



**SINGAPORE TELECOMMUNICATIONS LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR
ENDED 31 MARCH 2016**

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Consolidated income statement | 1 |
| Consolidated statement of comprehensive income | 2 |
| Statements of financial position (Group and Company) | 3 |
| Statements of changes in equity (Group and Company) | 4 |
| Consolidated statement of cash flows | 12 |
| Selected notes to the financial statements | 15 |
| Dividends | 24 |
| Group segment information..... | 28 |
| Other information | 32 |
| Independent Auditor's Report | 33 |

CONSOLIDATED INCOME STATEMENT

For the fourth quarter and financial year ended 31 March 2016

| | Notes | Quarter 31 Mar | | Year 31 Mar | |
|---|-------|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Operating revenue | | 4,093.9 | 4,338.9 | 16,961.2 | 17,222.9 |
| Operating expenses | 2 | (2,864.7) | (3,119.1) | (12,096.8) | (12,283.6) |
| Other income | 3 | 32.6 | 54.1 | 148.3 | 151.4 |
| | | 1,261.8 | 1,273.9 | 5,012.7 | 5,090.7 |
| Depreciation and amortisation | 4 | (545.2) | (542.5) | (2,148.8) | (2,161.4) |
| | | 716.6 | 731.4 | 2,863.9 | 2,929.3 |
| Exceptional items | 5 | (46.9) | (13.9) | (44.8) | 14.8 |
| Profit on operating activities | | 669.7 | 717.5 | 2,819.1 | 2,944.1 |
| Associates and joint ventures | | | | | |
| - share of ordinary results | | 740.2 | 655.8 | 2,788.0 | 2,616.2 |
| - share of tax of ordinary results | | (197.3) | (190.2) | (863.1) | (811.8) |
| - share of exceptional items (post-tax) | 6 | (14.8) | (11.2) | 70.0 | (69.1) |
| - write-back of impairment provision on an associate | | - | - | 31.7 | - |
| | | 528.1 | 454.4 | 2,026.6 | 1,735.3 |
| Profit before interest, investment income (net) and tax | | 1,197.8 | 1,171.9 | 4,845.7 | 4,679.4 |
| Interest and investment income (net) | 7 | 6.1 | 26.7 | 94.7 | 92.8 |
| Finance costs | 8 | (97.3) | (78.4) | (359.6) | (309.2) |
| Profit before tax | | 1,106.6 | 1,120.2 | 4,580.8 | 4,463.0 |
| Tax expense | 9 | (166.2) | (182.7) | (722.5) | (678.5) |
| Profit after tax | | 940.4 | 937.5 | 3,858.3 | 3,784.5 |
| Attributable to: | | | | | |
| Shareholders of the Company | | 946.0 | 938.8 | 3,870.8 | 3,781.5 |
| Non-controlling interests | | (5.6) | (1.3) | (12.5) | 3.0 |
| | | 940.4 | 937.5 | 3,858.3 | 3,784.5 |
| Earnings per share attributable to shareholders of the Company | | | | | |
| - basic | 11 | 5.94¢ | 5.89¢ | 24.29¢ | 23.73¢ |
| - diluted | 11 | 5.93¢ | 5.88¢ | 24.26¢ | 23.67¢ |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the fourth quarter and financial year ended 31 March 2016*

| | Quarter | | Year | |
|--|----------------|-------------|----------------|-----------|
| | 31 Mar | | 31 Mar | |
| | 2016 | 2015 | 2016 | 2015 |
| | S\$ Mil | S\$ Mil | S\$ Mil | S\$ Mil |
| | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| Profit after tax | 940.4 | 937.5 | 3,858.3 | 3,784.5 |
| Other comprehensive (loss)/ income | | | | |
| Items that may be reclassified subsequently to income statement: | | | | |
| Exchange differences arising from translation of foreign operations and other currency translation differences | (306.6) | 75.3 | (728.0) | (519.8) |
| Cash flow hedges | | | | |
| - Fair value changes | (282.6) | 138.2 | (23.3) | 499.8 |
| - Tax effects | 18.8 | (3.1) | (10.0) | (32.4) |
| | (263.8) | 135.1 | (33.3) | 467.4 |
| - Fair value changes transferred to income statement | 188.8 | (144.4) | 21.1 | (363.8) |
| - Tax effects | (16.5) | 3.1 | 11.1 | 31.3 |
| | 172.3 | (141.3) | 32.2 | (332.5) |
| | (91.5) | (6.2) | (1.1) | 134.9 |
| Fair value changes on available-for-sale investments | (47.7) | (10.9) | (87.5) | 21.8 |
| Share of other comprehensive income of associates and joint ventures | 51.8 | 70.8 | 81.5 | 139.0 |
| Other comprehensive (loss)/ income, net of tax | (394.0) | 129.0 | (735.1) | (224.1) |
| Total comprehensive income | 546.4 | 1,066.5 | 3,123.2 | 3,560.4 |
| Attributable to: | | | | |
| Shareholders of the Company | 553.1 | 1,067.4 | 3,136.7 | 3,556.9 |
| Non-controlling interests | (6.7) | (0.9) | (13.5) | 3.5 |
| | 546.4 | 1,066.5 | 3,123.2 | 3,560.4 |

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

| | Notes | Group | | Company | |
|---|-------|--|--|--|--|
| | | As at 31 Mar 16 S\$ Mil (Audited) | As at 31 Mar 15 S\$ Mil (Audited) | As at 31 Mar 16 S\$ Mil (Audited) | As at 31 Mar 15 S\$ Mil (Audited) |
| Current assets | | | | | |
| Cash and cash equivalents | | 461.8 | 562.8 | 83.7 | 83.5 |
| Trade and other receivables | | 4,366.4 | 3,885.2 | 504.2 | 534.1 |
| Due from subsidiaries | | - | - | 2,525.2 | 1,908.3 |
| Derivative financial instruments | | 17.5 | 29.8 | 9.5 | 29.9 |
| Inventories | | 319.7 | 289.8 | 21.5 | 26.8 |
| | | 5,165.4 | 4,767.6 | 3,144.1 | 2,582.6 |
| Non-current assets | | | | | |
| Property, plant and equipment | | 11,154.0 | 10,683.2 | 2,171.4 | 2,047.2 |
| Intangible assets | | 12,968.4 | 11,948.6 | 0.3 | 0.7 |
| Subsidiaries | | - | - | 14,182.3 | 13,515.0 |
| Joint ventures | | 10,729.9 | 10,571.0 | 21.2 | 22.1 |
| Associates | | 356.3 | 275.2 | 603.5 | 603.5 |
| Loan to an associate | | 1,100.5 | 1,610.5 | 1,100.5 | 1,610.5 |
| Available-for-sale investments ("AFS") | | 147.5 | 268.3 | 35.1 | 43.6 |
| Derivative financial instruments | | 622.6 | 742.1 | 321.0 | 463.5 |
| Deferred tax assets | | 692.3 | 803.8 | - | - |
| Other non-current receivables | | 628.8 | 396.5 | 175.4 | 182.6 |
| | | 38,400.3 | 37,299.2 | 18,610.7 | 18,488.7 |
| Total assets | | 43,565.7 | 42,066.8 | 21,754.8 | 21,071.3 |
| Current liabilities | | | | | |
| Trade and other payables | | 4,597.1 | 4,464.3 | 917.7 | 1,004.1 |
| Due to subsidiaries | | - | - | 666.7 | 385.5 |
| Advance billings | | 800.2 | 614.0 | 76.2 | 68.9 |
| Current tax liabilities | | 364.4 | 419.4 | 94.1 | 140.2 |
| Borrowings (unsecured) | 13 | 595.5 | 150.0 | - | - |
| Borrowings (secured) | 13 | 90.2 | 24.4 | 1.5 | 1.5 |
| Derivative financial instruments | | 24.6 | 16.8 | 13.7 | 1.9 |
| Net deferred gain | | 67.9 | 67.9 | - | - |
| | | 6,539.9 | 5,756.8 | 1,769.9 | 1,602.1 |
| Non-current liabilities | | | | | |
| Borrowings (unsecured) | 13 | 9,019.0 | 8,590.9 | 747.2 | 925.2 |
| Borrowings (secured) | 13 | 236.0 | 213.5 | 158.8 | 160.4 |
| Derivative financial instruments | | 316.2 | 265.4 | 416.7 | 447.3 |
| Advance billings | | 265.5 | 265.3 | 139.5 | 150.8 |
| Net deferred gain | | 1,323.3 | 1,369.8 | - | - |
| Deferred tax liabilities | | 585.3 | 521.7 | 270.5 | 248.9 |
| Other non-current liabilities | | 278.0 | 315.5 | 18.4 | 30.0 |
| | | 12,023.3 | 11,542.1 | 1,751.1 | 1,962.6 |
| Total liabilities | | 18,563.2 | 17,298.9 | 3,521.0 | 3,564.7 |
| Net assets | | 25,002.5 | 24,767.9 | 18,233.8 | 17,506.6 |
| Share capital and reserves | | | | | |
| Share capital | 14 | 2,634.0 | 2,634.0 | 2,634.0 | 2,634.0 |
| Reserves | | 22,355.2 | 22,099.3 | 15,599.8 | 14,872.6 |
| Equity attributable to shareholders of the Company | | | | | |
| | | 24,989.2 | 24,733.3 | 18,233.8 | 17,506.6 |
| Non-controlling interests | | 35.7 | 34.6 | - | - |
| Other reserve | | (22.4) | - | - | - |
| Total equity | | 25,002.5 | 24,767.9 | 18,233.8 | 17,506.6 |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the fourth quarter ended 31 March 2016

