a more targeted and relevant way. We will provide our customers with control and will seek their consent on how we collect, use and disclose customer data.

We are determined to continue being recognised as a trusted operator by both our customers and partners.

Community

Our Group's community mission is to enable the inclusion and well-being of people through digital and infocomm technologies.

Going forward, we will continue to leverage our core strengths and that of our staff, be it in specific technological capabilities or skills or financial support, to provide the most impactful support to our communities.

HELPING YOUNG PEOPLE

For more than a decade, we have been championing the cause of children and youths with special needs in Singapore through the SingTel Touching Lives Fund (STLF). Since the Fund's inception in 2002, we have raised close to S\$28 million to help this community segment.

This past year, we raised S\$2.75 million through activities supported by the company, our employees, business partners and the public. In addition to cash donations, our staff gave their time generously – organising more than 20 activities and spending more than 5,000 hours volunteering to support our beneficiaries: APSN Chaoyang School, APSN Tanglin School, Cerebral Palsy Alliance Singapore School, Eden School, MINDS Lee Kong Chian Gardens School and the Singapore Cancer Society's Help the Children and Youth Programme.



Under our Optus Community Grants programme, which provides up to A\$10,000 for projects providing education, well-being or technology access for young Australians, we have disbursed almost A\$1.2 million to 200 youth-focused community organisations over the past six years.

Another key initiative is partnering The Smith Family to improve young people's education in Australia. The Smith Family Mobile Student2Student programme helps students improve their reading skills via mobile phone. This programme targets disadvantaged young people in remote areas without fixed-line access. At the end of 2013, more than 93% of participating students showed improvements in their reading abilities since the start of the programme.

In September 2013, we introduced yes4Good, a one-stop online portal for Optus staff to donate their time or money to charities and causes they are passionate about. The company supports our people's giving by

matching up to A\$100 per person each year whether they give time or money.

Providing skilled volunteering is one way we can utilise our people's skills to build capacity in charity organisations and assist them in achieving their goals. As an experienced Lean Six Sigma organisation, the Optus Customer Experience team developed the Limelight pathway to provide pro-bono services to non-profit organisations that help add value to their business. Optus staff volunteered 153 hours through the programme in FY2014.

HELPING OUT IN TOUGH TIMES

Disasters are unpredictable. But at the SingTel Group, our coordinated efforts are planned to be responsive and effective to help our customers and the local community in times of need.

After Typhoon Haiyan ripped through the Philippines in November 2013, SingTel made a combined corporate and

staff-funded donation of more than S\$170,000. Optus also contributed 150 satellite phones to our regional mobile associate, Globe, to facilitate communication. In April 2014, 20 volunteers from SingTel and Optus travelled to the Philippines to help rebuild a village that was destroyed by Typhoon Haiyan, together with staff volunteers from Globe.

We also promptly stepped up when the bushfires in New South Wales, Australia struck in October 2013 to support customers in the affected areas. We waived disconnection fees and offered a call diversion service from landlines to mobiles at no cost. Free prepaid phones and SIM cards were made available in the stricken Blue Mountains and Richmond areas. We also supported the Red Cross Disaster Relief and Recovery effort by setting up an SMS donation system, enabling the public to make A\$5 donations to support the relief efforts.



- 1 Members of SingTel Management spent a fun afternoon with children from our beneficiaries
- 2 450 children from the STLF beneficiaries were treated to an exclusive carnival at the Marina Barrage organised by 600 SingTel volunteers
- 3 Globe paid for and handed out 7,000 bags of relief goods consisting of rice, noodles and canned food to Filipinos affected by Typhoon Haiyan

Sustainability

People

Our people are the heart and soul of SingTel. It is their talent and commitment that propel the business forward, as we strive to be a company that they can be proud to be a part of. We provide a diverse, inclusive and collaborative workplace where each person is energised and engaged to perform and develop to their fullest potential.

ENGAGING ACTIVELY

SingTel has been measuring employee engagement since 1998 because we know employee satisfaction is fundamental to customer satisfaction, and ultimately to business performance.

Results from each engagement survey are rigorously analysed to guide meaningful action – from strategic initiatives at the Group level to business unit plans championed by employee Change Leaders in collaboration with their colleagues and managers.

Our holistic approach to employee engagement encompasses every aspect of their journey with us: attraction, selection, development, performance and even alumni initiatives should they leave the organisation.

At the heart of driving sustainable employee engagement is SingTel's Connect & Grow employee value proposition. Connect & Grow underscores our commitment to building strong relationships among our people, developing talent and enabling employees to grow their career with us.

CONNECTING AND GROWING AT SINGTEL

Sustainable business success entails ensuring a strong pipeline of talent – having the right people in the right roles at the right time.

We look out for strong candidates even before they join the workforce. Through our Management Associate Programme and various scholarship programmes, we identify and coach young talent with leadership potential.

We have comprehensive processes in place to identify high-potential employees starting at the team level and rolling up to the SingTel Board Talent review. Our review process was enhanced in 2013, enabling us to double the size of talent identified in this pool.

OUR COMMITMENT TO WORKFORCE DIVERSITY

We believe that workforce diversity is essential to building and sustaining our competitive advantage. Such diversity fosters innovative thinking and creative solutions to business challenges, beyond any single individual employee or department's experience and capabilities.

Diversity at the Group refers to the ways in which we differ, including gender, age, ethnicity, language, cultural background, physical ability and lifestyle choice. We accept and respect these differences, and leverage the richness of our varied backgrounds, ideas and perspectives to support the Group in realising our potential in a global market.

As a leading employer, we are committed to developing and maintaining a diverse, inclusive and collaborative workplace and culture. Through our values, policies and behaviours, we aim to promote an environment where individual differences are recognised and valued. All employees have the opportunity to realise their potential and contribute to our overall success.

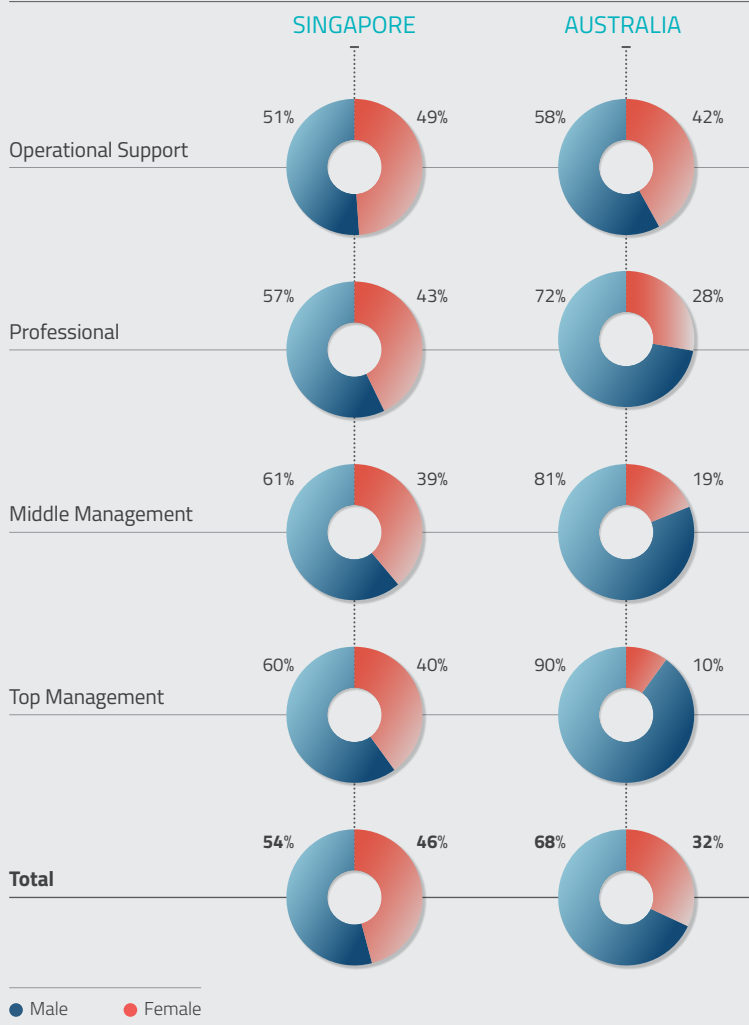
This commitment includes establishing measurable diversity objectives, beginning with gender diversity in our main employee populations in Australia and Singapore. We will continuously improve the proportion of women across all levels of our workforce, ensuring that females are well represented across the Group throughout our pipeline of talent.

ANNUAL REPORT 2014

We are committed to workforce diversity whereby each person is energised and engaged to perform and develop to their fullest potential.

**TOTAL STAFF:**

over
22,000

GENDER DISTRIBUTION

Our flagship global executive development programmes continue to be reviewed and updated to build the leadership pipeline and talent bench strength across the company. In FY2014, our high-potential young executives from SingTel, Optus and our regional mobile associates attended the Regional Leadership in Action programme, a learning experience designed to stretch their thinking, provide new concepts and support more regional collaboration and peer learning.

PROVIDING THE RIGHT TOOLS

Our approach to learning and development takes into account that our talent pool is truly global, from diverse cultural backgrounds spanning multiple generations – from Baby Boomers all the way to Millennials.

One of the most popular events on our learning calendar is the annual SingTel Learning Fiesta (SLF), which has been growing from strength to strength since its introduction in 2008. It provides access to well-known keynote speakers and new business showcases. It also offers short courses and activities that cover a wide range of topics such as innovation, technology, health and well-being, and personal development. Held over four days, SLF 2013 covered more than 70 topics and almost 15,000 training places across Singapore, Australia and, for the first time, the US.

We further empower our people by providing the tools to plan and take charge of their own professional development. Career development is embedded into our performance management process so that employees can track their growth.

WORKING THE WAY WE LIVE

As a communications company in the digital media business, the way we work and engage with one another must reflect the ubiquity of social media and mobile technology.

Sustainability

A key resource for engaging and enabling our people is ESPRESSO, our internal social network that connects our global workforce. ESPRESSO provides an open and integrated forum for reading company announcements, providing feedback to leaders or just sharing information.

To help our people stay connected on the move, we developed mobile app versions of ESPRESSO, our employee directory and HR systems. Our learning and development and recruitment mobile apps provide a highly interactive participant experience that includes gamification.

CELEBRATING OUR WORKPLACE

We promote a fair, performance-based culture anchored on our five core values of Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence.

We understand the importance of flexible working arrangements, and supplement our annual leave policies with other forms of family leave. We also

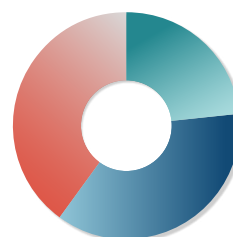
provide paid time-off for studies and volunteer activities.

Our reward policies are competitive against industry peers with a strong focus on paying for performance. We remain relentlessly committed to a safe, healthy work environment, and foster a proactive and collaborative partnership with employees directly, as well as through the Union of Telecoms Employees of Singapore. Our Employment Partnership Agreement in Australia, a collective agreement made directly between Optus and employees since 1994, was renewed in late 2012 for another three years.

We have progressed from defining employee engagement in terms of how our people think, feel and act, to also asking if employees feel enabled and energised. In 2013, we introduced a new dimension to our employee engagement survey to understand to what degree our employees are also our advocates – for instance, if they recommend SingTel as a workplace and if they recommend our products and services to friends and family. Our goal is to instil and strengthen pride in being part of SingTel.

AGE DISTRIBUTION

Singapore FY2014 (%)



Boomers (Pre 1965)	23
Gen X (1965–1977)	37
Gen Y (1978 onwards)	40

Australia FY2014 (%)



Boomers (Pre 1965)	16
Gen X (1965–1977)	40
Gen Y (1978 onwards)	44



SingTel staff ushering in the Year of the Horse together

Our people
come from

88

different
countries

Environment

SingTel continues to manage and minimise the environmental impact of our business and operations. We focus on energy-efficient practices and technologies, resource conservation and pollution prevention.

Our early efforts to increase environmental awareness and reporting in this area have been recognised regionally. SingTel was listed on the CDP Asia (ex-Japan) 2013 Climate Disclosure Leadership Index, where CDP recognised SingTel for having the best disclosure score in the category of Best New Responding Companies in 2013.

In the coming year, we will continue to strengthen our governance, improve our programmes and enhance our disclosure on the company's impact on the environment.

We are committed to adopting a holistic approach to manage the environmental impact across our value chain as we engage our suppliers and customers in these processes.

CONTINUOUS IMPROVEMENTS AT WORK

To reduce our environmental footprint, we continue to implement various initiatives such as the Managed Printing System, which cuts wasteful printing by holding print jobs until the user taps his or her staff access card on the network printer.

In FY2014, our Singapore office at Serangoon North achieved the Green Mark certification for existing buildings, as well as the PUB Water Efficiency Building Award, after undergoing a major retrofitting exercise. In other premises and work areas, energy efficiency and management measures continue to be rolled out. This includes overhauling and replacing chillers to more energy efficient ones and exploring the use of alternative energy in our operations.

We are extending our Performance Enhancement Lighting Management System project to seven telephone exchanges and two satellite earth stations in Singapore as a result of a successful conclusion of a trial in one of our telephone exchanges.

CUSTOMER, PARTNER AND STAFF PARTICIPATION

We create opportunities for our stakeholders to contribute to our sustainability efforts.

Optus has been a member of MobileMuster since 2007, the official product stewardship programme for Australia's mobile phone industry. We support the programme by recycling mobile phones at our corporate offices and retail stores nationwide. Last year, we collected close to 20,000 phones and worked to prevent phones, batteries and accessories from ending up in landfills.

SingTel was the first to introduce an operator-led mobile phone recycling programme in Singapore via a partnership with Nokia. Since 2011, we have been providing a channel for customers and the public to recycle their old mobile phones, chargers and accessories regardless of brand. More than 5,000 handsets were collected via post and our mobile phone recycling bins.



More than 600 trees have been planted in Singapore since SingTel's inception of Plant-A-Tree Day five years ago

Sustainability

KEY ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS

		Singapore		Australia	
		2014	2013	2014	2013
Environmental Performance¹	Energy use (GJ)	1,274,390	1,270,488	1,407,028	1,370,288
	Carbon footprint (tonnes CO ₂ e)	186,303	189,107	346,102	344,997
	Water use (cubic metres)	705,886	788,726	91,955	97,872
	Hazardous and non-hazardous waste (tonnes)	4,124	4,293	1,271	658
Social Performance - People	Employee turnover (%)	12.9	15.4	8.4	10.0
	Employee turnover by gender (%)	Male 11.5 Female 15.1	Male 15.6 Female 15.1	Male 9.0 Female 10.0	Male 9.0 Female 14.0
	Gender diversity (% female of total)	38.0	38.0	32.0	31.0
	Average training hours	31.0	31.6	28.5	25.7
	Workplace injury rate (number of workplace injuries per 100,000 persons employed)	143.7	164.4	146.5	158.7
	Accident frequency rate (number of workplace accidents per million man hours worked)	0.3	0.5	0.7	0.8
	Accident severity rate (number of man days lost to workplace accidents per million man hours worked)	7.7	6.4	19.8	13.5
Social Performance - Community	Community investment	S\$9.3 million	S\$4.0 million	A\$9.7 million	A\$9.4 million
	Total volunteering hours	12,144	10,935	8,724	6,835

Note:

¹ Please refer to the SingTel and Optus sustainability reports for the reporting scope of environmental indicators.

For more details, refer to our
Sustainability Report at:
singtel.com/sr2014



ANNUAL REPORT 2014

Group Five-year Financial Summary

	Financial Year Ended 31 March				
	2014	2013	2012	2011	2010
Income Statement (\$ million)					
Group operating revenue	16,848	18,183	18,825	18,071	16,871
SingTel	6,912	6,732	6,551	6,401	5,995
Optus	9,936	11,451	12,275	11,670	10,876
Optus (A\$ million)	8,466	8,934	9,368	9,284	8,949
Group EBITDA	5,155	5,200	5,219	5,119	4,847
SingTel	2,223	2,147	2,128	2,183	2,224
Optus	2,932	3,053	3,091	2,937	2,623
Optus (A\$ million)	2,502	2,381	2,357	2,334	2,153
Share of associates' pre-tax profits	2,201	2,106	2,005	2,141	2,410
Group EBITDA and share of associates' pre-tax profits	7,357	7,306	7,223	7,260	7,257
Group EBIT	5,224	5,178	5,222	5,291	5,379
Net profit after tax	3,652	3,508	3,989	3,825	3,907
Underlying net profit ⁽¹⁾	3,610	3,611	3,676	3,800	3,910
Exchange rate (1 A\$ against S\$) ⁽²⁾	1.174	1.282	1.310	1.257	1.215
Cash Flow (\$ million)					
Group free cash flow ⁽³⁾	3,249	3,759	3,462	4,038	3,406
Singapore	1,181	1,491	1,170	1,436	1,290
Optus	1,020	1,367	1,451	1,519	1,258
Optus (A\$ million)	903	1,068	1,111	1,206	1,015
Associates' dividends (net of withholding tax)	1,048	900	841	1,084	858
Capital expenditure	2,102	2,059	2,249	2,005	1,923
Balance Sheet (\$ million)					
Total assets	39,320	39,984	40,418	39,282	37,952
Shareholders' funds	23,868	23,965	23,428	24,328	23,493
Net debt	7,534	7,477	7,860	6,023	6,311
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	76	77	78	76	74
Return on invested capital (%) ⁽⁴⁾	11.6	11.8	12.0	12.5	14.0
Return on equity (%)	15.3	14.8	16.7	16.0	17.8
Return on total assets (%)	9.2	8.7	10.0	9.9	11.0
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.0	1.0	1.1	0.8	0.9
EBITDA and share of associates' pre-tax profits to net interest expense (number of times)	28.7	24.5	20.7	21.8	23.5
Per Share Information (S cents)					
Earnings per share - basic	22.92	22.02	25.04	24.02	24.55
Earnings per share - underlying net profit ⁽¹⁾	22.65	22.66	23.07	23.86	24.56
Net assets per share	149.80	150.42	147.08	152.75	147.55
Dividend per share - ordinary	16.8	16.8	15.8	15.8	14.2
Dividend per share - special	—	—	—	10.0	—

"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⁾ Average A\$ rate for translation of Optus' operating revenue.

⁽³⁾ Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.

⁽⁴⁾ Return on invested capital is defined as EBIT (post-tax) divided by average capital.

Group Five-year Financial Summary

FIVE-YEAR FINANCIAL REVIEW

FY2014

The Group delivered a resilient performance against industry challenges and currency headwinds. Operating revenue was S\$16.85 billion, 7.3% lower than FY2013 with the Australian Dollar weakening 8% against the Singapore Dollar. In constant currency terms, revenue would have declined 2.3% with lower mobile revenue in Australia and a cautious business climate. EBITDA was

relatively stable at S\$5.16 billion but in constant currency terms increased 4.5% on an improved cost structure.

The associates' pre-tax contributions rose 4.5% to S\$2.20 billion and would have increased strongly by 13% excluding the currency translation impact. The regional mobile associates registered robust demand for mobile

data services, with earnings growth led by Airtel India.

Underlying net profit was stable at S\$3.61 billion and net profit including exceptional items grew 4.1% to S\$3.65 billion. In constant currency terms, underlying net profit and net profit would have increased 5.9% and 10% respectively from FY2013.

FY2013

The Group delivered resilient earnings amid significant industry changes while it continued to invest in transformational initiatives to drive long-term growth. Operating revenue was S\$18.18 billion, 3.4% lower than FY2012 due to lower mobile revenue in Australia. EBITDA was stable at S\$5.20 billion. In constant currency terms, revenue declined 2.1%

but EBITDA grew 1.0% on strong cost management.

The associates' pre-tax contributions grew 5.0% to S\$2.11 billion. Excluding the currency translation impact, the associates' pre-tax contributions would have increased strongly by 12%, underpinned by double-digit earnings growth from Telkomsel and AIS.

Underlying net profit was S\$3.61 billion, a decrease of 1.8% from FY2012. Excluding currency translation impact, underlying net profit rose 1.4%. Including net exceptional losses mainly from disposal of Warid Pakistan in FY2013, net profit declined 12% to S\$3.51 billion in FY2013.

FY2012

The Group's operating revenue grew 4.2% to S\$18.83 billion, underpinned by robust mobile growth in Singapore and 4% appreciation of the Australian Dollar. EBITDA rose 1.9% to S\$5.22 billion with lower customer acquisition costs in Australia partly offset by investments in mio TV content and higher mobile

acquisition and retention costs in Singapore.

The associates' pre-tax contributions declined 6.4% to S\$2.01 billion. Excluding currency translation impact, the associates' pre-tax contributions would have been stable, driven by strong profit growth from Telkomsel and AIS partially offset by Airtel's lower earnings.

Underlying net profit was S\$3.68 billion, 3.3% lower than FY2011. Including net exceptional gains and an exceptional net tax credit of S\$270 million on the increase in value of assets transferred to an associate, net profit grew 4.3% to S\$3.99 billion.

FY2011

The Group's operating revenue grew 7.1% to S\$18.07 billion, led by a robust mobile performance and a 3% strengthening of the Australian Dollar. EBITDA increased 5.6% to S\$5.12 billion with growth from Optus.

The associates' pre-tax contributions declined 11% to S\$2.14 billion. Both Telkomsel and Globe reported lower profits on increased competitive pressures. Airtel's earnings were impacted by higher depreciation and amortisation charges, and losses from

its newly acquired African operations in June 2010, as well as related acquisition financing and transaction costs.

Underlying net profit was S\$3.80 billion, a decrease of 2.8% from FY2010. Including net exceptional gains, net profit declined 2.1% to S\$3.83 billion.

FY2010

The Group's operating revenue grew strongly by 13% to S\$16.87 billion and EBITDA increased 9.4% to S\$4.85 billion, reflecting strong operational performance and an 8% appreciation of the Australian Dollar.

The associates' pre-tax contributions rose 18% to S\$2.41 billion. The growth was driven by strong turnaround in Telkomsel's operational performance and the associates' fair value gains on their foreign currency liabilities.

The Group's net profit grew 13% to S\$3.91 billion in FY2010.

