

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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 telecommunications systems and services, and investment holding. The principal activities of the subsidiaries are disclosed in **Note 47**.

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 9 May 2012.

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 2011 has no significant impact on the financial statements of the Group or the Company in the current financial year.

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2.2 Group Accounting

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

2.2.1 Subsidiaries

Subsidiaries are entities (including special purpose entities) controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

2.2.2 Associates

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

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

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

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

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

2.2.3 Joint ventures

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

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

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

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

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

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For the financial year ended 31 March 2012

2.2 Group Accounting (Cont'd)

2.2.4 Special purpose entity

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

2.2.5 Business combinations

Business combinations are accounted for using the acquisition method on and after 1 April 2010. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred and equity interests issued by the Group and any contingent consideration arrangement at acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity, are expensed as incurred.

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

For business combinations that are achieved in stages, any existing equity interests in the acquiree entity are re-measured to their fair values at acquisition date and any changes are taken to the income statement.

Non-controlling interests in subsidiaries represent the equity in subsidiaries which are not attributable, directly or indirectly, to the shareholders of the Company, and are presented separately in the consolidated statement of comprehensive income, statement of changes in equity and within equity in the consolidated statement of financial position. The Group elects for each individual business combination whether non-controlling interests in the acquiree entity are recognised at fair value, or at the non-controlling interests' proportionate share of the fair value of the acquiree entity's identifiable net assets, at the acquisition date. Total comprehensive income is attributed to non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a debit balance.

Changes in the Group's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, any interest retained in the former subsidiary is recorded at fair value with re-measurement gain or loss recognised in the income statement.

2.3 Share Capital

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

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

The Trust acquires shares in the Company from the open market for delivery to employees upon vesting of performance shares awarded under 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 recognised as 'Treasury Shares' within equity.

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

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2.4 Investments in Subsidiaries, Associates and Joint Ventures

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

2.5 Investments

Purchases and sales of investments are recognised on trade date, which is the date that the Group commits to purchase or sell the investment.

2.5.1 AFS investments

AFS investments are initially recognised at fair value plus directly attributable transaction costs.

They are subsequently stated at fair value at the end of the reporting period, with all resulting gains and losses, including currency translation differences, taken to 'Fair Value Reserve' within equity. AFS investments for which fair values cannot be reliably determined are stated at cost less accumulated impairment losses.

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

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

2.6 Derivative Financial Instruments and Hedging Activities

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

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

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

2.6.1 Hedge accounting

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

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

2.6.1 Hedge accounting (Cont'd)

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

Certain cross currency swaps related to 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.

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For the financial year ended 31 March 2012

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, current borrowings

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

Quoted and unquoted investments

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

The fair values of unquoted investments are determined by using valuation techniques. These include the use of recent arm's length transactions, reference to 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 prior to 1 April 2010 are recorded initially at fair values plus transactions costs and amortised in the income statement over the period of the guarantee. Financial guarantees issued by the Company on or after 1 April 2010 are directly charged to the subsidiary as guarantee fees based on fair values.

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For the financial year ended 31 March 2012

2.9 Trade and Other Receivables

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

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

2.10 Trade and Other Payables

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

2.11 Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, unhedged borrowings are subsequently stated at amortised cost using the effective interest method. Hedged borrowings are accounted for in accordance with the accounting policies set out in **Note 2.6.1**.

2.12 Cash and Cash Equivalents

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

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

2.13 Foreign Currencies

2.13.1 Functional and presentation currency

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

2.13.2 Transactions and balances

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

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For the financial year ended 31 March 2012

2.13 Foreign Currencies (Cont'd)

2.13.3 Translation of foreign operations' financial statements

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

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

On loss of control of a subsidiary, loss of significant influence of an associate or loss of joint control of a joint venture, the accumulated translation differences relating to that foreign operation are reclassified from equity to the consolidated income statement as part of gain or loss on disposal.

On partial disposal where there is no loss of control of a subsidiary, the accumulated translation differences relating to the disposal are reclassified to non-controlling interests. For partial disposals of associates or joint ventures, the accumulated translation differences relating to the disposal are taken to the consolidated income statement.

2.13.4 Translation of goodwill and fair value adjustments

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

2.13.5 Net investment in a foreign entity

The exchange differences on loans from the Company to its subsidiaries, associates or joint ventures which form part of the Company's net investment in the subsidiaries, associates or joint ventures are included in 'Currency Translation Reserve'. On disposal of the foreign entity, the accumulated exchange differences deferred in the 'Currency Translation Reserve' are reclassified to the consolidated income statement in a similar manner as described in **Note 2.13.3**.

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.

NOTES TO THE FINANCIAL STATEMENTS

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2.15 Intangible Assets

2.15.1 Goodwill

Goodwill on acquisition of subsidiaries on and after 1 April 2010 represents the excess of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree entity and the fair value of any previous equity interest in the acquiree entity over the fair value of the net identifiable assets acquired, including contingent liabilities, at the acquisition date. Such goodwill is recognised separately as intangible asset and stated at cost less accumulated impairment losses.

Acquisitions completed prior to 1 April 2001

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

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

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

Acquisitions completed on or after 1 April 2001

Prior to 1 April 2004, goodwill on acquisitions of subsidiaries, associates and joint ventures completed on or after 1 April 2001 was capitalised and amortised on a straight-line basis in the consolidated income statement over its estimated useful life of up to 20 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.

Bargain purchase gain is recognised directly in the consolidated income statement.

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

2.15.2 Other intangible assets

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

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

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2.16 Impairment of Non-financial Assets

Goodwill on acquisition of subsidiaries, which has an indefinite useful life, is subject to annual impairment test 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**).

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, associates and joint ventures, are reviewed at the end of each reporting period to determine whether there is any indicator for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the assets' recoverable amounts are estimated.

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

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

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

2.17 Inventories

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

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

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.

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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 plant and equipment consist mainly of motor vehicles, office equipment, and 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.

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2.19 Leases

2.19.1 Finance leases

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

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

2.19.2 Operating leases

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

2.19.3 Sales of network capacity

Sales of network capacity are accounted as finance leases where -

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

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

2.19.4 Gains or losses from sale and leaseback

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

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.

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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 device repayment plans, the consideration is allocated to its separate revenue-generating activities based on the best estimate of the price of each activity in the arrangement. Handsets are accounted for in accordance with the sale of equipment accounting policy of the Group. As the service credits under the device repayment plans are provided over time for services, they are recorded as a reduction of subscription revenue.

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

Revenue from the provision of information technology and engineering services, and fibre rollout are recognised based on the percentage of completion of the projects 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 of annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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2.21 Employees' Benefits (Cont'd)

2.21.3 Share-based compensation

Performance shares

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

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

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

Share options

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

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

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

2.22 Borrowing Costs

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

2.23 Customer Acquisition Costs

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

2.24 Pre-incorporation Expenses

Pre-incorporation expenses are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

2.28 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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 judgements -

3.1 Impairment Reviews

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

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

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

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

3.2 Impairment of Trade Receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3.3 Estimated Useful Lives of Property, Plant and Equipment

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

3.4 Investment in NetLink Trust

Based on facts and circumstances as disclosed in **Note 27**, although the Company holds 100% of the units in NetLink Trust, the Company does not control but has significant influence in the trust in accordance with FRS 28, *Investments in Associates*. Therefore, NetLink Trust has been accounted for as an associate of the Group.

3.5 Taxation

3.5.1 Deferred tax asset

The Group reviews the carrying amount of deferred tax asset at the end of each reporting period. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed the transfer of certain assets and business to an associate at fair value and in accordance with FRS 12, *Income Taxes*, recognised a deferred tax asset of S\$294 million.

3.5.2 Income taxes

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

3.6 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**.

3.7 Contingent Liabilities

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

As at 31 March 2012, the Group was involved in various legal proceedings where it has been vigorously defending its claims as disclosed in **Note 42**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

4. OPERATING REVENUE

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Mobile communications	8,173.6	7,719.8
Data and Internet	3,577.2	3,486.7
Information technology and engineering		
- infrastructure services and business solutions	1,888.7	1,759.1
- fibre rollout	178.4	267.5
	2,067.1	2,026.6
National telephone	1,850.7	1,886.4
Sale of equipment	1,705.6	1,557.4
International telephone	818.1	852.8
Pay television	205.2	184.3
Others	427.8	356.6
Operating revenue	18,825.3	18,070.6
Operating revenue	18,825.3	18,070.6
Other income (see Note 6)	103.2	130.2
Interest and dividend income (see Note 10)	63.7	53.4
Total revenue	18,992.2	18,254.2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5. OPERATING EXPENSES

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Selling and administrative costs ⁽¹⁾	4,824.9	4,701.4
Traffic expenses	3,092.4	2,881.1
Staff costs	2,312.6	2,196.6
Cost of equipment sold	2,200.8	2,005.8
Repairs and maintenance	328.8	322.2
Other cost of sales	950.3	974.4
	13,709.8	13,081.5

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	
	2012 S\$ Mil	2011 S\$ Mil
Staff costs included the following -		
Contributions to defined contribution plans	233.2	211.8
Performance share expense		
- equity-settled arrangements	25.8	22.1
- cash-settled arrangements	9.9	3.4
Termination benefits	5.3	8.3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.2 Key Management Personnel Compensation

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Key management personnel compensation ⁽¹⁾		
Directors' fees and remuneration ⁽²⁾	6.9	6.5
Other key management personnel remuneration ⁽³⁾	13.1	12.6
	20.0	19.1

Notes:

- (1) Comprise base salary, annual wage supplement, bonus, contributions to defined contribution plans and other cash benefits, but exclude performance share expense disclosed below.
- (2) The Executive Director was awarded up to 1,668,121 (2011: 1,564,409) 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 Executive Director computed in accordance with FRS 102, *Share-based Payment*, was S\$3.4 million (2011: S\$2.2 million).
- (3) The other key management personnel were awarded up to 3,963,948 (2011: 4,573,308) 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\$7.7 million (2011: S\$5.8 million).

