SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore)
AND SUBSIDIARY COMPANIES
Registration Number: 199201624D

FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

Contents

DIRECTORS' REPORT

For the financial year ended 31 March 2010

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

1. DIRECTORS

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

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

* Member of the Order of Australia

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for share options granted under the Singapore Telecom Share Option Scheme 1999 ("**1999 Scheme**"), and performance shares granted under the SingTel Performance Share Plan ("**Share Plan 2004**").

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2010	At 1 April 2009 or date of appointment, if later	At 31 March 2010	At 1 April 2009 or date of appointment, if later
Singapore Telecommunications Limited (Ordinary shares)				
Chumpol NaLamlieng	199,500	199,500	-	-
Chua Sock Koong	2,940,513	2,359,757	13,859,950 (1)	16,278,933
Graham John Bradley AM	40,000	40,000	8,000 (2)	-
Fang Ai Lian	91,930	91,930	-	-
Heng Swee Keat	1,330	1,330	-	-
Dominic Chiu Fai Ho	-	-	-	-
Simon Israel	179,820	179,820	1,360 (3)	1,360
John Powell Morschel	55,780	55,780	-	-
Kaikhushru Shiavax Nargolwala	250,000	148,000	-	-
Ong Peng Tsin	40,000	-	-	-
Deepak S Parekh	20,000 (4)	-	-	-
Nicky Tan Ng Kuang	150,000	150,000	-	-

DIRECTORS' REPORT
For the financial year ended 31 March 2010

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2010	At 1 April 2009 or date of appointment, if later	At 31 March 2010	At 1 April 2009 or date of appointment, if later
(Options to purchase ordinary shares)				
Chua Sock Koong	1,450,000 (5)	1,584,000	-	-
Singapore Airlines Limited				
(Ordinary shares)				
Chua Sock Koong	2,000	2,000	-	-
Simon Israel	9,000	9,000	-	-
SP AusNet				
(stapled securities comprising one share in each of SP Australia Networks (Transmission) Ltd and SP Australia Networks (Distribution) Ltd and a unit in SP Australia Networks (Finance) Trust)				
Nicky Tan Ng Kuang	900,000	600,000	-	-
Singapore Technologies Engineering Limited				
(Ordinary shares)				
Fang Ai Lian	50,000	50,000	-	-
StarHub Ltd				
(Ordinary shares)				
Kaikhushru Shiavax Nargolwala	-	37,000	-	-

Notes:

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

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

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

DIRECTORS' REPORT

For the financial year ended 31 March 2010

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

5.1 Share Options

1999 Scheme

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

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

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

DIRECTORS' REPORT

For the financial year ended 31 March 2010

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

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

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

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

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

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

5.2 Performance Shares

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

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

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

DIRECTORS' REPORT
For the financial year ended 31 March 2010

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

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

Date of grant	Balance as at 1 April 2009 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2010 ('000)
Performance shares (General Awards)					
For staff and senior management					
25.05.06	25,818	-	(24,259)	(1,559)	-
24.08.06	20	-	(19)	(1)	-
28.11.06	30	-	-	(30)	-
02.03.07	40	-	(38)	(2)	-
29.05.07	14,164	-	-	(861)	13,303
03.09.07	10	-	-	(10)	-
28.11.07	99	-	-	-	99
27.02.08	98	-	-	-	98
04.06.08	12,650	-	-	(594)	12,056
01.09.08	115	-	-	-	115
02.12.08	925	-	-	(32)	893
02.03.09	103	-	-	-	103
03.06.09	-	20,996	-	(762)	20,234
02.09.09	-	177	-	-	177
	54,072	**21,173**	**(24,316)**	**(3,851)**	**47,078**
For Group Chief Executive Officer (Chua Sock Koong)					
25.05.06	470	-	(447)	(23)	-
29.05.07	592	-	-	-	592
04.06.08	671	-	-	-	671
03.06.09	-	922	-	-	922
	1,733	**922**	**(447)**	**(23)**	**2,185**
Sub-total	**55,805**	**22,095**	**(24,763)**	**(3,874)**	**49,263**
Performance shares (Senior Management Awards)					
For senior management					
25.05.06	1,657	-	(1,657)	-	-
29.05.07	1,618	-	-	(84)	1,534
04.06.08	1,621	-	-	(47)	1,574
03.06.09	-	2,290	-	-	2,290
	4,896	**2,290**	**(1,657)**	**(131)**	**5,398**
For Group Chief Executive Officer (Chua Sock Koong)					
25.05.06	323	-	(323)	-	-
29.05.07	440	-	-	-	440
04.06.08	453	-	-	-	453
03.06.09	-	629	-	-	629
	1,216	**629**	**(323)**	**-**	**1,522**
Sub-total	**6,112**	**2,919**	**(1,980)**	**(131)**	**6,920**
Total	**61,917**	**25,014**	**(26,743)**	**(4,005)**	**56,183**

DIRECTORS' REPORT
For the financial year ended 31 March 2010

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

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

(i) the total number of new shares available under the Share Plan 2004 and the 1999 Scheme collectively; and

(ii) the total number of existing shares purchased for delivery of awards released under the Share Plan 2004.

6. AUDIT COMMITTEE

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

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

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

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

The Committee also reviewed the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2010 as well as the Independent Auditors' Report thereon.

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

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

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

DIRECTORS' REPORT

For the financial year ended 31 March 2010

7. AUDITORS

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

On behalf of the Directors

Chumpol NaLamlieng
Chairman

Chua Sock Koong
Director

Singapore, 12 May 2010

STATEMENT OF DIRECTORS

For the financial year ended 31 March 2010

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 10 to 104 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Chumpol NaLamlieng
Chairman

Chua Sock Koong
Director

Singapore, 12 May 2010

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SINGAPORE TELECOMMUNICATIONS LIMITED

For the financial year ended 31 March 2010

We have audited the accompanying financial statements of Singapore Telecommunications Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at 31 March 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 104.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore, 12 May 2010

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2010

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2010

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Current assets					
Cash and cash equivalents	15	1,613.6	1,076.0	201.3	333.1
Trade and other receivables	16	3,172.1	2,531.9	3,452.5	1,359.4
Financial assets at fair value through profit or loss ("**FVTPL investments**")	17	-	10.8	-	-
Derivative financial instruments	26	12.8	1.5	12.8	1.5
Inventories	18	345.8	173.4	151.8	35.4
		5,144.3	**3,793.6**	**3,818.4**	**1,729.4**
Non-current assets					
Property, plant and equipment	19	10,750.2	9,122.6	1,891.8	1,968.1
Intangible assets	20	10,200.2	10,027.4	2.3	2.7
Subsidiaries	21	-	-	9,942.3	11,798.7
Associated companies	22	278.8	669.3	24.7	24.7
Joint venture companies	23	10,132.7	7,989.9	34.1	29.9
Available-for-sale ("**AFS**") investments	25	255.8	236.3	31.1	24.6
Derivative financial instruments	26	175.6	461.3	182.7	461.3
Deferred tax assets	12	890.3	806.4	-	-
Other non-current receivables	27	123.6	147.9	158.5	104.7
		32,807.2	**29,461.1**	**12,267.5**	**14,414.7**
Total assets		**37,951.5**	**33,254.7**	**16,085.9**	**16,144.1**
Current liabilities					
Trade and other payables	28	4,649.8	3,267.5	1,999.6	1,130.7
Provision	29	17.9	16.8	-	-
Current tax liabilities		338.9	340.2	214.0	221.3
Borrowings (unsecured)	30	1,513.1	1,427.4	-	-
Borrowings (secured)	31	14.9	6.4	-	-
Derivative financial instruments	26	300.2	44.2	14.4	12.6
		6,834.8	**5,102.5**	**2,228.0**	**1,364.6**
Non-current liabilities					
Borrowings (unsecured)	30	5,327.9	6,047.5	3,809.1	4,353.2
Borrowings (secured)	31	23.2	13.7	-	-
Advance billings		628.6	532.5	157.8	157.0
Deferred income	32	29.4	34.2	10.7	12.8
Derivative financial instruments	26	941.1	563.2	899.9	504.8
Deferred tax liabilities	12	294.8	307.9	182.8	186.7
Other non-current liabilities	33	355.7	152.9	155.8	9.2
		7,600.7	**7,651.9**	**5,216.1**	**5,223.7**
Total liabilities		**14,435.5**	**12,754.4**	**7,444.1**	**6,588.3**
Net assets		**23,516.0**	**20,500.3**	**8,641.8**	**9,555.8**
Share capital and reserves					
Share capital	34	2,616.3	2,605.6	2,616.3	2,605.6
Reserves		20,876.5	17,870.6	6,025.5	6,950.2
Equity attributable to shareholders of the Company		**23,492.8**	**20,476.2**	**8,641.8**	**9,555.8**
Minority interests		23.2	24.1	-	-
Total equity		**23,516.0**	**20,500.3**	**8,641.8**	**9,555.8**

The accompanying notes on pages 20 to 104 form an integral part of these financial statements.
Independent Auditors' report – page 9

SINGAPORE TELECOMMUNICATIONS LIMITED
AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 March 2010

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2010

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2010

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 March 2010

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

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2010

	2010 S$ Mil	2009 S$ Mil
Cash Flows from Operating Activities		
Profit before tax	4,501.1	3,946.7
Adjustments for -		
Depreciation and amortisation	1,878.0	1,732.7
Exceptional items	(4.7)	235.7
Interest and investment income (net)	8.4	(48.5)
Finance costs	325.9	360.7
Share of results of associated and joint venture companies (post-tax)	(1,862.1)	(1,796.1)
Other non-cash items	36.5	34.2
	382.0	518.7
Operating cash flow before working capital changes	**4,883.1**	**4,465.4**
Changes in operating assets and liabilities		
Trade and other receivables	(455.7)	(86.0)
Trade and other payables	357.2	96.0
Inventories	(63.6)	(41.6)
Currency translation adjustments of subsidiaries	26.2	3.5
Cash generated from operations	**4,747.2**	**4,437.3**
Payment to employees in cash under performance share plans	(2.2)	(3.7)
Dividends received from associated and joint venture companies	953.6	1,068.2
Income tax and withholding tax paid	(369.8)	(338.8)
Net cash inflow from operating activities	**5,328.8**	**5,163.0**
Cash Flows from Investing Activities		
Dividends received from AFS investments (net of withholding tax paid)	17.5	19.9
Interest received	16.7	34.7
Payment for acquisition of subsidiary, net of cash acquired **(Note 1)**	-	(194.0)
Proceeds from disposal of subsidiary, net of cash received	-	8.8
Contribution from minority shareholders	0.6	18.9
Investment in associated and joint venture companies	(90.2)	(268.1)
Loan to joint venture company	(9.4)	-
Repayment of loan by joint venture company	0.9	3.0
Proceeds from sale of joint venture company (net of withholding tax paid)	-	12.8
Net sale proceeds from FVTPL investments	10.2	-
Investment in AFS investments	(0.2)	(0.9)
Proceeds from sale of AFS investments	4.2	0.3
Proceeds from capital reduction of AFS investments (net of withholding tax paid)	-	2.3
Payment for purchase of property, plant and equipment	(1,923.0)	(1,918.3)
Advance payment for purchase of submarine cable capacity	(29.1)	(43.5)
Drawdown of prepaid submarine cable capacity	59.1	24.7
Proceeds from sale of property, plant and equipment	17.2	1.3
Purchase of intangible assets	(122.5)	(3.7)
Withholding tax paid on intra-group interest income	(131.2)	(88.8)
Net cash outflow from investing activities	**(2,179.2)**	**(2,390.6)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2010

	Note	2010 S$ Mil	2009 S$ Mil
Cash Flows from Financing Activities			
Proceeds from term loans		3,229.2	2,815.1
Repayment of term loans		(3,498.8)	(2,767.1)
Proceeds from bond issue		701.5	-
Bonds repaid		(625.9)	(512.0)
Decrease in finance lease liabilities		(10.4)	(1.6)
Net repayment of borrowings		(204.4)	(465.6)
Settlement of swap for bonds repaid		-	(137.3)
Net interest paid on borrowings and swaps		(314.8)	(373.6)
Dividend paid to minority shareholders		(0.6)	(0.7)
Final dividend paid to shareholders of the Company		(1,097.0)	(1,098.1)
Interim dividend paid to shareholders of the Company		(987.0)	(891.3)
Net loan proceeds from minority shareholder		23.1	-
Proceeds from issue of shares		10.7	11.9
Purchase of performance shares		(64.4)	(63.1)
Net cash outflow from financing activities		**(2,634.4)**	**(3,017.8)**
Net increase/ (decrease) in cash and cash equivalents		515.2	(245.4)
Exchange effects on cash and cash equivalents		22.5	(50.7)
Cash and cash equivalents at beginning of year		1,075.8	1,371.9
Cash and cash equivalents at end of year	15	**1,613.5**	**1,075.8**

NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2010

Note (1): Acquisition of subsidiary

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

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

1. GENERAL

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

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

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

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

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

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

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

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

2.2 Group Accounting

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

2.2.1 Subsidiaries

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

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

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

2.2.2 Associated companies

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

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

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

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

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

2.2.3 Joint venture companies

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

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

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

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

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

2.2.4 Transaction costs

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

2.2.5 Special purpose entity

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

2.3 Share Capital

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

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

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

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

2.4 Investments in Subsidiaries, Associated and Joint Venture Companies

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

2.5 Investments

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

2.5.1 FVTPL investments

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

2.5.2 AFS investments

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

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

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

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

2.6 Derivative Financial Instruments and Hedging Activities

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

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

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

2.6.1 Hedge accounting

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

Fair value hedge

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

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

Cash flow hedge

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

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

Net investment hedge

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

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

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

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

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

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

2.7 Fair Value Estimation of Financial Instruments

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

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

Bank balances, receivables and payables, short term borrowings

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

Quoted and unquoted investments

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

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

Cross currency and interest rate swaps

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

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

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

2.8 Financial Guarantee Contracts

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

2.9 Trade and Other Receivables

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

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

2.10 Trade and Other Payables

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

2.11 Borrowings

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

2.12 Cash and Cash Equivalents

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

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

2.13 Foreign Currencies

2.13.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The statement of financial position and statement of changes in equity of the Company and consolidated financial statements of the Group are presented in Singapore Dollar, which is the functional and presentation currency of the Company and the presentation currency of the Group.

2.13.2 Transactions and balances

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

2.13.3 Translation of foreign operations' financial statements

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

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

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

2.13.4 Translation of goodwill and fair value adjustments

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

2.13.5 Net investment in a foreign entity

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

2.14 Provisions

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

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

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

2.15 Intangible Assets

2.15.1 Goodwill

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

Goodwill is stated at cost less accumulated impairment losses.

Acquisitions completed prior to 1 April 2001

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

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

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

Acquisitions completed on or after 1 April 2001

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

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

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

Negative goodwill is recognised directly in the consolidated income statement.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

2.15.2 Other intangible assets

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

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

2.16 Impairment of Non-financial Assets

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

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

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

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

An impairment loss for an asset, other than goodwill on acquisition of subsidiaries, is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment loss on goodwill on acquisition of subsidiaries is not reversed in a subsequent period.

2.17 Inventories

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

2.18 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

2.19 Leases

2.19.1 Finance leases

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

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

2.19.2 Operating leases

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

2.19.3 Sales of network capacity

Sales of network capacity are accounted as finance leases where -

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

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

2.19.4 Gains or losses from sale and leaseback

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

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

2.19.5 Capacity Swaps

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

2.20 Revenue Recognition

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

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

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

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

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

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

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

2.21 Employees' Benefits

2.21.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund. The Group has no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

The Group's contributions to the defined contribution plans are recognised in the income statement as expenses in the financial year to which they relate.