ANNUAL REPORT 2014

Group Value Added Statements

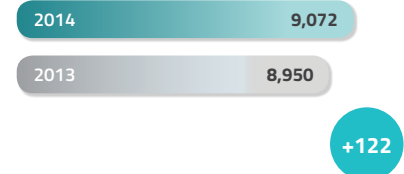
GROUP VALUE ADDED STATEMENTS

	2014 S\$ million	2013 S\$ million
Value added from:		
Operating revenue	16,848	18,183
Less: Purchase of goods and services	(9,515)	(10,753)
	7,333	7,430
Other income	108	117
Interest and investment income (net)	125	47
Share of results of associates (post-tax)	1,393	1,397
Exceptional items	114	(40)
	1,739	1,521
Total value added	9,072	8,950
Distribution of total value added		
To employees in wages, salaries and benefits	2,285	2,347
To government in income and other taxes	691	621
To providers of capital on:		
- Interest on borrowings	306	345
- Dividends to shareholders	2,678	2,518
Total distribution	5,960	5,830
Retained in business		
Depreciation and amortisation	2,133	2,127
Retained profits	974	991
Non-controlling interests	5	2
	3,112	3,120
Total value added	9,072	8,950
Average number of employees	21,830	22,191

PRODUCTIVITY DATA

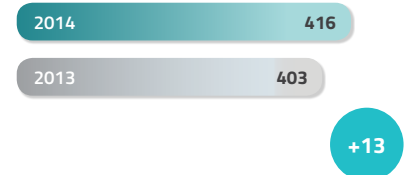
VALUE ADDED

(S\$M)



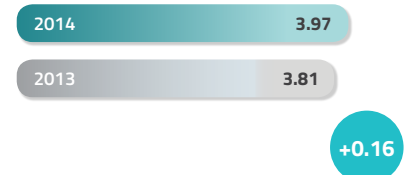
VALUE ADDED PER EMPLOYEE

(S\$'000)



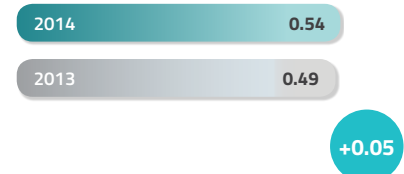
VALUE ADDED PER DOLLAR OF EMPLOYMENT COSTS

(S\$)



VALUE ADDED PER DOLLAR OF TURNOVER

(S\$)



Management Discussion and Analysis

GROUP REVIEW

GROUP	Financial Year Ended 31 March		Change (%)	Change in constant currency ⁽¹⁾ (%)
	2014 (S\$ million)	2013 (S\$ million)		
Operating revenue	16,848	18,183	-7.3	-2.3
EBITDA	5,155	5,200	-0.9	4.5
EBITDA margin	30.6%	28.6%		
Share of associates' pre-tax profits	2,201	2,106	4.5	13.2
EBITDA and share of associates' pre-tax profits	7,357	7,306	0.7	7.0
EBIT	5,224	5,178	0.9	7.2
<i>(exclude share of associates' pre-tax profits)</i>	3,023	3,072	-1.6	3.1
Net finance expense	(181)	(298)	-39.2	-36.4
Taxation	(1,428)	(1,267)	12.7	20.9
Underlying net profit ⁽²⁾	3,610	3,611	**	5.9
<i>Underlying earnings per share (S cents)</i>	22.7	22.7	**	5.9
Exceptional items (post-tax)	42	(103)	nm	nm
Net profit	3,652	3,508	4.1	10.1
<i>Basic earnings per share (S cents)</i>	22.9	22.0	4.1	10.1
Share of associates' post-tax profits	1,472	1,485	-0.8	7.2

"nm" denotes not meaningful. "***" denotes less than +/- 0.05%.

"Associate" refers to either an associate or a joint venture as defined under Singapore Financial Reporting Standards.

Notes:

⁽¹⁾ Assuming constant exchange rates for the Australian Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the previous year ended 31 March 2013 (FY2013).

⁽²⁾ Underlying net profit refers to net profit before exceptional and other one-off items.

The Group delivered a resilient performance against industry challenges and currency headwinds.

Net profit grew 4.1% to S\$3.65 billion and in constant currency terms would have increased 10% from last year.

Operating revenue declined 7.3% to S\$16.85 billion with the Australian Dollar weakening 8% against the Singapore Dollar. In constant currency terms, revenue would have declined 2.3% with lower mobile revenue in Australia and a cautious business climate. EBITDA was stable at S\$5.16 billion but in constant currency terms would have increased 4.5%, reflecting an improved cost structure.

Group Consumer registered lower revenue and stable EBITDA. In Singapore, EBITDA rose strongly by 13% on 3.9% increase in revenue, driven by growth in Mobile Communications and Home Services revenues. In Australia, EBITDA grew 6.8% despite a decline in revenue of 5.9%, with lower handset subsidy costs and cost management. The lower revenue in Australia was due to declines in mobile service revenue, equipment sales and fixed revenues. In constant currency terms, Group Consumer's revenue would have declined 4.1% and EBITDA would be up 8.0%.

Group Enterprise's revenue and EBITDA declined 2.7% and 1.5% respectively. In constant currency terms, both revenue and EBITDA would have been stable, reflecting the cautious business environment and keen competition. In Singapore, revenue was stable with growth in Mobile Communications and Fibre rollout and maintenance revenues partially offset by lower Managed Services. In Australia, revenue declined

2.0% mainly due to declines in Data and IP and Voice revenues partly offset by growth in ICT and Managed Services.

Group Digital Life achieved strong revenue growth of 52%, with Amobee delivering a significant increase in mobile advertising revenue. Ongoing start-up costs and higher investments in digital businesses resulted in negative EBITDA of S\$170 million.

The associates' pre-tax contributions grew 4.5% to S\$2.20 billion, and would have increased strongly by 13% excluding the currency translation impact. The regional mobile associates registered robust demand for mobile data services, with earnings growth led by Airtel India.

Telkomsel recorded revenue and EBITDA growth underpinned by strong data momentum, which was partly offset by higher network maintenance and depreciation charges. Airtel delivered sharply improved earnings on strong data growth and higher margin in India but losses in Africa increased due to higher taxes. AIS reported stable profit amid the unstable political situation in Thailand and higher network costs and depreciation from its 3G rollout. Globe recorded higher profits with growth across mobile and broadband services partly offset by higher expenses to drive customer acquisition and transformation.

With higher depreciation and amortisation charges from increased investments in the mobile network, the Group's EBIT was stable at S\$5.22 billion, and would have been up 7.2% in constant currency terms.

Net finance expense decreased 39% on lower interest expense and recognition

of S\$59 million (FY2013: Nil) of dividend income from Southern Cross Consortium, a joint venture of the Group.

The increase in tax expense resulted from higher withholding taxes on increased dividends from the associates, lower tax credits, as well as the share of Airtel's higher income taxes in Africa due to higher withholding taxes on increased income received from its subsidiaries and various tax assessments.

Underlying net profit (before exceptional items) was stable at S\$3.61 billion and in constant currency terms would have increased 5.9% from last year.

The Group's exceptional items for the year mainly comprised S\$150 million of dilution gain on its equity interest in Airtel, exceptional charges of S\$61 million from the share of Globe's accelerated depreciation and impairment charges of S\$32 million for non-current assets including venture investments.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. Consequently, the Group is exposed to currency movements. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for 74% of the Group's proportionate revenue and 76% of proportionate EBITDA.

Management Discussion and Analysis

BUSINESS SEGMENT TOTALS

	Financial Year Ended 31 March		Change (%)	Change in constant currency ⁽¹⁾ (%)
	2014 (S\$ million)	2013 (S\$ million)		
Operating revenue				
- Group Consumer	10,411	11,629	-10.5	-4.1
- Group Enterprise	6,268	6,443	-2.7	-0.1
- Group Digital Life	169	111	51.5	53.0
Group	16,848	18,183	-7.3	-2.3
EBITDA				
- Group Consumer	3,345	3,331	0.4	8.0
- Group Enterprise	2,032	2,063	-1.5	-0.2
- Group Digital Life	(170)	(104)	63.1	63.9
- Corporate	(52)	(89)	-41.8	-41.8
Group	5,155	5,200	-0.9	4.5
EBITDA margin				
- Group Consumer	32.1%	28.6%		
- Group Enterprise	32.4%	32.0%		
- Group	30.6%	28.6%		
EBIT (exclude share of associates' pre-tax profits)				
- Group Consumer	1,941	1,907	1.8	9.3
- Group Enterprise	1,352	1,397	-3.2	-2.9
- Group Digital Life	(217)	(146)	49.3	50.1
- Corporate	(54)	(86)	-37.5	-37.5
Group	3,023	3,072	-1.6	3.1

Note:

⁽¹⁾ Assuming constant exchange rate for the Australian Dollar from FY2013.

GROUP CONSUMER

Group Consumer's EBITDA margin increased 3.5 percentage points to 32.1% with margin expansion across Singapore and Australia.

Singapore Consumer revenue grew 3.9% with continued growth in Mobile Communications and mio TV partly offsetting the decline in other services. Mobile Communications revenue grew 6.1%, driven by increased take-up of tiered 4G data plans and higher data usage. mio TV revenue rose 43%,

boosted by strong demand for TV bundles and an enhanced content suite. Consumer Home Services revenue, comprising residential mio TV, fixed broadband and voice, grew 5.9% on higher ARPU and a 6.1% increase in the number of customers on bundled plans. With lower handset subsidies and decline in roaming traffic rates, EBITDA and EBIT grew strongly by 13% and 18% respectively.

Australia Consumer continued to transform its business to drive profitable growth, improve customer experience

and capitalise on mobile data usage growth. EBITDA and EBIT grew 6.8% and 6.9% respectively, although operating revenue declined 5.9%, reflecting cost management and yield focus. The lower revenue was due to lower equipment sales from lower shipment volumes and change in channel mix to Optus-owned stores, lower mobile incoming revenue from mandated declines in mobile termination rate and lower fixed revenues.

GROUP ENTERPRISE

Group Enterprise's EBITDA margin was up slightly at 32.4%, despite lower revenue.

In Singapore, operating revenue was stable. Growth in Mobile Communications and Fibre rollout and maintenance revenues were offset by lower Managed Services revenue attributed partly to customers' longer procurement decision cycle in some segments of the market. The order book for Managed Services and Business Solutions remained strong at S\$2.1 billion as at end March 2014.

In Australia, operating revenue declined 2.0% as revenue last year was lifted by the recognition of A\$25 million of one-off contract revenue. Excluding the impact of this one-off contract revenue, operating revenue would be stable. The increase in ICT and Managed Services revenue was offset by declines in Data and IP and Voice revenues due to the impact of price competition and declines in legacy services as customers migrated to lower cost IP-based solutions.

GROUP DIGITAL LIFE

Group Digital Life achieved strong revenue growth of 52% at S\$169 million with growth momentum in mobile advertising. Amobee's revenue more than doubled from a year ago underpinned by customer wins, and outperformed the growth rate of global mobile advertising spend.

Group Digital Life continued to grow and strengthen its digital content suite through its apps and internet portals such as NewsLoop, AMPed, Pixable and HungryGoWhere, which has gained 10 million monthly active customers globally. During the year, Amobee expanded the capabilities of its digital advertising platform by acquiring Gradient X, a developer of market-leading, real-time bidding platform for mobile ads.

OPERATING REVENUE

By Products and Services	Financial Year Ended 31 March		Change (%)
	2014 (S\$ million)	2013 (S\$ million)	
Mobile Communications	7,250	7,837	-7.5
Data and Internet	3,141	3,434	-8.5
Managed Services	1,698	1,744	-2.6
National Telephone	1,503	1,723	-12.8
Sale of Equipment	1,244	1,486	-16.3
International Telephone	689	760	-9.3
Business Solutions	568	560	1.4
Pay Television	252	218	15.5
Digital Businesses ⁽¹⁾	165	111	48.2
Fibre rollout and maintenance	154	117	31.3
Others	186	194	-3.8
Total	16,848	18,183	-7.3

Note:

⁽¹⁾ Comprise revenues mainly from mobile advertising, eCommerce, concierge and hyper-local services. Exclude TV advertising revenue under 'Pay Television' from 1 April 2013.

Operating revenue trends of the Group have been impacted by the weaker Australian Dollar in the year. In constant currency terms, revenue declined 2.3% from last year.

The decline in **Sale of Equipment** revenue was mainly due to lower sales volume and a change in retail distribution strategy in Australia.

Mobile Communications revenue declined 7.5% on lower revenue in Australia and weaker Australian Dollar. In Singapore, SingTel's mobile market share was stable at 47.2% as at 31 March 2014. In Australia, Optus' mobile market share was 30.4% based on latest available published data as at 31 December 2013.

Data and Internet revenue was down 8.5%, reflecting the impact of price competition and decline in legacy data services.

Revenue from **Managed Services** declined 2.6% as the revenue last year was lifted by the recognition of one-off contract revenue of S\$33 million. Excluding the impact of this one-off revenue, Managed Services revenue was stable.

Management Discussion and Analysis

ASSOCIATES

	Financial Year Ended 31 March		Change (%)	Change in constant currency ⁽¹⁾ (%)
	2014 (S\$ million)	2013 (S\$ million)		
Group share of associates' pre-tax profits	2,201	2,106	4.5	13.2
Share of post-tax profits				
Regional mobile associates				
Telkomsel	705	754	-6.5	5.6
AIS	335	338	-1.0	-0.1
Airtel ⁽²⁾				
- ordinary results (India)	479	366	30.9	44.6
- ordinary results (International) ⁽³⁾	(257)	(198)	30.2	43.6
- exceptional items	(19)	-	nm	nm
	203	169	20.6	33.5
Globe ⁽⁴⁾	159	150	5.7	9.1
Warid Pakistan ⁽⁵⁾	-	(18)	nm	nm
	1,402	1,393	0.7	9.3
Other associates	71	92	-23.4	-24.0
Group share of associates' post-tax profits	1,472	1,485	-0.8	7.2

"nm" denotes not meaningful.

Notes:

⁽¹⁾ Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from FY2013.

⁽²⁾ Share of results for FY2014 excluded the Group's share of Airtel's exceptional tax expense of S\$15 million, which has been classified as an exceptional item of the Group.

⁽³⁾ With effect from 1 April 2013, Airtel reported the results of Africa, Bangladesh and Sri Lanka as part of its "International" segment. Comparatives have been restated accordingly.

⁽⁴⁾ Share of results for FY2014 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation, which has been classified as an exceptional item of the Group.

⁽⁵⁾ Warid Pakistan was disposed in March 2013.

	Airtel ⁽¹⁾	Telkomsel	AIS	Globe	PBTL
Country mobile penetration rate	73%	120%	147%	112%	70%
Market share, 31 March 2014 ⁽²⁾	22.7%	44.1%	45.2%	36.6%	1.2%
Market share, 31 March 2013 ⁽²⁾	21.7%	43.6%	43.6%	32.9%	1.5%
Market position ⁽²⁾	#1	#1	#1	#2	#6
Mobile customers ('000)					
- Aggregate	283,580	132,651	42,363	40,749	1,414
- Proportionate	91,823	46,428	9,879	19,242	636
Growth in mobile customers (%) ⁽³⁾	9.1%	10%	14%	16%	-2.5%

Notes:

⁽¹⁾ Mobile penetration rate, market share and market position pertain to India market only.

⁽²⁾ Based on number of mobile customers.

⁽³⁾ Compared against 31 March 2013 and based on aggregate mobile customers.

The Group's share of the associates' pre-tax profits grew 4.5%. However, the Group's share of post-tax profits was stable with the higher taxes recorded by Airtel. Strong earnings growth from the associates was partially offset by adverse currency movements and fair value losses. If the regional currencies had remained stable from a year ago, the pre-tax and post-tax contributions from the associates would have increased by 13% and 7.2% respectively.

The regional mobile associates continued their strong customer growth momentum. Telkomsel registered 10% increase in its customer base to 133 million, including 63 million data customers at end of March 2014. Airtel's total mobile customer base, covering India, Bangladesh, Sri Lanka and across Africa, reached 284 million as at 31 March 2014, up 9.1% from a year ago. The Group's combined mobile customer base reached 514 million in 25 countries, a growth of 10% or 47 million from a year ago.

Telkomsel accounted for 48% (FY2013: 51%) of the Group's share of associates' post-tax profits. Operating revenue grew 9%, boosted by growth across voice and data with continued customer growth and strong data adoption. EBITDA grew 9% despite higher operation and maintenance costs from increased

network deployment. Including higher depreciation charges on the expanded network rollout and increased fair value losses, the Group's share of Telkomsel's post-tax profit grew 5.6% in Indonesian Rupiah terms. Telkomsel's post-tax contribution, however, declined 6.5% to S\$705 million after accounting for the 13% depreciation of the Indonesian Rupiah against the Singapore Dollar.

AIS' service revenue (excluding interconnect revenue) grew 4% amid the unstable political situation and weak consumer sentiment in Thailand. The revenue growth was driven by strong mobile data growth from 3G 2.1 GHz services launched in May 2013 and increased smartphone penetration. EBITDA grew 3% as higher costs related to the 3G expansion were mitigated by lower regulatory fees. Including higher depreciation and amortisation charges from the 3G rollout, AIS' post-tax contribution was stable at S\$335 million.

Airtel reported strong operating performance in India with revenue growth of 10% underpinned by an enlarged customer base and strong mobile data growth. EBITDA grew strongly by 20% and margin expanded with higher effective call rates and improved operational efficiency. In Africa, with regulatory interventions and political unrest in some parts of

Africa, revenue and EBITDA rose 2% and 1% respectively in US Dollar terms on a higher customer base and growth in mobile data. However, with higher withholding taxes on increased income received from its subsidiaries and tax charges from various tax assessments in Africa, the share of Airtel International's losses increased from last year. Overall, the Group's share of Airtel's total post-tax profit grew 34% in Indian Rupee terms despite higher fair value losses. With the 10% weakening of the Indian Rupee against the Singapore Dollar, overall post-tax contribution from Airtel grew 21% to S\$203 million.

Globe, the second-largest mobile phone operator in the Philippines, recorded service revenue growth of 10%, driven by a higher mobile customer base and strong data momentum. EBITDA rose 4% with higher subsidy and service costs to drive customer acquisition and transformation initiatives. Globe's post-tax contribution grew 5.7% to S\$159 million. This contribution excluded Globe's accelerated depreciation charges related to its network modernisation and IT transformation programmes. The Group's post-tax share of this exceptional charge of S\$61 million (FY2013: S\$83 million) has been classified as an exceptional item of the Group.

Management Discussion and Analysis

CASH FLOW

	Financial Year Ended 31 March		Change (%)
	2014 (S\$ million)	2013 (S\$ million)	
Net cash inflow from operating activities	5,493	5,818	-5.6
Tax benefit payment to NetLink Trust	(143)	-	nm
	5,350	5,818	-8.0
Net cash outflow for investing activities	(2,801)	(2,557)	9.6
Net cash outflow for financing activities	(2,825)	(3,702)	-23.7
Net decrease in cash balance	(276)	(442)	-37.6
Exchange effects on cash balance	(13)	6	nm
Cash balance at beginning of year	911	1,346	-32.3
Cash balance at end of year	623	911	-31.7
Singapore ⁽¹⁾	1,324	1,491	-11.2
Australia	1,020	1,367	-25.4
<i>Australia (in A\$)</i>	903	1,068	-15.4
Associates (net dividends after withholding tax)	1,048	900	16.4
Group free cash flow⁽¹⁾	3,391	3,759	-9.8
Group free cash flow	3,249	3,759	-13.6
<i>Cash capital expenditure as a percentage of operating revenue</i>	12%	11%	

"nm" denotes not meaningful.

Note:

⁽¹⁾ Adjusted to exclude payment of S\$143 million to NetLink Trust in FY2014 in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet Pte. Ltd.

FREE CASH FLOW

The Group's free cash flow, excluding the tax benefit payment to NetLink Trust, declined by 9.8% or S\$368 million to S\$3.39 billion due partly to translation impact of a weaker Australian Dollar. Free cash flow from Singapore declined 11% as a result of higher working capital reflecting higher receivables mainly from the fibre rollout contract with OpenNet. Free cash flow from Australia declined 15% to A\$903 million as strong operating cash flow was offset by higher cash tax payments and capital expenditure. The dividends from the associates rose 16%, mainly on higher dividends from Telkomsel and AIS.

OPERATING ACTIVITIES

The Group's net cash inflow from operating activities for the year (excluding tax benefit payment to NetLink Trust) was S\$5.49 billion, down 5.6% or S\$325 million. The tax benefit payment to NetLink Trust was made in consideration of tax benefits utilised by the Group, and this was subsequently applied towards acquisition of OpenNet by NetLink Trust. The higher cash tax payments in Australia of S\$275 million (A\$236 million) and working capital movements were partly offset by increased dividends from the associates.

INVESTING ACTIVITIES

The investing cash outflow was S\$2.80 billion. Capital expenditure totalled S\$2.10 billion, and represented 12% of the Group's operating revenue, 1 percentage point higher than last year. Major capital investments were made in mobile networks including LTE deployment in Singapore and Australia and in fixed and data infrastructure. During the year, payments of S\$384 million were also made for the acquisition of an additional 3.6% equity interest in Bharti Telecom Limited, and S\$276 million for the acquisition of licences and intangibles including Optus' renewal of the 1800 MHz spectrum and GSM900 apparatus licences.

FINANCING ACTIVITIES

Net cash outflow of S\$2.83 billion for financing activities comprised mainly the payments of S\$1.59 billion for final dividends in respect of the previous financial year ended 31 March 2013, and S\$1.08 billion for interim dividends in respect of the current financial year. Other major financing cash flows included a net increase in borrowings of S\$205 million and interest payments of S\$309 million.

Management Discussion and Analysis

CAPITAL MANAGEMENT

GROUP

	Financial Year Ended 31 March	
	2014	2013
Gross debt (S\$ m)	8,157	8,388
Net debt ⁽¹⁾ (S\$ m)	7,534	7,477
Net debt gearing ratio ⁽²⁾ (%)	24.0	23.8
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.0	1.0
Net debt to EBITDA and cash dividends from associates (number of times)	1.2	1.2
Interest cover ⁽³⁾ (number of times)	28.7	24.5
Average maturity of borrowings (years)	6.1	6.8

Notes:

⁽¹⁾ Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.

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

⁽³⁾ Interest cover refers to the ratio of EBITDA and share of associates' pre-tax profits to net interest expense, where net interest expense is interest expense less interest income.

As at 31 March 2014, the Group's net debt was S\$7.53 billion, 0.8% higher than a year ago.

The Group has one of the strongest credit ratings among telecommunication companies in the Asia Pacific region. SingTel is currently rated Aa3 by Moody's and A+ by Standard & Poor's. The Group continues to maintain a healthy capital structure.

SingTel maintained its dividend payout ratio at between 60% and 75% of underlying net profit. For the financial year ended 31 March 2014, the total dividend payout, including the proposed final dividend, was 16.8 cents per share or 74% of underlying earnings. The dividend payout is influenced by the Group's cash flow generation, including dividends from associates.

The Group remains committed to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility to pursue growth.