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

5.3 Share-based Payments

5.3.1 Share options

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.1 Share options (Cont'd)

Group and Company	Number of share options		Weighted average exercise price per share	
	2012 '000	2011 '000	2012 S\$	2011 S\$
Outstanding as at 1 April	8,619	12,495	1.48	1.59
Cancelled	(598)	(329)	1.55	1.92
Exercised	(6,522)	(3,547)	1.45	1.83
Outstanding and exercisable as at 31 March	1,499	8,619	1.31	1.48
			2012 '000	2011 '000
The outstanding share options have the following exercise prices -				
S\$1.50 to S\$1.99			-	3,027
S\$1.30 to S\$1.49			1,499	5,592
			1,499	8,619
Weighted average remaining validity life			2.0 months	1.0 year

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 – were 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 Executive Resource and Compensation Committee such as retirement, redundancy, illness and death while in employment.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.2 Performance share plans (Cont'd)

General Awards

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

Group and Company 2012	Outstanding as at 1 April 2011 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 March 2012 '000
Date of grant					
<u>Share Plan 2004</u>					
<u>FY2009</u> ⁽¹⁾					
4 Jun 2008	12,097	-	(1,484)	(10,613)	-
Sep 2008 to Mar 2009	1,065	-	(133)	(932)	-
<u>FY2010</u>					
3 Jun 2009	19,599	-	-	(1,011)	18,588
Sep 2009 to Mar 2010	191	-	-	(14)	177
<u>FY2011</u>					
3 Jun 2010	18,910	-	-	(1,141)	17,769
Sep 2010 to Mar 2011	696	-	-	(80)	616
<u>FY2012</u>					
2 Jun 2011	-	21,662	(19)	(1,142)	20,501
Sep 2011 to Mar 2012	-	229	-	-	229
	52,558	21,891	(1,636)	(14,933)	57,880

Note:

(1) "FY2009" denotes financial year ended 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.2 Performance share plans (Cont'd)

Group and Company 2011	Outstanding as at 1 April 2010 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 March 2011 '000
Date of grant					
<u>Share Plan 2004</u>					
<u>FY2008</u>					
29 May 2007	13,895	-	(13,133)	(762)	-
Sep 2007 to Feb 2008	197	-	(171)	(26)	-
<u>FY2009</u>					
4 Jun 2008	12,727	-	-	(630)	12,097
Sep 2008 to Mar 2009	1,111	-	-	(46)	1,065
<u>FY2010</u>					
3 Jun 2009	21,156	-	-	(1,557)	19,599
Sep 2009 to Mar 2010	191	-	-	-	191
<u>FY2011</u>					
3 Jun 2010	-	19,932	-	(1,022)	18,910
Sep 2010 to Mar 2011	-	696	-	-	696
	49,277	20,628	(13,304)	(4,043)	52,558

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.2 Performance share plans (Cont'd)

The fair values of the significant General Awards at grant date and the assumptions of the fair value model for the equity-settled grants were as follows -

	Date of grant		
	Share Plan 2004		
	FY2010	FY2011	FY2012
2012 and 2011 General Awards	3 June 09	3 June 10	2 June 11
Fair value at grant date	S\$1.56	S\$1.53	S\$1.81
Assumptions under Monte-Carlo Model			
Expected volatility			
SingTel	34.6%	33.4%	30.3%
MSCI Asia Pacific Telco Index	23.1%	22.7%	19.3%
MSCI Asia Pacific Telco Component Stocks			
Historical volatility period			
From	July 2001	July 2001	July 2001
To	June 2009	June 2010	June 2011
Risk free interest rates			
Yield of Singapore Government Securities on	3 June 2009	3 June 2010	2 June 2011

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.2 Performance share plans (Cont'd)

Senior Management Awards - cash-settled arrangements

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

	Date of grant				
	Share Plan 2004				
	FY2009	FY2010	FY2011	FY2012	Group And Company
2012	4 June 08	3 June 09	3 June 10	2 June 11	
Senior Management Award					
Number of performance shares ('000)					
Outstanding as at 1 April 2011	1,990	2,919	3,168	-	8,077
Granted	-	-	-	2,922	2,922
Cancelled	(1,990)	-	-	-	(1,990)
Outstanding and unvested as at 31 March 2012	-	2,919	3,168	2,922	9,009
Fair value at 31 March 2012		S\$3.12	S\$2.45	S\$2.75	

Assumptions under Monte-Carlo Model

Expected volatility

SingTel	22.1%	22.1%
MSCI Asia Pacific Telco Index	12.9%	12.9%
MSCI Asia Pacific Telco Component Stocks	800 days historical volatility preceding March 2012	

Risk free interest rates

Yield of Singapore Government Securities on	31 March 2012	31 March 2012
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.2 Performance share plans (Cont'd)

	Date of grant				
	Share Plan 2004				
	FY2008	FY2009	FY2010	FY2011	Group And Company
2011	29 May 07	4 June 08	3 June 09	3 June 10	
Senior Management Award					
Number of performance shares ('000)					
Outstanding as at 1 April 2010	1,974	2,027	2,919	-	6,920
Granted	-	-	-	3,168	3,168
Vested	(1,974)	-	-	-	(1,974)
Cancelled	-	(37)	-	-	(37)
Outstanding and unvested as at 31 March 2011	-	1,990	2,919	3,168	8,077
Fair value at 31 March 2011		S\$2.96	S\$2.49	S\$2.05	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			30.5%	30.5%	
MSCI Asia Pacific Telco Index			19.9%	19.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2011		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2011	31 March 2011	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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				
	FY2009	FY2010	FY2011	FY2012	
2012	4 June 08	3 June 09	3 June 10	2 June 11	Group
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2011	546	589	538	-	1,673
Granted	-	-	-	534	534
Vested	(69)	-	-	-	(69)
Cancelled	(477)	(63)	(44)	(32)	(616)
Outstanding and unvested as at 31 March 2012	-	526	494	502	1,522
Fair value at 31 March 2012		S\$1.95	S\$1.23	S\$1.80	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			22.1%	22.1%	
MSCI Asia Pacific Telco Index			12.9%	12.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2012		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2012	31 March 2012	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.3.3 Performance-based Deferred Bonus Scheme ("PBDBS") (Cont'd)

	Date of grant				
	FY2008	FY2009	FY2010	FY2011	
2011	29 May 07	4 June 08	3 June 09	3 June 10	Group
PBDBS (cash-settled)					
Number of performance shares ('000)					
Outstanding as at 1 April 2010	584	572	589	-	1,745
Granted	-	-	-	538	538
Vested	(534)	-	-	-	(534)
Cancelled	(50)	(26)	-	-	(76)
Outstanding and unvested as at 31 March 2011	-	546	589	538	1,673
Fair value at 31 March 2011		S\$2.96	S\$1.63	S\$1.27	
Assumptions under Monte-Carlo Model					
Expected volatility					
SingTel			30.5%	30.5%	
MSCI Asia Pacific Telco Index			19.9%	19.9%	
MSCI Asia Pacific Telco Component Stocks			800 days historical volatility preceding March 2011		
Risk free interest rates					
Yield of Singapore Government Securities on			31 March 2011	31 March 2011	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Cash at bank	0.8	0.6	0.6	0.5
Cost of SingTel shares, net of vesting	42.3	27.1	32.5	20.4
	43.1	27.7	33.1	20.9

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

	Number of shares		Amount	
Group	2012 '000	2011 '000	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	8,887	10,125	27.1	30.5
Purchase of SingTel shares	5,798	6,985	18.2	21.5
Vesting of shares	(989)	(8,223)	(3.0)	(24.9)
Balance as at 31 March	13,696	8,887	42.3	27.1

Upon consolidation of the Trust in the consolidated financial statements, the weighted average cost of vested SingTel shares is taken to 'Capital Reserve - Performance Shares' whereas the weighted average cost of unvested shares is taken to 'Treasury Shares' within equity. See **Note 2.3**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

5.5 Other Operating Expense Items

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Operating expenses included the following -		
Auditors' remuneration		
- Deloitte & Touche LLP, Singapore	1.2	1.1
- Deloitte Touche Tohmatsu, Australia	1.2	1.0
- Other Deloitte & Touche offices	0.3	0.3
Non-audit fees paid to		
- Deloitte & Touche LLP, Singapore ⁽¹⁾	0.4	0.3
- Deloitte Touche Tohmatsu, Australia ⁽¹⁾	0.9	0.7
- Other Deloitte & Touche offices	0.5	-
Impairment of trade receivables	158.3	136.8
Allowance for inventory obsolescence	27.7	19.3
Inventory written off	2.8	4.6
Provision/ (Write-back of provision) for liquidated damages and warranties	3.3	(17.4)
Research and development expenses written off	2.8	2.2
Operating lease payments for properties and mobile base stations	315.1	283.6

Note:

(1) The non-audit fees for the current financial year ended 31 March 2012 included S\$0.2 million (2011: S\$0.2 million) and S\$0.4 million (2011: S\$0.4 million) paid to Deloitte & Touche LLP, Singapore, and Deloitte Touche Tohmatsu, Australia, respectively in respect of certification and review for regulatory purposes.

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

6. OTHER INCOME

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Bad trade receivables recovered	3.0	2.7
Rental income	4.7	5.2
Net foreign exchange (losses)/ gains - trade related	(8.9)	1.8
Net (losses)/ gains on disposal of property, plant and equipment	(1.1)	6.7
Co-location access fees from network facilities	53.4	57.3
Others	52.1	56.5
	103.2	130.2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

7. DEPRECIATION AND AMORTISATION

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Depreciation of property, plant and equipment	1,875.4	1,863.6
Amortisation of intangible assets	131.4	111.9
Amortisation of sale and leaseback income	(2.1)	(3.7)
Amortisation of deferred gain on sale of a joint venture	(3.1)	(3.1)
	<u>2,001.6</u>	<u>1,968.7</u>

8. EXCEPTIONAL ITEMS

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Exceptional gains		
Net foreign exchange gains on intra-group loans	28.2	18.5
Fair value gain on purchase consideration payable for a joint venture	-	38.0
Gain on disposal of a joint venture	4.7	-
Gain on dilution of interest in associates and joint ventures	2.7	3.5
	<u>35.6</u>	<u>60.0</u>
Exceptional losses		
Ex-gratia payments on staff restructuring	(23.5)	-
Impairment of AFS investments	(5.5)	-
Others	-	(4.3)
	<u>(29.0)</u>	<u>(4.3)</u>
	<u>6.6</u>	<u>55.7</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

9. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Share of ordinary profits/ (losses) of		
- joint ventures	2,017.1	2,143.7
- associates	(4.6)	6.1
	2,012.5	2,149.8
Share of exceptional gains/ (losses) ⁽¹⁾ of associates and joint ventures	19.3	(40.6)
Share of tax of		
- joint ventures	(590.6)	(533.6)
- associates	(9.8)	(11.5)
	(600.4)	(545.1)
	1,431.4	1,564.1

Note:

(1) Share of exceptional gains/ (losses) comprised -

Additional quarter of a joint venture's post-tax profit	54.6	-
Write-back of provisions made in prior years	7.2	-
Reduction of deferred tax asset	(25.1)	-
Recognition of additional depreciation and other adjustments	(5.3)	(7.0)
Brand launch costs	-	(31.5)
Transaction costs on acquisitions	-	(9.6)
Others	(12.1)	7.5
	19.3	(40.6)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

10. INTEREST AND INVESTMENT INCOME (NET)

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Interest income from		
- bank deposits	28.4	30.8
- others	16.8	3.0
	45.2	33.8
Gross dividends from AFS investments	18.5	19.6
Other revenue	63.7	53.4
Net foreign exchange losses - non-trade related	(10.3)	(5.5)
Fair value gains/ (losses) on hedging instruments	0.6	(4.4)
Fair value (losses)/ gains on fair value hedges		
- hedged items	(132.4)	522.1
- hedging instruments	132.4	(522.1)
	-	-
	54.0	43.5

11. FINANCE COSTS

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Interest expense		
- bonds	367.8	352.5
- bank loans	36.0	28.1
- others	23.8	17.7
	427.6	398.3
Less: Amounts capitalised	(4.3)	-
	423.3	398.3
Effects of hedging using interest-rate swaps	(34.9)	(39.1)
Unwinding of discount (including adjustments)	6.3	8.3
	394.7	367.5

The interest rate applicable to the capitalised borrowings was 7.6 per cent as at 31 March 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12. TAXATION

12.1 Tax Expense

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Current tax		
- Singapore	313.1	259.8
- Overseas	501.2	513.4
	814.3	773.2
Deferred tax (credit)/ expense	(25.9)	8.5
Tax expense attributable to current year's profit	788.4	781.7
Recognition of deferred tax credit on other temporary differences ⁽¹⁾	(121.0)	(123.8)
Recognition of deferred tax credit ⁽²⁾	(294.0)	-
Adjustments in respect of prior year ⁽³⁾ -		
Current income tax		
- over provision	(46.0)	(17.8)
Deferred income tax		
- over provision	(2.5)	(16.4)
	324.9	623.7

Notes:

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

(2) This relates to deferred tax credit recognised on the value of assets transferred to an associate.

