

DIRECTORS' REPORT

For the financial year ended 31 March 2012

The Directors present their report to the members together with the audited financial statements of the Company ("**SingTel**") and its subsidiaries (the "**Group**") for the financial year ended 31 March 2012.

1. DIRECTORS

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

Simon Israel (Chairman) (appointed Chairman on 29 July 2011)

Bobby Chin Yoke Choong (appointed on 1 May 2012)

Chua Sock Koong (Group Chief Executive Officer)

Fang Ai Lian

Dominic Chiu Fai Ho

Low Check Kian

Peter Edward Mason AM*

Kaikhushru Shiavax Nargolwala

Peter Ong Boon Kwee

Ong Peng Tsin

Chumpol NaLamlieng, Graham John Bradley AM* and Nicky Tan Ng Kuang, who served during the financial year, retired following the conclusion of the Annual General Meeting on 29 July 2011.

* 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**").

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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 2012	At 1 April 2011 or date of appointment, if later	At 31 March 2012	At 1 April 2011 or date of appointment, if later
<u>Singapore Telecommunications Limited</u>				
(Ordinary shares)				
Simon Israel	497,820	497,820	1,360 ⁽¹⁾	1,360
Chua Sock Koong	4,390,513	3,690,513	18,508,829 ⁽²⁾	13,154,576
Fang Ai Lian	91,930	91,930	-	-
Dominic Chiu Fai Ho	15,000	-	-	-
Low Check Kian	1,490	1,490	-	-
Peter Edward Mason AM	100,000 ⁽³⁾	100,000	-	-
Kaikhushru Shiavax Nargolwala	400,000	250,000	-	-
Peter Ong Boon Kwee	870	870	1,537 ⁽¹⁾	1,537
Ong Peng Tsin	150,000	150,000	-	-
(Options to purchase ordinary shares)				
Chua Sock Koong	-	700,000	-	-
<u>Singapore Airlines Limited</u>				
(Ordinary shares)				
Simon Israel	9,000	9,000	-	-
Chua Sock Koong	2,000	2,000	-	-
Low Check Kian	5,600	5,600	-	-
Ong Peng Tsin	-	-	17,000	10,000
<u>Singapore Technologies Engineering Limited</u>				
(Ordinary shares)				
Fang Ai Lian	50,000	50,000	-	-

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

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2012	At 1 April 2011 or date of appointment, if later	At 31 March 2012	At 1 April 2011 or date of appointment, if later
SMRT Corporation Ltd				
(Ordinary shares)				
Ong Peng Tsin	-	-	73,000	48,000

Notes:

- (1) Held by spouse.
- (2) Chua Sock Koong's deemed interest of 18,508,829 shares included -
 - (a) 13,696,424 ordinary shares in SingTel held by DBS Trustee 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 4,784,268 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.
- (3) Held by Burgoyne Investments Pty Ltd as trustee for Burgoyne Superannuation Fund. Both Peter Edward Mason AM and spouse are directors of Burgoyne Investments Pty Ltd and beneficiaries of Burgoyne Superannuation Fund.

Between the end of the financial year and 21 April 2012, Chua Sock Koong's deemed interest increased to 20,325,829 shares due to the acquisition by DBS Trustee Limited of an additional 1,817,000 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 2012.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

The Executive Resource and Compensation Committee ("ERCC") is responsible for administering the share option and performance share plans. At the date of this report, the members of the ERCC are Kaikhushru Shiavax Nargolwala (Chairman of the ERCC), Simon Israel, Fang Ai Lian and Peter Edward Mason AM.

Ong Peng Tsin, who served during the financial year, stepped down as member of the ERCC on 11 May 2011. Chumpol NaLamlieng and Graham John Bradley AM, who also served during the financial year, stepped down as members of the ERCC following the conclusion of the Annual General Meeting on 29 July 2011.

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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 2011 ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31 March 2012 ('000)
Market Price Share Options						
For staff and senior management						
30.05.01	31.05.02 to 30.05.11	S\$1.56	561	(413)	(148)	-
29.11.01	30.11.02 to 29.11.11	S\$1.51	2,466	(2,070)	(396)	-
30.05.02	31.05.03 to 30.05.12	S\$1.31	4,892	(3,339)	(54)	1,499
			7,919	(5,822)	(598)	1,499
For Group Chief Executive Officer (Chua Sock Koong)						
30.05.02	31.05.03 to 30.05.12	S\$1.31	700	(700)	-	-
<i>Total</i>			8,619	(6,522)	(598)	1,499

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.