SENSITIVITY ANALYSIS FOR CURRENCY TRANSLATION

If the relevant foreign currency changes against SGD by 10% with all other variables held constant, the currency translation impact on the Group's net profit would be as follows:

	Change in Group's Net Profit	
	2014 S\$ million	2013 S\$ million
Optus' net profit		
1 AUD against SGD		
- strengthened 10%	97.6	93.5
- weakened 10%	(97.6)	(93.5)
Share of Telkomsel's net profit		
IDR against SGD		
- strengthened 10%	70.5	75.4
- weakened 10%	(70.5)	(75.4)
Share of Airtel's net profit		
INR against SGD		
- strengthened 10%	18.8	16.9
- weakened 10%	(18.8)	(16.9)

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Directors' Report

For the financial year ended 31 March 2014

The Directors present their report to the members together with the audited financial statements of the Company ("**SingTel**") and its subsidiaries (the "**Group**") for the financial year ended 31 March 2014.

1. DIRECTORS

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

Simon Claude Israel (Chairman)
Chua Sock Koong (Group Chief Executive Officer)
Bobby Chin Yoke Choong
Fang Ai Lian
David Michael Gonski AC ⁽¹⁾
Dominic Chiu Fai Ho
Christina Hon Kwee Fong (Christina Ong) (appointed on 7 April 2014)
Low Check Kian
Peter Edward Mason AM ⁽²⁾
Kaikhushru Shiavax Nargolwala
Peter Ong Boon Kwee

Ong Peng Tsin, who served during the financial year, retired following the conclusion of the Annual General Meeting on 26 July 2013.

⁽¹⁾ Companion of the Order of Australia.

⁽²⁾ 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 performance shares granted under the SingTel Performance Share Plan (the "**SingTel PSP 2003**") and the SingTel Performance Share Plan 2012 (the "**SingTel PSP 2012**").

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Directors' Report

For the financial year ended 31 March 2014

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 2014	At 1 April 2013 or date of appointment, if later	At 31 March 2014	At 1 April 2013 or date of appointment, if later
Singapore Telecommunications Limited				
(Ordinary shares)				
Simon Claude Israel	602,820 ⁽¹⁾	602,820	1,360 ⁽²⁾	1,360
Chua Sock Koong	4,390,513	4,390,513	4,604,495 ⁽³⁾	4,652,675
Bobby Chin Yoke Choong	–	–	–	–
Fang Ai Lian	91,930	91,930	–	–
David Michael Gonski AC	–	–	–	–
Dominic Chiu Fai Ho	15,000	15,000	–	–
Christina Ong	–	–	–	–
Low Check Kian	1,490	1,490	–	–
Peter Edward Mason AM	100,000 ⁽⁴⁾	100,000	–	–
Kaikhushru Shiavax Nargolwala	400,000 ⁽⁵⁾	400,000	–	–
Peter Ong Boon Kwee	870	870	1,537 ⁽²⁾	1,537
Mapletree Commercial Trust Management Ltd.				
(Unit holdings in Mapletree Commercial Trust)				
Simon Claude Israel	3,456,000 ⁽¹⁾	3,056,000	–	–
Bobby Chin Yoke Choong	–	–	100,000 ⁽²⁾	100,000
Mapletree Greater China Commercial Trust Management Ltd.				
(Unit holdings in Mapletree Greater China Commercial Trust)				
Simon Claude Israel	1,000,000 ⁽¹⁾	1,000,000	–	–
Chua Sock Koong	430,000	–	50,000 ⁽²⁾	–
Peter Ong Boon Kwee	–	–	32,000 ⁽²⁾	32,000
Mapletree Industrial Trust Management Ltd.				
(Unit holdings in Mapletree Industrial Trust)				
Simon Claude Israel	990,160 ⁽¹⁾	990,160	–	–
Chua Sock Koong	11,000	11,000	–	–
Bobby Chin Yoke Choong	129,600	129,600	–	–
Mapletree Logistics Trust Management Ltd.				
(Unit holdings in Mapletree Logistics Trust)				
Simon Claude Israel	1,000,000 ⁽¹⁾	648,000	–	–
(Perpetual securities issued by Mapletree Logistics Trust)				
Kaikhushru Shiavax Nargolwala	5,000 ⁽⁶⁾	–	–	–

Directors' Report

For the financial year ended 31 March 2014

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 2014	At 1 April 2013 or date of appointment, if later	At 31 March 2014	At 1 April 2013 or date of appointment, if later
<u>Neptune Orient Lines Limited</u>				
(Ordinary shares)				
Bobby Chin Yoke Choong	—	—	29,489 ⁽²⁾	29,489
<u>Singapore Airlines Limited</u>				
(Ordinary shares)				
Simon Claude Israel	9,000 ⁽¹⁾	9,000	—	—
Chua Sock Koong	2,000	2,000	—	—
Bobby Chin Yoke Choong	—	—	2,000 ⁽²⁾	2,000
Low Check Kian	5,600	5,600	—	—
<u>Singapore Technologies Engineering Limited</u>				
(Ordinary shares)				
Fang Ai Lian	50,000	50,000	—	—
Christina Ong	1	1	—	—
Kaikhushru Shiavax Nargolwala	53,000 ⁽⁶⁾	—	—	—

Notes:

⁽¹⁾ Held in the name of Citibank Nominees Singapore Pte. Ltd.

⁽²⁾ Held by spouse.

⁽³⁾ Chua Sock Koong's deemed interest of 4,604,495 shares included –

(a) 28,137 ordinary shares held by Ms Chua's spouse; and

(b) an aggregate of up to 4,576,358 ordinary shares in SingTel awarded to Ms Chua pursuant to the SingTel PSP 2003 and the SingTel PSP 2012, subject to certain performance criteria being met and other terms and conditions. Depending on the extent of the satisfaction of the relevant performance criteria, up to an aggregate of 5,987,061 ordinary shares may be released pursuant to the conditional awards granted.

According to the Register of Directors' Shareholdings, Ms Chua had a deemed interest in 10,836,742 shares held by DBS Trustee Limited, the trustee of a trust established for the purposes of the SingTel PSP 2003 and the SingTel PSP 2012 for the benefit of eligible employees of the Group as at 19 November 2012 being the date on which the Securities and Futures (Disclosure of Interests) Regulations 2012 (the "SFA (DOI) Regulations") came into operation. Under regulation 6 of the SFA (DOI) Regulations, Ms Chua is exempted from reporting interests and changes in interests in shares held by the trust with effect from 19 November 2012.

⁽⁴⁾ Held by Burgoyne Investments Pty Ltd as trustee for Burgoyne Superannuation Fund. Both Peter Edward Mason AM and spouse are directors of Burgoyne Investments Pty Ltd and beneficiaries of Burgoyne Superannuation Fund.

⁽⁵⁾ Held in the name of HSBC (Singapore) Nominees Pte. Ltd.

⁽⁶⁾ Held in the name of DBS Nominees Pte. Ltd.

According to the register of Directors' shareholdings, there were no changes to any of the above-mentioned interests between the end of the financial year and 21 April 2014.

Directors' Report

For the financial year ended 31 March 2014

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. PERFORMANCE SHARES

The Executive Resource and Compensation Committee ("**ERCC**") is responsible for administering the SingTel performance share plans. At the date of this report, the members of the ERCC are Kaikhushru Shiavax Nargolwala (Chairman of the ERCC), Simon Claude Israel, Fang Ai Lian and Peter Edward Mason AM.

The SingTel PSP 2003 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 29 August 2003. The duration of the SingTel PSP 2003 was 10 years commencing 29 August 2003.

At the Extraordinary General Meeting held on 27 July 2012, the shareholders approved the adoption of the SingTel Performance Share Plan 2012. The duration of the SingTel PSP 2012 is 10 years commencing 27 July 2012. 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.

The SingTel PSP 2003 was terminated following the adoption of the SingTel PSP 2012, without prejudice to the rights of holders of awards accepted and outstanding under the SingTel PSP 2003 as at the date of such termination.

The participants of the performance share plans 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, except for Restricted Share Awards which have a performance period of two 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 2014, awards comprising an aggregate of 229,678,043 shares and 14,596,373 shares have been granted under the SingTel PSP 2003 and the SingTel PSP 2012 respectively.

Directors' Report

For the financial year ended 31 March 2014

5. PERFORMANCE SHARES (Cont'd)

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 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares (General Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
03.06.10	934	–	(526)	(408)	–
02.06.11	1,013	–	–	–	1,013
	1,947	–	(526)	(408)	1,013
For other staff					
03.06.10	15,999	–	(8,926)	(7,073)	–
01.09.10	40	–	(4)	(36)	–
02.12.10	201	–	(113)	(88)	–
02.03.11	149	–	(84)	(65)	–
02.06.11	18,389	–	(79)	(1,987)	16,323
01.09.11	92	–	–	(5)	87
10.01.12	65	–	–	–	65
15.03.12	72	–	–	(57)	15
	35,007	–	(9,206)	(9,311)	16,490
<i>Sub-total</i>	36,954	–	(9,732)	(9,719)	17,503

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Directors' Report

For the financial year ended 31 March 2014

5. PERFORMANCE SHARES *(Cont'd)*

Date of grant	Balance as at 1 April 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares					
(Senior Management Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
03.06.10	630	–	(558)	(72)	–
02.06.11	655	–	–	–	655
	1,285	–	(558)	(72)	655
For other staff					
03.06.10	2,518	–	(2,240)	(278)	–
02.06.11	2,267	–	–	–	2,267
	4,785	–	(2,240)	(278)	2,267
<i>Sub-total</i>	6,070	–	(2,798)	(350)	2,922
Performance shares					
(Restricted Share Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
26.06.12	119	–	–	–	119
21.06.13	–	98	–	–	98
	119	98	–	–	217
For other staff					
26.06.12	5,202	–	(58)	(603)	4,541
05.10.12	30	–	–	–	30
25.03.13	39	–	–	–	39
21.06.13	–	4,855	(23)	(209)	4,623
30.09.13	–	12	–	–	12
	5,271	4,867	(81)	(812)	9,245
<i>Sub-total</i>	5,390	4,965	(81)	(812)	9,462

Directors' Report

For the financial year ended 31 March 2014

5. PERFORMANCE SHARES (Cont'd)

Date of grant	Balance as at 1 April 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares					
(Performance Share Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
26.06.12	1,273	—	—	—	1,273
21.06.13	—	1,418	—	—	1,418
	1,273	1,418	—	—	2,691
For other staff					
26.06.12	6,197	—	—	(412)	5,785
05.10.12	146	—	—	—	146
25.03.13	11	—	—	—	11
21.06.13	—	7,973	—	(205)	7,768
30.09.13	—	15	—	—	15
	6,354	7,988	—	(617)	13,725
<i>Sub-total</i>	7,627	9,406	—	(617)	16,416
<i>Total</i>	56,041	14,371	(12,611)	(11,498)	46,303

During the financial year, awards in respect of an aggregate of 12,587,199 and 23,494 shares granted under the SingTel PSP 2003 and the SingTel PSP 2012 respectively were vested. The awards 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 SingTel PSP 2003 and the SingTel PSP 2012 respectively.

As at 31 March 2014, no participant has received shares pursuant to the vesting of awards granted under the SingTel PSP 2003 and the SingTel PSP 2012 which, in aggregate, represents five per cent or more of the aggregate of -

- (i) the total number of new shares available under the SingTel PSP 2003 and the SingTel PSP 2012; and
- (ii) the total number of existing shares purchased for delivery of awards released under the SingTel PSP 2003 and the SingTel PSP 2012.

Non-executive Directors are currently not eligible to participate in the SingTel performance share plans.

Directors' Report

For the financial year ended 31 March 2014

6. AUDIT COMMITTEE

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

Fang Ai Lian (Chairman of the Audit Committee)
Bobby Chin Yoke Choong
Dominic Chiu Fai Ho
Christina Ong (appointed on 2 May 2014)
Peter Ong Boon Kwee

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 and results 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 internal and 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 financial statements of the Company and the Group, 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 Company and the Group 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 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.

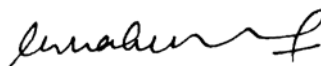
7. AUDITORS

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

On behalf of the Directors



Simon Claude Israel
Chairman



Chua Sock Koong
Director

Singapore
14 May 2014

Statement of Directors

For the financial year ended 31 March 2014

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 112 to 204 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 2014 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



Simon Claude Israel
Chairman



Chua Sock Koong
Director

Singapore
14 May 2014

Independent Auditors' Report

To the Members of Singapore Telecommunications Limited

For the financial year ended 31 March 2014

Report on the Financial Statements

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 2014, 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 information, as set out on pages 112 to 204.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "**Act**") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

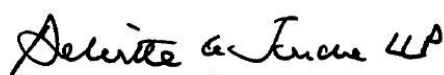
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Opinion

In our opinion, the consolidated financial statements of the Group and the 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 2014 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.

Report on Other Legal and Regulatory Requirements

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



Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore, 14 May 2014

Consolidated Income Statement

For the financial year ended 31 March 2014

	Notes	2014 S\$ Mil	2013 S\$ Mil
Operating revenue	4	16,848.1	18,183.0
Operating expenses	5	(11,800.3)	(13,100.0)
Other income	6	107.6	116.8
		5,155.4	5,199.8
Depreciation and amortisation	7	(2,132.7)	(2,127.4)
Exceptional items	8	114.0	(40.1)
Profit on operating activities		3,136.7	3,032.3
Share of results of associates and joint ventures	9	1,392.6	1,397.2
Profit before interest, investment income (net) and tax		4,529.3	4,429.5
Interest and investment income (net)	10	124.5	46.9
Finance costs	11	(305.9)	(345.1)
Profit before tax		4,347.9	4,131.3
Tax expense	12	(691.0)	(620.7)
Profit after tax		3,656.9	3,510.6
Attributable to -			
Shareholders of the Company		3,652.0	3,508.3
Non-controlling interests		4.9	2.3
		3,656.9	3,510.6
Earnings per share attributable to shareholders of the Company			
- basic (cents)	13	22.92	22.02
- diluted (cents)	13	22.87	21.96

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
Independent Auditors' Report – page 111

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Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2014

	2014 S\$ Mil	2013 S\$ Mil
Profit after tax	3,656.9	3,510.6
Other comprehensive (loss)/ income:		
Items that may be reclassified subsequently to income statement:		
Exchange differences arising from translation of foreign operations and other currency translation differences	(1,127.5)	(413.9)
Cash flow hedges		
- Fair value changes during the year	455.3	(108.4)
- Tax effects	(102.7)	24.1
	352.6	(84.3)
- Fair value changes transferred to income statement	(334.1)	112.7
- Tax effects	92.9	(16.7)
	(241.2)	96.0
	111.4	11.7
Available-for-sale investments		
- Fair value changes during the year	25.4	(67.9)
Share of other comprehensive (loss)/ income of associates and joint ventures	(72.6)	21.8
Other comprehensive loss, net of tax	(1,063.3)	(448.3)
Total comprehensive income	2,593.6	3,062.3
Attributable to -		
Shareholders of the Company	2,588.4	3,060.2
Non-controlling interests	5.2	2.1
	2,593.6	3,062.3

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
Independent Auditors' Report – page 111

Statements of Financial Position

As at 31 March 2014

		Group		Company	
	Notes	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Current assets					
Cash and cash equivalents	15	622.5	911.0	105.0	167.8
Trade and other receivables	16	3,555.8	3,680.0	2,585.8	2,374.8
Derivative financial instruments	25	3.4	1.1	2.5	3.2
Inventories	17	169.6	213.7	19.5	27.7
		4,351.3	4,805.8	2,712.8	2,573.5
Non-current assets					
Property, plant and equipment	18	11,096.3	11,724.9	2,037.5	2,043.6
Intangible assets	19	10,739.7	10,709.4	1.0	1.3
Subsidiaries	20	—	—	13,484.5	12,971.1
Associates	21	178.3	195.5	603.5	592.1
Joint ventures	22	9,949.9	9,691.0	24.1	24.1
Available-for-sale ("AFS") investments	24	291.3	240.4	54.9	66.4
Derivative financial instruments	25	298.0	131.0	160.5	247.1
Deferred tax assets	12	828.5	945.2	—	—
Loan to an associate	26	1,330.5	1,330.5	1,330.5	1,330.5
Other non-current receivables	27	256.2	209.8	198.5	221.9
		34,968.7	35,177.7	17,895.0	17,498.1
Total assets		39,320.0	39,983.5	20,607.8	20,071.6
Current liabilities					
Trade and other payables	28	3,796.3	4,221.9	1,834.1	2,045.4
Advance billings		643.6	671.0	66.0	86.8
Provision	29	1.6	5.8	—	4.3
Current tax liabilities		366.0	429.0	59.1	139.3
Borrowings (unsecured)	30	774.6	350.0	—	—
Borrowings (secured)	31	38.9	41.8	1.5	0.2
Derivative financial instruments	25	11.5	14.8	2.3	5.2
Net deferred gain	26	57.5	57.5	—	—
		5,690.0	5,791.8	1,963.0	2,281.2

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
Independent Auditors' Report – page 111

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Statements of Financial Position

As at 31 March 2014

		Group		Company	
		2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
	Notes				
Non-current liabilities					
Borrowings (unsecured)	30	7,046.9	7,329.7	793.2	856.3
Borrowings (secured)	31	179.7	207.2	161.9	157.3
Advance billings		298.5	332.1	164.1	165.8
Deferred income	32	7.6	10.7	–	–
Net deferred gain	26	1,155.7	1,186.4	–	–
Derivative financial instruments	25	412.8	587.8	359.6	406.8
Deferred tax liabilities	12	444.9	299.4	242.5	114.0
Other non-current liabilities	33	191.3	249.2	24.2	25.0
		9,737.4	10,202.5	1,745.5	1,725.2
Total liabilities		15,427.4	15,994.3	3,708.5	4,006.4
Net assets		23,892.6	23,989.2	16,899.3	16,065.2
Share capital and reserves					
Share capital	34	2,634.0	2,634.0	2,634.0	2,634.0
Reserves		21,234.2	21,330.6	14,265.3	13,431.2
Equity attributable to shareholders of the Company		23,868.2	23,964.6	16,899.3	16,065.2
Non-controlling interests		24.4	24.6	–	–
Total equity		23,892.6	23,989.2	16,899.3	16,065.2

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
Independent Auditors' Report – page 111

Statements of Changes in Equity

For the financial year ended 31 March 2014

	Attributable to shareholders of the Company										Non-Controlling Interests S\$ Mil	Total Equity S\$ Mil
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Currency Translation Reserve ⁽²⁾ S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves ⁽³⁾ S\$ Mil	Total S\$ Mil			
Group - 2014	2,634.0	(42.1)	(89.9)	(2,565.2)	(250.2)	80.8	25,424.8	(1,227.6)	23,964.6	24.6	23,989.2	
Balance as at 1 April 2013												
Changes in equity for the year												
Performance shares purchased by the Company	-	(5.5)	-	-	-	-	-	-	(5.5)	-	(5.5)	
Performance shares purchased by Trust ⁽⁴⁾	-	(19.0)	-	-	-	-	-	-	(19.0)	-	(19.0)	
Performance shares vested	-	28.0	(28.0)	-	-	-	-	-	-	-	-	
Equity-settled performance shares	-	-	22.1	-	-	-	-	-	22.1	-	22.1	
Transfer of liability to equity	-	-	10.9	-	-	-	-	-	10.9	-	10.9	
Cash paid to employees under performance share plans	-	-	(0.1)	-	-	-	-	-	(0.1)	-	(0.1)	
Performance shares purchased by SingTel Optus Pty Limited ("Optus") and vested	-	-	(12.1)	-	-	-	-	-	(12.1)	-	(12.1)	
Share of other reserves of associates and joint ventures	-	-	(1.9)	-	-	-	-	2.1	0.2	-	0.2	
Goodwill transferred from 'Other Reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(29.0)	29.0	-	-	-	
Final dividend paid (see Note 35)	-	-	-	-	-	-	(1,594.2)	-	(1,594.2)	-	(1,594.2)	
Interim dividend paid (see Note 35)	-	-	-	-	-	-	(1,083.6)	-	(1,083.6)	-	(1,083.6)	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7.7)	(7.7)	
Others	-	-	-	-	-	-	(3.5)	-	(3.5)	2.3	(1.2)	
	-	3.5	(9.1)	-	-	-	(2,710.3)	31.1	(2,684.8)	(5.4)	(2,690.2)	
Total comprehensive (loss)/ income for the year	-	-	-	(1,127.8)	111.4	25.4	3,652.0	(72.6)	2,588.4	5.2	2,593.6	
Balance as at 31 March 2014	2,634.0	(38.6)	(99.0)	(3,693.0)	(138.8)	106.2	26,366.5	(1,269.1)	23,868.2	24.4	23,892.6	

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2014

	Attributable to shareholders of the Company								Non-Controlling Interests S\$ Mil	Total Equity S\$ Mil
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Currency Translation Reserve ⁽²⁾ S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves ⁽³⁾ S\$ Mil		
Group - 2013										
Balance as at 1 April 2012	2,632.2	(42.3)	(82.7)	(2,151.5)	(261.9)	148.7	24,434.4	(1,249.4)	20.4	23,447.9
Changes in equity for the year										
Issue of new shares	1.8	—	—	—	—	—	—	—	—	1.8
Performance shares purchased by the Company	—	(3.4)	—	—	—	—	—	—	—	(3.4)
Performance shares purchased by Trust ⁽⁴⁾	—	(24.1)	—	—	—	—	—	—	—	(24.1)
Performance shares vested	—	30.3	(30.3)	—	—	—	—	—	—	—
Equity-settled performance shares	—	—	24.2	—	—	—	—	—	—	24.2
Transfer of liability to equity	—	—	7.8	—	—	—	—	—	—	7.8
Performance shares purchased by Optus and vested	—	—	(9.3)	—	—	—	—	—	—	(9.3)
Share of other reserves of associates and joint ventures	—	(2.6)	0.4	—	—	—	—	—	—	(2.2)
Contribution to subsidiary	—	—	—	—	—	—	—	—	2.8	2.8
Final dividend paid (see Note 35)	—	—	—	—	—	—	(1,434.0)	—	—	(1,434.0)
Interim dividend paid (see Note 35)	—	—	—	—	—	—	(1,083.7)	—	—	(1,083.7)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	(0.7)	(0.7)
Others	—	—	—	—	—	—	(0.2)	—	—	(0.2)
	1.8	0.2	(7.2)	—	—	—	(2,517.9)	—	2.1	(2,521.0)
Total comprehensive (loss)/ income for the year	—	—	—	(413.7)	11.7	(67.9)	3,508.3	21.8	2.1	3,062.3
Balance as at 31 March 2013	2,634.0	(42.1)	(89.9)	(2,565.2)	(250.2)	80.8	25,424.8	(1,227.6)	24.6	23,989.2

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2014

Company - 2014	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 2013	2,634.0	–	(69.9)	(130.3)	56.8	13,574.6	16,065.2
Changes in equity for the year							
Performance shares purchased by the Company	–	(4.5)	–	–	–	–	(4.5)
Performance shares vested	–	3.1	(3.1)	–	–	–	–
Equity-settled performance shares	–	–	9.5	–	–	–	9.5
Transfer of liability to equity	–	–	10.9	–	–	–	10.9
Cash paid to employees under performance share plans	–	–	(0.2)	–	–	–	(0.2)
Contribution to Trust ⁽⁴⁾	–	–	(14.6)	–	–	–	(14.6)
Final dividend paid (see Note 35)	–	–	–	–	–	(1,595.0)	(1,595.0)
Interim dividend paid (see Note 35)	–	–	–	–	–	(1,084.2)	(1,084.2)
	–	(1.4)	2.5	–	–	(2,679.2)	(2,678.1)
Total comprehensive income/ (loss) for the year	–	–	–	25.8	(11.5)	3,497.9	3,512.2
Balance as at 31 March 2014	2,634.0	(1.4)	(67.4)	(104.5)	45.3	14,393.3	16,899.3

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Statements of Changes in Equity

For the financial year ended 31 March 2014

Company - 2013	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 2012	2,632.2	—	(67.9)	(164.9)	32.1	7,415.4	9,846.9
Changes in equity for the year							
Issue of new shares	1.8	—	—	—	—	—	1.8
Performance shares purchased by the Company	—	(3.1)	—	—	—	—	(3.1)
Performance shares vested	—	3.1	(3.1)	—	—	—	—
Equity-settled performance shares	—	—	10.4	—	—	—	10.4
Transfer of liability to equity	—	—	7.9	—	—	—	7.9
Contribution to Trust ⁽⁴⁾	—	—	(17.2)	—	—	—	(17.2)
Final dividend paid (see Note 35)	—	—	—	—	—	(1,434.9)	(1,434.9)
Interim dividend paid (see Note 35)	—	—	—	—	—	(1,084.4)	(1,084.4)
Others	—	—	—	—	—	1.1	1.1
	1.8	—	(2.0)	—	—	(2,518.2)	(2,518.4)
Total comprehensive income for the year	—	—	—	34.6	24.7	8,677.4	8,736.7
Balance as at 31 March 2013	2,634.0	—	(69.9)	(130.3)	56.8	13,574.6	16,065.2

Notes:

⁽¹⁾ Treasury Shares' are accounted for in accordance with Singapore Financial Reporting Standard ("FRS") 32, **Financial Instruments: Disclosure and Presentation**.

