SingTel

Singapore Telecommunications Limited
Annual Report 2005/2006

Momentum
Sustaining Growth

Contents

Momentum • Sustaining Growth

To become Asia Pacific's best communications group, we are firmly focused on delivering long-term, sustainable growth for our franchise. As we move our business forward, we will continue to grow organically and through acquisitions, invest in our infrastructure, delight our customers with great value, develop our people and provide superior shareholder returns. By maintaining the momentum that we have built, we can embrace the winds of change in the global telecommunications landscape as opportunities to scale greater heights.

Corporate Profile

Headquartered in Singapore, Singapore Telecommunications Limited ("SingTel") is Asia's leading communications group, with operations and investments in more than 20 countries and territories worldwide.

We provide a diverse range of services to meet the communications needs of consumers and businesses, including mobile and fixed-line voice and data, narrow band and broadband Internet services as well as integrated Information Technology ("IT") and communications solutions.

In Singapore, SingTel is the market leader in the telecommunications industry with more than 125 years of operating experience. Leveraging our extensive experience in Singapore, we have successfully expanded overseas. In Australia, we have significant presence through our wholly-owned subsidiary, SingTel Optus ("Optus") – the second largest communications company in the country. Our other investments in Asia include AIS in Thailand, Bharti in India, Globe in the Philippines, Pacific Bangladesh Telecom in Bangladesh and Telkomsel in Indonesia.

Our overseas presence further extends to 37 SingTel Global Offices located in Asia Pacific, South Asia, Middle East, Western Europe and North America that deliver one-stop quality network solutions to meet the needs of our multi-national clients, and a pan-Asian chain of 12 world-class data centres that offers a suite of managed hosting telecommunications solutions. These offices and centres are supported by an extensive infrastructure of sophisticated satellite networks and submarine cable systems that provides seamless connectivity across Asia Pacific and to the rest of the world.

Today, SingTel is Asia's largest multi-market mobile operator outside China, serving 85 million mobile customers in the seven markets of Singapore, Australia, Bangladesh, India, Indonesia, the Philippines and Thailand.

SingTel has more than 19,500 employees around the world who embrace Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence as their core values to build Asia Pacific's best communications group.

Scaling Greater Heights

We seek innovations and ideas that give us the competitive edge to stay ahead.

Today, we hold the leading position in the telecommunications industry in Singapore with strong margins and profitability. Our financial strength, product breadth and geographic presence contribute significantly to our ongoing success. In a crowded marketplace, we remain focused on placing the needs and interests of our customers first, delivering products that add value.

We recognise that our continued industry leadership cannot be taken for granted. Increasingly, we must seek and build new areas of growth in a highly competitive and saturated market. The key is to constantly innovate and continually improve ourselves.

Innovation among our people allows us to create value for our stakeholders through the introduction of new services, products and processes. It differentiates us from the competition. It strengthens our leadership position.

Faced with a world that is changing everyday, our ability to think creatively and innovate will be a key factor in our quest for long-term growth. Together, as one company, we have begun the momentum to scale greater heights.

Our overseas business is an important engine for our continued growth. We made good progress in extending our reach in the region when we added Pacific Bangladesh Telecom to our regional mobile network, and opened SingTel Global Offices in Bangladesh and United Arab Emirates.

While we are gathering momentum, there is still much that we can do to sustain our performance in the future.

We are by far the largest multi-market mobile operator in Asia outside China, serving 85 million customers in seven markets but there are still substantial opportunities to grow in the region. Continuing to invest in new markets that offer us the best growth potential is a key focus.

We are the leading challenger to the incumbent telecommunications company in Australia. Our business in this market continues to grow faster than the industry but there is still considerable room for expansion. Growing our market share, profitability and scale is a priority.

Our goal is simple. By building on our momentum to go the distance, we can achieve sustainable growth and truly have the opportunity to lead in the region.

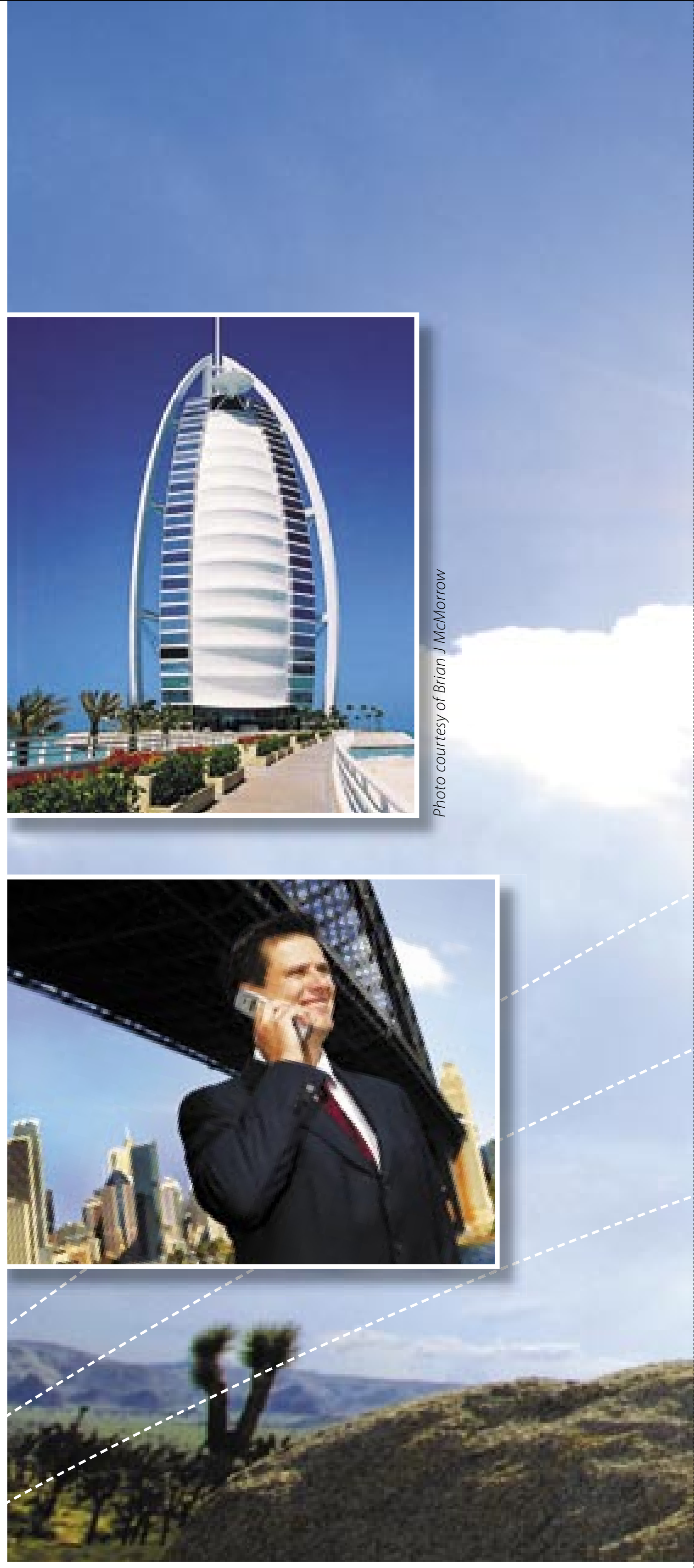
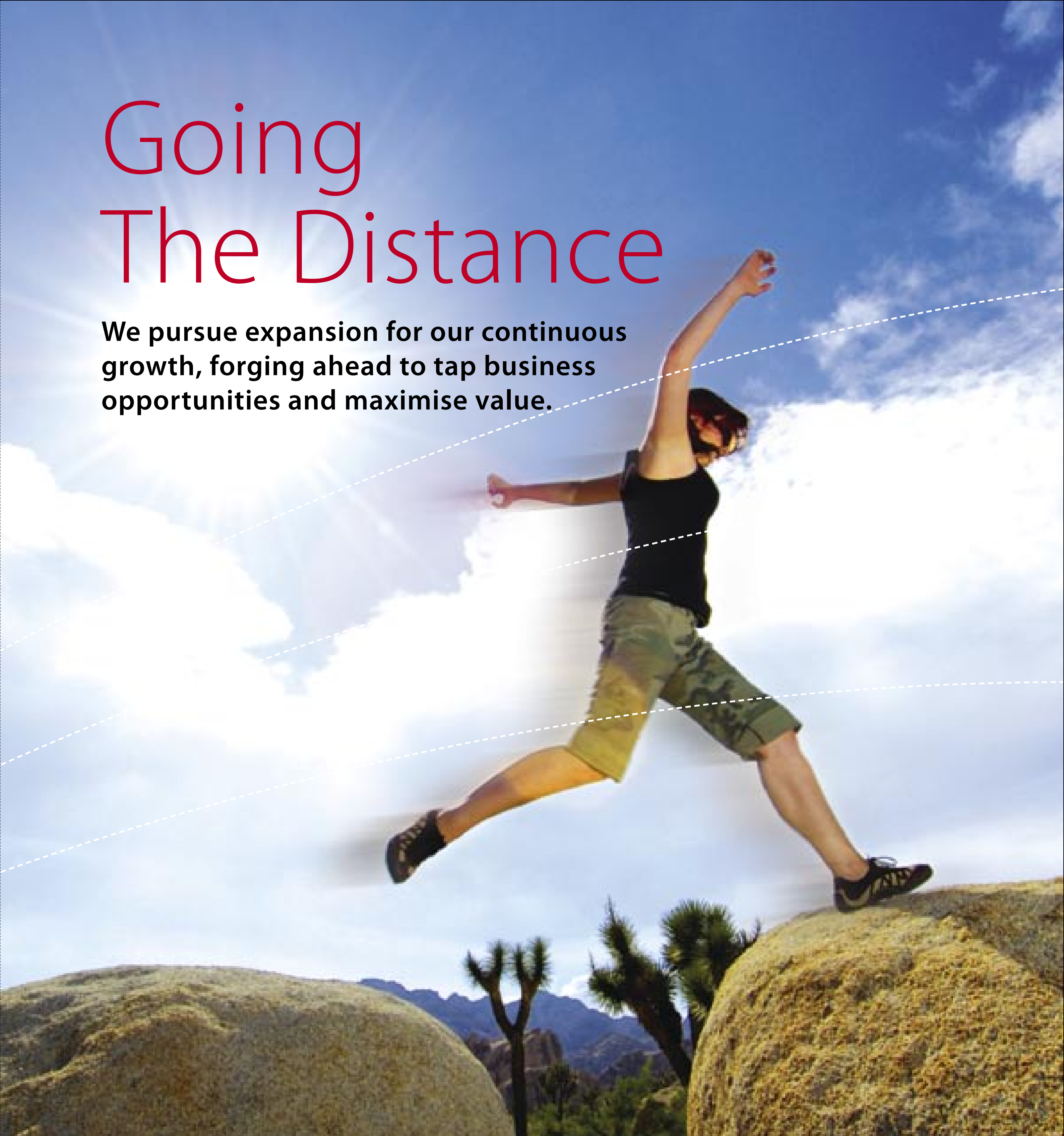
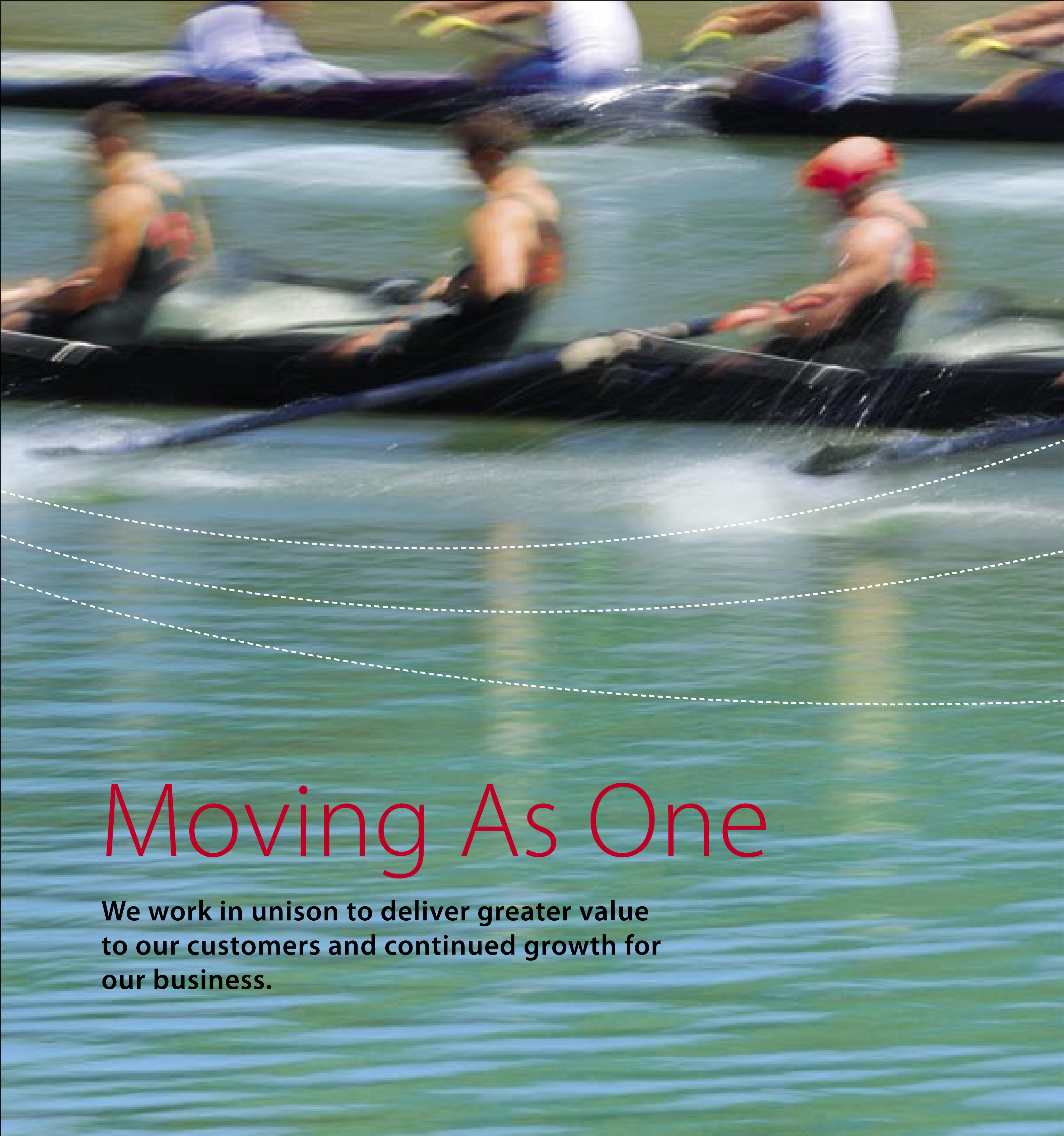


Photo courtesy of Brian J McMorrow

Going The Distance

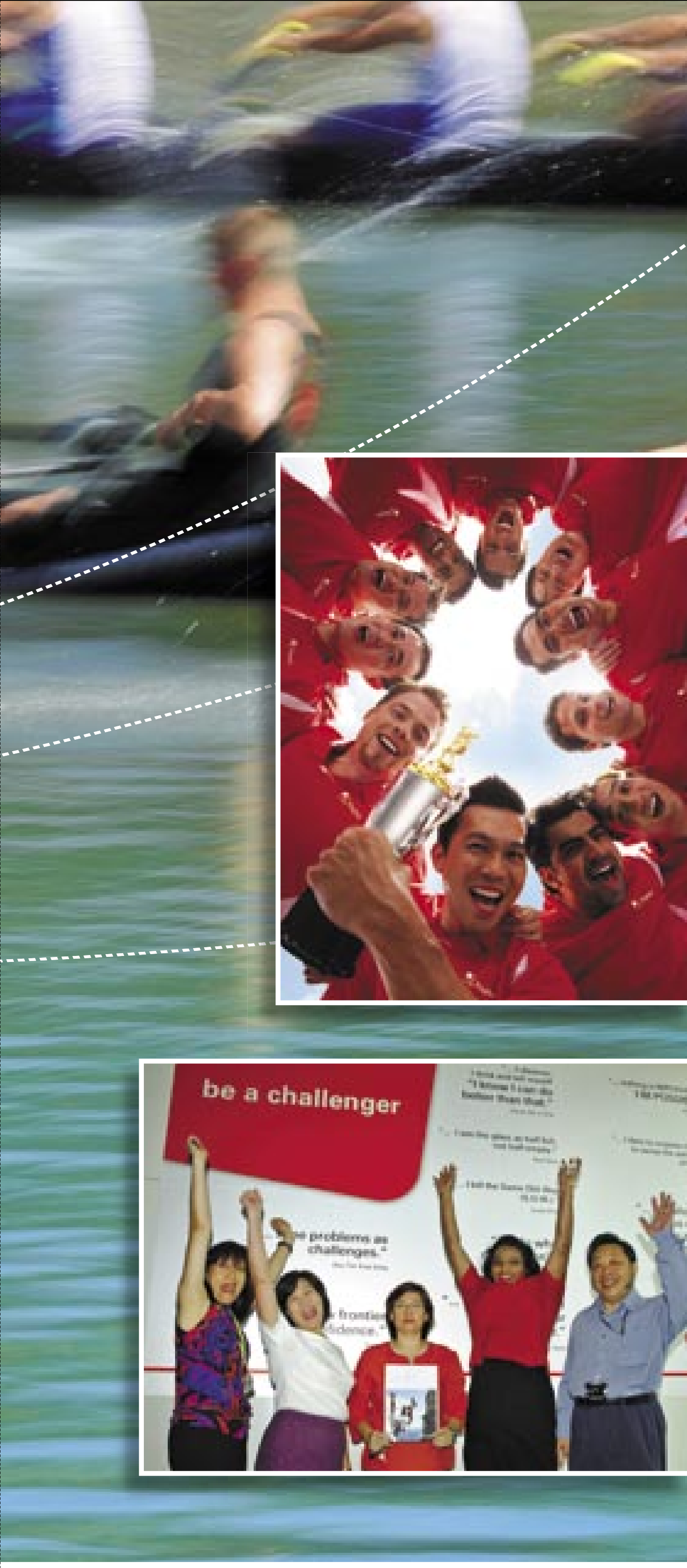
We pursue expansion for our continuous growth, forging ahead to tap business opportunities and maximise value.





Moving As One

We work in unison to deliver greater value to our customers and continued growth for our business.



Our people are our most important and valuable asset. In our thrust to compete in the global marketplace, they are the primary driver of our ability to sustain growth, year after year. That is why we constantly invest to nurture the diverse wealth of talent in our midst.

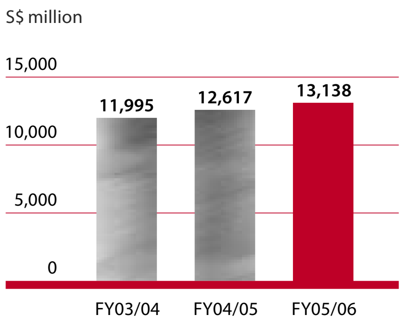
Teamwork is a vital component for our growth. By working as one team with shared goals, we can accomplish great things. By sharing knowledge and talent across the Group, we can enhance our success. By collaborating, we can achieve the best results. All of us have a part to play. Each and every one of us can make a difference.

Our Core Values - Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence - underpin our desire to create a unity of purpose across the Group. They reflect our common aspiration to foster a performance-based culture that is open and innovative, and that promotes mutual trust and engagement.

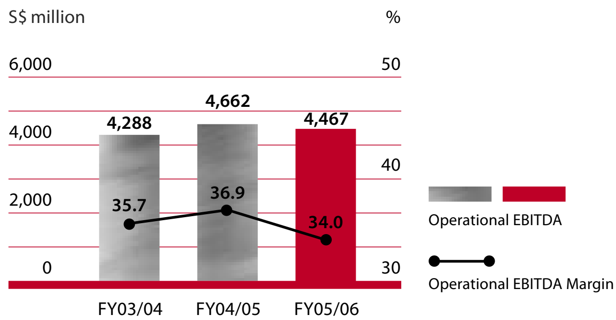
By maintaining our momentum to move as one, we can build a strong foundation for our future growth and thrive in an environment of change, challenge and competition.

Group Financial Highlights

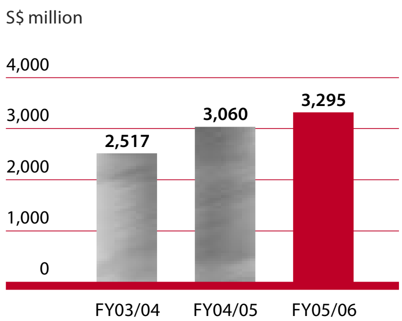
Operating Revenue



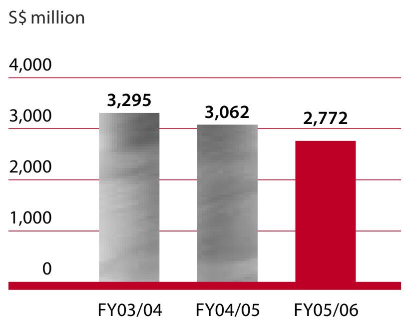
Operational EBITDA [1] & Operational EBITDA Margin



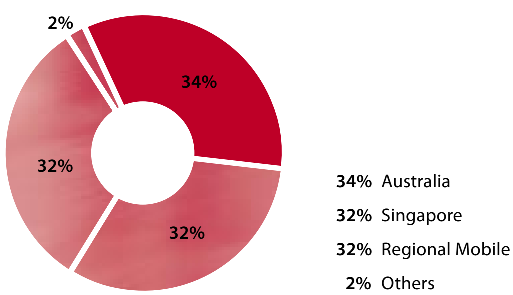
Underlying Net Profit After Tax [2]



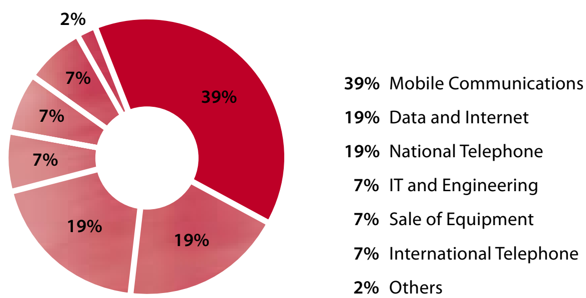
Free Cash Flow [3]



Proportionate EBITDA [1] – FY05/06



Revenue Mix by Services – FY05/06



(1) *Refers to earnings before interest, tax, depreciation and amortisation.*
(2) *Refers to net profit before exceptional items, Belgacom's net contribution, and exchange differences on short-term loan to Optus, net of hedging.*
(3) *Refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.*

Chairman's Statement

I am happy to note that the SingTel Group recorded another excellent set of results for the financial year.

Although the telecommunications industry remained extremely competitive, our solid financial performance, balance sheet strength, management track record and new drive towards innovation put us in a stronger position to meet the challenges in the industry and keep the Group growing in the future.

Strong Financial Performance

The Group's operating revenue grew to a record S$13.14 billion, compared to S$12.62 billion in the previous year.

Operational EBITDA was 4.2 per cent lower at S$4.47 billion, reflecting increased contributions from lower margin businesses and the continuing competitive and pricing pressures in Australia.

Net profit attributable to shareholders was up 27 per cent to S$4.16 billion, driven by the strong performance of our associates and higher exceptional gains. Underlying net profit improved 7.7 per cent to S$3.30 billion, with our associates contributing a substantial 37 per cent or S$1.21 billion.

Underlying earnings per share was 19.77 cents, up 11 per cent. The increase was attributable to our better operational performance and a smaller capital base following the completion of the capital reduction exercise in September 2004.

Our robust results reflected our broad-based strengths in the markets that we operate. Our Singapore business continued to generate healthy cash flow. In Australia, Optus was yet again able to outperform the industry in intensely competitive market conditions and a declining profit environment.

Our regional investments, including those in high-growth markets like India and Indonesia, remained a key contributor to the Group's earnings. Together, our five regional mobile associates contributed S$1.57 billion to the Group's pre-tax earnings for the year, up 32 per cent. Dividends from these associates also grew strongly, by 67 per cent or S$202 million, to S$505 million.

Realising our Strategic Goals

Our consistent performance clearly demonstrates that the four key strategic priorities we have adopted – lead in Singapore, grow in Australia, partner across Asia and innovate for the future – are providing the right impetus for our present and future growth. During the year, we made further progress towards these goals.

Staying Ahead in Singapore

Our Singapore business performed well in an increasingly saturated market. We remained the industry leader and responded to the challenging business environment by constantly innovating and improving our services to give better value to our customers.

We were the first to launch 3G in Singapore and continued to lead the 3G market during the year. As at 31 March 2006, we had about 130,000 3G subscribers who are enjoying a range of value-added services. The launch of 3GTV has also enhanced the range and depth of our 3G content.

Our mobile subscriber base topped 1.66 million, up from 1.57 million a year ago, while our compelling broadband plans attracted more users.

Growth in IT and engineering services gained momentum as our wholly-owned subsidiary, NCS, signed up more customers and expanded to new markets. It also opened a new office in Bahrain. Major government contract wins during the year, including the National Service portal for the Singapore Ministry of Defence and an application processing system for the Hong Kong SAR Government's Immigration Department, attested to NCS' vast expertise in e-government initiatives.

Leading Challenger in Australia

Optus continued to reassert its competitive position and gain market share even as it attacked its cost base and invested for growth in the face of fierce competition.

As the leading challenger in the Australian market, Optus embarked on aggressive promotional campaigns and offered compelling plans to retain and win customers. As a result, its mobile subscriber base grew to 6.49 million, translating to a 33 per cent market share, and its broadband base rose 54 per cent to 546,000.

Optus purchased a 74.15 per cent stake in Virgin Mobile Australia Pty Limited for A$30 million in January 2006, increasing its shareholding in the company to 100 per cent. Optus plans to use the popular Virgin Mobile brand to boost its menu of mobile offerings.

In November 2005, Optus also invested A$26 million to acquire Alphawest, an Information and Communications Technology ("ICT") provider. The acquisition enhances Optus' capability to offer a full suite of IT and telecommunications services to its business clients. It has also placed Optus among the top 10 ICT service providers in Australia.