2.21.2 Employees' leave entitlements

Employees' entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for the annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

2.21.3 Share-based compensation

Performance shares

The performance share plans of the Group are accounted for either as equity-settled share-based payments or cash-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each statement of financial position. The performance share expense is amortised and recognised in the income statement on a straight-line basis over the vesting period.

At the end of each reporting period, the Group revises its estimates of the number of performance shares that the participants are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity or liability for equity-settled and cash-settled share-based payments respectively.

The dilutive effect of Share Plan 2004 is reflected as additional share dilution in the computation of diluted earnings per share.

Share options
As the share options were granted before 22 November 2002, FRS 102, *Share-based Payment,* is not applicable. No compensation expense is recognised for the outstanding share options under the share option schemes.

The proceeds received, net of any directly attributable transaction costs, from the exercise of share options are credited to ‘Share Capital’.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of diluted earnings per share.

2.22 Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in arranging borrowings, and finance lease charges. Borrowing costs are generally expensed as incurred, except to the extent that they are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

2.23 Customer Acquisition Costs

Customer acquisition costs, including related sales and promotion expenses and activation commissions, are expensed as incurred.

2.24 Pre-incorporation Expenses

Pre-incorporation expenses are expensed as incurred.

2.25 Government Grants

Grants in recognition of specific expenses are recognised in the income statement over the periods necessary to match them with the relevant expenses they are intended to compensate. Grants related to depreciable assets are deferred and recognised in the income statement over the period in which such assets are depreciated and used in the projects subsidised by the grants.

2.26 Exceptional Items

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

2.27 Deferred Taxation

Deferred taxation is provided in full, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is also not recognised for goodwill which is not deductible for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and laws) enacted or substantively enacted in countries where the Company and subsidiaries operate by, at the end of the reporting period.

Deferred tax liabilities are provided on all taxable temporary differences arising on investments in subsidiaries, associated and joint venture companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unutilised tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused losses can be utilised.

At the end of each reporting period, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Current and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

2.28 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.29 Segment Reporting

Operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

2.30 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through sale transactions rather than through continuing use.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

FRS 1, *Presentation Of Financial Statements*, requires disclosure of the judgements management has made in the process of applying the accounting policies that have the most impact on the amounts recognised in the financial statements. It also requires disclosure about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The following presents a summary of the critical accounting estimates and judgments -

3.1 Impairment Reviews

The accounting policies for impairment of non-financial assets are stated in **Note 2.16**.

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use. In making this judgement, the Group evaluates the value-in-use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value-in-use calculations of goodwill on acquisition of subsidiaries, and carrying values of associated and joint venture companies are stated in **Note 24**.

3.2 Impairment of Trade Receivables

The Group assesses at the end of each reporting period whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated experience.

3.3 Estimated Useful Lives of Property, Plant and Equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment.

3.4 Taxation

3.4.1 Deferred tax asset

The Group reviews the carrying amount of deferred tax asset at the end of each reporting period. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

3.4.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.5 Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at the end of each reporting period. In addition, the Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at the end of each reporting period.

The assumptions of the valuation model used to determine fair values are set out in **Note 5.3**.

3.6 Purchase Consideration Payable

In November 2009, the Group purchased an additional 1.5% effective equity interest in Bharti Airtel Limited ("**Bharti**"), a joint venture company. The purchase consideration will be INR 18,073 million (S$562 million) to INR 30,084 million (S$936 million), payable in cash. As at 31 March 2010, the Group determined the fair value of the purchase consideration payable based on the net present value of estimated future cash flows expected to arise from the continuing operations of Bharti. This determination requires significant judgement to be applied on the future cash flows, growth rate and discount rate. The assumptions used by management are stated in **Note 28.**

3.7 Contingent Liabilities

The Group consults with legal counsel on matters related to litigation, and other experts both within and outside the Group with respect to matters in the ordinary course of business.

As at 31 March 2010, the Group was involved in various legal proceedings where it has been vigorously defending its claims as disclosed in **Note 41**.

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For the financial year ended 31 March 2010

4. OPERATING REVENUE

	Group	
	2010 S$ Mil	2009 S$ Mil
Mobile communications	7,042.7	5,935.6
Data and Internet	3,341.9	3,109.8
Information technology and engineering		
- infrastructure services and business solutions	1,779.3	1,557.1
- fibre rollout	180.8	-
	1,960.1	1,557.1
National telephone	1,893.7	1,861.6
Sale of equipment	1,452.2	1,221.3
International telephone	702.2	800.0
Pay television	150.4	161.1
Others	327.7	287.9
Operating revenue	**16,870.9**	**14,934.4**
Operating revenue	16,870.9	14,934.4
Other income (see **Note 6**)	94.7	92.1
Interest and dividend income (see **Note 10**)	36.1	56.8
Total revenue	**17,001.7**	**15,083.3**

5. OPERATING EXPENSES

	Group	
	2010 S$ Mil	2009 S$ Mil
Selling and administrative costs [1]	4,165.3	3,544.8
Traffic expenses	2,714.1	2,497.4
Staff costs	2,122.1	1,965.7
Cost of equipment sold	1,896.2	1,681.6
Repairs and maintenance	322.0	299.0
Other cost of sales	899.3	606.8
	12,119.0	**10,595.3**

Note:

(1) Included mobile and broadband subscriber acquisition and retention costs, supplies and services, as well as rentals of properties and mobile base stations.

5.1 Staff Costs

	Group	
	2010 S$ Mil	2009 S$ Mil
Staff costs included the following -		
Contributions to defined contribution plans	204.8	189.2
Performance share expense		
- equity-settled arrangements	24.4	24.9
- cash-settled arrangements	9.2	2.6
Termination benefits	6.8	8.3

5.2 Key Management Personnel Compensation

	Group	
	2010 S$ Mil	2009 S$ Mil
Key management personnel compensation (1)		
Directors' fees and remuneration (2)	6.1	5.2
Other key management personnel remuneration (3)	12.5	9.2
	18.6	**14.4**

Notes:

(1) Comprised base salary, annual wage supplement, bonus, contributions to defined contribution plans and other cash benefits, and does not include performance share expense.

(2) The Director was awarded up to 1,551,738 (2009: 1,123,464) ordinary shares of SingTel pursuant to Share Plan 2004 during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense for the Director computed in accordance with FRS 102, *Share-based Payment*, was S$2.6 million (2009: S$1.7 million).

(3) The other key management personnel were awarded up to 3,953,019 (2009: 3,004,063) ordinary shares of SingTel pursuant to Share Plan 2004 during the year, subject to certain performance criteria including other terms and conditions being met. The performance share expense for other key management computed in accordance with FRS 102, *Share-based Payment*, was S$6.9 million (2009: S$5.1 million).

The other key management personnel of the Group comprise members of SingTel's Management Committee.

5.3 Share-based Payments

5.3.1 Share options

In 2003, the Singapore Telecom Share Option Scheme 1999 was suspended with the implementation of Share Plan 2003. The existing share options granted continue to vest according to the terms and conditions of the scheme and the respective grants.

The share options have a validity period of ten years from the date of grant, and are granted either without performance hurdles ("**Market Price Share Options**") or with performance hurdles ("**Performance Share Options**").

Market Price Share Options are granted based on the performance of the Group and individuals. These share options vest over three years from the date of the grant and are exercisable after the first anniversary of the date of the grant and will expire on the tenth anniversary of the date of grant.

Performance Share Options are conditional grants where vesting is conditional on performance targets set based on medium-term corporate objectives. At the end of the three-year performance period, the final number of Performance Share Options awarded will depend on the level of achievement of those targets.

Group and Company	Number of share options 2010 '000	Number of share options 2009 '000	Weighted average exercise price per share 2010 S$	Weighted average exercise price per share 2009 S$
Outstanding as at 1 April	18,979	25,305	1.75	1.80
Cancelled	(1,093)	(275)	2.40	1.63
Exercised	(5,391)	(6,051)	1.97	1.95
Outstanding and exercisable as at 31 March	**12,495**	**18,979**	1.59	1.75

	2010 '000	2009 '000
The outstanding share options have the following exercise prices -		
S$2.50 to S$2.85	-	1,870
S$2.00 to S$2.49	2,077	3,630
S$1.50 to S$1.99	4,088	5,985
S$1.40 to S$1.49	6,330	7,494
	12,495	**18,979**
Weighted average remaining validity life	1.6 years	2.3 years

No compensation expense is recognised when the share options are issued (see **Note 2.21.3**).

5.3.2 Performance share plans

Two categories of awards – General Awards given to selected staff and Senior Management Awards for senior management staff – are made on an annual basis. The grants are conditional on the achievement of targets set for a three-year performance period. The performance shares will only be released to the recipients at the end of the qualifying performance period. The final number of performance shares will depend on the level of achievement of the targets over the three-year period.

The General Awards are generally settled by delivery of SingTel shares, while the Senior Management Awards are generally settled by SingTel shares or cash, at the option of the recipient.

Additionally, early vesting of the performance shares can also occur under special circumstances approved by the Compensation Committee such as retirement, redundancy, illness and death while in employment.

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The performance share plans provide for the award of performance shares to selected employees of SingTel and its subsidiaries. Though the performance shares are awarded by SingTel, the respective subsidiaries that wish to provide incentives to their own employees to retain and encourage their continued service, bear all costs and expenses in any way arising out of, or connected with, the grant and vesting of the awards to their employees.

The fair value of the performance shares are estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates for equity-settled awards, and at the end of the reporting period for cash-settled awards.

General Awards - equity-settled arrangements
The movements of the number of performance shares for the General Awards during the financial year were as follows -

Group and Company 2010	Outstanding as at 1 April 2009 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 March 2010 '000
Date of grant					
Share Plan 2004					
FY2007 (1)					
25 May 2006	26,288	-	(24,706)	(1,582)	-
Aug 2006 to Mar 2007	90	-	(57)	(33)	-
FY2008					
29 May 2007	14,756	-	-	(861)	13,895
Sep 2007 to Feb 2008	207	-	-	(10)	197
FY2009					
4 Jun 2008	13,321	-	-	(594)	12,727
Sep 2008 to Mar 2009	1,143	-	-	(32)	1,111
FY2010					
3 Jun 2009	-	21,918	-	(762)	21,156
Sep 2009	-	177	-	-	177
	55,805	**22,095**	**(24,763)**	**(3,874)**	**49,263**

Note:

(1) "FY2007" denotes financial year ended 31 March 2007.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

Group and Company 2009	Outstanding as at 1 April 2008 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 March 2009 '000
Date of grant					
Share Plan 2004					
FY2006					
26 May 2005	22,424	-	(19,503)	(2,921)	-
Aug 2005 to Feb 2006	1,208	-	(997)	(211)	-
FY2007					
25 May 2006	28,936	-	(210)	(2,438)	26,288
Aug 2006 to Mar 2007	468	-	-	(378)	90
FY2008					
29 May 2007	16,255	-	(52)	(1,447)	14,756
Sep 2007 to Feb 2008	215	-	-	(8)	207
FY2009					
4 Jun 2008	-	14,248	-	(927)	13,321
Sep 2008 to Mar 2009	-	1,143	-	-	1,143
	69,506	**15,391**	**(20,762)**	**(8,330)**	**55,805**

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 -

2010 and 2009 General Awards	Date of grant Share Plan 2004 FY2008 29 May 07	Date of grant Share Plan 2004 FY2009 4 June 08	Date of grant Share Plan 2004 FY2010 3 June 09
Fair value at grant date	S$1.95	S$1.61	S$1.56
Assumptions under Monte-Carlo Model			
Expected volatility			
SingTel	22.8%	25.9%	34.6%
MSCI Asia Pacific Telco Index	13.7%	17.6%	23.1%
MSCI Asia Pacific Telco Component Stocks			
Historical volatility period			
From	July 2001	July 2001	July 2001
To	May 2007	June 2008	June 2009
Risk free interest rates			
Yield of Singapore Government Securities on	29 May 2007	4 June 2008	3 June 2009

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

Senior Management Awards - cash-settled arrangements

The movements of the number of performance shares under the Senior Management Awards, the fair value of the grants at the end of the reporting period and the assumptions of the fair value model for the relevant grants were as follows -

2010	Date of grant Share Plan 2004 FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	FY2010 3 June 09	Group And Company
Senior Management Awards					
Number of performance shares ('000)					
Outstanding as at 1 April 2009	1,980	2,058	2,074	-	6,112
Granted	-	-	-	2,919	2,919
Vested	(1,980)	-	-	-	(1,980)
Cancelled	-	(84)	(47)	-	(131)
Outstanding and unvested as at 31 March 2010	**-**	**1,974**	**2,027**	**2,919**	**6,920**
Fair value at 31 March 2010		S$3.17	S$2.15	S$2.50	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.7%	33.7%	
MSCI Asia Pacific Telco Index			22.8%	22.8%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2010		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2010	31 March 2010	

2009	Date of grant Share Plan 2004 FY2006 26 May 05	FY2007 25 May 06	FY2008 29 May 07	FY2009 4 June 08	Group And Company
Senior Management Awards					
Number of performance shares ('000)					
Outstanding as at 1 April 2008	1,474	2,122	2,058	-	5,654
Granted	-	-	-	2,190	2,190
Vested	(1,397)	-	-	-	(1,397)
Cancelled	(77)	(142)	-	(116)	(335)
Outstanding and unvested as at 31 March 2009	**-**	**1,980**	**2,058**	**2,074**	**6,112**
Fair value at 31 March 2009		S$2.53	S$2.12	S$1.58	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.5%	33.5%	
MSCI Asia Pacific Telco Index			22.9%	22.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2009		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2009	31 March 2009	

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

5.3.3 Performance-based Deferred Bonus Scheme ("PBDBS")

With effect from 2004, discretionary PBDBS units are granted to selected overseas local hires. While these units have the same vesting criteria as the Share Plan 2004, the payout is in the form of cash instead of shares. The recipients are encouraged to purchase and hold SingTel shares with the cash payout, in line with the objective of the performance share plans.

	Date of grant				
	FY2007	FY2008	FY2009	FY2010	
2010	25 May 06	29 May 07	4 June 08	3 June 09	Group
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2009	953	613	622	-	2,188
Granted	-	-	-	623	623
Vested	(900)	-	-	-	(900)
Cancelled	(53)	(29)	(50)	(34)	(166)
Outstanding and unvested as at 31 March 2010	**-**	**584**	**572**	**589**	**1,745**
Fair value at 31 March 2010		S$3.22	S$1.46	S$1.92	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.7%	33.7%	
MSCI Asia Pacific Telco Index			22.8%	22.8%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2010		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2010	31 March 2010	

	Date of grant				
	FY2006	FY2007	FY2008	FY2009	
2009	26 May 05	25 May 06	29 May 07	4 June 08	Group
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2008	459	1,113	676	-	2,248
Granted	-	-	-	655	655
Vested	(312)	-	-	-	(312)
Cancelled	(147)	(160)	(63)	(33)	(403)
Outstanding and unvested as at 31 March 2009	**-**	**953**	**613**	**622**	**2,188**
Fair value at 31 March 2009		S$2.55	S$1.56	S$1.02	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			33.5%	33.5%	
MSCI Asia Pacific Telco Index			22.9%	22.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2009		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2009	31 March 2009	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

5.4 Special Purpose Entity

The Trust's purpose is to purchase the Company's shares from the open market for delivery to the recipients upon vesting of the awards.

As at the end of the reporting period, the Trust held the following assets -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Cash at bank	0.5	0.8	0.4	0.5
Cost of SingTel shares, net of vesting	30.5	43.7	23.6	28.5
	31.0	**44.5**	**24.0**	**29.0**

The details of SingTel shares held by the Trust were as follows -

	Number of shares		Amount	
Group	2010 '000	2009 '000	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	13,303	15,382	43.7	50.1
Purchase of SingTel shares	15,276	10,970	41.5	36.9
Vesting of shares	(18,454)	(13,049)	(54.7)	(43.3)
Balance as at 31 March	**10,125**	**13,303**	**30.5**	**43.7**

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**.