⁽²⁾ 'Currency Translation Reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.

⁽³⁾ 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001 and the share of other comprehensive loss or income of the associates and joint ventures.

⁽⁴⁾ DBS Trustee Limited (the "Trust") is the trustee of a trust established to administer the performance share plans.

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Consolidated Statement of Cash Flows

For the financial year ended 31 March 2014

	2014 S\$ Mil	2013 S\$ Mil
Cash Flows From Operating Activities		
Profit before tax	4,347.9	4,131.3
Adjustments for -		
Depreciation and amortisation	2,132.7	2,127.4
Exceptional items (non-cash)	(129.3)	(30.5)
Interest and investment income (net)	(124.5)	(46.9)
Finance costs	305.9	345.1
Share of results of associates and joint ventures	(1,392.6)	(1,397.2)
Other non-cash items	24.6	42.8
	816.8	1,040.7
Operating cash flow before working capital changes	5,164.7	5,172.0
Changes in operating assets and liabilities		
Trade and other receivables	(136.2)	268.0
Trade and other payables	(195.3)	(350.2)
Inventories	27.0	(6.9)
Currency translation adjustments	(0.7)	(2.7)
Cash generated from operations	4,859.5	5,080.2
Payment to employees in cash under performance share plans	(4.9)	(3.3)
Dividends received from associates and joint ventures	1,156.5	993.3
Tax benefit payment to an associate (Note 1)	(142.6)	–
Income tax and withholding tax paid	(518.2)	(252.7)
Net cash inflow from operating activities	5,350.3	5,817.5
Cash Flows From Investing Activities		
Payment for purchase of property, plant and equipment	(2,101.5)	(2,058.6)
Purchase of intangible assets	(276.4)	(166.6)
Payment for acquisition of subsidiaries, net of cash acquired (Note 2)	(50.7)	(697.9)
Investment in AFS investments	(49.6)	(56.0)
Investment in associates and joint ventures (Note 3)	(400.4)	(8.3)
Proceeds from sale of property, plant and equipment	7.1	10.0
Proceeds from sale of AFS investments	12.8	337.4
Proceeds from sale of associates and joint ventures	38.1	87.1
Proceeds from disposal of subsidiary, net of cash received	0.7	–
Dividends received from AFS investments (net of withholding tax paid)	3.1	3.0
Interest received	49.1	41.6
Contribution from non-controlling interests	–	2.8
Withholding tax paid on intra-group interest income	(33.5)	(51.3)
Net cash outflow from investing activities	(2,801.2)	(2,556.8)

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Consolidated Statement of Cash Flows

For the financial year ended 31 March 2014

	Note	2014 S\$ Mil	2013 S\$ Mil
Cash Flows From Financing Activities			
Proceeds from term loans		2,993.9	3,806.2
Repayment of term loans		(3,221.2)	(4,643.4)
Proceeds from bond issue		467.0	–
Proceeds from finance lease liabilities		14.4	76.4
Finance lease payments		(49.0)	(44.6)
Net proceeds from/ (repayment of) borrowings		205.1	(805.4)
Final dividend paid to shareholders of the Company		(1,594.2)	(1,434.0)
Interim dividend paid to shareholders of the Company		(1,083.6)	(1,083.7)
Proceeds from issue of shares		–	1.8
Net interest paid on borrowings and swaps		(308.8)	(343.5)
Dividend paid to non-controlling interests		(7.7)	(0.7)
Purchase of performance shares		(36.6)	(36.8)
Others		1.2	–
Net cash outflow from financing activities		(2,824.6)	(3,702.3)
Net decrease in cash and cash equivalents		(275.5)	(441.6)
Exchange effects on cash and cash equivalents		(13.0)	6.2
Cash and cash equivalents at beginning of year		911.0	1,346.4
Cash and cash equivalents at end of year	15	622.5	911.0

The accompanying notes on pages 123 to 204 form an integral part of these financial statements.
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Consolidated Statement of Cash Flows

For the financial year ended 31 March 2014

- Note 1:** During the financial year ended 31 March 2014, the Group made payments of S\$142.6 million to NetLink Trust in consideration of its transfer of tax benefits utilised by the Group, and S\$11.4 million for additional investment in NetLink Trust. The monies were subsequently utilised by NetLink Trust for its acquisition of 100% equity interest in OpenNet Pte. Ltd. ("**OpenNet**"). The Group received its share of the proceeds of S\$37.8 million following the divestment of its 29.9% equity interest in OpenNet to NetLink Trust.
- Note 2:** (a) During the financial year ended 31 March 2014, the Group paid S\$18.2 million (US\$15 million) for the acquisition of GradientX, Inc., and made deferred payments of S\$32.5 million in respect of the acquisitions of Amobee, Inc. ("**Amobee**"), Pixable, Inc. ("**Pixable**") and Eatability Pty Limited ("**Eatability**").
- (b) During the financial year ended 31 March 2013, the Group paid S\$697.9 million for the acquisitions of Amobee, GTW Holdings Private Limited and Pixable, as well as Vividwireless Group Limited and Eatability in Australia.
- Note 3:** In August 2013, the Group acquired additional equity interest of 3.62% in Bharti Telecom Limited from a wholly-owned subsidiary of Temasek Holdings (Private) Limited, for S\$383.6 million (see **Note 14**). Temasek Holdings (Private) Limited is the holding company of Singapore Telecommunications Limited ("**SingTel**").

Notes to the Financial Statements

For the financial year ended 31 March 2014

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

1. GENERAL

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 telecommunications systems and services, and investment holding. The principal activities of the subsidiaries are disclosed in **Note 45**.

Under a licence granted by the Infocomm 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 14 May 2014.

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.

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

The preparation of financial statements in conformity with FRS requires management to exercise 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 were mandatory from 1 April 2013 had no significant impact on the financial statements of the Group or the Company in the current financial year.

2.2 Group Accounting

The accounting policy for investments in subsidiaries, associates and joint ventures 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**.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.2 Group Accounting (Cont'd)

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. Subsidiaries are consolidated from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

2.2.2 Associates

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recording the investment in associates initially at cost, and recognising the Group's share of the post-acquisition results of associates 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.

In the consolidated statement of financial position, investments in associates 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 associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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 associate.

Unrealised gains resulting from transactions with associates are eliminated to the extent of the Group's interest in the associate. 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 ventures

Joint ventures 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 ventures is accounted for in the consolidated financial statements using the equity method of accounting.

In the consolidated statement of financial position, investments in joint ventures 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 ventures.

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 ventures are eliminated to the extent of the Group's interest in the joint venture. 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 Dividends from associates and joint ventures

Dividends received from an associate or joint venture in excess of the Group's carrying value of the equity accounted investee are recognised as dividend income in the income statement where there is no legal or constructive obligation to refund the dividend nor is there any commitment to provide financial support to the investee. Equity accounting is then suspended until the investee has made sufficient profits to cover the income previously recognised for the excess cash distributions.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.2 Group Accounting (Cont'd)

2.2.5 Special purpose entity

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

2.2.6 Business combinations

Business combinations are accounted for using the acquisition method on and after 1 April 2010. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred and equity interests issued by the Group and any contingent consideration arrangement at acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity, are expensed as incurred.

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

For business combinations that are achieved in stages, any existing equity interests in the acquiree entity are re-measured to their fair values at acquisition date and any changes are taken to the income statement.

Non-controlling interests in subsidiaries represent the equity in subsidiaries which are not attributable, directly or indirectly, to the shareholders of the Company, and are presented separately in the consolidated statement of comprehensive income, statement of changes in equity and within equity in the consolidated statement of financial position. The Group elects for each individual business combination whether non-controlling interests in the acquiree entity are recognised at fair value, or at the non-controlling interests' proportionate share of the fair value of the acquiree entity's identifiable net assets, at the acquisition date. Total comprehensive income is attributed to non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a debit balance.

Changes in the Group's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, any interest retained in the former subsidiary is recorded at fair value with the re-measurement gain or loss recognised in the income statement.

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 recognised as '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.

The Trust acquires shares in the Company from the open market for delivery to employees upon vesting of performance shares awarded under SingTel 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 recognised as '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, Associates and Joint Ventures

In the Company's statement of financial position, investments in subsidiaries, associates and joint ventures, 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, associates and joint ventures, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in the income statement of the Company.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.5 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 Available-for-sale (“AFS”) investments

AFS investments are initially recognised at fair value plus directly attributable transaction costs.

They 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 the ‘Fair Value Reserve’ within equity. AFS investments for which fair values cannot be reliably determined are stated at cost less accumulated impairment losses.

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.

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.

A 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 hedged 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.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.6 Derivative Financial Instruments and Hedging Activities *(Cont'd)*

2.6.1 Hedge accounting *(Cont'd)*

Cash flow hedge *(Cont'd)*

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.

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 amounts 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 swaps and 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 floating or 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.

Certain cross currency swaps relate to net investment hedges for the foreign currency exchange risk on the Group's 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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

Bank balances, receivables and payables, current 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 the net asset values of the investee companies or discounted cash flow analysis.

Notes to the Financial Statements

For the financial year ended 31 March 2014

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

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.

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 values of non-current borrowings which are traded in active markets are 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 discount rates 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 prior to 1 April 2010 are recorded initially at fair values plus transactions costs and amortised in the income statement over the period of the guarantee. Financial guarantees issued by the Company on or after 1 April 2010 are directly charged to the subsidiary as guarantee fees based on fair values.

2.9 Trade and Other Receivables

Trade and other receivables, including loans given by the Company to subsidiaries, associates and joint ventures, are recognised initially at fair values 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. Hedged borrowings are accounted for in accordance with the accounting policies set out in **Note 2.6.1**.

Notes to the Financial Statements

For the financial year ended 31 March 2014

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 mainly 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 loss of control of a subsidiary, loss of significant influence of an associate or loss of joint control of a joint venture, the accumulated translation differences relating to that foreign operation are reclassified from equity to the consolidated income statement as part of gain or loss on disposal.

On partial disposal where there is no loss of control of a subsidiary, the accumulated translation differences relating to the disposal are reclassified to non-controlling interests. For partial disposals of associates or joint ventures, the accumulated translation differences relating to the disposal are taken to the consolidated income statement.

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, associates or joint ventures which form part of the Company's net investment in the subsidiaries, associates or joint ventures are included in 'Currency Translation Reserve'. On disposal of the foreign entity, the accumulated exchange differences deferred in the 'Currency Translation Reserve' are reclassified to the consolidated income statement in a similar manner as described in **Note 2.13.3**.

Notes to the Financial Statements

For the financial year ended 31 March 2014

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 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 on acquisition of subsidiaries on and after 1 April 2010 represents the excess of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree entity and the fair value of any previous equity interest in the acquiree entity over the fair value of the net identifiable assets acquired, including contingent liabilities, at the acquisition date. Such goodwill is recognised separately as intangible asset and stated at cost less accumulated impairment losses.

Acquisitions completed prior to 1 April 2001

Goodwill on acquisitions of subsidiaries, associates and joint ventures 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 of subsidiaries, associates and joint ventures 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 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.

A bargain purchase gain is recognised directly in the consolidated income statement.

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

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.

Other intangible assets which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight-line basis over the period of the expected benefits. Customer relationships or customer contracts, brand, and technology have estimated useful lives of 5 to 10 years. Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.16 Impairment of Non-financial Assets

Goodwill on acquisition of subsidiaries is subject to annual impairment test or is 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**).

Other intangible assets of the Group, which have finite useful lives and are subject to amortisation, as well as property, plant and equipment and investments in subsidiaries, associates and joint ventures, 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 the 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, and fibre rollout. 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.

In the consolidated statement of financial position, work-in-progress is included in "Trade and other receivables", and excess of progress billings over work-in-progress is included in "Trade and other payables" as applicable.

2.18 Property, Plant and Equipment

Property, plant and equipment is 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 its expected useful life. Property, plant and equipment under finance lease is depreciated over the shorter of the lease term or useful life. The estimated useful lives are as follows -

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.18 Property, Plant and Equipment (Cont'd)

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 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.

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 economic useful 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 operating leases.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.19.4 Gains or losses from sale and leaseback (Cont'd)

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.

2.20 Revenue Recognition

Revenue for the Group is recognised based on fair value for 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 device repayment plans, the consideration is allocated to its separate revenue-generating activities based on the best estimate of the price of each activity in the arrangement. Handset sales are accounted for in accordance with the sale of equipment accounting policy (see below) of the Group. As the service credits under the device repayment plans are provided over time for services, they are recorded as a reduction of subscription revenue.

For 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, and fibre rollout are recognised based on the percentage of completion of the projects upon cost-to-cost basis. Revenue from information technology and engineering services where the services involve 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.

Revenue from mobile advertising services and solutions is recognised in the period when advertising services are delivered, and when mobile advertising impressions are delivered or click-throughs occur. Revenue from selling advertising space is recognised when the advertising space is filled and sold to customers.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2014

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 of annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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 the end of each reporting period. 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 effects of the SingTel performance share plans are 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 and Retention Costs

Customer acquisition and retention 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.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2014

2.27 Income Tax

Income tax expense comprises current and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by, at the end of the reporting period.

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 its 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, associates and joint ventures, 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 all or part 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.

2.29 Segment Reporting

An 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

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.

Notes to the Financial Statements

For the financial year ended 31 March 2014

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 judgements –

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 associates and joint ventures are stated in **Note 23**.

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.

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 Investment in NetLink Trust

Based on facts and circumstances as disclosed in **Note 26**, although the Company holds 100% of the units in NetLink Trust, the Company does not control but has significant influence in the trust in accordance with FRS 28, *Investments in Associates*. Therefore, NetLink Trust has been accounted for as an associate of the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2014

3.5 Taxation

3.5.1 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.

3.5.2 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.

3.6 Fair values of derivative financial instruments

The Group uses valuation techniques to determine the fair values of financial instruments. The valuation techniques used for different financial instruments are selected to reflect how the market would be expected to price the instruments, using inputs that reasonably reflect the risk-return factors inherent in the instruments. Depending upon the characteristics of the financial instruments, observable market factors are available for use in most valuations, while others involve a greater degree of judgment and estimation.

3.7 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**.

3.8 Contingent Liabilities

The Group consults with its 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 2014, the Group was involved in various legal proceedings where it has been vigorously defending its claims as disclosed in **Note 4.1**.

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For the financial year ended 31 March 2014

4. OPERATING REVENUE

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Mobile communications	7,249.9	7,836.6
Data and Internet	3,414.1	3,714.8
Information technology and engineering	1,992.0	2,023.0
National telephone	1,502.5	1,723.3
Sale of equipment	1,244.0	1,485.7
International telephone	688.9	759.5
Pay television	251.7	217.9
Digital businesses	164.6	111.1
Fibre rollout and maintenance	154.1	117.4
Others	186.3	193.7
Operating revenue	16,848.1	18,183.0
Operating revenue	16,848.1	18,183.0
Other income (see Note 6)	107.6	116.8
Interest and investment income (see Note 10)	113.0	52.3
Total revenue	17,068.7	18,352.1

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5. OPERATING EXPENSES

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Selling and administrative costs ⁽¹⁾	3,952.4	4,580.1
Traffic expenses	2,576.1	2,848.0
Staff costs	2,285.3	2,346.6
Cost of equipment sold	1,764.3	2,053.3
Repairs and maintenance	337.4	332.3
Other cost of sales	884.8	939.7
	11,800.3	13,100.0

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	
	2014 S\$ Mil	2013 S\$ Mil
Staff costs included the following -		
Contributions to defined contribution plans	208.2	215.2
Performance share expense		
- equity-settled arrangements	22.1	24.2
- cash-settled arrangements	11.0	20.7

Notes to the Financial Statements

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5.2 Key Management Personnel Compensation

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Key management personnel compensation ⁽¹⁾		
Executive director ⁽²⁾	4.7	4.6
Other key management personnel ⁽³⁾	10.9	10.6
	15.6	15.2
Directors' fees	2.1	2.0
	17.7	17.2

Notes:

⁽¹⁾ Comprise base salary, annual wage supplement, bonus, contributions to defined contribution plans and other cash benefits, but exclude performance share expense disclosed below.

⁽²⁾ The Group Chief Executive Officer, an executive director of SingTel, was awarded up to 1,516,229 (2013: 1,392,008) ordinary shares of SingTel pursuant to SingTel performance share plans during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense computed in accordance with FRS 102, *Share-based Payment*, was S\$3.7 million (2013: S\$4.3 million).

⁽³⁾ The other key management personnel of the Group comprise the Group Chief Financial Officer, and the Chief Executive Officers of Group Consumer, Group Enterprise and Group Digital Life.

The other key management personnel were awarded up to 3,152,785 (2013: 3,026,460) ordinary shares of SingTel pursuant to SingTel performance share plans during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense computed in accordance with FRS 102, *Share-based Payment*, was S\$7.3 million (2013: S\$8.0 million).

5.3 Share-based Payments

5.3.1 Share options

The Singapore Telecom Share Option Scheme 1999 was suspended with the implementation of the SingTel Executives' Performance Share Plan, and expired in May 2012.

Group and Company	Number of share options		Weighted average exercise price per share	
	2014 '000	2013 '000	2014 '000	2013 '000
Outstanding as at 1 April	–	1,499	NA	1.31
Cancelled	–	(167)	NA	1.31
Exercised	–	(1,332)	NA	1.31
Outstanding and exercisable as at 31 March	–	–	NA	NA

"NA" denotes not applicable

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For the financial year ended 31 March 2014

5.3.2 Performance share plans

Prior to 1 April 2012, two categories of awards – General Awards and Senior Management Awards – were given to selected employees of SingTel and its subsidiaries on an annual basis. The grants are conditional on the achievement of targets set for a three-year performance period. The final number of performance shares to be released to the recipients will depend on the level of achievement of the targets over the three-year performance period.

The General Awards are generally settled by delivery of SingTel shares, while the Senior Management Awards are settled by SingTel shares or cash, at the option of the recipient.

With effect from 1 April 2012, the General Awards and Senior Management Awards are no longer given. Instead, Restricted Share Awards and Performance Share Awards are given to selected employees of SingTel and its subsidiaries. The awards are conditional upon the achievement of predetermined performance targets over the performance period, which is two years for the Restricted Share Awards and three years for the Performance Share Awards. Both awards are generally settled by delivery of SingTel shares, with the awards for certain senior employees to be 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 Executive Resource and Compensation Committee such as retirement, redundancy, illness and death while in employment.

Though the performance shares are awarded by SingTel, the respective subsidiaries bear all costs and expenses in any way arising out of, or connected with, the grant and vesting of the awards to their employees.

The fair value of the performance shares are estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant value dates for equity-settled awards, and at the end of the reporting period for cash-settled awards.

General Awards

The movements of the number of performance shares for the General Awards during the financial year were as follows -

Group and Company 2014	Outstanding as at 1 April 2013 '000	Vested '000	Cancelled '000	Outstanding as at 31 March 2014 '000
Date of grant				
SingTel PSP 2003				
FY2011⁽¹⁾				
3 June 2010	16,933	(9,452)	(7,481)	–
September 2010 to March 2011	390	(201)	(189)	–
FY2012				
2 June 2011	19,402	(79)	(1,987)	17,336
September 2011 to March 2012	229	–	(62)	167
	36,954	(9,732)	(9,719)	17,503

Note:

⁽¹⁾ "FY2011" denotes financial year ended 31 March 2011.