Building our Presence in the Region

We have strengthened our presence in the region, increasing our shareholding in Bharti to 31 per cent. We also acquired a 45 per cent stake in Pacific Bangladesh Telecom, a mobile service provider in Bangladesh, for US$118 million in June 2005.

With the acquisition, we now have regional mobile associates in five markets – AIS in Thailand, Bharti in India, Globe in the Philippines, Pacific Bangladesh Telecom in Bangladesh and Telkomsel in Indonesia.

As at 31 March 2006, SingTel, Optus and our five regional mobile associates served 85 million mobile subscribers – the largest mobile base in Asia outside China.

During the year, SingTel played a key role in expanding the Bridge Mobile Alliance network by inviting telecommunications players and telecommunications- and IT-related companies to join the alliance. Formed in 2004, Bridge Mobile Alliance is Asia Pacific's leading mobile alliance comprising eight telecommunications members – Bharti (India), CSL (Hong Kong), Globe (Philippines), Maxis (Malaysia), Optus (Australia), SingTel Mobile (Singapore), Taiwan Mobile (Taiwan) and Telkomsel (Indonesia).

The alliance has since welcomed 10 Associate Members, including Hewlett-Packard, Motorola and Nokia. Together with its eight member operators, the total membership base stands at 18.

Innovating for Future Success

To harness the creativity and promote innovation within the Group, a new unit called SingTel Group Innovations ("SGI") was created in January 2006. SGI is a concrete example of how the Group is mobilising staff resources and entrusting them to generate new ideas that can hone our competitive edge.

Maintaining a Sound Financial Position

We are committed to making the best use of our capital resources to maintain an efficient capital structure. For the year, the Group's Return on Invested Capital improved from 16.2 per cent to 17.2 per cent.

We continued to focus on our core telecommunications business and to divest our non-core assets. We further reduced our stake in Singapore Post ("SingPost") by almost 5.0 per cent to 25.9 per cent, and divested some properties.

The Board is proposing to return S$2.3 billion to shareholders by way of a capital reduction. The capital reduction will involve the cancellation of approximately 5.0 per cent of SingTel's total issued share capital and a payout of S$2.74 for each share cancelled. For the majority of shareholders, this would mean one share cancelled for every 20 shares held. The exercise will improve shareholder returns without compromising our ability to make new investments.

In the light of our strong earnings and robust cash flow, the Board is also recommending a 25 per cent increase in final gross dividend for the year to 10 cents per share, amounting to S$1.7 billion.

In total, we are returning S$4.0 billion to shareholders. The Group's financial position remains strong after the payout with sufficient flexibility for further investments.

Reorganising to Focus on Key Businesses

During the year, we restructured the Company to more closely align ourselves to our key businesses, namely, Singapore, Australia and International. The new organisation structure, which came into effect in February 2006, sharpens our customer focus and improves our competitiveness.

Two new leadership positions have been created – Chief Executive Officer ("CEO") (Singapore) and CEO (International). Allen Lew, formerly Managing Director of Optus Consumer, has assumed the position of CEO (Singapore). Chua Sock Koong has been appointed CEO (International) while continuing in her current role as Group Chief Financial Officer ("CFO"). Paul O'Sullivan remains as CEO Optus. All three senior executives report to Group CEO, Lee Hsien Yang.

We have also reduced management layers, thus cutting bureaucracy and increasing the span of control of our managers.

To deliver our strategic goals, it is equally important for us to develop and retain talent in our organisation. Our SingTel-INSEAD Leadership Development Programme is one of our many initiatives designed to nurture future leaders who will keep the Company on course for the long term.

Good Corporate Governance

SingTel's high standards of corporate governance and transparency have won praises and recognition during the year.

At the Singapore Corporate Awards 2006, we garnered Gold Awards for 'Best Managed Board' and 'Best Investor Relations', while CEO (International) & Group CFO, Chua Sock Koong, was named 'CFO of the Year'.

For the third year running, we were voted winner of the 'Singapore Corporate Governance Award' and 'Most Transparent Company' by Securities Investors Association (Singapore).

Prospects for the Year Ahead

Going forward, we aspire to deliver double-digit earnings growth.

Our Singapore business is likely to produce free cash flow and operating revenue that are comparable with those for the financial year 2006. In Australia, Optus is investing now to outperform the market in the medium term. Our regional mobile associates should continue to deliver double-digit earnings growth, driving similar growth in the overall contribution from our associates. Cash dividends from our associates are also expected to increase.

Acknowledgements

I thank our Board of Directors, Group CEO, senior management team, union and staff for their commitment and dedication to the Group during the past year.

In particular, I would like to thank Mr Jackson Peter Tai who will be stepping down from the Board at this year's Annual General Meeting. He joined the SingTel Board in November 2000 and has contributed greatly to the Board over the years.

On behalf of my fellow Directors, I also thank our customers, shareholders, investors and business partners for their support.

With a stronger team and new efforts to enhance innovation and creativity within the Group, I am confident that we will succeed in our vision to become Asia Pacific's best communications group.

Chumpol NaLamlieng
Chairman

Board of Directors

Chumpol NaLamlieng
Chairman

Mr NaLamlieng, 59, is a non-executive and independent Director of SingTel. He was appointed a Director on 13 June 2002 and Chairman on 29 August 2003. Mr NaLamlieng was last re-elected as a Director on 29 July 2004.

Mr NaLamlieng is Member of the Board of Directors and Chairman of the Management Advisory Committee of The Siam Cement Public Co., Ltd. ("Siam Cement"). He was President of Siam Cement for 12 years before stepping down in December 2005. His career with Siam Cement spans more than 30 years. Prior to that, he worked with Thai Investment and Securities Co., Ltd., and International Finance Corporation, a member of The World Bank Group.

Mr NaLamlieng is also a non-executive Director of British Airways Plc. and a member of the Executive Committee to the World Business Council for Sustainable Development.

He is a former Director of Phoenix Pulp and Paper Public Co., Ltd., SembCorp Industries Ltd. and The Industrial Finance Corporation of Thailand.

Mr NaLamlieng was conferred the Royal Decoration, Knight Grand Commander (Second Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao, Thailand in May 2002 and the Officier de l'Ordre National du Mérite, France in July 2004. He holds a Bachelor of Science (Mechanical Engineering) from the University of Washington, USA and a Master of Business Administration from Harvard Business School, USA.

Graham John Bradley
Mr Bradley, 57, is a non-executive and independent Director of SingTel. He was appointed a Director on 24 March 2004 and was last re-elected on 29 July 2004.

Mr Bradley is a professional company director and is also involved in various philanthropic pursuits. He practised law

(Left to right) Top row: Chumpol NaLamlieng, Graham John Bradley, Paul Chan Kwai Wah, Heng Swee Keat, Simon Israel.
Bottom row: Professor Tommy Koh, Lee Hsien Yang, John Powell Morschel, Deepak S Parekh, Jackson Peter Tai, Nicky Tan Ng Kuang.

for six years in Australia and USA before joining McKinsey & Company in 1978. He was a Senior Partner of McKinsey & Company from 1984 to 1991, National Managing Partner of Blake Dawson Waldron from 1991 to 1995, and CEO of Perpetual Trustees Australia Limited from 1995 to 2003.

Mr Bradley is Chairman of HSBC Bank Australia Limited, Stockland Corporation Limited, Film Finance Corporation Australia Limited, Po Valley Energy Limited and Proteome Systems Limited, and a Director of MBF Australia Limited. He is also Chairman of the Garvan Research Foundation and Sydney Community Foundation, and a Director of Brandenburg Ensemble Limited. He is a former Director of Queensland Investment Corporation.

Mr Bradley holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney and a Master of Laws from Harvard Law School, USA.

Paul Chan Kwai Wah

Mr Chan, 52, is a non-executive and independent Director of SingTel. He was appointed a Director on 19 November 1999 and was last re-elected on 29 July 2004.

Mr Chan stepped down as Senior Vice President and Managing Director of Hewlett-Packard Asia Pacific Pte Ltd with effect from 1 May 2006. He spent almost 28 years in Hewlett-Packard, including seven years with Compaq Computer Asia Pacific Pte Ltd.

He is a former Director of Hewlett-Packard Asia Pacific Pte Ltd, Hewlett-Packard (China) Investment Ltd., Hewlett-Packard Singapore Pte Limited, Compaq Holdings Pte Ltd, Compaq Ventures Pte Ltd, Noel Gifts International Limited and the Singapore Economic Development Board.

Mr Chan holds a Bachelor of Science (Physics) from the University of Singapore and a Diploma in Marketing from The Chartered Institute of Marketing (UK). He also attended the Advanced Management Programme at the University of Hawaii. He is a member of The Chartered Institute of Marketing (UK), Marketing Institute of Singapore and Singapore Institute of Directors, and a Senior Member of the Singapore Computer Society.

Heng Swee Keat

Mr Heng, 45, is a non-executive and independent Director of SingTel. He was appointed a Director on 4 July 2003 and was last re-elected on 29 July 2005.

Mr Heng is the Managing Director of the Monetary Authority of Singapore. He began his career in the Singapore Police Force where he was Assistant Commissioner of Police. He then served as Director of Higher Education at the Ministry of Education.

Mr Heng joined the Singapore Administrative Service in 1997 and was appointed Principal Private Secretary to the Senior Minister from 1997 to 2000. He was appointed Deputy Secretary at the Ministry of Trade and Industry in 2000 and CEO of the Trade Development Board in 2001. He was Permanent Secretary at the Ministry of Trade and Industry from November 2001 to April 2005. He is a former Director of Singapore Food Industries Limited.

Mr Heng was conferred the Public Administration Medal (Gold) at the Singapore National Day Awards 2001. He holds a Bachelor of Arts from the University of Cambridge, UK and a Master of Public Administration from Harvard University, USA.

Simon Israel

Mr Israel, 53, is a non-executive and non-independent Director of SingTel. He was appointed a Director on 4 July 2003 and was last re-elected on 29 July 2005.

Mr Israel is Chairman, Asia Pacific of Danone Asia and a member of the Executive Committee of Group Danone. He held various positions in Sara Lee Corporation in the Asia Pacific region, including Country Manager/Zone Manager for Indonesia, the Philippines, the South Pacific and Thailand, from 1974 to 1991, before becoming President (Household & Personal Care), Asia Pacific from 1992 to 1996. Mr Israel will step down as Asia Pacific Chairman of the Danone group to take up an appointment as Executive Director of Temasek Holdings (Private) Limited with effect from 1 July 2006.

Mr Israel is Chairman of the Singapore Tourism Board, and a Director of Temasek Holdings (Private) Limited, Britannia Industries Ltd and Yakult Honsha Co., Ltd.

He is a former Director of Danone Asia Pte Ltd, Danone Food & Beverages India Pvt Ltd, Frucor Beverages Group Limited, Griffins Foods Pte Ltd, Hangzhou Wahaha Food Co. Ltd., PT Tirta Investama, Wuhan Dongda Brewery Co. Ltd, Wuhan Euro Dongxibu Brewery Co. Ltd, Wuhan Xingyingge Brewery Co. Ltd and Yeo Hiap Seng Ltd.

Mr Israel holds a Diploma in Business Studies from The University of the South Pacific.

Professor Tommy Koh

Professor Koh, 68, is a non-executive and independent Director of SingTel. He was appointed a Director on 4 July 2003 and was last re-elected on 29 July 2005.

Professor Koh is one of Singapore’s senior diplomats. He is an Ambassador-at-Large at the Ministry of Foreign Affairs, Chairman of the Institute of Policy Studies, National Heritage Board and Chinese Heritage Centre, and a Director of The Esplanade Co. Ltd.

Over the course of his career, Professor Koh has served as Dean, Faculty of Law at the National University of Singapore, Singapore's Permanent Representative to the United Nations and Singapore's Ambassador to USA. He was the founding Chairman of the National Arts Council and the founding Executive Director of the Asia-Europe Foundation.

He was also Singapore's Chief Negotiator for the USA-Singapore Free Trade Agreement. Professor Koh has served as the United Nations' Special Envoy to Russia, Estonia, Latvia and Lithuania. He was also Singapore's Agent in a dispute between Singapore and Malaysia over Singapore's land reclamation in the Straits of Johor, which was settled amicably. Professor Koh is a former Director of DBS Group Holdings Ltd.

In recognition of his contributions, Professor Koh has received awards from the Governments of Singapore, Chile, France, Finland, Luxembourg, Netherlands, Spain and USA. He has also received academic awards from universities around the world.

Professor Koh holds a Bachelor of Laws (First Class Honours) from the National University of Singapore, Master of Laws from Harvard University, USA, a post-graduate Diploma in Criminology from the University of Cambridge, UK, and Honorary Degrees of Doctor of Laws from Yale University, USA and Monash University, Australia.

Lee Hsien Yang

Group Chief Executive Officer

Mr Lee, 48, is an executive and non-independent Director of SingTel. He was appointed a Director on 1 May 1995 and was last re-elected on 29 August 2003.

Mr Lee joined SingTel in April 1994 as Executive Vice President (Local Services) and has served as its CEO since May 1995.

He is Chairman of the Board of Governors of Republic Polytechnic, a member of the Governing Board of the Lee Kuan Yew School of Public Policy, and a Director of Singapore Post Limited, Singapore Exchange Limited and INSEAD, France.

Mr Lee is a former Chairman of the Board of Singapore Science Centre, and a former Director of MediaCorp Press Limited and the Land Transport Authority.

Mr Lee is a graduate of the University of Cambridge, UK and has a Master of Science (Management) from Stanford University, USA.

John Powell Morschel

Mr Morschel, 63, is a non-executive and independent Director of SingTel. He was appointed a Director on 14 September 2001 and was last re-elected on 29 July 2004.

Mr Morschel is Chairman of Rinker Group Limited, and a non-executive Director of ANZ Banking Group Limited and Tenix Pty. Ltd. Prior to his present appointment, he was an Executive Director and then Managing Director and Chief Executive of Lend Lease Corporation Limited.

Mr Morschel was Chairman of CSR Limited and Leighton Holdings Limited. He is also a former Director of Westpac Banking Corporation, Rio Tinto plc and Rio Tinto Limited.

Mr Morschel holds a Diploma in Quantity Surveying from The University of New South Wales. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Deepak S Parekh

Mr Parekh, 61, is a non-executive and independent Director of SingTel. He was appointed a Director on 31 May 2004 and was last re-elected on 29 July 2004.

Mr Parekh is Chairman of Housing Development Finance Corporation Limited ("HDFC") in India. He joined HDFC in 1978 and was its Managing Director from 1985 until he assumed his present office in 1993.

Mr Parekh is the non-executive Chairman of GlaxoSmithKline Pharmaceuticals Ltd. (formerly known as Glaxo India Ltd.), HDFC Asset Management Company Ltd., HDFC Chubb General Insurance Company Ltd., HDFC Standard Life Insurance Company Ltd., Siemens Ltd. and Infrastructure Development Finance Company Ltd. He sits on the Boards of Castrol BP India, Hindustan Lever, Indian Hotels Company and Mahindra & Mahindra.

Mr Parekh is a former Director of ICI India Ltd, National Housing Bank, National Thermal Power Corporation Ltd and The Dharamsi Morarji Chemical Company Limited. He has also been a member of various committees set up by the Government of India to examine policy issues.

Mr Parekh has received several awards, including the Padma Bhushan from the Government of India in 2006, the Businessman of the Year 1996 from Business India and the JRD Tata Corporate Leadership Award from the All India Management Association. He was also the first recipient of the Qimpro Platinum Award for Quality for his contributions to the services sector and the youngest recipient of the prestigious Corporate Award for Life Time Achievement from the Economic Times.

Mr Parekh holds a Bachelor of Commerce from Sydenham College of Commerce & Economics, Mumbai. He is a Chartered Accountant and a member of The Institute of Chartered Accountants in England & Wales.

Jackson Peter Tai

Mr Tai, 55, is a non-executive and independent Director of SingTel. He was appointed a Director on 8 November 2000 and was last re-elected on 29 July 2004.

Mr Tai is Vice Chairman and CEO of DBS Bank Ltd and DBS Group Holdings Ltd. He joined DBS in 1999 as CFO and was appointed President and Chief Operating Officer in 2001. Prior to joining DBS, Mr Tai was a Managing Director at the Investment Banking Division of J.P. Morgan & Co. and held several senior management posts, including senior officer for the Asia Pacific region and senior officer for the Western USA.

Mr Tai sits on the Boards of DBS Bank Ltd, DBS Group Holdings Ltd and CapitaLand Limited.

He is a former Director of several companies, including Bank of the Philippine Islands, Jones Lang LaSalle Incorporated, K1 Ventures Limited and Singapore Productivity & Standards Board.

Mr Tai holds a Bachelor of Science from Rensselaer Polytechnic Institute, USA and a Master of Business Administration from Harvard University, USA.

Nicky Tan Ng Kuang

Mr Tan, 47, is a non-executive and independent Director of SingTel. He was appointed a Director on 12 March 2002 and was last re-elected on 29 July 2005.

Mr Tan currently manages nTan Corporate Advisory Pte Ltd, a boutique firm specialising in corporate finance and corporate restructuring. He is also a Director of Fraser & Neave Limited.

Mr Tan was a Partner and Head of Global Corporate Finance at Arthur Andersen, Singapore and ASEAN region from 1999 to 2001. Prior to that, he was a Partner and Head of Financial Advisory Services at Price Waterhouse, Singapore and Chairman of Financial Advisory Services at PricewaterhouseCoopers, Asia Pacific region. He was engaged in audit work from 1978 to 1988.

Mr Tan is a Chartered Accountant and a member of The Institute of Chartered Accountants in England & Wales. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Singapore.

Senior Management

(Left to right)
Top row: Lee Hsien Yang, Chua Sock Koong, William Hope.
Middle row: Allen Lew Yoong Keong, Lim Chuan Poh, Lim Eng.
Bottom row: Ng Yoke Weng, Paul O'Sullivan.

Senior Management

SingTel's Management Committee comprises eight senior executives whose biographical details are as follows:

Lee Hsien Yang

Group Chief Executive Officer
SingTel

Mr Lee, 48, joined SingTel in April 1994 as Executive Vice President (Local Services) and has served as its CEO since May 1995. He is Chairman of the Board of Governors of Republic Polytechnic, a member of the Governing Board of the Lee Kuan Yew School of Public Policy, and a Director of Singapore Post Limited, Singapore Exchange Limited and INSEAD, France. Mr Lee is a graduate of the University of Cambridge, UK and has a Master of Science (Management) from Stanford University, USA.

The following are in alphabetical order:

Chua Sock Koong

Chief Executive Officer (International) &
Group Chief Financial Officer
SingTel

Ms Chua, 48, joined SingTel in June 1989 as Treasurer. She has served as CFO since April 1999. In February 2006, Ms Chua was appointed to lead the international team while continuing in her capacity as Group CFO. As CEO (International), she is responsible for driving SingTel's strategic acquisitions and international business as well as the growth of SingTel's regional associates and NCS, its IT business arm. As Group CFO, she has overall responsibility for the financial affairs of the Group, including treasury and risk management. She also oversees the Group's corporate communications, corporate development, information systems, investor relations, and legal and secretariat activities. Ms Chua holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and a Chartered Financial Analyst.

William Hope

Executive Vice President (Networks)
SingTel

Mr Hope, 56, joined SingTel in October 2000. He was appointed Executive Vice President (Networks) in August 2003. Mr Hope leads and oversees the development and maintenance of an integrated and centrally-managed communications network infrastructure – one that leverages the Group's scale and scope to improve its strategic cost position and shape an enhanced experience for the customer. Before joining SingTel, Mr Hope was Chief Technical Officer with Cable & Wireless Optus in Australia where he was responsible for its local, long distance, mobile, Internet and satellite networks. He holds a Bachelor of Science (First Class Honours) from The University of Western Australia.

Allen Lew Yoong Keong

Chief Executive Officer (Singapore)
SingTel

Mr Lew, 51, was appointed CEO (Singapore) in February 2006 with responsibility for the overall development and performance of SingTel's business in Singapore, including Consumer, Business and Networks. Mr Lew joined SingTel in November 1980. He has served in various management positions before becoming CEO (Singapore), having been Chief Operating Officer of Advanced Info Service Public Company Limited – SingTel's mobile associate in Thailand, Chief Operating Officer of Singapore Telecom International Pte Ltd and Managing Director of Optus Consumer. Mr Lew holds a Bachelor of Electrical Engineering from The University of Western Australia and a Master of Science (Management) from the Massachusetts Institute of Technology, USA.

Lim Chuan Poh

Executive Vice President (Strategic Investments)
SingTel

Mr Lim, 51, joined SingTel in October 1998. He was appointed Executive Vice President (Strategic Investments) in February 2006. He oversees the performance of SingTel's regional assets and spearheads growth for the Group by pursuing opportunities for strategic investments globally. Mr Lim is also Chairman of Bridge Mobile Pte Ltd and a member of the GSM Association Board. He was previously Executive Vice President (Consumer Business) and had also held other senior roles in SingTel, including Executive Vice President (Corporate Business). Mr Lim has extensive managerial experience in the public sector and was Deputy Secretary at the Ministry of Communications prior to joining SingTel. He holds a Bachelor of Engineering Science (Honours) from Balliol College, University of Oxford, UK and a Master in Public Health Engineering from Imperial College of Science and Technology, University of London.

Lim Eng

Group Director (Human Resource)
SingTel

Mr Lim, 50, joined SingTel in September 1980. He was appointed Group Director (Human Resource) in September 2003 and oversees the development of human resource across the Group, including NCS and Optus. Prior to his current appointment, Mr Lim had key responsibilities for Corporate Products and the General Business Group. He was also President of New Century Infocomm Tech Co., Ltd., SingTel's associate in Taiwan. Mr Lim holds a Bachelor of Engineering (Electrical) from the University of Singapore and a Master of Science (Management) from the Massachusetts Institute of Technology, USA.

Ng Yoke Weng

Group Chief Information Officer
SingTel

Mr Ng, 50, joined SingTel in May 1997 as Chief Information Officer. He assumed the redesignated position of Group Chief Information Officer in May 2003 following the successful integration and consolidation of the IT systems of SingTel in Singapore and Optus in Australia. Mr Ng is responsible for planning, developing and managing the Group's IT infrastructure and information systems to ensure quality service delivery and operational efficiency. He holds a Bachelor of Electrical Engineering (First Class Honours) from the University of Canterbury, New Zealand.

Paul O'Sullivan

Chief Executive Officer
Optus

Mr O'Sullivan, 45, was appointed to lead Optus in September 2004. He is responsible for all aspects of the performance and operations of Optus in Australia. Prior to his current appointment, he served as Chief Operating Officer for three years, following the acquisition of Optus by SingTel in 2001. Mr O'Sullivan joined Optus as Retail Marketplace Manager in its Business Division in 1996 and became Managing Director of its Mobile Division in 1998. Before Optus, he had spent 11 years in various management roles with the Royal Dutch Shell Group. Mr O'Sullivan holds a Bachelor of Arts (Moderatorship) in Economics (First Class) from Trinity College, The University of Dublin and is a graduate of the Harvard Business School's Advanced Management Programme.

Organisation Structure

Group Chief Executive Officer

Chief Executive Officer Singapore

- Business
- Consumer
- Corporate Brand Marketing
- Networks
- Regulatory and Interconnect Strategy
- Singapore Telco Strategy
- SingTel Global Offices
- Wholesale

Chief Executive Officer International & Group Chief Financial Officer

- Corporate Communications
- Corporate Development
- Corporate Finance
- Information Systems
- Investor Relations
- Legal and Secretariat
- NCS
- Strategic Investments
- Tax Planning and Compliance
- Treasury

Business
- Serves all corporate and small and medium-sized enterprise accounts in and outside Singapore
- Offers voice, data, Internet and IT solutions

Consumer
- Principal product line responsibilities are mobile, broadband, fixed-line solutions and payphones, while customer-fronting units focus on the consumer market in Singapore
- Offers services such as national and international voice, mobile and paging communications, Internet access, equipment sales and broadband capacity
- Manages SingTel's customer service centres and retail outlets, including SingTel's *hello!* shops and channel partners

Corporate Brand Marketing
- Guardian of the SingTel brand
- Leads brand strategy through brand-building initiatives that support SingTel's continued and sustained growth
- Supports delivery of the brand across marketing disciplines

Networks
- Manages the technology selection, engineering development and operations of the national fixed-line and mobile telecommunications networks in Singapore

Regulatory and Interconnect Strategy
- Manages regulatory and interconnect policy, economic regulation, compliance and industry liaison for the Group in Singapore
- Acts as the single point of interface with the telecommunications and broadcast regulatory authorities and other government/regulatory agencies

Singapore Telco Strategy
- Drives strategy formulation for value creation of the Singapore Telco business

SingTel Global Offices
- Manages a network of SingTel Global Offices in Asia, Europe and USA to provide expanded reach and offer high quality, seamless services that best meet the demands of customers across all regions

Wholesale
- Manages all voice and data businesses with international carriers
- Manages the wholesale business in Singapore

NCS
- Provides IT and communications engineering solutions for customers in the Asia Pacific region

Strategic Investments
- Supports the growth objectives of SingTel's business groups through strategic investments in the region

Support Units
- Formulates and executes the Group's overall strategy and policies, and supports high standards of corporate governance which are critical to maintaining investors' trust and confidence in the SingTel Group
- Manages corporate affairs and financial matters, including legal, corporate communications, media and investor relations, treasury, financial structure and tax planning
- Supports the Group's businesses with quality IT solutions

Audit Committee

Chief Executive Officer Optus

- Optus Business
- Optus Consumer
- Optus Small and Medium Business
- Optus Wholesale and Satellite
- Networks
- Virgin Mobile Australia
- Support Units

Group Director Human Resource

- Labour Management Relations
- Learning and Organisation Development
- Performance Management
- Recruitment
- Rewards and Benefits

Vice President Audit

Optus Business
- Provides services to corporate and government clients

Optus Consumer
- Offers services and products to Australian consumers, including mobile, long distance and local telephony, and high-speed Internet access

Optus Small and Medium Business
- Meets the telecommunications needs of small and medium businesses in Australia

Optus Wholesale and Satellite
- Provides services and capacity to other telecommunications and communications companies
- Manages Optus' satellite business

Networks
- Manages the technology selection, engineering development and operations of the national fixed-line and mobile telecommunications networks in Australia

Virgin Mobile Australia
- A wholly-owned subsidiary that operates a virtual mobile network using Optus' mobile infrastructure

Support Units
- Support functions include Corporate Marketing, Corporate and Regulatory Affairs, Finance, Human Resources, Information Technology, Organisational Renewal, and Strategy and Corporate Development

Human Resource
- Provides business support, and formulates and implements human resource policies and practices across the Group

Audit
- Assists the Board in promoting sound risk management and good corporate governance through assessing the adequacy and effectiveness of internal controls relating to the Group's key business and operational processes in areas set forth in the audit plan
- Reports to the Audit Committee on significant issues relating to the risk management, internal controls and governance processes and the resolution of these issues
- Provides advisory and internal consulting services to the Group's Management to enhance risk management, internal controls and governance processes

Operating and Financial Review

Contents

Overview

SingTel was incorporated in March 1992 and became a public company in October 1993. The Company was listed on the Singapore Exchange ("SGX") in November 1993.