| Group - 2016 | Attributable to shareholders of the Company | | | | | | | | | | | Total Equity S\$ Mil | |
|--|---|--|-------------------------------|---|-------------------------------|----------------------------------|-----------------|---------------------------------|---|------------------|---|-------------------------|--|
| | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Currency | | | | Retained Earnings S\$ Mil | Other Reserves ⁽⁴⁾ S\$ Mil | Total S\$ Mil | Non- controlling Interests S\$ Mil | | Other Reserve ⁽⁵⁾ S\$ Mil |
| | | | | Translation Reserve ⁽²⁾⁽³⁾ S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | | | | | | | |
| Balance as at 1 January 2016 | 2,634.0 | (24.5) | (123.5) | (4,634.8) | 86.5 | 88.2 | 27,607.4 | (1,101.7) | 24,531.6 | 32.9 | (22.4) | 24,542.1 | |
| Changes in equity for the quarter | | | | | | | | | | | | | |
| Performance shares purchased by the Company | - | (1.2) | - | - | - | - | - | - | (1.2) | - | - | (1.2) | |
| Performance shares purchased by Trust ⁽⁶⁾ | - | (4.9) | - | - | - | - | - | - | (4.9) | - | - | (4.9) | |
| Equity-settled share based payment | - | - | 6.4 | - | - | - | - | - | 6.4 | - | - | 6.4 | |
| Share of other reserves of associates and joint ventures | - | - | 0.7 | - | - | - | - | - | 0.7 | - | - | 0.7 | |
| Contribution by non-controlling interests | - | - | - | - | - | - | - | - | - | 9.8 | - | 9.8 | |
| Others ⁽⁷⁾ | - | - | - | - | - | - | (96.5) | - | (96.5) | (0.3) | - | (96.8) | |
| | - | (6.1) | 7.1 | - | - | - | (96.5) | - | (95.5) | 9.5 | - | (86.0) | |
| Total comprehensive (loss)/ income for the quarter | - | - | - | (305.5) | (91.5) | (47.7) | 946.0 | 51.8 | 553.1 | (6.7) | - | 546.4 | |
| Balance as at 31 March 2016 | 2,634.0 | (30.6) | (116.4) | (4,940.3) | (5.0) | 40.5 | 28,456.9 | (1,049.9) | 24,989.2 | 35.7 | (22.4) | 25,002.5 | |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the fourth quarter ended 31 March 2016

| Group - 2015 | Attributable to shareholders of the Company | | | | | | | | | | Non-controlling Interests S\$ Mil | Total Equity S\$ Mil |
|--|---|---|----------------------------|--|----------------------------|-------------------------------|------------------------------|--|------------------|-------------|--------------------------------------|-------------------------|
| | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Currency Translation Reserve ⁽²⁾ S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | Retained Earnings S\$ Mil | Other Reserves ⁽⁴⁾ S\$ Mil | Total S\$ Mil | | | |
| | | | | | | | | | | | | |
| Balance as at 1 January 2015 | 2,634.0 | (26.0) | (118.8) | (4,288.2) | 2.3 | 138.9 | 26,531.8 | (1,199.7) | 23,674.3 | 22.7 | 23,697.0 | |
| Changes in equity for the quarter | | | | | | | | | | | | |
| Performance shares purchased by the Company | - | (3.9) | - | - | - | - | - | - | (3.9) | - | (3.9) | |
| Performance shares purchased by Trust ⁽⁶⁾ | - | (9.4) | - | - | - | - | - | - | (9.4) | - | (9.4) | |
| Performance shares vested | - | 0.1 | (0.1) | - | - | - | - | - | - | - | - | |
| Equity-settled share based payment | - | - | 4.4 | - | - | - | - | - | 4.4 | - | 4.4 | |
| Share of other reserves of associates and joint ventures | - | - | (0.4) | - | - | - | - | 0.4 | - | - | - | |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (0.1) | (0.1) | |
| Contribution by non-controlling interests | - | - | - | - | - | - | - | - | - | 12.9 | 12.9 | |
| Others | - | - | - | - | - | - | 0.5 | - | 0.5 | - | 0.5 | |
| | - | (13.2) | 3.9 | - | - | - | 0.5 | 0.4 | (8.4) | 12.8 | 4.4 | |
| Total comprehensive income/ (loss) for the quarter | - | - | - | 74.9 | (6.2) | (10.9) | 938.8 | 70.8 | 1,067.4 | (0.9) | 1,066.5 | |
| Balance as at 31 March 2015 | 2,634.0 | (39.2) | (114.9) | (4,213.3) | (3.9) | 128.0 | 27,471.1 | (1,128.5) | 24,733.3 | 34.6 | 24,767.9 | |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the fourth quarter ended 31 March 2016

| Company - 2016 | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | Retained Earnings S\$ Mil | Total Equity S\$ Mil |
|--|-----------------------------|--|-------------------------------|-------------------------------|----------------------------------|---------------------------------|----------------------------|
| Balance as at 1 January 2016 | 2,634.0 | - | (69.6) | 94.6 | 27.8 | 14,258.7 | 16,945.5 |
| Changes in equity for the quarter | | | | | | | |
| Performance shares purchased by the Company | - | (1.2) | - | - | - | - | (1.2) |
| Equity-settled share based payment | - | - | 2.5 | - | - | - | 2.5 |
| Contribution to Trust ⁽⁶⁾ | - | - | (4.2) | - | - | - | (4.2) |
| | - | (1.2) | (1.7) | - | - | - | (2.9) |
| Total comprehensive (loss)/ income for the quarter | - | - | - | (47.9) | (2.3) | 1,341.4 | 1,291.2 |
| Balance as at 31 March 2016 | 2,634.0 | (1.2) | (71.3) | 46.7 | 25.5 | 15,600.1 | 18,233.8 |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the fourth quarter ended 31 March 2016

| Company - 2015 | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | Retained Earnings S\$ Mil | Total Equity S\$ Mil |
|--|-----------------------------|--|-------------------------------|-------------------------------|----------------------------------|---------------------------------|----------------------------|
| Balance as at 1 January 2015 | 2,634.0 | - | (65.3) | 14.4 | 35.9 | 13,529.8 | 16,148.8 |
| Changes in equity for the quarter | | | | | | | |
| Performance shares purchased by the Company | - | (3.9) | - | - | - | - | (3.9) |
| Equity-settled share based payment | - | - | 2.7 | - | - | - | 2.7 |
| Contribution to Trust ⁽⁶⁾ | - | - | (8.2) | - | - | - | (8.2) |
| | - | (3.9) | (5.5) | - | - | - | (9.4) |
| Total comprehensive (loss)/ income for the quarter | - | - | - | (1.5) | (1.9) | 1,370.6 | 1,367.2 |
| Balance as at 31 March 2015 | 2,634.0 | (3.9) | (70.8) | 12.9 | 34.0 | 14,900.4 | 17,506.6 |

Notes:

- (1) 'Treasury Shares' are accounted for in accordance with Singapore Financial Reporting Standard ("FRS") 32, *Financial Instruments: Disclosure and Presentation*.
- (2) 'Currency Translation Reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.
- (3) In March 2016, the currency translation loss of S\$56 million in respect of the translation of Pacific Bangladesh Telecom Limited (45%-owned joint venture) has been transferred to the income statement upon the loss of joint control.
- (4) 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001 and the share of other comprehensive income or loss of the associates and joint ventures.
- (5) This amount relates to a reserve for an obligation arising from a put option written with the non-controlling shareholder of Trustwave Holdings, Inc. ("**Trustwave**"). When exercised under certain conditions, this will require Singtel to purchase the remaining 2% equity interest in Trustwave.
- (6) DBS Trustee Limited (the "**Trust**") is the trustee of a trust established to administer the performance share plans.
- (7) This includes an amount of S\$97.4 million arising from re-assessments of future tax benefits on certain items of property, plant and equipment in respect of prior years.

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (AUDITED)