(3) This included certain tax credits upon finalisation of earlier years' tax assessments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12.1 Tax Expense (Cont'd)

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

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Profit before tax	4,314.4	4,446.4
Less: Share of results of associates and joint ventures	(1,431.4)	(1,564.1)
	2,883.0	2,882.3
Tax calculated at tax rate of 17 per cent (2011: 17 per cent)	490.1	490.0
Effects of -		
Different tax rates of other countries	277.2	281.5
Income not subject to tax	(20.9)	(24.0)
Expenses not deductible for tax purposes	41.4	28.0
Deferred tax asset not recognised	2.1	1.9
Deferred tax asset previously not recognised now recognised	(0.2)	(0.3)
Others	(1.3)	4.6
Tax expense attributable to current year's profit	788.4	781.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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 - 2012		TWDDV ⁽¹⁾ in excess of NBV ⁽²⁾ of depreciable assets	Tax losses and unutilised capital allowances	Others	Total
Deferred tax assets	Provisions S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2011	134.2	420.3	2.3	218.3	775.1
Credited/ (Charged) to income statement	125.9	(62.6)	-	327.4	390.7
Charged to other comprehensive income	-	-	-	(13.1)	(13.1)
Transfer to current tax	(178.3)	-	(2.2)	(0.5)	(181.0)
Translation differences	0.1	2.0	-	0.1	2.2
Balance as at 31 March 2012	81.9	359.7	0.1	532.2	973.9

Group - 2012		Accelerated tax depreciation	Offshore interest and dividend not remitted	Others	Total
Deferred tax liabilities		S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2011		(289.6)	(5.2)	(11.6)	(306.4)
Credited/ (Charged) to income statement		50.8	(0.1)	2.0	52.7
Transfer from current tax		(1.2)	-	-	(1.2)
Translation differences		0.2	-	-	0.2
Balance as at 31 March 2012		(239.8)	(5.3)	(9.6)	(254.7)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12.2 Deferred Taxes (Cont'd)

Group - 2011		TWDV ⁽¹⁾ in excess of NBV ⁽²⁾ of depreciable assets	Tax losses and unutilised capital allowances	Others	Total
Deferred tax assets	Provisions S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2010	251.3	407.7	57.2	191.0	907.2
Credited/ (Charged) to income statement	115.5	6.2	0.1	(1.8)	120.0
Charged to other comprehensive income	-	-	-	25.8	25.8
Transfer to current tax	(233.2)	-	(54.1)	-	(287.3)
Translation differences	0.6	6.4	(0.9)	3.3	9.4
Balance as at 31 March 2011	134.2	420.3	2.3	218.3	775.1

Group - 2011		Accelerated tax depreciation	Offshore interest and dividend not remitted	Others	Total
Deferred tax liabilities		S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2010		(293.7)	(5.1)	(12.9)	(311.7)
Credited/ (Charged) to income statement		10.5	(0.1)	1.3	11.7
Transfer from current tax		(6.3)	-	-	(6.3)
Translation differences		(0.1)	-	-	(0.1)
Balance as at 31 March 2011		(289.6)	(5.2)	(11.6)	(306.4)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12.2 Deferred Taxes (Cont'd)

Company - 2012				
Deferred tax assets	Provisions	Deferred	Others	Total
	S\$ Mil	sale and	S\$ Mil	S\$ Mil
		leaseback		
		income		
		S\$ Mil		
Balance as at 1 April 2011	0.6	0.5	2.0	3.1
Charged to income statement	-	(0.3)	(0.4)	(0.7)
Balance as at 31 March 2012	0.6	0.2	1.6	2.4

Company - 2012			
Deferred tax liabilities		Accelerated	Total
		tax	S\$ Mil
		depreciation	
		S\$ Mil	
Balance as at 1 April 2011		(180.9)	(180.9)
Credited to income statement		44.5	44.5
Transfer from current tax		(1.2)	(1.2)
Balance as at 31 March 2012		(137.6)	(137.6)

Company - 2011				
Deferred tax assets	Provisions	Deferred	Others	Total
	S\$ Mil	sale and	S\$ Mil	S\$ Mil
		leaseback		
		income		
		S\$ Mil		
Balance as at 1 April 2010	0.5	0.7	1.5	2.7
Credited/ (Charged) to income statement	0.1	(0.2)	0.5	0.4
Balance as at 31 March 2011	0.6	0.5	2.0	3.1

Company - 2011			
Deferred tax liabilities		Accelerated	Total
		tax	S\$ Mil
		depreciation	
		S\$ Mil	
Balance as at 1 April 2010		(185.5)	(185.5)
Credited to income statement		10.8	10.8
Transfer from current tax		(6.2)	(6.2)
Balance as at 31 March 2011		(180.9)	(180.9)

Notes:

- (1) TWDV – Tax written down value
- (2) NBV – Net book value

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12.2 Deferred Taxes (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities, and when deferred income taxes relate to the same fiscal authority.

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Deferred tax assets	963.0	764.0	-	-
Deferred tax liabilities	(243.8)	(295.3)	(135.2)	(177.8)
	719.2	468.7	(135.2)	(177.8)

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 2012, the subsidiaries of the Group had estimated unutilised income tax losses of approximately S\$88 million (2011: S\$92 million), unutilised investment allowances of S\$57M, unutilised capital tax losses of S\$138 million (2011: S\$137 million) and unabsorbed capital allowances of approximately S\$0.7 million (2011: S\$2.9 million).

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

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

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Unutilised income tax losses and investment allowances, and unabsorbed capital allowances	145.5	90.6
Unutilised capital tax losses	137.6	137.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

13. EARNINGS PER SHARE

	Group	
	2012 '000	2011 '000
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ⁽¹⁾	15,928,847	15,925,839
Adjustment for dilutive effect of share options	2,324	5,013
Adjustment for dilutive effect of Share Plan 2004	40,769	18,456
Weighted average number of ordinary shares for calculation of diluted earnings per share	15,971,940	15,949,308

Note:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

14. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with related parties –

	Group	
	2012	2011
	S\$ Mil	S\$ Mil
Revenue		
Subsidiaries of ultimate holding company		
Telecommunications	133.1	139.7
Rental and maintenance	29.9	29.8
Information technology and engineering	2.4	12.6
Associates and joint ventures		
Telecommunications	36.2	37.1
Expenses		
Subsidiaries of ultimate holding company		
Telecommunications	85.2	78.4
Utilities	101.7	89.3
Associates and joint ventures		
Telecommunications	56.6	72.9
Transmission capacity	31.6	45.4
Postal	10.0	10.3
Due from subsidiaries of ultimate holding company	24.5	26.0
Due to subsidiaries of ultimate holding company	17.3	3.2

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Fixed deposits	640.3	2,049.5	165.0	161.8
Cash and bank balances	706.1	688.5	89.4	61.5
	1,346.4	2,738.0	254.4	223.3

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

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
USD	227.7	167.8	172.2	122.1
AUD	6.0	45.9	5.3	45.6
JPY	9.4	28.8	9.2	7.6

The maturities of the fixed deposits were as follows –

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Less than three months	637.9	2,043.4	165.0	161.8
Over three months	2.4	6.1	-	-
	640.3	2,049.5	165.0	161.8

As at 31 March 2012, the weighted average effective interest rates of the fixed deposits of the Group and Company were 1.1 per cent (2011: 0.4 per cent) and 1.5 per cent (2011: 1.4 per cent) respectively.

The exposure of cash and cash equivalents to interest rate risks is disclosed in **Note 38.3**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Trade receivables	3,154.3	2,757.1	529.2	498.5
Less: Allowance for impairment of trade receivables	(288.8)	(280.5)	(83.2)	(75.9)
	2,865.5	2,476.6	446.0	422.6
Other receivables	262.2	252.9	23.4	18.1
Loans to subsidiaries	-	-	121.7	458.1
Less: Allowance for impairment of loans due	-	-	(12.9)	(12.9)
	-	-	108.8	445.2
Amount due from subsidiaries				
- trade	-	-	823.3	684.5
- non-trade	-	-	889.5	3,694.9
Less: Allowance for impairment of amount due	-	-	(45.7)	(45.7)
	-	-	1,667.1	4,333.7
Amount due from associates and joint ventures				
- trade	9.0	12.3	1.1	2.2
- non-trade	115.3	104.6	-	2.4
	124.3	116.9	1.1	4.6
Amount due from an associate for fibre rollout	206.5	186.2	206.5	186.2
Interest receivable	82.5	117.6	40.3	73.0
Prepayments	373.5	285.4	63.7	27.6
Staff loans	0.1	0.9	-	0.1
Others	12.4	12.8	4.3	5.6
	3,927.0	3,449.3	2,561.2	5,516.7

As at 31 March 2012, the effective interest rate of amount due from a subsidiary was 0.01 per cent (2011: 0.01 per cent) per annum based on quoted bank rates. The loans to subsidiaries and amounts due from other subsidiaries, associates and joint ventures were unsecured, interest-free and repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

16. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Individuals	697.8	580.8	147.6	140.7
Corporations and others	2,167.7	1,895.8	298.4	281.9
	2,865.5	2,476.6	446.0	422.6

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Not past due or less than 60 days overdue	2,657.9	2,338.1	369.4	374.6
Past due				
- 61 to 120 days	256.7	182.8	89.3	24.7
- more than 120 days	239.7	236.2	70.5	99.2
	3,154.3	2,757.1	529.2	498.5

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

16. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	280.5	294.8	75.9	88.5
Allowance for impairment	197.4	161.7	33.6	31.0
Utilisation of allowance for impairment	(149.8)	(156.9)	(26.3)	(28.7)
Write-back	(39.1)	(24.9)	-	(14.9)
Translation differences	(0.2)	5.8	-	-
Balance as at 31 March	288.8	280.5	83.2	75.9

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

	Company	
	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	12.9	24.1
Write-back	-	(11.2)
Balance as at 31 March	12.9	12.9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

17. ASSET HELD FOR SALE

This comprised the Group's 3.98% equity interest in Taiwan's Far EasTone Telecommunications Co., Ltd, which was sold for a cash consideration of approximately S\$339 million by way of an on-market sale on 27 April 2012.

18. INVENTORIES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Equipment held for resale	178.3	228.7	1.7	1.3
Maintenance and capital works' inventories	27.0	35.9	26.6	35.7
Work-in-progress for fibre rollout	2.8	34.7	2.8	34.7
	208.1	299.3	31.1	71.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. PROPERTY, PLANT AND EQUIPMENT