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For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Group and Company 2013	Outstanding as at 1 April 2012 '000	Vested '000	Cancelled '000	Outstanding as at 31 March 2013 '000
Date of grant				
SingTel PSP 2003				
FY2010				
3 June 2009	18,588	(11,540)	(7,048)	—
September 2009 to March 2010	177	(111)	(66)	—
FY2011				
3 June 2010	17,769	—	(836)	16,933
September 2010 to March 2011	616	—	(226)	390
FY2012				
2 June 2011	20,501	—	(1,099)	19,402
September 2011 to March 2012	229	—	—	229
	57,880	(11,651)	(9,275)	36,954

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
	SingTel PSP 2003
General Awards	2 June 2011
Fair value at grant date	S\$1.81
Assumptions under Monte-Carlo Model	
Expected volatility	
SingTel	30.3%
MSCI Asia Pacific Telco Index	19.3%
MSCI Asia Pacific Telco Component Stocks	
Historical volatility period	
From	July 2001
To	June 2011
Risk free interest rates	
Yield of Singapore Government Securities on	2 June 2011

Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Senior Management Awards - cash-settled arrangements

The movements of the number of performance shares for 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 -

2014	Date of grant		Group And Company
	SingTel PSP 2003		
	3 June 2010	2 June 2011	
Senior Management Awards			
Number of performance shares ('000)			
Outstanding as at 1 April 2013	3,148	2,922	6,070
Vested	(2,798)	–	(2,798)
Cancelled	(350)	–	(350)
Outstanding and unvested as at 31 March 2014	–	2,922	2,922
Fair value at 31 March 2014		S\$3.65	

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	17.8%
MSCI Asia Pacific Telco Index	12.9%
MSCI Asia Pacific Telco Component Stocks	800 days historical volatility preceding March 2014

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2014
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Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

2013	Date of grant			Group And Company
	SingTel PSP 2003			
	3 June 2009	3 June 2010	2 June 2011	
Senior Management Awards				
Number of performance shares ('000)				
Outstanding as at 1 April 2012	2,919	3,168	2,922	9,009
Vested	(1,897)	–	–	(1,897)
Cancelled	(1,022)	(20)	–	(1,042)
Outstanding and unvested as at 31 March 2013	–	3,148	2,922	6,070
Fair value at 31 March 2013		S\$3.59	S\$3.40	
Assumptions under Monte-Carlo Model				
Expected volatility				
SingTel		17.9%	17.9%	
MSCI Asia Pacific Telco Index		11.2%	11.2%	
MSCI Asia Pacific Telco Component Stocks		800 days historical volatility preceding March 2013		
Risk free interest rates				
Yield of Singapore Government Securities on		31 March 2013	31 March 2013	

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Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Restricted Share Awards

The movements of the number of performance shares for the Restricted Share Awards during the financial year were as follows –

Group and Company 2014	Outstanding as at 1 April 2013 '000	Granted '000	Vested '000	Cancelled '000	Outstanding as at 31 March 2014 '000
Date of grant					
FY2013					
26 June 2012	5,321	–	(58)	(603)	4,660
October 2012 to March 2013	69	–	–	–	69
FY2014					
21 June 2013	–	4,953	(23)	(209)	4,721
September 2013 to March 2014	–	12	–	–	12
	5,390	4,965	(81)	(812)	9,462

Group and Company 2013	Granted '000	Cancelled '000	Outstanding as at 31 March 2013 '000
Date of grant			
FY2013			
26 June 2012	5,561	(240)	5,321
October 2012 to March 2013	69	–	69
	5,630	(240)	5,390

The fair values of the Restricted Share Awards and the assumptions of the fair value model for the grants were as follows –

Equity-settled	Date of grant	
	26 June 2012	21 June 2013
Fair value at grant date	S\$2.61	S\$3.28

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	16.6%	13.4%
MSCI Asia Pacific Telco Index	7.2%	8.2%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding May 2012	36 months historical volatility preceding May 2013

Risk free interest rates

Yield of Singapore Government Securities on	30 May 2012	5 June 2013
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Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Cash-settled 2014	Date of grant	
	26 June 2012	21 June 2013
Fair value at 31 March 2014	S\$3.52	S\$3.39

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	15.4%	15.4%
MSCI Asia Pacific Telco Index	9.6%	9.6%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding March 2014	

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2014	31 March 2014
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Cash-settled 2013	Date of grant	
	26 June 2012	
Fair value at 31 March 2013	S\$3.31	

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	12.7%
MSCI Asia Pacific Telco Index	7.7%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding March 2013

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2013
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Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Performance Share Awards

The movements of the number of performance shares for the Performance Share Awards during the financial year were as follows –

Group and Company 2014	Outstanding as at 1 April 2013 '000	Granted '000	Cancelled '000	Outstanding as at 31 March 2014 '000
Date of grant				
FY2013				
26 June 2012	7,470	–	(412)	7,058
October 2012 to March 2013	157	–	–	157
FY2014				
21 June 2013	–	9,391	(205)	9,186
September 2013 to March 2014	–	15	–	15
	7,627	9,406	(617)	16,416

Group and Company 2013	Outstanding as at 1 April 2012 '000	Granted '000	Cancelled '000	Outstanding as at 31 March 2013 '000
Date of grant				
FY2013				
26 June 2012	–	7,722	(252)	7,470
October 2012 to March 2013	–	157	–	157
	–	7,879	(252)	7,627

The fair values of the Performance Share Awards and the assumptions of the fair value model for the grants were as follows –

Equity-settled	Date of grant	
	26 June 2012	21 June 2013
Fair value at grant date	S\$1.78	S\$2.16

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	16.6%	13.4%
MSCI Asia Pacific Telco Index	7.2%	8.2%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding May 2012	36 months historical volatility preceding May 2013

Risk free interest rates

Yield of Singapore Government Securities on	30 May 2012	5 June 2013
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Notes to the Financial Statements

For the financial year ended 31 March 2014

5.3.2 Performance share plans (Cont'd)

Cash-settled 2014	Date of grant	
	26 June 2012	21 June 2013
Fair value at 31 March 2014	S\$2.95	S\$1.84

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	15.4%	15.4%
MSCI Asia Pacific Telco Index	9.6%	9.6%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding March 2014	

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2014	31 March 2014
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Cash-settled 2013	Date of grant	
	26 June 2012	
Fair value at 31 March 2013		S\$3.14

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	12.7%
MSCI Asia Pacific Telco Index	7.7%
MSCI Asia Pacific Telco Component Stocks	36 months historical volatility preceding March 2013

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2013
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Notes to the Financial Statements

For the financial year ended 31 March 2014

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 share-based payments awards.

As at the end of the reporting period, the Trust held the following assets –

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Cost of SingTel shares, net of vesting	34.6	39.5	28.4	31.1
Cash at bank	0.6	0.7	0.5	0.6
	35.2	40.2	28.9	31.7

The details of SingTel shares held by the Trust were as follows –

Group	Number of shares		Amount	
	2014 '000	2013 '000	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	12,310	13,696	39.5	42.3
Purchase of SingTel shares	5,161	7,332	19.0	24.1
Vesting of shares	(7,344)	(8,718)	(23.9)	(26.9)
Balance as at 31 March	10,127	12,310	34.6	39.5

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 2014

5.5 Other Operating Expense Items

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Operating expenses included the following -		
Auditors' remuneration		
- Deloitte & Touche LLP, Singapore	1.4	1.2
- Deloitte Touche Tohmatsu, Australia	1.1	1.2
- Other Deloitte & Touche offices	0.3	0.3
Non-audit fees paid to		
- Deloitte & Touche LLP, Singapore ⁽¹⁾	0.4	0.4
- Deloitte Touche Tohmatsu, Australia ⁽¹⁾	1.1	1.3
Impairment of trade receivables	137.4	170.5
Allowance for inventory obsolescence	27.9	17.5
Inventory written off	2.1	2.9
Provision for liquidated damages and warranties	0.1	0.1
Operating lease payments for properties and mobile base stations	380.6	378.8

Note:

⁽¹⁾ The non-audit fees for the current financial year ended 31 March 2014 included S\$0.2 million (2013: S\$0.2 million) and S\$0.4 million (2013: S\$0.4 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 did not affect the independence of the auditors.

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Notes to the Financial Statements

For the financial year ended 31 March 2014

6. OTHER INCOME

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Access fees from network facilities	52.5	51.5
Rental income	3.9	5.2
Bad trade receivables recovered	3.0	2.6
Net foreign exchange losses - trade related	(10.3)	(7.4)
Net gains on disposal of property, plant and equipment	2.6	2.1
Others	55.9	62.8
	107.6	116.8

7. DEPRECIATION AND AMORTISATION

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Depreciation of property, plant and equipment	1,964.4	1,971.3
Amortisation of intangible assets	171.4	162.8
Amortisation of sale and leaseback income	—	(3.7)
Amortisation of deferred gain on sale of a joint venture	(3.1)	(3.0)
	2,132.7	2,127.4

Notes to the Financial Statements

For the financial year ended 31 March 2014

8. EXCEPTIONAL ITEMS

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Exceptional gains		
Gain on dilution of interest in a joint venture (Bharti Airtel Limited)	149.7	—
Net dividend income from a joint venture (Southern Cross)	—	148.8
Gain on sale of AFS investments	6.6	119.2
Net income from legal disputes	—	35.8
Gain on dilution of interest in other associates and joint ventures	5.3	0.8
Gain on disposal of a subsidiary	1.0	—
	162.6	304.6
Exceptional losses		
Loss on disposal of an associate (Warid Telecom (Private) Limited)	—	(225.3)
Ex-gratia costs on staff restructuring	(9.3)	(106.4)
Impairment of AFS investments	(22.4)	(11.6)
Impairment of other non-current assets	(10.9)	(1.4)
Accrued penalty charges for network incidents	(6.0)	—
	(48.6)	(344.7)
	114.0	(40.1)

The net dividend income from a joint venture in the previous year ended 31 March 2013 arose from the recognition of the excess of dividends received from Southern Cross Cables Holdings Limited ("**Southern Cross**"), a joint venture in which the Group has an equity interest of 39.99%, over the carrying value of Southern Cross which was equity accounted up to 31 March 2013. With effect from 1 April 2013, equity accounting of Southern Cross is suspended and dividend income from Southern Cross is recognised in the income statement when the right to dividend is established.

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For the financial year ended 31 March 2014

9. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Share of profits		
- joint ventures	2,035.4	1,952.7
- associates	75.1	39.4
	2,110.5	1,992.1
Share of tax expense		
- joint ventures	(701.5)	(586.7)
- associates	(16.4)	(8.2)
	(717.9)	(594.9)
	1,392.6	1,397.2

10. INTEREST AND INVESTMENT INCOME (NET)

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Interest income from		
- bank deposits	15.4	14.9
- others	33.8	31.9
	49.2	46.8
Dividends from joint ventures	58.5	—
Gross dividends from AFS investments	5.3	5.5
	113.0	52.3
Net foreign exchange losses - non-trade related	(0.1)	(8.4)
Other fair value gains	12.2	3.0
Fair value (losses)/ gains on fair value hedges		
- hedged items	(186.9)	38.5
- hedging instruments	186.3	(38.5)
	(0.6)	—
	124.5	46.9

The above included a gain on cash flow hedges of S\$334.1 million (2013: loss of S\$112.7 million) reclassified from equity to the income statement.

Notes to the Financial Statements

For the financial year ended 31 March 2014

11. FINANCE COSTS

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Interest expense		
- bonds	245.4	264.8
- bank loans	29.9	49.5
- others	30.3	32.4
	305.6	346.7
Less: Amounts capitalised	(18.1)	(16.8)
	287.5	329.9
Effects of hedging using interest rate swaps	13.8	9.2
Unwinding of discount (including adjustments)	4.6	6.0
	305.9	345.1

The interest rate applicable to the capitalised borrowings was 7.6 per cent as at 31 March 2014 (March 2013: 7.6 per cent).

12. TAXATION

12.1 Tax Expense

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Current tax		
- Singapore	153.6	244.9
- Overseas	440.7	406.8
	594.3	651.7
Deferred tax expense/ (credit)	120.0	(12.0)
Tax expense attributable to current year's profit	714.3	639.7
Adjustments in respect of prior year ⁽¹⁾		
Current income tax		
- over provision	(41.3)	(16.5)
Deferred income tax		
- under/ (over) provision	18.0	(2.5)
	691.0	620.7

Note:

⁽¹⁾ This included certain tax credits upon finalisation of earlier years' tax assessments.

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For the financial year ended 31 March 2014

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	
	2014 S\$ Mil	2013 S\$ Mil
Profit before tax	4,347.9	4,131.3
Less: Share of results of associates and joint ventures	(1,392.6)	(1,397.2)
	2,955.3	2,734.1
Tax calculated at tax rate of 17 per cent (2013: 17 per cent)	502.4	464.8
Effects of -		
Different tax rates of other countries	221.2	165.1
Income not subject to tax	(59.4)	(60.1)
Expenses not deductible for tax purposes	51.1	78.3
Deferred tax asset not recognised	5.3	2.5
Deferred tax asset previously not recognised now recognised	(2.2)	(8.0)
Others	(4.1)	(2.9)
Tax expense attributable to current year's profit	714.3	639.7

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For the financial year ended 31 March 2014

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 - 2014 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 2013	81.4	324.1	20.5	529.1	955.1
Charged to income statement	(12.2)	(10.9)	—	(27.2)	(50.3)
Charged to other comprehensive income	—	—	—	(9.8)	(9.8)
Transfer from current tax	0.8	—	0.1	3.1	4.0
Translation differences	(8.4)	(32.6)	(0.4)	(24.6)	(66.0)
Balance as at 31 March 2014	61.6	280.6	20.2	470.6	833.0

Group - 2014 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 2013	(255.5)	(5.3)	(48.5)	(309.3)
Acquisition of subsidiaries	—	—	1.6	1.6
(Charged)/ Credited to income statement	(104.7)	—	6.9	(97.8)
Transfer from current tax	(40.5)	—	(3.1)	(43.6)
Translation differences	(0.6)	—	0.3	(0.3)
Balance as at 31 March 2014	(401.3)	(5.3)	(42.8)	(449.4)

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12.2 Deferred Taxes (Cont'd)

Group - 2013 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 2012	81.9	359.7	0.1	532.2	973.9
Acquisition of subsidiaries	—	—	20.1	2.7	22.8
Credited/ (Charged) to income statement	8.0	(29.7)	—	(3.9)	(25.6)
Credited to other comprehensive income	—	—	—	7.4	7.4
Transfer to current tax	(9.3)	(2.1)	—	(7.4)	(18.8)
Translation differences	0.8	(3.8)	0.3	(1.9)	(4.6)
Balance as at 31 March 2013	81.4	324.1	20.5	529.1	955.1

Group - 2013 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 2012	(239.8)	(5.3)	(9.6)	(254.7)
Acquisition of subsidiaries	—	—	(68.3)	(68.3)
(Charged)/ Credited to income statement	(0.7)	—	28.2	27.5
Transfer from current tax	(15.0)	—	—	(15.0)
Translation differences	—	—	1.2	1.2
Balance as at 31 March 2013	(255.5)	(5.3)	(48.5)	(309.3)

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12.2 Deferred Taxes (Cont'd)

Company - 2014 Deferred tax assets	Provisions S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2013	0.5	1.6	2.1
Charged to income statement	–	(0.2)	(0.2)
Balance as at 31 March 2014	0.5	1.4	1.9

Company - 2014 Deferred tax liabilities	Accelerated tax depreciation S\$ Mil	Total S\$ Mil
Balance as at 1 April 2013	(116.1)	(116.1)
Charged to income statement	(66.3)	(66.3)
Transfer from current tax	(62.0)	(62.0)
Balance as at 31 March 2014	(244.4)	(244.4)

Company - 2013 Deferred tax assets	Provisions S\$ Mil	Deferred sale and leaseback income S\$ Mil	Others S\$ Mil	Total S\$ Mil
Balance as at 1 April 2012	0.6	0.2	1.6	2.4
Charged to income statement	(0.1)	(0.2)	–	(0.3)
Balance as at 31 March 2013	0.5	–	1.6	2.1

Company - 2013 Deferred tax liabilities	Accelerated tax depreciation S\$ Mil	Total S\$ Mil
Balance as at 1 April 2012	(137.6)	(137.6)
Credited to income statement	38.6	38.6
Transfer from current tax	(17.1)	(17.1)
Balance as at 31 March 2013	(116.1)	(116.1)

Notes:

⁽¹⁾ TWDV – Tax written down value

⁽²⁾ NBV – Net book value

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.

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For the financial year ended 31 March 2014

12.2 Deferred Taxes (Cont'd)

The amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Deferred tax assets	828.5	945.2	—	—
Deferred tax liabilities	(444.9)	(299.4)	(242.5)	(114.0)
	383.6	645.8	(242.5)	(114.0)

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 2014, the subsidiaries of the Group had estimated unutilised income tax losses of approximately S\$112 million (2013: S\$72 million), unutilised investment allowances of S\$56 million (2013: S\$54 million), unutilised capital tax losses of S\$103 million (2013: S\$114 million) and unabsorbed capital allowances of approximately S\$16 million (2013: S\$8.0 million).

These unutilised income tax losses and investment allowances, 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	
	2014 S\$ Mil	2013 S\$ Mil
Unutilised income tax losses and investment allowances, and unabsorbed capital allowances	183.9	134.6
Unutilised capital tax losses	102.7	114.3

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13. EARNINGS PER SHARE

	Group	
	2014 '000	2013 '000
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ⁽¹⁾	15,934,007	15,932,143
Adjustment for dilutive effects of performance share plans	35,766	43,448
Weighted average number of ordinary shares for calculation of diluted earnings per share	15,969,773	15,975,591

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 associates and joint ventures' dilutive shares.

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14. RELATED PARTY TRANSACTIONS

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	
	2014 S\$ Mil	2013 S\$ Mil
Income		
Subsidiaries of ultimate holding company		
Telecommunications	112.1	129.3
Rental and maintenance	29.6	29.8
Information technology and engineering	–	2.0
Associates and joint ventures		
Telecommunications	215.5	174.0
Interest on loan	31.8	31.8
Expenses		
Subsidiaries of ultimate holding company		
Telecommunications	65.7	85.4
Utilities	111.3	116.9
Associates and joint ventures		
Telecommunications	100.6	95.0
Transmission capacity	25.9	19.2
Postal	9.1	9.4
Rental	3.1	3.1
Acquisition of shares in a joint venture	383.6	–
Due from subsidiaries of ultimate holding company	17.2	18.0
Due to subsidiaries of ultimate holding company	8.1	4.3

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.

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15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Fixed deposits	89.3	526.5	26.2	67.0
Cash and bank balances	533.2	384.5	78.8	100.8
	622.5	911.0	105.0	167.8

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents denominated in the non-functional currencies of the Group were as follows –

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
USD	62.2	111.1	27.3	64.8
AUD	8.3	6.1	3.5	5.7
JPY	3.2	3.7	3.0	3.7

The maturities of the fixed deposits were as follows –

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Less than three months	88.6	460.7	26.2	62.0
Over three months	0.7	65.8	–	5.0
	89.3	526.5	26.2	67.0

As at 31 March 2014, the weighted average effective interest rates of the fixed deposits of the Group and Company were 1.6 per cent (2013: 1.6 per cent) per annum and 0.3 per cent (2013: 0.4 per cent) per annum respectively.

The exposure of cash and cash equivalents to interest rate risks is disclosed in **Note 37.3**.

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16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Trade receivables	2,634.9	3,065.7	467.0	503.0
<i>Less:</i> Allowance for impairment of trade receivables	(274.7)	(318.3)	(82.8)	(75.6)
	2,360.2	2,747.4	384.2	427.4
Other receivables	399.7	234.4	19.1	15.2
Loans to subsidiaries	–	–	121.8	135.2
<i>Less:</i> Allowance for impairment of loans due	–	–	(12.9)	(12.9)
	–	–	108.9	122.3
Amount due from subsidiaries				
– trade	–	–	1,150.7	1,002.4
– non-trade	–	–	719.2	661.6
<i>Less:</i> Allowance for impairment of amount due	–	–	(45.4)	(45.7)
	–	–	1,824.5	1,618.3
Amount due from associates and joint ventures				
– trade	9.3	6.5	2.4	1.2
– non-trade	149.3	139.5	2.1	–
	158.6	146.0	4.5	1.2
Prepayments	375.4	343.4	33.5	30.6
Amount due from an associate for fibre rollout and maintenance	171.4	120.3	171.4	120.3
Interest receivable	82.0	79.2	39.7	39.2
Others	8.5	9.3	–	0.3
	3,555.8	3,680.0	2,585.8	2,374.8

As at 31 March 2014, the effective interest rate of an amount due from a subsidiary of S\$584.7 million (2013: S\$501.9 million) was 0.01 per cent (2013: 0.01 per cent) per annum. The loans to subsidiaries and amounts due from other subsidiaries, associates and joint ventures were unsecured, interest-free and repayable on demand.

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	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Individuals	741.3	922.8	158.0	157.3
Corporations and others	1,618.9	1,824.6	226.2	270.1
	2,360.2	2,747.4	384.2	427.4

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16. TRADE AND OTHER RECEIVABLES (Cont'd)

The age analysis of trade receivables before allowance for impairment is as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Not past due or less than 60 days overdue	2,246.2	2,549.6	325.9	358.0
Past due				
- 61 to 120 days	189.2	223.9	31.9	38.1
- more than 120 days	199.5	292.2	109.2	106.9
	2,634.9	3,065.7	467.0	503.0

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.