SingTel is majority owned by Temasek Holdings (Private) Limited which owns 56.5 per cent of SingTel's issued share capital. The rest of the shares are in public hands.

The principal operations of SingTel are in Singapore and Australia. The SingTel Group has subsidiaries that are engaged in activities such as the provision of mobile phone, Internet, IT and consultancy services, and the sale of telecommunications equipment.

SingTel was listed on the Australian Stock Exchange ("ASX") in September 2001 when it acquired Optus, the second largest communications provider in Australia.

SingTel also has interests in several other communications companies outside Singapore, including AIS in Thailand, Bharti in India, Globe in the Philippines, Pacific Bangladesh Telecom in Bangladesh and Telkomsel in Indonesia.

Today, SingTel is the largest company listed on the SGX with a market capitalisation of S$44 billion (US$27 billion) as at 31 March 2006, and offers investors an opportunity to own part of a truly regional communications group with operations and investments in more than 20 countries and territories.

SingTel Group Structure

SingTel

Major Subsidiaries

Singapore

- Singapore Telecom Mobile Pte Ltd *("SingTel Mobile")*
- SingNet Pte Ltd *("SingNet")*
- Telecom Equipment Pte Ltd *("Telecom Equipment")*
- NCS Pte. Ltd. *("NCS")*

Overseas

- SingTel Optus Pty Limited *("Optus")*

Major Associates and Joint Ventures

Singapore

- Singapore Post Limited *("SingPost")*

Overseas

- Advanced Info Service Public Company Limited *("AIS")*
- Bharti Airtel Limited *("Bharti")*
- Globe Telecom, Inc. *("Globe")*
- Pacific Bangladesh Telecom Limited *("Pacific Bangladesh Telecom")*
- PT Telekomunikasi Selular *("Telkomsel")*
- New Century Infocomm Tech Co., Ltd. *("NCIC")*
- Network i2i Limited *("i2i")*
- Southern Cross Cable Holdings Limited *("Southern Cross")*

Note:
Please refer to Note 45 to the Financial Statements on page 165 for the comprehensive list of companies in the Group.

Vision, Mission and Strategies

SingTel's vision is to be Asia Pacific's best communications group. Our mission is to break barriers and build bonds so that we make communications easier, faster, more economical and more reliable for individuals and businesses. At the same time, we want to create and deliver value to our customers, business partners, shareholders and employees.

To achieve our vision and mission, we have adopted five strategic goals:

- **Lead in Singapore** – We will maintain our leadership position in Singapore by continuing to focus on growing usage, providing enhanced services to our customers and leveraging our strong brand equity.
- **Grow in Australia** – We will continue to grow our market share in Australia through Optus, which is the leading challenger to the incumbent telecommunications operator. Optus aims to achieve revenue growth and margin improvements. To reach these goals, Optus will deliver a simple, innovative and reliable experience to customers, ensure cost leadership in target markets, strengthen its 'challenger' culture and leverage the scale of the SingTel Group as a whole.
- **Partner across Asia** – We will expand our regional franchise across Asia Pacific. Our focus is on executing and maximising the value of our existing businesses

***Left:** As the number-one telecommunications service provider in Singapore, we remain committed to offering our customers the best value and the most innovative communications solutions to meet their diverse and changing needs.*

***Top:** Optus is the second largest communications company in Australia and is focused on capturing market share, stimulating revenue and achieving scale for continuous growth.*

and regional partnerships. This includes reviewing opportunities to increase our shareholdings in existing associates and the flexibility to consider new investments, if they make sense both strategically and financially.

The geographic focus will remain in Asia Pacific, with a preference for strategic investments where we can add value by taking an active role in management and where such investments can be funded from internal cash flow generation.

- **Connect Asia** – Our network of SingTel Global Offices and extensive infrastructure have allowed us to deliver reliable and quality network solutions to our customers. We will enhance our service and network infrastructure to better serve our customers throughout Asia Pacific.

- **Innovate for the Future** – We will enhance our position as an integrated provider of wireline and wireless services for consumers and businesses by providing innovative communications solutions to meet their evolving needs, and nurturing our human and intellectual capital to achieve organisational excellence.

We measure our progress in realising our vision and mission by delivering sustainable shareholder value, maximising customer satisfaction and being an employer of choice.

Bottom: *We work closely with our partners across Asia so as to maximise the value of our existing businesses and regional partnerships as well as to sustain our growth.*

Top: *Our customers enjoy unparalleled reach across the globe with our advanced and extensive telecommunications infrastructure, and worldwide network of 37 SingTel Global Offices.*

Business in Singapore

We continue to be the leading telecommunications service provider in Singapore. Despite the fiercely competitive market, we gained 94,000 new mobile customers year-on-year and increased our total mobile subscriber base to 1.66 million. Our broadband business also performed well, with the number of broadband lines rising 18 per cent to 352,000. In IT and communications engineering, our wholly-owned subsidiary, NCS, maintained its steady revenue growth by creating and delivering value to its customers.

Mobile Services

During the year, we continued to build on our value propositions.

In response to a growing prepaid mobile market, we launched a series of innovative prepaid mobile features aimed at bringing the most compelling value to our customers.

With *Free Sunday Calls* and *Free Outgoing Calls Everyday* – the first of their kind in Singapore – new and existing prepaid mobile customers can enjoy free outgoing local calls everyday. Customers also benefited from more free calls with the launch of *Free Incoming Calls* and *Free International Direct Dialling ("IDD") v019 Calls* to 13 destinations.

We were also the first to introduce the lowest prepaid card value in the market – the S$10 Prepaid Card. The card gives greater value to customers as they need only pay S$8 to receive S$10 worth of calls.

In addition, holders of the *Kababayan Card* – a co-brand prepaid mobile card with our regional mobile associate, Globe – became the first prepaid card users in Singapore to enjoy free IDD calls to Globe customers in the Philippines.

Opposite page & right:
We constantly add value to our mobile services to cater to the needs of our customers. Among the new mobile features that we launched during the year were free outgoing local calls everyday for our prepaid mobile users.

Our focus on adding value to our prepaid mobile services has provided us with a stronger competitive positioning. As at 31 March 2006, we had 456,000 prepaid mobile subscribers.

The year also saw the availability of a 2-in-1 Subscriber Identity Module ("SIM") card where customers have the flexibility of making calls and sending Short Message Service ("SMS") through either of two mobile numbers with just one SIM card and one mobile phone.

In line with our efforts to promote mobile commerce, we partnered the Land Transport Authority to launch *Easi-ERP* during the year. *Easi-ERP* is an electronic payment service that allows customers to conveniently pay their outstanding Electronic Road Pricing ("ERP") charges through their SingTel Mobile bills and enjoy a lower ERP administrative fee at the same time.

We believe that protecting mobile users, especially minors, from inappropriate mobile content is good business practice. As a socially responsible organisation, SingTel – together with two local telecommunications service providers – developed and launched a voluntary code in March 2006 to self-regulate mobile content in Singapore. The code provides a common framework for the development and marketing of mobile content and is guided by the principle that such content should be consistent with material that is available to the general public on an unrestricted basis from other mainstream media.

Forging Ahead with 3G

Since the launch of our 3G service in February 2005, our 3G subscriber base has been growing steadily. Today, we lead the market with about 130,000 3G customers who are responding positively to our range of value-added services that include video calls at voice rates, cheaper data charges and free video streaming. We continue to offer the most extensive 3G roaming coverage to our mobile customers in Singapore. The popularity of our 3G service attests to how it is boosting mobile communications and making information and entertainment more accessible.

***Left:** Since we started our 3G service in February 2005, our customers have been responding positively to our range of value-added services. As at end-March 2006, we led the market with approximately 130,000 3G customers.*

***Top:** SingTel was the official telecommunications company, Internet Service Provider and Internet Data Centre of the World Cyber Games held in Singapore in November 2005.*

Operating and Financial Review

We are able to offer roaming to virtually anywhere in the world with our 3G roaming service to Japan and Korea which do not use 2G Global System for Mobile communications ("GSM") networks. Using a single tri-band 3G handset, mobile users can remain contactable on their mobile numbers even when they travel to USA, Japan and Korea.

We brought more value and convenience to our 3G customers when we introduced Singapore's first large capacity 3G SIM card with 128 kilobytes of memory. Called *SIM1000*, the card can store up to 1,000 first-number contacts (i.e., up to four times the number of phone contacts that can be stored in a typical SIM card with 64 kilobytes of memory), 1,000 second-number contacts and 250 email entries, and comes at an affordable price.

Yet another first was achieved when we secured a pre-album screening of artiste Stefanie Sun's music video 'A Perfect Day' ('Wan Mei De Yi Tian') from Warner Music Singapore on our *musicVibes* portal before its general release. SingTel's 3G customers were the first to catch the music video on their 3G handsets for free.

Launched in May 2005, *musicVibes* is enhancing the lifestyles of our customers by enabling them to use their mobile phones as portable music devices to browse their favourite songs, preview, purchase and download music content and ringtones.

In July 2005, SingTel – as an Official Sponsor of the 117th International Olympic Committee Session held in Singapore – provided 'live' 3G video streaming of the presentations by candidate cities, namely, Paris, New York, Moscow, London and Madrid, and the results of the vote. Our 3G customers were among the first in the world to watch, on their 3G handsets, United Kingdom win the right to host the 2012 Summer Olympics.

Left: *Our no-frills broadband packages, coupled with their affordability and excellent value, had attracted more online users and helped us to maintain our lead in the broadband Internet market.*

Bottom: *To meet the fast-growing demand for greater mobility, members of the public – including non-SingNet customers – can now enjoy wireless surfing at all our 260 hotspots through our Unlimited Outdoor Wireless Surf plan.*

Internet Services

Growth in our Internet services during the financial year was spurred by the affordability of our retail broadband plans and attractive promotions.

Our no-frills broadband packages – *SingNet Broadband 512kbps Unlimited, 1500kbps Unlimited, 3.5Mbps Unlimited* and *10Mbps Unlimited* – were well received by online users who preferred more basic plans. Besides enjoying affordable rates, customers received attractive value-added services such as free Asymmetric Digital Subscriber Line (ADSL) Ethernet modems and free 30MB email storage.

To meet the fast-growing demand for greater mobility, we extended the convenience of WiFi surfing to the public and non-SingNet subscribers at all our 260 hotspots through our new *Unlimited Outdoor Wireless Surf* plan.

At the business level, we launched *BizWeb Solutions* ("BWS") in August 2005. BWS is a robust and cost-effective web communications service that is tailor-made for small and medium-sized enterprises ("SMEs"). It functions as a company Intranet and boasts a suite of product features aimed at helping businesses achieve increased productivity and efficiency. In addition, BWS comes in a Mandarin version that is especially useful for SMEs doing business in or expanding into China and other Chinese-speaking markets.

Other initiatives during the year were directed at engaging our youth population and enriching the customer experience. These included the following:

- Co-organising the first National Interschool Blogging Championship with the Ministry of Education;
- Launching the region's first mobile gaming competition, World Cyber Games Mobile Championship – Asia, with our Bridge Mobile Alliance partners who are leading mobile operators in their respective countries. We also secured the exclusive rights to host the Championship from 2005 to 2007 in selected Asian countries; and

***Left:** Our priority, in seeking to serve our customers better, is to build closer relationships by listening to them, understanding their needs, and then delivering simple yet effective solutions.*

Operating and Financial Review

- Becoming the official Internet Service Provider, telecommunications company and Internet Data Centre of the World Cyber Games 2005 that pitted the best mobile gamers from Asia, Europe and USA against one another. We were also the Sole Sponsor of Cyber Team Singapore's cyber athletes representing Singapore at the Grand Finals.

Building Customer Relationships

We are building closer relationships with our customers by continually listening to them, developing exciting ways to understand and meet their needs, and creating innovative ways to reward them.

We achieved a milestone when we became the first in the local telecommunications market to offer direct cash rebates to customers through our *red Rewards* loyalty programme. Developed in response to feedback from customers for a simple and hassle-free way of earning rewards, *red Rewards* lets them earn rebates on their SingTel bills instantly, instead of points.

For our most valued customers, *red Prestige* accords them recognition and rewards over and above the privileges of *red Rewards*, including a *red Prestige* membership card and priority service from specially-trained staff at selected SingTel *hello!* shops.

We have also opened a new *Teleshop* store at Ngee Ann City that is helping us to better serve a new generation of discerning customers and their exacting lifestyles. Located in the prime Orchard Road belt and with over 1,000 square feet of retail space, the concept store features an eye-catching open floor plan and user-friendly counters that are specifically designed to invite the customer to browse, touch and feel the products on display. Customers can also expect the accessible and friendly service that has become synonymous with the *Teleshop* name.

IT & Communications Engineering Services

We provide IT and communications engineering services mainly through our wholly-owned subsidiary, NCS. With a presence in 14 locations in 10 countries across Asia Pacific, South Asia and Middle East, NCS is the leading IT service provider in Singapore and among the top 10 in Asia Pacific.

Left: *NCS is the leading IT service provider in Singapore and among the top 10 in Asia Pacific, with operations in 10 countries across Asia Pacific, South Asia and Middle East.*

Top: *Among the notable multi-million projects that NCS won during the year was the S$10 million contract to design and provide intelligent building solutions for the 50-storey World Trade Centre in the Kingdom of Bahrain.*

In December 2005, NCS – through its Managed Services and Infrastructure Management groups – became the first company in Singapore to be awarded the British Standard ("BS") 15000 by PSB Certification. BS15000 is the first worldwide standard aimed at IT service management and meeting the industry standard has served to differentiate NCS as a service provider of high quality, and consistent and scalable delivery.

Riding on the growing outsourcing trend, NCS clinched several IT and business process outsourcing projects both at home and abroad during the year.

In Singapore, its multi-million projects included the management and operation of the National Service portal for the Ministry of Defence, and contracts from the Infocomm Development Authority of Singapore ("IDA"), Ministry of Home Affairs and National Library Board.

One of NCS' biggest overseas wins was a HK$300 million contract from the Hong Kong SAR Government to provide a one-stop solution for the Immigration Department's new Application and Investigation Easy System, and Electronic Records and Document Management System.

NCS made its first foray into the Middle East market when it won a S$10 million contract to help the Kingdom of Bahrain design and implement intelligent building solutions for its first World Trade Centre building.

Among its other key projects in the region were the establishment and operation of a joint venture data centre for Great Eastern Life Assurance in Shanghai, and the implementation of a single sign-on security solution for the Victoria State Government's Victorian Business Master Key initiative. Good momentum was also achieved in other overseas markets with NCS winning contracts in Brunei, Fiji, Korea, Kyrgyz Republic and Qatar.

Business in Australia

Optus ended the financial year with another set of strong results. Notwithstanding the intense levels of competition, it was once again able to grow faster than the industry. It took the lead in increasing competition in the broadband market and added more broadband customers to its base. Optus registered healthy growth in mobile customer numbers, even though the market is moving closer to saturation and experiencing keen price competition with capped plans. Optus Business together with Optus Wholesale and Satellite continued to win customers and gain overall market share.

Optus Mobile

During the financial year, the number of Optus mobile subscribers grew by 565,000, resulting in a subscriber base of 6.49 million. Optus' mobile market share stood at 33 per cent.

Optus continues to lead Australia's mobile market with new technologies and innovative offers.

An important initiative was the launch of the Optus 3G network. In April 2005, Optus unveiled its 3G network in Canberra, making it the first carrier to provide 3G services in the nation's capital. The initial rollout enabled Canberra-based businesses and government-based agencies to access and download data at high speeds via the Optus 3G mobile network.

Extension of the 3G network to consumers in Sydney, Canberra, Melbourne, Brisbane's Central Business District and major Australian airports quickly followed in November 2005, together with the simultaneous introduction of a range of 3G product differentiators not seen before in the Australian market. These 3G services included Australia's first mobile Instant Messaging service; *MyZooNow* – an intuitive and personalised information portal; and *Optus Wireless Connect* – the first Australian laptop datacard to offer seamless roaming across the GSM, 3G and WiFi networks.

Opposite page: *Customers are enjoying simple and more affordable broadband plans with Optus. Indeed, Optus had taken the lead in increasing competition in the Australian broadband market and expanded its broadband subscriber base by 54 per cent to 546,000.*

Left: *One of Optus' key strategies in driving growth in its consumer business is to aggressively defend and reinforce its market position by actively retaining existing customers and capturing its share of new subscribers.*

Optus' 3G rollout to more than 2,000 base stations covering the six major capital cities is scheduled to be completed by March 2007.

Among Optus' other key achievements for the financial year were the following:

- Attaining more than one million registered users for *Optus Zoo*, its mobile content portal;
- Introducing *Optus A$49 Cap Plus PTT* – the first monthly mobile capped plan to include Push to Talk ("PTT"). PTT is a service that allows the user to chat with up to five other people at once;
- Becoming the first carrier to launch a prepaid PTT service;
- Launching *Optus Turbocharge* in response to the prepaid mobile market's demand for greater value at an affordable entry point while, at the same time, increasing the Average Revenue Per User ("ARPU"). For an A$30 recharge, customers receive A$120 worth of credit;
- Pioneering *SIM Backup* – a revolutionary service that automatically backs up contacts stored on mobile phone SIM cards; and
- Adopting an increased focus on customer management facilitated by continuing investments in customer segmentation and information resources.

A total of 211 new GSM base stations were deployed across Australia during the financial year, 54 per cent of which were in regional and rural centres. In addition, 1,100 base stations were installed in conjunction with the rollout of Optus 3G. Indeed, Optus has doubled the size of its mobile phone network in New South Wales, Queensland and Victoria over the last six years. Its network now covers more than 600,000 square kilometres of Australia's land mass and provides coverage to more than 96 per cent of the Australian population.

Optus' strong retail presence of more than 140 *Optus World* stores throughout Australia is complemented by a large dealer network of 520 retail points for postpaid services and 6,000 points for prepaid activation, including Australia Post, Coles and Woolworths. Recharge cards are available from more than 12,000 retail points.

Optus took a major step towards enhancing its assets when it increased its shareholding in Virgin Mobile Australia Pty Limited ("VMA") to 100 per cent in January 2006. This was achieved by the acquisition of 74.15 per cent of VMA from the Virgin Group for A$30 million.

Operating and Financial Review

The newly-acquired and exclusive use of the Virgin Mobile brand in Australia will allow Optus to market an expanded product menu to consumers, particularly the youth and value-conscious segments, under the established Virgin brand.

To drive further growth in its mobile business, Optus remains focused on three strategies:

- Grow its share of the business mobile market;
- Stimulate data revenue; and
- Leverage its traditional strength in the consumer segment. Optus will move to aggressively defend and reinforce its market position by actively retaining existing customers and capturing its share of new subscribers.

Optus Consumer and Multimedia

Optus Consumer and Multimedia celebrated several key milestones during the financial year.

Most notable was the commencement of the rollout of its A$150 million access network, *Optus Direct*, which will extend Optus' broadband and telephony reach to cover 2.9 million homes and businesses. This is in addition to Optus' Hybrid Fibre Coaxial ("HFC") cable network which can serve 1.4 million homes in Sydney, Melbourne and Brisbane.

In launching *Optus Direct*, Optus also became the first major telecommunications provider to offer broadband speeds of up to 20Mbps, or up to 13 times faster than the top speed of 1.5Mbps offered by the incumbent's wholesale network. Consequently, *Optus Direct* has not only reinforced Optus' position as a challenger – providing consumers with more choices, quality services and true value – but has also stepped up competition in the Australian telecommunications market.

During the financial year, Optus continued to drive subscriber and revenue growth by offering simple but differentiated product plans.

Opposite page: *In the business sector, Optus continued to grow its portfolio of corporate and government clients with new contract wins while retaining its existing partnerships with major customers at the same time.*

Right: *Optus successfully launched its 3G network in major Australian cities, including Sydney, Canberra, Melbourne and Brisbane, during the year. It also introduced an exciting range of innovative 3G services for customers.*

As at end-March 2006, it had 473,000 residential telephony customers on the HFC network with 73 per cent taking up multiple Optus products. It also had 546,000 broadband subscribers and 368,000 dial-up Internet users.

In November 2005, Optus restructured its cable and Digital Subscriber Line ("DSL") broadband plans so that consumers can enjoy simpler plans with faster download speeds and higher data limits.

In addition, Optus introduced a new entry-level broadband plan in March 2006 which, at A$19.95 per month, made broadband even more affordable to consumers. A 30-day broadband trial offer allowed customers to sample the benefits and speeds of broadband without any risks.

Optus' ability to offer integrated telecommunications packages was strengthened when it launched its digital television service called *Optus TV featuring FOXTEL Digital*. *Optus TV featuring FOXTEL Digital* gives customers access to more than 100 channels of programming with superior sound and picture quality and interactive features.

Customers also experienced a breakthrough in telephony when Optus led the way in combined home and mobile plans with the launch of its *OptusOne* plans. The plans include line rental, mobile phone value, and local, national and international calls for just one simple monthly fee. Subscribers to *OptusOne* received excellent value by saving on their home and mobile phone bills.

Strategically, Optus has formed a major alliance with Ninemsn – Australia's leading online publisher – to develop and provide unique Internet and mobile services. The partnership will enable Optus customers to enjoy a truly convergent information and communications experience over Optus' broadband and 3G networks.

Moving forward, Optus will continue to capture scale in broadband and telephony. Its new *Optus Direct* network, along with simple product offerings and superior customer service, puts Optus in a prime position to grow and retain its customer base.

Left: *The launch of Optus' D1 and D2 satellites, targeted in 2006 and 2007 respectively, will strengthen Optus' position as a leading provider of satellite services in Australia and New Zealand and provide a platform for the growth of its satellite business.*

Opposite page: *Optus is focused on offering products that give better value to consumers, such as the OptusOne plans. The plans allow customers to save money by combining the home phone with the mobile – including line rental, mobile phone value, and local, national and international calls.*

Optus Business and Optus Wholesale & Satellite

Optus Business achieved steady momentum in growing its portfolio of corporate and government clients over the financial year while retaining its partnerships with major customers such as IBM, ING, St George Bank and Suncorp-Metway.

New contract wins included AON, Flight Centre Australia, Inchcape, National Foods, NSW Health Department, Primary Health Care, Publishing & Broadcasting Limited, QBE Insurance and The University of New South Wales.

Optus' success in the corporate sector demonstrates its capability to develop customised solutions to meet the diverse needs of Australian organisations. With its expertise and experience, Optus is well positioned to leverage disruptive technologies and the opportunities in the new era of telecommunications convergence to make it simpler for corporations to do business.

In November 2005, Optus successfully acquired Alphawest for A$26 million to realise its growth aspirations as an integrated ICT provider. The acquisition of Alphawest – a high quality ICT service provider – has enhanced Optus' capability to offer end-to-end solutions to corporate and government clients. It has also placed Optus in the top 10 ICT service providers, by revenue, in Australia.

Optus Wholesale continued to lead the market in the delivery of profitable, innovative, timely and complete communications solutions to carriers and service providers. New wholesale contract wins for the year included iiNet, M2, Westnet and Soul.

As a leading provider of satellite services in Australia and New Zealand, Optus counts among its satellite customers such pre-eminent companies as the Australian Broadcasting Corporation, FOXTEL and SKY Network Television as well

as government agencies like the Australian Department of Foreign Affairs and Trade.

The financial year saw significant progress made in the development of Optus' D1 and D2 satellites which are scheduled for launch in 2006 and 2007 respectively. The D-series, to replace Optus' B1 satellite, will carry Ku-band transponders designed to provide fixed communications and direct television broadcasting services to Australia and New Zealand.

Optus showed its support for science, technology and space innovation when it created *Optus Space Ace* to motivate and inspire students towards a career in science, space and technology. The online science quiz for both primary and secondary school students was held nationwide, with the winners receiving an all-expense paid trip to French Guiana, via Paris, to witness the launch of Optus' D1 satellite.

Optus Small and Medium Business

After completing its first year as a customer-facing unit, Optus Small and Medium Business ("SMB") has established itself as a dedicated telecommunications provider to Australia's small and medium-sized enterprises and achieved a number of noteworthy wins along the way.

Optus SMB has expanded its sales and distribution capabilities, created a dedicated service centre, and launched new and differentiated mobile, fixed voice and data propositions for the SMB market. Products and services introduced to meet the specific and unique needs of SMBs included *Business OptusOne*, *Optus Wireless Connect*, *SIM Backup*, Optus 3G, and a range of innovative mobile fleet and broadband plans.

Optus also offers SMBs a comprehensive distribution network, including *Optus World* and specialty retail stores, its community-based *Optus Business Direct* and quality specialty telecommunications providers.

Operating and Financial Review

Business across Asia

Regional Mobile Services

Our regionalisation initiative is focused on securing long-term growth by expanding our regional mobile capabilities and network. During the year, we reached new milestones with the announcement of a new acquisition in South Asia and the steady progress made by our existing regional mobile associates.