5.5 Other Operating Expense Items

	Group	
	2010 S$ Mil	2009 S$ Mil
Operating expenses included the following -		
Auditors' remuneration		
- Deloitte & Touche LLP, Singapore	1.0	0.7
- Deloitte Touche Tohmatsu, Australia	1.0	0.7
- Other Deloitte & Touche offices	0.3	0.2
Non-audit fees paid to		
- Deloitte & Touche LLP, Singapore (1)	0.6	0.5
- Deloitte Touche Tohmatsu, Australia (1)	0.3	0.3
- Other auditors	1.5	2.0
Impairment of trade receivables	138.1	127.7
Allowance for inventory obsolescence	13.9	11.6
Inventory written off	4.0	2.6
Provision for liquidated damages and warranties	2.5	3.5
Research and development expenses written off	0.5	0.6
Operating lease payments for properties and mobile base stations	258.6	226.9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

Note:

(1) The non-audit fees for the current financial year ended 31 March 2010 included S$0.1 million (2009: S$0.1 million) and S$0.3 million (2009: S$0.3 million) paid to Deloitte & Touche LLP, Singapore, and Deloitte Touche Tohmatsu, Australia, respectively in respect of certification and review for regulatory purposes.

The Audit Committee had undertaken a review of the non-audit services provided by the auditors, Deloitte & Touche LLP, and in the opinion of the Audit Committee, these services would not affect the independence of the auditors.

6. OTHER INCOME

	Group	
	2010 S$ Mil	2009 S$ Mil
Bad trade receivables recovered	7.2	9.4
Rental income	4.8	4.6
Net foreign exchange losses - trade related	(15.4)	(19.9)
Net losses on disposal of property, plant and equipment	(4.3)	(6.7)
Others	102.4	104.7
	94.7	**92.1**

7. DEPRECIATION AND AMORTISATION

	Group	
	2010 S$ Mil	2009 S$ Mil
Depreciation of property, plant and equipment	1,818.5	1,685.8
Amortisation of intangible assets	64.3	52.8
Amortisation of sale and leaseback income	(1.7)	(2.8)
Amortisation of deferred gain on sale of joint venture company	(3.1)	(3.1)
	1,878.0	**1,732.7**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

8. EXCEPTIONAL ITEMS

	Group	
	2010 S$ Mil	2009 S$ Mil
Exceptional gains		
Foreign exchange gain, net of hedging, from loan repayment by subsidiary	327.4	-
Foreign exchange gain, net of hedging, from capital reduction of subsidiary	-	83.9
Gain on disposal of non-current investments	2.4	-
Gain on dilution of interest in associated and joint venture companies	3.2	4.1
Write back of impairment for property, plant and equipment	-	10.8
Gain on disposal of subsidiary	-	1.7
Gain on sale of interest in joint venture company	-	3.6
Others	1.5	-
	334.5	104.1
Exceptional losses		
Impairment of associated and joint venture companies (see **Note 24.2**)	(260.0)	(330.0)
Impairment of AFS investments	(60.9)	-
Impairment of property, plant and equipment	(8.9)	(3.5)
Impairment of other non-current investments	-	(1.3)
Others	-	(5.0)
	(329.8)	(339.8)
	4.7	**(235.7)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

9. SHARE OF RESULTS OF ASSOCIATED AND JOINT VENTURE COMPANIES

	Group	
	2010 S$ Mil	2009 S$ Mil
Share of ordinary results of		
- joint venture companies	2,426.8	2,098.0
- associated companies	(7.3)	(67.5)
	2,419.5	2,030.5
Share of exceptional items [(1)] of joint venture companies	(16.5)	200.8
Share of tax of		
- joint venture companies	(535.5)	(426.6)
- associated companies	(5.4)	(8.6)
	(540.9)	(435.2)
	1,862.1	**1,796.1**

Note:

(1) Share of exceptional items comprised -		
(Reversal of gain)/ Gain on dilution of equity interest in a subsidiary	(6.9)	224.5
Transaction costs on acquisitions	(9.6)	-
Write-back of overprovision for concession rights payable	-	15.6
Gain on disposal of property, plant and equipment	-	8.5
Write-back of impairment for property, plant and equipment	-	3.7
Impairment on goodwill of a subsidiary	-	(44.3)
Recognition of prior years' frequency fees	-	(15.4)
Others	-	8.2
	(16.5)	**200.8**

10. INTEREST AND INVESTMENT INCOME (NET)

	Group	
	2010 S$ Mil	2009 S$ Mil
Interest income from		
- bank deposits	15.3	33.1
- FVTPL investments	0.2	0.5
- others	1.2	1.1
	16.7	34.7
Gross dividends from AFS investments	19.4	22.1
Other revenue	36.1	56.8
Net foreign exchange losses	(26.0)	(8.1)
Fair value losses on hedging instruments	(17.8)	-
Fair value losses on FVTPL investments	(0.7)	(0.2)
Fair value (losses)/ gains on fair value hedges		
- hedged items	752.4	(411.1)
- hedging instruments	(752.4)	411.1
	-	-
	(8.4)	**48.5**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

11. FINANCE COSTS

	Group 2010 S$ Mil	Group 2009 S$ Mil
Interest expense		
- bonds	302.2	360.3
- bank loans	56.4	71.1
- others	21.7	4.9
	380.3	436.3
Less: Amounts capitalised	(7.2)	(11.7)
	373.1	424.6
Effects of hedging using interest-rate swaps	(48.2)	(68.8)
Unwinding of discount (including adjustments)	1.0	4.9
	325.9	**360.7**

As at 31 March 2010, the interest rate applicable to the capitalised borrowings was 4.6 per cent (2009: 7.7 per cent).

12. TAXATION

12.1 Tax Expense

	Group 2010 S$ Mil	Group 2009 S$ Mil
Current income tax		
- Singapore	253.0	238.2
- Overseas	502.0	397.9
	755.0	636.1
Deferred income tax	(39.0)	7.9
Tax expense attributable to current year's profit	716.0	644.0
Recognition of deferred tax asset on other temporary differences [(1)]	(120.4)	(90.4)
Adjustments in respect of prior year -		
Current income tax		
- (over)/ under provision	(0.4)	0.7
Deferred income tax		
- over provision	(0.6)	(56.8)
	594.6	**497.5**

Note:

(1) This relates to a deferred tax asset recognised on interest expense arising from inter-company loans.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

The tax expense on profits was different from the amount that would arise using the Singapore standard rate of income tax due to the following -

	Group 2010 S$ Mil	Group 2009 S$ Mil
Profit before tax	4,501.1	3,946.7
Less: Share of results of associated and joint venture companies	(1,862.1)	(1,796.1)
	2,639.0	2,150.6
Tax calculated at tax rate of 17 per cent (2009: 17 per cent)	448.6	365.6
Effects of -		
Different tax rates of other countries	259.4	220.0
Income not subject to tax	(80.9)	(10.7)
Expenses not deductible for tax purposes	88.8	73.8
Deferred tax asset not recognised	2.1	0.8
Deferred tax asset previously not recognised now recognised	(1.4)	(4.0)
Others	(0.6)	(1.5)
Tax expense attributable to current year's profits	**716.0**	**644.0**

12.2 Deferred Taxes

The movements of the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows -

Group - 2010 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 2009	311.1	328.5	75.3	104.1	819.0
Credited/ (Charged) to income statement	133.0	5.5	(0.4)	25.1	163.2
Credited to other comprehensive income	-	-	-	4.9	4.9
Transfer (to)/ from current tax	(256.7)	-	(32.8)	31.3	(258.2)
Translation differences	63.9	73.7	15.1	25.6	178.3
Balance as at 31 March 2010	**251.3**	**407.7**	**57.2**	**191.0**	**907.2**

Group - 2010 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 2009	(288.7)	(5.1)	(26.7)	(320.5)
(Charged)/ Credited to income statement	(4.9)	-	1.7	(3.2)
Transfer to current tax	-	-	12.5	12.5
Translation differences	(0.1)	-	(0.4)	(0.5)
Balance as at 31 March 2010	**(293.7)**	**(5.1)**	**(12.9)**	**(311.7)**

NOTES TO THE FINANCIAL STATEMENTS
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Group - 2009 Deferred tax assets	Provisions S$ Mil	TWDV [(1)] in excess of NBV [(2)] of depreciable assets S$ Mil	Tax losses and unutilised capital allowances S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 April 2008	458.3	380.4	135.1	123.3	1,097.1
Acquisition of subsidiary	0.1	-	0.7	3.2	4.0
Credited/ (Charged) to income statement	100.2	13.2	(0.3)	(11.7)	101.4
Credited to other comprehensive income	-	-	-	3.3	3.3
Transfer (to)/ from current tax	(167.9)	-	(39.5)	5.8	(201.6)
Disposal of subsidiary	-	-	-	(1.0)	(1.0)
Translation differences	(79.6)	(65.1)	(20.7)	(18.8)	(184.2)
Balance as at 31 March 2009	**311.1**	**328.5**	**75.3**	**104.1**	**819.0**

Group - 2009 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Offshore interest and dividend not remitted S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 April 2008	(282.0)	(43.1)	(18.5)	(343.6)
Acquisition of subsidiary	(0.5)	-	(10.8)	(11.3)
(Charged)/ Credited to income statement	(6.0)	41.2	2.7	37.9
Transfer from current tax	-	(3.2)	-	(3.2)
Disposal of subsidiary	(0.1)	-	-	(0.1)
Translation differences	(0.1)	-	(0.1)	(0.2)
Balance as at 31 March 2009	**(288.7)**	**(5.1)**	**(26.7)**	**(320.5)**

Company - 2010 Deferred tax assets	Provisions S$ Mil	Deferred sale and leaseback income S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 April 2009	0.3	0.9	2.2	3.4
Credited/ (Charged) to income statement	0.2	(0.1)	(0.7)	(0.6)
Balance as at 31 March 2010	**0.5**	**0.8**	**1.5**	**2.8**

Company - 2010 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Interest and investment income S$ Mil	Offshore interest and dividend not remitted S$ Mil	Total S$ Mil
Balance as at 1 April 2009	(190.1)	-	-	(190.1)
Credited to income statement	4.6	-	-	4.6
Balance as at 31 March 2010	**(185.5)**	**-**	**-**	**(185.5)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

Company - 2009 Deferred tax assets	Provisions S$ Mil	Deferred sale and leaseback income S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 April 2008	0.3	1.2	2.5	4.0
Charged to income statement	-	(0.3)	(0.3)	(0.6)
Balance as at 31 March 2009	**0.3**	**0.9**	**2.2**	**3.4**

Company - 2009 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Interest and investment income S$ Mil	Offshore interest and dividend not remitted S$ Mil	Total S$ Mil
Balance as at 1 April 2008	(197.6)	-	(40.9)	(238.5)
Credited to income statement	7.5	-	40.9	48.4
Balance as at 31 March 2009	**(190.1)**	**-**	**-**	**(190.1)**

<u>Notes</u>:

(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.

The amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Deferred tax assets	890.3	806.4	-	-
Deferred tax liabilities	(294.8)	(307.9)	(182.8)	(186.7)
	595.5	**498.5**	**(182.8)**	**(186.7)**

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 31 March 2010, the subsidiaries of the Group had estimated unutilised income tax losses of approximately S$272 million (2009: S$328 million), including S$187 million (2009: S$248 million) from the Optus Group, unutilised capital tax losses of S$26 million (2009: S$21 million) and unabsorbed capital allowances of approximately S$2.1 million (2009: S$1.5 million).

These unutilised income tax losses and unabsorbed capital allowances are available for set-off against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiaries operate. The unutilised capital tax losses are available for set-off against future capital gains of a similar nature subject to compliance with certain statutory tests in Australia.

As at the end of the reporting period, the potential tax benefits arising from the following items were not recognised in the financial statements due to uncertainty on their recoverability -

	Group	
	2010 S$ Mil	2009 S$ Mil
Unutilised income tax losses and unabsorbed capital allowances	87.4	81.8
Unutilised capital tax losses	25.9	21.3

13. EARNINGS PER SHARE

	Group	
	2010 '000	2009 '000
Weighted average number of ordinary shares in issue for calculation of basic earnings per share (1)	15,918,280	15,911,823
Adjustment for dilutive effect of share options	7,055	9,136
Adjustment for dilutive effect of Share Plan 2004	44,379	43,515
Weighted average number of ordinary shares for calculation of diluted earnings per share	**15,969,714**	**15,964,474**

Note:

(1) Adjusted to exclude the number of performance shares held by the Trust.

'Basic earnings per share' is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For 'Diluted earnings per share', the weighted average number of ordinary shares in issue included the number of additional shares outstanding if the potential dilutive ordinary shares arising from the share options and performance shares granted by the Group were issued. Adjustment is made to earnings for the dilutive effect arising from the associated and joint venture companies' dilutive shares.

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14. RELATED PARTY TRANSACTIONS

Related parties consist of key management of the Group, subsidiaries of the ultimate holding company, and associated and joint venture companies of the Group. In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with related parties –

	Group	
	2010 S$ Mil	2009 S$ Mil
Revenue		
Subsidiaries of ultimate holding company		
Telecommunications	129.5	123.2
Rental and maintenance	30.0	29.8
Information technology	15.7	25.2
Associated and joint venture companies		
Telecommunications	34.0	30.0
Expenses		
Subsidiaries of ultimate holding company		
Telecommunications	71.4	62.4
Utilities	76.5	83.2
Information technology	3.1	-
Associated and joint venture companies		
Telecommunications	68.3	106.0
Transmission capacity	7.3	4.5
Postal	10.9	11.8
Due from related parties	19.0	22.0
Due to related parties	5.6	5.2

All the above transactions were on normal commercial terms and conditions and market rates.

Please refer to **Note 5.2** for information on key management personnel compensation.

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15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Fixed deposits	1,175.9	506.9	142.0	258.1
Cash and bank balances	437.7	569.1	59.3	75.0
	1,613.6	**1,076.0**	**201.3**	**333.1**

The carrying amounts of the cash and cash equivalents approximate their fair values.

For the purpose of the consolidated cash flow statements, cash and cash equivalents comprise -

	Group	
	2010 S$ Mil	2009 S$ Mil
Fixed deposits	1,175.9	506.9
Cash and bank balances	437.7	569.1
Less : Bank overdrafts (see **Note 30**)	(0.1)	(0.2)
	1,613.5	**1,075.8**

Cash and cash equivalents denominated in the non-functional currencies of the Group were as follows –

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
USD	200.9	65.1	150.3	14.7
AUD	14.2	157.9	13.9	157.6
EUR	5.6	11.0	1.1	3.5
HKD	6.9	3.8	4.6	2.1

The maturities of the fixed deposits were as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Less than three months	1,170.9	503.3	142.0	258.1
Over three months	5.0	3.6	-	-
	1,175.9	**506.9**	**142.0**	**258.1**

As at 31 March 2010, the weighted average effective interest rates of the fixed deposits of the Group and Company were 0.3 per cent (2009: 1.0 per cent) and 0.1 per cent (2009: 1.6 per cent) respectively.