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5.1 Share Options (Cont'd)

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

	Aggregate Options		
	Granted since commencement of scheme to 31 March 2012 ('000)	Exercised since commencement of scheme to 31 March 2012 ('000)	Outstanding as at 31 March 2012 ('000)
1999 Scheme			
Simon Israel	-	-	-
Chua Sock Koong	4,709	(4,709)	-
Fang Ai Lian	-	-	-
Dominic Chiu Fai Ho	-	-	-
Low Check Kian	-	-	-
Peter Edward Mason AM	-	-	-
Kaikhushru Shiavax Nargolwala	-	-	-
Peter Ong Boon Kwee	-	-	-
Ong Peng Tsin	-	-	-
Chumpol NaLamlieng ⁽¹⁾	60	(60)	-
Graham John Bradley AM ⁽¹⁾	-	-	-
Nicky Tan Ng Kuang ⁽¹⁾	60	(60)	-
	4,829	(4,829)	-

Note:

(1) Chumpol NaLamlieng, Graham John Bradley AM and Nicky Tan Ng Kuang, retired as Directors of the Company following the conclusion of the Annual General Meeting on 29 July 2011.

No options were granted to the Directors during the financial year ended 31 March 2012.

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 2012, 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.

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5.2 Performance Shares (Cont'd)

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

From the commencement of the performance share plans to 31 March 2012, awards comprising an aggregate of 38,548,775 shares and 216,395,115 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 2011 (‘000)	Share awards granted (‘000)	Share awards vested (‘000)	Share awards cancelled (‘000)	Balance as at 31 March 2012 (‘000)
Performance shares (General Awards)					
For staff and senior management					
04.06.08	11,426	-	(1,400)	(10,026)	-
01.09.08	115	-	(14)	(101)	-
02.12.08	867	-	(109)	(758)	-
02.03.09	83	-	(10)	(73)	-
03.06.09	18,677	-	-	(1,011)	17,666
02.09.09	177	-	-	-	177
03.03.10	14	-	-	(14)	-
03.06.10	17,976	-	-	(1,141)	16,835
01.09.10	53	-	-	-	53
02.12.10	293	-	-	(80)	213
02.03.11	350	-	-	-	350
02.06.11	-	20,649	(19)	(1,142)	19,488
01.09.11	-	92	-	-	92
10.01.12	-	65	-	-	65
15.03.12	-	72	-	-	72
	50,031	20,878	(1,552)	(14,346)	55,011
For Group Chief Executive Officer (Chua Sock Koong)					
04.06.08	671	-	(84)	(587)	-
03.06.09	922	-	-	-	922
03.06.10	934	-	-	-	934
02.06.11	-	1,013	-	-	1,013
	2,527	1,013	(84)	(587)	2,869
<i>Sub-total</i>	52,558	21,891	(1,636)	(14,933)	57,880

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5.2 Performance Shares (Cont'd)

Date of grant	Balance as at 1 April 2011 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2012 ('000)
Performance shares					
(Senior Management Awards)					
For senior management					
04.06.08	1,537	-	-	(1,537)	-
03.06.09	2,290	-	-	-	2,290
03.06.10	2,538	-	-	-	2,538
02.06.11	-	2,267	-	-	2,267
	6,365	2,267	-	(1,537)	7,095
For Group Chief Executive Officer (Chua Sock Koong)					
04.06.08	453	-	-	(453)	-
03.06.09	629	-	-	-	629
03.06.10	630	-	-	-	630
02.06.11	-	655	-	-	655
	1,712	655	-	(453)	1,914
<i>Sub-total</i>	8,077	2,922	-	(1,990)	9,009
<i>Total</i>	60,635	24,813	(1,636)	(16,923)	66,889

During the financial year, awards in respect of an aggregate of 1,636,049 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 2012, 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.

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6. AUDIT COMMITTEE

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

Fang Ai Lian (Chairman of the Audit Committee)
Dominic Chiu Fai Ho
Kaikhushru Shiavax Nargolwala
Peter Ong Boon Kwee

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

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

The Committee also reviewed the financial statements of the Company and the Group, as well as the Independent Auditors' Report thereon.

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

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

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

7. AUDITORS

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

On behalf of the Directors



Simon Israel
Chairman



Chua Sock Koong
Director

Singapore, 9 May 2012