In June 2005, we announced our US$118 million investment for a 45 per cent stake in Pacific Bangladesh Telecom. The acquisition has further strengthened our regional footprint, giving us access to the rapidly growing telecommunications market in Bangladesh.

For the financial year, our five regional mobile associates, namely, AIS, Bharti, Globe, Pacific Bangladesh Telecom and Telkomsel, continued to be the mainstay of our earnings growth. Year-on-year, our regional mobile base (excluding SingTel and Optus) grew 34 per cent to 77 million subscribers.

SingTel and Optus, together with Bharti, Globe, Telkomsel and three other leading mobile operators in Hong Kong, Malaysia and Taiwan, are members of Asia Pacific's leading mobile joint venture company called Bridge Mobile Alliance.

Bridge Mobile Alliance was established in November 2004 to bring significant commercial benefits and economies of scale through close collaboration among alliance members. The alliance operates through a Singapore-incorporated joint venture company, Bridge Mobile Pte Ltd. It is also focused on creating a consistent delivery of mobile services across the region, thereby offering its more than 80 million mobile customers a seamless experience beyond borders.

During the year, Bridge Mobile Alliance moved quickly to realise its objectives. The following are some key highlights:

- Established a shared regional infrastructure and common service platforms to provide a more homogeneous network from which regional mobile services can be delivered cost-effectively and seamlessly;

***Opposite page:** In India, Bharti reaffirmed its market leadership when it registered a record growth of 78 per cent in its mobile subscriber base. As at the end of March 2006, the regional associate offered mobile services to 20 million subscribers.*

***Top and right:** With its superior coverage, strong brand and wide distribution, Telkomsel maintained its leading position in the Indonesian mobile market with a 53 per cent share and a total subscriber base of 27 million as at 31 March 2006.*

- Launched its inaugural suite of regional mobile services. *Bridge Roaming, Bridge Prepaid* and *Bridge Concierge* are roaming-related services aimed at delivering a more seamless mobile experience to customers when they roam across the alliance members' networks, while *Bridge Enterprise* provides a regional 'one-stop shop' service for enterprises with regional mobile needs; and
- Started the Associate Membership Scheme to extend alliance membership to key technology players, including application solution vendors, handset and network equipment providers and content developers. With 10 technology Associate Members already on board, the total alliance membership base – including the eight member operators – has grown to 18.

Corporate Business

Our extensive and excellent network infrastructure, alliances and partnerships, and local market knowledge and insights make us well placed to support companies that have or are planning to set up business operations in Asia.

Besides the emerging markets of China and India, Bangladesh and Middle East are presenting investment opportunities for many companies.

As a result, there is an increasing demand for telecommunications services in the region. We are building our presence accordingly and, during the financial year, we established a SingTel Global Office each in Bangladesh and United Arab Emirates ("UAE") which brought our network to 37 offices in 19 countries and territories.

The two new SingTel Global Offices will leverage the recently-launched South East Asia-Middle East-Western Europe 4 ("SEA-ME-WE 4") submarine cable to better position SingTel in meeting the strong demand for Internet and data access from markets in Asia and Middle East, as well as enhancing communications links between these markets and Europe and USA.

To enable businesses to stay connected even as they extend their footprint to Middle East, we partnered Etisalat (Emirates Telecommunications Corporation), a leading telecommunications service provider in Middle East, in a joint initiative to provide seamless private leased circuit solutions to link customers' offices in Singapore and UAE.

Top left: *Our regional associate, AIS, is the largest mobile communications operator in Thailand serving 17 million customers in the country as at the end of the financial year.*

Top: *Growth at Globe, our mobile associate in the Philippines, was steady, with the total number of subscribers reaching 13 million by year end.*

Left: *Our acquisition of a 45 per cent stake in Pacific Bangladesh Telecom has expanded our regional mobile footprint and given us access to the rapidly growing telecommunications market in Bangladesh.*

We have made inroads and will continue to move even more aggressively into the ICT arena, focusing on the creation of industry-based solutions to better serve our customers. Our range of services includes managed security, traffic optimisation, contact centre and business continuity planning solutions, as well as the building of community-based networks that support businesses with similar needs and reduce their costs of ownership.

Our ability to deliver reliable and high quality services to our clients, our commitment to excellent customer service and our efforts to go the extra mile are the reasons why global companies like Eastman Kodak Company and TNT Express Worldwide (UK) continue to entrust their network requirements to us.

They are also the reasons for the considerable industry recognition accorded to us. In Gartner's 'Survey of Best International Network Service Providers, Asia/Pacific, 2005', we received excellent ratings from corporate users for our international data services, including International Asynchronous Transfer Mode, International Leased Lines and International Internet Protocol-Virtual Private Network ("IP-VPN"). We were also voted 'Asia Pacific's Leading IP-VPN Service Provider' in Frost & Sullivan's 'International Data Services Market Analysis 2005'.

Network and Infrastructure

We have made significant investments to build an advanced and extensive global telecommunications infrastructure to provide diversity and reliability.

We offer unparalleled reach in Asia Pacific with one of the largest and most diverse suite of satellites and submarine cable systems. We are also the largest satellite service provider in Asia Pacific (excluding Japan), providing access to 38 geo-stationary satellites.

A major highlight for the financial year was the completion of the SEA-ME-WE 4 submarine cable, the fourth in a series of cables connecting Asia, Europe and North Africa. The US$500 million fibre-optic cable system – built by a consortium of 16 leading telecommunications players, including SingTel – has provided us with enhanced network resilience and connectivity to Asia, Europe, Middle East and the rest of the world.

Spanning about 20,000 kilometres across three continents, SEA-ME-WE 4 is capable of carrying telephone, Internet and various broadband data streams, besides offering ultra-fast connectivity for the rapidly growing international telecommunications traffic.

Group Five-Year Financial Summary

	Financial Year ended 31 March				
	2006	2005	2004	2003	2002 (1)
Income Statement (S$ million)					
Group operating revenue	**13,138**	12,617	11,995	10,259	7,269
SingTel	**4,141**	4,046	4,045	4,731	4,923
Optus	**8,998**	8,571	7,949	5,528	2,347
Optus (A$ million)	**7,192**	6,920	6,609	5,550	2,491
Group operational EBITDA	**4,467**	4,662	4,288	3,743	3,057
SingTel	**1,915**	1,992	2,008	2,396	2,587
Optus	**2,552**	2,669	2,280	1,346	470
Optus (A$ million)	**2,038**	2,155	1,892	1,350	499
Share of associates' earnings	**1,649**	1,260	1,120	1,032	241
Net profit after tax	**4,163**	3,268	4,485	1,401	1,631
Underlying net profit (2)	**3,295**	3,060	2,517	N.A.	N.A.
Cash Flow (S$ million)					
Group free cash flow (3)	**2,772**	3,062	3,295	2,103	32
SingTel	**1,761**	1,526	1,926	1,488	(47)
Optus	**1,011**	1,536	1,369	615	79
Optus (A$ million)	**815**	1,234	1,106	551	73
Capital expenditure (cash)	**1,714**	1,428	1,300	1,668	2,999
Balance Sheet (S$ million)					
Total assets	**33,606**	35,333	36,857	33,671	35,350
Shareholders' funds	**21,091**	19,271	19,752	15,470	14,579
Net debt	**5,006**	6,631	7,109	9,563	9,862
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	**68**	66	66	51	28
SingTel operational EBITDA margin (%)	**46.2**	49.2	49.6	50.7	52.6
Optus operational EBITDA margin (%)	**28.4**	31.1	28.7	24.4	20.0
Return on invested capital (%)	**17.2**	16.2	14.9	13.4	10.5
Return on equity (%)	**20.6**	16.8	25.5	9.3	14.0
Return on total assets (%)	**12.1**	9.1	13.1	3.2	6.3
Net debt to EBITDA (number of times)	**0.8**	1.1	1.2	1.9	2.7
EBITDA to net interest expense (number of times)	**17.0**	15.1	13.8	10.1	23.7
Per Share Information (cents)					
Earnings per share – basic	**24.98**	19.01	25.15	7.86	9.76
Earnings per share – underlying net profit (2)	**19.77**	17.80	14.12	N.A.	N.A.
Net assets per share	**126.27**	115.86	110.67	86.78	81.79
Dividend per share – ordinary	**10.0**	8.0	6.4	5.5	5.5
Dividend per share – special	**–**	5.0	–	–	–

N.A. denotes Not Available.

(1) *SingTel began to consolidate Optus' financial results with effect from 1 October 2001. Accordingly, figures for the financial year ended March 2002 included six months of Optus.*

(2) *Underlying net profit is defined as net profit before goodwill, exceptional items, Belgacom's net contribution, and exchange differences on short-term loan to Optus, net of hedging.*

(3) *Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure. In the financial year ended March 2002, SingTel's free cash flow was impacted by the construction of the C2C cable project.*

Management Discussion and Analysis

Group	Financial Year ended 31 March 2006 (S$ million)	2005 (S$ million)	Change (%)
Operating revenue	**13,138**	12,617	4.1
Operational EBITDA	**4,467**	4,662	- 4.2
Operational EBITDA margin	***34.0%***	*36.9%*	
Share of associates' pre-tax profit	**1,649**	1,260	30.9
EBITDA	**6,453**	6,259	3.1
Exceptional gains	**816**	149	448.8
Underlying net profit	**3,295**	3,060	7.7
Net profit	**4,163**	3,268	27.4
Basic earnings per share (S cents)	**24.98**	19.01	31.4
Underlying earnings per share (S cents)	**19.77**	17.80	11.1

Notes:

1. In this section, 'Optus' refers to SingTel Optus Pty Limited and its subsidiary companies, 'SingTel' refers to the SingTel Group excluding Optus, and 'nm' denotes not meaningful.
2. Underlying net profit refers to net profit before exceptional items and exchange differences on short-term loan to Optus, net of hedging.

Group

For the financial year ended 31 March 2006, the Group reported a solid 27 per cent increase in net profit to S$4.16 billion, or 24.98 cents per share, from S$3.27 billion, or 19.01 cents per share, in the prior year. The impressive performance was driven mainly by the robust growth of our regional mobile associates, particularly Bharti and Telkomsel, as well as exceptional gains primarily from the deconsolidation of our subsidiary, C2C.

Excluding the exceptional gains and other adjustments, underlying net profit grew 7.7 per cent to S$3.30 billion, or 19.77 cents per share, up from S$3.06 billion, or 17.80 cents per share, in the previous year. Reflecting the continuing competitive and pricing pressures in Australia, Optus contributed 23 per cent to the Group's underlying net profit, down from 26 per cent a year ago. The associates, however, contributed a substantial 37 per cent to the Group's underlying net profit, up from 31 per cent a year ago.

The Group's operating revenue rose 4.1 per cent to a record S$13.14 billion. In Australia, where two-thirds of our total revenue are derived, operating revenue increased 5.0 per cent in Singapore Dollar terms but a lower 3.9 per cent in Australian Dollar terms. Fuelled by strong growth in equipment sales, SingTel's operating revenue improved 2.3 per cent to S$4.14 billion.

Operational EBITDA fell 4.2 per cent to S$4.47 billion. Operational EBITDA margin declined 2.9 percentage points to 34 per cent, reflecting the lower margins in Singapore and Australia. However, the better operational performance of our overseas associates drove the Group's share of pre-tax profit from associates to S$1.65 billion, up 31 per cent year-on-year. Consequently, the Group's EBITDA rose 3.1 per cent to S$6.45 billion, with Optus accounting for a lower 40 per cent compared to 43 per cent in the previous year.

Singapore	Financial Year ended 31 March 2006 (S$ million)	2005 (S$ million)	Change (%)
Operating revenue by service			
Data and Internet	**1,208**	1,195	1.1
Mobile communications	**855**	822	4.0
IT and engineering	**647**	620	4.4
International telephone	**598**	655	- 8.6
National telephone	**487**	519	- 6.1
Sale of equipment	**223**	113	97.4
Others	**123**	123	- 0.4
	4,141	4,046	2.3
Operational EBITDA	**1,915**	1,992	- 3.9
Operational EBITDA margin	***46.2%***	*49.2%*	
Share of associates' pre-tax profit	**1,636**	1,259	29.9
EBITDA	**3,888**	3,589	8.3
Underlying net profit	**2,552**	2,257	13.0
Net profit	**3,420**	2,070	65.2

Exceptional gains for the year soared more than five-fold to S$816 million, and included gains of S$618 million on the Group's deconsolidation of C2C's financial statements on a line-by-line basis with effect from 1 January 2006 and S$90 million on the partial disposal of SingTel's equity interest in SingPost.

Tax expense, including a deferred tax asset of S$271 million, amounted to S$781 million. During the year, the Group recognised S$152 million of the deferred tax asset brought forward from 31 March 2005 that related to interest expenses on a long-term loan between the investment holding company of Optus and SingTel.

On a proportionate basis, our operations outside Singapore accounted for 75 per cent of the Group's enlarged revenue and 68 per cent of the Group's enlarged EBITDA.

Singapore

SingTel's net profit grew 65 per cent from a year earlier to S$3.42 billion. Underlying net profit, which excluded exceptional gains, was S$2.55 billion, up 13 per cent. The increase was mainly due to improved earnings from associates and the recognition of a higher deferred tax asset.

Operating revenue was 2.3 per cent higher at S$4.14 billion. Excluding the capacity lease revenue from C2C, operating revenue edged up 3.0 per cent. Operational EBITDA margin, however, dropped three percentage points to 46.2 per cent. A rise in contributions from the lower margin sale of equipment and IT businesses, increased rental expenses following the sale and leaseback of certain properties in March 2005, and higher staff retrenchment costs and selling expenses accounted for a large part of the decrease. In the prior year, operational EBITDA margin also benefited from one-off adjustments for performance share expense and write-backs of provision for doubtful debts no longer required.

Data and Internet revenue, at S$1.21 billion, was broadly in line with last year, as the impact of growth in revenues from broadband and managed services was largely offset by declines in revenues from C2C capacity sales and international leased circuits ("ILC"). Broadband revenue rose 11 per cent, led by a net increase of 53,000 in the number of broadband lines to 352,000 as at 31 March 2006. SingTel maintained its lead in the broadband Internet market with a share of 53 per cent. ILC, the second largest component of data services revenue, decreased 14 per cent. In spite of rising demand for bandwidth circuits, ILC revenue dropped as the average bandwidth price continued to fall steeply due to competitive pressure.

In **mobile communications**, revenue was up 4.0 per cent to S$855 million despite fierce competition in a mature market. During the year, 94,000 new mobile subscribers were acquired, bringing the total mobile subscriber base to 1.66 million as at 31 March 2006. Approximately 130,000 of these subscribers were 3G users. Low mobile prices had stimulated usage, with minutes of use increasing 30 per cent and 8.7 per cent for prepaid and postpaid subscribers respectively. However, blended ARPU remained stable due to price erosion. Mobile data services registered steady growth, constituting 23 per cent of ARPU from 19 per cent in the previous year. Churn for postpaid continued to be low at 1.0 per cent. As at 31 March 2006, SingTel had an overall market share of 38 per cent, thus retaining its position as the leading mobile operator in Singapore.

IT and engineering revenue rose 4.4 per cent to S$647 million as the NCS group signed up more customers and expanded to new markets. Growth was reported in key sectors such as defence, telecommunications and transport. The NCS group's regionalisation strategy gained momentum during the year, as its overseas revenue doubled following stronger performances in Australia, Hong Kong and Middle East.

Revenue from **international telephone** decreased 8.6 per cent to S$598 million, resulting in a lower 14 per cent contribution to SingTel's operating revenue against 16 per cent a year ago. Though the volume of international telephone outgoing minutes (excluding traffic to Malaysia) was stable, the average international call collection rate fell 10 per cent.

Sale of traditional **fixed-line** phone services declined 6.1 per cent, but **sale of equipment** almost doubled to S$223 million as SingTel sold more handsets under a new handset distribution strategy. Sale of equipment made up 5.4 per cent of SingTel's operating revenue, up from 2.8 per cent in the prior year.

Australia

In Australia, the financial year ended 31 March 2006 was one of above market growth but in a declining profit environment.

Optus reported EBITDA of A$2.05 billion for the year. Faced with continued and intense market competition, underlying net profit was down 8.5 per cent to A$593 million.

The year saw the acquisitions of Alphawest and Virgin Mobile Australia by Optus, which collectively added A$76 million to Optus' operating revenue. For the year under review, operating revenue was A$7.19 billion, a 3.9 per cent rise year-on-year.

Operational EBITDA margin contracted 2.8 percentage points to 28.3 per cent as efforts to defend market share led to lower mobile ARPU. Capped plans, which allow unlimited mobile calls for a flat fee, increased usage but without a proportionate boost in revenue to mitigate the higher traffic expenses incurred. Operational EBITDA margin was further impacted by lower mobile termination rates and changes in revenue mix. To cushion the margin erosion, Optus has implemented various cost management and productivity initiatives, such as headcount reductions and selective outsourcing of customer service and back-office functions.

Australia	Financial Year ended 31 March 2006 (A$ million)	2005 (A$ million)	Change (%)
Operating revenue by division			
Optus Mobile	**3,965**	3,817	3.9
Optus Business and Wholesale	**1,736**	1,626	6.8
Optus Consumer and Multimedia	**1,543**	1,532	0.7
Inter-divisional	**(52)**	(55)	-6.7
	7,192	6,920	3.9
Operational EBITDA	**2,038**	2,155	- 5.5
Operational EBITDA margin	***28.3%***	*31.1%*	
EBITDA	**2,049**	2,156	- 5.0
Underlying net profit	**593**	648	- 8.5
Net profit	**593**	1,076	- 44.9

Optus Mobile contributed 55 per cent to Optus' operating revenue and a higher 71 per cent to Optus' operational EBITDA. Mobile revenue grew 3.9 per cent over the year, from A$3.82 billion to A$3.97 billion, but operational EBITDA fell by the same percentage, from A$1.52 billion to A$1.46 billion. Operational EBITDA margin dipped three percentage points to 37 per cent, from 40 per cent a year ago.

The increase in revenue was driven mainly by equipment sales which rose strongly by 20 per cent. However, outgoing service revenue, which accounted for nearly two-thirds of mobile revenue, was stable year-on-year as the lower revenue per minute was partially offset by higher outgoing traffic volume from continuing subscriber growth. During the financial year, Optus gained 565,000 mobile subscribers, boosting its end subscriber base to 6.49 million as at 31 March 2006. Mobile market share was relatively stable at 33 per cent.

Optus Business and Wholesale made up 24 per cent of Optus' operating revenue and a lower 19 per cent of Optus' operational EBITDA. Optus Business and Wholesale had benefited from the acquisition of ICT service provider, Alphawest, which contributed A$64 million to its revenue as a whole. Overall revenue stood at A$1.74 billion for the year, up 6.8 per cent from the previous year. Excluding Alphawest, overall revenue grew at a slower rate of 2.8 per cent in the wake of strong price competition.

Revenue from Optus Business alone, including Alphawest, improved 13 per cent, while revenue from Optus Wholesale – impacted by some one-off contracts in the previous financial year and lower interconnect revenue – decreased 8.4 per cent. The pressure on pricing brought down operational EBITDA margin by four percentage points to 23 per cent.

Optus Consumer and Multimedia constituted 21 per cent of Optus' operating revenue and 9.1 per cent of Optus' operational EBITDA. Revenue was stable at A$1.54 billion as growth in broadband revenue continued to offset declines in traditional products. As at 31 March 2006, Optus had 546,000 broadband customers, 191,000 or 54 per cent more than a year ago. Operational EBITDA was down 8.5 per cent and operational EBITDA margin declined a slight one percentage point to 12 per cent, reflecting Optus' continuing strategy of acquiring off-net broadband (DSL) customers on lower margins.

Associates	Financial Year ended 31 March 2006 (S$ million)	2005 (S$ million)	Change (%)
Share of pre-tax profit			
Regional mobile associates			
Telkomsel	**827**	558	48.4
Bharti	**291**	174	66.8
AIS	**256**	292	- 12.6
Globe	**204**	169	21.2
Pacific Bangladesh Telecom	**(8)**	–	nm
	1,570	1,193	31.6
Other associates	**79**	68	17.2
	1,649	1,260	30.9
Share of post-tax profit			
Regional mobile associates			
Telkomsel	**579**	389	49.0
Bharti	**244**	150	62.0
AIS	**178**	207	- 14.0
Globe	**150**	169	- 11.0
Pacific Bangladesh Telecom	**(5)**	–	nm
	1,146	915	25.3
Other associates	**60**	30	98.7
	1,207	945	27.6

Associates

Our associates continued to be outstanding profit generators for the Group. For the financial year ended 31 March 2006, robust growth of Bharti and Telkomsel pushed the Group's share of pre-tax profits from associates to S$1.65 billion, up 31 per cent, and lifted the Group's share of their post-tax profits to S$1.21 billion, up 28 per cent. Overall, the associates accounted for 37 per cent of the Group's underlying net profit, an increase from the 31 per cent recorded last year.

More specifically, pre-tax profit contribution from Telkomsel – Indonesia's largest mobile phone company – rose 48 per cent to S$827 million while the Group's share of pre-tax profit from our Indian associate, Bharti, surged 67 per cent to S$291 million. Telkomsel remained the largest contributor, accounting for almost half of the Group's share of both pre-tax and post-tax profits from associates.

Boosted by translation gains, the pre-tax profit contribution from our Philippine associate, Globe, grew 21 per cent. The increase cushioned the 13 per cent decline at AIS whose performance was affected by keen competition in the Thai market.

In terms of mobile subscriber base, Telkomsel posted an exceptional growth of 51 per cent to 27 million while Bharti registered a record growth of 78 per cent to 20 million. Regionally and on a combined basis, the Group had 85 million mobile phone users as at 31 March 2006, up 31 per cent or 20 million year-on-year, making us the telecommunications firm with the biggest mobile subscriber base in Asia outside China.

In June 2005, the Group purchased a 45 per cent equity interest in Pacific Bangladesh Telecom, the fourth largest mobile communications service provider in Bangladesh. Since then, the associate had added 145,000 mobile subscribers, or 46 per cent, to its base. In February 2006, Pacific Bangladesh Telecom completed the first phase of its rollout to add network capacity that will cater to the burgeoning demand for mobile services in the country.

The Group continued to receive healthy dividends from associates during the year. This amounted to S$616 million, which was 74 per cent higher than the S$355 million received in the previous year.

Group	Financial Year ended 31 March 2006 (S$ million)	2005 (S$ million)	Change (%)
Net cash inflow from operating activities	**4,485**	4,490	- 0.1
Net cash (outflow)/inflow from investing activities	**(1,982)**	579	nm
Net cash outflow from financing activities	**(3,035)**	(4,929)	- 38.4
Free cash flow			
SingTel	**1,761**	1,526	15.4
Optus	**1,011**	1,536	- 34.2
	2,772	3,062	-9.5
Cash capital expenditure as a percentage of operating revenue	***13%***	*11%*	

Group Cash Flow

Operating Activities

The Group's net cash inflow from operating activities was stable at S$4.49 billion, with higher dividends received from associates offsetting lower operating cash flows from a weaker operational performance.

Investing Activities

The Group spent S$1.71 billion on property, plant and equipment which represented 13 per cent of operating revenue, up two percentage points from a year ago. The higher expenditure was largely attributable to Optus' rollout of its 3G mobile and unbundled local loop networks and construction of its D-series satellites. Another major component of net cash outflows was the payment of S$617 million to increase or acquire equity interests in our associates, namely, Bharti and Pacific Bangladesh Telecom. Net cash inflows during the financial year included S$105 million in net proceeds from the sale of 95 million ordinary shares of SingPost.

Financing Activities

Net cash outflow of S$3.04 billion for financing activities arose mainly from the payment of S$1.73 billion in final dividends to shareholders in respect of the previous financial year and the repayment of S$949 million for borrowings.

Free Cash Flow

With stable operating cash flow and higher cash capital expenditure, free cash flow for the year amounted to S$2.77 billion, down from S$3.06 billion a year ago. SingTel continued to generate strong free cash flow, contributing 64 per cent to the Group's free cash flow, up from 50 per cent a year ago. Optus' contribution to free cash flow, however, decreased to 36 per cent as it undertook major investment programmes to capture growth.

Capital Management

We constantly review our capital structure to balance capital efficiency and financial flexibility.

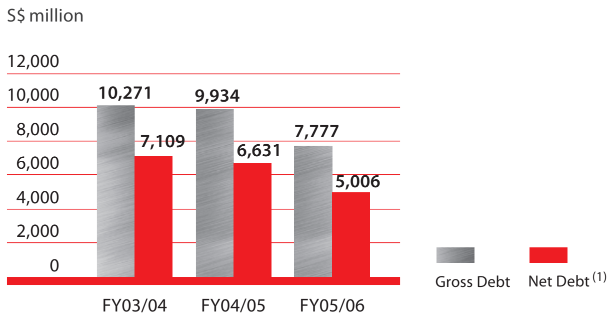
With strong free cash flow generation and the deconsolidation of C2C's bank borrowings, the Group's net debt had declined over the last three years. Net debt gearing ratio had fallen to a comfortable 19.2 per cent as at 31 March 2006. The average maturity of the Group's borrowings has remained stable in recent years.

For the financial year ended 31 March 2006, the Board has recommended a total distribution of S$4.0 billion, comprising a S$1.7 billion final gross dividend of 10 cents a share and a S$2.3 billion capital reduction. The proposed payout will help to achieve a more optimal capital structure while providing us with sufficient flexibility for further investments.

Group net debt was 0.8 times Group EBITDA, while Group EBITDA was 17.0 times net interest expense. These credit ratios are within leveraged commitments made to bond investors in 2001.

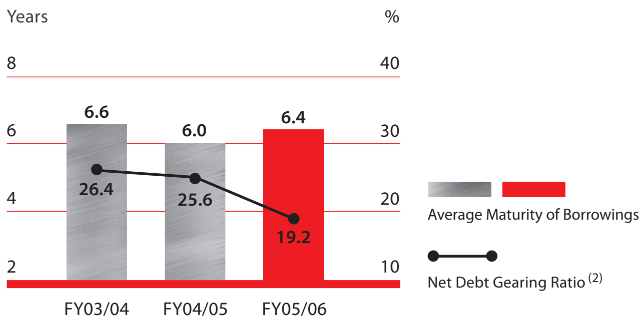
We have one of the strongest credit ratings among telecommunications companies in Asia and are committed to maintaining our strong investment grade credit ratings. SingTel is currently rated A+ by Standard & Poor's and Aa2 by Moody's Investors Service.