The exposure of cash and cash equivalents to interest rate risks is disclosed in **Note 37.3**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Trade receivables	2,720.4	2,294.0	464.2	453.9
Less: Allowance for impairment of trade receivables	(294.8)	(260.6)	(88.5)	(82.8)
	2,425.6	2,033.4	375.7	371.1
Other receivables	187.5	112.5	22.9	18.2
Loans to subsidiaries	-	-	143.3	162.9
Less: Allowance for impairment of loans due	-	-	(24.1)	(24.2)
	-	-	119.2	138.7
Amount due from subsidiaries				
- trade	-	-	486.9	286.3
- non-trade	-	-	2,182.1	486.1
Less: Allowance for impairment of amount due	-	-	(45.7)	(45.7)
	-	-	2,623.3	726.7
Amount due from associated and joint venture companies				
- trade	5.6	13.0	1.5	0.3
- non-trade	7.8	91.6	-	1.0
	13.4	104.6	1.5	1.3
Amount due from associated company on fibre rollout	207.8	-	207.8	-
Loan to joint venture company	1.4	2.3	1.4	2.3
Interest receivable	105.6	111.0	77.5	83.9
Prepayments	216.6	155.4	18.0	11.4
Staff loans	1.3	1.0	0.1	0.1
Others	12.9	11.7	5.1	5.7
	3,172.1	**2,531.9**	**3,452.5**	**1,359.4**

The loans to subsidiaries and the balances with subsidiaries, associated and joint venture companies were unsecured, interest-free and repayable on demand.

In respect of Optus' action against Telstra Corporation Ltd for breach of the provisions of the Access Agreement dated 14 August 1992 between the parties, the Federal Court of Australia has in April 2009 delivered judgment on liability in favour of Optus. As at 31 March 2010, the assessment of damages hearing has not taken place, hence no receivable has been recorded in the financial statements.

Trade receivables are non-interest bearing and are generally on 14-day to 30-day terms, while balances due from carriers are on 60-day terms, and certain balances in respect of information technology and engineering services are on 90-day terms.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

The maximum exposure to credit risk for trade receivables by type of customer is as follows:

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Individuals	629.4	502.2	173.1	155.0
Corporations and others	1,796.2	1,531.2	202.6	216.1
	2,425.6	**2,033.4**	**375.7**	**371.1**

The age analysis of trade receivables before allowance for impairment is as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Not past due or less than 60 days overdue	2,299.7	1,929.5	344.2	336.4
Past due				
- 61 to 120 days	190.7	164.8	31.1	38.2
- more than 120 days	230.0	199.7	88.9	79.3
	2,720.4	**2,294.0**	**464.2**	**453.9**

Based on historical collections experience, the Group believes that no allowance for impairment is necessary in respect of certain trade receivables which are not past due as well as certain trade receivables which are past due but not impaired.

The movement in the allowance for impairment of trade receivables is as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	260.6	283.0	82.8	95.7
Acquisition of subsidiary	-	3.7	-	-
Allowance for impairment	142.0	130.0	26.9	25.2
Utilisation	(142.1)	(121.0)	(21.2)	(38.1)
Write-back	(3.9)	(2.3)	-	-
Translation differences	38.2	(32.8)	-	-
Balance as at 31 March	**294.8**	**260.6**	**88.5**	**82.8**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

The movement in the allowance for impairment of loans to subsidiaries is as follows -

	Company	
	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	24.2	24.2
Write-back	(0.1)	-
Balance as at 31 March	**24.1**	**24.2**

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL INVESTMENTS")

	Group	
	2010 S$ Mil	2009 S$ Mil
Quoted interest bearing securities		
SGD denominated Bonds and Notes	-	10.2
Quoted other investments		
USD denominated Investment Funds	-	0.6
	-	**10.8**

The effective interest rates at the end of the reporting period were as follows -

	Group	
	2010 %	2009 %
Quoted interest bearing securities		
Fixed rate maturing in less than 1 year	-	5.1

18. INVENTORIES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Equipment held for resale	191.1	132.8	-	-
Maintenance and capital works' inventories	33.2	36.1	32.9	35.4
Work-in-progress				
- fibre rollout	118.9	-	118.9	-
- others	2.6	4.5	-	-
	121.5	4.5	118.9	-
	345.8	**173.4**	**151.8**	**35.4**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

19. PROPERTY, PLANT AND EQUIPMENT

Group - 2010	Freehold land S$ Mil	Leasehold land S$ Mil	Buildings S$ Mil	Transmission plant and equipment S$ Mil	Switching equipment S$ Mil	Other plant and equipment S$ Mil	Capital work-in-progress S$ Mil	Total S$ Mil
Cost								
Balance as at 1 April 2009	22.1	259.3	642.9	13,031.5	2,906.9	4,771.0	643.8	22,277.5
Additions (net of rebates)	-	-	2.6	382.5	110.5	146.7	1,524.7	2,167.0
Disposals/ Write-offs	-	-	(0.2)	(56.8)	(337.6)	(106.4)	-	(501.0)
Reclassifications / Adjustments	-	-	1.8	1,453.4	18.5	140.6	(1,703.0)	(88.7)
Translation differences	4.9	(1.3)	33.8	2,144.8	247.8	756.4	52.6	3,239.0
Balance as at 31 March 2010	27.0	258.0	680.9	16,955.4	2,946.1	5,708.3	518.1	27,093.8
Accumulated depreciation								
Balance as at 1 April 2009	-	46.4	249.2	7,527.3	2,081.2	3,224.4	-	13,128.5
Depreciation charge for the year	-	4.2	18.1	1,173.1	150.8	472.3	-	1,818.5
Disposals/ Write-offs	-	-	-	(53.8)	(333.2)	(84.3)	-	(471.3)
Translation differences	-	(0.6)	8.1	1,176.8	143.1	514.2	-	1,841.6
Balance as at 31 March 2010	-	50.0	275.4	9,823.4	2,041.9	4,126.6	-	16,317.3
Accumulated impairment								
Balance as at 1 April 2009	-	2.0	7.3	2.7	4.4	10.0	-	26.4
Impairment charge for the year	-	-	-	5.8	3.1	-	-	8.9
Disposals	-	-	-	-	(2.4)	(6.7)	-	(9.1)
Translation differences	-	-	-	-	0.1	-	-	0.1
Balance as at 31 March 2010	-	2.0	7.3	8.5	5.2	3.3	-	26.3
Net Book Value as at 31 March 2010	**27.0**	**206.0**	**398.2**	**7,123.5**	**899.0**	**1,578.4**	**518.1**	**10,750.2**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

Group - 2009	Freehold land S$ Mil	Leasehold land S$ Mil	Buildings S$ Mil	Transmission plant and equipment S$ Mil	Switching equipment S$ Mil	Other plant and equipment S$ Mil	Capital work-in-progress S$ Mil	Total S$ Mil
Cost								
Balance as at 1 April 2008	19.8	234.9	658.8	13,996.5	3,067.7	4,616.2	777.8	23,371.7
Additions (net of rebates)	-	-	-	224.0	129.1	150.9	1,381.7	1,885.7
Disposals/ Write-offs	-	-	-	(108.4)	(124.6)	(76.6)	-	(309.6)
Acquisition of subsidiary	-	22.9	7.1	-	-	29.3	-	59.3
Disposal of subsidiary	-	-	-	-	-	(9.6)	-	(9.6)
Reclassifications / Adjustments	6.0	-	6.9	717.6	57.6	653.8	(1,441.9)	-
Translation differences	(3.7)	1.5	(29.9)	(1,798.2)	(222.9)	(593.0)	(73.8)	(2,720.0)
Balance as at 31 March 2009	22.1	259.3	642.9	13,031.5	2,906.9	4,771.0	643.8	22,277.5
Accumulated depreciation								
Balance as at 1 April 2008	-	41.9	238.1	7,466.0	2,162.1	3,298.6	-	13,206.7
Depreciation charge for the year	-	3.9	18.1	1,077.5	163.0	423.3	-	1,685.8
Disposals/ Write-offs	-	-	-	(90.8)	(120.6)	(76.9)	-	(288.3)
Reclassifications / Adjustments	-	-	-	1.3	-	(1.3)	-	-
Translation differences	-	0.6	(7.0)	(926.7)	(123.3)	(419.3)	-	(1,475.7)
Balance as at 31 March 2009	-	46.4	249.2	7,527.3	2,081.2	3,224.4	-	13,128.5
Accumulated impairment								
Balance as at 1 April 2008	-	2.0	7.3	6.6	4.0	20.9	-	40.8
Impairment charge for the year	-	-	-	-	3.4	0.1	-	3.5
Write-back during the year	-	-	-	-	-	(10.8)	-	(10.8)
Disposals	-	-	-	(3.9)	(3.1)	(0.3)	-	(7.3)
Translation differences	-	-	-	-	0.1	0.1	-	0.2
Balance as at 31 March 2009	-	2.0	7.3	2.7	4.4	10.0	-	26.4
Net Book Value as at 31 March 2009	**22.1**	**210.9**	**386.4**	**5,501.5**	**821.3**	**1,536.6**	**643.8**	**9,122.6**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

Company - 2010	Freehold land S$ Mil	Leasehold land S$ Mil	Buildings S$ Mil	Transmission plant and equipment S$ Mil	Switching equipment S$ Mil	Other plant and equipment S$ Mil	Capital work-in-progress S$ Mil	Total S$ Mil
Cost								
Balance as at 1 April 2009	0.4	220.5	421.9	2,859.2	1,068.4	956.6	284.5	5,811.5
Additions (net of rebates)	-	-	2.6	219.5	30.6	71.0	5.5	329.2
Disposals/ Write-offs	-	-	-	(51.2)	(27.3)	(32.1)	-	(110.6)
Reclassifications	-	-	-	-	-	-	(82.8)	(82.8)
Balance as at 31 March 2010	0.4	220.5	424.5	3,027.5	1,071.7	995.5	207.2	5,947.3
Accumulated depreciation								
Balance as at 1 April 2009	-	38.5	186.9	1,913.8	955.0	737.5	-	3,831.7
Depreciation charge for the year	-	2.3	11.9	176.6	46.2	74.8	-	311.8
Disposals/ Write-offs	-	-	-	(48.6)	(27.3)	(29.9)	-	(105.8)
Balance as at 31 March 2010	-	40.8	198.8	2,041.8	973.9	782.4	-	4,037.7
Accumulated impairment								
Balance as at 1 April 2009	-	2.0	7.2	1.2	-	1.3	-	11.7
Disposals/ Write-offs	-	-	-	5.8	1.2	(0.9)	-	6.1
Balance as at 31 March 2010	-	2.0	7.2	7.0	1.2	0.4	-	17.8
Net Book Value as at 31 March 2010	**0.4**	**177.7**	**218.5**	**978.7**	**96.6**	**212.7**	**207.2**	**1,891.8**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

Company - 2009	Freehold land S$ Mil	Leasehold land S$ Mil	Buildings S$ Mil	Transmission plant and equipment S$ Mil	Switching equipment S$ Mil	Other plant and equipment S$ Mil	Capital work-in-progress S$ Mil	Total S$ Mil
Cost								
Balance as at 1 April 2008	0.4	220.5	421.9	2,807.0	1,075.2	937.5	206.9	5,669.4
Additions (net of rebates)	-	-	-	106.9	43.9	71.3	77.6	299.7
Disposals/ Write-offs	-	-	-	(54.7)	(50.7)	(52.2)	-	(157.6)
Balance as at 31 March 2009	0.4	220.5	421.9	2,859.2	1,068.4	956.6	284.5	5,811.5
Accumulated depreciation								
Balance as at 1 April 2008	-	36.2	174.3	1,801.5	942.4	712.6	-	3,667.0
Depreciation charge for the year	-	2.3	12.6	160.8	59.3	77.0	-	312.0
Disposals/ Write-offs	-	-	-	(48.5)	(46.7)	(52.1)	-	(147.3)
Balance as at 31 March 2009	-	38.5	186.9	1,913.8	955.0	737.5	-	3,831.7
Accumulated impairment								
Balance as at 1 April 2008	-	2.0	7.2	3.3	3.0	1.5	-	17.0
Disposals/ Write-offs	-	-	-	(2.1)	(3.0)	(0.2)	-	(5.3)
Balance as at 31 March 2009	-	2.0	7.2	1.2	-	1.3	-	11.7
Net Book Value as at 31 March 2009	**0.4**	**180.0**	**227.8**	**944.2**	**113.4**	**217.8**	**284.5**	**1,968.1**

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For the financial year ended 31 March 2010

Property, plant and equipment included the following -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Net book value of property, plant and equipment				
- Finance lease obligations	51.8	18.7	-	-
- Held for generating operating lease income	9.5	11.8	-	-
Interest charges capitalised during the year	7.2	11.7	-	-
Staff costs capitalised during the year	175.3	149.6	11.8	15.0

In the current financial year, an impairment charge of S$8.9 million (2009: S$3.5 million) was made at the Group on certain property, plant and equipment to bring their carrying values to their recoverable values.

20. INTANGIBLE ASSETS

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Goodwill on acquisition of subsidiaries	9,654.6	9,620.0	-	-
Telecommunications and spectrum licences	517.8	373.4	2.3	2.7
Customer relationships and others	27.8	34.0	-	-
	10,200.2	**10,027.4**	**2.3**	**2.7**

20.1 Goodwill on Acquisition of Subsidiaries

	Group	
	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	9,620.0	9,569.1
Acquisition of subsidiary	-	82.2
Translation differences	34.6	(31.3)
Balance as at 31 March	**9,654.6**	**9,620.0**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

20.2 Telecommunications and Spectrum Licences

	Group 2010 S$ Mil	Group 2009 S$ Mil	Company 2010 S$ Mil	Company 2009 S$ Mil
Balance as at 1 April	373.4	476.2	2.7	3.0
Additions	127.7	3.7	-	-
Amortisation for the year	(56.5)	(47.0)	(0.4)	(0.3)
Reclassifications	5.9	3.4	-	-
Translation differences	67.3	(62.9)	-	-
Balance as at 31 March	**517.8**	**373.4**	**2.3**	**2.7**
Cost	933.2	673.5	8.4	8.4
Accumulated amortisation	(413.1)	(297.8)	(6.1)	(5.7)
Accumulated impairment	(2.3)	(2.3)	-	-
Net book value as at 31 March	**517.8**	**373.4**	**2.3**	**2.7**

20.3 Customer Relationships and Others

	Group 2010 S$ Mil	Group 2009 S$ Mil
Balance as at 1 April	34.0	11.2
Acquisition of subsidiary	-	30.2
Amortisation for the year	(7.8)	(5.8)
Translation differences	1.6	(1.6)
Balance as at 31 March	**27.8**	**34.0**
Cost	52.7	48.7
Accumulated amortisation	(24.9)	(14.7)
Net book value as at 31 March	**27.8**	**34.0**

21. SUBSIDIARIES

	Company 2010 S$ Mil	Company 2009 S$ Mil
Unquoted equity shares, at cost	7,305.4	8,601.7
Shareholders' advances	3,283.4	3,792.5
Deemed investment in a subsidiary	42.0	24.1
	10,630.8	12,418.3
Less: Allowance for impairment losses	(688.5)	(619.6)
	9,942.3	**11,798.7**

The advances given to subsidiaries were unsecured with settlement neither planned nor likely to occur in the foreseeable future. The effective interest rate at the end of the reporting period was 0.6 per cent (2009: 1.1 per cent) per annum.

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The deemed investment in a subsidiary, SingTel Group Treasury Pte. Ltd. ("**SGT**"), resulted from financial guarantees provided by the Company for loans drawn down totalling S$1.28 billion (2009: S$1.54 billion) entered into by SGT as at 31 March 2010.

The details of subsidiaries are set out in **Note 46**.

22. ASSOCIATED COMPANIES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Quoted equity shares, at cost	74.3	74.3	24.7	24.7
Unquoted equity shares, at cost	1,440.3	1,421.7	-	-
Shareholder's loan (unsecured)	1.7	1.7	-	-
	1,516.3	1,497.7	24.7	24.7
Goodwill on consolidation adjusted against shareholders' equity	(28.3)	(28.3)	-	-
Share of post acquisition reserves (net of dividends, and accumulated amortisation of goodwill and intangible)	(224.5)	(179.6)	-	-
Translation differences	(393.0)	(288.8)	-	-
	(645.8)	(496.7)	-	-
Less: Allowance for impairment losses (see **Note 24.2**)	(591.7)	(331.7)	-	-
	278.8	**669.3**	**24.7**	**24.7**

As at 31 March 2010,

(i) The market values of the quoted equity shares in associated companies held by the Group and Company were S$532.5 million (2009: S$386.9 million) and S$518.7 million (2009: S$382.9 million) respectively.