Group - 2012	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 2011	27.4	248.5	774.7	17,871.0	3,113.0	6,316.6	793.0	29,144.2
Additions (net of rebates)	-	-	0.1	238.4	44.4	180.5	1,933.5	2,396.9
Disposals/ Write-offs	-	-	(19.1)	(253.8)	(105.4)	(93.0)	-	(471.3)
Reclassifications/ Adjustments	-	-	34.6	1,198.7	117.6	418.8	(1,780.2)	(10.5)
Translation differences	0.1	-	1.3	55.7	4.5	20.3	1.7	83.6
Balance as at 31 March 2012	27.5	248.5	791.6	19,110.0	3,174.1	6,843.2	948.0	31,142.9
Accumulated depreciation								
Balance as at 1 April 2011	-	52.2	294.1	10,875.4	2,165.9	4,617.9	-	18,005.5
Depreciation charge for the year	-	4.0	19.7	1,270.4	187.8	393.5	-	1,875.4
Disposals/ Write-offs	-	-	(11.8)	(194.6)	(104.2)	(83.5)	-	(394.1)
Translation differences	-	-	0.1	32.4	2.0	15.5	-	50.0
Balance as at 31 March 2012	-	56.2	302.1	11,983.6	2,251.5	4,943.4	-	19,536.8
Accumulated impairment								
Balance as at 1 April 2011	-	2.0	7.3	8.5	5.2	3.2	-	26.2
Disposals	-	-	-	(0.1)	-	-	-	(0.1)
Balance as at 31 March 2012	-	2.0	7.3	8.4	5.2	3.2	-	26.1
Net Book Value as at 31 March 2012	27.5	190.3	482.2	7,118.0	917.4	1,896.6	948.0	11,580.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group - 2011	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 2010	27.0	258.0	680.9	16,955.4	2,946.1	5,708.3	518.1	27,093.8
Additions (net of rebates)	-	-	0.2	323.2	131.9	192.4	1,475.5	2,123.2
Disposals/ Write-offs	-	(8.0)	-	(273.4)	(57.0)	(63.4)	-	(401.8)
Reclassifications/ Adjustments	-	-	87.8	657.6	71.7	407.2	(1,209.4)	14.9
Translation differences	0.4	(1.5)	5.8	208.2	20.3	72.1	8.8	314.1
Balance as at 31 March 2011	27.4	248.5	774.7	17,871.0	3,113.0	6,316.6	793.0	29,144.2
Accumulated depreciation								
Balance as at 1 April 2010	-	50.0	275.4	9,823.4	2,041.9	4,126.6	-	16,317.3
Depreciation charge for the year	-	4.1	17.9	1,181.6	165.7	494.3	-	1,863.6
Disposals/ Write-offs	-	(1.1)	-	(268.1)	(54.2)	(59.7)	-	(383.1)
Translation differences	-	(0.8)	0.8	138.5	12.5	56.7	-	207.7
Balance as at 31 March 2011	-	52.2	294.1	10,875.4	2,165.9	4,617.9	-	18,005.5
Accumulated impairment								
Balance as at 1 April 2010	-	2.0	7.3	8.5	5.2	3.3	-	26.3
Disposals	-	-	-	-	-	(0.1)	-	(0.1)
Balance as at 31 March 2011	-	2.0	7.3	8.5	5.2	3.2	-	26.2
Net Book Value as at 31 March 2011	27.4	194.3	473.3	6,987.1	941.9	1,695.5	793.0	11,112.5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company - 2012	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 2011	0.4	212.5	424.7	2,923.4	1,093.7	1,025.4	298.4	5,978.5
Additions (net of rebates)	-	-	1.3	209.5	46.9	109.9	30.6	398.2
Disposals/ Write-offs	-	-	(1.4)	(183.2)	(92.8)	(43.9)	-	(321.3)
Balance as at 31 March 2012	0.4	212.5	424.6	2,949.7	1,047.8	1,091.4	329.0	6,055.4
Accumulated depreciation								
Balance as at 1 April 2011	-	42.0	210.4	2,018.2	984.7	814.6	-	4,069.9
Depreciation charge for the year	-	2.2	11.6	167.4	48.5	73.1	-	302.8
Disposals/ Write-offs	-	-	-	(127.2)	(92.8)	(40.5)	-	(260.5)
Balance as at 31 March 2012	-	44.2	222.0	2,058.4	940.4	847.2	-	4,112.2
Accumulated impairment								
Balance as at 1 April 2011	-	2.0	7.2	7.0	1.2	0.4	-	17.8
Disposals/ Write-offs	-	-	-	(0.1)	-	-	-	(0.1)
Balance as at 31 March 2012	-	2.0	7.2	6.9	1.2	0.4	-	17.7
Net Book Value as at 31 March 2012	0.4	166.3	195.4	884.4	106.2	243.8	329.0	1,925.5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company - 2011	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 2010	0.4	220.5	424.5	3,027.5	1,071.7	995.5	207.2	5,947.3
Additions (net of rebates)	-	-	0.2	119.9	55.0	73.2	91.2	339.5
Disposals/ Write-offs	-	(8.0)	-	(224.0)	(33.0)	(43.3)	-	(308.3)
Balance as at 31 March 2011	0.4	212.5	424.7	2,923.4	1,093.7	1,025.4	298.4	5,978.5
Accumulated depreciation								
Balance as at 1 April 2010	-	40.8	198.8	2,041.8	973.9	782.4	-	4,037.7
Depreciation charge for the year	-	2.3	11.6	182.6	43.2	74.8	-	314.5
Disposals/ Write-offs	-	(1.1)	-	(206.2)	(32.4)	(42.6)	-	(282.3)
Balance as at 31 March 2011	-	42.0	210.4	2,018.2	984.7	814.6	-	4,069.9
Accumulated impairment								
Balance as at 1 April 2010 and 31 March 2011	-	2.0	7.2	7.0	1.2	0.4	-	17.8
Net Book Value as at 31 March 2011	0.4	168.5	207.1	898.2	107.8	210.4	298.4	1,890.8

Property, plant and equipment included the following -

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Net book value of property, plant and equipment				
- Finance lease obligations	60.1	41.4	28.8	-
- Held for generating operating lease income	5.5	6.6	-	-
Interest charges capitalised during the year	4.3	-	-	-
Staff costs capitalised during the year	199.1	192.1	14.1	14.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

20. INTANGIBLE ASSETS

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Goodwill on acquisition of subsidiaries	9,658.1	9,657.2	-	-
Telecommunications and spectrum licences	504.7	541.5	1.7	2.0
Customer relationships and others	11.3	19.6	-	-
	10,174.1	10,218.3	1.7	2.0

20.1 Goodwill on Acquisition of Subsidiaries

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	9,657.2	9,654.6
Translation differences	0.9	2.6
Balance as at 31 March	9,658.1	9,657.2

20.2 Telecommunications and Spectrum Licences

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	541.5	517.8	2.0	2.3
Additions	84.4	84.2	-	-
Amortisation for the year	(123.1)	(103.8)	(0.3)	(0.3)
Reclassifications	-	37.6	-	-
Translation differences	1.9	5.7	-	-
Balance as at 31 March	504.7	541.5	1.7	2.0
Cost	1,156.8	1,068.4	8.4	8.4
Accumulated amortisation	(649.8)	(524.6)	(6.7)	(6.4)
Accumulated impairment	(2.3)	(2.3)	-	-
Net book value as at 31 March	504.7	541.5	1.7	2.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

20.3 Customer Relationships and Others

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	19.6	27.8
Amortisation for the year	(8.3)	(8.1)
Translation differences	-	(0.1)
Balance as at 31 March	11.3	19.6
Cost	53.0	53.0
Accumulated amortisation	(41.7)	(33.4)
Net book value as at 31 March	11.3	19.6

21. SUBSIDIARIES

	Company	
	2012 S\$ Mil	2011 S\$ Mil
Unquoted equity shares, at cost	6,419.9	6,319.4
Shareholders' advances	678.3	1,884.7
Deemed investment in a subsidiary	32.5	32.5
	7,130.7	8,236.6
Less: Allowance for impairment losses	(362.5)	(502.5)
	6,768.2	7,734.1

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 0.7 per cent (2011: 1.0 per cent) per annum.

The deemed investment in a subsidiary, SingTel Group Treasury Pte. Ltd. ("SGT"), arose from financial guarantees provided by the Company for loans drawn down by SGT prior to 1 April 2010.

The details of subsidiaries are set out in **Note 47**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

22. ASSOCIATES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Quoted equity shares, at cost	74.3	74.3	24.7	24.7
Unquoted equity shares, at cost	1,477.2	1,466.8	567.4	-
Shareholder's loan (unsecured)	1.7	1.7	-	-
	1,553.2	1,542.8	592.1	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)	(330.9)	(270.3)	-	-
Translation differences	(513.0)	(480.1)	-	-
	(872.2)	(778.7)	-	-
Less: Allowance for impairment losses	(468.6)	(591.7)	-	-
	212.4	172.4	592.1	24.7

As at 31 March 2012,

- (i) The market values of the quoted equity shares in associates held by the Group and Company were S\$516.2 million (2011: S\$583.8 million) and S\$503.9 million (2011: S\$573.0 million) respectively.
- (ii) The Group's shares representing 26% (2011: 26%) equity interest in an associate were under negative liens.
- (iii) The Group's proportionate interest in the capital commitments of the associates was S\$54.6 million (2011: S\$77.8 million).

The details of associates are set out in **Note 47.4**.

The summarised financial information of associates were as follows –

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Operating revenue	1,413.8	1,363.8
Net profit after tax	26.4	10.6
Total assets	5,088.8	4,614.7
Total liabilities	(3,735.2)	(3,196.8)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

23. JOINT VENTURES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Quoted equity shares, at cost	2,798.4	2,466.8	-	-
Unquoted equity shares, at cost	3,739.3	3,748.1	24.1	34.1
	6,537.7	6,214.9	24.1	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)	6,882.2	6,459.0	-	-
Translation differences	(2,195.9)	(1,393.5)	-	-
	3,460.4	3,839.6	-	-
Less: Allowance for impairment losses	(30.0)	(30.0)	-	-
	9,968.1	10,024.5	24.1	34.1

As at 31 March 2012,

- (i) The market value of the quoted equity shares in joint ventures held by the Group was S\$12.13 billion (2011: S\$10.05 billion).
- (ii) The Group's proportionate interest in the capital commitments of joint ventures was S\$1.73 billion (2011: S\$1.61 billion).
- (iii) The Group's shares representing 24.8% (2011: 24.8%) equity interest in a joint venture are placed in an escrow account under a deed of undertaking whereby under certain events of default, the joint venture partner could be entitled to these shares.

The details of joint ventures are set out in **Note 47.5**.

Optus holds a 31.25% (2011: 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% (2011: 50%) in the assets, with access to the shared network and shares 50% (2011: 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\$450.9 million (2011: S\$320.8 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

23. JOINT VENTURES (Cont'd)

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

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Operating revenue	10,891.7	10,112.9
Operating expenses	(6,396.4)	(5,794.4)
Net profit before tax	2,088.9	2,110.1
Net profit after tax	1,445.8	1,576.5
Non-current assets	15,929.8	17,405.0
Current assets	3,048.8	2,349.9
Current liabilities	(5,630.0)	(5,164.6)
Non-current liabilities	(6,181.3)	(7,145.7)
Net assets	7,167.3	7,444.6

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 2012 were assessed for impairment during the financial year.

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

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

Group	2012 S\$ Mil	2011 S\$ Mil	Terminal growth rate ⁽¹⁾		Pre-tax discount rate	
			2012	2011	2012	2011
Carrying value of goodwill in –						
- Optus Group	9,575.9	9,575.0	4.0%	4.0%	12.9%	12.2%
- SCS Computer Systems Pte. Ltd.	82.2	82.2	2.0%	2.0%	8.5%	9.9%

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

24.1 Goodwill arising on acquisition of subsidiaries (Cont'd)

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

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

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

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

As at 31 March 2012, 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 associates and joint ventures

The Group's carrying value in Warid Telecom (Private) Limited ("**Warid**") as at 31 March 2012 was assessed for impairment. The carrying value of Pacific Bangladesh Telecom Limited ("**PBTL**") was nil as at 31 March 2012.