Group Debt



(1) *Gross debt less cash and bank balances adjusted for related hedging balances.*

Group Debt Metrics



(2) *Net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.*

Group	Financial Year ended 31 March			Targets to Bond Investors
	2006	2005	2004	
Net debt to EBITDA (number of times)	**0.8**	1.1	1.2	1.5 to 2.0
Interest cover (3) (number of times)	**17.0**	15.1	13.8	8.0 to 10.0

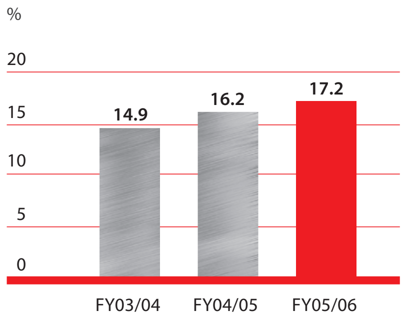
(3) *Defined as EBITDA to net interest expense (i.e., interest expense less interest income).*

Shareholder Returns

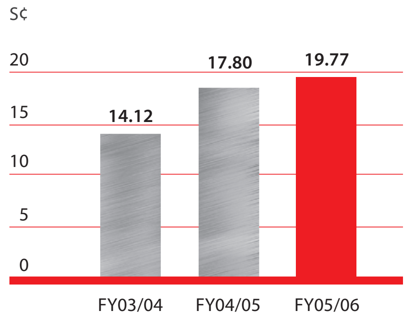
We are committed to improving shareholder returns. Management remuneration is pegged closely to the Group's performance. We have in place a performance share plan where share awards are vested upon achievement of Total Shareholders' Return and Return on Invested Capital targets. More details are set out under 'Corporate Governance Report – Remuneration' on pages 68 to 72.

The Group's underlying earnings per share has risen steadily over the last three years. The growth is attributable to our strong operational performance, and the 2004 capital reduction which reduced approximately 7 per cent of the outstanding share capital.

Return on Invested Capital

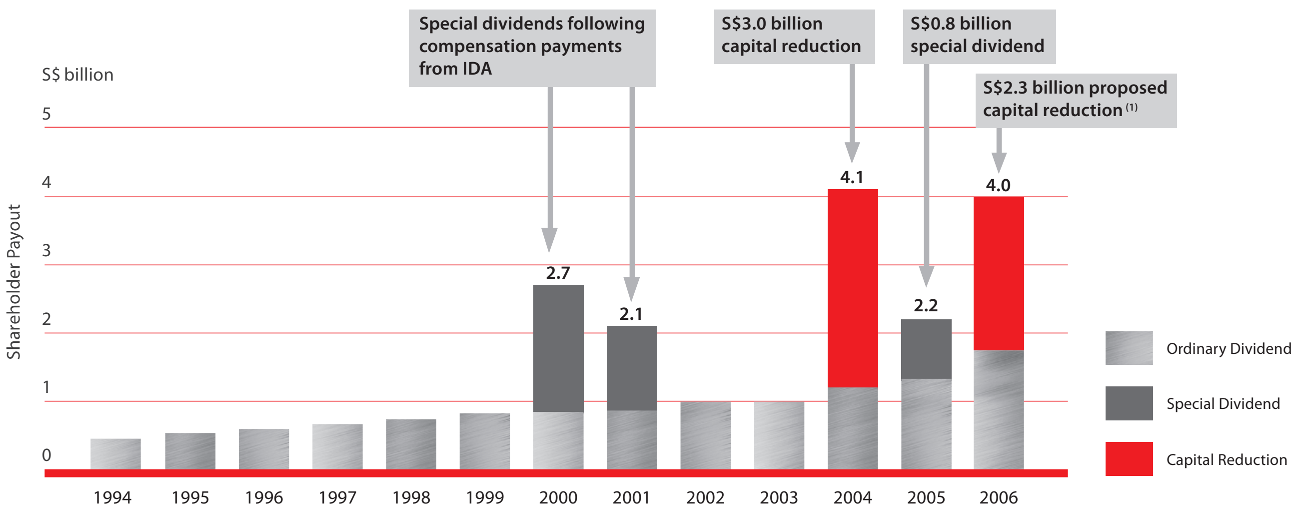


Underlying Earnings Per Share



Shareholder Payout

We have a track record of generous shareholder payout and remain committed to paying between 40 per cent and 50 per cent of underlying profit. For the financial year ended 31 March 2006, the Board has recommended a total distribution of S$4.0 billion, comprising a S$1.7 billion final gross dividend of 10 cents a share and a S$2.3 billion capital reduction. This will bring total shareholder payout to approximately S$21 billion since our listing, representing 72 per cent of earnings over the same period.

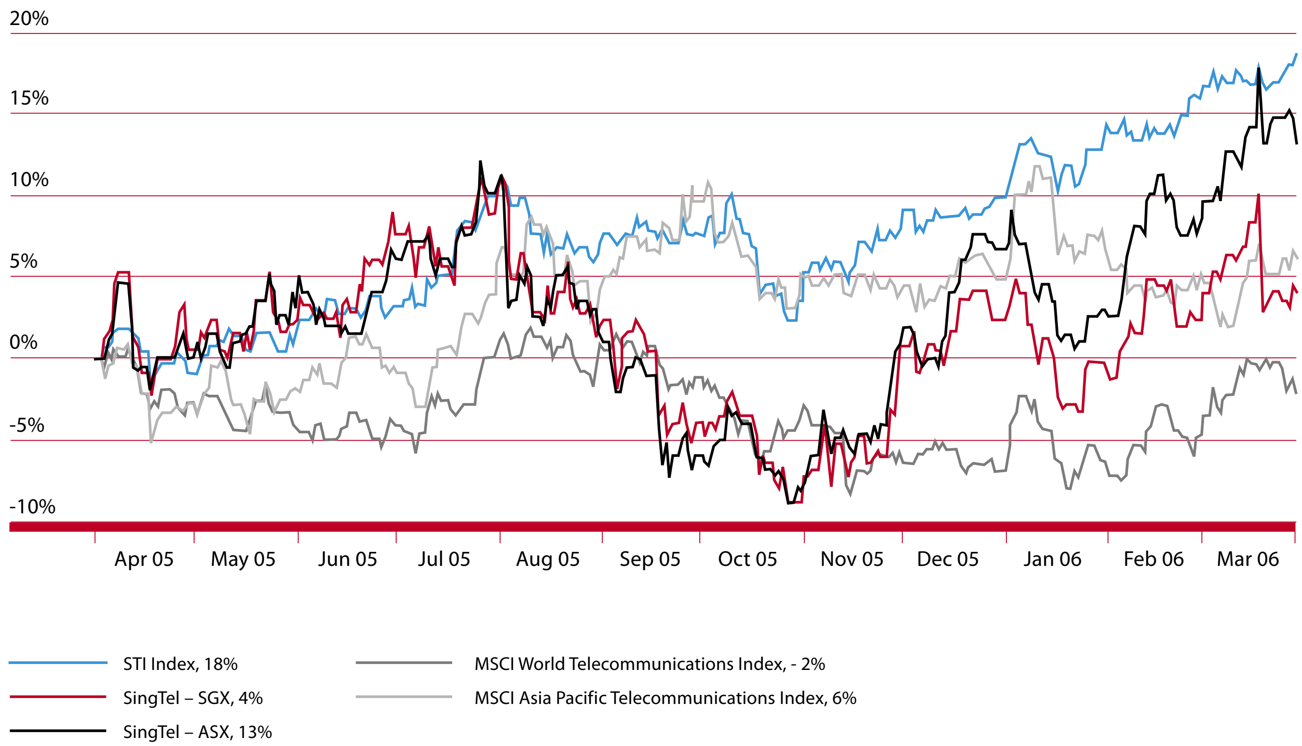


(1) *Proposed capital reduction to be approved by shareholders and the High Court of Singapore.*

Shareholder Price Performance

SingTel shares rose 4 per cent on the SGX and 13 per cent on the ASX between April 2005 and March 2006, outperforming the MSCI World Telecommunications Index.

SingTel Share Price Performance – 1 April 2005 to 31 March 2006



Risk Factors

The financial performance and operations of our businesses within and outside Singapore are influenced by a range of risk factors, many of which are beyond the control of SingTel and the SingTel Board. Many of these factors also affect the businesses of other companies operating in the telecommunications industry and in other industries, both within and outside Singapore.

Economic Risks

Changes in economic conditions within and outside Singapore may have a material adverse effect on the demand for telecommunications services and hence, on the financial performance and operations of the Group.

Political Risks

Some of the countries in which we operate and have investments have experienced or continue to experience political instability. The continuation or re-emergence of such political instability in the future could have a material adverse effect on economic or social conditions and hence, on the ownership, control and condition of the Group's assets in these locations.

Regulatory Risks

The Group's operations in Singapore and our international operations and investments are subject to extensive government regulation which may limit our flexibility to respond to market conditions, competition, new technologies or changes in the Group's cost structure. Government policies relating to the telecommunications industry and the regulatory (including taxation) environment in which we operate may change. Such changes could have a material adverse effect on the Group's financial performance and operations.

The operations of our Australian subsidiary, Optus, in particular, are subject to regulatory decisions on the rates at which it purchases services from, and the rates at which it provides services to, other telecommunications companies in the country. Such decisions can significantly affect Optus' revenues and costs as well as its competitive position, and may also not be consistent with the Group's expectations. Many regulatory decisions in Australia are not subject to appeal.

Competitive Risks

The telecommunications market in Singapore is becoming increasingly competitive. As a result, we have lost share in some segments of the market and the prices of some of our products and services have fallen. These trends may continue due to intensifying competitive activity, new market entrants and regulation that requires us to allow our competitors access to our networks.

The telecommunications market in Australia is extremely competitive. Many participants are subsidiaries of large international groups or have made large investments which are now sunk costs. The Group is, therefore, exposed to the risk of extremely low or even irrational pricing being introduced by such competitors.

The operations of our international businesses are also subject to highly competitive market conditions. There is a regional and global market for many of the services that we provide, particularly international communications and data services offered to business customers. The quality of, and rates for, these services can affect a potential business customer's decision to subscribe to the Group's services, locate or expand its offices or communications facilities in Singapore, or use Singapore as a transit hub for its communications. Prices for some of these services have shown significant declines in recent years and are anticipated to continue to decline at similar rates as a result of capacity additions and general price competition.

Regional Expansion Risks

Given the limited size of the Singapore market, our future growth depends on our ability to carry out our Asia Pacific expansion strategy. There are considerable risks associated with this regional expansion strategy.

- **Ability to Extract Synergies and Integrate New Investments**
  In making acquisitions, we face challenges from integrating newly-acquired businesses with our own operations, managing these businesses in markets where we have limited experience, and financing these acquisitions. There is no assurance that the Group will be able to generate synergies from regional acquisitions and that these acquisitions will not become a drain on the Group's management and capital resources.

- **Partnership Relations**
  The success of our international investments depends, to a large extent, on our relationships with, and the strength of, our investment partners. There is no assurance that the Group will be able to maintain these relationships or that our investment partners will remain committed to their partnerships with the Group.

- **Ability to Make Further Acquisitions**
  We continuously look for investment opportunities that could contribute to our regional expansion strategy. There is no assurance that the Group will be successful in making further acquisitions due to the limited availability of opportunities, competition for the available opportunities from other potential investors, foreign ownership restrictions, government policies, political considerations and the specific preferences of sellers.

Technology Risks

The telecommunications industry is undergoing rapid and significant technological changes. These changes may materially affect our capital expenditure and operating costs as well as the demand for our products and services.

We have invested substantial capital and other resources in the development and modernisation of our networks and systems. Technological changes continue to reduce the costs and expand the capacities and functions of new infrastructure capable of delivering competing products and services, resulting in lower prices and more competitive and innovative products and services. These changes may require us to replace and upgrade our network infrastructure. As a result, the Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against newer products and services.

In the many markets in which we operate, the Group faces a continuing risk of market entry by entrants who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants.

Project Risks

The telecommunications industry is highly capital-intensive. We incur substantial capital expenditure in constructing and maintaining our network infrastructure projects. These projects are subject to risks associated with the construction, supply and installation of the applicable network infrastructure. The projects are also subject to risks associated with sale of capacity on the completed project infrastructure, including risks of default, disputes, litigation and arbitration involving contractors, suppliers, customers and other third parties.

In addition, we face risks of loss of, or damage to, our network infrastructure from natural and man-made causes which are outside our control. Losses and damage caused by risks of this nature may significantly disrupt our operations and may materially and adversely affect our ability to deliver our services to customers.

Electromagnetic Energy Risks

Concerns have been expressed relating to the possible adverse health consequences associated with the operation of mobile communications devices due to potential exposure to electromagnetic energy.

While there is no substantiated evidence of public health effects from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, there is a risk that an actual or perceived health risk associated with mobile communications could result in:

- litigation against SingTel and our associates;
- reduced demand for mobile communications services; and
- restrictions on the ability of SingTel and our associates to deploy our mobile communications networks as a result of government environmental controls which exist or may be introduced to address this perceived risk.

Financial Risks

The Group is exposed to a variety of financial risks, including foreign exchange, interest rate, market, liquidity and credit risks. The Group has established risk management policies, guidelines and control procedures to manage our exposure to such risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly. Financial instruments are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes.

The Group's financial risk management is discussed in detail in Note 38 to the Financial Statements on page 155.

***Top:** We take responsibility in our communities in many ways – from direct financial assistance and the provision of management expertise and communications services to staff and corporate involvement in the wide spectrum of charitable and community programmes that we support.*

Corporate Social Responsibility

The SingTel Group is committed to playing a significant role as a good and responsible corporate citizen in the communities where we live and work.

Much of our support is focused on social and environmental issues. We have diverse and effective philanthropic and sponsorship programmes that assist community projects, the arts, sports and education. We monitor and manage the impact of our activities on the environment, and embark on projects that manage waste and conserve resources.

We also actively encourage and support the involvement of our staff and other stakeholders in our wide spectrum of charitable and community activities. Through initiatives such as health and well-being programmes as well as training and development opportunities, we help to make the SingTel Group a great place for our staff to work.

Singapore

Community Building

In Singapore, our annual corporate philanthropic programme – the SingTel *Touching Lives Fund* ("the Fund") – marked its fourth year by raising S$2.25 million for six charities that provide assistance to less privileged children, young persons and those with special needs. The amount collected included SingTel's pledge of a dollar for every dollar of public or employee donation received for the Fund.

Since its launch in 2002, the Fund has raised a total of S$8 million for the less privileged in Singapore.

Beneficiaries of the Fund in 2005 were the Association for Persons with Special Needs – Chao Yang Special School, Dyslexia Association of Singapore, Fei Yue Community Services – eGen, Movement for the Intellectually Disabled of Singapore – Towner Gardens School, Singapore Children's Society – Tinkle Friend and Students Care Service.

Fund-raising activities included inviting the public to fold origami hearts, a charity golf event and an employee donation drive. Donations were also collected through banking channels in partnerships with local banks.

Right: *Through their volunteer efforts, SingTel employees are making a positive difference in the local community. Here, they bring cheer to the elderly at Sunlove Home during the Lunar New Year festive season.*

Bottom: *Since its launch in 2002, the SingTel Touching Lives Fund has raised S$8 million to help less privileged children, young persons and those with special needs. In the financial year, our philanthropic giving from the Fund was S$2.25 million, exceeding the original S$2 million target.*

Opposite page: *Optus staff actively participate in community fund-raising projects, taking part in such activities as the annual 'Walk to Cure' to help raise money for the Juvenile Diabetes Research Foundation.*

Corporate Social Responsibility

We continued to provide an annual sum of S$200,000 to the National Council of Social Service for the telecommunications needs of its charities. The grant for the financial year has been well used in areas like helplines and counselling sessions.

We are also actively involved in the arts through our ongoing support for local artists and their works.

Environmental Initiatives

We are committed to conducting business in an environmentally-responsible manner.

During the financial year, progress was made across a series of projects that address environmental issues. The projects included the use of more efficient and environmentally-friendly batteries for our telephone exchanges, and the recycling of mobile phones. Ensuring that the radiation emissions from our base stations are within permissible levels and managing the visual impact of the stations on the surrounding environment are also important priorities.

Our gradual move towards the use of Valve Regulated Lead Acid ("VRLA") batteries for all our telephone exchanges will improve internal efficiencies and reduce rack space usage. VRLA batteries are smaller in size, unlike the existing vented batteries. They are also maintenance-free and do not emit hazardous gases.

Base stations and antennas are essential to provide full and efficient mobile coverage. The radiation emitted by our base stations is monitored and tested frequently to ensure that the levels of exposure are within acceptable limits.

In addition, we are sensitive to the visual impact of our base stations on the landscape and the community. As almost all of our base stations are located on the rooftops of buildings, we take special care to install feeders and antennas in a manner that reduces their visibility from the ground. Cable wires are sealed with covers as a safety measure.

To reduce electronic waste, we have a programme to collect trade-in mobile phones – averaging 4,000 units per month – and send them for recycling.

Australia

Optus is committed to making a difference in Australia by giving back to the community and looking after the environment. In addition to financial contributions, Optus provides management expertise and communications services to the organisations it supports. More significantly, Optus staff also give their time, skills and personal funds to help those in need.

Community Involvement

In October 2005, staff turned out in force for the annual 'Walk to Cure' to help raise money that will fund essential medical research on diabetes by the Juvenile Diabetes Research Foundation. Optus staff also volunteered their personal time – as they had so generously done for the past 13 years – to sell merchandise on 'Star Day' for the Starlight Children's Foundation and to brighten the lives of seriously ill children.

Moreover, Optus' workplace giving programme gives staff the opportunity to directly donate part of their salaries to a designated charity of their choice. Staff vote for the charities that would be part of the programme. These charities include Assistance Dogs Australia, the Cancer Council Australia, Kids Help Line, RSPCA Australia and The Salvation Army.

Sponsorship Activities

As a truly Australian company, Optus is dedicated to supporting the country's national sports, including sponsorship of two popular Australian Football League teams – Carlton and Sydney Swans. It is also active in Australian tennis through sponsorships of the Fed Cup, Davis Cup, Junior Travelling Teams and Australian Wheelchair Players, as well as Australia's premier tennis tournament, The Australian Open.

Optus is a proud supporter of Australia's rich artistic and cultural assets, and sponsors a range of arts programmes. As the Principal Education + Youth Sponsor of The Bell Shakespeare Company, it is helping to bring education and art to more rural and remote communities through Interactive Distance Learning via Optus satellite.

Australian audiences were delighted with unique and entertaining experiences when Optus became the Presenting Sponsor of Cirque du Soleil's 'Quidam'.

Environmental Management

Optus believes in playing its part in caring for the environment. It is committed to installing, operating and maintaining a high quality telecommunications network with minimal impact on the natural and built environment. Its Environmental Management System defines policies that identify, minimise and manage environmental risks. Optus publishes a Community and Environment Report each year that provides a comprehensive record of its social, environmental and workplace practices, initiatives and performance.

Our People

The SingTel Group is an organisation made up of 19,962 individuals working in different parts of the globe. As at the end of March 2006, we had 8,338 staff in Singapore, 10,203 in Australia and 1,421 in the rest of the world contributing to the collective expertise within the Group.

Our people are the secret of our success. The fact that we meet the needs of our customers, shareholders and franchise so consistently is due, in no small part, to our talented and diverse staff who value teamwork and perform their jobs with integrity. They are dedicated to developing the best ideas, delivering the highest quality work, and acting in the best interests of our customers.

The Group, in turn, seeks to be an employer of choice who is committed to building a supportive environment filled with rewarding opportunities for staff at all levels.

Rewarding Performance

We provide performance-based rewards and competitive remuneration for the contributions of our people to the business.

For the financial year, 2,061 staff members received a total of 33 million performance shares amounting to S$47 million. An automated system makes it easy and convenient for staff to monitor the details of their performance shares and stock options online.

Training and Developing Talent

We have a strong commitment to the long-term training and development of our people. During the financial year, we invested S$29 million in learning and enrichment programmes to help our staff in Singapore and Australia enhance their technical, supervisory and managerial skills.

We also provide career development opportunities and the tools for our people to plan and manage their careers with the Group. For instance, from December 2005, staff could go online to search and apply for internal positions within the Group.

At the same time, we are taking active steps to expand our talent pool through recruitment and internship initiatives with local and overseas universities and institutions of learning. An example is the Engineering Cadet Programme offered by Optus in Australia to attract and retain talent.

Top: *We strive to be an employer of choice – helping our staff to build fulfilling careers, rewarding them for their contributions, and offering work-life programmes that allow them to succeed in their work and personal lives.*

Under the Programme, participants benefit from an education in telecommunications technologies along with on-the-job experience and employment in Optus.

Maintaining Work-Life Balance

In addition to rewarding and developing our people, we believe it is just as important to help them maintain a healthy balance between work and everyday life through the provision of flexible work options and other work-life initiatives.

Our efforts during the year included a pilot scheme that grants additional work time flexibility to staff so that they can better manage the demands at their workplace and their personal needs. Through the SingTel Recreation Club, we also introduced a series of well-being and fitness programmes to promote a healthy workforce and enhance staff productivity.

Reinventing Ourselves – Core Values

Our Core Values – Customer Focus, Challenger Spirit, Teamwork, Integrity and Personal Excellence – allow staff to work together towards our common goals and with a common vision of the future. During the year, a creative range of activities was held to reinforce our Core Values across the Group. From a 'Red Day Challenge' that invited staff to cook a gourmet meal, rock climb and wakeboard to a 'Delighting the Customer Party' that promoted customer focus and teamwork, these efforts attracted widespread participation and strengthened our commitment to constantly improve ourselves for our success and for the sustained growth of our franchise.

Awards and Accolades

We continue to receive industry and customer recognition for our market leadership, quality and reliable services, good corporate governance practices, high standards in corporate transparency and excellent investor relations. The awards and accolades included the following:

SingTel

Asian MobileNews

- 2nd Asian MobileNews Awards 2005
  - *Asian Mobile Operator of the Year for 2nd consecutive year*
  - *Mobile Operator of the Year, Singapore*
  - *Mobile Operator Chief Executive Officer of the Year: Lim Chuan Poh*

Australian Telecom Magazine

- Australian Telecom Awards 2005
  - *Best International Carrier*

DP Information Network

- Singapore 1000 Awards 2006
  - *Highest Sales/Turnover and Highest Net Profit by Industry (Communications, Transport and Storage) for 2nd consecutive year*

Euromoney

- Asia's Best Managed Companies 2005
  - *Most Convincing and Coherent Strategy in Singapore*

Frost & Sullivan

- Asia Pacific Technology Awards 2005
  - *Service Provider of the Year for 2nd consecutive year*

IE Singapore

- Singapore International 100 Ranking 2006
  - *Top in Revenue Contribution from the Oceania market*

IE Singapore in partnership with Interbrand

- Singapore Brand Award 2005
  - *Most Valuable Brands: Ranked Number One for 4th consecutive year*

IR Magazine

- South-East Asia Investor Relations Conference & Awards 2005
  - *Best Corporate Governance for 2nd consecutive year*
  - *Grand Prix for Best Overall Investor Relations for 2nd consecutive year*
  - *Best Investor Relations by a Chief Executive Officer or Chairman: Lee Hsien Yang*
  - *Best Investor Relations Officer: Gavin Hurle*
  - *Best Investor Relations Website*

Securities Investors Association (Singapore)

- Investors' Choice Awards 2005
  - *Winner of the Singapore Corporate Governance Award (Mainboard) for 3rd consecutive year*
  - *Most Transparent Company: Overall Winner (Golden Circle Award) for 3rd consecutive year*
  - *Hall of Fame for Transparency*

Singapore Corporate Awards 2006

- Mainboard Listed Companies by Market Capitalisation of S$500 Million and Above
  - *Best Managed Board (Gold Award)*
  - *Best Investor Relations (Gold Award)*
  - *Chief Financial Officer of the Year: Chua Sock Koong*

Telecom Asia

- Telecom Asia Awards 2005
  - *Best Fixed-Line Carrier*

NCS

Gartner Dataquest

- August 2005 Report
  - *Ranked 1st in Singapore and 10th in Asia Pacific (excluding Japan) for Professional Services*

Managing Information Strategies (MIS) Magazine

- Strategic 100
  - *Ranked among Asia Pacific's Top 15 IT Vendors, 2005*

Singapore Health Promotion Board

- The Singapore HEALTH (Helping Employees Achieve Life-Time Health) Awards 2005
  - *Singapore HEALTH Award (Gold)*

Optus

Australian Marketing Institute

- 2005 National Awards for Marketing Excellence
  - *Sponsorship Category Winner for Cirque du Soliel: 'Quidam' Australian Tour 2004/2005*

Australian Telecom Magazine

- Australian Telecom Awards 2005
  - *Telecommunications Company of the Year for 3rd consecutive year*
  - *Chief Financial Officer of the Year for 2nd consecutive year*
  - *Best Telco Call Centre*
  - *Best Advertising Campaign: Give Me The Simple Life*

Frost & Sullivan

- Asia Pacific Technology Awards 2005
  - *Competitive Service Provider of the Year for 2nd consecutive year*

Corporate Governance Report

Introduction

SingTel is committed to achieving high standards of corporate conduct. It recognises the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability.

The listing of SingTel shares on the SGX and ASX subjects SingTel to two sets of listing rules and the requirement to report against two sets of corporate governance principles and recommendations. Where one exchange has more stringent requirements, SingTel will seek to observe the more stringent requirements.

This report describes SingTel's main corporate governance practices with reference to the Singapore Code of Corporate Governance ("Code"), and the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Code"). Unless otherwise stated, these practices were in place for the entire financial year. In developing and reviewing its corporate governance policies and practices, SingTel has sought to adopt a balanced approach by observing the spirit, and not just the letter, of the SGX and ASX corporate governance principles, taking into account SingTel's evolving needs as well as local and international developments.