(ii) The Group's shares representing 26% equity interest in an associated company were under a negative lien.

(iii) The Group's proportionate interest in the capital commitments of the associated companies was S$76.8 million (2009: S$118.1 million).

The details of associated companies are set out in **Note 46**.

The summarised financial information of associated companies were as follows –

	Group	
	2010 S$ Mil	2009 S$ Mil
Operating revenue	1,293.2	1,207.8
Net profit/ (loss) after tax	20.7	(222.2)
Total assets	4,529.6	3,987.4
Total liabilities	(2,968.5)	(2,271.2)

NOTES TO THE FINANCIAL STATEMENTS
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23. JOINT VENTURE COMPANIES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Quoted equity shares, at cost	2,388.1	2,388.1	-	-
Unquoted equity shares, at cost	3,748.1	3,069.8	34.1	34.1
	6,136.2	5,457.9	34.1	34.1
Goodwill on consolidation adjusted against shareholders' equity	(1,225.9)	(1,225.9)	-	-
Share of post acquisition reserves (net of dividends, and accumulated amortisation of goodwill)	5,979.1	4,887.3	-	-
Translation differences	(726.7)	(1,099.4)	-	-
	4,026.5	2,562.0	-	-
Less: Allowance for impairment losses (see **Note 24.2**)	(30.0)	(30.0)	-	(4.2)
	10,132.7	**7,989.9**	**34.1**	**29.9**

As at 31 March 2010,

(i) The market value of the quoted equity shares in joint venture companies held by the Group was S$10.03 billion (2009: S$9.46 billion).

(ii) The Group's proportionate interest in the capital commitments of joint venture companies was S$875.9 million (2009: S$1.20 billion).

(iii) The Group's shares representing 24.8% equity interest in a joint venture company are placed in an escrow account under a deed of undertaking whereby under certain events of default, the joint venture partner could be entitled to these shares.

The details of joint venture companies are set out in **Note 46**.

On 30 March 2010, Bharti, a 32.0%-owned joint venture of the Group, entered into a definitive agreement with the Zain Group to acquire Zain Africa BV's African mobile operations in 15 countries. The transaction is pending completion and subject to certain conditions precedent.

Optus holds a 31.25% (2009: 31.25%) interest in an unincorporated joint venture to maintain an optical fibre submarine cable between Western Australia and Indonesia.

In addition, Optus has an interest in an unincorporated joint venture to share certain 3G network sites and radio infrastructure across Australia whereby it holds an interest of 50% (2009: 50%) in the assets, with access to the shared network and shares 50% (2009: 50%) of the cost of building and operating the network.

The Group's property, plant and equipment included the Group's interest in the property, plant and equipment employed in the unincorporated joint ventures of S$319.3 million (2009: S$284.3 million).

The Group's share of certain items in the income statements and statements of financial position of the joint venture companies were as follows –

	Group	
	2010 **S$ Mil**	**2009** **S$ Mil**
Operating revenue	6,200.6	5,925.0
Operating expenses	(3,012.0)	(3,006.3)
Net profit before tax	2,410.3	2,298.8
Net profit after tax	1,874.8	1,872.2
Non-current assets	10,398.0	8,903.2
Current assets	1,970.7	1,744.8
Current liabilities	(2,575.4)	(2,364.6)
Non-current liabilities	(2,458.7)	(2,278.9)
Net assets	7,334.6	6,004.5

24. IMPAIRMENT REVIEWS

24.1 Goodwill arising on acquisition of subsidiaries

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 31 March 2010 were assessed for impairment during the financial year.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit ("**CGU**").

The fixed, mobile, cable and broadband networks of Optus Group are integrated operationally and accordingly, Optus as a group is a CGU for the purpose of impairment tests for goodwill.

			Terminal growth rate [1]		Pre-tax discount rate	
Group	**2010** **S$ Mil**	**2009** **S$ Mil**	**2010**	**2009**	**2010**	**2009**
Carrying value of goodwill in -						
- Optus Group	9,572.4	9,537.8	4.0%	4.0%	12.1%	10.9%
- SCS Computer Systems Pte Ltd	82.2	82.2	2.0%	2.0%	10.0%	8.3%

Note:

(1) Weighted average growth rate used to extrapolate cash flows beyond the terminal year.

The recoverable values of cash generating units including goodwill are determined based on value-in-use calculations.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering periods of four to five years. Cash flows beyond the terminal year are extrapolated using the estimated growth rates stated in the table above. Key assumptions used in the calculation of value-in-use are growth rates, operating margins, capital expenditure and discount rates.

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For the financial year ended 31 March 2010

The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports.

The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital (WACC) where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

As at 31 March 2010, no impairment charge was required for goodwill on acquisition of subsidiaries, with any reasonably possible change to the key assumptions applied not likely to cause the recoverable values to be below their carrying values.

24.2 Carrying values (including goodwill) of associated and joint venture companies

The Group's carrying values in Warid Telecom (Private) Limited ("**Warid**") and Pacific Bangladesh Telecom Limited ("**PBTL**") as at 31 March 2010 were assessed for impairment.

Group	2010 S$ Mil	2009 S$ Mil	Terminal growth rate (1) 2010	Terminal growth rate (1) 2009	Pre-tax discount rate 2010	Pre-tax discount rate 2009
Carrying value (including goodwill) in -						
Warid and PBTL	796.5	966.2				
Less: Allowance for impairment losses	(590.0)	(330.0)				
	206.5	636.2	5.5% to 8%	5.5% to 8%	12.4% to 17.4%	14.4% to 17.5%

Note:

(1) Weighted average growth rate used to extrapolate cash flows beyond the terminal year.

The impairment review of the Group's investments in the associated and joint venture companies is based on the same methodology described in **Note 24.1**. The cash flow projections were based on financial budgets and forecasts approved by management covering periods of five to ten years.

For the year ended 31 March 2010, an additional impairment provision of S$260 million was recorded on the carrying value of Warid. The lower value-in-use arose from the increased cost of debt, as well as lower expected earnings. In the previous financial year ended 31 March 2009, impairment provisions of S$300 million and S$30 million were recorded on the carrying values of Warid and PBTL respectively.

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25. AVAILABLE-FOR-SALE ("AFS") INVESTMENTS

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	236.3	352.6	24.6	37.0
Additions	0.3	1.8	-	-
Disposals	(6.4)	(2.8)	-	(2.5)
Write-back of provision/ (Provision for impairment)	4.1	(0.1)	-	-
Net fair value gains/ (losses) included in other comprehensive income	21.5	(115.2)	6.5	(9.9)
Balance as at 31 March	**255.8**	**236.3**	**31.1**	**24.6**

AFS investments included the following –

Group	2010 S$ Mil	2009 S$ Mil
Quoted equity securities		
- Taiwan	217.0	202.9
- Thailand	12.2	9.2
- Singapore and United States	8.9	5.8
	238.1	217.9
Unquoted		
Equity securities - Singapore and United States	13.8	13.9
Others	3.9	4.5
	17.7	18.4
	255.8	**236.3**

Company	2010 S$ Mil	2009 S$ Mil
Quoted equity securities		
- Thailand	12.2	9.2
- Singapore and United States	8.8	5.6
	21.0	14.8
Unquoted equity securities		
- Singapore	10.1	9.8
	31.1	**24.6**

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26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Balance as at 1 April	(144.6)	(1,136.4)	(54.6)	(749.6)
Fair value (losses)/ gains				
- included in income statement	(540.3)	458.2	(736.3)	531.9
- included in 'Hedging Reserve'	(157.6)	263.7	72.1	25.8
- included in 'Currency Translation Reserve'	(190.7)	66.7	-	-
Settlement of swap for bonds repaid	-	137.3	-	137.3
Translation differences	(19.7)	65.9	-	-
Balance as at 31 March	**(1,052.9)**	**(144.6)**	**(718.8)**	**(54.6)**
Disclosed as -				
Current asset	12.8	1.5	12.8	1.5
Non-current asset	175.6	461.3	182.7	461.3
Current liability	(300.2)	(44.2)	(14.4)	(12.6)
Non-current liability	(941.1)	(563.2)	(899.9)	(504.8)
	(1,052.9)	**(144.6)**	**(718.8)**	**(54.6)**

26.1 Fair Values

The fair values of the currency and interest rate swap contracts excluded the accrued interest of S$33.6 million (2009: S$49.4 million). The accrued interest is separately disclosed in **Note 16** and **Note 28**.

The fair value adjustments of the derivative financial instruments were as follows -

	Group Fair value adjustments		Company Fair value adjustments	
2010	Assets S$ Mil	Liabilities S$ Mil	Assets S$ Mil	Liabilities S$ Mil
Fair value hedges				
Cross currency swaps	-	(94.0)	-	(94.0)
Interest rate swaps	187.8	-	187.8	-
Forward foreign exchange	11.8	4.5	11.8	0.6
Cash flow hedges				
Cross currency swaps	-	1,271.2	-	762.2
Interest rate swaps	(12.3)	25.9	(9.9)	13.4
Forward foreign exchange	1.1	15.9	1.1	10.0
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	-	197.2
Interest rate swaps	-	17.8	4.7	24.9
Forward foreign exchange	-	*	-	-
	188.4	**1,241.3**	**195.5**	**914.3**
Disclosed as -				
Current	12.8	300.2	12.8	14.4
Non-current	175.6	941.1	182.7	899.9
	188.4	**1,241.3**	**195.5**	**914.3**

***** Denotes amount less than S$50,000.

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For the financial year ended 31 March 2010

2009	Group Fair value adjustments Assets S$ Mil	Group Fair value adjustments Liabilities S$ Mil	Company Fair value adjustments Assets S$ Mil	Company Fair value adjustments Liabilities S$ Mil
Fair value hedges				
Cross currency swaps	172.5	(94.5)	172.5	(94.5)
Interest rate swaps	268.8	-	268.8	-
Forward foreign exchange	1.5	9.0	1.5	8.6
Cash flow hedges				
Cross currency swaps	53.6	636.0	58.5	571.7
Interest rate swaps	(33.6)	44.7	(29.6)	28.9
Forward foreign exchange	-	4.6	-	2.7
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	(4.9)	-
Interest rate swaps	-	-	(4.0)	-
Forward foreign exchange	-	7.6	-	-
	462.8	**607.4**	**462.8**	**517.4**
Disclosed as -				
Current	1.5	44.2	1.5	12.6
Non-current	461.3	563.2	461.3	504.8
	462.8	**607.4**	**462.8**	**517.4**

The cash flow hedges are designated for foreign currency commitments and repayments of principal and interest of the foreign currency denominated bonds.

The forecasted transactions for the foreign currency commitments are expected to occur in the financial year ending 31 March 2011, while the forecasted transactions for the repayment of principal and interest of the foreign currency denominated bonds will occur according to the timing disclosed in **Note 30.1**.

As at 31 March 2010, the details of the outstanding derivative financial instruments were as follows -

	Group 2010	Group 2009	Company 2010	Company 2009
Interest rate swaps				
Notional principal (S$ million equivalent)	5,737.5	5,214.6	5,382.1	4,713.5
Fixed interest rates	1.8% to 7.7%	2.0% to 7.7%	1.8% to 3.9%	2.0% to 3.9%
Floating interest rates	0.4% to 5.7%	3.2% to 5.5%	0.4% to 2.3%	3.9% to 5.5%
Cross currency swaps				
Notional principal (S$ million equivalent)	5,193.5	4,910.4	3,649.7	3,679.8
Fixed interest rates	3.9% to 8.0%	3.9% to 8.1%	3.9% to 5.2%	3.9% to 5.2%
Floating interest rates	2.0% to 6.3%	2.3% to 4.7%	2.0% to 2.8%	2.3% to 3.1%
Forward foreign exchange				
Notional principal (S$ million equivalent)	1,359.3	729.5	1,020.1	413.7

The interest rate swaps entered into by the Group are re-priced at intervals ranging from monthly to six-monthly periods. The interest rate swaps entered by the Company are re-priced every six months.

NOTES TO THE FINANCIAL STATEMENTS
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26.2 Fair Value Measurements

The Group classifies fair value measurements using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels -

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);

(b) inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and

(c) inputs for the asset or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

The following table presents the assets and liabilities measured at fair value as at 31 March 2010 -

Group 2010	Level 1 S$ Mil	Level 2 S$ Mil	Level 3 S$ Mil	Total S$ Mil
Financial assets				
AFS investments (**Note 25**)				
- Quoted equity securities	238.1	-	-	**238.1**
- Unquoted	-	-	17.7	**17.7**
	238.1	-	17.7	**255.8**
Derivative financial instruments (**Note 26**)	-	188.4	-	**188.4**
	238.1	188.4	17.7	**444.2**
Financial liabilities				
Purchase consideration payable				
- Current (**Note 28**)	-	-	487.5	**487.5**
- Non-current (**Note 33**)	-	-	144.6	**144.6**
	-	-	632.1	**632.1**
Derivative financial instruments (**Note 26**)	-	1,241.3	-	**1,241.3**
	-	1,241.3	632.1	**1,873.4**

Company 2010	Level 1 S$ Mil	Level 2 S$ Mil	Level 3 S$ Mil	Total S$ Mil
Financial assets				
AFS investments (**Note 25**)				
- Quoted equity securities	21.0	-	-	**21.0**
- Unquoted equity securities	-	-	10.1	**10.1**
	21.0	-	10.1	**31.1**
Derivative financial instruments (**Note 26**)	-	195.5	-	**195.5**
	21.0	195.5	10.1	**226.6**
Financial liabilities				
Purchase consideration payable				
- Current (**Note 28**)	-	-	487.5	**487.5**
- Non-current (**Note 33**)	-	-	144.6	**144.6**
	-	-	632.1	**632.1**
Derivative financial instruments (**Note 26**)	-	914.3	-	**914.3**
	-	914.3	632.1	**1,546.4**

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See **Note 2.7** for the policies on fair value estimation of the financial assets and liabilities.

The fair values of the unquoted equity securities in AFS investments included within Level 3 were estimated using the net asset values as reported in the statements of financial position in the management reports of the AFS investments.

The fair value estimation of the purchase consideration payable is as disclosed in **Note 3.6**.

The following table presents the reconciliation for the unquoted equity securities in AFS investments measured at fair value based on unobservable inputs (Level 3) -

	Group 2010 S$ Mil	Company 2010 S$ Mil
AFS investments - unquoted		
Balance as at 1 April	18.4	9.8
Total gains included in other comprehensive income	1.1	0.3
Additions	0.2	-
Disposals	(2.0)	-
Balance as at 31 March	**17.7**	**10.1**

27. OTHER NON-CURRENT RECEIVABLES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Prepayments	89.6	118.7	158.4	104.5
Loan to joint venture company	9.4	-	-	-
Other receivables	24.6	29.2	0.1	0.2
	123.6	**147.9**	**158.5**	**104.7**

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28. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Trade payables	2,515.2	1,955.6	566.5	485.5
Advance billings	600.9	467.5	74.7	69.7
Accruals	654.4	507.1	94.3	85.8
Interest payables	183.9	186.1	140.1	140.0
Due to subsidiaries				
- trade	-	-	309.2	138.5
- non-trade	-	-	213.9	107.8
	-	-	523.1	246.3
Due to associated and joint venture companies (trade)	53.2	37.5	47.3	33.2
Deferred income (see **Note 32**)				
- Deferred gain on sale of a joint venture company	3.1	3.1	-	-
- Financial guarantee contracts	-	-	3.2	4.8
	3.1	3.1	3.2	4.8
Customers' deposits	21.6	21.4	11.5	11.6
Other deferred income	19.9	13.6	5.1	5.5
Purchase consideration payable	487.5	-	487.5	-
Other payables	110.1	75.6	46.3	48.3
	4,649.8	**3,267.5**	**1,999.6**	**1,130.7**

The amounts due to subsidiaries are repayable on demand and interest-free.