Group	2012 S\$ Mil	2011 S\$ Mil	Terminal growth rate ⁽¹⁾		Pre-tax discount rate	
			2012	2011	2012	2011
Carrying value (including goodwill) in -						
Warid and PBTL	526.2	650.1				
Less: Allowance for impairment losses	(466.9)	(590.0)				
	59.3	60.1	7%	5.5% to 7%	17.8%	12.2% to 18.7%

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 associates and joint ventures 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 nine years (2011: seven to nine years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	309.1	255.8	38.6	31.1
Additions	86.2	20.0	-	-
Disposals	(1.0)	(1.1)	-	-
Provision for impairment	(5.5)	(0.1)	-	-
Utilisation of provision for impairment	0.9	-	-	-
Net fair value gains included in other comprehensive income	92.6	34.5	3.1	7.5
Reclassified to 'Asset held for sale'	(334.1)	-	-	-
Translation	0.5	-	-	-
Balance as at 31 March	148.7	309.1	41.7	38.6

AFS investments included the following –

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Quoted equity securities				
- Taiwan	-	244.3	-	-
- Thailand	21.8	18.4	21.8	18.4
- Singapore and United States	9.5	9.6	9.4	9.5
	31.3	272.3	31.2	27.9
Unquoted				
Equity securities	82.7	33.6	10.5	10.7
Others	34.7	3.2	-	-
	117.4	36.8	10.5	10.7
	148.7	309.1	41.7	38.6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	(1,517.3)	(1,052.9)	(1,208.5)	(718.8)
Fair value gains/ (losses)				
- included in income statement	131.9	(534.5)	62.0	(470.2)
- included in 'Hedging Reserve'	39.7	(112.6)	20.9	(19.5)
- included in 'Currency Translation Reserve'	(5.1)	(50.2)	-	-
Settlement of swaps for bonds repaid	922.0	217.6	922.0	-
Translation differences	(1.4)	15.3	-	-
Balance as at 31 March	(430.2)	(1,517.3)	(203.6)	(1,208.5)
Disclosed as -				
Current asset	2.9	68.6	5.1	68.6
Non-current asset	98.2	-	157.5	22.9
Current liability	(23.0)	(999.8)	(9.8)	(988.2)
Non-current liability	(508.3)	(586.1)	(356.4)	(311.8)
	(430.2)	(1,517.3)	(203.6)	(1,208.5)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.1 Fair Values

The fair values of the currency and interest rate swap contracts excluded the accrued interest of S\$18.6 million (2011: S\$44.4 million). The accrued interest is separately disclosed in **Note 16** and **Note 29**.

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

	Group Fair Value adjustments		Company Fair Value adjustments	
	Assets S\$ Mil	Liabilities S\$ Mil	Assets S\$ Mil	Liabilities S\$ Mil
2012				
Fair value and cash flow hedges				
Cross currency swaps	50.6	355.5	-	179.1
Interest rate swaps	46.9	136.9	-	8.1
Forward foreign exchange	2.9	20.1	2.5	0.6
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	81.6	81.6
Interest rate swaps	0.7	18.8	78.1	90.5
Forward foreign exchange	-	-	0.4	6.3
	101.1	531.3	162.6	366.2
Disclosed as -				
Current	2.9	23.0	5.1	9.8
Non-current	98.2	508.3	157.5	356.4
	101.1	531.3	162.6	366.2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.1 Fair Values (Cont'd)

2011	Group Fair Value adjustments		Company Fair Value adjustments	
	Assets S\$ Mil	Liabilities S\$ Mil	Assets S\$ Mil	Liabilities S\$ Mil
Fair value and cash flow hedges				
Cross currency swaps	-	1,529.5	-	970.9
Interest rate swaps	68.6	(8.3)	69.5	8.6
Forward foreign exchange	-	42.3	-	30.8
Derivatives that do not qualify for hedge accounting				
Cross currency swaps	-	-	9.0	257.9
Interest rate swaps	-	22.4	13.0	31.8
Forward foreign exchange	-	-	-	-
	<u>68.6</u>	<u>1,585.9</u>	<u>91.5</u>	<u>1,300.0</u>
Disclosed as -				
Current	68.6	999.8	68.6	988.2
Non-current	-	586.1	22.9	311.8
	<u>68.6</u>	<u>1,585.9</u>	<u>91.5</u>	<u>1,300.0</u>

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

The forecasted transactions for the foreign currency commitments are expected to occur in the financial year ending 31 March 2013, 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 31.1**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.1 Fair Values (Cont'd)

As at 31 March 2012, the details of the outstanding derivative financial instruments were as follows -

	Group		Company	
	2012	2011	2012	2011
Interest rate swaps				
Notional principal (S\$ million equivalent)	4,908.1	6,126.4	5,633.6	5,802.0
Fixed interest rates	0.5% to 6.2%	1.8% to 6.2%	0.5% to 4.5%	1.8% to 4.5%
Floating interest rates	1.7% to 4.3%	1.4% to 4.9%	0.1% to 1.7%	0.1% to 2.6%
Cross currency swaps				
Notional principal (S\$ million equivalent)	5,323.7	6,346.8	5,628.9	4,918.0
Fixed interest rates	1.8% to 7.5%	3.5% to 7.5%	0.9% to 5.2%	3.9% to 5.2%
Floating interest rates	0.5% to 6.2%	0.7% to 6.7%	0.5% to 2.4%	0.7% to 2.5%
Forward foreign exchange				
Notional principal (S\$ million equivalent)	887.3	710.7	462.3	392.6

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

26.2 Fair Value Measurements

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- 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
- inputs for the asset or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.2 Fair Value Measurements (Cont'd)

The following table presents the assets and liabilities measured at fair value as at 31 March 2012 -

Group 2012	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾ (Note 25)				
- Quoted equity securities	31.3	-	-	31.3
- Unquoted investments	-	-	16.6	16.6
	31.3	-	16.6	47.9
Derivative financial instruments (Note 26.1)	-	101.1	-	101.1
	31.3	101.1	16.6	149.0
Financial liabilities				
Derivative financial instruments (Note 26.1)	-	531.3	-	531.3
	-	531.3	-	531.3

Group 2011	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾ (Note 25)				
- Quoted equity securities	272.3	-	-	272.3
- Unquoted investments	-	-	17.1	17.1
	272.3	-	17.1	289.4
Derivative financial instruments (Note 26.1)	-	68.6	-	68.6
	272.3	68.6	17.1	358.0
Financial liabilities				
Derivative financial instruments (Note 26.1)	-	1,585.9	-	1,585.9
	-	1,585.9	-	1,585.9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.2 Fair Value Measurements (Cont'd)

Company 2012	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments (Note 25)				
- Quoted equity securities	31.2	-	-	31.2
- Unquoted equity securities	-	-	10.5	10.5
	31.2	-	10.5	41.7
Derivative financial instruments (Note 26.1)	-	162.6	-	162.6
	31.2	162.6	10.5	204.3
Financial liabilities				
Derivative financial instruments (Note 26.1)	-	366.2	-	366.2
	-	366.2	-	366.2
Company 2011				
Financial assets				
AFS investments (Note 25)				
- Quoted equity securities	27.9	-	-	27.9
- Unquoted equity securities	-	-	10.7	10.7
	27.9	-	10.7	38.6
Derivative financial instruments (Note 26.1)	-	91.5	-	91.5
	27.9	91.5	10.7	130.1
Financial liabilities				
Derivative financial instruments (Note 26.1)	-	1,300.0	-	1,300.0
	-	1,300.0	-	1,300.0

Note:

(1) Excluded AFS investments stated at cost of S\$100.8 million (2011: S\$19.7 million).

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

26.2 Fair Value Measurements (Cont'd)

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
AFS investments - unquoted				
Balance as at 1 April	17.1	17.7	10.7	10.1
Total (losses)/ gains included in other comprehensive income	(0.5)	0.2	(0.2)	0.6
Additions	0.1	0.3	-	-
Utilisation of provision for impairment	0.9	-	-	-
Disposals	(1.0)	(1.1)	-	-
Balance as at 31 March	16.6	17.1	10.5	10.7

27. SALE OF ASSETS AND BUSINESS TO NETLINK TRUST

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Loan to an associate	1,325.0	-	1,325.0	-
Deferred gain				
Classified as -				
Current	29.2	-	-	-
Non-current	1,060.5	-	-	-
	1,089.7	-	-	-

In July 2011, SingTel established a business trust, NetLink Trust, as part of the IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network. In September 2011, SingTel sold certain infrastructure assets, namely ducts and manholes used by OpenNet Pte. Ltd., a 29.9%-owned associate of SingTel, and 7 exchange buildings ("**Assets**"), and SingTel's business of providing duct and manhole services in relation to the Assets ("**Business**") to NetLink Trust, for an aggregate consideration of approximately S\$1.89 billion. SingTel also completed its subscription for a further 567,380,000 units at S\$1 each in NetLink Trust.

The aggregate consideration paid by NetLink Trust for the purchase of the Assets and Business was financed by the issue of units to SingTel of S\$567.4 million and a loan from SingTel of S\$1.33 billion.

Although currently 100% owned by SingTel, NetLink Trust is managed and operated by CityNet Infrastructure Management Pte. Ltd. in its capacity as trustee-manager, and hence it is equity accounted as an associate of SingTel.

At the consolidated level, the gain on disposal of Assets and Business recorded by SingTel was deferred in the Group's statement of financial position and is being amortised over the useful lives of the Assets. The unamortised deferred gain in the Group's statement of financial position will be released to the Group's income statement when NetLink Trust is partially or fully sold, based on the proportionate equity interest disposed. In addition, SingTel's lease expenses paid to NetLink Trust and interest income earned from NetLink Trust are not eliminated on a line-by-line basis in the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

28. OTHER NON-CURRENT RECEIVABLES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Prepayments	65.3	78.4	241.4	270.7
Other receivables	64.3	47.9	-	0.1
	129.6	126.3	241.4	270.8

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Trade payables	3,205.6	2,747.7	741.3	589.1
Advance billings	677.8	630.5	86.2	75.0
Accruals	669.8	697.9	110.6	98.6
Interest payables	116.8	195.6	36.4	125.7
Due to subsidiaries				
- trade	-	-	205.4	191.4
- non-trade	-	-	687.7	362.0
	-	-	893.1	553.4
Due to associates and joint ventures				
- trade	64.8	62.6	59.0	55.2
- non-trade	161.3	0.6	160.0	-
	226.1	63.2	219.0	55.2
Deferred gain on sale of a joint venture (see Note 33)	3.1	3.1	-	-
Customers' deposits	25.4	24.1	14.3	13.8
Other deferred income	38.3	19.7	17.9	8.5
Other payables	86.8	68.3	56.0	56.2
	5,049.7	4,450.1	2,174.8	1,575.5

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 or annual basis except for interest payables on certain bonds and syndicated loan facilities which are settled on quarterly and monthly basis respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

30. PROVISION

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

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Balance as at 1 April	0.3	17.9
Provision/ (Writeback of provision)	3.3	(17.4)
Amount written off against provision	(0.1)	(0.2)
Balance as at 31 March	3.5	0.3

31. BORROWINGS (UNSECURED)

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Current				
Bonds	-	2,667.4	-	2,667.4
Bank loans	105.8	5.2	-	-
	105.8	2,672.6	-	2,667.4
Non-current				
Bonds	6,300.8	4,094.1	857.9	734.5
Bank loans	2,169.6	450.0	-	-
	8,470.4	4,544.1	857.9	734.5
Total unsecured borrowings	8,576.2	7,216.7	857.9	3,401.9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31.1 Bonds

Principal amount	Maturity	Group		Company	
		2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
US\$1,350 million ⁽²⁾	2011	-	1,755.1	-	1,755.1
US\$700 million ⁽²⁾	2017	873.0	-	-	-
US\$200 million	2018	251.5	-	-	-
US\$100 million	2018	125.8	-	-	-
US\$500 million ^{(1) (2)}	2019	657.3	628.2	-	-
US\$600 million ⁽²⁾	2021	838.0	748.4	-	-
US\$500 million ⁽²⁾	2031	857.9	734.5	857.9	734.5
€500 million ⁽²⁾	2011	-	912.3	-	912.3
€700 million ^{(1) (2)}	2020	1,185.0	1,221.4	-	-
A\$75 million ⁽¹⁾	2018	97.9	-	-	-
S\$250 million	2016	250.0	-	-	-
S\$600 million ⁽²⁾	2020	600.0	600.0	-	-
¥10,000 million	2018	153.0	-	-	-
HK\$830 million	2017	140.6	-	-	-
HK\$620 million	2018	109.1	-	-	-
HK\$1,000 million ⁽¹⁾	2020	161.7	161.6	-	-
		6,300.8	6,761.5	857.9	3,401.9

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.