SingTel has received accolades from the investment community for Best Managed Board, Best Corporate Governance, Most Transparent Company and Best Investor Relations. More details can be found under 'Awards and Accolades' on page 57.

Board Matters

Board's Conduct of its Affairs

The Board oversees the business affairs of the SingTel Group. It assumes responsibility for the Group's overall strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices. The Board also appoints the Group CEO, approves the policies and guidelines for Board and Senior Management remuneration, and approves the appointment of Directors. In line with best practices in corporate governance, the Board also oversees long-term succession planning for Senior Management.

SingTel has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from matters that specifically require the Board's approval – such as the issue of shares, dividend distributions and other returns to shareholders – the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees and the Management Committee so as to facilitate operational efficiency.

The Board meets regularly, and sets aside time at each scheduled Board meeting to meet without the presence of Management. Board meetings are full-day affairs and include presentations by senior executives and external consultants/experts on strategic issues relating to specific business areas. At least one Board meeting a year is held overseas, in a country where the Group either has significant interests or has an interest in investing. In addition to at least six scheduled meetings each year, the Board meets as and when warranted by particular circumstances. Eight Board meetings were held for the financial year ended 31 March 2006. Meetings via telephone or video conference are permitted by SingTel's Articles of Association. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are observed.

A record of the Directors' attendance at Board meetings during the financial year ended 31 March 2006 is set out on page 59.

Directors are required to act in good faith and in the interests of SingTel. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors.

Directors' Attendance at Board Meetings

Name of Director	Scheduled Board Meetings: Number of Meetings Held	Scheduled Board Meetings: Number of Meetings Attended	Ad Hoc Board Meetings: Number of Meetings Held	Ad Hoc Board Meetings: Number of Meetings Attended
Chumpol NaLamlieng	7	7	1	1
Graham John Bradley	7	7	1	1
Paul Chan Kwai Wah	7	5	1	1
Heng Swee Keat	7	4	1	0
Simon Israel	7	7	1	1
Professor Tommy Koh	7	7	1	1
Lee Hsien Yang	7	7	1	1
John Powell Morschel	7	6	1	1
Deepak S Parekh	7	6	1	1
Jackson Peter Tai	7	6	1	1
Nicky Tan Ng Kuang	7	7	1	1

Board Composition and Balance

The Board currently comprises 11 Directors.

The size and composition of the Board are reviewed from time to time by the Corporate Governance and Nominations Committee, which seeks to ensure that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate balance of independent Directors. The Corporate Governance and Nominations Committee also seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, industry knowledge, strategic planning, customer-based experience and knowledge, and regional business expertise. Consideration is also given to whether there are any conflicts of interests.

The composition of the Board has changed significantly in recent years. Reflecting the focus of the Group's business in the region, more than half of the Board today comprises Directors who are non-Singaporeans, namely, the Chairman, Mr Chumpol NaLamlieng and non-executive Directors, Messrs Graham John Bradley, Simon Israel, John Powell Morschel, Deepak S Parekh and Jackson Peter Tai.

The Corporate Governance and Nominations Committee assesses the independence of each Director, taking into account the SGX and ASX corporate governance guidance for assessing independence. On this basis, Mr Lee Hsien Yang, SingTel's Group CEO and Mr Simon Israel, a Director of Temasek Holdings (Private) Limited are the only non-independent Directors. The independent Directors are Messrs Chumpol NaLamlieng, Graham John Bradley, Paul Chan Kwai Wah, Heng Swee Keat, Professor Tommy Koh, John Powell Morschel, Deepak S Parekh, Jackson Peter Tai and Nicky Tan Ng Kuang.

A Director who has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SingTel, is considered to be independent. The Chairman and, save as set out above, all other members of the Board are considered to be independent Directors.

In assessing the independence of the Directors, the Corporate Governance and Nominations Committee has examined the different relationships identified by the Code and the ASX Code that might impair the Directors' independence and objectivity, and is satisfied of the Directors' ability to act with independent judgement.

In particular, while Mr Paul Chan Kwai Wah was the Senior Vice President and Managing Director of Hewlett-Packard Asia Pacific Pte Ltd ("HP") until 30 April 2006, and the HP group supplies services to, and buys services from, the Group which might exceed S$200,000, Mr Chan has been assessed as independent because all transactions between the HP group and the Group are at arm's length. The same basis has been used in assessing the independence of Mr Jackson Peter Tai. Mr Tai is the Vice Chairman and CEO of DBS Bank Ltd ("DBS") and the DBS group supplies services to, and buys services from, the Group which might exceed S$200,000. The Board considers that these relationships have not influenced Mr Chan's or Mr Tai's ability and willingness to operate independently and they have shown that they are independent and objective in the broader performance of their obligations as Directors.

The profile of each Director and other relevant information are set out under 'Board of Directors' on pages 12 to 16.

Chairman and CEO

There is a clear separation of the roles and responsibilities of the Chairman, Mr Chumpol NaLamlieng and the Group CEO, Mr Lee Hsien Yang. The Chairman, who is an independent Director, leads the Board and is responsible for the Board's workings and proceedings, while the Group CEO is responsible for implementing the Group's strategies and policies and the conduct of the Group's business.

Board Membership

SingTel's Corporate Governance and Nominations Committee establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors.

When the need for a new Director is identified or an existing Director is required to retire from office by rotation, the Corporate Governance and Nominations Committee will review the range of expertise, skills and attributes on the Board and the composition of the Board, identify its needs and prepare a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the Corporate Governance and Nominations Committee may seek advice from external search consultants.

The Corporate Governance and Nominations Committee takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director for recommendation to the Board. However, the re-nomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board. The Corporate Governance and Nominations Committee may also have to take into account the need to position and shape the Board in line with the evolving needs of SingTel and its business. The Board will appoint the most suitable candidate who will stand for election or re-election by shareholders at the next Annual General Meeting ("AGM") of SingTel. Shareholders are provided with relevant information on the candidate for election or re-election.

Directors must ensure that they are able to give sufficient time and attention to the affairs of SingTel and, as part of its review process, the Corporate Governance and Nominations Committee decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director of SingTel. The Corporate Governance and Nominations Committee has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments.

At each AGM, not less than one-third of the Directors (being those who have been longest in office since their appointment or re-election, and including executive Directors) are required to retire from office by rotation. In addition, a Director is required to retire at the AGM if, were that Director not to retire, the Director would, at the next AGM, have held office for more than three years. A retiring Director is eligible for re-election by shareholders of SingTel at the AGM. In addition, a Director appointed by the Board to fill a casual vacancy, or appointed as an additional Director, may only hold office until the next AGM, at which time he will be eligible for re-election by shareholders. With a view to Board renewal, the Corporate Governance and Nominations Committee has also adopted internal guidelines on the tenure for Directors.

Board Performance

The Board and the Corporate Governance and Nominations Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

In addition to participating in the induction process for new Directors, the Directors participate in an annual offsite workshop with Senior Management to strategise and plan the Group's mid-term direction. Training and development programmes for Directors include talks and presentations by well-known experts and professionals in various fields such as telecommunications, technology, regulatory matters and the economy/business environment in relevant markets. The Directors may also attend other appropriate courses, conferences and seminars.

During the financial year, the Directors were requested to complete appraisal forms as part of the process adopted to assess the overall effectiveness of the Board. The results of the appraisal exercise were considered by the Corporate Governance and Nominations Committee which was tasked to make recommendations to the Board. The recommendations of the Committee would assist the Board in discharging its duties more effectively.

The appraisal process undertaken during the financial year focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to its principal functions, communication with Senior Management and Directors' standards of conduct. The Board has taken the view that financial indicators are not appropriate as criteria for assessing the Board's performance as the Board's role is seen to be more in formulating, rather than executing, strategy and policy.

During the financial year, the Directors were also requested to complete appraisal forms to assess each individual Director's contributions to the effectiveness of the Board. Each Director was given the opportunity to meet with the Chairman and the chairman of the Corporate Governance and Nominations Committee to discuss the appraisal exercise and other Board matters. In addition, the contributions and performance of each Director were assessed by the Corporate Governance and Nominations Committee as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, the Committee was able to identify areas for improving the effectiveness of the Board and its Committees. In relation to the Board Committees, the chairman of each Committee prepared a report on the Committee's activities for the financial year and the report was presented to the Board.

Access to Information

Prior to each Board meeting, SingTel's Management provides the Board with information relevant to the matters on the agenda for the Board meeting. The Board also receives regular reports pertaining to the operational and financial performance of the Group.

The Board has separate and independent access to Senior Management and the Company Secretary at all times. To assist the Board in fulfilling its responsibilities, procedures are in place for Directors and Board Committees, where appropriate, to seek independent professional advice at the expense of SingTel. The Directors also receive analysts' reports on SingTel and other telecommunications companies on a quarterly basis. Such reports enable the Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group.

Board and Management Committees

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

- Finance and Investment Committee
- Audit Committee
- Compensation Committee
- Corporate Governance and Nominations Committee
- Optus Advisory Committee.

The chairman of each Board Committee is an independent Director. Each Board Committee may make decisions on matters within its terms of reference and applicable limits of authority. The terms of reference of each Committee are reviewed from time to time, as are the Committee structure and membership. Following a review of the terms of reference of the Executive Committee in May 2006, the Committee has been renamed the Finance and Investment Committee.

Directors' Board Committee Memberships and Attendance at Board Committee Meetings

Name of Director	Executive Committee (now known as Finance and Investment Committee)		Audit Committee		Compensation Committee		Corporate Governance and Nominations Committee		Optus Advisory Committee	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Chumpol NaLamlieng	4	4			3	3				
Graham John Bradley			4	4					2	2
Paul Chan Kwai Wah	4	2					6	5		
Heng Swee Keat			4	3						
Simon Israel							6	6		
Professor Tommy Koh							6	6		
Lee Hsien Yang (1)	4	4	4	4	3	3			2	2
John Powell Morschel					3	3			2	2
Deepak S Parekh					3	2				
Jackson Peter Tai	4	4			3	3				
Nicky Tan Ng Kuang			4	4					2	2

(1) *Mr Lee Hsien Yang is a member of the Finance and Investment Committee and the Optus Advisory Committee. He is not a member of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominations Committee although he may attend meetings of these Committees.*

The selection of Board Committee members requires careful management to ensure that Directors with the appropriate qualifications and skills are in each Committee and that there is an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board, and to encourage active participation and contribution from Board members are also taken into consideration.

A record of each Director's Board Committee memberships and attendance at Board Committee meetings during the financial year ended 31 March 2006 is set out on this page.

Finance and Investment Committee

The Finance and Investment Committee must comprise at least three non-executive Directors, the majority of whom, including the chairman, must be independent.

The main responsibilities of the Finance and Investment Committee are to consider and approve strategic and portfolio investments and divestments within certain prescribed thresholds, review the Group's investment and treasury policies, and manage the Group's assets and liabilities in accordance with the policies and directives of the Board. The Finance and Investment Committee also approves any on-market share repurchase pursuant to SingTel's share purchase mandate.

Audit Committee

The Audit Committee must comprise at least three Directors, all of whom must be non-executive Directors and the majority of whom, including the chairman, must be independent Directors. At least two members of the Audit Committee must have accounting or related financial management expertise or experience. As required by the terms of reference of the Audit Committee, the chairman of the Audit Committee is a Director other than the Chairman of the Board.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has full access to, and the cooperation of, Management. It has direct access to the internal and external auditors, and full discretion to invite any Director or executive officer to attend its meetings.

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management.

The Audit Committee reports to the Board on the audits undertaken by the internal and external auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of risk management and internal controls. It reviews the quarterly and annual financial statements with Management and the external auditors, reviews and approves the annual audit plans for the internal and external auditors, and reviews the internal auditors' evaluation of the system of internal accounting controls and areas highlighted by the external auditors for strengthening the Group's systems of internal control and accounting procedures noted during the course of their audit.

The Audit Committee has responsibility for evaluating the cost-effectiveness of audits, the independence and objectivity of the external auditors, and the nature and extent of the non-audit services provided by the external auditors. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors. In addition, the Audit Committee reviews and approves the SingTel Internal Audit Charter to ensure the adequacy of the internal audit function. At the same time, it ensures that the internal audit function is adequately resourced and has appropriate standing within SingTel.

During the financial year, the Audit Committee reviewed Management's and Internal Audit's assessment of fraud risk and held discussions with the external auditors and is satisfied that the processes put in place by Management provide reasonable assurance on the mitigation of fraud risk exposure in the Group. The Audit Committee also reviewed and is satisfied with the whistle-blowing arrangements instituted by the Group by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee met four times during the financial year. At these meetings, the Group CEO, CEO (Singapore), CEO (International) & Group CFO, CEO Optus, CFO Optus and Vice President (Audit) were also in attendance. During the financial year, the Audit Committee reviewed and approved the quarterly financial statements. It reviewed the results of audits performed by SingTel Internal Audit based on the approved audit plan, significant litigation and fraud investigations, SingTel's register of interested person transactions and non-audit services rendered by the external auditors. The Audit Committee also met with the internal and external auditors, without the presence of Management, during the financial year.

Compensation Committee

The Compensation Committee comprises four Directors, all of whom are non-executive and independent. The Committee may have access to expert advice inside and/or outside SingTel.

The main responsibilities of the Compensation Committee are to approve the Group's policies on employment terms, promotion, remuneration and benefits for employees of all grades, to determine (for the Board's endorsement) the policies and guidelines for Directors' fees, benefits and incentives, the remuneration of Senior Management and the specific remuneration package for the executive Director, to approve the performance targets set for Senior Management, and to administer and review any performance share plan or other incentive schemes of SingTel.

The Group CEO, who is not a member of the Compensation Committee, may attend meetings of the Committee but does not attend discussions relating to his own performance and remuneration.

SingTel's remuneration policy and remuneration for its Directors and Senior Management are discussed in this report on pages 68 to 72.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee must comprise at least three Directors, the majority of whom, including the chairman, must be independent. The Group CEO is not a member of the Corporate Governance and Nominations Committee but may attend meetings of the Committee.

The main functions of the Corporate Governance and Nominations Committee are outlined in the commentaries on 'Board Composition and Balance', 'Board Membership' and 'Board Performance' on pages 59 to 61. With the expansion of its terms of reference, the Committee also has responsibility for the development and review of SingTel's corporate governance principles and practices, taking into account relevant local and international developments in the area of corporate governance.

Optus Advisory Committee
The Optus Advisory Committee comprises at least three Directors. The majority of the Committee is independent. The Committee reviews strategic financial and operational matters of Optus and ensures that the subsidiary's internal controls are aligned with those of SingTel.

Management Committee
In addition to the five Board Committees, SingTel has a Management Committee that comprises the Group CEO, CEO (Singapore), CEO (International) & Group CFO, CEO Optus, Executive Vice President (Networks), Executive Vice President (Strategic Investments), Group Director (Human Resource) and Group Chief Information Officer. CFO Optus as well as the Group Financial Controller are in attendance.

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

Accountability and Audit

Accountability
SingTel recognises the importance of providing the Board with appropriate and relevant information on an accurate and timely basis. In this regard, Board members receive monthly business and financial reports from SingTel's Management. Such reports compare SingTel's actual performance with budget and highlight key business indicators and major issues that are relevant to SingTel's performance, position and prospects.

For the financial year ended 31 March 2006, the Group CEO and CEO (International) & Group CFO of SingTel have provided a certification to the Board on the integrity of SingTel's financial statements and on SingTel's risk management, compliance and internal control systems. The certification covers SingTel and the subsidiaries that it controls.

Internal Audit
SingTel Internal Audit comprises a team of 45 staff, including the Vice President (Audit) who reports to the Audit Committee functionally and to the Group CEO administratively. SingTel Internal Audit is a member of the Singapore branch of The Institute of Internal Auditors Incorporated, USA and adopts the best practice standards laid down in the Professional Practices Framework issued by The Institute of Internal Auditors. Staff members within SingTel Internal Audit are required to meet established training needs in areas relating to auditing skills and technical knowledge that will allow them to perform their internal audit functions effectively.

SingTel Internal Audit adopts a risk-based approach in formulating the annual audit plan. This plan is reviewed and approved by the Audit Committee. The reviews performed by SingTel Internal Audit are aimed at assisting the Board in promoting sound risk management and good corporate governance through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group.

SingTel Internal Audit's reviews also focus on compliance with SingTel's policies, procedures and regulatory responsibilities, performed in the context of financial and operational, revenue assurance and information systems reviews. Further, SingTel Internal Audit works with the internal audit functions of SingTel's material associated and joint venture companies to promote joint reviews and the sharing of knowledge and/or internal audit practices.

External Auditors
The Board is responsible for the initial appointment of the external auditors. Shareholders then approve the appointment at SingTel's AGM. The external auditors hold office until their removal or resignation. The Audit Committee assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their re-appointment to the Board. Pursuant to the requirements of the SGX, an audit partner may only be in charge of a maximum of five consecutive audits and may then return after two years. The current PricewaterhouseCoopers audit partner for SingTel was appointed with effect from the financial year ended 31 March 2003.

In order to maintain the independence of the external auditors, SingTel has developed policies as to the type of non-audit services that its external auditors can provide to the SingTel Group and the related approval processes. The Audit Committee has also reviewed the non-audit services provided by the external auditors during the financial year and the fees paid for such services. The Audit Committee is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided a confirmation of their independence to the Audit Committee.

SingTel recognises that external auditors are a critical component of the Group's overall corporate governance framework as they provide the Board and shareholders with an independent verification of the Group's financial statements as well as highlight areas for strengthening the Group's systems of internal control and accounting procedures noted during the course of their audit. SingTel believes that a periodic rotation of external auditors will serve to further enhance the independence and effectiveness of the external auditors and, in the process, further strengthen the corporate governance of the Group. In implementing the rotation of external auditors, the Audit Committee has recommended to the Board that Deloitte & Touche be nominated for appointment as the Group's external auditors for the financial year ending 31 March 2007, subject to the approval of shareholders at the AGM on 28 July 2006.

The selection process and appointment of the new external auditors involved inviting suitably qualified international accounting firms to submit proposals which were subject to rigorous evaluation based on criteria that included sound audit approach and methodology, commitment and availability of resources, suitably qualified key personnel with relevant industry experience and technical expertise, avoidance of conflict of interest, ability to demonstrate smooth audit transition, proposed fees and satisfactory results of reference checks.

Risk Management and Internal Controls

While the Board reviews SingTel's risk profile, it has delegated the responsibility for setting the direction for the Group's risk management strategy to SingTel's Management.

The key risks of the Group have been identified within a group-wide risk framework that has been approved by SingTel's Management. The Group faces internal and external risks that are categorised as environmental, operational or management decision-making risks.

Operational risk is the risk of loss arising from external events, or from inadequate or failed internal processes, people or systems. Business unit managers are responsible for identifying the key risks within their business units, and for monitoring and managing the risks identified.

The main risks arising from the Group's financial assets and liabilities are foreign exchange, interest rate, market, liquidity and credit risks. The Group has established risk management policies, guidelines and control procedures to manage its exposure to such financial risks. Details of the various financial risk factors and the management of such risks are outlined in Note 38 to the Financial Statements on page 155.

It is part of the Board's oversight role to ensure that there are adequate policies in relation to risk management and internal controls, and to oversee the effectiveness of the policies in achieving SingTel's goals and objectives. The responsibility for implementing appropriate policies and procedures to achieve effective risk management and internal control is delegated to SingTel's Management. The overall framework established by SingTel's Management is designed to enhance the soundness of the Group's financial reporting, risk management, compliance and internal control systems and includes:

- Audits performed by SingTel Internal Audit in accordance with the approved annual audit plan;
- Control Self-Assessments conducted by business units;
- Process improvement initiatives undertaken by business units, including approved outsourced independent reviews;
- Benchmarking against key risk indicators, such as loss reporting, exceptions reporting and management reviews;
- Annual formal evaluations by the heads of business units and support functions on the soundness, effectiveness and efficiency of the financial reporting, risk management, compliance and internal control systems in their respective areas of responsibility. SingTel has adopted the COSO (or Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated Framework for this evaluation process;
- Implementation of formal policies and procedures relating to the delegation of authority;

- Involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- Segregation of key functions that are deemed incompatible and that may give rise to a risk that errors or irregularities may not be promptly detected.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. There are documented procedures in place that cover management accounting, financial reporting, project appraisal, information systems security, compliance and other risk management issues. The Group also has both an insurance programme and a Business Continuity Planning programme.

The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation, regulation and best practice, and the identification and containment of business risk.

In the course of their statutory audit, SingTel's external auditors carry out a review of the Group's material internal controls to the extent of the scope as laid out in their audit plan. Any material non-compliance and internal control weaknesses, together with the external auditors' recommendations to address them, are reported to the Audit Committee. SingTel's Management, with the assistance of SingTel Internal Audit, follows up on the external auditors' recommendations as part of their role in reviewing the Group's internal control systems.

Based on the work performed by SingTel Internal Audit during the financial year and the review undertaken by the external auditors, the Audit Committee is of the opinion that there are adequate internal controls in the Group.

Communication with Shareholders

SingTel's award-winning Investor Relations team runs an intensive communications programme that reaches out to all members of the investment community.

Not only does SingTel's Management attend quarterly post-results meetings with Singapore investors, they also travel regularly to attend overseas road shows and investment conferences organised by top brokerage firms. In the financial year ended 31 March 2006, SingTel's Management met over 500 investors in more than 350 meetings. SingTel's Group CEO, CEO (International) & Group CFO and the Investor Relations team undertake most of SingTel's investor relations efforts. To help investors better understand the Group's operations and regional investments, the Investor Relations team organises in-house events such as the *SingTel Investor Day* and *SingTel Regional Mobile Day*. These events provide investors with the opportunity to meet senior line managers of SingTel and Optus, and the Management of SingTel's regional mobile associates. All the presentation slides that have been presented to investors are made available on SingTel's website.

SingTel is committed to open and honest communication with shareholders at all times. SingTel discloses its quarterly results with detailed financial and operational metrics in a timely manner. SingTel's Group CEO and the Senior Management team present the Group's financial performance on a quarterly basis to members of the media and analysts. Retail investors are able to view webcasts of the Group CEO's presentations and conference calls with analysts. To help shareholders better understand the Group's performance in the coming year, a detailed set of guidance is released at the full year results. In its quarterly results, such guidance may be updated to reflect prevailing market conditions.

SingTel's website was recently enhanced to better serve shareholders. New functionalities such as quick download features and content, including SGX/ASX announcements and historical data in spreadsheet format, were added to the website. The website now serves as a comprehensive and easy-to-use source of information for shareholders. It contains all of the Group's publicly disclosed financial information, annual reports, investor presentations, news releases and announcements for the last five years. Any new material information is disclosed first to the SGX and ASX to ensure equal dissemination of information to all investors.

The Investor Relations team frequently gathers feedback in the course of their constant interaction with investors and channels back the comments and views they receive to Management. Analysis of global developments in the telecommunications sector has helped to improve the planning, strategies and processes of the Group's businesses. Management also considers feedback from the investment community before formulating capital management policies and shareholder meeting resolutions. For example, SingTel made changes to the resolutions proposed at last year's AGM to fix a lower limit for the number of shares that could be issued pursuant to the exercise of options, following shareholders' feedback.

At each AGM, SingTel's Group CEO gives a structured presentation to explain the progress of the Group over the past year and the resolutions for approval. The chairmen of the Finance and Investment, Audit, Compensation and/or Corporate Governance and Nominations Committees are in attendance at SingTel's AGMs to address shareholders' queries. SingTel's external auditors are also invited to attend its AGMs and will assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

SingTel is in full support of shareholder participation at AGMs. A registered shareholder may appoint a proxy to attend, speak and vote and SingTel typically provides one month's notice of meetings. Voting in absentia by mail, facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

Over 400 shareholders attended last year's AGM. To enhance transparency, SingTel released the proxy voting results for the first time last year and will continue to do so in the coming years.

Securities Trading

The Group adopts the SGX Best Practices Guide with respect to dealings in securities for the guidance of Directors and officers. SingTel's securities trading policy provides that Directors and officers of the Group should not deal in SingTel shares during the period commencing two weeks before the announcement of SingTel's financial statements for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial statements for the financial year, and ending on the date of the announcement of the relevant results. The policy also discourages trading on short-term considerations.

Continuous Disclosure

There are formal policies and procedures to ensure that SingTel complies with its continuous disclosure obligations under the listing rules of the SGX and ASX. A Market Disclosure Committee is responsible for SingTel's Market Disclosure Policy. The policy contains guidelines and procedures for internal reporting and decision-making with regard to the disclosure of material information. The Company Secretary manages the policy.

Material Contracts

There are no material contracts entered into by SingTel or any of its subsidiaries that involve the interests of the Group CEO, any Director, or the controlling shareholder, Temasek Holdings (Private) Limited.

Codes of Conduct and Practice

SingTel has codified its internal corporate governance practices, policy statements and standards, as described in this report, and makes this code available to Board members as well as employees of the Group. The processes and standards in the code are intended to enhance investor confidence and rapport and to ensure that decision-making is properly carried out in the best interests of the Group. The code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

SingTel also has an internal code of conduct that applies to all employees. The code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SingTel, its competitors, customers, suppliers and the community. The code of conduct covers areas such as conduct in the workplace, business conduct, protection of SingTel's assets, confidentiality, non-solicitation of customers and employees, conflicts of interest and corporate opportunities. The code is posted on SingTel's internal website. SingTel's internal staff manual maps out SingTel's policies and standards by which employees are expected to conduct themselves in the course of their employment with SingTel. The manual also contains procedures for the investigation of reports of misconduct or unethical practices and the taking of appropriate remedial actions.

SingTel has established an escalation process so that the Board, Senior Management, and internal and external auditors are kept aware of corporate crises on a timely basis, depending on their severity. Such crises may include violations of the code of conduct and/or applicable laws and regulations, as well as loss events which have or are expected to have a significant impact, financial or otherwise, on the Group's business and operations.