For the financial year ended 31 March 2016

| Group - 2016 | Attributable to shareholders of the Company | | | | | | | | | | | Total Equity S\$ Mil | |
|--|---|---|----------------------------|--|----------------------------|-------------------------------|-----------------|------------------------------|--|------------------|--------------------------------------|-------------------------|---|
| | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Currency | | | | Retained Earnings S\$ Mil | Other Reserves ⁽⁴⁾ S\$ Mil | Total S\$ Mil | Non-controlling Interests S\$ Mil | | Other Reserve ⁽⁵⁾ S\$ Mil |
| | | | | Translation Reserve ⁽²⁾⁽³⁾ S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | | | | | | | |
| Balance as at 1 April 2015 | 2,634.0 | (39.2) | (114.9) | (4,213.3) | (3.9) | 128.0 | 27,471.1 | (1,128.5) | 24,733.3 | 34.6 | - | 24,767.9 | |
| Changes in equity for the year | | | | | | | | | | | | | |
| Performance shares purchased by the Company | - | (5.0) | - | - | - | - | - | - | (5.0) | - | - | (5.0) | |
| Performance shares purchased by Trust ⁽⁶⁾ | - | (23.5) | - | - | - | - | - | - | (23.5) | - | - | (23.5) | |
| Performance shares vested | - | 37.1 | (37.1) | - | - | - | - | - | - | - | - | - | |
| Equity-settled share based payment | - | - | 33.2 | - | - | - | - | - | 33.2 | - | - | 33.2 | |
| Transfer of liability to equity | - | - | 16.4 | - | - | - | - | - | 16.4 | - | - | 16.4 | |
| Cash paid to employees under performance share plans | - | - | (0.5) | - | - | - | - | - | (0.5) | - | - | (0.5) | |
| Performance shares purchased by Singtel Optus Pty Limited ("Optus") and vested | - | - | (16.1) | - | - | - | - | - | (16.1) | - | - | (16.1) | |
| Share of other reserves of associates and joint ventures | - | - | 2.6 | - | - | - | - | (2.9) | (0.3) | - | - | (0.3) | |
| Contribution by non-controlling interest | - | - | - | - | - | - | - | - | - | 21.2 | - | 21.2 | |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (4.9) | - | (4.9) | |
| Final dividend paid | - | - | - | - | - | - | (1,705.4) | - | (1,705.4) | - | - | (1,705.4) | |
| Interim dividend payable | - | - | - | - | - | - | (1,083.8) | - | (1,083.8) | - | - | (1,083.8) | |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | (2.4) | (22.4) | (24.8) | |
| Others ⁽⁷⁾ | - | - | - | - | - | - | (95.8) | - | (95.8) | 0.7 | - | (95.1) | |
| | - | 8.6 | (1.5) | - | - | - | (2,885.0) | (2.9) | (2,880.8) | 14.6 | (22.4) | (2,888.6) | |
| Total comprehensive (loss)/ income for the year | - | - | - | (727.0) | (1.1) | (87.5) | 3,870.8 | 81.5 | 3,136.7 | (13.5) | - | 3,123.2 | |
| Balance as at 31 March 2016 | 2,634.0 | (30.6) | (116.4) | (4,940.3) | (5.0) | 40.5 | 28,456.9 | (1,049.9) | 24,989.2 | 35.7 | (22.4) | 25,002.5 | |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (AUDITED)

For the financial year ended 31 March 2016

| Group - 2015 | Attributable to shareholders of the Company | | | | | | | | | | |
|--|---|---|----------------------------|---|----------------------------|-------------------------------|------------------------------|--|------------------|--------------------------------------|-------------------------|
| | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Currency | | | Retained Earnings S\$ Mil | Other Reserves ⁽⁴⁾ S\$ Mil | Total S\$ Mil | Non-controlling Interests S\$ Mil | Total Equity S\$ Mil |
| | | | | Translation Reserve ⁽²⁾ S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | | | | | |
| Balance as at 1 April 2014 | 2,634.0 | (38.6) | (99.0) | (3,693.0) | (138.8) | 106.2 | 26,366.5 | (1,269.1) | 23,868.2 | 24.4 | 23,892.6 |
| Changes in equity for the year | | | | | | | | | | | |
| Performance shares purchased by the Company | - | (6.2) | - | - | - | - | - | - | (6.2) | - | (6.2) |
| Performance shares purchased by Trust ⁽⁶⁾ | - | (32.8) | - | - | - | - | - | - | (32.8) | - | (32.8) |
| Performance shares vested | - | 38.4 | (38.4) | - | - | - | - | - | - | - | - |
| Equity-settled share based payment | - | - | 24.4 | - | - | - | - | - | 24.4 | - | 24.4 |
| Transfer of liability to equity | - | - | 15.2 | - | - | - | - | - | 15.2 | - | 15.2 |
| Cash paid to employees under performance share plans | - | - | (0.2) | - | - | - | - | - | (0.2) | - | (0.2) |
| Performance shares purchased by Optus and vested | - | - | (15.7) | - | - | - | - | - | (15.7) | - | (15.7) |
| Share of other reserves of associates and joint ventures | - | - | (1.2) | - | - | - | - | 1.6 | 0.4 | - | 0.4 |
| Final dividend paid | - | - | - | - | - | - | (1,593.8) | - | (1,593.8) | - | (1,593.8) |
| Interim dividend paid | - | - | - | - | - | - | (1,083.7) | - | (1,083.7) | - | (1,083.7) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (5.7) | (5.7) |
| Contribution by non-controlling interests | - | - | - | - | - | - | - | - | - | 12.9 | 12.9 |
| Others | - | - | - | - | - | - | 0.6 | - | 0.6 | (0.5) | 0.1 |
| | - | (0.6) | (15.9) | - | - | - | (2,676.9) | 1.6 | (2,691.8) | 6.7 | (2,685.1) |
| Total comprehensive (loss)/ income for the year | - | - | - | (520.3) | 134.9 | 21.8 | 3,781.5 | 139.0 | 3,556.9 | 3.5 | 3,560.4 |
| Balance as at 31 March 2015 | 2,634.0 | (39.2) | (114.9) | (4,213.3) | (3.9) | 128.0 | 27,471.1 | (1,128.5) | 24,733.3 | 34.6 | 24,767.9 |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (AUDITED)*For the financial year ended 31 March 2016*

| Company - 2016 | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | Retained Earnings S\$ Mil | Total Equity S\$ Mil |
|--|-----------------------------|--|-------------------------------|-------------------------------|----------------------------------|---------------------------------|----------------------------|
| Balance as at 1 April 2015 | 2,634.0 | (3.9) | (70.8) | 12.9 | 34.0 | 14,900.4 | 17,506.6 |
| Changes in equity for the year | | | | | | | |
| Performance shares purchased by the Company | - | (4.8) | - | - | - | - | (4.8) |
| Performance shares vested | - | 7.5 | (7.5) | - | - | - | - |
| Equity-settled share based payment | - | - | 11.3 | - | - | - | 11.3 |
| Transfer of liability to equity | - | - | 16.4 | - | - | - | 16.4 |
| Cash paid to employees under performance share plans | - | - | (0.5) | - | - | - | (0.5) |
| Contribution to Trust ⁽⁶⁾ | - | - | (20.2) | - | - | - | (20.2) |
| Final dividend paid | - | - | - | - | - | (1,705.9) | (1,705.9) |
| Interim dividend paid | - | - | - | - | - | (1,084.2) | (1,084.2) |
| | - | 2.7 | (0.5) | - | - | (2,790.1) | (2,787.9) |
| Total comprehensive income/ (loss) for the year | - | - | - | 33.8 | (8.5) | 3,489.8 | 3,515.1 |
| Balance as at 31 March 2016 | 2,634.0 | (1.2) | (71.3) | 46.7 | 25.5 | 15,600.1 | 18,233.8 |

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (AUDITED)

For the financial year ended 31 March 2016

| Company - 2015 | Share Capital S\$ Mil | Treasury Shares ⁽¹⁾ S\$ Mil | Capital Reserve S\$ Mil | Hedging Reserve S\$ Mil | Fair Value Reserve S\$ Mil | Retained Earnings S\$ Mil | Total Equity S\$ Mil |
|--|-----------------------------|--|-------------------------------|-------------------------------|----------------------------------|---------------------------------|----------------------------|
| Balance as at 1 April 2014 | 2,634.0 | (1.4) | (67.4) | (104.5) | 45.3 | 14,393.3 | 16,899.3 |
| Changes in equity for the year | | | | | | | |
| Performance shares purchased by the Company | - | (5.9) | - | - | - | - | (5.9) |
| Performance shares vested | - | 3.4 | (3.6) | - | - | - | (0.2) |
| Equity-settled share based payment | - | - | 12.8 | - | - | - | 12.8 |
| Transfer of liability to equity | - | - | 15.2 | - | - | - | 15.2 |
| Cash paid to employees under performance share plans | - | - | (0.2) | - | - | - | (0.2) |
| Contribution to Trust ⁽⁶⁾ | - | - | (27.6) | - | - | - | (27.6) |
| Final dividend paid | - | - | - | - | - | (1,594.3) | (1,594.3) |
| Interim dividend paid | - | - | - | - | - | (1,084.2) | (1,084.2) |
| | - | (2.5) | (3.4) | - | - | (2,678.5) | (2,684.4) |
| Total comprehensive income/ (loss) for the year | - | - | - | 117.4 | (11.3) | 3,185.6 | 3,291.7 |
| Balance as at 31 March 2015 | 2,634.0 | (3.9) | (70.8) | 12.9 | 34.0 | 14,900.4 | 17,506.6 |

Notes:

- (1) 'Treasury Shares' are accounted for in accordance with Singapore Financial Reporting Standard ("FRS") 32, **Financial Instruments: Disclosure and Presentation**.
- (2) 'Currency Translation Reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.
- (3) In March 2016, the currency translation loss of S\$56 million in respect of the translation of Pacific Bangladesh Telecom Limited (45%-owned joint venture) has been transferred to the income statement upon the loss of joint control.
- (4) 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001 and the share of other comprehensive income or loss of the associates and joint ventures.
- (5) This amount relates to a reserve for an obligation arising from a put option written with the non-controlling shareholder of Trustwave. When exercised under certain conditions, this will require Singtel to purchase the remaining 2% equity interest in Trustwave.
- (6) DBS Trustee Limited (the "Trust") is the trustee of a trust established to administer the performance share plans.
- (7) This includes an amount of S\$97.4 million arising from re-assessments of future tax benefits on certain items of property, plant and equipment in respect of prior years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the fourth quarter and financial year ended 31 March 2016