The movement in the allowance for impairment of trade receivables is as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	318.3	288.8	75.6	83.2
Allowance for impairment	150.7	203.9	33.5	33.0
Utilisation of allowance for impairment	(158.2)	(140.8)	(26.3)	(27.2)
Write-back	(13.3)	(33.4)	-	(13.4)
Translation differences	(22.8)	(0.2)	-	-
Balance as at 31 March	274.7	318.3	82.8	75.6

17. INVENTORIES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Equipment held for resale	152.5	187.7	2.5	2.0
Maintenance and capital works' inventories	16.9	20.7	16.8	20.4
Work-in-progress for fibre rollout and maintenance	0.2	5.3	0.2	5.3
	169.6	213.7	19.5	27.7

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18. PROPERTY, PLANT AND EQUIPMENT

Group - 2014	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 2013	27.3	248.8	798.5	18,606.0	2,970.8	5,937.6	1,172.9	29,761.9
Additions (net of rebates)	–	0.2	1.8	205.5	81.7	139.0	1,783.3	2,211.5
Disposals/ Write-offs	–	–	–	(220.3)	(41.1)	(106.0)	(1.3)	(368.7)
Disposal of subsidiary	–	–	–	–	–	(1.3)	–	(1.3)
Reclassifications/ Adjustments	–	–	25.3	1,223.2	135.7	408.9	(1,807.0)	(13.9)
Translation differences	(2.8)	0.2	(30.4)	(1,433.4)	(127.8)	(394.8)	(66.0)	(2,055.0)
Balance as at 31 March 2014	24.5	249.2	795.2	18,381.0	3,019.3	5,983.4	1,081.9	29,534.5
Accumulated depreciation								
Balance as at 1 April 2013	–	60.1	263.2	11,648.0	2,121.7	3,916.7	–	18,009.7
Depreciation charge for the year	–	4.1	19.0	1,162.4	176.6	602.3	–	1,964.4
Disposals/ Write-offs	–	–	–	(195.8)	(40.6)	(98.5)	–	(334.9)
Disposal of subsidiary	–	–	–	–	–	(0.8)	–	(0.8)
Reclassifications/ Adjustments	–	–	–	1.3	0.1	(11.4)	–	(10.0)
Translation differences	–	0.2	0.9	(889.6)	(74.5)	(259.4)	–	(1,222.4)
Balance as at 31 March 2014	–	64.4	283.1	11,726.3	2,183.3	4,148.9	–	18,406.0
Accumulated impairment								
Balance as at 1 April 2013	–	2.0	7.3	8.4	5.2	4.4	–	27.3
Impairment charge for the year	–	–	–	–	–	7.0	–	7.0
Disposals	–	–	–	(0.7)	–	(1.4)	–	(2.1)
Balance as at 31 March 2014	–	2.0	7.3	7.7	5.2	10.0	–	32.2
Net Book Value as at 31 March 2014	24.5	182.8	504.8	6,647.0	830.8	1,824.5	1,081.9	11,096.3

Notes to the Financial Statements

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18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group - 2013	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 2012	27.5	248.5	791.6	19,110.0	3,174.1	6,843.2	948.0	31,142.9
Additions (net of rebates)	–	0.2	6.3	148.6	52.4	204.9	1,738.2	2,150.6
Disposals/ Write-offs	–	–	(57.3)	(1,397.8)	(306.8)	(1,602.8)	–	(3,364.7)
Acquisition of subsidiaries	–	0.2	–	59.2	–	1.7	–	61.1
Reclassifications/ Adjustments	–	–	60.7	832.1	67.2	551.1	(1,511.1)	–
Translation differences	(0.2)	(0.1)	(2.8)	(146.1)	(16.1)	(60.5)	(2.2)	(228.0)
Balance as at 31 March 2013	27.3	248.8	798.5	18,606.0	2,970.8	5,937.6	1,172.9	29,761.9
Accumulated depreciation								
Balance as at 1 April 2012	–	56.2	302.1	11,983.6	2,251.5	4,943.4	–	19,536.8
Depreciation charge for the year	–	4.0	18.7	1,144.2	186.5	617.9	–	1,971.3
Disposals/ Write-offs	–	–	(56.6)	(1,389.9)	(306.3)	(1,598.1)	–	(3,350.9)
Translation differences	–	(0.1)	(1.0)	(89.9)	(10.0)	(46.5)	–	(147.5)
Balance as at 31 March 2013	–	60.1	263.2	11,648.0	2,121.7	3,916.7	–	18,009.7
Accumulated impairment								
Balance as at 1 April 2012	–	2.0	7.3	8.4	5.2	3.2	–	26.1
Impairment charge for the year	–	–	–	–	–	1.4	–	1.4
Disposals	–	–	–	–	–	(0.2)	–	(0.2)
Balance as at 31 March 2013	–	2.0	7.3	8.4	5.2	4.4	–	27.3
Net Book Value as at 31 March 2013	27.3	186.7	528.0	6,949.6	843.9	2,016.5	1,172.9	11,724.9

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18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company - 2014	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 2013	0.4	212.5	431.6	3,004.4	1,036.3	1,263.0	347.7	6,295.9
Additions (net of rebates)	–	–	–	86.9	28.4	76.4	161.2	352.9
Disposals/ Write-offs	–	–	–	(130.1)	(37.0)	(34.4)	–	(201.5)
Reclassifications	–	–	–	152.1	35.5	103.8	(291.4)	–
Balance as at 31 March 2014	0.4	212.5	431.6	3,113.3	1,063.2	1,408.8	217.5	6,447.3
Accumulated depreciation								
Balance as at 1 April 2013	–	46.3	233.9	2,136.4	927.0	891.0	–	4,234.6
Depreciation charge for the year	–	2.2	11.7	159.3	53.4	110.3	–	336.9
Disposals/ Write-offs	–	–	–	(110.2)	(36.6)	(33.1)	–	(179.9)
Balance as at 31 March 2014	–	48.5	245.6	2,185.5	943.8	968.2	–	4,391.6
Accumulated impairment								
Balance as at 1 April 2013	–	2.0	7.2	6.9	1.2	0.4	–	17.7
Additions	–	–	–	–	–	1.2	–	1.2
Disposals/ Write-offs	–	–	–	(0.7)	–	–	–	(0.7)
Balance as at 31 March 2014	–	2.0	7.2	6.2	1.2	1.6	–	18.2
Net Book Value as at 31 March 2014	0.4	162.0	178.8	921.6	118.2	439.0	217.5	2,037.5

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18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company - 2013	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 2012	0.4	212.5	424.6	2,949.7	1,047.8	1,091.4	329.0	6,055.4
Additions (net of rebates)	–	–	6.2	62.9	19.8	139.0	201.7	429.6
Disposals/ Write-offs	–	–	–	(81.9)	(61.8)	(45.4)	–	(189.1)
Reclassifications	–	–	0.8	73.7	30.5	78.0	(183.0)	–
Balance as at 31 March 2013	0.4	212.5	431.6	3,004.4	1,036.3	1,263.0	347.7	6,295.9
Accumulated depreciation								
Balance as at 1 April 2012	–	44.2	222.0	2,058.4	940.4	847.2	–	4,112.2
Depreciation charge for the year	–	2.1	11.9	157.8	48.0	86.4	–	306.2
Disposals/ Write-offs	–	–	–	(79.8)	(61.4)	(42.6)	–	(183.8)
Balance as at 31 March 2013	–	46.3	233.9	2,136.4	927.0	891.0	–	4,234.6
Accumulated impairment								
Balance as at 1 April 2012 and 31 March 2013	–	2.0	7.2	6.9	1.2	0.4	–	17.7
Net Book Value as at 31 March 2013	0.4	164.2	190.5	861.1	108.1	371.6	347.7	2,043.6

Property, plant and equipment included the following -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Net book value of property, plant and equipment				
Assets acquired under finance leases	90.5	108.7	51.0	42.2
Interest charges capitalised during the year	18.1	16.8	–	–
Staff costs capitalised during the year	196.2	203.8	15.1	12.7

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19. INTANGIBLE ASSETS

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Goodwill on acquisition of subsidiaries	9,703.6	9,699.2	–	–
Telecommunications and spectrum licences	832.3	824.5	1.0	1.3
Technology and brand	160.4	182.6	–	–
Customer relationships and others	43.4	3.1	–	–
	10,739.7	10,709.4	1.0	1.3

19.1 Goodwill on Acquisition of Subsidiaries

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	9,699.2	9,658.1
Movements during the year	4.4	41.1
Balance as at 31 March	9,703.6	9,699.2

19.2 Telecommunications and Spectrum Licences

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	824.5	504.7	1.3	1.7
Acquisition of subsidiaries	–	257.3	–	–
Additions	227.3	193.2	–	–
Amortisation for the year	(136.4)	(131.1)	(0.3)	(0.4)
Disposals	(3.7)	(0.1)	–	–
Impairment charge for the year	(3.9)	–	–	–
Translation differences	(75.5)	0.5	–	–
Balance as at 31 March	832.3	824.5	1.0	1.3
Cost	1,678.2	1,600.4	8.4	8.4
Accumulated amortisation	(839.7)	(773.6)	(7.4)	(7.1)
Accumulated impairment	(6.2)	(2.3)	–	–
Net book value as at 31 March	832.3	824.5	1.0	1.3

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19.3 Technology and Brand

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	182.6	203.9
Additions	4.3	3.7
Amortisation for the year	(28.5)	(23.3)
Translation differences	2.0	(1.7)
Balance as at 31 March	160.4	182.6
Cost	212.2	205.9
Accumulated amortisation	(51.8)	(23.3)
Net book value as at 31 March	160.4	182.6

19.4 Customer Relationships and Others

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	3.1	11.3
Additions	47.2	0.2
Amortisation for the year	(6.5)	(8.4)
Disposals	(0.1)	–
Translation differences	(0.3)	–
Balance as at 31 March	43.4	3.1
Cost	97.6	53.0
Accumulated amortisation	(54.2)	(49.9)
Net book value as at 31 March	43.4	3.1

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20. SUBSIDIARIES

	Company	
	2014 S\$ Mil	2013 S\$ Mil
Unquoted equity shares, at cost	7,242.9	6,874.5
Shareholders' advances	6,423.3	6,423.3
Deemed investment in a subsidiary	32.5	32.5
	13,698.7	13,330.3
<i>Less:</i> Allowance for impairment losses	(214.2)	(359.2)
	13,484.5	12,971.1

The advances given to subsidiaries were interest-free except for an amount of S\$678.3 million (2013: S\$678.3 million) where the effective interest rate at the end of the reporting period was 0.6 per cent (2013: 0.7 per cent) per annum. The advances were unsecured with settlement neither planned nor likely to occur in the foreseeable future.

The deemed investment in a subsidiary, SingTel Group Treasury Pte. Ltd. ("**SGT**"), arose from financial guarantees provided by the Company for loans drawn down by SGT prior to 1 April 2010.

The significant subsidiaries of the Group are set out in **Note 45**.

21. ASSOCIATES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Quoted equity shares, at cost	74.3	74.3	24.7	24.7
Unquoted equity shares, at cost	143.2	172.9	578.8	567.4
Shareholder's loan (unsecured)	1.7	1.7	—	—
	219.2	248.9	603.5	592.1
Goodwill on consolidation adjusted against shareholders' equity	(28.3)	(28.3)	—	—
Share of post acquisition reserves (net of dividends, and accumulated amortisation of goodwill)	45.2	34.4	—	—
Translation differences	(26.1)	(27.8)	—	—
	(9.2)	(21.7)	—	—
<i>Less:</i> Allowance for impairment losses	(31.7)	(31.7)	—	—
	178.3	195.5	603.5	592.1

As at 31 March 2014,

(i) The market values of the quoted equity shares in associates held by the Group and Company were S\$722.7 million (2013: S\$644.6 million) and S\$671.8 million (2013: S\$615.0 million) respectively.

(ii) The Group's proportionate interest in the capital commitments of the associates was S\$60.6 million (2013: S\$2.7 million).

The details of associates are set out in **Note 45.4**.

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21. ASSOCIATES (Cont'd)

The summarised financial information of associates were as follows –

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Operating revenue	1,388.4	1,218.8
Net profit after tax	284.5	190.7
Total assets	2,795.5	3,674.5
Total liabilities	(1,273.7)	(2,217.7)

22. JOINT VENTURES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Quoted equity shares, at cost	2,798.4	2,798.4	–	–
Unquoted equity shares, at cost	4,185.3	3,801.7	24.1	24.1
	6,983.7	6,600.1	24.1	24.1
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)	7,509.3	6,948.0	–	–
Translation differences	(3,287.2)	(2,601.2)	–	–
	2,996.2	3,120.9	–	–
Less: Allowance for impairment losses	(30.0)	(30.0)	–	–
	9,949.9	9,691.0	24.1	24.1

As at 31 March 2014,

- (i) The market value of the quoted equity shares in joint ventures held by the Group was S\$12.84 billion (2013: S\$13.39 billion).
- (ii) The Group's proportionate interest in the capital commitments of joint ventures was S\$2.55 billion (2013: S\$1.78 billion).
- (iii) The Group's shares representing 24.8% (2013: 24.8%) equity interest in a joint venture 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 ventures are set out in **Note 45.5**.

Optus holds a 31.25% (2013: 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% (2013: 50%) in the assets, with access to the shared network and shares 50% (2013: 50%) of the cost of building and operating the network.

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22. JOINT VENTURES (Cont'd)

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\$541.2 million (2013: S\$421.2 million).

The Group's share of certain items in the income statements and statements of financial position of the joint ventures were as follows –

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Operating revenue	10,986.7	11,008.3
Operating expenses	(6,624.0)	(6,705.6)
Net profit before tax	2,012.7	1,938.1
Net profit after tax	1,326.8	1,365.9
Non-current assets	15,476.6	14,694.4
Current assets	3,360.7	3,521.5
Current liabilities	(5,797.3)	(5,042.9)
Non-current liabilities	(5,748.1)	(6,040.1)
Net assets	7,291.9	7,132.9

23. IMPAIRMENT REVIEWS

Goodwill arising on acquisition of subsidiaries

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 31 March 2014 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 Group is structured into three business segments, Group Consumer, Group Enterprise and Group Digital Life. Accordingly, the goodwill of Optus was allocated to the new business segments. Based on the relative fair value approach, the goodwill of Optus was fully allocated to the Consumer Australia segment for the purpose of goodwill impairment test.

	2014 S\$ Mil	2013 S\$ Mil	Terminal growth rate ⁽¹⁾		Pre-tax discount rate	
			2014	2013	2014	2013
Carrying value of goodwill in –						
– Optus Group	9,298.8	9,318.2	3.0%	3.0%	11.6%	10.1%
– SCS Computer Systems Pte. Ltd.	82.2	82.2	2.0%	2.0%	8.1%	7.2%
– Amobee, Inc. and Pixable, Inc.	313.5	298.9	2.0% to 3.5%	2.0% to 3.0%	16.1% to 16.3%	16.3% to 16.5%

Note:

⁽¹⁾ Weighted average growth rate used to extrapolate cash flows beyond the terminal year.

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23. IMPAIRMENT REVIEWS (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. The Group has used cash flow projections of five years except for Amobee which was based on cash flow projections of ten years, given that it is at the start-up phase of the business. 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 2014, no impairment charge was required for goodwill arising from 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. AVAILABLE-FOR-SALE ("AFS") INVESTMENTS

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	240.4	148.7	66.4	41.7
Additions	55.0	56.0	–	–
Disposals	(9.2)	(7.4)	–	–
Provision for impairment	(22.4)	(11.6)	–	–
Utilisation of provision for impairment	–	5.6	–	–
Net fair value gains/ (losses) included in 'Other Comprehensive Income'	26.3	49.1	(11.5)	24.7
Translation	1.2	–	–	–
Balance as at 31 March	291.3	240.4	54.9	66.4

AFS investments included the following –

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Quoted equity securities				
- Thailand	34.6	46.0	34.6	46.0
- United States	19.2	34.2	0.7	0.6
- Singapore	9.1	9.7	9.1	9.7
	62.9	89.9	44.4	56.3
Unquoted				
Equity securities	181.7	105.1	10.5	10.1
Others	46.7	45.4	–	–
	228.4	150.5	10.5	10.1
	291.3	240.4	54.9	66.4

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25. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	(470.5)	(430.2)	(161.7)	(203.6)
Fair value gains/ (losses)				
- included in income statement	196.8	(36.1)	(62.8)	7.6
- included in 'Hedging Reserve'	120.0	(6.4)	25.6	34.3
Translation differences	30.8	2.2	—	—
Balance as at 31 March	(122.9)	(470.5)	(198.9)	(161.7)
Disclosed as -				
Current asset	3.4	1.1	2.5	3.2
Non-current asset	298.0	131.0	160.5	247.1
Current liability	(11.5)	(14.8)	(2.3)	(5.2)
Non-current liability	(412.8)	(587.8)	(359.6)	(406.8)
	(122.9)	(470.5)	(198.9)	(161.7)

25.1 Fair Values

The fair values of the currency and interest rate swap contracts exclude accrued interest of S\$17.8 million (2013: S\$19.0 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 -

	Group		Company	
	Fair value adjustments		Fair value adjustments	
2014	Assets S\$ Mil	Liabilities S\$ Mil	Assets S\$ Mil	Liabilities S\$ Mil
Fair value and cash flow hedges				
Cross currency swaps	260.7	276.4	—	191.2
Interest rate swaps	36.4	129.8	—	5.1
Forward foreign exchange	4.3	10.3	1.3	0.1
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	—	—	112.1	112.1
Interest rate swaps	—	7.7	47.9	51.6
Forward foreign exchange	—	0.1	1.7	1.8
	301.4	424.3	163.0	361.9
Disclosed as -				
Current	3.4	11.5	2.5	2.3
Non-current	298.0	412.8	160.5	359.6
	301.4	424.3	163.0	361.9

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25.1 Fair Values (Cont'd)

2013	Group		Company	
	Fair value adjustments		Fair value adjustments	
	Assets S\$ Mil	Liabilities S\$ Mil	Assets S\$ Mil	Liabilities S\$ Mil
Fair value and cash flow hedges				
Cross currency swaps	79.1	347.9	–	141.3
Interest rate swaps	51.9	226.6	–	9.5
Forward foreign exchange	1.1	12.7	0.6	2.5
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	–	–	140.6	140.6
Interest rate swaps	–	15.3	108.5	117.4
Forward foreign exchange	–	0.1	0.6	0.7
	132.1	602.6	250.3	412.0
Disclosed as -				
Current	1.1	14.8	3.2	5.2
Non-current	131.0	587.8	247.1	406.8
	132.1	602.6	250.3	412.0

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 2015, 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**.

As at 31 March 2014, the details of the outstanding derivative financial instruments were as follows -

	Group		Company	
	2014	2013	2014	2013
Interest rate swaps				
Notional principal (S\$ million equivalent)	4,013.9	4,336.7	4,485.2	4,774.1
Fixed interest rates	0.5% to 6.2%	0.5% to 6.2%	0.5% to 4.5%	0.5% to 4.5%
Floating interest rates	1.2% to 2.7%	1.4% to 3.1%	0.3% to 1.3%	0.4% to 1.4%
Cross currency swaps				
Notional principal (S\$ million equivalent)	5,182.9	5,244.6	5,830.7	5,520.0
Fixed interest rates	1.8% to 7.5%	1.8% to 7.5%	0.9% to 5.2%	0.9% to 5.2%
Floating interest rates	0.7% to 4.3%	0.8% to 4.8%	0.7% to 2.3%	0.8% to 2.5%
Forward foreign exchange				
Notional principal (S\$ million equivalent)	1,069.8	705.5	550.4	365.0

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.

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26. LOAN TO AN ASSOCIATE/ NET DEFERRED GAIN

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Loan to an associate	1,330.5	1,330.5	1,330.5	1,330.5
Net deferred gain				
Classified as -				
Current	57.5	57.5	—	—
Non-current	1,155.7	1,186.4	—	—
	1,213.2	1,243.9	—	—

In July 2011, SingTel established a business trust, NetLink Trust, as part of the IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network. In September 2011, SingTel sold certain infrastructure assets, namely ducts and manholes used by OpenNet Pte. Ltd., a 29.9%-owned associate of SingTel, and 7 exchange buildings ("**Assets**"), and SingTel's business of providing duct and manhole services in relation to the Assets ("**Business**") to NetLink Trust, for an aggregate consideration of approximately S\$1.89 billion. SingTel also completed its subscription for a further 567,380,000 units at S\$1 each in NetLink Trust.

The aggregate consideration paid by NetLink Trust for the purchase of the Assets and Business was financed by the issue of units to SingTel of S\$567.4 million and loan from SingTel of S\$1.33 billion.

Although currently 100% owned by SingTel, NetLink Trust is managed and operated by CityNet Infrastructure Management Pte. Ltd. in its capacity as trustee-manager. SingTel does not have effective control in NetLink Trust, and hence it is equity accounted as an associate at the Group.

At the consolidated level, the gain on disposal of Assets and Business recorded by SingTel was deferred in the Group's statement of financial position and is being amortised over the useful lives of the Assets. The unamortised deferred gain in the Group's statement of financial position will be released to the Group's income statement when NetLink Trust is partially or fully sold, based on the proportionate equity interest disposed. In addition, SingTel's lease expenses paid to NetLink Trust and interest income earned from NetLink Trust are not eliminated on a line-by-line basis in the Group.

The loan to NetLink Trust carries a fixed interest rate and is repayable on 22 April 2017. The loan is secured by a fixed and floating charge over NetLink Trust's assets and business undertakings. Under the loan agreement, unpaid interest are capitalised as part of the loan principal. As at 31 March 2014, the interest capitalised was S\$5.5 million (2013: S\$5.5 million).

As at 31 March 2014, the unamortised gross deferred gain was S\$1.52 billion (2013: S\$1.58 billion), of which S\$310.3 million (2013: S\$336.6 million) was applied to the Group's carrying value of NetLink Trust and the remaining S\$1.21 billion (2013: S\$1.24 billion) was classified as 'Net deferred gain' in the Group's statement of financial position.

In November 2013, the Group paid S\$142.6 million to NetLink Trust in consideration of its transfer of tax benefits utilised by the Group, and S\$11.4 million for additional investment in NetLink Trust. The monies were subsequently utilised by NetLink Trust for its acquisition of 100% equity interest in OpenNet.

27. OTHER NON-CURRENT RECEIVABLES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Prepayments	63.3	60.3	198.5	221.9
Other receivables	192.9	149.5	—	—
	256.2	209.8	198.5	221.9

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28. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Trade payables	2,759.0	2,981.0	702.3	703.0
Accruals	726.7	772.3	136.3	116.3
Interest payable on borrowings	115.9	112.1	34.2	34.4
Due to subsidiaries				
- trade	—	—	227.2	226.0
- non-trade	—	—	610.0	667.3
	—	—	837.2	893.3
Due to associates and joint ventures				
- trade	38.5	61.6	35.5	54.5
- non-trade	6.2	152.6	4.9	151.7
	44.7	214.2	40.4	206.2
Deferred gain on sale of a joint venture (see Note 32)	3.1	3.1	—	—
Customers' deposits	26.6	27.3	15.9	16.0
Other deferred income	16.4	34.5	14.1	20.5
Other payables	103.9	77.4	53.7	55.7
	3,796.3	4,221.9	1,834.1	2,045.4

The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms.

The interest payable on borrowings are generally settled on a half-year or annual basis except for interest payable on certain bonds and syndicated loan facilities which are settled on quarterly and monthly basis respectively.

The amounts due to subsidiaries are repayable on demand and interest-free.

29. PROVISION

The provision mainly relates to provision for liquidated damages and warranties. The movements were as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Balance as at 1 April	5.8	3.5	4.3	—
Provision	0.1	4.4	—	4.3
Amount written off against provision	(4.3)	(2.1)	(4.3)	—
Balance as at 31 March	1.6	5.8	—	4.3

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30. BORROWINGS (UNSECURED)

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Current				
Bank loans	774.6	350.0	—	—
	774.6	350.0	—	—
Non-current				
Bonds	6,696.9	6,243.7	793.2	856.3
Bank loans	350.0	1,086.0	—	—
	7,046.9	7,329.7	793.2	856.3
Total unsecured borrowings	7,821.5	7,679.7	793.2	856.3

30.1 Bonds

Principal amount	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
US\$500 million ⁽¹⁾⁽²⁾	650.2	655.9	—	—
US\$1,300 million ⁽²⁾	1,694.7	1,734.3	—	—
US\$500 million ⁽²⁾	793.2	856.3	793.2	856.3
US\$400 million (2013: US\$300 million)	504.3	372.6	—	—
€700 million ⁽¹⁾⁽²⁾	1,239.9	1,135.7	—	—
A\$375 million ⁽¹⁾ (2013: A\$75 million)	434.8	96.9	—	—
S\$250 million	250.0	250.0	—	—
S\$600 million ⁽²⁾	600.0	600.0	—	—
¥10,000 million	123.9	134.3	—	—
HK\$1,450 million	243.6	247.9	—	—
HK\$1,000 million ⁽¹⁾	162.3	159.8	—	—
Non-current	6,696.9	6,243.7	793.2	856.3

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.