The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms.

The interest payables on borrowings are generally settled on a half-year basis except for interest payables on certain bonds and syndicated loan facilities which are settled on quarterly and monthly basis respectively.

The purchase consideration payable of S$487.5 million (2009: Nil) represents the current payable in respect of the Group's purchase of an additional 1.5% effective equity interest in Bharti in November 2009. The non-current payable is shown in **Note 33**. The total amount payable is subject to a minimum and maximum purchase consideration to be finalised based on the prevailing Bharti share price in May 2011, in accordance with the terms of the share purchase agreement. As at 31 March 2010, as required by FRS 39, *Financial Instruments: Recognition and Measurement*, the Group assessed and recorded the fair value of the purchase consideration using a discounted cash flow model based on the same methodology described in **Note 24.1**, with post-tax discount rate of 10.6% and terminal growth rate of 4%. The Group will reassess the fair value of the purchase consideration payable at the end of each reporting period and at settlement date with any fair value adjustment taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

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29. PROVISION

The provision mainly relates to provision for liquidated damages and warranties. The movements were as follows -

	Group 2010 S$ Mil	Group 2009 S$ Mil
Balance as at 1 April	16.8	12.7
Acquisition of subsidiary	-	2.2
Provision	2.5	3.5
Amount written off against provision	(1.4)	(1.6)
Balance as at 31 March	**17.9**	**16.8**

30. BORROWINGS (UNSECURED)

	Group 2010 S$ Mil	Group 2009 S$ Mil	Company 2010 S$ Mil	Company 2009 S$ Mil
Current				
Bonds	577.6	542.2	-	-
Bank loans	935.4	885.0	-	-
Bank overdraft	0.1	0.2	-	-
	1,513.1	**1,427.4**	**-**	**-**
Non-current				
Bonds	4,496.8	5,004.3	3,809.1	4,353.2
Bank loans	831.1	1,043.2	-	-
	5,327.9	**6,047.5**	**3,809.1**	**4,353.2**
Total unsecured borrowings	**6,841.0**	**7,474.9**	**3,809.1**	**4,353.2**

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30.1 Bonds

Principal amount	Maturity	Fixed interest rate %	Group 2010 S$ Mil	Group 2009 S$ Mil	Company 2010 S$ Mil	Company 2009 S$ Mil
US$345 million [1]	2009	8.13	-	529.6	-	-
US$393.8 million [1]	2010	8.00	559.9	636.4	-	-
US$1,350 million [2] [3]	2011	6.38	2,024.0	2,251.7	2,024.0	2,251.7
US$500 million [1] [2]	2019	4.63	687.7	-	-	-
US$500 million [2] [3]	2031	7.38	791.2	1,024.2	791.2	1,024.2
€500 million [2] [3]	2011	6.00	993.9	1,077.3	993.9	1,077.3
A$62.6 million	2011	6.82	17.7	27.3	-	-
			5,074.4	**5,546.5**	**3,809.1**	**4,353.2**
Classified as -						
Current			577.6	542.2	-	-
Non-current			4,496.8	5,004.3	3,809.1	4,353.2
			5,074.4	**5,546.5**	**3,809.1**	**4,353.2**

Notes:

(1) The bonds, issued by Optus Group, are subject to a negative pledge that limits the amount of secured indebtedness of certain subsidiaries of Optus.
(2) The bonds are listed on Singapore Exchange.
(3) On 4 January 2010, the bonds were delisted from the Luxembourg Stock Exchange.

30.2 Bank Loans

	Group 2010 S$ Mil	Group 2009 S$ Mil
Current	935.4	885.0
Non-current	831.1	1,043.2
	1,766.5	**1,928.2**

As at 31 March 2010, A$375 million (2009: A$375 million) had been drawn down under various loan facilities totalling A$975 million with maturity between April to September 2012.

As at 31 March 2010, S$1.28 billion (2009: S$1.54 billion) had been drawn down under various loan facilities of approximately S$3 billion with maturity between August 2010 to November 2013.

NOTES TO THE FINANCIAL STATEMENTS

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30.3 Maturity

The maturity periods of the non-current unsecured borrowings at the end of the reporting period were as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Between one and two years	3,017.9	951.1	3,017.9	-
Between two and five years	831.1	4,072.2	-	3,329.0
Over five years	1,478.9	1,024.2	791.2	1,024.2
	5,327.9	**6,047.5**	**3,809.1**	**4,353.2**

30.4 Interest Rates

The weighted average effective interest rates at the end of the reporting period were as follows -

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bonds	6.4	6.8	6.5	6.5
Bank loans	2.5	2.4	-	-

30.5 Fair Values

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Carrying value				
Bonds	5,074.4	5,546.5	3,809.1	4,353.2
Bank loans	1,766.5	1,928.2	-	-
Fair value				
Bonds	5,183.7	5,296.4	3,918.4	4,103.1
Bank loans	1,776.0	1,940.4	-	-

See **Note 2.7** on the basis of estimating the fair values and **Note 26** for information on the derivative financial instruments used for hedging the risks associated with the borrowings.

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30.6 The tables below set out the expected contractual undiscounted cash flows of the borrowings, including the effects of hedging. The adjustments column represents the possible future cash flows attributable to the borrowings which are not included in the carrying amounts on the statement of financial position.

Group	Less than 1 year S$ Mil	Between 1 and 2 years S$ Mil	Between 2 and 5 years S$ Mil	Over 5 years S$ Mil	Adjustments S$ Mil	Total S$ Mil
As at 31 March 2010						
Net-settled interest rate swaps	462.3	170.2	122.9	563.2	(1,318.6)	-
Borrowings	1,586.3	3,585.9	933.7	1,743.4	(1,008.3)	6,841.0
	2,048.6	**3,756.1**	**1,056.6**	**2,306.6**	**(2,326.9)**	**6,841.0**
As at 31 March 2009						
Net-settled interest rate swaps	165.3	224.4	177.1	543.5	(1,110.3)	-
Borrowings	1,503.4	938.1	4,078.4	881.2	73.8	7,474.9
	1,668.7	**1,162.5**	**4,255.5**	**1,424.7**	**(1,036.5)**	**7,474.9**

Company	Less than 1 year S$ Mil	Between 1 and 2 years S$ Mil	Between 2 and 5 years S$ Mil	Over 5 years S$ Mil	Adjustments S$ Mil	Total S$ Mil
As at 31 March 2010						
Net-settled interest rate swaps	160.4	143.7	61.3	474.0	(839.4)	-
Borrowings	-	3,528.6	-	881.2	(600.7)	3,809.1
Financial guarantee contracts (**Note 32**)	0.5	-	9.0	-	-	9.5
	160.9	**3,672.3**	**70.3**	**1,355.2**	**(1,440.1)**	**3,818.6**
As at 31 March 2009						
Net-settled interest rate swaps	160.4	156.8	177.1	543.5	(1,037.8)	-
Borrowings	-	-	3,335.2	881.2	136.8	4,353.2
Financial guarantee contracts **(Note 32)**	1.8	1.6	8.9	-	-	12.3
	162.2	**158.4**	**3,521.2**	**1,424.7**	**(901.0)**	**4,365.5**

The maximum amount that the Company can be called on under the financial guarantee contract if the full guaranteed amount is claimed by the counterparty to the guarantee is as disclosed in **Note 41(a)(ii)**.

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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	
	2010 S$ Mil	2009 S$ Mil
Not later than one year	17.1	7.4
Later than one but not later than five years	24.8	14.8
	41.9	22.2
Less : Future finance charges	(3.8)	(2.1)
	38.1	**20.1**
Classified as -		
Current	14.9	6.4
Non-current	23.2	13.7
	38.1	**20.1**

31.2 Interest Rates

The weighted average effective interest rates per annum at the end of the reporting period were as follows -

	Group	
	2010 %	2009 %
Finance lease liabilities	10.0	10.7

31.3 Fair Values

	Group	
	2010 S$ Mil	2009 S$ Mil
Carrying value		
Finance lease liabilities	38.1	20.1
Fair value		
Finance lease liabilities	38.1	20.1

The fair value of the finance lease obligations was estimated by discounting the expected future cash flows using current interest rates for liabilities with similar risk profiles.

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32. DEFERRED INCOME

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Gain on sale and leaseback arrangements				
Balance as at 1 April	11.3	14.1	5.3	6.8
Amount recognised as income during the year	(1.7)	(2.8)	(0.9)	(1.5)
Balance as at 31 March	9.6	11.3	4.4	5.3
Deferred gain on sale of a joint venture company				
Balance as at 1 April	26.0	29.1	-	-
Amount recognised as income during the year	(3.1)	(3.1)	-	-
Balance as at 31 March	22.9	26.0	-	-
Financial guarantee contracts				
Balance as at 1 April	-	-	12.3	5.3
Amount deferred during the year	-	-	17.8	12.6
Amount recognised as income during the year	-	-	(20.6)	(5.6)
Balance as at 31 March	-	-	9.5	12.3
	32.5	**37.3**	**13.9**	**17.6**
Classified as -				
Current (see **Note 28**)	3.1	3.1	3.2	4.8
Non-current	29.4	34.2	10.7	12.8
	32.5	**37.3**	**13.9**	**17.6**

Gain on sale and finance leaseback of certain telecommunications equipment is recognised as income over the lease period of 11 to 16 years.

Deferred gain on sale of a joint venture company is recognised as income on a straight-line basis over the remaining useful life of the joint venture company's cable system of approximately 10 years.

33. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Performance share liability	8.7	4.4	6.5	2.8
Other deferred income	13.9	20.2	-	-
Other payables, including purchase consideration payable (see **Note 28**)	333.1	128.3	149.3	6.4
	355.7	**152.9**	**155.8**	**9.2**

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34. SHARE CAPITAL

Group and Company	2010 Number of shares Mil	2010 Share capital S$ Mil	2009 Number of shares Mil	2009 Share capital S$ Mil
Balance as at 1 April	15,926.8	2,605.6	15,920.8	2,593.7
Issue of shares under share options	5.4	10.7	6.0	11.9
Balance as at 31 March	**15,932.2**	**2,616.3**	**15,926.8**	**2,605.6**

All issued shares are fully paid.

During the year, the Company issued 5,391,400 (2009: 6,050,600) shares upon the exercise of 5,391,400 (2009: 6,050,600) share options under the 1999 Scheme at exercise prices between S$1.41 and S$2.85 (2009: S$1.41 and S$2.85) per share.

The newly issued shares rank pari passu in all respects with the previously issued shares.

Capital Management

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings. In order to achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

The Group monitors capital based on gross and net gearing ratios, and the dividend payout ratio target ranges from 45% to 60% of its underlying net profit, defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, as well as significant exceptional items of the associated and joint venture companies.

From time to time, the Group purchases its own shares from the market. The shares purchased are primarily for delivery to employees upon vesting of performance shares awarded under the Group's performance share plans. The Group can also cancel the shares which are re-purchased from the market.

There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to any externally imposed capital requirement.

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35. DIVIDENDS

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Final dividend of 6.9 cents (2009: 6.9 cents) (one-tier tax exempt) per share, paid	1,097.0	1,098.1	1,097.4	1,098.8
Interim dividend of 6.2 cents (2009: 5.6 cents) (one-tier tax exempt) per share, paid	987.0	891.3	987.5	892.1
	2,084.0	**1,989.4**	**2,084.9**	**1,990.9**

During the year, a final one-tier exempt ordinary dividend of 6.9 cents per share was paid in respect of the financial year ended 31 March 2009, and an interim one-tier exempt ordinary dividend of 6.2 cents per share was paid in respect of the financial year ended 31 March 2010.

The amount paid by the Group differed from that paid by the Company due to dividends on performance shares held by the Trust that were eliminated on consolidation of the Trust.

The Directors have proposed a final one-tier exempt ordinary dividend of 8.0 cents per share totalling approximately S$1.27 billion in respect of the financial year ended 31 March 2010 for approval at the forthcoming Annual General Meeting.

These financial statements do not reflect the final dividend payable of approximately S$1.27 billion, which will be accounted for in the shareholders' equity as an appropriation of 'Retained Earnings' in the next financial year ending 31 March 2011.

36. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of FVTPL investments, AFS investments and borrowings are set out in **Note 17**, **Note 25**, **Note 30** and **Note 31** respectively.

The carrying values of the other financial assets and liabilities approximate their fair values.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 Financial Risk Factors

The Group's activities are exposed to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, liquidity risk and market risk. The Group's overall risk management seeks to minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group uses financial instruments such as currency forwards, cross currency and interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures. No financial derivatives are held or sold for speculative purposes.

The Directors assume responsibility for the overall financial risk management of the Group. The Finance, Investment and Risk Committee ("**FIRC**") assists the Directors in reviewing and establishing policies relating to financial risk management in accordance with the policies and directives of the Directors.

37.2 Foreign Exchange Risk

The foreign exchange risk of the Group arises from subsidiaries, associated and joint venture companies operating in foreign countries such as Australia, Bangladesh, India, Indonesia, Philippines, Pakistan and Thailand. Translation risks of overseas net investments are not hedged unless approved by the FIRC. As approved by the FIRC, EUR 500 million borrowing has been swapped into AUD 825.3 million borrowing to hedge against the translation risk of the Group's investment in Australia. As at 31 March 2010, if the Australian Dollar appreciates or depreciates against the Singapore Dollar by 3 percentage points, the impact to equity from the translation of the AUD 825.3 million borrowing will be S$31.8 million (2009: S$26.0 million).

The Group also has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the respective borrowing entities using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any change in the fair value of the cross currency swaps has minimal impact on profit and equity.

The Group Treasury Policy, as approved by the FIRC, is to substantially hedge all known transactional currency exposures. The Group generates revenue, receives foreign dividends and incurs costs in currencies which are other than the functional currencies of the operating units, thus giving rise to foreign exchange risk. The currency exposures are primarily relating to Australian Dollar, Euro, Hong Kong Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Pound Sterling, Thai Baht, United States Dollar and Japanese Yen.

Foreign currency purchases and forward currency contracts are used to reduce the Group's transactional exposure to foreign currency exchange rate fluctuations. The foreign exchange difference on trade balances is disclosed under **Note 6** and the exchange difference on non-trade balances is disclosed under **Note 10**.

37.3 Interest Rate Risk

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks on its interest income by placing the cash balances on varying maturities and interest rate terms.

The Group's borrowings include bank borrowings and bonds. The borrowings expose the Group to interest rate risk. The Group seeks to minimise its exposure to these risks by entering into interest rate swaps over the duration of its borrowings. Interest rate swaps entail the Group agreeing to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 March 2010, after taking into account the effect of interest rate swaps, approximately 67% (2009: 59%) of the Group's borrowings were at fixed rates of interest.

As at 31 March 2010, assuming that the market interest rate is 50 basis points higher or lower than the market interest rate and with no change to the other variables, the annualised interest expense on borrowings would be higher or lower by S$13.4 million (2009: S$14.2 million).

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.

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For the financial year ended 31 March 2010

The Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessment and approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers or enters into credit insurance arrangements. See **Note 16** for additional information.

The Group places its cash and cash equivalents and marketable securities with a number of major and high credit rating commercial banks and other financial institutions. Derivative counter-parties are limited to high credit rating commercial banks and other financial institutions. The Group has policies that limit the financial exposure to any one financial institution.