| | Quarter 31 Mar | | Year 31 Mar | |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Cash Flows from Operating Activities | | | | |
| Profit before tax | 1,106.6 | 1,120.2 | 4,580.8 | 4,463.0 |
| Adjustments for | | | | |
| Depreciation and amortisation | 545.2 | 542.5 | 2,148.8 | 2,161.4 |
| Share of results of associates and joint ventures (post-tax) | (528.1) | (454.4) | (2,026.6) | (1,735.3) |
| Exceptional items | 8.0 | 11.6 | (2.4) | (57.7) |
| Interest and investment income (net) | (6.1) | (26.7) | (94.7) | (92.8) |
| Finance costs | 97.3 | 78.4 | 359.6 | 309.2 |
| Other non-cash items | 15.2 | 2.9 | 34.4 | 36.7 |
| | <u>131.5</u> | <u>154.3</u> | <u>419.1</u> | <u>621.5</u> |
| Operating cash flow before working capital changes | 1,238.1 | 1,274.5 | 4,999.9 | 5,084.5 |
| Changes in operating assets and liabilities | | | | |
| Trade and other receivables | 90.8 | (124.5) | (610.0) | (625.6) |
| Trade and other payables | (55.0) | 373.4 | (392.5) | 802.0 |
| Inventories | (4.9) | (38.2) | (28.9) | (107.1) |
| Currency translation adjustments of subsidiaries | (19.0) | 14.7 | (10.2) | 16.9 |
| | <u>1,250.0</u> | <u>1,499.9</u> | <u>3,958.3</u> | <u>5,170.7</u> |
| Cash generated from operations | 1,250.0 | 1,499.9 | 3,958.3 | 5,170.7 |
| Dividends received from associates and joint ventures | 66.4 | 121.7 | 1,350.7 | 1,215.2 |
| Income tax and withholding tax paid | (108.1) | (96.8) | (658.2) | (598.2) |
| Payment to employees in cash under performance share plans | - | - | (3.1) | (1.1) |
| | <u>1,208.3</u> | <u>1,524.8</u> | <u>4,647.7</u> | <u>5,786.6</u> |
| Net cash inflow from operating activities | 1,208.3 | 1,524.8 | 4,647.7 | 5,786.6 |
| Cash Flows from Investing Activities | | | | |
| Payment for acquisition of subsidiaries, net of cash acquired (Note 1) | (1.6) | (6.5) | (1,059.4) | (449.5) |
| Investment in associates and joint ventures | (215.0) | - | (215.4) | (1.4) |
| Interest received | 22.0 | 2.5 | 68.1 | 42.3 |
| Contribution from non-controlling interests | 9.8 | 12.9 | 21.2 | 13.1 |
| Dividends received from AFS investments | - | - | 1.7 | 3.2 |
| Payment for acquisition of non-controlling interests | - | - | - | (2.9) |
| | <u>(184.8)</u> | <u>8.9</u> | <u>(1,183.8)</u> | <u>(395.2)</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the fourth quarter and financial year ended 31 March 2016

| | Quarter 31 Mar | | Year 31 Mar | |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Cash Flows from Investing Activities (continued) | | | | |
| Balance brought forward | (184.8) | 8.9 | (1,183.8) | (395.2) |
| Payment for purchase of property, plant and equipment | (527.0) | (560.8) | (1,930.0) | (2,237.6) |
| Purchase of intangible assets | (22.1) | (39.4) | (173.3) | (966.0) |
| Investment in AFS investments | (12.9) | (0.1) | (38.6) | (23.1) |
| Withholding tax paid on intra-group interest income | (13.6) | (15.1) | (26.9) | (31.5) |
| Repayment of loan by an associate | 510.0 | - | 510.0 | - |
| Proceeds from sale of AFS investments | 5.4 | 14.4 | 81.3 | 75.0 |
| Deferred proceeds/ proceeds from disposal of associates and joint ventures | 1.1 | - | 15.6 | - |
| Proceeds from sale of property, plant and equipment | 0.3 | 5.3 | 5.7 | 15.2 |
| Proceeds from capital reduction of associates and joint ventures | - | - | - | 6.0 |
| Proceeds from sale of intangibles | - | 0.3 | - | 0.3 |
| Net cash outflow from investing activities | (243.6) | (586.5) | (2,740.0) | (3,556.9) |
| Cash Flows from Financing Activities | | | | |
| Proceeds from term loans | 1,821.4 | 1,669.0 | 5,849.5 | 4,915.0 |
| Repayment of term loans | (2,076.3) | (1,836.4) | (6,058.2) | (4,464.8) |
| Proceeds from bond issue | 250.0 | 300.0 | 1,321.1 | 300.0 |
| Proceeds from finance lease liabilities | 2.3 | 13.7 | 57.4 | 30.4 |
| Finance lease payments | (8.6) | (10.0) | (41.1) | (43.4) |
| Net (repayment)/ proceeds from borrowings | (11.2) | 136.3 | 1,128.7 | 737.2 |
| Net interest paid on borrowings and swaps | (79.9) | (68.0) | (335.6) | (307.3) |
| Final dividend paid to shareholders of the Company | - | - | (1,705.4) | (1,593.8) |
| Interim dividend paid to shareholders of the Company | (1,083.8) | (1,083.7) | (1,083.8) | (1,083.7) |
| Dividend paid to non-controlling interests | - | (0.1) | (4.9) | (5.7) |
| Purchase of performance shares | (6.1) | (13.3) | (44.1) | (54.7) |
| Others | 0.5 | - | 1.6 | (2.6) |
| Net cash outflow from financing activities | (1,180.5) | (1,028.8) | (2,043.5) | (2,310.6) |
| Net change in cash and cash equivalents | (215.8) | (90.5) | (135.8) | (80.9) |
| Exchange effects on cash and cash equivalents | (8.3) | 24.0 | 34.8 | 21.2 |
| Cash and cash equivalents at beginning of period | 685.9 | 629.3 | 562.8 | 622.5 |
| Cash and cash equivalents at end of period | 461.8 | 562.8 | 461.8 | 562.8 |

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

For the fourth quarter and financial year ended 31 March 2016

Note (1): Payments for acquisition of subsidiaries

- (a) On 1 September 2015, Singtel acquired 98% of the share capital of Trustwave Holdings, Inc. for S\$1.08 billion (US\$769 million). The fair values of identifiable net assets and the net cash outflow on the acquisition were as follows -

| | Year ended 31 March 2016 S\$ Mil |
|--|--|
| Identifiable intangible assets | 186.8 |
| Non-current assets | 38.7 |
| Cash and cash equivalents | 28.7 |
| Current assets (excluding cash and cash equivalents) | 86.8 |
| Total liabilities | (329.4) |
| Non-controlling interests | 2.2 |
| Net assets acquired | 13.8 |
| Goodwill | 1,069.8 |
| Total cash consideration | 1,083.6 |
| Less: Cash and cash equivalents acquired | (28.7) |
| Net outflow of cash | 1,054.9 |

- (b) During the financial year, deferred payments of S\$4.5 million were made mainly in respect of the acquisition of Adconion Media, Inc. and Adconion Pty Limited (together, "Adconion").
- (c) In the previous financial year, the Group made payments to acquire Kontera Technologies, Inc., Adconion and Ensyst for S\$176 million, S\$251 million and S\$10 million respectively, and also made deferred payments of S\$12 million in respect of the acquisitions of Amobee, Inc. and Pixable, Inc.

Note (2): Non-cash transactions

In March 2016, Singtel received a dividend distribution of S\$60 million from NetLink Trust, a 100%-owned associate of Singtel, which was offset against an amount due to NetLink Trust.

In October 2014, Singtel sold certain infrastructure assets to NetLink Trust for an aggregate consideration of S\$280 million. The aggregate consideration paid by NetLink Trust was financed by an interest-bearing loan from Singtel.

- Note (3):** For the purposes of the consolidated cash flow statements, cash and cash equivalents comprise:

| | As at 31 Mar | |
|------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Fixed deposits | 79.2 | 148.5 |
| Cash and bank balances | 382.6 | 414.3 |
| | 461.8 | 562.8 |

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

1. BASIS OF PREPARATION

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current quarter/ year as the most recent audited financial statements as at 31 March 2015. The adoption of the new or revised Singapore Financial Reporting Standards (“FRS”), amendments to FRS and Interpretations to FRS which are mandatory from 1 April 2015 did not have a significant impact on the financial statements of the Group and the Company.

2. OPERATING EXPENSES

The income statement included the following items -

| Group | Quarter 31 Mar | | Year 31 Mar | |
|--------------------------------------|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Impairment of trade receivables | 28.5 | 16.9 | 122.6 | 97.3 |
| Allowance for inventory obsolescence | 3.7 | 0.4 | 17.6 | 2.7 |

3. OTHER INCOME

Other income included the following items -

| Group | Quarter 31 Mar | | Year 31 Mar | |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Rental income | 1.0 | 0.8 | 3.8 | 3.8 |
| Bad trade debts recovered | 0.3 | 0.4 | 3.2 | 3.1 |
| Net exchange (losses)/ gains - trade related | (5.1) | 6.1 | 6.0 | (0.6) |
| Net (losses)/ gains on disposal of property, plant and equipment | (4.0) | 0.8 | (6.3) | 2.7 |

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

4. DEPRECIATION AND AMORTISATION

| Group | Quarter 31 Mar | | Year 31 Mar | |
|--|------------------------|------------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | S\$ Mil (Unaudited) | S\$ Mil (Unaudited) | S\$ Mil (Audited) | S\$ Mil (Audited) |
| Depreciation of property, plant and equipment | 475.6 | 488.8 | 1,892.1 | 1,964.8 |
| Amortisation of intangibles | 70.4 | 54.5 | 259.8 | 199.7 |
| Amortisation of deferred gain on sale of a joint venture | (0.8) | (0.8) | (3.1) | (3.1) |
| | 545.2 | 542.5 | 2,148.8 | 2,161.4 |