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30.2 Bank Loans

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Current	774.6	350.0
Non-current	350.0	1,086.0
	1,124.6	1,436.0

30.3 Maturity

The maturity periods of the non-current unsecured borrowings at the end of the reporting period were as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Between one and two years	—	1,086.0	—	—
Between two and five years	2,790.5	1,274.9	—	—
Over five years	4,256.4	4,968.8	793.2	856.3
	7,046.9	7,329.7	793.2	856.3

30.4 Interest Rates

The weighted average effective interest rates at the end of the reporting period were as follows -

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Bonds (fixed rate)	4.0	3.9	7.4	7.4
Bonds (floating rate)	1.3	1.5	—	—
Bank loans (floating rate)	1.0	1.9	—	—

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30.5 The tables below set out the maturity profile of borrowings and related swaps based on expected contractual undiscounted cash flows.

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
As at 31 March 2014				
Net-settled interest rate swaps	52.4	41.0	69.2	29.7
Cross currency interest rate swaps (gross-settled)				
- Inflow	(181.8)	(181.8)	(506.0)	(785.3)
- Outflow	147.9	155.7	503.2	485.0
	18.5	14.9	66.4	(270.6)
Borrowings	1,019.8	242.7	3,061.6	5,045.1
	1,038.3	257.6	3,128.0	4,774.5
As at 31 March 2013				
Net-settled interest rate swaps	62.3	48.0	94.2	56.9
Cross currency interest rate swaps (gross-settled)				
- Inflow	(175.9)	(175.8)	(514.0)	(918.7)
- Outflow	167.0	169.0	538.1	696.8
	53.4	41.2	118.3	(165.0)
Borrowings	592.5	1,309.4	1,896.1	6,182.7
	645.9	1,350.6	2,014.4	6,017.7
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
As at 31 March 2014				
Net-settled interest rate swaps	6.3	3.2	5.5	23.6
Cross currency interest rate swaps (gross-settled)				
- Inflow	(136.0)	(136.1)	(350.8)	(674.2)
- Outflow	112.9	113.1	281.9	375.0
	(16.8)	(19.8)	(63.4)	(275.6)
Borrowings	46.5	46.5	139.4	1,485.6
	29.7	26.7	76.0	1,210.0
As at 31 March 2013				
Net-settled interest rate swaps	6.8	5.5	6.3	23.8
Cross currency interest rate swaps (gross-settled)				
- Inflow	(134.2)	(134.0)	(382.1)	(763.2)
- Outflow	113.5	113.3	320.4	474.8
	(13.9)	(15.2)	(55.4)	(264.6)
Borrowings	45.8	45.8	137.4	1,522.5
	31.9	30.6	82.0	1,257.9

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31. BORROWINGS (SECURED)

31.1 Finance Lease Liabilities

The minimum lease payments under the finance lease liabilities were payable as follows -

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Not later than one year	54.1	58.7	13.0	11.6
Later than one but not later than five years	69.6	99.7	51.2	46.5
Later than five years	636.3	647.9	636.3	647.9
	760.0	806.3	700.5	706.0
<i>Less: Future finance charges</i>	(541.4)	(557.3)	(537.1)	(548.5)
	218.6	249.0	163.4	157.5
Classified as -				
Current	38.9	41.8	1.5	0.2
Non-current	179.7	207.2	161.9	157.3
	218.6	249.0	163.4	157.5

31.2 Interest Rates

The weighted average effective interest rates per annum at the end of the reporting period were as follows -

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Finance lease liabilities	7.2	7.1	7.3	7.3

32. DEFERRED INCOME

	Group	
	2014 S\$ Mil	2013 S\$ Mil
Deferred gain on sale of a joint venture	10.7	13.8
	10.7	13.8
Classified as -		
Current (see Note 28)	3.1	3.1
Non-current	7.6	10.7
	10.7	13.8

Deferred gain on sale of a joint venture is recognised as income on a straight-line basis over the remaining useful life of the joint venture's cable system of approximately 10 years.

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33. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Performance share liability	12.1	16.4	12.1	15.2
Other payables	179.2	232.8	12.1	9.8
	191.3	249.2	24.2	25.0

34. SHARE CAPITAL

	2014		2013	
	Number of shares Mil	Share capital S\$ Mil	Number of shares Mil	Share capital S\$ Mil
Balance as at 1 April	15,943.5	2,634.0	15,942.2	2,632.2
Issue of shares under share options	—	—	1.3	1.8
Balance as at 31 March	15,943.5	2,634.0	15,943.5	2,634.0

All issued shares are fully paid and have no par value. The issued shares carry one vote per share and a right to dividends as and when declared by the Company.

The share options expired in May 2012. During the previous financial year ended 31 March 2013, the Company issued 1,332,000 shares upon the exercise of 1,332,000 share options at exercise price of S\$1.31 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 ranges from 60% to 75% of underlying net profit. Underlying net profit is defined as net profit before exceptional and other one-off items.

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 SingTel performance share plans. The Group can also cancel the shares which are repurchased 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.

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35. DIVIDENDS

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Final ordinary dividend of 10.0 cents (2013: 9.0 cents) per share, paid	1,594.2	1,434.0	1,595.0	1,434.9
Interim dividend of 6.8 cents (2013: 6.8 cents) per share, paid	1,083.6	1,083.7	1,084.2	1,084.4
	2,677.8	2,517.7	2,679.2	2,519.3

During the financial year, a final one-tier tax exempt ordinary dividend of 10.0 cents per share was paid in respect of the previous financial year ended 31 March 2013, and an interim one-tier tax exempt ordinary dividend of 6.8 cents per share was paid in respect of the current financial year ended 31 March 2014.

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 tax exempt ordinary dividend of 10.0 cents per share, totalling approximately S\$1.59 billion in respect of the current financial year ended 31 March 2014 for approval at the forthcoming Annual General Meeting.

These financial statements do not reflect the above final dividend payable of approximately S\$1.59 billion, which will be accounted for in the shareholders' equity as an appropriation of 'Retained Earnings' in the next financial year ending 31 March 2015.

36. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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**).

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36.1 Financial assets and liabilities measured at fair value

Group 2014	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾ (Note 24)				
- Quoted equity securities	62.9	—	—	62.9
- Unquoted investments	—	—	108.2	108.2
	62.9	—	108.2	171.1
Derivative financial instruments (Note 25.1)	—	301.4	—	301.4
	62.9	301.4	108.2	472.5
Financial liabilities				
Derivative financial instruments (Note 25.1)	—	424.3	—	424.3
	—	424.3	—	424.3
Group 2013	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾ (Note 24)				
- Quoted equity securities	89.9	—	—	89.9
- Unquoted investments	—	—	14.1	14.1
	89.9	—	14.1	104.0
Derivative financial instruments (Note 25.1)	—	132.1	—	132.1
	89.9	132.1	14.1	236.1
Financial liabilities				
Derivative financial instruments (Note 25.1)	—	602.6	—	602.6
	—	602.6	—	602.6
Company 2014	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments (Note 24)				
- Quoted equity securities	44.4	—	—	44.4
- Unquoted equity securities	—	—	10.5	10.5
	44.4	—	10.5	54.9
Derivative financial instruments (Note 25.1)	—	163.0	—	163.0
	44.4	163.0	10.5	217.9
Financial liabilities				
Derivative financial instruments (Note 25.1)	—	361.9	—	361.9
	—	361.9	—	361.9

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36.1 Financial assets and liabilities measured at fair value (Cont'd)

Company 2013	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments (Note 24)				
- Quoted equity securities	56.3	–	–	56.3
- Unquoted equity securities	–	–	10.1	10.1
	56.3	–	10.1	66.4
Derivative financial instruments (Note 25.1)	–	250.3	–	250.3
	56.3	250.3	10.1	316.7
Financial liabilities				
Derivative financial instruments (Note 25.1)	–	412.0	–	412.0
	–	412.0	–	412.0

Note:

⁽¹⁾ Excluded AFS investments stated at cost of S\$120.2 million (2013: S\$136.4 million).

See **Note 2.7** for the policies on fair value estimation of the financial assets and liabilities.

The fair values of the unquoted AFS investments included within Level 3 were estimated using the net asset values as reported in the statements of financial position in the management accounts of the AFS investments or the use of recent arm's length transactions.

The following table presents the reconciliation for the unquoted AFS investments measured at fair value based on unobservable inputs (Level 3) –

	Group		Company	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
AFS investments - unquoted				
Balance as at 1 April	14.1	16.6	10.1	10.5
Total gains/ (losses) included in 'Fair Value Reserve'	44.2	(0.8)	0.4	(0.4)
Additions	52.8	–	–	–
Provision for impairment	(3.0)	(0.1)	–	–
Disposals	–	(1.6)	–	–
Translation	0.1	–	–	–
Balance as at 31 March	108.2	14.1	10.5	10.1

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36.2 Financial assets and liabilities not measured at fair value (but with fair value disclosed)

	Carrying Value	Fair Value			
	S\$ Mil	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
2014					
Financial liabilities					
Group					
Bonds (Note 30.1)	6,696.9	5,189.1	1,745.7	–	6,934.8
Company					
Bonds (Note 30.1)	793.2	835.6	–	–	835.6
2013					
Financial liabilities					
Group					
Bonds (Note 30.1)	6,243.7	5,097.8	1,258.1	–	6,355.9
Company					
Bonds (Note 30.1)	856.3	900.3	–	–	900.3

See **Note 2.7** on the basis of estimating the fair values and **Note 25** for information on the derivative financial instruments used for hedging the risks associated with the borrowings.

Except as disclosed in the above tables, the carrying values of 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. For the financial year ended 31 March 2014, the Risk Committee and Finance and Investment Committee ("**FIG**"), which are committees of the Board, assisted the Directors in reviewing and establishing policies relating to financial risk management in accordance with the policies and directives of the Directors.

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37.2 Foreign Exchange Risk

The foreign exchange risk of the Group arises from subsidiaries, associates and joint ventures operating in foreign countries, mainly Australia, Bangladesh, India, Indonesia, Philippines and Thailand. Additionally, the Group's joint venture in India, Bharti Airtel Limited, is exposed to foreign exchange risks from its operations in Bangladesh, Sri Lanka and 17 countries across Africa. Translation risks of overseas net investments are not hedged unless approved by the FIC.

The Group 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 FIC, 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 for the 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 foreign 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 2014, after taking into account the effect of interest rate swaps, approximately 78% (2013: 76%) of the Group's borrowings were at fixed rates of interest.

As at 31 March 2014, assuming that the market interest rate is 50 basis points higher or lower and with no change to the other variables, the annualised interest expense on borrowings would be higher or lower by S\$11.6 million (2013: S\$12.6 million).

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.

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.

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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.

37.6 Market Risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

38. SEGMENT INFORMATION

Segment information is presented based on the information reviewed by senior management for performance measurement and resource allocation.

SingTel Group is structured into three business segments, namely Group Consumer, Group Enterprise and Group Digital Life.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as Group's investments, namely Advanced Info Service Public Company Limited ("**AIS**") in Thailand, Bharti Airtel Limited ("**Airtel**") in India and Africa, Globe Telecom, Inc. ("**Globe**") in the Philippines, Pacific Bangladesh Telecom Limited in Bangladesh and PT Telekomunikasi Selular ("**Telkomsel**") in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, residential pay TV, fixed as well as equipment sales.

Group Enterprise comprises the business groups across Singapore and Australia and focuses on growing the Group's position in the enterprise markets. Key services include mobile, voice and data infrastructure, managed services, cloud computing, IT services and professional consulting.

Group Digital Life focuses on using the latest internet technologies and the assets of the Group's operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It includes e-commerce, concierge and hyper-local services, and mobile advertising.

Corporate comprises the costs of the Group functions not allocated to the three business segments.

The measurement of segment results which is before exceptional items, is in line with the basis of information presented to management for internal management reporting purpose. The performance of each segment includes only transactions external to the Group.

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38. SEGMENT INFORMATION (Cont'd)

The Group's reportable segments by the three business segments for the financial year ended 31 March 2014 and 31 March 2013 are as follows –

Group - 2014	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	10,411.2	6,268.4	168.5	–	16,848.1
Operating expenses	(7,138.2)	(4,264.6)	(336.0)	(61.5)	(11,800.3)
Other income	72.2	28.4	(2.3)	9.3	107.6
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	3,345.2	2,032.2	(169.8)	(52.2)	5,155.4
Share of pre-tax results of associates and joint ventures					
- Airtel	512.1	–	–	–	512.1
- Telkomsel	937.1	–	–	–	937.1
- Globe	230.5	–	–	–	230.5
- AIS	427.7	–	–	–	427.7
- Others	0.5	–	–	93.3	93.8
	2,107.9	–	–	93.3	2,201.2
EBITDA and share of pre-tax results of associates and joint ventures	5,453.1	2,032.2	(169.8)	41.1	7,356.6
Depreciation and amortisation	(1,403.9)	(679.7)	(47.5)	(1.6)	(2,132.7)
Earnings before interest and tax ("EBIT")	4,049.2	1,352.5	(217.3)	39.5	5,223.9
Segment assets					
Investment in associates and joint ventures					
- Airtel	4,889.6	–	–	–	4,889.6
- Telkomsel	3,433.8	–	–	–	3,433.8
- Globe	900.0	–	–	–	900.0
- AIS	624.2	–	–	–	624.2
- Others	24.8	–	–	255.8	280.6
	9,872.4	–	–	255.8	10,128.2
Goodwill on acquisition of subsidiaries	9,232.2	148.8	322.6	–	9,703.6
Other assets	9,981.0	5,364.2	542.7	3,600.3	19,488.2
	29,085.6	5,513.0	865.3	3,856.1	39,320.0

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38. SEGMENT INFORMATION (Cont'd)

Group - 2013	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	11,629.7	6,442.1	111.2	–	18,183.0
Operating expenses	(8,389.1)	(4,407.2)	(216.4)	(87.3)	(13,100.0)
Other income	90.0	27.7	1.2	(2.1)	116.8
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	3,330.6	2,062.6	(104.0)	(89.4)	5,199.8
Share of pre-tax results of associates and joint ventures					
- Airtel	368.5	–	–	–	368.5
- Telkomsel	1,003.7	–	–	–	1,003.7
- Globe	210.0	–	–	–	210.0
- AIS	437.6	–	–	–	437.6
- Others	(16.6)	–	–	102.6	86.0
	2,003.2	–	–	102.6	2,105.8
EBITDA and share of pre-tax results of associates and joint ventures	5,333.8	2,062.6	(104.0)	13.2	7,305.6
Depreciation and amortisation	(1,423.9)	(665.7)	(41.3)	3.5	(2,127.4)
Earnings before interest and tax ("EBIT")	3,909.9	1,396.9	(145.3)	16.7	5,178.2
Segment assets					
Investment in associates and joint ventures					
- Airtel	4,382.7	–	–	–	4,382.7
- Telkomsel	3,540.7	–	–	–	3,540.7
- Globe	984.3	–	–	–	984.3
- AIS	683.3	–	–	–	683.3
- Others	26.3	–	–	269.2	295.5
	9,617.3	–	–	269.2	9,886.5
Goodwill on acquisition of subsidiaries	9,244.1	156.3	298.8	–	9,699.2
Other assets	10,587.2	5,478.7	479.6	3,852.3	20,397.8
	29,448.6	5,635.0	778.4	4,121.5	39,983.5

Notes to the Financial Statements

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38. SEGMENT INFORMATION (Cont'd)

A reconciliation of the total reportable segments' EBIT to the Group's profit before tax is as follows -

	Group	
	2014 S\$ Mil	2013 S\$ Mil
EBIT	5,223.9	5,178.2
Share of exceptional items of associates and joint ventures (pre-tax)	(90.7)	(113.7)
Share of tax expense of associates and joint ventures	(717.9)	(594.9)
Exceptional items	114.0	(40.1)
Profit before interest, investment income (net) and tax	4,529.3	4,429.5
Interest and investment income (net)	124.5	46.9
Finance costs	(305.9)	(345.1)
Profit before tax	4,347.9	4,131.3

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 2014 and 31 March 2013.

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	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Not later than one year	473.0	486.7	102.5	72.5
Later than one but not later than five years	1,007.2	1,096.3	330.9	301.7
Later than five years	1,419.1	1,564.9	583.3	682.4
	2,899.3	3,147.9	1,016.7	1,056.6

Sale and operating leaseback contracts were entered into for certain property, plant and equipment for a period of 20 years commencing on 2 March 2005 and 1 November 2010. The above commitments included the minimum amounts payable of S\$40.8 million (2013: S\$40.1 million) per annum under those contracts. The operating lease payments under such contracts are subject to review every year with a general increase not exceeding the higher of 2% or Consumer Price Index percentage of the preceding year.

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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	
	2014 S\$ Mil	2013 S\$ Mil	2014 S\$ Mil	2013 S\$ Mil
Authorised and contracted for	1,807.5	924.3	262.9	243.0

The above included commitments to purchase spectrum of S\$975 million (2013: S\$383 million) and capacity in the cable network of a joint venture of S\$32 million (2013: S\$41 million).

- 40.2** As at 31 March 2014, the Group's commitments for the purchase of broadcasting program rights were S\$474 million (2013: S\$586 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.

41. CONTINGENT LIABILITIES OF SINGTEL AND ITS SUBSIDIARIES

(a) Guarantees

As at 31 March 2014,

- (i) The Group and Company provided bankers' and other guarantees, and insurance bonds of S\$648.2 million and S\$312.7 million (31 March 2013: S\$730.1 million and S\$473.1 million) respectively.
 - (ii) The Company provided guarantees for loans of S\$950 million (31 March 2013: S\$950 million) drawn down under various loan facilities entered into by SingTel Group Treasury Pte. Ltd. ("**SGT**") with maturities between June 2014 and December 2016. The Company also provided guarantees for SGT's notes issue of an aggregate equivalent amount of S\$3.40 billion due between July 2016 and September 2021.
- (b)** Consistent with other large groups, Singapore Telecom Australia Investments Pty Limited ("**STAI**"), the head tax entity in Australia, has been subject to information requests from the Australian Taxation Office ("**ATO**"). STAI has received information requests in connection with the acquisition financing of Optus. STAI has been responding to the ATO's queries. In December 2013, STAI received a tax position paper from the ATO. STAI has received advice from external experts in relation to this and has responded to the ATO. Accordingly, no provision has been made as at 31 March 2014.
- (c)** Optus (and certain subsidiaries) is in dispute with third parties regarding certain transactions entered into in 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.

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42. SIGNIFICANT CONTINGENT LIABILITIES OF JOINT VENTURES

- (a) Airtel, a 32.4% joint venture of the Group, has disputes with various government authorities in the respective jurisdictions where its operations are based, as well as with third parties regarding certain transactions entered into in the ordinary course of business.

On 8 January 2013, the local regulator, Department of Telecommunications ("**DOT**") issued a demand on Airtel Group for Rs. 52.01 billion (SingTel's share: S\$354 million) towards levy of one time spectrum charge. The demand included a retrospective charge of Rs. 9.09 billion (SingTel's share: S\$62 million) for holding GSM spectrum beyond 6.2 Mhz for the period from 1 July 2008 to 31 December 2012 and also a prospective charge of Rs. 42.92 billion (SingTel's share: S\$292 million) for GSM spectrum held beyond 4.4 Mhz for the period from 1 January 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of Airtel, inter-alia, the above demand amounts to alteration of the terms of the licenses issued in the past. Airtel believes, based on independent legal opinion and its evaluation, that it is not probable that any material part of the claim will be awarded against Airtel and therefore, pending outcome of this matter, no provision has been recognised.

As at 31 March 2014, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately Rs. 73.9 billion (SingTel's share: S\$503 million). In respect of some of the tax issues, pending final decisions, Airtel had deposited amounts with statutory authorities.

Airtel Group has 79.05% shareholding in Airtel Networks Limited ("**ANL**"), whose principal activity is the provision of mobile telecommunication services in Nigeria.

Econet Wireless Limited ("**EWL**") has claimed for entitlement to a 5% stake in ANL in 2004 and a claim alleging breach of a shareholders' agreement between EWL and former shareholders of ANL in 2006. Airtel Group has filed appeals in the Supreme Court of Nigeria on both matters.

Airtel is defending its positions vigorously. Under the terms of the acquisition by Airtel of these assets from Zain International B.V. in 2010, Airtel has the benefit of seller's indemnities in respect of such matters.

- (b) The Group holds an equity interest of 23.3% in AIS.

Revenue share disputes arising from abolishment of excise tax

In January 2008, TOT Public Company Limited ("**TOT**") and CAT Telecom Public Company Limited ("**CAT**") demanded additional payments of revenue share from AIS and its subsidiary, Digital Phone Company Limited ("**DPC**") respectively.

CAT had submitted its case against DPC to arbitration and the Arbitral Tribunal has dismissed CAT's case against DPC on 1 March 2011. On 3 June 2011, CAT began proceedings to appeal against the Arbitral Tribunal's decision in the Central Administrative Court.

On 20 May 2011, the Arbitral Tribunal dismissed TOT's claim against AIS for additional revenue share. On 22 September 2011, TOT submitted its case to the Central Administrative Court to appeal against the Arbitral Tribunal's award.

TOT's demand for additional revenue share

On 26 January 2011, TOT sent a letter demanding AIS to pay additional revenue share based on gross interconnection income received from 2007 to 2010 of THB 17,803 million (SingTel's share: S\$161 million) plus interest at the rate of 1.25% per month. AIS sent a letter opposing the said claim to TOT on 21 February 2011. On 9 March 2011, AIS submitted the dispute to arbitration. The said dispute is pending the arbitration procedures.

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42. SIGNIFICANT CONTINGENT LIABILITIES OF JOINT VENTURES (Cont'd)

TOT's demand for access charge

On 9 May 2011, TOT submitted a case to the Central Administrative Court against CAT as first defendant and DPC as second defendant demanding access charge amounting to THB 2,954 million (SingTel's share: S\$27 million) plus interest. This case is pending the Court's decision.

AIS' management believes that the case has no material impact to its financial statements because DPC has correctly and fully complied with the law and the relevant agreements in all respects.