Whistle-Blowing Policy

The Group adopts a zero tolerance approach to fraud and undertakes to investigate complaints of suspected fraud in an objective manner. SingTel has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group, including a direct channel to SingTel Internal Audit, for reporting suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during staff training as part of the Group's efforts to promote fraud control awareness.

Remuneration

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

Directors' Fees and Incentives

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

The proposed fees for non-executive Directors in 2006 comprise a basic retainer fee, additional fees for appointment to Board Committees, attendance fees for ad hoc Board meetings, and a travel allowance for Directors who are required to travel out of their country or city of residence to attend Board meetings. The fees are benchmarked against fees paid by other comparable telecommunications companies. There are no retirement benefit schemes in place for non-executive Directors. The framework for determining non-executive Directors' fees is as follows:

Basic Retainer Fee	
Board chairman	S$150,000 per annum
Director	S$75,000 per annum
Fee for Appointment to Audit Committee	
Committee chairman	S$50,000 per annum
Committee member	S$35,000 per annum
Fee for Appointment to Any Other Board Committee	
Committee chairman	S$35,000 per annum
Committee member	S$25,000 per annum
Attendance Fee per Ad Hoc Board Meeting	S$1,000
Travel Allowance for Board Meetings (per day of travel required to attend meeting)	S$2,000

No Director decides his own fees. Directors' fees are recommended by the Compensation Committee in consultation with the Chairman of the Board and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM.

Directors are also encouraged to acquire SingTel shares each year from the open market to the extent of 50 per cent of their fees and to hold the equivalent of one year's fees in the shares while they remain on the Board. Directors who were previously eligible for applicable share option schemes are encouraged to hold, beyond the vesting period, any shares acquired by the exercise of share options under those schemes.

Details of the total fees and other remuneration of the Directors are set out on page 69.

Remuneration for Executive Directors and Senior Management

The Compensation Committee recognises that the Group operates in a regional environment. To remain competitive, the Compensation Committee has established the following objectives for its remuneration policy:

- To align the interests of Senior Management with those of shareholders;
- To attract, motivate and retain high-performing executives, which is necessary to sustain SingTel as a leading Asia Pacific communications provider;
- To achieve key financial and operational goals; and
- To be locally focused and competitive in each of the relevant employment markets.

The Compensation Committee reviews remuneration through a process that considers Group, company, business unit and individual performance, relevant comparative remuneration in the market and, where required, feedback from independent external advisors on human resource management and reward and benefit policies.

Remuneration of Directors

The aggregate compensation paid to or accrued for SingTel Directors for services in all capacities for the financial year ended 31 March 2006 is set out in the table below:

Name of Director	Fixed Component (S$)	Variable Component (S$)	Provident Fund (S$)	Benefits (S$)	Directors' Fees (S$)	Total (S$)
Chumpol NaLamlieng					239,000	239,000
Graham John Bradley					160,000	160,000
Paul Chan Kwai Wah					134,000	134,000
Heng Swee Keat					114,000	114,000
Simon Israel					109,000	109,000
Professor Tommy Koh					119,000	119,000
Lee Hsien Yang (1)	937,600	1,200,000	10,855	69,565		2,218,020
John Powell Morschel					146,000	146,000
Deepak S Parekh					129,000	129,000
Jackson Peter Tai					134,000	134,000
Nicky Tan Ng Kuang					169,000	169,000

(1) *Mr Lee Hsien Yang's remuneration for the financial year ended 31 March 2006 comprised the following components:*

(a) Fixed Component refers to base salary and Annual Wage Supplement earned for the year ended 31 March 2006.

(b) Variable Component refers to bonus payouts during the financial year.

(c) Provident Fund represents payments in respect of company statutory contributions to the Singapore Central Provident Fund.

(d) Benefits are stated on the basis of direct costs to the company, and include car benefits and other non-cash benefits such as medical schemes and club membership.

(e) In addition, Mr Lee was granted performance shares under the SingTel Performance Share Plan as follows:

- *A General Award ("GA") of up to 898,666 shares. Vesting of half of the shares under this award is subject to the Group's Total Shareholders' Return ("TSR") being at least at the 50th percentile, relative to the component stocks in the MSCI Asia Pacific Telecommunications Index (the "Index") over the performance period from 1 April 2005 to 31 March 2008. Vesting of the remaining shares is subject to TSR performance measured against the Index (as opposed to individual component stocks) over the same performance period. The fair value of the GA, using a Monte-Carlo simulation methodology at the point of grant, was S$1.41 per share.*
- *A Senior Management Award ("SMA") of up to 745,035 shares. Vesting of this award is subject to attaining at least a 75 per cent improvement on the targeted Return on Invested Capital over the performance period from 1 April 2005 to 31 March 2008, and provided that the above-mentioned GA vests. The fair value of the SMA, using a Monte-Carlo simulation methodology at the point of grant, was S$1.44 per share.*

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S$150,000 during the financial year ended 31 March 2006.

Remuneration Components

The remuneration structure for Senior Management comprises five components – fixed component, variable component, provident/superannuation fund, benefits and long-term incentives. The structure is designed such that the percentage of the annual total remuneration of Senior Management that is the variable component increases as they move up the organisation. The variable component is also dependent on the actual achievement of corporate targets and individual performance objectives. The cost and value of the remuneration components are considered as a whole and are designed both to ensure a proper balance that is linked to short-term and long-term objectives and to be competitive with market practice.

- ***Fixed Component***

  The base salary should fall within the mid-range of what is paid by comparable companies in relevant employment markets for similar jobs, but varies with responsibilities, performance, skills and the experiences that the individual brings to the role. The aggregate of base salary and variable bonus should fall within the upper range of what is paid by comparable companies for executives who exceed their performance objectives. To ensure that the remuneration of Senior Management is consistent with these levels, the Compensation Committee benchmarks remuneration components against those of comparable companies, adjusted for size.

  In Australia, consistent with local market practice, executives may opt for a portion of their salaries to be received in tax-effective benefits-in-kind, such as superannuation contributions and motor vehicles, while maintaining the same overall cost to the company.

- ***Variable Component***

  Variable bonus payouts are based on actual achievement against challenging corporate, business unit and individual performance objectives. Although the performance objectives are different for each executive, the principles are similar and involve the assessment of performance across six areas: Financials, Business Processes, Strategy, Customer Service, People Development and Synergy. The performance objectives are reviewed and adjusted at the commencement of each financial year to ensure that the objectives contribute to the overall financial and operational goals of the Group.

  Individual bonus payouts are linked by way of performance indicators and scorecards to the six areas mentioned above. The Compensation Committee assesses the extent to which the performance objectives have been achieved and approves the bonus pool for distribution to executives.

- ***Provident/Superannuation Fund***

  This component is made up of SingTel's contributions towards the Singapore Central Provident Fund or the Optus Superannuation Fund or any other chosen fund, as applicable.

- ***Benefits***

  Benefits are also provided that are consistent with local market practice, such as in-company medical scheme, club membership, employee discounts and other benefits that may incur Australian Fringe Benefits Tax, where applicable. Participation in such benefits is dependent on the country in which the executive is located. For expatriates located away from home, additional benefits, such as accommodation and children's education, may be provided.

- ***Long-Term Incentives***

  The share awards in 2005 were granted under the SingTel Performance Share Plan ("Share Plan"). As in 2004, two categories of awards – General Awards for all staff and Senior Management Awards for Senior Management staff – were made on an annual basis at the discretion of the Compensation Committee. They were made with reference to the desired remuneration structure target and benchmarked against comparable companies in the market. The grants were conditional on the achievement of targets set for a three-year performance period. The performance shares would only be released to the recipient at the end of the qualifying performance period. The final number of performance shares released would depend on the level of achievement of those targets over the three-year period. The number of performance shares awarded was determined using the valuation of the shares based on a Monte-Carlo simulation on 26 May

Total Shareholders' Return ("TSR") Percentile Ranking Criteria for 50 per cent of the 2005 General Award

TSR	Percentage of Performance Shares to be Vested
80th to 100th percentile	100%
70th to 79th percentile	90%
60th to 69th percentile	70%
50th to 59th percentile [1]	50%
< 50th percentile [1]	0%

[1] *In 2006, the Compensation Committee decided that the minimum threshold for vesting of the 2004 and 2005 tranches that are subject to the TSR percentile ranking criteria would be aligned with that for the 2006 tranche, i.e., the minimum threshold would be the 50th percentile instead of the 51st percentile.*

2005, the 14th trading day after the release of SingTel's results for the financial year ended 31 March 2005.

The vesting criteria for both the General Awards and the Senior Management Awards for 2005 are similar to the corresponding criteria adopted for awards made in 2004 under the Share Plan, that is, for half (50 per cent) of the General Award granted to an employee, the Group's Total Shareholders' Return ("TSR"), relative to the component stocks in the MSCI Asia Pacific Telecommunications Index (the "Index") over the three-year performance period from 1 April 2005 to 31 March 2008, is used as the performance hurdle for vesting. No performance shares will vest if the TSR, as determined by the Compensation Committee in its sole discretion, is below the 50th percentile as measured against that of other component stocks in the Index. The number of performance shares to be vested will be determined in accordance with the table on this page.

The remaining tranche (50 per cent) of the General Award would be subject to the TSR performance measured against the Index (as opposed to individual component stocks) over the performance period from 1 April 2005 to 31 March 2008, as follows:

- If SingTel Group's TSR is at or exceeds twice (i.e., 200 per cent) that of the Index, 100 per cent of the shares under this tranche would vest.
- If SingTel Group's TSR is 90 per cent or more but less than 200 per cent that of the Index, the percentage of the shares under this tranche that would vest would vary accordingly.
- If SingTel Group's TSR is less than 90 per cent that of the Index, none of the shares under this tranche would vest.

For the 2005 Senior Management Awards, vesting would take place if the following criteria are met:

- ***Vesting of the General Award***
  There must be vesting of the 2005 General Award before the 2005 Senior Management Award can vest. This would strengthen the alignment of interests of Senior Management with those of other executives. This criterion requiring the vesting of the General Award was also adopted for the 2004 Senior Management Award.

- ***Return on Invested Capital ("ROIC") Criteria***
  As in 2004, ROIC improvements over the performance period must exceed a minimum threshold level for vesting of the Senior Management Award. For the 2005 Award, SingTel must achieve an average improvement in ROIC of 1.2 percentage points for the three-year performance period from 1 April 2005 to 31 March 2008, as follows:
  - Where the target is met or exceeded and, subject to the vesting of the General Award, 100 per cent of the performance shares will vest.
  - Where 75 per cent or more but less than 100 per cent of the targeted ROIC improvement is met, the performance shares will, subject to the vesting of the General Award, vest to the same extent in percentage terms as the percentage to which the target has been met.
  - Where less than 75 per cent of the targeted ROIC improvement is met, no performance shares will vest.

Accordingly, the number of ordinary shares to be released to the participants will depend directly on how well the Group performs as compared to comparable telecommunications companies in the Index.

Details of the performance shares granted under the Share Plan during the financial year are set out in the financial statements under 'Directors' Report' on page 74.

In line with market practice, SingTel may, under special circumstances, compensate Senior Management for their past contributions when their services are no longer needed, for example, due to redundancies arising from reorganisation or restructuring of the Group.

Remuneration of Senior Management

Details of total remuneration paid to the five top-earning executives employed by the Group for the year ended 31 March 2006 are shown below:

Name of Senior Executive	Fixed Component [1] (S$)	Variable Component [2] (S$)	Provident/ Superannuation Fund [3] (S$)	Benefits [4] (S$)	Total (S$)	SingTel Performance Share Plan [5]	
						Number of Performance Shares (General Award)	Number of Performance Shares (Senior Management Award)
The following are in alphabetical order:							
Chua Sock Koong [6] CEO (International) & Group CFO SingTel	**480,768**	**900,000**	**10,855**	**52,174**	**1,443,797**	**Up to 791,461 shares**	**Up to 251,449 shares**
William Hope [7] Executive Vice President (Networks) SingTel	**644,379**	**316,297**	**86,461**	**101,880**	**1,149,017**	**Up to 61,861 shares**	**Up to 46,954 shares**
Allen Lew Yoong Keong [8] CEO (Singapore) SingTel	**381,176**	**400,000**	**11,910**	**1,058,231**	**1,851,317**	**Up to 733,047 shares**	**Up to 207,864 shares**
Lim Chuan Poh Executive Vice President (Strategic Investments) SingTel	**445,100**	**300,000**	**8,915**	**52,171**	**806,186**	**Up to 262,110 shares**	**Up to 195,571 shares**
Paul O'Sullivan [9] CEO Optus	**1,134,360**	**882,280**	**181,498**	**80,407**	**2,278,545**	**Up to 473,829 shares**	**Up to 359,653 shares**

(1) *Fixed Component refers to base salary and Annual Wage Supplement (where applicable) earned for the year ended 31 March 2006.*
(2) *Variable Component refers to bonus payouts during the financial year.*
(3) *Provident Fund in Singapore represents payments in respect of company statutory contributions to the Singapore Central Provident Fund. Superannuation Fund in Australia represents payments in respect of the superannuation guarantee levy and additional company contributions to the superannuation scheme. Any contributions made by an individual may be salary sacrificed, and are part of the fixed component.*
(4) *Benefits are stated on the basis of direct costs to the company, and include overseas assignment benefits, tax equalisation, car benefits and other non-cash benefits such as medical schemes, club membership and Australia Fringe Benefits Tax, where applicable.*
(5) *Awards made under the SingTel Performance Share Plan:*
The performance share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The fair values of the General Award and the Senior Management Award, based on a Monte-Carlo simulation on 26 May 2005, were S$1.41 and S$1.44 per share respectively.
(6) *Ms Chua Sock Koong's SingTel Performance Shares include a one-off performance share grant, given at the point she assumed the position of CEO (International) & Group CFO, SingTel.*
(7) *Mr William Hope is based in Australia.*
(8) *Mr Allen Lew Yoong Keong was based in Australia until January 2006. He was seconded to Optus on expatriate terms. His SingTel Performance Shares include a one-off performance share grant, given at the point he assumed the position of CEO (Singapore), SingTel.*
(9) *Mr Paul O'Sullivan is based in Australia.*

Note:
The above list excludes the following top-earning executives who have since retired:
- *Mr Lim Toon, ex-Chief Operating Officer, SingTel, who retired on 26 February 2006.*
- *Dr Stephen Rotheram, ex-Executive Vice President (Global Business), SingTel, who retired on 1 April 2006.*

Financial Statements

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Directors' Report

For the financial year ended 31 March 2006

The directors present their report to the members together with the audited financial statements of the Group and the balance sheet and statement of equity of the Company (or "**SingTel**") for the financial year ended 31 March 2006.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Chumpol NaLamlieng (Chairman)
Lee Hsien Yang (Group Chief Executive Officer)
Graham John Bradley
Paul Chan Kwai Wah
Heng Swee Keat
Simon Israel
Professor Tommy Koh
John Powell Morschel
Deepak S Parekh
Jackson Peter Tai
Nicky Tan Ng Kuang

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for share options granted under the Singapore Telecom Share Option Scheme 1999 ("**1999 Scheme**"), and performance shares granted under the SingTel Executives' Performance Share Plan ("**Share Plan 2003**") and SingTel Performance Share Plan ("**Share Plan 2004**").

3. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The interests of the directors holding office at the end of the financial year in the share capital and debentures of the Company and related corporations according to the register of directors' shareholdings were as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31 Mar 06	**At 1 Apr 05**	**At 31 Mar 06**	**At 1 Apr 05**
Singapore Telecommunications Limited				
(Ordinary shares)				
Chumpol NaLamlieng	**150,000**	150,000	**-**	-
Lee Hsien Yang (1)	**4,050,000**	698,660	**19,887,857**	11,338,519
Graham John Bradley	**92,860**	92,860	**-**	-
Paul Chan Kwai Wah	**57,460**	57,460	**1,620**	1,620
Heng Swee Keat	**1,390**	1,390	**-**	-
Simon Israel	**139,283**	4,643	**-**	134,640
Professor Tommy Koh	**3,440**	3,440	**610**	610
John Powell Morschel	**58,700**	58,700	**-**	-
Deepak S Parekh	**-**	-	**-**	-
Jackson Peter Tai	**102,150**	102,150	**-**	-
Nicky Tan Ng Kuang	**55,720**	55,720	**-**	-

3. DIRECTORS' INTEREST IN SHARES AND DEBENTURES (continued)

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31 Mar 06	At 1 Apr 05	At 31 Mar 06	At 1 Apr 05
(Options to purchase ordinary shares)				
Chumpol NaLamlieng (2)	**60,000**	60,000	**-**	-
Lee Hsien Yang (3)	**2,000,000**	6,050,000	**-**	-
Jackson Peter Tai (2)	**60,000**	60,000	**-**	-
SembCorp Industries Limited				
(Ordinary shares)				
Nicky Tan Ng Kuang	**-**	-	**-**	770,000
(Options to purchase ordinary shares)				
Chumpol NaLamlieng	**-**	82,500	**-**	-
Lee Hsien Yang	**-**	-	**35,000**	-
SembCorp Logistics Limited				
(Options to purchase ordinary shares)				
Lee Hsien Yang	**-**	-	**-**	534,000
Singapore Airlines Limited				
(Ordinary shares)				
Paul Chan Kwai Wah	**-**	-	**20,000**	20,000
Simon Israel	**9,500**	3,000	**-**	6,500
Neptune Orient Lines Limited				
(Ordinary shares)				
Paul Chan Kwai Wah	**1,000**	1,000	**1,000**	1,000
PT Bank Danamon Indonesia Tbk				
(Ordinary shares of IDR50,000 each)				
Nicky Tan Ng Kuang	**-**	-	**-**	500,000
PT Bank Internasional Indonesia Tbk				
(Ordinary shares of IDR 900 each)				
Nicky Tan Ng Kuang	**-**	-	**-**	60,710,000
SP AusNet				
(stapled securities comprising one share in each of SP Australia Networks (Transmission) Ltd and SP Australia Networks (Distribution) Ltd and a unit in SP Australia Networks (Finance) Trust)				
Nicky Tan Ng Kuang	**600,000**	-	**-**	-

Directors' Report

For the financial year ended 31 March 2006

3. DIRECTORS' INTEREST IN SHARES AND DEBENTURES (continued)

Notes:

(1) Lee Hsien Yang's deemed interest of 19,887,857 shares included:

(a) 15,337,302 ordinary shares in SingTel held by RBC Dexia Trust Services Singapore Limited, the trustee of a trust established under the Share Plan 2003 and Share Plan 2004, for the benefit of eligible employees of the Group;

(b) 1,430 ordinary shares held by Mr Lee's spouse; and

(c) an aggregate of up to 4,549,125 ordinary shares in SingTel awarded to Mr Lee pursuant to the performance share plans, subject to certain performance criteria being met and other terms and conditions.

(2) At an exercise price of S$1.39 per share (1 April 2005: S$1.42 per share).

(3) At an exercise price of S$2.22 or S$2.97 per share (1 April 2005: between S$1.36 and S$3.03 per share).

Between the end of the financial year and 21 April 2006, Lee Hsien Yang's deemed interest increased to 21,774,857 shares due to the acquisition by RBC Dexia Trust Services Singapore Limited of an additional 1,887,000 ordinary shares in SingTel for the benefit of eligible employees in the Group.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2006.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

5.1 Share Options

1999 Scheme

Options exercised and cancelled during the financial year, and options outstanding at the end of the financial year under the 1999 Scheme, were as follows:

Date of grant	Exercise period	Exercise price [1]	Balance as at 1 Apr 05 ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31 Mar 06 ('000)
Market Price Share Options						
For staff and senior management						
09.11.99	10.11.00 to 09.11.09	S$2.97	6,890	9	626	**6,255**
09.06.00	10.06.01 to 09.06.10	S$2.22	22,348	6,883	142	**15,323**
07.08.00	08.08.01 to 07.08.10	S$2.29	20	20	-	**-**
11.09.00	12.09.01 to 11.09.10	S$2.61	20	-	-	**20**
25.09.00	26.09.01 to 25.09.10	S$2.54	20	-	-	**20**
02.10.00	03.10.01 to 02.10.10	S$2.49	555	-	-	**555**
25.10.00	26.10.01 to 25.10.10	S$2.65	10	-	-	**10**
02.01.01	03.01.02 to 02.01.11	S$2.63	15	15	-	**-**
08.01.01	09.01.02 to 08.01.11	S$2.62	225	-	-	**225**
19.02.01	20.02.02 to 19.02.11	S$2.79	20	-	-	**20**
30.05.01	31.05.02 to 30.05.11	S$1.66	15,170	6,430	67	**8,673**
01.06.01	02.06.02 to 01.06.11	S$1.64	30	-	-	**30**
05.07.01	06.07.02 to 05.07.11	S$1.82	15	-	-	**15**
01.08.01	02.08.02 to 01.08.11	S$1.78	10	-	-	**10**
16.08.01	17.08.02 to 16.08.11	S$1.85	78	-	-	**78**
29.11.01	30.11.02 to 29.11.11	S$1.70	19,192	8,179	114	**10,899**
21.02.02	22.02.03 to 21.02.12	S$1.60	69	69	-	**-**
30.05.02	31.05.03 to 30.05.12	S$1.51	53,534	29,721	556	**23,257**
03.06.02	04.06.03 to 03.06.12	S$1.51	125	125	-	**-**
For executive director (Lee Hsien Yang)						
09.11.99	10.11.00 to 09.11.09	S$2.97	500	-	-	**500**
09.06.00	10.06.01 to 09.06.10	S$2.22	1,500	-	-	**1,500**
30.05.01	31.05.02 to 30.05.11	S$1.66	1,900	1,900	-	**-**
For non-executive directors						
09.09.02	10.09.03 to 09.09.07	S$1.39	180	-	-	**180**
			122,426	53,351	1,505	**67,570**

Directors' Report

For the financial year ended 31 March 2006

5.1 Share Options (continued)

1999 Scheme (continued)

Date of grant	Exercise period	Exercise price [1]	Balance as at 1 Apr 05 ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31 Mar 06 ('000)
Performance Share Options						
For senior management						
03.07.02	03.07.05 to 03.07.12	S$1.33	7,696	6,346	-	**1,350**
For executive director (Lee Hsien Yang)						
03.07.02	03.07.05 to 03.07.12	S$1.33	2,150	2,150	-	**-**
			9,846	8,496	-	**1,350**
			132,271	**61,847**	**1,505**	**68,919**

Note:

(1) The exercise prices were adjusted on 5 August 2005 so that the interests of the holders of outstanding options were not inadvertently diluted as a result of the payment of a special dividend in August 2005.

Further particulars of the Market Price Share Options and the Performance Share Options have been set out in the Directors' Reports for the financial years ended 31 March 2001, 2002 and 2003.

Details of the directors' share options are set out in the following table:

	Options granted during the financial year ended 31 Mar 06	Aggregate options granted since commencement of scheme to 31 Mar 06	Aggregate options exercised since commencement of scheme to 31 Mar 06	Aggregate options outstanding as at 31 Mar 06
1999 Scheme [1]				
Chumpol NaLamlieng	-	**60,000**	-	**60,000** [2]
Lee Hsien Yang	-	**6,050,000**	**4,050,000**	**2,000,000** [3]
Graham John Bradley	-	-	-	-
Paul Chan Kwai Wah	-	**60,000**	**60,000**	-
Heng Swee Keat	-	-	-	-
Simon Israel	-	-	-	-
Professor Tommy Koh	-	-	-	-
John Powell Morschel	-	**60,000**	**60,000**	-
Deepak S Parekh	-	-	-	-
Jackson Peter Tai	-	**60,000**	-	**60,000** [2]
Nicky Tan Ng Kuang	-	**60,000**	**60,000**	-
	-	**6,350,000**	**4,230,000**	**2,120,000**

5.1 Share Options (continued)

1999 Scheme (continued)

Notes:

(1) The exercise prices of outstanding options were adjusted on 5 August 2005 so that the interests of the holders of the options were not inadvertently diluted as a result of the payment of a special dividend in August 2005.

(2) The options are exercisable at an exercise price of S$1.39 per share from the first anniversary of the date of grant, 9 September 2002, and expire on the fifth anniversary of the date of grant. The exercise price for the options was fixed based on the last dealt prices for SingTel shares for the five consecutive trading days immediately prior to the date of grant. There was no discount to the exercise price for the options.

(3) The options are exercisable at an exercise price of S$2.22 or S$2.97 per share. The exercise prices for the options were fixed based on the last dealt prices for SingTel shares for the five consecutive trading days immediately prior to the dates of the respective grants. There was no discount to the exercise prices for the options.

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

From the commencement of the 1999 Scheme to 31 March 2006, options in respect of an aggregate of 273,767,350 ordinary shares in the Company have been granted to directors and employees of the Company and its subsidiary companies.

Optus Executive Option Plan

With the acquisition of SingTel Optus Pty Limited ("**Optus**"), the Optus Executive Option Plan was amended to allow Optus to discharge its obligations by procuring the issue to the Optus option holder of ordinary shares in SingTel in the ratio of 1.66 SingTel shares per option. Details are as follows:

Date of grant	Exercise period	Exercise price (2)	Balance as at 1 Apr 05 ('000)	Options exercised ('000)	Options cancelled ('000)	Balance as at 31 Mar 06 ('000)
24.05.00	24.05.03 to 24.05.07	A$3.63 for 1.66 SingTel shares	6,495	-	762	**5,733**

Notes:

(1) The figures in the table show the number of unissued SingTel shares represented by a corresponding number of outstanding Optus Executive Option Plan share options based on a ratio of 1.66 SingTel shares per option. As at the date of acquisition of Optus in 2001, there were 7,004,700 options outstanding under the Optus Executive Option Plan, representing 11,627,802 unissued SingTel shares. There have been no new grants since the acquisition date.

(2) The exercise price was adjusted on 5 August 2005 so that the interests of the holders of outstanding options were not inadvertently diluted as a result of the payment of a special dividend in August 2005.

The above-mentioned options do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

No option has been granted to controlling shareholders of the Company or their associates.