5. EXCEPTIONAL ITEMS

| Group | Quarter 31 Mar | | Year 31 Mar | |
|--|------------------------|------------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | S\$ Mil (Unaudited) | S\$ Mil (Unaudited) | S\$ Mil (Audited) | S\$ Mil (Audited) |
| Exceptional gains | | | | |
| Gain on sale of AFS investments | 46.5 | 12.4 | 95.9 | 37.9 |
| Gain on dilution of interest in associates and joint ventures | 1.5 | 0.2 | 2.2 | 68.9 |
| Gain on disposal of a joint venture | - | - | 1.7 | - |
| | 48.0 | 12.6 | 99.8 | 106.8 |
| Exceptional losses | | | | |
| Reclassification of translation loss of Pacific Bangladesh Telecom Limited from equity | (55.9) | - | (55.9) | - |
| Net expense from legal disputes | (37.0) | - | (37.0) | - |
| Impairment of Pixable, Inc. | - | - | (29.9) | - |
| Impairment of AFS investments | (0.1) | (9.0) | (11.6) | (25.3) |
| Staff restructuring costs | (1.9) | (2.3) | (10.2) | (42.9) |
| Impairment of other non-current assets | - | (12.9) | - | (12.9) |
| Loss on sale of AFS investments | - | (0.1) | - | (8.7) |
| Write-off of other non-current assets | - | (2.2) | - | (2.2) |
| | (94.9) | (26.5) | (144.6) | (92.0) |
| | (46.9) | (13.9) | (44.8) | 14.8 |

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

6. SHARE OF EXCEPTIONAL ITEMS OF ASSOCIATES AND JOINT VENTURES (POST-TAX)

| Group | Quarter 31 Mar | | Year 31 Mar | |
|--|------------------------|------------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | S\$ Mil (Unaudited) | S\$ Mil (Unaudited) | S\$ Mil (Audited) | S\$ Mil (Audited) |
| Share of AIS' handset subsidy costs | (24.9) | - | (24.9) | - |
| Share of Airtel's exceptional items | (15.2) | (11.2) | 49.4 | (58.6) |
| Share of Singapore Post's divestment gains on investments | 25.3 | - | 25.3 | - |
| Share of Globe's one-off gains | - | - | 20.2 | - |
| Share of Globe's accelerated depreciation | - | - | - | (10.5) |
| | (14.8) | (11.2) | 70.0 | (69.1) |

7. INTEREST AND INVESTMENT INCOME (NET)

| Group | Quarter 31 Mar | | Year 31 Mar | |
|---|------------------------|------------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | S\$ Mil (Unaudited) | S\$ Mil (Unaudited) | S\$ Mil (Audited) | S\$ Mil (Audited) |
| Interest income from | | | | |
| - bank deposits | 1.7 | 1.5 | 6.3 | 8.8 |
| - others | 11.0 | 10.5 | 44.3 | 37.4 |
| | 12.7 | 12.0 | 50.6 | 46.2 |
| Dividends from joint ventures | 12.5 | 5.5 | 42.9 | 41.5 |
| Gross dividends from AFS investments | 0.7 | 0.8 | 2.2 | 4.7 |
| Fair value (losses)/ gains on fair value hedges | | | | |
| - hedged item | (0.2) | (65.5) | 177.7 | (132.9) |
| - hedging instrument | (2.4) | 63.7 | (179.0) | 121.6 |
| | (2.6) | (1.8) | (1.3) | (11.3) |
| Fair value gains/ (losses) on cash flow hedges transferred from other comprehensive income | | | | |
| - hedged item | 188.8 | (144.4) | 21.1 | (363.8) |
| - hedging instrument | (188.8) | 144.4 | (21.1) | 363.8 |
| | - | - | - | * |
| Other fair value (losses)/ gains | (10.2) | 1.3 | (1.8) | 3.5 |
| Net exchange (losses)/ gains - non-trade related | (7.0) | 8.9 | 2.1 | 8.2 |
| | 6.1 | 26.7 | 94.7 | 92.8 |

** denotes less than +/- S\$50,000.

SELECTED NOTES TO THE FINANCIAL STATEMENTS*For the fourth quarter and financial year ended 31 March 2016***8. FINANCE COSTS**

| Group | Quarter 31 Mar | | Year 31 Mar | |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Interest expense on | | | | |
| - bonds | 74.0 | 63.4 | 283.3 | 255.1 |
| - bank loans | 13.5 | 11.0 | 45.4 | 28.8 |
| - others | 9.8 | 6.1 | 31.7 | 27.3 |
| | 97.3 | 80.5 | 360.4 | 311.2 |
| Less: Amounts capitalised | - | (0.6) | (0.8) | (6.7) |
| | 97.3 | 79.9 | 359.6 | 304.5 |
| Effects of hedging using interest rate swaps | (1.0) | (2.2) | (4.2) | 0.5 |
| Unwinding of discounts (including adjustments) | 1.0 | 0.7 | 4.2 | 4.2 |
| | 97.3 | 78.4 | 359.6 | 309.2 |

9. TAX EXPENSE (NET)

| Group | Quarter 31 Mar | | Year 31 Mar | |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Unaudited) | 2015 S\$ Mil (Unaudited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Current and deferred tax expense attributable to current period's profits | 155.7 | 155.6 | 590.7 | 595.2 |
| Current and deferred tax adjustments in respect of prior years | (13.0) | (3.3) | (12.7) | (2.3) |
| Withholding and dividend distribution taxes on dividend income from joint ventures | 23.5 | 30.4 | 144.5 | 133.2 |
| Deferred tax credit ⁽¹⁾ | - | - | - | (47.6) |
| | 166.2 | 182.7 | 722.5 | 678.5 |

Note:

(1) This relates to deferred tax credit recognised on certain property, plant and equipment transferred to an associate.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

10. BREAKDOWN OF SALES

| Group | Year | | % change |
|---|-------------------------------------|-------------------------------------|--------------|
| | 31 Mar 16 S\$ Mil (Unaudited) | 31 Mar 15 S\$ Mil (Unaudited) | |
| Sales reported for first half year | 8,392.9 | 8,457.0 | -0.8% |
| Operating profit after tax before deducting non-controlling interest reported for first half year | 1,968.3 | 1,875.8 | 4.9% |
| Sales reported for second half year | 8,568.3 | 8,765.9 | -2.3% |
| Operating profit after tax before deducting non-controlling interest reported for second half year | <u>1,890.0</u> | <u>1,908.7</u> | <u>-1.0%</u> |

11. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

| Group | Quarter 31 Mar | | Year 31 Mar | |
|---|-----------------------------|-----------------------------|---------------------------|---------------------------|
| | 2016 '000 (Unaudited) | 2015 '000 (Unaudited) | 2016 '000 (Audited) | 2015 '000 (Audited) |
| Weighted average number of ordinary shares in issue for calculation of basic earnings per share | 15,936,875 | 15,935,339 | 15,937,017 | 15,936,654 |
| Adjustment for dilutive effect of performance share plans | <u>15,012</u> | <u>40,354</u> | <u>15,012</u> | <u>40,354</u> |
| Weighted average number of ordinary shares for calculation of diluted earnings per share | <u>15,951,887</u> | <u>15,975,693</u> | <u>15,952,029</u> | <u>15,977,008</u> |

The weighted average number of ordinary shares in issue had been adjusted to exclude the number of performance shares held by the Trust.

12. FAIR VALUE MEASUREMENTS

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels -

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- (b) inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- (c) inputs for the asset or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

12. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the assets and liabilities measured at fair value as at 31 March 2016:

| Group 31 March 2016 (Audited) | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | Total S\$ Mil |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| Financial assets | | | | |
| AFS investments ⁽¹⁾ | | | | |
| - Quoted investments | 41.5 | - | - | 41.5 |
| - Unquoted investments | - | - | 42.9 | 42.9 |
| | 41.5 | - | 42.9 | 84.4 |
| Derivative financial instruments | - | 640.1 | - | 640.1 |
| | 41.5 | 640.1 | 42.9 | 724.5 |
| Financial liabilities | | | | |
| Derivative financial instruments | - | 340.8 | - | 340.8 |

| Group 31 March 2015 (Audited) | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | Total S\$ Mil |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| Financial assets | | | | |
| AFS investments ⁽¹⁾ | | | | |
| - Quoted investments | 100.8 | - | - | 100.8 |
| - Unquoted investments | - | - | 100.5 | 100.5 |
| | 100.8 | - | 100.5 | 201.3 |
| Derivative financial instruments | - | 771.9 | - | 771.9 |
| | 100.8 | 771.9 | 100.5 | 973.2 |
| Financial liabilities | | | | |
| Derivative financial instruments | - | 282.2 | - | 282.2 |

Note:

(1) Excluded AFS investments stated at cost of S\$63.1 million (31 March 2015: S\$67.0 million).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the fourth quarter and financial year ended 31 March 2016***12. FAIR VALUE MEASUREMENTS (Continued)**

| Company 31 March 2016 (Audited) | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | Total S\$ Mil |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| Financial assets | | | | |
| AFS investments | | | | |
| - Quoted investments | 27.4 | - | - | 27.4 |
| - Unquoted investments | - | - | 7.7 | 7.7 |
| | 27.4 | - | 7.7 | 35.1 |
| Derivative financial instruments | - | 330.5 | - | 330.5 |
| | 27.4 | 330.5 | 7.7 | 365.6 |
| Financial liabilities | | | | |
| Derivative financial instruments | - | 430.4 | - | 430.4 |

| Company 31 March 2015 (Audited) | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | Total S\$ Mil |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| Financial assets | | | | |
| AFS investments | | | | |
| - Quoted investments | 34.1 | - | - | 34.1 |
| - Unquoted investments | - | - | 9.5 | 9.5 |
| | 34.1 | - | 9.5 | 43.6 |
| Derivative financial instruments | - | 493.4 | - | 493.4 |
| | 34.1 | 493.4 | 9.5 | 537.0 |
| Financial liabilities | | | | |
| Derivative financial instruments | - | 449.2 | - | 449.2 |