31.2 Bank Loans

	Group	
	2012 S\$ Mil	2011 S\$ Mil
Current	105.8	5.2
Non-current	2,169.6	450.0
	2,275.4	455.2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31.3 Maturity

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

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Between one and two years	350.0	100.0	-	-
Between two and five years	2,210.2	350.0	-	-
Over five years	5,910.2	4,094.1	857.9	734.5
	8,470.4	4,544.1	857.9	734.5

31.4 Interest Rates

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Bonds (fixed rate)	3.9	5.2	7.4	6.5
Bonds (floating rate)	1.7	-	-	-
Bank loans (floating rate)	2.1	1.0	-	-

31.5 Fair Values

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Carrying value				
Bonds	6,300.8	6,761.5	857.9	3,401.9
Bank loans	2,275.4	455.2	-	-
Fair value				
Bonds	6,356.9	6,860.4	901.8	3,487.3
Bank loans	2,275.4	455.2	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31.6 The tables below set out the maturity profile of borrowings and related swaps based on expected contractual undiscounted cash flows.

Group	Less than 1 year S\$ Mil	Between 1 and 2 years S\$ Mil	Between 2 and 5 years S\$ Mil	Over 5 years S\$ Mil
As at 31 March 2012				
Net-settled interest rate swaps	48.5	45.9	75.1	48.0
Cross currency interest rate swaps (gross-settled)				
- Inflow	(182.2)	(182.2)	(546.2)	(1,109.3)
- Outflow	191.2	188.7	597.2	927.3
	57.5	52.4	126.1	(134.0)
Borrowings	373.4	614.8	2,884.1	7,302.2
	430.9	667.2	3,010.2	7,168.2

As at 31 March 2011				
Net-settled interest rate swaps	(76.3)	9.9	(25.3)	(82.7)
Cross currency interest rate swaps (gross-settled)				
- Inflow	(200.8)	(147.9)	(443.5)	(1,232.3)
- Outflow	288.3	186.6	601.6	1,185.4
	11.2	48.6	132.8	(129.6)
Borrowings	3,896.8	283.5	892.8	5,821.6
	3,908.0	332.1	1,025.6	5,692.0

Company	Less than 1 year S\$ Mil	Between 1 and 2 years S\$ Mil	Between 2 and 5 years S\$ Mil	Over 5 years S\$ Mil
As at 31 March 2012				
Net-settled interest rate swaps	9.3	7.4	10.8	26.5
Cross currency interest rate swaps (gross-settled)				
- Inflow	(46.4)	(46.4)	(139.1)	(695.7)
- Outflow	24.4	24.1	72.6	363.4
	(12.7)	(14.9)	(55.7)	(305.8)
Borrowings	46.4	46.4	139.1	1,577.0
	33.7	31.5	83.4	1,271.2

As at 31 March 2011				
Net-settled interest rate swaps	(84.9)	8.8	13.8	27.6
Cross currency interest rate swaps (gross-settled)				
- Inflow	(99.4)	(46.5)	(139.4)	(743.4)
- Outflow	133.3	24.8	74.4	396.6
	(51.0)	(12.9)	(51.2)	(319.2)
Borrowings	3,753.3	46.5	139.4	1,624.6
	3,702.3	33.6	88.2	1,305.4

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 42(a)(ii)**.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

32. BORROWINGS (SECURED)

32.1 Finance Lease Liabilities

The minimum lease payments under the finance lease liabilities were payable as follows -

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Not later than one year	39.9	29.6	11.6	-
Later than one but not later than five years	85.3	47.7	46.5	-
Later than five years	659.5	-	659.5	-
	784.7	77.3	717.6	-
Less: Future finance charges	(567.1)	(8.4)	(559.9)	-
	217.6	68.9	157.7	-
Classified as -				
Current	25.3	26.3	0.2	-
Non-current	192.3	42.6	157.5	-
	217.6	68.9	157.7	-

32.2 Interest Rates

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Finance lease liabilities	7.3	7.3	7.3	-

32.3 Fair Values

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Carrying value				
Finance lease liabilities	217.6	68.9	157.7	-
Fair value				
Finance lease liabilities	217.6	68.9	157.7	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

33. DEFERRED INCOME

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Gain on sale and leaseback arrangements				
Balance as at 1 April	5.9	9.6	2.9	4.4
Amount recognised as income during the year	(2.1)	(3.7)	(1.6)	(1.5)
Balance as at 31 March	3.8	5.9	1.3	2.9
Deferred gain on sale of a joint venture				
Balance as at 1 April	19.8	22.9	-	-
Amount recognised as income during the year	(3.1)	(3.1)	-	-
Balance as at 31 March	16.7	19.8	-	-
	20.5	25.7	1.3	2.9
Classified as -				
Current (see Note 29)	3.1	3.1	-	-
Non-current	17.4	22.6	1.3	2.9
	20.5	25.7	1.3	2.9

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

34. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Performance share liability	11.9	12.1	10.8	10.6
Other payables	201.6	181.8	6.7	7.1
	213.5	193.9	17.5	17.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

35. SHARE CAPITAL

Group and Company	2012		2011	
	Number of shares Mil	Share capital S\$ Mil	Number of shares Mil	Share capital S\$ Mil
Balance as at 1 April	15,935.7	2,622.8	15,932.2	2,616.3
Issue of shares under share options	6.5	9.4	3.5	6.5
Balance as at 31 March	15,942.2	2,632.2	15,935.7	2,622.8

All issued shares are fully paid, and carry one vote per share and a right to dividends as and when declared by the Company.

During the year, the Company issued 6,521,600 (2011: 3,546,818) shares upon the exercise of 6,521,600 (2011: 3,546,818) share options under the 1999 Scheme at exercise prices between S\$1.31 and S\$1.56 (2011: S\$1.41 and S\$2.12) per share.

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

Capital Management

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

The Group monitors capital based on gross and net gearing ratios, and the dividend payout ratio ranges from 55% to 70% of underlying net profit. Underlying net profit is defined as net profit before exceptional and other one-off items.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

36. DIVIDENDS

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Final ordinary dividend of 9.0 cents (2011: 8.0 cents) per share, paid	1,434.3	1,273.7	1,435.7	1,274.3
Special dividend of 10.0 cents (2011: nil) per share, paid	1,593.6	-	1,594.0	-
Interim dividend of 6.8 cents (2011: 6.8 cents) per share, paid	1,083.5	1,082.9	1,084.3	1,083.5
	4,111.4	2,356.6	4,114.0	2,357.8

During the financial year, a final one-tier tax exempt ordinary dividend of 9.0 cents per share and a special one-tier exempt dividend of 10.0 cents per share were paid in respect of the previous financial year ended 31 March 2011, and an interim one-tier tax exempt ordinary dividend of 6.8 cents per share was paid in respect of the current financial year ended 31 March 2012.

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

The Directors have proposed a final one-tier tax exempt ordinary dividend of 9.0 cents per share, totalling approximately S\$1.43 billion in respect of the current financial year ended 31 March 2012 for approval at the forthcoming Annual General Meeting.

These financial statements do not reflect the final dividend payable of approximately S\$1.43 billion, which will be accounted for in the shareholders' equity as an appropriation of 'Retained Earnings' in the next financial year ending 31 March 2013.

37. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of AFS investments and borrowings are set out in **Note 26**, **Note 31.5** and **Note 32.3** respectively.

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial Risk Factors

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

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

The Directors assume responsibility for the overall financial risk management of the Group. For the financial year ended 31 March 2012, the Finance, Investment and Risk Committee ("**FIRC**") assisted the Directors in reviewing and establishing policies relating to financial risk management in accordance with the policies and directives of the Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

38.2 Foreign Exchange Risk

The foreign exchange risk of the Group arises from subsidiaries, associates and joint ventures 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.

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

The Group Treasury Policy, as approved by the 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 for the Australian Dollar, Euro, Hong Kong Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Pound Sterling, Thai Baht, United States Dollar and Japanese Yen.

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

38.3 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 2012, after taking into account the effect of interest rate swaps, approximately 75% (2011: 73%) of the Group's borrowings were at fixed rates of interest.

As at 31 March 2012, 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\$7.8 million (2011: S\$11.8 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

38.4 Credit Risk

Financial assets that potentially subject the Group to concentrations of credit risk consist primarily of trade receivables, cash and cash equivalents, marketable securities and financial instruments used in hedging activities.

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

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

38.5 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.

38.6 Market Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

39. 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 associates and joint ventures which mainly comprise Advanced Info Service Public Company Limited ("**AIS**") in Thailand, Bharti Airtel Limited ("**Airtel**") in India, Globe Telecom, Inc. ("**Globe**") in the Philippines, and PT Telekomunikasi Selular ("**Telkomsel**") in Indonesia.

The main services and products provided in 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 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. 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 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 2012 and 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

39. SEGMENT INFORMATION (Cont'd)

Group - 2012	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	6,550.8	12,274.5	-	-	18,825.3	-	18,825.3
Segment results	1,619.4	1,599.2	-	-	3,218.6	(104.7)	3,113.9
Other income	45.3	67.1	-	-	112.4	(9.2)	103.2
Profit/ (Loss) before exceptional items	1,664.7	1,666.3	-	-	3,331.0	(113.9)	3,217.1
Exceptional items	4.7	(23.5)	-	-	(18.8)	25.4	6.6
Profit/ (Loss) on operating activities	1,669.4	1,642.8	-	-	3,312.2	(88.5)	3,223.7
Share of results of associates and joint ventures							
- Airtel	-	-	351.0	-	351.0	-	351.0
- Telkomsel	-	-	665.1	-	665.1	-	665.1
- Globe	-	-	130.8	-	130.8	-	130.8
- AIS	-	-	278.5	-	278.5	-	278.5
- Others	-	-	6.0	-	6.0	-	6.0
	-	-	1,431.4	-	1,431.4	-	1,431.4
Profit before interest, investment income (net) and tax	1,669.4	1,642.8	1,431.4	-	4,743.6	(88.5)	4,655.1
Interest and investment income (net)	-	22.1	-	-	22.1	31.9	54.0
Finance costs	-	(198.6)	-	-	(198.6)	(196.1)	(394.7)
Profit/ (Loss) before tax	1,669.4	1,466.3	1,431.4	-	4,567.1	(252.7)	4,314.4
Segment assets							
Investment in associates and joint ventures							
- Airtel	-	-	4,727.6	-	4,727.6	-	4,727.6
- Telkomsel	-	-	3,392.2	-	3,392.2	-	3,392.2
- Globe	-	-	1,028.1	-	1,028.1	-	1,028.1
- AIS	-	-	630.4	-	630.4	-	630.4
- Others	-	-	402.2	-	402.2	-	402.2
	-	-	10,180.5	-	10,180.5	-	10,180.5
Goodwill on acquisition of subsidiaries	82.2	9,575.9	-	-	9,658.1	-	9,658.1
Other assets	6,615.3	17,079.5	-	(4,975.1)	18,719.7	1,859.3	20,579.0
	6,697.5	26,655.4	10,180.5	(4,975.1)	38,558.3	1,859.3	40,417.6
Capital expenditure	882.2	1,599.1	-	-	2,481.3	-	2,481.3
Depreciation and amortisation	(577.3)	(1,424.3)	-	-	(2,001.6)	-	(2,001.6)
Impairment of AFS investment	-	-	-	-	-	(5.5)	(5.5)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