- (c) Globe, a 47.2% joint venture of the Group, is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the Courts or are being contested, the outcome of which are not presently determinable. In the opinion of Globe's management and legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Globe Group's financial position and results of operations.
- (d) The Group holds an equity interest of 35% in Telkomsel. As at 31 March 2014, Telkomsel has filed appeals and cross-appeals amounting to approximately IDR 1,054 billion (SingTel's share: S\$41 million) for various tax claims arising in certain tax assessments which are pending final decisions, the outcome of which are not presently determinable.

43. SUBSEQUENT EVENT

On 6 May 2014, the Infocomm Development Authority of Singapore imposed a financial penalty of S\$6 million in respect of the 9 October 2013 fire incident at Bukit Panjang Exchange. This amount has been fully provided in the financial statements as of 31 March 2014.

44. EFFECTS OF FRS AND INT FRS ISSUED BUT NOT YET ADOPTED

Certain new or revised FRS and INT FRS are mandatory for adoption by the Group for financial year beginning on or after 1 April 2014.

- (a) FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements
FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, *Consolidation - Special Purpose Entities*. FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. These will take effect from financial year beginning on 1 April 2014 with full retrospective application.
- (b) FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures
FRS 111 supersedes FRS 31, *Interests in Joint Ventures*, and INT FRS 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The joint venturer should use the equity method under the revised FRS 28 to account for a joint venture. These will take effect from financial year beginning on 1 April 2014 with full retrospective application.
- (c) FRS 112 Disclosure of Interests in Other Entities
FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities, and will take effect from financial year beginning on 1 April 2014.

The new or revised FRS and INT FRS are not expected to have a significant impact on the financial statements of the Group and the Company in the period of initial application.

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45. 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, associates and joint ventures as at 31 March 2014 and 31 March 2013.

45.1 Significant subsidiaries incorporated in Singapore

Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
		2014 %	2013 %
1. Amobee Group Pte Ltd	Investment holding	100	100
2. Computer Systems Holdings Pte Ltd	Investment holding	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 Holdings Pte. Ltd.	Investment holding	100	100
6. NCSI Solutions Pte. Ltd.	Provision of information technology services	100	100
7. SCS Computer Systems Pte. Ltd.	Provision of information technology and consultancy services	100	100
8. Singapore Telecom Mobile Pte Ltd	Investment holding and provision of consultancy services	100	100
9. SingNet Pte Ltd	Provision of internet access and pay television services	100	100
10. Singapore Telecom International Pte Ltd	Holding of strategic investments and provision of technical and management consultancy services	100	100
11. SingTel Asia Pacific Investments Pte. Ltd.	Investment holding and provision of consultancy services	100	100
12. SingTel Asian Investments Pte Ltd	Investment holding	100	100
13. SingTel Digital Life Pte. Ltd.	Investment holding	100	100
14. SingTel Group Treasury Pte. Ltd.	Provision of finance and treasury services to SingTel and its subsidiaries	100	100
15. SingTel Idea Factory Pte. Ltd.	Engaged in research and development, products and services development and business partnership	100	100

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45.1 Significant subsidiaries incorporated in Singapore (Cont'd)

Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
		2014 %	2013 %
16. SingTel Innov8 Pte. Ltd.	Venture capital investment holding	100	100
17. SingTel International Investments Private Limited	Investment holding	100	100
18. SingTel Mobile Singapore Pte. Ltd.	Operation and provision of cellular mobile telecommunications systems and services, resale of fixed line and broadband services	100	100
19. SingTelSat Pte Ltd	Provision of satellite capacity for telecommunications and video broadcasting services	100	100
20. SingTel Singapore Pte. Ltd.	Investment holding and provision of business and management consultancy services	100	100
21. SingTel Strategic Investments Pte Ltd	Investment holding	100	100
22. ST-2 Satellite Ventures Private Limited	Provision of satellite capacity for telecommunications and video broadcasting services	61.9	61.9
23. Subsea Network Services Pte Ltd	Provision of storage facilities for submarine telecommunication cables and related equipment	100	100
24. Sembawang Cable Depot Pte Ltd	Provision of storage facilities for submarine telecommunication cables and related equipment	60	60
25. SingTel Digital Media Pte Ltd	Development and management of on-line internet portal	95.6	95.6
26. Telecom Equipment Pte Ltd	Engaged in the sale and maintenance of telecommunications equipment, and mobile finance services	100	100

45.2 Significant subsidiaries incorporated in Australia

Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
		2014 %	2013 %
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

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45.2 Significant subsidiaries incorporated in Australia (Cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2014 %	2013 %
3.	Eatability Pty Limited	Provision of restaurant review portal and advertisements	100	100
4.	Inform Systems Australia Pty Ltd ⁽¹⁾	Provision of information technology services	100	100
5.	NCSI (Australia) Pty Limited	Provision of information technology services	100	100
6.	Optus Administration Pty Limited ⁽¹⁾	Provision of management services to the Optus Group	100	100
7.	Optus Backbone Investments Pty Limited	Investment in telecommunications network infrastructure in Australia	100	100
8.	Optus Billing Services Pty Limited ^(*)	Provision of billing services to the Optus Group	100	100
9.	Optus Broadband Pty Limited ⁽¹⁾	Provision of high speed residential internet service	100	100
10.	Optus Data Centres Pty Limited ⁽¹⁾	Provision of data communication services	100	100
11.	Optus Finance Pty Limited ⁽¹⁾	Provision of financial services to the Optus Group	100	100
12.	Optus Insurance Services Pty Limited	Provision of handset insurance and related services	100	100
13.	Optus Internet Pty Limited ⁽¹⁾	Provision of internet services to retail customers	100	100
14.	Optus Mobile Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
15.	Optus Narrowband Pty Limited ^(*)	Provision of narrowband portal content services	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 Systems Pty Limited ⁽¹⁾	Provision of information technology services to the Optus Group	100	100
20.	Optus Vision Interactive Pty Limited ^(*)	Provision of interactive television service	100	100

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45.2 Significant subsidiaries incorporated in Australia (Cont'd)

Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
		2014 %	2013 %
21. Optus Vision Media Pty Limited ^{(*) (2)}	Provision of broadcasting related services	20	20
22. Optus Vision Pty Limited ⁽¹⁾	Provision of telecommunications services	100	100
23. Perpetual Systems Pty Ltd ⁽¹⁾	Provision of IT disaster recovery services	100	100
24. Prepaid Services Pty Limited ⁽¹⁾	Distribution of prepaid mobile products	100	100
25. Reef Networks Pty Ltd ⁽¹⁾	Operation and maintenance of fibre optic network between Brisbane and Cairns	100	100
26. Singapore Telecom Australia Investments Pty Limited	Investment holding	100	100
27. Simplus Mobile Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
28. SingTel Optus Pty Limited	Investment holding	100	100
29. Source Integrated Networks Pty Limited ⁽¹⁾	Provision of data communications and network services	100	100
30. Uecomm Operations Pty Limited ⁽¹⁾	Provision of data communication services	100	100
31. Virgin Mobile (Australia) Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
32. Vividwireless Group Limited	Provision of wireless broadband 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.

45.3 Significant subsidiaries incorporated outside Singapore and Australia

Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
			2014 %	2013 %
1. Amobee, Inc.	Provision of mobile advertising services	USA	100	100
2. Aspira Digital India Private Limited (formerly known as NCSI (India) Private Limited)	Provision of system integration and networking services	India	100	100

Notes to the Financial Statements

For the financial year ended 31 March 2014

45.3 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	
				2014 %	2013 %
3.	GB21 (Hong Kong) Limited	Provision of telecommunications services and products	Hong Kong	100	100
4.	Information Network Services Sdn Bhd	Provision of marketing and administrative support	Malaysia	100	100
5.	Lanka Communication Services (Pvt) Limited	Provision of telecommunications services	Sri Lanka	82.9	82.9
6.	NCS Information Technology (Suzhou) Co., Ltd. ⁽¹⁾	Software development and provision of information technology services	People's Republic of China	100	100
7.	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
8.	NCSI (HK) Limited	Provision of information technology services	Hong Kong	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.	Pastel Limited	Investment holding	Mauritius	100	100
16.	Pixable, Inc.	Provision of mobile photo search and aggregation services	USA	100	100

Notes to the Financial Statements

For the financial year ended 31 March 2014

45.3 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	
				2014 %	2013 %
17.	Shanghai Zhong Sheng Information Technology Co., Ltd. ^{(*) (1)}	Provision of information technology training and software resale	People's Republic of China	100	100
18.	SingTel Global Private Limited	Provision of infotainment products and services, and investment holding	Mauritius	100	100
19.	SingTel Global India Private Limited	Provision of telecommunications services and all related activities	India	74	74
20.	SingTel Mobile Marketing, Inc.	Investment holding	USA	100	100
21.	Singapore Telecom Hong Kong Limited	Provision of telecommunications services and all related activities	Hong Kong	100	100
22.	Singapore Telecom India Private Limited	Engaged in general liaison and support services	India	100	100
23.	Singapore Telecom Japan Co Ltd	Provision of telecommunications services and all related activities	Japan	100	100
24.	Singapore Telecom Korea Limited	Provision of telecommunications services and all related activities	South Korea	100	100
25.	Singapore Telecom USA, Inc.	Provision of telecommunications, engineering and marketing services	USA	100	100
26.	SingTel Australia Investment Ltd	Investment holding	British Virgin Islands	100	100
27.	SingTel (Europe) Limited	Provision of telecommunications services and all related activities	United Kingdom	100	100
28.	SingTel (Philippines), Inc.	Engaged in general liaison and support services	Philippines	100	100
29.	SingTel Taiwan Limited	Provision of telecommunications services and all related activities	Taiwan	100	100
30.	SingTel Ventures (Cayman) Pte Ltd	Investment holding	Cayman Islands	100	100
31.	Sudong Sdn. Bhd.	Management, provision and operations of a call centre for telecommunications services	Malaysia	100	100
32.	Viridian Limited	Investment holding	Mauritius	100	100

All companies are audited by a member firm of Deloitte Touche Tohmatsu LLP except for the company denoted (*) which is 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 2014

45.4 Associates of the Group

	Name of associate	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
1.	ADSB Telecommunications B.V.	Dormant	Netherlands	25.6	25.6
2.	APT Satellite Holdings Limited ⁽¹⁾	Investment holding	Bermuda	20.3	20.3
3.	APT Satellite International Company Limited ⁽¹⁾	Investment holding	British Virgin Islands	28.6	28.6
4.	NetLink Trust ^{(2) (3)}	To own, install, operate and maintain the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network	Singapore	100.0	100.0
5.	OpenNet Pte. Ltd. ⁽⁴⁾	To design, build and operate the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network	Singapore	—	29.9
6.	Singapore Post Limited ⁽⁵⁾	Operation and provision of postal and logistics services	Singapore	25.5	25.6
7.	Telescience Singapore Pte Ltd	Sale, distribution and installation of telecommunications equipment	Singapore	50.0	50.0
8.	Viewers Choice Pte Ltd	Provision of services relating to motor vehicle rental and retail of general merchandise	Singapore	49.2	49.2

Notes:

⁽¹⁾ The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2013, the financial year-end of the company.

⁽²⁾ Audited by Deloitte & Touche LLP, Singapore. NetLink Trust is a business trust established as part of IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network ("NextGen NBN"), and is currently 100% owned by SingTel. It is regarded as an associate as SingTel does not have effective control in the trust.

⁽³⁾ Following the 100% acquisition of OpenNet Pte. Ltd. ("OpenNet") in November 2013, NetLink Trust's principal activities include the deployment, implementation and operation of the passive infrastructure of Singapore's NextGen NBN.

⁽⁴⁾ The company has been sold to NetLink Trust during the financial year. Accordingly, the Group has 100% effective equity interest in OpenNet through its interest in NetLink Trust.

⁽⁵⁾ Audited by PricewaterhouseCoopers LLP, Singapore.

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Notes to the Financial Statements

For the financial year ended 31 March 2014

45.5 Joint ventures of the Group

	Name of joint venture	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
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 networking services to business customers operating within and outside Malaysia	Malaysia	14.3	14.3
3.	ACPL Marine Pte Ltd	To own, operate and manage maintenance-cum-laying cables	Singapore	41.7	41.7
4.	Advanced Info Service Public Company Limited ⁽²⁾	Provision of mobile, broadband, international telecommunications services, call centre and data transmission	Thailand	23.3	23.3
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	Malaysia	14.3	14.3
7.	Asiacom Philippines, Inc. ⁽¹⁾	Investment holding	Philippines	40.0	40.0
8.	Bharti Airtel Limited ⁽³⁾	Provision of mobile, long distance, broadband and telephony telecommunications services, enterprise solutions, pay television and passive infrastructure	India	32.4	32.3
9.	Bharti Telecom Limited ⁽³⁾	Investment holding	India	39.8	36.2
10.	Bridge Mobile Pte Ltd	Provision of regional mobile services	Singapore	33.8	33.8
11.	Globe Telecom, Inc. ⁽⁴⁾	Provision of mobile, broadband, international and fixed line telecommunications services	Philippines	47.2	47.3
12.	Grid Communications Pte Ltd ⁽¹⁾	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

Notes to the Financial Statements

For the financial year ended 31 March 2014

45.5 Joint ventures of the Group (Cont'd)

Name of joint venture	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
			2014 %	2013 %
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 ⁽⁵⁾	Provision of mobile telecommunications, broadband and data transmission 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	39.99	39.99
19. PT Telekomunikasi Selular ⁽⁶⁾	Provision of mobile telecommunications and related services	Indonesia	35.0	35.0
20. Radiance Communications Pte Ltd ⁽¹⁾	Sale, distribution, installation and maintenance of telecommunications equipment	Singapore	50.0	50.0
21. Southern Cross Cables Holdings Limited ⁽⁷⁾	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	39.99	39.99
22. SSBI Pte. Ltd.	Provision of business and management consultancy services	Singapore	50.0	50.0
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 2013, the financial year-end of the company.

⁽²⁾ Audited by KPMG Phoomchai Audit Ltd, Bangkok.

⁽³⁾ Audited by S.R.Batliboi & Associates, New Delhi (a member firm of Ernst & Young).

⁽⁴⁾ Audited by SGV & Co. (a member firm of Ernst & Young).

⁽⁵⁾ Audited by S. F. Ahmed & Co (SFACO) (an international associate firm of Ernst & Young).

⁽⁶⁾ Audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young).

⁽⁷⁾ Audited by KPMG, Bermuda.

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Interested Person Transactions

The aggregate value of all interested person transactions during the financial year ended 31 March 2014 (excluding transactions less than S\$100,000) were as follows -

Name of interested person	S\$ Mil
Advanced Info Service Public Company Limited	2.2
Aetos Security Management Pte Ltd	2.6
Business Leadership Centre Pte Ltd	0.1
Certis Cisco Security Technology Pte Ltd	0.1
Grid Communications Pte Ltd	0.1
iDirect Asia Pte Ltd	0.4
iShopAero Pte Ltd	1.5
Keppel Land International Ltd	0.2
MacRitchie Investments Pte Ltd	383.6
MediaCorp TV Singapore Pte Ltd	0.5
MediaCorp Pte Ltd	0.2
NexWave Technologies Pte Ltd	0.3
Nucleus Connect Pte Ltd	3.4
OpenNet Pte. Ltd. ⁽¹⁾	116.6
Radiance Communications Pte Ltd	1.6
S & I Systems Pte Ltd	0.5
Singapore Airlines Limited	0.6
Singapore Technologies Electronics Ltd	4.2
Singapore Technologies Kinetics Ltd	0.7
SingEx Exhibition Ventures Pte Ltd	0.1
SMRT Trains Ltd	0.1
SP PowerAssets Limited	1.6
SPI Electricity Pty Ltd	1.1
StarHub Ltd	35.1
StarHub Cable Vision Ltd	30.1
StarHub Mobile Pte Ltd	3.3
STELOP Pte Ltd	0.5
Surbana Technologies Pte Ltd	0.2
Trusted Source Pte Ltd	2.8
	594.3

Note:

⁽¹⁾ The transactions were for the period from 1 April 2013 to 28 November 2013, the date in which SingTel and the other shareholders complete the sale of shares in OpenNet Pte. Ltd. to NetLink Trust.

Shareholder Information

As at 30 May 2014

ORDINARY SHARES

Number of ordinary shareholders	304,141
Number of holders of CHESS Units of Foreign Securities relating to ordinary shares in the Company (CUFS)	19,245

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	8,271,325,982	10,364,738 ⁽¹⁾

Note:

⁽¹⁾ Deemed through interests of an associated company and subsidiaries.

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of shares held	% of issued share capital ⁽¹⁾
1	Temasek Holdings (Private) Ltd	8,271,325,982	51.88
2	Citibank Nominees Singapore Pte Ltd	1,651,219,412	10.36
3	DBS Nominees Pte Ltd	1,591,279,319 ⁽²⁾	9.98
4	DBSN Services Pte Ltd	1,588,185,852	9.96
5	Central Provident Fund Board	899,771,545	5.64
6	HSBC (Singapore) Nominees Pte Ltd	566,630,840	3.55
7	United Overseas Bank Nominees Pte Ltd	296,247,816	1.86
8	BNP Paribas Securities Services	200,694,931	1.26
9	Chess Depositary Nominees Pty Limited ⁽³⁾	138,043,174	0.87
10	Raffles Nominees (Pte) Ltd	117,041,021	0.73
11	DB Nominees (Singapore) Pte Ltd	32,744,965	0.21
12	Societe Generale Singapore Branch	19,863,790	0.13
13	OCBC Nominees Singapore Private Limited	16,649,934	0.10
14	Bank Of Singapore Nominees Pte Ltd	11,348,617	0.07
15	Merrill Lynch (Singapore) Pte Ltd	7,266,991	0.05
16	Morgan Stanley Asia (Singapore)	5,565,489	0.04
17	Chen Chun Nan	3,900,000	0.02
18	Yeo Wei Ferng (Yang Weifeng)	3,800,000	0.02
19	Yeo Wei Yan	3,762,000	0.02
20	Chua Sock Koong	3,700,403	0.02
		15,429,042,081	96.77

Notes:

⁽¹⁾ The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 30 May 2014, excluding 996,487 ordinary shares held as treasury shares as at that date.

⁽²⁾ Excludes 996,487 ordinary shares held by DBS Nominees Pte Ltd as treasury shares for the account of the Company.

⁽³⁾ The shares held by Chess Depositary Nominees Pty Limited are held on behalf of the persons entered in the register of CUFS holders.

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Shareholder Information

As at 30 May 2014

MAJOR CUFS HOLDERS LIST ⁽¹⁾ – TOP 20

No.	Name	No. of CUFS held	% of issued share capital ⁽²⁾
1	National Nominees Limited	17,964,814	0.11
2	HSBC Custody Nominees (Australia) Limited	17,694,421	0.11
3	J P Morgan Nominees Australia Limited	14,816,144	0.09
4	BNP Paribas Noms Pty Ltd <DRP>	10,038,470	0.06
5	Citicorp Nominees Pty Limited	3,219,069	0.02
6	CS Fourth Nominees Pty Ltd	2,828,601	0.02
7	UBS Nominees Pty Ltd	2,581,862	0.02
8	The Australian National University	1,800,000	0.01
9	Paul O'Sullivan	1,371,519	0.01
10	AMP Life Limited	1,129,182	0.01
11	HSBC Custody Nominees (Australia) Limited - A/C 3	1,079,920	0.01
12	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	882,990	0.01
13	National Nominees Limited <DB A/C>	716,652	0.00
14	National Nominees Limited <N A/C>	504,298	0.00
15	Citicorp Nominees Pty Limited <DPSL>	343,086	0.00
16	Andrew Buay	330,191	0.00
17	Murray King	322,635	0.00
18	Vicki Brady	283,294	0.00
19	Peter Bithos	265,441	0.00
20	Jann Kohlman	263,818	0.00
		78,436,407	0.49

Notes:

⁽¹⁾ CUFS are CHESS Units of Foreign Securities relating to ordinary shares in the Company. The shares are held by CHESS Depository Nominees Pty Limited on behalf of the persons entered in the CUFS register.

⁽²⁾ The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 30 May 2014, excluding 996,487 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	258,665	79.99	60,194,734	0.38
1,000 - 5,000	47,708	14.75	107,858,356	0.68
5,001 - 10,000	9,069	2.80	68,477,873	0.43
10,001 - 100,000	7,421	2.29	183,284,527	1.15
100,001 - 1,000,000	472	0.15	116,812,532	0.73
1,000,001 and above	51	0.02	15,406,948,927	96.63
	323,386	100.00	15,943,576,949	100.00

Number of holders holding less than a marketable parcel

4,540

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 Limited is ignored.

⁽²⁾ Based on information available to the Company as at 30 May 2014, approximately 48% 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 30 May 2014, excluding 996,487 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 30 May 2014, the number of ordinary shares held in treasury is 996,487, 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 26 July 2013 (**2013 EGM**), the shareholders approved the renewal of a mandate to enable the Company to purchase or otherwise acquire not more than 5% of the issued ordinary share capital of the Company as at the date of the 2013 EGM. As at 30 May 2014, there is no current on-market buy-back of shares pursuant to the mandate.

Corporate Information ⁽¹⁾

BOARD OF DIRECTORS

Simon Israel (Chairman)
Bobby Chin
Chua Sock Koong (Group CEO)
Fang Ai Lian
David Gonski AC ⁽²⁾
Dominic Ho
Low Check Kian
Peter Mason AM ⁽³⁾
Kai Nargolwala
Christina Ong
Peter Ong

AUDIT COMMITTEE

Fang Ai Lian (Chairman)
Bobby Chin
Dominic Ho
Christina Ong
Peter Ong

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

Kai Nargolwala (Chairman)
Dominic Ho
Simon Israel
Low Check Kian
Christina Ong

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Kai Nargolwala (Chairman)
Fang Ai Lian
Simon Israel
Peter Mason AM ⁽³⁾

FINANCE AND INVESTMENT COMMITTEE

Simon Israel (Chairman)
Low Check Kian
Kai Nargolwala

OPTUS ADVISORY COMMITTEE

Peter Mason AM ⁽³⁾ (Chairman)
Chua Sock Koong
David Gonski AC ⁽¹⁾
Simon Israel

RISK COMMITTEE

Bobby Chin (Chairman)
David Gonski AC ⁽²⁾
Peter Ong

COMPANY SECRETARY

Chan Su Shan

ASSISTANT COMPANY SECRETARY

Lim Li Ching

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⁽¹⁾ As at 8 May 2014.

⁽²⁾ Companion of the Order of Australia.

⁽³⁾ Member of the Order of Australia.

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