SELECTED NOTES TO THE FINANCIAL STATEMENTS*For the fourth quarter and financial year ended 31 March 2016***12. FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the assets and liabilities not measured at fair value (but with fair value disclosed) as at 31 March 2016:

| 31 March 2016 (Audited) | Carrying Value S\$ Mil | Fair value | | | Total S\$ Mil |
|------------------------------|------------------------------|--------------------|--------------------|--------------------|------------------|
| | | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | |
| Financial liabilities | | | | | |
| Group | | | | | |
| Bonds | 8,347.6 | 6,100.1 | 2,746.3 | - | 8,846.4 |
| Company | | | | | |
| Bonds | 747.2 | 969.0 | - | - | 969.0 |

| 31 March 2015 (Audited) | Carrying Value S\$ Mil | Fair value | | | Total S\$ Mil |
|------------------------------|------------------------------|--------------------|--------------------|--------------------|------------------|
| | | Level 1 S\$ Mil | Level 2 S\$ Mil | Level 3 S\$ Mil | |
| Financial liabilities | | | | | |
| Group | | | | | |
| Bonds | 7,240.7 | 5,478.3 | 2,101.8 | - | 7,580.1 |
| Company | | | | | |
| Bonds | 925.2 | 1,015.7 | - | - | 1,015.7 |

Except as disclosed in the above tables, the carrying values of other financial assets and financial liabilities approximate their fair values.

The fair values of the unquoted AFS investments included within Level 3 were estimated using the net asset values as reported in the statements of financial position in the management accounts of the AFS investments or the use of recent arm's length transactions.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

12. FAIR VALUE MEASUREMENTS (Continued)

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

| | Group | | Company | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 31 Mar 16 S\$ Mil (Audited) | 31 Mar 15 S\$ Mil (Audited) | 31 Mar 16 S\$ Mil (Audited) | 31 Mar 15 S\$ Mil (Audited) |
| AFS investments - unquoted | | | | |
| Balance as at 1 April | 100.5 | 108.2 | 9.5 | 10.5 |
| Total (losses)/ gains included in 'Fair Value Reserve' | (43.4) | 4.9 | (1.8) | (1.0) |
| Additions | 1.9 | - | - | - |
| Provision for impairment | (6.4) | - | - | - |
| Disposals | (13.3) | (15.6) | - | - |
| Transfer from Level 3 | - | (5.8) | - | - |
| Transfer to Level 3 | 3.6 | 8.8 | - | - |
| | 42.9 | 100.5 | 7.7 | 9.5 |

13. GROUP'S BORROWINGS AND DEBT SECURITIES

| | Group | | Company | |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 31 Mar 16 S\$ Mil (Audited) | 31 Mar 15 S\$ Mil (Audited) | 31 Mar 16 S\$ Mil (Audited) | 31 Mar 15 S\$ Mil (Audited) |
| Unsecured borrowings | | | | |
| Repayable within one year | 595.5 | 150.0 | - | - |
| Repayable after one year | 9,019.0 | 8,590.9 | 747.2 | 925.2 |
| | 9,614.5 | 8,740.9 | 747.2 | 925.2 |
| Secured borrowings | | | | |
| Repayable within one year | 90.2 | 24.4 | 1.5 | 1.5 |
| Repayable after one year | 236.0 | 213.5 | 158.8 | 160.4 |
| | 326.2 | 237.9 | 160.3 | 161.9 |
| | 9,940.7 | 8,978.8 | 907.5 | 1,087.1 |

Unsecured borrowings of the Group comprise bonds and bank loans. The unsecured borrowings of the Company comprise bonds.

Secured borrowings of the Group and the Company comprise finance lease liabilities including lease liabilities in respect of certain assets leased from NetLink Trust.

In addition, the Group's secured borrowings as at 31 March 2016 included:

- certain bank loans of Adconion, secured on the assets and shares in Adconion Media, Inc. and its subsidiary, Adconion Direct, Inc., and a fixed and floating charge on the assets in Adconion Pty Ltd; and
- certain bank loans of Trustwave, secured on the assets of Trustwave and shares in certain of its subsidiaries.

SELECTED NOTES TO THE FINANCIAL STATEMENTS*For the fourth quarter and financial year ended 31 March 2016***14. SHARE CAPITAL AND OTHER EQUITY INFORMATION**

| Group and Company | Quarter and Financial year 31 Mar 16 | |
|---|---|--|
| | Number of shares Mil (Audited) | Share capital S\$ Mil (Audited) |
| Balance as at beginning and end of period | 15,943.5 | 2,634.0 |

As at 31 March 2016, the number of outstanding performance shares under the Singtel's performance share plans was 36,937,088 (31 March 2015: 37,543,025).

15. DIVIDENDS

| | Group | | Company | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) | 2016 S\$ Mil (Audited) | 2015 S\$ Mil (Audited) |
| Total annual exempt (one-tier) dividend | | | | |
| Final dividend | 1,705.4 | 1,593.8 | 1,705.9 | 1,594.3 |
| Interim dividend | 1,083.8 | 1,083.7 | 1,084.2 | 1,084.2 |
| Total | 2,789.2 | 2,677.5 | 2,790.1 | 2,678.5 |

During the financial year, a final one-tier exempt ordinary dividend of 10.7 cents per share, totalling S\$1.71 billion was paid in respect of the previous financial year ended 31 March 2015, and an interim one-tier exempt ordinary dividend of 6.8 cents per share totalling S\$1.08 billion was paid in respect of the current financial year ended 31 March 2016.

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

The Directors have proposed a final one-tier exempt ordinary dividend of 10.7 cents per share totalling approximately S\$1.71 billion in respect of the current financial year ended 31 March 2016 for approval at the forthcoming Annual General Meeting.

This report does not reflect the above final dividend payable of approximately S\$1.71 billion, which will be accounted for in the Shareholders' Equity as an appropriation of 'Retained Earnings' in the next financial year ending 31 March 2017.

The date on which Registrable Transfers received by the Company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined, as well as the date the dividend is payable, will be announced in due course.

SELECTED NOTES TO THE FINANCIAL STATEMENTS*For the fourth quarter and financial year ended 31 March 2016***16. NET ASSET VALUE**

| | Group | | Company | |
|---|-------------|-----------|-------------|-----------|
| | As at | | As at | |
| | 31 Mar 16 | 31 Mar 15 | 31 Mar 16 | 31 Mar 15 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Audited) | (Audited) | (Audited) | (Audited) |
| Net asset value per ordinary share | 1.57 | 1.55 | 1.14 | 1.10 |

As at the end of the reporting period, the number of ordinary shares of the Group used for the above calculation had been adjusted to exclude the number of performance shares held by the Trust.

17. CONTINGENT LIABILITIES OF SINGTEL AND ITS SUBSIDIARIES**(a) Guarantees**

- (i) As at 31 March 2016, the Group and Company provided bankers' and other guarantees, and insurance bonds of S\$337.1 million and S\$103.2 million (31 March 2015: S\$413.8 million and S\$225.4 million) respectively.
- (ii) As at 31 March 2016, the Company provided guarantees for loans of S\$740 million (31 March 2015: S\$800 million) drawn down under various loan facilities entered into by Singtel Group Treasury Pte. Ltd. ("SGT") with maturities between December 2016 and May 2017.
- (iii) As at 31 March 2016, the Company provided guarantees for SGT's notes issue of an aggregate equivalent amount of S\$4.63 billion (31 March 2015: S\$3.70 billion) due between July 2016 and June 2025.

(b) Consistent with other large groups, Singapore Telecom Australia Investments Pty Limited ("**STAI**"), the head tax entity in Australia, has been subject to information requests from the Australian Taxation Office ("**ATO**"). In December 2013, STAI received a tax position paper from the ATO in connection with the acquisition financing of Optus and subsequently, on 22 October 2014, STAI received a Statement of Audit Position. On 30 November 2015, STAI received the final Statement of Audit Position from the ATO. STAI has requested the final Statement of Audit Position to be subject to an Independent Review within the ATO. STAI has received advice from external experts in relation to the matter and intends to defend its position. Accordingly, no provision has been made as at 31 March 2016.

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

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

18. CONTINGENT LIABILITIES OF JOINT VENTURES

- (a) Bharti Airtel Limited (“**Airtel**”), a 32.9% joint venture of the Group, has disputes with various government authorities in the respective jurisdictions where its operations are based, as well as with third parties regarding certain transactions entered into in the ordinary course of business.

On 8 January 2013, the local regulator, Department of Telecommunications (“**DOT**”) issued a demand on Airtel Group for Rs. 52.01 billion (Singtel’s share: S\$348 million) towards levy of one time spectrum charge. The demand included a retrospective charge of Rs. 9.09 billion (Singtel’s share: S\$61 million) for holding GSM spectrum beyond 6.2 Mhz for the period from 1 July 2008 to 31 December 2012 and also a prospective charge of Rs. 42.92 billion (Singtel’s share: S\$287 million) for GSM spectrum held beyond 4.4 Mhz for the period from 1 January 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of Airtel, inter-alia, the above demand amounts to alteration of the terms of the licenses issued in the past. Airtel believes, based on independent legal opinion and its evaluation, that it is not probable that any material part of the claim will be awarded against Airtel and therefore, pending outcome of this matter, no provision has been recognised.