37.5 Liquidity Risk

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. See **Note 30.6** for additional information.

37.6 Market Risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

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38. SEGMENT INFORMATION

Segment information is presented based on the information reviewed by the chief operating decision maker for performance measurement and resource allocation.

The Group's reportable segments are as follows -

Singapore – represent the services and products provided by SingTel and its subsidiaries (excluding Optus).

Australia – represent the services and products provided by Optus, a wholly-owned subsidiary of the Group domiciled in Australia.

Associates & Joint Ventures ("Assoc & JV") – represent the Group's investments in associated and joint venture companies which mainly comprise Advanced Info Service Public Company Limited ("**AIS**") in Thailand, Bharti in India, Globe Telecom, Inc. ("**Globe**") in the Philippines, and PT Telekomunikasi Selular ("**Telkomsel**") in Indonesia.

The main services and products provided by both Singapore and Australia are mobile communications, data and Internet, national telephone, information technology and engineering, sale of equipment, international telephone and pay television.

The accounting policies used to derive the reportable operating segment results are consistent with those described in the "Significant Accounting Policies" note to the financial statements.

Segment results represent operating revenue less expenses. Corporate costs represent the allocated costs of the Group function not allocated to the reportable operating segments.

Segment assets represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment and inventories. Corporate held-assets managed at corporate level include cash and bank balances, fixed deposits and AFS investments.

Segment capital expenditure comprise additions to property, plant and equipment and intangible assets.

The comparative figures for the previous financial year ended 31 March 2009 were restated to be consistent with the current year's presentation.

The Group's revenue from its major products and services are disclosed in **Note 4**.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 31 March 2010 and 31 March 2009.

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Group - 2010	Singapore S$ Mil	Australia S$ Mil	Assoc & JV S$ Mil	Elim S$ Mil	Segment Total S$ Mil	Corp S$ Mil	Group Total S$ Mil
Operating revenue	5,995.0	10,875.9	-	-	16,870.9	-	**16,870.9**
Segment results	1,734.2	1,212.2	-	-	2,946.4	(72.5)	**2,873.9**
Other income	40.5	51.1	-	-	91.6	3.1	**94.7**
Profit/ (Loss) before exceptional items	1,774.7	1,263.3	-	-	3,038.0	(69.4)	**2,968.6**
Exceptional items	(5.0)	-	(260.0)	-	(265.0)	269.7	**4.7**
Profit/ (Loss) on operating activities	1,769.7	1,263.3	(260.0)	-	2,773.0	200.3	**2,973.3**
Share of results of associated and joint venture companies							
- Bharti	-	-	834.8	-	834.8	-	**834.8**
- Telkomsel	-	-	681.5	-	681.5	-	**681.5**
- Globe	-	-	164.5	-	164.5	-	**164.5**
- AIS	-	-	148.1	-	148.1	-	**148.1**
- Others	-	-	33.2	-	33.2	-	**33.2**
	-	-	1,862.1	-	1,862.1	-	**1,862.1**
Profit before interest, investment income (net) and tax	1,769.7	1,263.3	1,602.1	-	4,635.1	200.3	**4,835.4**
Interest and investment income (net)	-	22.3	-	-	22.3	(30.7)	**(8.4)**
Finance costs	-	(109.1)	-	-	(109.1)	(216.8)	**(325.9)**
Profit/ (Loss) before tax	**1,769.7**	**1,176.5**	**1,602.1**	**-**	**4,548.3**	**(47.2)**	**4,501.1**
Segment assets							
Investment in associated and joint venture companies							
- Bharti	-	-	4,951.5	-	4,951.5	-	**4,951.5**
- Telkomsel	-	-	3,231.9	-	3,231.9	-	**3,231.9**
- Globe	-	-	1,049.0	-	1,049.0	-	**1,049.0**
- AIS	-	-	656.8	-	656.8	-	**656.8**
- Others	-	-	522.3	-	522.3	-	**522.3**
	-	-	10,411.5	-	10,411.5	-	**10,411.5**
Goodwill on acquisition of subsidiaries	82.2	9,572.4	-	-	9,654.6	-	**9,654.6**
Other assets	4,706.4	13,938.9	-	(2,938.3)	15,707.0	2,178.4	**17,885.4**
	4,788.6	**23,511.3**	**10,411.5**	**(2,938.3)**	**35,773.1**	**2,178.4**	**37,951.5**
Capital expenditure	722.0	1,572.7	-	-	2,294.7	-	**2,294.7**
Depreciation and amortisation	(518.2)	(1,359.8)	-	-	(1,878.0)	-	**(1,878.0)**
Impairment of property, plant and equipment	(8.9)	-	-	-	(8.9)	-	**(8.9)**
Impairment of AFS investments	-	-	-	-	-	(60.9)	**(60.9)**
Impairment of associated company	-	-	(260.0)	-	(260.0)	-	**(260.0)**

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Group - 2009	Singapore S$ Mil	Australia S$ Mil	Assoc & JV S$ Mil	Elim S$ Mil	Segment Total S$ Mil	Corp S$ Mil	Group Total S$ Mil
Operating revenue	5,547.4	9,387.0	-	-	14,934.4	-	**14,934.4**
Segment results	1,657.8	1,014.2	-	-	2,672.0	(65.6)	**2,606.4**
Other income	27.9	50.3	-	-	78.2	13.9	**92.1**
Profit/ (Loss) before exceptional items	1,685.7	1,064.5	-	-	2,750.2	(51.7)	**2,698.5**
Exceptional items	7.3	-	(330.0)	-	(322.7)	87.0	**(235.7)**
Profit/ (Loss) on operating activities	1,693.0	1,064.5	(330.0)	-	2,427.5	35.3	**2,462.8**
Share of results of associated and joint venture companies							
- Bharti	-	-	1,032.5	-	1,032.5	-	**1,032.5**
- Telkomsel	-	-	516.9	-	516.9	-	**516.9**
- Globe	-	-	171.9	-	171.9	-	**171.9**
- AIS	-	-	134.8	-	134.8	-	**134.8**
- Others	-	-	(60.0)	-	(60.0)	-	**(60.0)**
	-	-	1,796.1	-	1,796.1	-	**1,796.1**
Profit before interest, investment income (net) and tax	1,693.0	1,064.5	1,466.1	-	4,223.6	35.3	**4,258.9**
Interest and investment income (net)	-	12.4	-	-	12.4	36.1	**48.5**
Finance costs	-	(150.9)	-	-	(150.9)	(209.8)	**(360.7)**
Profit/ (Loss) before tax	**1,693.0**	**926.0**	**1,466.1**	**-**	**4,085.1**	**(138.4)**	**3,946.7**
Segment assets							
Investment in associated and joint venture companies							
- Bharti	-	-	3,279.4	-	3,279.4	-	**3,279.4**
- Telkomsel	-	-	2,773.2	-	2,773.2	-	**2,773.2**
- Globe	-	-	1,129.0	-	1,129.0	-	**1,129.0**
- AIS	-	-	580.4	-	580.4	-	**580.4**
- Others	-	-	897.2	-	897.2	-	**897.2**
	-	-	8,659.2	-	8,659.2	-	**8,659.2**
Goodwill on acquisition of subsidiaries	82.2	9,537.8	-	-	9,620.0	-	**9,620.0**
Other assets	4,218.9	10,482.8	-	(1,665.8)	13,035.9	1,939.6	**14,975.5**
	4,301.1	**20,020.6**	**8,659.2**	**(1,665.8)**	**31,315.1**	**1,939.6**	**33,254.7**
Capital expenditure	640.9	1,248.5	-	-	1,889.4	-	**1,889.4**
Depreciation and amortisation	(476.1)	(1,256.6)	-	-	(1,732.7)	-	**(1,732.7)**
Impairment of property, plant and equipment	(3.5)	-	-	-	(3.5)	-	**(3.5)**
Impairment of associated and joint venture companies	-	-	(330.0)	-	(330.0)	-	**(330.0)**

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39. OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Not later than one year	453.8	424.0	158.6	89.8
Later than one but not later than five years	1,394.6	1,211.0	215.6	152.7
Later than five years	1,385.5	1,134.2	515.8	336.6
	3,233.9	**2,769.2**	**890.0**	**579.1**

Sale and operating leaseback contracts were entered into for certain property, plant and equipment for a period of 20 years commencing from 2 March 2005 and 18 January 2010. The above commitments included the minimum amounts payable of S$37.8 million (2009: S$24.4 million) per annum under those contracts. The operating lease payments under these contracts are subject to review every year with a general increase not exceeding the higher of 2 per cent or Consumer Price Index percentage of the preceding year.

40. COMMITMENTS

40.1 The commitments for capital and operating expenditures, and investments which had not been recognised in the financial statements, excluding the commitments shown under **Note 40.2**, were as follows -

	Group		Company	
	2010 S$ Mil	2009 S$ Mil	2010 S$ Mil	2009 S$ Mil
Authorised and contracted for	928.7	763.0	105.3	105.5

The above included equity funding commitments for an associated company of US$66 million (S$92 million) (2009: US$75 million) and commitments to purchase capacity in the cable network of a joint venture company of A$57 million (S$73 million) (2009: Nil).

40.2 As at 31 March 2010, the Group’s commitments for the purchase of broadcasting program rights were S$602.6 million (2009: S$211.9 million). The commitments included only the minimum guaranteed amounts payable under the respective contracts and do not include amounts that may be payable based on revenue share arrangement which cannot be reliably determined as at the end of the reporting period. A third-party had agreed to reimburse the Group for A$2.2 million (S$2.8 million) (2009: A$3.2 million) of certain relevant commitments.

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41. CONTINGENT LIABILITIES

(a) <u>Guarantees</u>

As at 31 March 2010,

(i) The Group and Company provided bankers' and other guarantees, and insurance bonds of S$687.6 million and S$435.5 million (31 March 2009: S$226.9 million and S$19.2 million) respectively.

(ii) The Company provided guarantees for loans totalling S$1.28 billion (2009: S$1.54 billion) drawn down under various loan facilities entered into by SGT with maturity between August 2010 and November 2013. SGT made early repayment of loans totalling S$930 million in April 2010.

(iii) The Company provided a guarantee for US$94 million (S$132 million) on a proportionate share basis in respect of a loan obtained by an associated company.

(b) <u>Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission") and institution of class action suits</u>

SingTel announced on 29 June 2007 that SingTel and its wholly-owned subsidiary, Singapore Telecom Mobile Pte Ltd ("**SingTel Mobile**"), had been called by the Commission to attend before it for an examination concerning the allegation of a violation by Temasek Business Group of Article 27(a)[1] of Law No.5 of 1999 (the "**Law**") relating to business competition matters.

On 20 November 2007, SingTel announced that the Commission had issued its decision (the "**Decision**"). The Decision states that SingTel and SingTel Mobile together with other parties to the proceedings (the "**Parties**") are in violation of Article 27(a) of the Law and that Telkomsel is in violation of Article 17(1)[2] of the Law.

The Decision orders, amongst other things, that (i) the Parties divest either Telkomsel or PT Indosat Tbk ("**Indosat**") within two years, (ii) Telkomsel reduces tariffs by at least 15 per cent and (iii) each of the Parties and Telkomsel pay 25 billion rupiah in fines.

SingTel and SingTel Mobile filed an appeal to the District Court of Central Jakarta on 19 December 2007. The District Court announced its ruling on 9 May 2008 dismissing SingTel's and SingTel Mobile's appeal, but (i) setting aside the order that Telkomsel reduce tariffs by at least 15 per cent; and (ii) reducing the fine for each of the Parties and Telkomsel to 15 billion rupiah (approximately S$2 million). SingTel and SingTel Mobile appealed to the Supreme Court of the Republic of Indonesia on 22 May 2008.

By a written decision dated 9 September 2008, of which official notification was given to SingTel and SingTel Mobile on 25 November 2008, the Supreme Court dismissed the appeal.

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[1] Article 27(a) relates to the ownership of majority shares in several similar companies conducting business activities in the same field in the same market.

[2] Article 17(1) relates to the control of the production and or marketing of goods and or services which may result in monopolistic practices and or unfair business competition.

On 20 May 2009, SingTel and SingTel Mobile filed an application to the Indonesian Supreme Court for civil review of the Supreme Court decision. On 9 June 2009, KPPU applied to the Central Jakarta District Court to enforce the Supreme Court Decision. Both applications are understood to be pending.

SingTel and SingTel Mobile will continue to take all necessary steps to protect their interests.

In December 2007, a class action suit has been filed in Indonesia, in the Tangerang District Court against SingTel, SingTel Mobile, PT Telekomunikasi Indonesia Tbk, Indosat, the State Ministry of State Owned Enterprises of the Government of Indonesia and other parties largely similar to the Parties.

The Plaintiffs to the suit are consumers of cellular mobile services and have made their claims pursuant to the Consumer Protection Law and the Telecommunication Law.

The Plaintiffs seek interim relief which includes, amongst other things, an order for an attachment of shares in Telkomsel and Indosat and the assets of Telkomsel and Indosat. The Plaintiffs also seek substantial damages, amongst other things, as final relief.

The Tangerang class action remains at a preliminary phase. SingTel and SingTel Mobile have been advised by its legal advisers that the Plaintiffs' claims are without merit and will take all necessary steps to protect their interests.

(c) Disputes concerning content supply

Optus is in dispute with The Movie Network Channels Pty Limited ("**Movie Network**"), a content supplier, regarding licence fees under a content supply agreement. Judgement has been received in Optus' favour. Movie Network has appealed the judgement. Optus is vigorously defending the appeal.

(d) Other commercial disputes

Optus (and certain subsidiaries) is in dispute with third parties regarding certain transactions and/ or representations arising out of the ordinary course of business. Some of these disputes involve legal proceedings relating to the contractual obligations of the parties and/ or representations made, including the amounts payable by Optus' companies under the contracts and claims against Optus' companies for compensation for alleged breach of contract and/ or representations. Optus is vigorously defending all these claims.

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42. SIGNIFICANT DISPUTES AT JOINT VENTURE COMPANIES

(a) In January 2008, TOT Public Company Limited and CAT Telecom Public Company Limited demanded additional payments of revenue share from AIS and its subsidiary, Digital Phone Company Limited ("**DPC**") respectively. The Group holds an equity interest of 21.3% in AIS Group.

AIS and DPC have stated that in their opinion, the amounts demanded are the same as the excise taxes that they have submitted to the Excise Department in prior years, according to the resolution of the Thai Cabinet dated 11 February 2003, and believe that the rulings of the Arbitration Panel shall have no impact to their financial statements. Both cases are in the arbitration process and it could take several years before an arbitral award is rendered.

(b) Bharti, a 32.0%-owned joint venture of the Group, has received demands amounting to Rs 2,289 million (SingTel's equity share: S$23 million) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. Bharti's view is that such imports should not be subject to any custom duty as it would be an operating software exempt from any custom duty. Bharti's management is of the view that the probability of the claims being successful is remote.

43. SUBSEQUENT EVENT

On 8 April 2010, SGT completed a S$600 million Note issue maturing in 2020 with a semi-annual coupon of 3.4875% per annum. The Note issue is guaranteed by the Company and listed on the Singapore Exchange on 9 April 2010.

44. COMPARATIVE FIGURES

The foreign exchange gain, net of hedging, from capital reduction of subsidiary in the previous financial year had been reclassified from 'Interest and investment income (net)' to 'Exceptional items' to be consistent with the current year's presentation.

	Group 2009 S$ Mil
Exceptional items	
- as previously reported	(319.6)
- effects of change	83.9
- restated	**(235.7)**
Interest and investment income (net)	
- as previously reported	132.4
- effects of change	(83.9)
- restated	**48.5**

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45. EFFECTS OF FRS AND INT FRS ISSUED BUT NOT YET EFFECTIVE

Certain new or revised FRS and INT FRS are mandatory for adoption by the Group for financial period beginning on 1 April 2010.