39. SEGMENT INFORMATION (Cont'd)

Group - 2011	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	6,400.6	11,670.0	-	-	18,070.6	-	18,070.6
Segment results	1,654.0	1,441.4	-	-	3,095.4	(75.0)	3,020.4
Other income	48.5	77.2	-	-	125.7	4.5	130.2
Profit/ (Loss) before exceptional items	1,702.5	1,518.6	-	-	3,221.1	(70.5)	3,150.6
Exceptional items	-	-	-	-	-	55.7	55.7
Profit/ (Loss) on operating activities	1,702.5	1,518.6	-	-	3,221.1	(14.8)	3,206.3
Share of results of associates and joint ventures							
- Airtel	-	-	567.3	-	567.3	-	567.3
- Telkomsel	-	-	638.2	-	638.2	-	638.2
- Globe	-	-	137.7	-	137.7	-	137.7
- AIS	-	-	190.5	-	190.5	-	190.5
- Others	-	-	30.4	-	30.4	-	30.4
	-	-	1,564.1	-	1,564.1	-	1,564.1
Profit before interest, investment income (net) and tax	1,702.5	1,518.6	1,564.1	-	4,785.2	(14.8)	4,770.4
Interest and investment income (net)	-	26.7	-	-	26.7	16.8	43.5
Finance costs	-	(157.8)	-	-	(157.8)	(209.7)	(367.5)
Profit/ (Loss) before tax	1,702.5	1,387.5	1,564.1	-	4,654.1	(207.7)	4,446.4
Segment assets							
Investment in associates and joint ventures							
- Airtel	-	-	5,230.8	-	5,230.8	-	5,230.8
- Telkomsel	-	-	3,274.7	-	3,274.7	-	3,274.7
- Globe	-	-	1,008.9	-	1,008.9	-	1,008.9
- AIS	-	-	261.6	-	261.6	-	261.6
- Others	-	-	420.9	-	420.9	-	420.9
	-	-	10,196.9	-	10,196.9	-	10,196.9
Goodwill on acquisition of subsidiaries	82.2	9,575.0	-	-	9,657.2	-	9,657.2
Other assets	5,008.3	15,478.3	-	(3,793.6)	16,693.0	2,735.2	19,428.2
	5,090.5	25,053.3	10,196.9	(3,793.6)	36,547.1	2,735.2	39,282.3
Capital expenditure	842.8	1,364.5	-	-	2,207.3	-	2,207.3
Depreciation and amortisation	(550.5)	(1,418.2)	-	-	(1,968.7)	-	(1,968.7)

NOTES TO THE FINANCIAL STATEMENTS

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40. 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	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Not later than one year	496.4	436.1	102.2	95.5
Later than one but not later than five years	1,239.7	1,209.7	291.6	313.7
Later than five years	1,620.3	1,775.8	715.9	794.6
	3,356.4	3,421.6	1,109.7	1,203.8

Sale and operating leaseback contracts were entered into for certain property, plant and equipment for a period of 20 years commencing on 2 March 2005 and 1 November 2010. The above commitments included the minimum amounts payable of S\$39.5 million (2011: S\$39.4 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% or Consumer Price Index percentage of the preceding year.

41. COMMITMENTS

- 41.1** The commitments for capital and operating expenditures, and investments which had not been recognised in the financial statements, excluding the commitments shown under **Note 41.2**, were as follows -

	Group		Company	
	2012 S\$ Mil	2011 S\$ Mil	2012 S\$ Mil	2011 S\$ Mil
Authorised and contracted for	1,725.7	1,025.1	181.7	67.0

The above included equity funding commitments of S\$769 million (2011: S\$64 million) and commitments to purchase capacity in the cable network of a joint venture of S\$54 million (2011: S\$12 million).

- 41.2** As at 31 March 2012, the Group's commitments for the purchase of broadcasting program rights were S\$219 million (2011: S\$397 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

42. CONTINGENT LIABILITIES

(a) Guarantees

As at 31 March 2012,

- (i) The Group and Company provided bankers' and other guarantees, and insurance bonds of S\$572.8 million and S\$413.2 million (2011: S\$583.6 million and S\$389.6 million) respectively.
- (ii) The Company provided guarantees for loans of S\$1.55 billion (2011: S\$450 million) drawn down under various loan facilities entered into by SGT with maturities between September 2012 and June 2014. The Company also provided guarantees for SGT's notes issue of an aggregate equivalent amount of S\$3.28 billion (2011: S\$1.36 billion) due between July 2016 and September 2021.
- (iii) The Company provided a guarantee for US\$90 million (S\$113 million) (2011: US\$90 million) on a proportionate share basis in respect of a loan obtained by an associate.

(b) Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission")

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 (approximately S\$4 million) 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.

On 20 May 2009, SingTel and SingTel Mobile filed an application to the Indonesian Supreme Court for civil review of the Supreme Court decision.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

42. CONTINGENT LIABILITIES (Cont'd)

(b) Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia ("KPPU") (Republic of Indonesia Commission for Supervision of Business Competition) (the "Commission") (Cont'd)

On 9 June 2009, KPPU applied to the Central Jakarta District Court to enforce the Supreme Court Decision. This application is understood to be pending.

On 12 January 2011, SingTel and SingTel Mobile received official notification that the civil review applications have been rejected. SingTel and SingTel Mobile maintain that they have complied with all the laws of Indonesia. However, in February 2011, SingTel and SingTel Mobile paid the fines with due respect to the Indonesian Courts, without prejudice to their rights under International Law.

(c) Other commercial disputes

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

43. SIGNIFICANT CONTINGENT LIABILITIES OF JOINT VENTURES

(a) Airtel, a 32.3% joint venture of the Group, has disputes with various government authorities in the respective jurisdictions where its operations are based, as well as with third parties regarding certain transactions entered into in the ordinary course of business.

As at 31 March 2012, the taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately INR 55.5 billion (SingTel's equity share: S\$442 million). In respect of some of the tax issues, pending final decisions, Airtel had deposited amounts with statutory authorities.

Airtel Nigeria B.V. ("**ANBV**"), a 100% owned indirect subsidiary of Airtel, has 65.7% shareholding in Airtel Networks Limited ("**ANL**"), whose principal activity is the provision of mobile telecommunication services in Nigeria.

Econet Wireless Limited ("**EWL**") had in 2003 claimed a 5% stake in ANL and in 2006 also made a claim alleging breach of its pre-emption rights under a shareholders agreement between EWL and former shareholders of ANL. ANL and ANBV have filed appeals in the Nigerian Courts and are actively pursuing these appeals.

Under the terms of the acquisition by Airtel of ANBV from Zain International B.V. in 2010, Airtel has the benefit of seller's indemnities in respect of such matters.

(b) The Group holds an equity interest of 23.3% in AIS.

Revenue share disputes arising from abolishment of excise tax

In January 2008, TOT Public Company Limited ("**TOT**") and CAT Telecom Public Company Limited ("**CAT**") demanded additional payments of revenue share from AIS and its subsidiary, Digital Phone Company Limited ("**DPC**") respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

43. SIGNIFICANT CONTINGENT LIABILITIES OF JOINT VENTURES (Cont'd)

CAT had submitted its case against DPC to arbitration and the Arbitral Tribunal has dismissed CAT's case against DPC on 1 March 2011. On 3 June 2011, CAT began proceedings to appeal against the Arbitral Tribunal's decision in the Central Administrative Court.

On 20 May 2011, the Arbitral Tribunal dismissed TOT's claim against AIS for additional revenue share. On 22 September 2011, TOT submitted its case to the Central Administrative Court to appeal against the Arbitral Tribunal's award.

TOT's demand for additional revenue shares

On 2 February 2011, AIS received demand letters from TOT for additional payments of revenue share, penalties and surcharges to be paid by 15 February 2011. The first demand amounted to THB 36,996 million (SingTel's equity share: S\$352 million) plus interest at 7.5% per annum and value added tax for reduction of revenue sharing rate on prepaid services and deduction of roaming cost from the revenue share payment to TOT. The second demand amounted to THB 36,817 million (SingTel's equity share: S\$350 million) plus interest at 7.5% per annum and value added tax due to the deduction of excise tax from the revenue share payment to TOT.

AIS' management believes that the demands shall have no material impact to its financial statements because it is not obligated to make any additional payments as demanded by TOT. On 4 February 2011, AIS sent a letter to TOT opposing such demands. On 11 February 2011, AIS submitted TOT's claim for additional revenue share in relation to the first demand to arbitration.

On 26 August 2011, TOT informed AIS of the cancellation of its first demand due to its misunderstanding of the facts. On 3 October 2011, AIS requested the withdrawal of this dispute which was approved by the Arbitration Institute on 6 October 2011.

The second demand, which is a duplicate of the TOT's demand for additional revenue share arising from the abolishment of excise tax, has been dismissed by the Arbitration Tribunal on 20 May 2011. On 22 September 2011, TOT submitted its case to the Central Administrative Court to appeal against the Arbitral Tribunal's award.

On 26 January 2011, TOT sent a letter demanding AIS to pay additional revenue share based on gross interconnection income received from 2007 to 2010 of THB 17,803 million (SingTel's equity share: S\$169 million) plus interest at the rate of 1.25% per month. AIS sent a letter opposing the said claim to TOT on 21 February 2011. On 9 March 2011, AIS submitted the dispute to arbitration.

TOT's demand for access charge

On 9 May 2011, TOT submitted a case to the Central Administrative Court against CAT as first defendant and DPC as second defendant demanding access charge amounting to THB 2,954 million (SingTel's equity share: S\$28 million) plus interest. This case is pending.

AIS' management believes that the case has no material impact to its financial statements because DPC has correctly and fully complied with the law and the relevant agreements in all respects.

- (c) Globe, a 47.3% joint venture of the Group, is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the Courts or are being contested, the outcome of which are not presently determinable. In the opinion of Globe's management and legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Globe Group's financial position and results of operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

43. SIGNIFICANT CONTINGENT LIABILITIES OF JOINT VENTURES (Cont'd)

- (d) As at 31 March 2012, Telkomsel, a 35% joint venture of the Group, has filed appeals and cross-appeals amounting to approximately IDR 1,523 billion (SingTel's equity share: S\$73 million) for various tax claims arising in certain tax assessments which are pending final decisions, the outcome of which are not presently determinable.

44. ASSOCIATE - PROPOSED RESTRUCTURING OF LOAN FACILITIES

Warid, an associate in which the Group has a 30% equity interest, is currently in discussions with its lenders in relation to a proposed restructuring of its loan facilities. As at 31 March 2012, the outstanding principal amounted to approximately US\$758 million, net of hedging, and was secured by a floating charge on Warid's assets. In addition, US\$90 million of these loan facilities was guaranteed by SingTel (see **Note 42 (a)(iii)**) and US\$512 million was secured by guarantees of the other shareholder group of Warid.

45. SUBSEQUENT EVENTS

From 1 April 2012, the Group is organised by three business units, Group Consumer, Group ICT and Group Digital Life, to better serve the evolving needs of its customers and to exploit growth opportunities globally.

In April 2012, the Group completed the acquisition of 100% of the share capital of Amobee, Inc., for an aggregate cash consideration of US\$321 million. Amobee, Inc., a corporation organised under the laws of Delaware, USA, is a premium provider of mobile advertising offering solutions to operators, publishers and advertisers globally.

46. EFFECTS OF FRS AND INT FRS ISSUED BUT NOT YET ADOPTED

Certain new or revised FRS and INT FRS are mandatory for adoption by the Group for financial year beginning on or after 1 April 2012.