As at 31 March 2016, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately Rs. 102 billion (Singtel’s share: S\$683 million). In respect of some of the tax issues, pending final decisions, Airtel had deposited amounts with statutory authorities.

Airtel Group has 79.05% shareholding in Airtel Networks Limited (“**ANL**”), whose principal activity is the provision of mobile telecommunication services in Nigeria.

Econet Wireless Limited (“**EWL**”) has claimed for entitlement to a 5% stake in ANL in 2004 and a claim alleging breach of a shareholders’ agreement between EWL and former shareholders of ANL in 2006. Airtel is appealing earlier court and arbitral decisions and is defending its positions vigorously. Under the terms of the acquisition by Airtel of these assets from Zain International B.V. in 2010, Airtel has the benefit of applicable seller’s indemnities in respect of such matters.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the fourth quarter and financial year ended 31 March 2016

18. CONTINGENT LIABILITIES OF JOINT VENTURES (Continued)

- (b) The Group holds an equity interest of 23.3% in Advanced Info Service Public Company Limited (“**AIS**”).

In 2008, TOT Public Company Limited (“**TOT**”) and CAT Telecom Public Company Limited (“**CAT**”) demanded that AIS and its subsidiary, Digital Phone Company Limited (“**DPC**”) respectively pay additional revenue shares of THB 31.5 billion (Singtel’s share: S\$281 million) and THB 3.4 billion (Singtel’s share: S\$30 million) arising from the abolishment of excise tax. These claims were dismissed by the lower tribunals and are now pending appeal by TOT and CAT before the Supreme Administrative Court and Central Administrative Court respectively.

In 2011 and in 2014, TOT demanded that AIS pays additional revenue share based on gross interconnection income from 2007 to 2012 amounting to THB 27.8 billion (Singtel’s share: S\$248 million) plus interest. The claims are pending arbitration.

In 2015, TOT demanded that AIS pays additional revenue share of THB 62.8 billion (Singtel’s share: S\$560 million) arising from what TOT claims to be an illegality of two amendments made to the Concession Agreement, namely, Amendment 6 (regarding reduction in prepaid revenue share rate) made in 2001 and Amendment 7 (regarding deduction of roaming expense from revenue share) made in 2002, which have resulted in lower revenue share. This case is pending arbitration.

In 2016, TOT revised an earlier demand made in 2014 to THB 41.1 billion (Singtel’s share: S\$367 million) plus interest for the porting of subscribers from 900MHz to 2100MHz network. This case is pending arbitration.

As at 31 March 2016, there are a number of other claims filed by third parties against AIS and its subsidiaries amounting to THB 23.6 billion (Singtel’s share: S\$211 million) which are pending adjudication.

AIS believes that the above claims will be settled in favour of AIS and will have no material impact to its financial statements.

- (c) Globe Telecom, Inc. (“**Globe**”), a 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 Globe Group’s financial position and results of operations.
- (d) The Group holds an equity interest of 35% in PT Telekomunikasi Selular (“**Telkomsel**”). As at 31 March 2016, Telkomsel has filed appeals and cross-appeals amounting to approximately IDR 511 billion (Singtel’s share: S\$18 million) for various tax claims arising in certain tax assessments which are pending final decisions, the outcome of which is not presently determinable.

19. GROUP SEGMENT INFORMATION

For the financial year ended 31 March 2016

Segment information is presented based on the information reviewed by senior management for performance measurement and resource allocation.

Singtel Group is structured into three business segments, namely Group Consumer, Group Enterprise and Group Digital Life.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the Group's investments, namely AIS in Thailand, Airtel in India, Africa and South Asia, Globe in the Philippines, and Telkomsel in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, pay TV, fixed broadband and voice, as well as equipment sales. From 1 April 2015, certain businesses which were previously with Group Digital Life were transferred to Group Consumer.

Group Enterprise comprises the business groups across Singapore, Australia, U.S.A, Europe and the region, and focuses on growing the Group's position in the enterprise markets. Key services include mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT and professional consulting.

Group Digital Life ("**GDL**") focuses on using the latest internet technologies and assets of the Group's operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. From 1 April 2015, GDL had sharpened its strategy to focus on three key businesses - digital marketing (Amobee), regional premium video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), in addition to strengthening its role as Singtel's digital innovation engine through Innov8. Certain businesses which were previously within GDL were transferred to Group Consumer.

Corporate comprises the costs of Group functions not allocated to the three business segments.

The measurement of segment results which is before exceptional items, is in line with the basis of information presented to management for internal management reporting purposes.

The costs of shared and common infrastructure are allocated to business segments using established methodologies.

19. GROUP SEGMENT INFORMATION (Continued)*For the financial year ended 31 March 2016*

| Group - 2016 (Audited) | Group Consumer S\$ Mil | Group Enterprise S\$ Mil | Group Digital Life S\$ Mil | Corporate S\$ Mil | Group Total S\$ Mil |
|--|------------------------------|--------------------------------|----------------------------------|----------------------|---------------------------|
| Operating revenue | 10,110.2 | 6,396.9 | 454.1 | - | 16,961.2 |
| Operating expenses | (6,969.7) | (4,466.6) | (587.7) | (72.8) | (12,096.8) |
| Other income | 125.8 | 28.4 | (3.1) | (2.8) | 148.3 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 3,266.3 | 1,958.7 | (136.7) | (75.6) | 5,012.7 |
| Share of pre-tax results of associates and joint ventures | | | | | |
| - Airtel | 678.1 | - | - | - | 678.1 |
| - Telkomsel | 1,139.6 | - | - | - | 1,139.6 |
| - Globe | 335.4 | - | - | - | 335.4 |
| - AIS | 453.4 | - | - | - | 453.4 |
| - Others | 1.1 | - | - | 183.2 | 184.3 |
| | 2,607.6 | - | - | 183.2 | 2,790.8 |
| EBITDA and share of pre-tax results of associates and joint ventures | 5,873.9 | 1,958.7 | (136.7) | 107.6 | 7,803.5 |
| Depreciation and amortisation | (1,455.4) | (621.6) | (68.8) | (3.0) | (2,148.8) |
| Earnings before interest and tax ("EBIT") | 4,418.5 | 1,337.1 | (205.5) | 104.6 | 5,654.7 |
| Segment assets | | | | | |
| Investment in associates and joint ventures | | | | | |
| - Airtel | 5,478.7 | - | - | - | 5,478.7 |
| - Telkomsel | 3,471.0 | - | - | - | 3,471.0 |
| - Globe | 1,079.9 | - | - | - | 1,079.9 |
| - AIS | 605.7 | - | - | - | 605.7 |
| - Others | 24.7 | - | - | 426.2 | 450.9 |
| | 10,660.0 | - | - | 426.2 | 11,086.2 |
| Goodwill on acquisition of subsidiaries | 9,191.2 | 1,195.8 | 703.3 | - | 11,090.3 |
| Other assets | 11,728.9 | 5,228.5 | 608.8 | 3,823.0 | 21,389.2 |
| | 31,580.1 | 6,424.3 | 1,312.1 | 4,249.2 | 43,565.7 |

19. GROUP SEGMENT INFORMATION (Continued)*For the financial year ended 31 March 2016*

| Group - 2015 (Audited) | Group Consumer S\$ Mil | Group Enterprise S\$ Mil | Group Digital Life S\$ Mil | Corporate S\$ Mil | Group Total S\$ Mil |
|---|------------------------------|--------------------------------|----------------------------------|----------------------|---------------------------|
| Operating revenue | 10,559.4 | 6,320.4 | 343.1 | - | 17,222.9 |
| Operating expenses | (7,354.3) | (4,296.1) | (554.8) | (78.4) | (12,283.6) |
| Other income | 111.5 | 36.9 | (4.2) | 7.2 | 151.4 |
| EBITDA | 3,316.6 | 2,061.2 | (215.9) | (71.2) | 5,090.7 |
| Share of pre-tax results of associates and joint ventures | | | | | |
| - Airtel | 735.7 | - | - | - | 735.7 |
| - Telkomsel | 982.3 | - | - | - | 982.3 |
| - Globe | 305.6 | - | - | - | 305.6 |
| - AIS | 431.0 | - | - | - | 431.0 |
| - Others | 1.1 | - | - | 123.1 | 124.2 |
| | 2,455.7 | - | - | 123.1 | 2,578.8 |
| EBITDA and share of pre-tax results of associates and joint ventures | 5,772.3 | 2,061.2 | (215.9) | 51.9 | 7,669.5 |
| Depreciation and amortisation | (1,478.0) | (608.4) | (72.9) | (2.1) | (2,161.4) |
| EBIT | 4,294.3 | 1,452.8 | (288.8) | 49.8 | 5,508.1 |
| Segment assets | | | | | |
| Investment in associates and joint ventures | | | | | |
| - Airtel | 5,323.3 | - | - | - | 5,323.3 |
| - Telkomsel | 3,410.1 | - | - | - | 3,410.1 |
| - Globe | 1,049.8 | - | - | - | 1,049.8 |
| - AIS | 686.3 | - | - | - | 686.3 |
| - Others | 24.1 | - | - | 352.6 | 376.7 |
| | 10,493.6 | - | - | 352.6 | 10,846.2 |
| Goodwill on acquisition of subsidiaries | 9,191.9 | 175.1 | 756.0 | - | 10,123.0 |
| Other assets | 10,869.2 | 4,897.9 | 781.8 | 4,548.7 | 21,097.6 |
| | 30,554.7 | 5,073.0 | 1,537.8 | 4,901.3 | 42,066.8 |