In particular, FRS 103 (revised) – *Business Combinations,* introduces changes to the accounting for business combinations, and FRS 27 (revised) – *Consolidated and Separate Financial Statements,* requires changes in the ownership interest of a subsidiary, while maintaining control, to be accounted for as an equity transaction. These changes will be applied prospectively for transactions after the date of adoption of the standards.

The other new or revised FRS and INT FRS are not expected to have a significant impact on the financial statements of the Group or the Company in the period of initial application.

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46. COMPANIES IN THE GROUP

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore. The following were the significant subsidiaries, associated and joint venture companies as at 31 March 2010 and 31 March 2009.

46.1 Significant subsidiaries incorporated in Singapore

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
1.	C2C Asiapac Pte Ltd	Provision of administrative, technical and advisory services	100	100
2.	CVSI Pte Ltd	Provision of service support of computer hardware & software and other information technology related services	100	100
3.	NCS Communications Engineering Pte. Ltd.	Provision of facilities management and consultancy services, and distributor of specialised telecommunications and data communication products	100	100
4.	NCS Pte. Ltd.	Provision of information technology and consultancy services	100	100
5.	NCSI Solutions Pte. Ltd.	Provision of information technology services	100	100
6.	SCS Computer Systems Pte. Ltd.	Provision of information technology and consultancy services	100	100
7.	NCSI Holdings Pte. Ltd.	Investment holding	100	100
8.	Computer Systems Holdings Pte Ltd	Investment holding	100	100
9.	Singapore Telecom Mobile Pte Ltd	Operation and provision of cellular mobile telecommunications systems and services, resale of fixed line and broadband services and investment holding	100	100
10.	Singapore Telecom Paging Pte Ltd	Investment holding	100	100

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	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
11.	SingNet Pte Ltd	Provision of internet access services	100	100
12.	Singapore Telecom International Pte Ltd	Holding of strategic investments and provision of technical and management consultancy services	100	100
13.	SingTel Group Treasury Pte. Ltd.	Provision of finance and treasury services to SingTel and its subsidiaries	100	100
14.	SingTel Investments Private Limited	Portfolio investment holding company	100	100
15.	SingTel Ventures (Singapore) Private Limited	Venture capital investments in start-up technology and telecommunications companies	100	100
16.	SingTelSat Pte Ltd	Provision of satellite capacity for telecommunications and video broadcasting services	100	100
17.	SingTel Asia Pacific Investments Pte. Ltd.	Investment holding and provision of consultancy services	100	100
18.	ST-2 Satellite Ventures Private Limited	Provision of satellite capacity for telecommunications and video broadcasting services	61.9	61.9
19.	Subsea Network Services Pte Ltd	Ownership and chartering of barges and provision of storage facilities for submarine cables and related equipment	100	100
20.	Sembawang Cable Depot Pte Ltd	Provision of storage facilities for submarine cables and related equipment	60	60
21.	SingTel Digital Media Pte Ltd	Development and management of on-line internet portal	100	100
22.	Telecom Equipment Pte Ltd	Engaged in the sale and maintenance of telecommunications equipment	100	100

NOTES TO THE FINANCIAL STATEMENTS

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46.2 Significant subsidiaries incorporated in Australia

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
1.	Alphawest Services Pty Ltd [1]	Provision of information technology services	100	100
2.	Cable & Wireless Optus Satellites Pty Limited [1]	C1 Satellite contracting party	100	100
3.	Inform Systems Australia Pty Ltd [1]	Provision of information technology services	100	100
4.	NCSI (Australia) Pty Limited	Provision of information technology services	100	100
5.	Optus Administration Pty Limited [1]	Provision of management services to the Optus Group	100	100
6.	Optus Backbone Investments Pty Limited	Investment in telecommunications network infrastructure in Australia	100	-
7.	Optus Billing Services Pty Limited [*]	Provision of billing services to the Optus Group	100	100
8.	Optus Broadband Pty Limited [1]	Provision of high speed residential internet service	100	100
9.	Optus Data Centres Pty Limited [1]	Provision of data communication services	100	100
10.	Optus Finance Pty Limited [1]	Provision of financial services to the Optus Group	100	100
11.	Optus Insurance Services Pty Limited	Provision of handset insurance and related services	100	100
12.	Optus Internet Pty Limited [1]	Provision of internet services to retail customers	100	100
13.	Optus Mobile Pty Limited [1]	Provision of mobile phone services	100	100
14.	Optus Narrowband Pty Limited [*]	Provision of narrow band portal content services	100	100
15.	Optus Networks Investments Pty Ltd[*] [1]	Bidding company for the National Broadband Network in Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS
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	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
16.	Optus Networks Pty Limited (1)	Provision of telecommunications services	100	100
17.	Optus Rental & Leasing Pty Limited (*)	Provision of equipment rental services to customers	100	100
18.	Optus Stockco Pty Limited (*)	Purchases of Optus Group network inventory	100	100
19.	Optus Superannuation Pty Limited (*)	A trustee for Optus Group's superannuation scheme	100	100
20.	Optus Systems Pty Limited (1)	Provision of information technology services to the Optus Group	100	100
21.	Optus Vision Interactive Pty Limited (*)	Provision of interactive television service	100	100
22.	Optus Vision Media Pty Limited (*) (2)	Provision of broadcasting related services	20	20
23.	Optus Vision Pty Limited (1)	Provision of telecommunications services	100	100
24.	Perpetual Systems Pty Ltd (1)	Provision of IT disaster recovery services	100	100
25.	Prepaid Services Pty Limited (1)	Distribution of prepaid mobile products	100	100
26.	Reef Networks Pty Ltd (1)	Operation and maintenance of fibre optic network between Brisbane and Cairns	100	100
27.	Singapore Telecom Australia Investments Pty Limited	Investment holding company	100	100
28.	Simplus Mobile Pty Limited (1)	Provision of mobile phone services	100	100
29.	SingTel Optus Pty Limited	Investment holding company	100	100
30.	Source Integrated Networks Pty Limited (1)	Provision of data communications and network services	100	100
31.	Uecomm Operations Pty Limited (1)	Provision of data communication services	100	100

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	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2010 %	2009 %
32.	Virgin Mobile (Australia) Pty Limited [(1)]	Provision of mobile phone services	100	100
33.	XYZed LMDS Pty Limited [(*)]	Holder of telecommunications licence	100	100
34.	XYZed Pty Limited [(1)]	Provision of telecommunications services	100	100

All companies are audited by Deloitte Touche Tohmatsu, Australia, except for those companies denoted (*) where no statutory audit is required.

Notes:

(1) These entities are relieved from the Australian Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998.

(2) Optus Vision Media Pty Limited is deemed to be a subsidiary by virtue of control.

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46.3 Significant subsidiaries incorporated outside Singapore and Australia

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
1.	GB21 (Hong Kong) Limited	Provision of telecommunications services and products	Hong Kong	100	100
2.	Guangzhou Zhong Sheng Information Technology Co., Ltd. (**) (1)	Provision of information technology training	People's Republic of China	100	100
3.	Information Network Services Sdn Bhd	Provision of data communication and value added network services	Malaysia	100	100
4.	Lanka Communication Services (Pvt) Limited	Provision of data communication services	Sri Lanka	82.9	82.9
5.	NCSI Information Technology (Suzhou) Co., Ltd. (**) (1)	Software development and provision of information technology services	People's Republic of China	100	100
6.	NCSI (Chengdu) Co., Ltd (**) (1)	Provision of information technology research and development, and other information technology related services	People's Republic of China	100	100
7.	NCSI (HK) Limited	Provision of information technology services	Hong Kong	100	100
8.	NCSI (India) Private Limited	Provision of information technology services	India	100	100
9.	NCSI (Korea) Co., Limited	Provision of information technology consultancy and system integration services	South Korea	100	100

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	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group 2010 %	2009 %
10.	NCSI Lanka (Private) Limited	Provision of information technology and communication engineering services	Sri Lanka	100	100
11.	NCSI (Malaysia) Sdn Bhd	Provision of information technology services	Malaysia	100	100
12.	NCSI (ME) W.L .L.	Provision of information technology and communication engineering services	Bahrain	100	100
13.	NCSI (Philippines) Inc.	Provision of information technology and communication engineering services	Philippines	100	100
14.	NCSI (Shanghai), Co. Ltd (**) (1)	Provision of system integration, software research and development and other information technology-related services	People's Republic of China	100	100
15.	Shanghai Zhong Sheng Information Technology Co., Ltd. (1)	Provision of information technology training and software resale	People's Republic of China	100	100
16.	NCSI Holdings (Malaysia) Sdn. Bhd.	Investment holding	Malaysia	100	100
17.	SingTel Global Private Limited	Provision of infotainment products and services, and investment holding	Mauritius	100	100
18.	SingTel Global India Private Limited	Provision of telecommunications services and all related activities	India	74	74

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For the financial year ended 31 March 2010

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
19.	Singapore Telecom Hong Kong Limited	Provision of telecommunications services and all related activities	Hong Kong	100	100
20.	Singapore Telecom India Private Limited	Engaged in general liaison and support services	India	100	100
21.	Singapore Telecom Japan Co Ltd	Provision of telecommunications services and all related activities	Japan	100	100
22.	Singapore Telecom Korea Limited	Provision of telecommunications services and all related activities	South Korea	100	100
23.	Singapore Telecom USA, Inc. (*)	Provision of telecommunications, engineering and marketing services	USA	100	100
24.	SingTel Australia Investment Ltd (*)	Investment holding company	British Virgin Islands	100	100
25.	SingTel (Europe) Limited	Provision of telecommunications services and all related activities	United Kingdom	100	100
26.	SingTel (Philippines), Inc.	Engaged in general liaison and support services	Philippines	100	100
27.	SingTel Taiwan Limited	Provision of telecommunications services and all related activities	Taiwan	100	100
28.	SingTel Ventures (Cayman) Pte Ltd (*)	Venture capital investments in start-up technology and telecommunications companies	Cayman Islands	100	100

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	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
29.	Sudong Sdn. Bhd.	Management, provision and operations of a call centre for telecommunications services	Malaysia	100	100

All companies are audited by a member firm of Deloitte Touche Tohmatsu except for the following -
(*) No statutory audit is required.
(**) Audited by another firm.

Note:

(1) Subsidiary's financial year-end is 31 December.

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46.4 Associated companies held by the Group

	Name of associated company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group 2010 %	2009 %
1.	ADSB Telecommunications B.V.	Dormant	Netherlands	25.6	25.6
2.	APT Satellite Holdings Limited (1)	Investment holding company	Bermuda	20.3	20.3
3.	APT Satellite International Company Limited (1)	Investment holding company	British Virgin Islands	28.6	28.6
4	Ayala Systems Technology, Inc (2)	Sale, distribution, installation and maintenance of computer equipment and related products	Philippines	-	30.0
5.	Infoserve Technology Corp.	Dormant	Cayman Islands	25.0	25.0
6.	OpenNet Pte. Ltd. (3)	To design, build and operate the passive infrastructure for Singapore's Next Generation National Broadband Network	Singapore	29.9	29.9
7.	Singapore Post Limited (4)	Operation and provision of postal services	Singapore	25.6	25.7
8.	Telescience Singapore Pte Ltd	Sale, distribution and installation of telecommunications equipment	Singapore	50.0	50.0
9.	Viewers Choice Pte Ltd	Provision of services relating to motor vehicle rental and retail of general merchandise	Singapore	49.2	49.2
10.	Warid Telecom (Private) Limited (5)	Provision of cellular telecommunications services	Pakistan	30.0	30.0

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Notes:

(1) The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2009, the financial year-end of the company.
(2) The company had been classified as a subsidiary following SCS' acquisition of an additional 21% equity interest during the financial year.
(3) Audited by Ernst & Young LLP, Singapore.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by A.F. Ferguson & Co. (a member firm of PricewaterhouseCoopers).

46.5 Joint venture companies held by the Group

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
1.	Abacus Travel Systems Pte Ltd	Marketing and distributing certain travel-related services through on-line airline computerised reservations systems	Singapore	30.0	30.0
2.	Acasia Communications Sdn Bhd (1)	Provision of services relating to telecommunications, computer, data and information within and outside Malaysia	Malaysia	14.3	14.3
3.	ACPL Marine Pte Ltd	Owning, operating and managing of maintenance-cum-laying cableships	Singapore	41.7	41.7
4.	Advanced Info Service Public Company Limited (1) (2)	Provision of cellular, broadband and international telecommunications services, and call center and data transmission	Thailand	21.3	21.4
5.	ASEAN Cableship Pte Ltd	Operation of cableships for laying, repair and maintenance of submarine telecommunication cables	Singapore	16.7	16.7
6.	ASEAN Telecom Holdings Sdn Bhd (1)	Investment holding company	Malaysia	14.3	14.3

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	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
7.	Asiacom Philippines, Inc. (1)	Investment holding company	Philippines	40.0	40.0
8.	Bharti Telecom Limited (3) (4)	Investment holding company	India	36.2	32.8
9.	Bharti Airtel Limited (3) (4)	Provision of cellular, long distance, broadband and telephony telecommunication services, enterprise solutions, pay television, and passive infrastructure services	India	32.0	30.4
10.	Bridge Mobile Pte Ltd	Provision of regional mobile services	Singapore	33.6	33.4
11.	Globe Telecom, Inc. (5)	Provision of cellular, broadband, international and fixed line telecommunications services	Philippines	47.3	47.3
12.	Grid Communications Pte Ltd (1)	Provision of public trunk radio services	Singapore	50.0	50.0
13.	Indian Ocean Cableship Pte Ltd	Leasing, operating and managing of maintenance-cum-laying cableship	Singapore	50.0	50.0
14.	International Cableship Pte Ltd	Ownership and chartering of cableships	Singapore	45.0	45.0
15.	Main Event Television Pty Limited	Provision of cable television programmes	Australia	33.3	33.3
16.	OPEL Networks Pty Limited	Dormant	Australia	50.0	50.0
17.	Pacific Bangladesh Telecom Limited (6)	Operation and provision of cellular mobile telecommunications systems and services	Bangladesh	45.0	45.0

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	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2010 %	2009 %
18.	Pacific Carriage Holdings Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0
19.	PT Telekomunikasi Selular [7]	Provision of cellular telecommunications services	Indonesia	35.0	35.0
20.	Radiance Communications Pte Ltd [1]	Sale, distribution, installation and maintenance of telecommunications equipment	Singapore	50.0	50.0
21.	Southern Cross Cables Holdings Limited [8]	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0
22.	TeleTech Park Pte Ltd	Engaged in the business of development, construction, operation and management of TeleTech Park	Singapore	40.0	40.0
23.	VA Dynamics Sdn Bhd [1]	Distribution of networking cables and related products	Malaysia	49.0	49.0

Notes:

(1) The company has been equity accounted for in the consolidated financial statements based on the results ended, or as at, 31 December 2009, the financial year-end of the company.
(2) Audited by KPMG, Bangkok.
(3) Audited by S.R.Batliboi & Associates, New Delhi (a member firm of Ernst & Young).
(4) During the financial year, the Group increased its shareholding in Bharti Telecom Limited from 32.8% to 36.2%. Correspondingly, the Group's effective equity interest in Bharti Airtel Limited increased from 30.4% to 32.0%.
(5) Audited by SGV & Co. (a member firm of Ernst & Young).
(6) Audited by Hoda Vasi Chowdhury & Co (an independent correspondent firm of Deloitte Touche Tohmatsu).
(7) Audited by Tanudiredja Wibisana & Rekan (a member firm of PricewaterhouseCoopers).
(8) Audited by KPMG, Bermuda.