- (a) FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements
FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, *Consolidation - Special Purpose Entities*. FRS 110 defines the principle of control and establishes control as the basis from determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. These will take effect from financial year beginning on 1 April 2013 with full retrospective application.
- (b) FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures
FRS 111 supersedes FRS 31, *Interests in Joint Ventures*, and INT FRS 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The joint venturer should use the equity method under the revised FRS 28 to account for a joint venture. These will take effect from financial year beginning on 1 April 2013 with full retrospective application.
- (c) FRS 112 Disclosure of Interests in Other Entities
FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities, and will take effect from financial year beginning on 1 April 2013.
- (d) FRS 113 Fair Value Measurements
FRS 113 is a single new standard that applies to both financial and non-financial items. It provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope. FRS 113 will be effective prospectively from financial year beginning on 1 April 2013.

The Group is currently assessing the impact of the above new or revised FRS on the financial statements of the Group and the Company in the period of initial application.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47. COMPANIES IN THE GROUP

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore. The following were the significant subsidiaries, associates and joint ventures as at 31 March 2012 and 31 March 2011.

47.1 Significant subsidiaries incorporated in Singapore

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2012 %	2011 %
1.	Computer Systems Holdings Pte Ltd	Investment holding	100	100
2.	NCS Communications Engineering Pte. Ltd.	Provision of facilities management and consultancy services, and distributor of specialised telecommunications and data communication products	100	100
3.	NCS Pte. Ltd.	Provision of information technology and consultancy services	100	100
4.	NCSI Solutions Pte. Ltd.	Provision of information technology services	100	100
5.	SCS Computer Systems Pte. Ltd.	Provision of information technology and consultancy services	100	100
6.	NCSI Holdings Pte. Ltd.	Investment holding	100	100
7.	Singapore Telecom Mobile Pte Ltd	Investment holding	100	100
8.	SingNet Pte Ltd	Provision of internet access services	100	100
9.	Singapore Telecom International Pte Ltd	Holding of strategic investments and provision of technical and management consultancy services	100	100
10.	SingTel Group Treasury Pte. Ltd.	Provision of finance and treasury services to SingTel and its subsidiaries	100	100
11.	SingTel Idea Factory Pte. Ltd.	Engaged in research and development, products and services development and business partnership	100	100
12.	SingTel Innov8 Pte. Ltd.	Venture capital investment holding	100	100
13.	SingTel Mobile Singapore Pte. Ltd.	Operation and provision of cellular mobile telecommunications systems and services, resale of fixed line and broadband services	100	100
14.	SingTel Ventures (Singapore) Private Limited	Investment holding	100	100

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For the financial year ended 31 March 2012

47.1 Significant subsidiaries incorporated in Singapore (Cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2012 %	2011 %
15.	SingTelSat Pte Ltd	Provision of satellite capacity for telecommunications and video broadcasting services	100	100
16.	SingTel Singapore Pte. Ltd.	Investment holding and provision of business and management consultancy services	100	100
17.	ST-2 Satellite Ventures Private Limited	Provision of satellite capacity for telecommunications and video broadcasting services	61.9	61.9
18.	Subsea Network Services Pte Ltd	Ownership and chartering of barges and provision of storage facilities for submarine cables and related equipment	100	100
19.	Sembawang Cable Depot Pte Ltd	Provision of storage facilities for submarine cables and related equipment	60	60
20.	SingTel Digital Media Pte Ltd	Development and management of on-line internet portal	95.6	95.6
21.	Telecom Equipment Pte Ltd	Engaged in the sale and maintenance of telecommunications equipment	100	100

47.2 Significant subsidiaries incorporated in Australia

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2012 %	2011 %
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47.2 Significant subsidiaries incorporated in Australia (Cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2012 %	2011 %
6.	Optus Backbone Investments Pty Limited	Investment in telecommunications network infrastructure in Australia	100	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 narrowband portal content services	100	100
15.	Optus Networks Investments Pty Ltd ^{(*) (1)}	Bidding company for the National Broadband Network in Australia	100	100
16.	Optus Networks Pty Limited ⁽¹⁾	Provision of telecommunications services	100	100
17.	Optus Rental & Leasing Pty Limited ^(*)	Provision of equipment rental services to customers	100	100
18.	Optus Stockco Pty Limited ^(*)	Purchases of Optus Group network inventory	100	100
19.	Optus Superannuation Pty Limited ^(*)	A trustee for Optus Group's superannuation scheme	100	100
20.	Optus Systems Pty Limited ⁽¹⁾	Provision of information technology services to the Optus Group	100	100
21.	Optus Vision Interactive Pty Limited ^(*)	Provision of interactive television service	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47.2 Significant subsidiaries incorporated in Australia (Cont'd)

	Name of subsidiary	Principal activities	Percentage of effective equity interest held by the Group	
			2012 %	2011 %
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	100	100
28.	Simplus Mobile Pty Limited ⁽¹⁾	Provision of mobile phone services	100	100
29.	SingTel Optus Pty Limited	Investment holding	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
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47.3 Significant subsidiaries incorporated outside Singapore and Australia

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
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.	NCS 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
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47.3 Significant subsidiaries incorporated outside Singapore and Australia (Cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
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.	SingTel Global Private Limited	Provision of infotainment products and services, and investment holding	Mauritius	100	100
17.	SingTel Global India Private Limited	Provision of telecommunications services and all related activities	India	74	74
18.	Singapore Telecom Hong Kong Limited	Provision of telecommunications services and all related activities	Hong Kong	100	100
19.	Singapore Telecom India Private Limited	Engaged in general liaison and support services	India	100	100
20.	Singapore Telecom Japan Co Ltd ^(*)	Provision of telecommunications services and all related activities	Japan	100	100
21.	Singapore Telecom Korea Limited	Provision of telecommunications services and all related activities	South Korea	100	100
22.	Singapore Telecom USA, Inc. ^(*)	Provision of telecommunications, engineering and marketing services	USA	100	100
23.	SingTel Australia Investment Ltd ^(*)	Investment holding	British Virgin Islands	100	100
24.	SingTel (Europe) Limited	Provision of telecommunications services and all related activities	United Kingdom	100	100

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For the financial year ended 31 March 2012

47.3 Significant subsidiaries incorporated outside Singapore and Australia (Cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
25.	SingTel (Philippines), Inc.	Engaged in general liaison and support services	Philippines	100	100
26.	SingTel Taiwan Limited	Provision of telecommunications services and all related activities	Taiwan	100	100
27.	SingTel Ventures (Cayman) Pte Ltd ^(*)	Investment holding	Cayman Islands	100	100
28.	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 LLP except for the following -

(*) No statutory audit is required.

(**) Audited by another firm.

Note:

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

47.4 Associates of the Group

	Name of associate	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
1.	ADSB Telecommunications B.V.	Dormant	Netherlands	25.6	25.6
2.	APT Satellite Holdings Limited ⁽¹⁾	Investment holding	Bermuda	20.3	20.3
3.	APT Satellite International Company Limited ⁽¹⁾	Investment holding	British Virgin Islands	28.6	28.6
4.	Infoserve Technology Corp.	Dormant	Cayman Islands	25.0	25.0
5.	NetLink Trust ^{(2) (6)}	To own, install, operate and maintain the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network	Singapore	100.0	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

47.4 Associates of the Group (Cont'd)

	Name of associate	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
6.	OpenNet Pte. Ltd. ⁽³⁾	To design, build and operate the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network	Singapore	29.9	29.9
7.	Singapore Post Limited ⁽⁴⁾	Operation and provision of postal services	Singapore	25.6	25.6
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 mobile telecommunications services	Pakistan	30.0	30.0

Notes:

- (1) The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2011, the financial year-end of the company.
- (2) Audited by Deloitte & Touche LLP, Singapore.
- (3) Audited by Ernst & Young LLP, Singapore.
- (4) Audited by PricewaterhouseCoopers LLP, Singapore.
- (5) Audited by Ernst and Young Ford Rhodes Sidat Hyder (a member firm of Ernst and Young Global Limited).
- (6) NetLink Trust is a business trust established as part of IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network, and is currently 100% owned by SingTel. It is regarded as an associate as SingTel does not have effective control in the trust.

47.5 Joint ventures of the Group

	Name of joint venture	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
1.	Abacus Travel Systems Pte Ltd	Marketing and distributing certain travel-related services through on-line airline computerised reservations systems	Singapore	30.0	30.0
2.	Acasia Communications Sdn Bhd ⁽¹⁾	Provision of networking services to business customers operating within and outside Malaysia	Malaysia	14.3	14.3

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For the financial year ended 31 March 2012

47.5 Joint ventures of the Group (Cont'd)

	Name of joint venture	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
3.	ACPL Marine Pte Ltd	To own, operate and manage maintenance-cum-laying cables	Singapore	41.7	41.7
4.	Advanced Info Service Public Company Limited ⁽²⁾	Provision of mobile, broadband, international telecommunications services, call centre and data transmission	Thailand	23.3	21.3
5.	ASEAN Cables Pte Ltd	Operation of cables for laying, repair and maintenance of submarine telecommunication cables	Singapore	16.7	16.7
6.	ASEAN Telecom Holdings Sdn Bhd ⁽¹⁾	Investment holding	Malaysia	14.3	14.3
7.	Asiacom Philippines, Inc. ⁽¹⁾	Investment holding	Philippines	40.0	40.0
8.	Bharti Airtel Limited ⁽³⁾	Provision of mobile, long distance, broadband and telephony telecommunications services, enterprise solutions, pay television and passive infrastructure	India	32.3	32.3
9.	Bharti Telecom Limited ⁽³⁾	Investment holding	India	36.2	36.2
10.	Bridge Mobile Pte Ltd	Provision of regional mobile services	Singapore	33.6	33.6
11.	Globe Telecom, Inc. ⁽⁴⁾	Provision of mobile, 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 Cables Pte Ltd	Leasing, operating and managing of maintenance-cum-laying cables	Singapore	50.0	50.0
14.	International Cables Pte Ltd	Ownership and chartering of cables	Singapore	45.0	45.0
15.	Main Event Television Pty Limited	Provision of cable television programmes	Australia	33.3	33.3

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For the financial year ended 31 March 2012

47.5 Joint ventures of the Group (Cont'd)

	Name of joint venture	Principal activities	Country of incorporation	Percentage of effective equity interest held by the Group	
				2012 %	2011 %
16.	OPEL Networks Pty Limited	Dormant	Australia	50.0	50.0
17.	Pacific Bangladesh Telecom Limited ⁽⁵⁾	Provision of mobile telecommunications, broadband and data transmission services	Bangladesh	45.0	45.0
18.	Pacific Carriage Holdings Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0
19.	PT Telekomunikasi Selular ⁽⁶⁾	Provision of mobile telecommunications and related services	Indonesia	35.0	35.0
20.	Radiance Communications Pte Ltd ⁽¹⁾	Sale, distribution, installation and maintenance of telecommunications equipment	Singapore	50.0	50.0
21.	Southern Cross Cables Holdings Limited ⁽⁷⁾	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	40.0	40.0
22.	SSBI Pte. Ltd.	Provision of business and management consultancy services	Singapore	50.0	-
23.	TeleTech Park Pte Ltd ⁽⁸⁾	Engaged in the business of development, construction, operation and management of TeleTech Park	Singapore	-	40.0
24.	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 2011, the financial year-end of the company.
- (2) The company's reporting period has been aligned to the Group during the financial year. Audited by KPMG Phoomchai Audit Ltd, Bangkok.
- (3) Audited by S.R.Batliboi & Associates, New Delhi (a member firm of Ernst & Young).
- (4) Audited by SGV & Co. (a member firm of Ernst & Young).
- (5) Audited by S. F. Ahmed & Co (SFACO) (an international associate firm of Ernst & Young).
- (6) Audited by Tanudiredja Wibisana & Rekan (a member firm of PricewaterhouseCoopers).
- (7) Audited by KPMG, Bermuda.
- (8) The company has been disposed during the financial year.