19. GROUP SEGMENT INFORMATION (Continued)*For the financial year ended 31 March 2016*

A reconciliation of the total reportable segments' EBIT to the Group's profit before tax is as follows -

| Group | Year | Year |
|--|----------------|----------------|
| | 31 Mar 16 | 31 Mar 15 |
| | S\$ Mil | S\$ Mil |
| | (Audited) | (Audited) |
| EBIT | 5,654.7 | 5,508.1 |
| Exceptional items | (44.8) | 14.8 |
| Share of exceptional items of associates and joint ventures (post-tax) | 67.2 | (31.7) |
| Share of tax of associates and joint ventures | (863.1) | (811.8) |
| Write back of impairment provision of an associate | 31.7 | - |
| Profit before interest, investment income (net) and tax | 4,845.7 | 4,679.4 |
| Interest and investment income (net) | 94.7 | 92.8 |
| Finance costs | (359.6) | (309.2) |
| Profit before tax | 4,580.8 | 4,463.0 |

The Group's revenue from its major products and services are as follows -

| Group | Year | Year |
|-----------------------------------|-----------------|-----------------|
| | 31 Mar 16 | 31 Mar 15 |
| | S\$ Mil | S\$ Mil |
| | (Audited) | (Audited) |
| Mobile communications | 6,713.5 | 7,242.3 |
| Data and Internet ⁽¹⁾ | 3,138.1 | 3,176.9 |
| <i>Managed services</i> | 2,013.6 | 1,801.0 |
| <i>Business solutions</i> | 636.9 | 603.4 |
| Infocomm Technology (ICT) | 2,650.5 | 2,404.4 |
| Sale of equipment | 1,801.9 | 1,554.6 |
| National telephone ⁽¹⁾ | 1,128.1 | 1,279.5 |
| International telephone | 541.9 | 627.6 |
| Digital businesses | 476.2 | 333.2 |
| Pay television | 284.9 | 301.8 |
| Others | 226.1 | 302.6 |
| Operating revenue | 16,961.2 | 17,222.9 |

Note:

(1) Comparatives have been restated to be consistent with the current year.

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 2016 and 31 March 2015.

OTHER INFORMATION

20. The statements of financial position as at 31 March 2016 and the income statement, statement of comprehensive income, changes in equity and cash flows for the financial year ended 31 March 2016 presented in this announcement have been audited in accordance with Singapore Standards on Auditing.

21. **REVIEW OF PERFORMANCE OF THE GROUP**

Please refer to the Management Discussion and Analysis of the Group for the fourth quarter and financial year ended 31 March 2016.

22. **WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS.**

Please refer to the Management Discussion and Analysis of the Group for the fourth quarter and financial year ended 31 March 2016.

23. **A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT OPERATING PERIOD AND THE NEXT 12 MONTHS.**

Please refer to the Management Discussion and Analysis of the Group for the fourth quarter and financial year ended 31 March 2016.

24. **INTERESTED PERSON TRANSACTIONS**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

25. **DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION IN THE ISSUER OR ANY OF ITS PRINCIPAL SUBSIDIARIES WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER OF THE ISSUER.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

26. **CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

The auditor's report on the full financial statements of Singapore Telecommunications Limited for the financial year ended 31 March 2016 is as follows:

**“INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF SINGAPORE TELECOMMUNICATIONS LIMITED
For the financial year ended 31 March 2016**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Telecommunications Limited (the “Company”) and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cashflows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | Our audit performed and responses thereon |
|--|--|
| <p>Revenue recognition</p> <p>We have identified three critical areas in relation to revenue set out below that we consider significant either because of the complexity of the operation of billing systems or because of the required exercise of judgement:</p> <ul style="list-style-type: none"> • accounting for long-term contracts, particularly with respect to Group Enterprise information and communication technology (“ICT”) projects; • accounting for new products and tariffs introduced in the year; and • the timing of revenue recognition. <p>The accounting policies for revenue recognition are set out in Note 2.20 to the financial statements and the different revenue streams for the Group have been disclosed in Note 4 to the financial statements.</p> | <p>Our audit approach included both controls testing and substantive procedures as follows:</p> <ul style="list-style-type: none"> • We performed procedures to identify Group Enterprise ICT contracts which may exhibit areas of audit interest such as low and/or significant change in margins, loss making contracts, and accounts with high accrued revenue amongst others. We challenged the assumptions and judgements underpinning forecast performance of the identified contracts and the adequacy of contract loss provisions. • We evaluated the relevant IT systems and the design and operating effectiveness of controls over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications. |

Key Audit Matters**Our audit performed and responses thereon**

- We evaluated the business process controls in place over the authorisation of rate changes, the introduction of new plans and the input of this information to billing systems. We tested the access controls and change management controls for the Group's billing systems.
- We tested samples of customer bills for accuracy for new products and tariffs introduced in the year.
- We tested key reconciliations used by management to assess the completeness and accuracy of revenue, including testing the period in which it is reported.
- We tested supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.

We have validated and are satisfied with the assumptions and key management estimates adopted where revenue is recognised on a percentage of completion basis.

We have not noted any significant deficiency in the relevant IT systems and business process controls of the relevant revenue streams.

No exceptions were noted in the key reconciliations and manual journal entries which may result in significant misstatements in revenue recorded in the year.

Acquisition of Trustwave – purchase price allocation

In September 2015, the Group completed the acquisition of Trustwave Holdings, Inc. ("Trustwave"). FRS 103 *Business Combinations* requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The intangible assets and goodwill recognised amounted to S\$186.8 million and S\$1,069.8 million, respectively.

The Group's disclosure of the business combination accounting applied to the acquisition of Trustwave is set out in Note 1(a) to the consolidated statement of cash flows.

We have discussed with management and their external specialists on the purchase price allocation, and engaged our valuation specialists to assist in the audit of the purchase price allocation, including the identification and valuation of intangible assets acquired. We challenged the appropriateness of the useful lives assigned to the identified intangible assets, having regard to the expected use of these assets.

Based on our procedures, we noted that the purchase price allocation has been performed in accordance with FRS 103 *Business Combinations*, including the disclosures thereon, and that the intangible assets identified are appropriate and within expectations for the industry. We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations.

Taxation

The Group's subsidiaries, associates and joint ventures have operations across a large number of jurisdictions and are subject to periodic challenges by local tax authorities.

The Group is currently responding to an ongoing specific issue audit by the Australian Taxation Office ("ATO") in connection with the acquisition financing of Optus. The Group has engaged and involved external specialists to advise management on this specific issue audit and in its responses to the ATO. Evaluation of the outcome of the specific issue audit, and whether the risk of loss is remote, possible or probable, requires significant judgement given the complexities involved.

The Group has made disclosures on the above matter in Note 40(b) to the financial statements.

We have involved our tax specialists to assist us in assessing the judgements taken by management in reaching their conclusion that the specific issue audit by the ATO represents a contingent liability of the Group. We have examined the advice obtained by management from the Group's tax specialists to support the judgement taken, and have discussed the merits of the case with the specialists. Based on our procedures, we believe that the position taken by the Group is appropriate.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters**Goodwill impairment review**

Under FRSs, the Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those affecting the business of Optus, Amobee, Inc. and Trustwave. The aggregated goodwill in Optus, Amobee, Inc. and Trustwave constituted 25.3% of the Group's total assets at 31 March 2016.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 23 to the financial statements.

Our audit performed and responses thereon

Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included:

- using our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rate and long-term growth rate, and comparing the independent expectations to those used by management;
- challenging the cashflow forecasts used, with comparison to recent performance, trend analysis and market expectations; and
- by reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Bharti Airtel: goodwill impairment evaluation and regulatory and tax disputes

Bharti Airtel Limited ("Airtel"), a joint venture of the Group, has recorded significant goodwill arising from the acquisition of Airtel Africa in June 2010 and reported contingent liabilities, of which the Group's share is considered material.

This goodwill recorded by Airtel is required to be tested for impairment at least annually. As the amount of goodwill recorded is material, an impairment thereof may materially affect the Group's share of the joint venture's results. The impairment assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates applicable in a number of markets in Africa. The Group's carrying value in Airtel is disclosed in Note 22 to the financial statements.

The reported contingent liabilities from Airtel include both regulatory and tax disputes that mainly arose from its operations in India and certain markets in Africa. Airtel have engaged and involved specialists to advise them on such disputes and to assess whether the risk of loss is remote, possible or probable. Such assessment requires significant judgement given the complexities involved. The Group's share of Airtel's contingencies have been disclosed in Note 41(a) to the financial statements.

Our audit procedures included the review of relevant working papers of the auditors of Airtel (the "Component Auditors"), with particular focus on those related to the goodwill impairment review and regulatory and tax disputes. We also discussed with Airtel management, Component Auditors and specialists used by them, including those engaged to assist the Component Auditors in evaluating the contingencies and those assessing the assumptions adopted in the goodwill impairment model prepared by Airtel management.

We also reviewed legal advices received by Airtel for certain of the key contingencies that are significant to the Group, including evaluating the adequacy of disclosure thereon.

The Group's share of Airtel's results is calculated based on Airtel's audited financial statements on which the Component Auditors have expressed an unmodified opinion.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Chaly Mah Chee Kheong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

11 May 2016"