Directors' Report

For the financial year ended 31 March 2006

5.2 Performance Shares

Following the review of the remuneration policy across the Group, SingTel implemented the Share Plan 2003 in June 2003 and granted awards to selected employees of the Group under this plan. This plan only allows the purchase and delivery of existing SingTel shares to participants upon the vesting of the awards. The Share Plan 2004 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 29 August 2003. This plan gives the flexibility to either allot and issue and deliver new SingTel shares or purchase and deliver existing SingTel shares upon the vesting of awards.

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

From the commencement of the performance share plans to 31 March 2006, awards comprising an aggregate of 38,548,775 shares have been granted under the Share Plan 2003 and awards comprising an aggregate of 66,785,309 shares have been granted under the Share Plan 2004.

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

Date of grant	Balance as at 1 Apr 05 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 Mar 06 ('000)
Performance shares (General Awards)					
For staff and senior management					
25.06.03	29,354	-	645	2,909	**25,800**
25.02.04	37	-	-	-	**37**
26.05.04	28,408	-	252	2,451	**25,705**
01.09.04	466	-	-	-	**466**
26.11.04	50	-	-	-	**50**
26.05.05	-	28,470	-	1,918	**26,552**
25.08.05	-	154	-	-	**154**
30.11.05	-	299	-	-	**299**
28.02.06	-	909	-	-	**909**
	58,315	29,832	897	7,278	**79,972**
For executive director (Lee Hsien Yang)					
25.06.03	703	-	-	-	**703**
26.05.04	750	-	-	-	**750**
26.05.05	-	899	-	-	**899**
	1,453	899	-	-	**2,351**
	59,768	**30,731**	**897**	**7,278**	**82,324**

5.2 **Performance Shares (continued)**

Date of grant	Balance as at 1 Apr 05 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 Mar 06 ('000)
Performance shares (Senior Management Awards)					
For senior management					
25.06.03	2,889	-	578	694	**1,617**
26.05.04	1,683	-	191	565	**927**
26.05.05	-	1,787	-	287	**1,500**
	4,572	1,787	769	1,546	**4,044**
For executive director (Lee Hsien Yang)					
25.06.03	703	-	-	-	**703**
26.05.04	750	-	-	-	**750**
26.05.05	-	745	-	-	**745**
	1,453	745	-	-	**2,198**
	6,025	**2,532**	**769**	**1,546**	**6,242**
	65,793	**33,263**	**1,666**	**8,824**	**88,566**

Notes:

(1) During the financial year, awards in respect of an aggregate of 1,222,279 shares granted under the Share Plan 2003 were vested. The awards were satisfied in part by the delivery of existing shares purchased from the market and in part by the payment of cash in lieu of delivery of shares, as permitted under the Share Plan 2003.

(2) During the financial year, awards in respect of an aggregate of 443,452 shares granted under the Share Plan 2004 were vested. The awards were satisfied by the payment of cash in lieu of delivery of shares, as permitted under the Share Plan 2004.

(3) Of the 88,566,188 shares not vested as at 31 March 2006, 28,860,015 shares relate to awards granted under the Share Plan 2003 and 59,706,173 shares relate to awards granted under the Share Plan 2004.

As at 31 March 2006, no participant has been granted options under the 1999 Scheme and/or received shares pursuant to the vesting of awards granted under the Share Plan 2004 which, in aggregate, represents 5 per cent or more of the aggregate of:

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

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

Directors' Report

For the financial year ended 31 March 2006

6. AUDIT COMMITTEE

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

Nicky Tan Ng Kuang (Chairman of the Audit Committee)
Graham John Bradley
Heng Swee Keat

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50.

In performing its functions, the Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of the respective examinations and their evaluation of the Company's system of internal accounting controls.

The Committee also reviewed the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2006 as well as the auditors' report thereon.

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

On behalf of the directors

Chumpol NaLamlieng	**Lee Hsien Yang**
Chairman	Director

Singapore
3 May 2006

Statement of Directors

For the financial year ended 31 March 2006

In the opinion of the directors,

(a) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 85 to 180 are drawn up so as to give a true and fair view of the affairs of the Company and of the Group as at 31 March 2006, changes in equity of the Company and of the Group and of the results of the business and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Chumpol NaLamlieng
Chairman

Lee Hsien Yang
Director

Singapore
3 May 2006

Auditors' Report

To the Members of Singapore Telecommunications Limited

We have audited the accompanying financial statements of Singapore Telecommunications Limited set out on pages 85 to 180 for the financial year ended 31 March 2006, comprising the balance sheet and statement of changes in equity of the Company, and the consolidated financial statements of the Group. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006, and the changes in equity of the Company and of the Group for the financial year ended on that date and the results and cash flows of the Group for the financial year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Singapore
3 May 2006

Consolidated Income Statement

For the financial year ended 31 March 2006

	Notes	Group 2006 S$ Mil	Group 2005 S$ Mil
Operating revenue	4	**13,138.4**	12,617.0
Operating expenses	5	**(8,783.3)**	(8,010.7)
Other income	6	**111.6**	55.5
Operational EBITDA		**4,466.7**	4,661.8
Compensation from IDA		**337.0**	337.0
Depreciation and amortisation	7	**(1,976.7)**	(1,975.0)
Exceptional items	8	**815.5**	(184.6)
Profit on operating activities		**3,642.5**	2,839.2
Share of results of associated and joint venture companies	9	**1,206.5**	945.2
Profit before interest, investment income and tax		**4,849.0**	3,784.4
Interest and investment income	10	**137.0**	89.8
Interest on borrowings	11	**(486.7)**	(488.5)
Profit before tax		**4,499.3**	3,385.7
Tax expense	12	**(338.0)**	(117.1)
Profit after tax		**4,161.3**	3,268.6
Attributable to:			
Shareholders of the Company		**4,163.3**	3,268.4
Minority interest		**(2.0)**	0.2
		4,161.3	3,268.6
Underlying net profit	13	**3,294.9**	3,059.9
EBITDA	14	**6,452.7**	6,259.0
Earnings per share attributable to shareholders of the Company			
- basic (cents)	15	**24.98**	19.01
- diluted (cents)	15	**24.91**	18.94

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.

Auditors' report – page 84

Balance Sheets

As at 31 March 2006

		Group		Company	
		2006	2005	2006	2005
	Notes	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Current assets					
Cash and cash equivalents	17	**2,770.3**	3,302.9	**669.8**	1,290.5
Trade and other receivables	18	**2,047.2**	1,984.3	**752.5**	875.6
Trading investments	19	**860.3**	934.9	**-**	-
Available-for-sale investments	26	**-**	5.0	**-**	5.0
Derivative financial instruments	27	**69.8**	-	**6.6**	-
Inventories	20	**186.3**	189.4	**7.5**	5.5
		5,933.9	6,416.5	**1,436.4**	2,176.6
Non-current assets					
Property, plant and equipment	21	**9,464.7**	11,663.5	**2,208.7**	2,402.2
Intangible assets	22	**10,115.6**	10,112.3	**3.6**	4.0
Subsidiary companies	23	**-**	-	**18,678.5**	18,802.4
Associated companies	24	**5,203.1**	4,285.5	**25.7**	30.4
Joint venture companies	25	**1,393.8**	1,190.5	**74.4**	133.1
Available-for-sale investments	26	**51.7**	39.0	**43.3**	22.1
Derivative financial instruments	27	**239.2**	312.7	**239.2**	273.0
Deferred tax assets	12	**1,111.2**	1,222.8	**-**	-
Other non-current receivables	28	**93.0**	90.5	**26.2**	28.9
		27,672.3	28,916.8	**21,299.6**	21,696.1
Total assets		**33,606.2**	35,333.3	**22,736.0**	23,872.7
Current liabilities					
Trade and other payables	29	**3,183.0**	3,455.7	**1,150.6**	1,171.5
Due to subsidiary companies	23	**-**	-	**1,023.9**	298.1
Provision	30	**18.5**	17.6	**-**	-
Current tax liabilities		**360.0**	376.2	**232.9**	253.7
Borrowings (unsecured)	31	**1,492.8**	963.2	**564.3**	1,000.0
Borrowings (secured)	32	**0.7**	1,163.8	**-**	-
Derivative financial instruments	27	**72.8**	-	**72.8**	-
		5,127.8	5,976.5	**3,044.5**	2,723.3
Non-current liabilities					
Borrowings (unsecured)	31	**5,907.2**	7,338.9	**4,580.7**	5,259.5
Borrowings (secured)	32	**-**	70.5	**-**	-
Advance billings		**312.4**	1,035.8	**-**	-
Deferred income	33	**18.5**	374.3	**9.0**	347.1
Derivative financial instruments	27	**605.7**	696.0	**474.0**	417.5
Deferred tax liabilities	12	**375.6**	424.8	**282.9**	323.3
Other non-current liabilities	34	**165.8**	133.8	**21.0**	20.6
		7,385.2	10,074.1	**5,367.6**	6,368.0
Total liabilities		**12,513.0**	16,050.6	**8,412.1**	9,091.3
Net assets		**21,093.2**	19,282.7	**14,323.9**	14,781.4
Share capital and reserves					
Share capital	35	**4,774.7**	2,496.2	**4,774.7**	2,496.2
Reserves		**16,315.9**	16,775.0	**9,549.2**	12,285.2
Interest of shareholders of the Company		**21,090.6**	19,271.2	**14,323.9**	14,781.4
Minority interest		**2.6**	11.5	**-**	-
Total equity		**21,093.2**	19,282.7	**14,323.9**	14,781.4

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.

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Statements of Changes in Equity

For the financial year ended 31 March 2006

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Share Capital				
Balance as at 1 Apr	**2,496.2**	2,677.3	**2,496.2**	2,677.3
Issue of new shares	**20.5**	10.2	**20.5**	10.2
Cancellation of shares	**-**	(191.3)	**-**	(191.3)
Transfer from Share Premium and Capital Redemption Reserve upon implementation of Companies (Amendment) Act 2005	**2,258.0**	-	**2,258.0**	-
Balance as at 31 Mar	**4,774.7**	2,496.2	**4,774.7**	2,496.2
Share Premium				
Balance as at 1 Apr	**2,168.3**	4,882.3	**2,168.3**	4,882.3
Issue of new shares	**80.5**	104.7	**80.5**	104.7
Cancellation of shares	**-**	(2,818.7)	**-**	(2,818.7)
Transfer to Share Capital upon implementation of Companies (Amendment) Act 2005	**(2,248.8)**	-	**(2,248.8)**	-
Balance as at 31 Mar	**-**	2,168.3	**-**	2,168.3
Capital Redemption Reserve				
Balance as at 1 Apr	**9.2**	9.2	**9.2**	9.2
Transfer to Share Capital upon implementation of Companies (Amendment) Act 2005	**(9.2)**	-	**(9.2)**	-
Balance as at 31 Mar	**-**	9.2	**-**	9.2
Treasury Shares [1] Held By Trust [2]				
Performance shares purchased by Trust unvested as at 30 Jan 06 reclassified from Capital Reserve – Performance Shares	**(38.1)**	-	**-**	-
Balance as at 31 Mar	**(38.1)**	-	**-**	-
Capital Reserve – Performance Shares				
Balance as at 1 Apr	**3.2**	-	**(1.4)**	-
Equity-settled performance shares (net of tax)	**29.5**	26.9	**15.0**	12.4
Performance shares purchased by Trust	**(20.6)**	(20.3)	**-**	-
Performance shares purchased by Trust unvested as at 30 Jan 06 reclassified to Treasury Shares Held By Trust	**38.1**	-	**-**	-
Cash paid to employees under performance share plans	**(1.4)**	-	**(0.9)**	-
Payment to employees in performance shares	**-**	(1.0)	**-**	-
Contribution to Trust	**-**	-	**(12.5)**	(12.2)
Transfer to liability upon modification	**-**	(2.4)	**-**	(1.6)
Balance as at 31 Mar	**48.8**	3.2	**0.2**	(1.4)
Balance carried forward	**4,785.4**	4,676.9	**4,774.9**	4,672.3

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.

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Statements of Changes in Equity

For the financial year ended 31 March 2006

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Balance brought forward	**4,785.4**	4,676.9	**4,774.9**	4,672.3
Currency Translation Reserve				
Balance as at 1 Apr				
- as previously reported	**781.8**	725.2	**(1.3)**	(1.3)
- effects of adopting FRS 39	**(53.4)**	-	**-**	-
- effects of adopting FRS 21	**-**	-	**1.3**	1.3
- restated	**728.4**	725.2	**-**	-
Currency translation differences released on deconsolidation of subsidiary companies	**4.3**	-	**-**	-
Currency translation differences released on dilution/disposal of associated and joint venture companies	**(2.8)**	9.1	**-**	-
Currency translation differences (*)	**(556.5)**	47.5	**-**	-
Balance as at 31 Mar	**173.4**	781.8	**-**	-
Hedging Reserve				
Balance as at 1 Apr				
- effects of adopting FRS 39	**(161.7)**	-	**(108.0)**	-
Cash flow hedges (net of tax) (*)	**108.5**	-	**85.6**	-
Balance as at 31 Mar	**(53.2)**	-	**(22.4)**	-
Fair Value Reserve				
Balance as at 1 Apr				
- effects of adopting FRS 39	**75.8**	-	**30.1**	-
Fair value losses on available-for-sale ("**AFS**") investments (*)	**(7.7)**	-	**(8.9)**	-
Fair value gains transferred to income statement on sale of AFS investments	**(47.4)**	-	**-**	-
Balance as at 31 Mar	**20.7**	-	**21.2**	-
Balance carried forward	**4,926.3**	5,458.7	**4,773.7**	4,672.3

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.
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	Note	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
Balance brought forward		**4,926.3**	5,458.7	**4,773.7**	4,672.3
Retained earnings					
Balance as at 1 Apr					
- as previously reported		**15,014.2**	12,661.4	**10,110.4**	9,765.5
- effects of adopting FRS 39		**(0.6)**	-	**(53.4)**	-
- effects of adopting FRS 21		**-**	-	**(1.3)**	(1.3)
- restated		**15,013.6**	12,661.4	**10,055.7**	9,764.2
Goodwill transferred from Other Reserves on dilution		**(13.9)**	(0.4)	**-**	-
Net profit for the year (*)		**4,163.3**	3,268.4	**1,229.6**	1,260.3
Final dividends paid	36	**(1,733.8)**	(915.2)	**(1,735.1)**	(915.4)
Balance as at 31 Mar		**17,429.2**	15,014.2	**9,550.2**	10,109.1
Other Reserves (4)					
Balance as at 1 Apr		**(1,201.7)**	(1,203.2)	**-**	-
Transferred to income statement on deconsolidation of subsidiary companies		**(83.7)**	-	**-**	-
Goodwill transferred to Retained Earnings on dilution		**13.9**	0.4	**-**	-
Share of associated and joint venture companies' reserve movements (*)		**6.6**	1.1	**-**	-
Balance as at 31 Mar		**(1,264.9)**	(1,201.7)	**-**	-
Equity attributable to shareholders of the Company		**21,090.6**	19,271.2	**14,323.9**	14,781.4
Minority interest					
Balance as at 1 Apr		**11.5**	49.4	**-**	-
Effects of deconsolidation of subsidiary companies		**(6.8)**	-	**-**	-
Currency translation differences (*)		**0.2**	(0.5)	**-**	-
Net (loss)/profit for the year (*)		**(2.0)**	0.2	**-**	-
Loan from minority shareholder repaid		**-**	(37.3)	**-**	-
Dividends paid to minority shareholders		**(0.3)**	(0.3)	**-**	-
Balance as at 31 Mar		**2.6**	11.5	**-**	-
Total equity		**21,093.2**	19,282.7	**14,323.9**	14,781.4
Total recognised gains (3)		**3,712.4**	3,316.7	**1,306.3**	1,260.3

Notes:

(1) "Treasury Shares" are accounted for in accordance with FRS 32 (revised 2004) (see Note 2.4).

(2) RBC Dexia Trust Services Singapore Limited (the "**Trust**") is the trustee of a trust established to administer the performance share plans.

(3) Total recognised gains comprise all items marked (*).

(4) Other Reserves relate mainly to goodwill on acquisition completed prior to 1 April 2001.

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.
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Consolidated Cash Flow Statement

For the financial year ended 31 March 2006

	2006 S$ Mil	2005 S$ Mil
Cash Flows from Operating Activities		
Profit before tax	**4,499.3**	3,385.7
Adjustments for:		
Amortisation	**33.2**	11.9
Depreciation	**1,943.5**	1,963.1
Exceptional items	**(815.5)**	184.6
IDA compensation	**(337.0)**	(337.0)
Interest and investment income	**(137.0)**	(89.8)
Interest on borrowings	**486.7**	488.5
Net (gain)/loss on disposal of property, plant and equipment	**(29.7)**	6.1
Share of results of associated and joint venture companies (post-tax)	**(1,206.5)**	(945.2)
Other non-cash items	**31.1**	28.9
	(31.2)	1,311.1
Operating cash flow before working capital changes	**4,468.1**	4,696.8
Changes in operating assets and liabilities		
Trade and other receivables	**(242.2)**	(111.8)
Trade and other payables	**35.1**	(73.7)
Inventories	**(23.6)**	(24.9)
Provisions	**0.8**	(0.6)
Currency translation adjustments of subsidiary companies	**(2.2)**	(3.7)
Cash generated from operations	**4,236.0**	4,482.1
Dividends received from associated and joint venture companies	**615.9**	354.7
Income tax paid	**(366.9)**	(347.2)
Net cash inflow from operating activities	**4,485.0**	4,489.6

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.
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	Note	2006 S$ Mil	2005 S$ Mil
Cash Flows from Investing Activities			
Dividends from other investments		**5.4**	7.4
Interest received		**91.8**	54.3
Payment for acquisition of subsidiary company, net of cash acquired (see Note 1)		**(75.7)**	(322.4)
Cash and cash equivalents in subsidiary companies deconsolidated (see Note 2)		**(16.5)**	-
Investment in associated and joint venture companies		**(617.1)**	(211.8)
Long term loans repaid by associated and joint venture companies		**59.9**	23.9
Proceeds from sale of associated and joint venture companies (net of withholding tax paid)		**105.2**	2,465.3
Long term loans to associated and joint venture companies		**(1.2)**	(0.4)
Investment in available-for-sale investments		**(2.5)**	(2.3)
Proceeds from sale of available-for-sale investments		**72.8**	153.1
Net sale proceeds from/(purchase of) trading investments		**72.3**	(473.7)
Payment for purchase of property, plant and equipment		**(1,713.5)**	(1,428.1)
Proceeds from sale of property, plant and equipment		**97.7**	318.4
Recovery of investment previously written off		**-**	2.3
Purchase of intangible assets		**(60.6)**	(7.4)
Net cash (outflow)/inflow from investing activities		**(1,982.0)**	578.6
Cash Flows from Financing Activities			
Proceeds from term loans		**349.1**	2,143.0
Repayment of term loans		**(280.6)**	(2,524.6)
Bonds repaid		**(911.0)**	-
Finance lease payments		**(106.4)**	(55.0)
Net interest paid on borrowings and swaps		**(431.4)**	(431.7)
Loan from minority shareholder repaid		**-**	(37.3)
Capital repayment to minority shareholder		**-**	(19.9)
Dividends paid to minority shareholder		**(0.3)**	(172.0)
Dividends paid to shareholders of the Company		**(1,733.8)**	(915.2)
Payment for cancellation of shares on capital reduction		**-**	(3,010.0)
Proceeds from issue of shares		**101.0**	114.9
Purchase of performance shares by Trust		**(20.6)**	(20.3)
Payment to employees in performance shares		**-**	(1.0)
Payment to employees in cash under performance share plans		**(1.4)**	-
Net cash outflow from financing activities		**(3,035.4)**	(4,929.1)
Net (decrease)/increase in cash and cash equivalents		**(532.4)**	139.1
Exchange effects on cash and cash equivalents		**(0.2)**	1.9
Cash and cash equivalents at beginning of year	17	**3,302.9**	3,161.9
Cash and cash equivalents at end of year	17	**2,770.3**	3,302.9

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.

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Notes to the Consolidated Cash Flow Statement

For the financial year ended 31 March 2006

Note (1): Acquisition of subsidiary companies

In the current financial year, NCS Pte Ltd., a subsidiary of the Group, acquired the remaining 30 per cent of registered capital of its subsidiary companies, Shanghai Zhong Sheng Information Technology Co. Ltd and Guangzhou Zhong Sheng Information Technology Co. Ltd.

In addition, SingTel Optus Pty Limited ("**Optus**") acquired 100 per cent equity interest in Alphawest Limited ("**Alphawest**") in November 2005 and 74.15 per cent of Virgin Mobile Australia ("**VMA**") in January 2006, increasing its shareholding in VMA to 100 per cent. Optus also made further payments in respect of Reef Networks Pty Ltd ("**Reef**") which was acquired in March 2005.

In the previous financial year, Optus acquired 100 per cent equity interest in Uecomm Limited ("**Uecomm**") in July 2004 and Reef in March 2005.

Fair values of identifiable net assets of the subsidiary companies acquired, which approximate their carrying values, and net cash outflow on acquisition were:

	2006 **S$ Mil**	**2005** **S$ Mil**
Property, plant and equipment	**97.9**	278.0
Non-current assets (excluding property, plant and equipment)	**7.5**	25.8
Cash	**6.4**	10.1
Current assets (excluding cash)	**64.3**	22.6
Current liabilities	**(71.9)**	(44.1)
Non-current liabilities	**(86.7)**	(86.6)
Fair value of net assets acquired	**17.5**	205.8
Goodwill (1)	**109.9**	127.4
Total cash consideration	**127.4**	333.2
Less: consideration unpaid as at balance sheet date	**(0.1)**	(0.7)
Less: cash in subsidiary companies acquired	**(6.4)**	(10.1)
Total cummulative cash outflow	**120.9**	322.4
Less: cash outflow in the previous financial year	**(45.2)**	-
Cash outflow in the financial year	**75.7**	322.4

Note:
(1) Goodwill on acquisition of S$109.9 million included an amount of S$45.1 million arising from acquisition in the previous financial year.

The operating revenue and results of the newly acquired subsidiary companies are not significant to the Group.

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.
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Note (2): Subsidiary companies deconsolidated

In the current financial year, the Group ceased to exercise control over C2C Pte Ltd ("**C2C**") and its subsidiary companies ("**C2C Group**") and IPACS Computer Services (S) Pte. Ltd. and its subsidiary companies ("**IPACS Group**"). The carrying amount of net assets deconsolidated and their cash flow effects were as follows:

	2006 **S$ Mil**
Property, plant and equipment	**1,288.2**
Non-current assets (excluding property, plant and equipment)	**(6.5)**
Cash (net of bank overdrafts)	**16.5**
Current assets (excluding cash)	**65.6**
Current liabilities (excluding bank overdrafts)	**(1,303.8)**
Non-current liabilities	**(582.2)**
Carrying value of net assets	**(522.2)**
Less: minority interest	**(6.8)**
Carrying value of net assets deconsolidated	**(529.0)**
Release from Hedging Reserve	**0.3**
Release from Other Reserves	**(83.7)**
Release from Currency Translation Reserve	**4.3**
Net gain on deconsolidation	**608.1**

See Note 8 on the financial effects of deconsolidation.

The accompanying notes on pages 94 to 180 form an integral part of these financial statements.
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Notes to the Financial Statements

For the financial year ended 31 March 2006

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

1. GENERAL

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

The principal activities of the Company consist of the operation and provision of telecommunication systems and services and investment holding. The principal activities of the subsidiary companies are disclosed in Note 45.

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), public cellular mobile telephone services and public radio paging 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, amongst others, video-on-demand and internet content.

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 3 May 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("**FRS**") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance. 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 except for the changes in accounting policies discussed more fully in Note 2.2.

2.2 Changes in Accounting Policies

2.2.1 Adoption of new or revised FRS and interpretations to FRS

With effect from the financial year beginning 1 April 2005, the Group adopted certain new or revised FRS and Interpretations to FRS ("**INT FRS**") which are mandatory and relevant to its operations. The financial statements for the current financial year and the comparatives have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Group:

FRS 1 (revised 2004)	Presentation of Financial Statements
FRS 2 (revised 2004)	Inventories
FRS 8 (revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004)	Events after the Balance Sheet Date
FRS 16 (revised 2004)	Property, Plant and Equipment
FRS 17 (revised 2004)	Leases
FRS 21 (revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004)	Related Party Disclosures
FRS 27 (revised 2004)	Consolidated and Separate Financial Statements
FRS 28 (revised 2004)	Investments in Associates
FRS 31 (revised 2004)	Interests in Joint Ventures
FRS 32 (revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004)	Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 105	Non-current Assets Held for Sale and Discontinued Operations
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities

2.2.2 Effects on financial statements on adoption of new or revised FRS and INT FRS

Apart from FRS 39 and FRS 21 (revised 2004), the adoption of the new or revised FRS and INT FRS does not have any significant effect on the comparatives or the opening reserves of the Group or the Company, or on the results or financial positions of the Group or the Company for the year ended, and as at, 31 March 2006.

The material changes to the accounting policies resulting from the adoption of FRS 39 are described in Note 2.6 and Note 2.7 to the financial statements. In accordance with the transitional provisions of FRS 39, the standard is applied prospectively and the comparative figures for the financial year ended 31 March 2005 have not been restated. Instead, the effects of adopting FRS 39 had been adjusted one-off to the opening reserves as at 1 April 2005 as follows:

Group	Retained Earnings S$ Mil	Fair Value Reserve S$ Mil	Hedging Reserve S$ Mil	Currency Translation Reserve S$ Mil	Total S$ Mil
Fair valuation of a derivative that does not qualify for hedge accounting	(0.6)	-	-	-	(0.6)
Fair valuation of available-for-sale investments	-	75.8	-	-	75.8
Hedge accounting					
Cash flow hedge	-	-	(161.7)	-	(161.7)
Net investment hedge	-	-	-	(53.4)	(53.4)
	(0.6)	75.8	(161.7)	(53.4)	(139.9)

Notes to the Financial Statements

For the financial year ended 31 March 2006

2.2.2 Effects on financial statements on adoption of new or revised FRS and INT FRS (continued)

Company	Retained Earnings S$ Mil	Fair Value Reserve S$ Mil	Hedging Reserve S$ Mil	Total S$ Mil
Fair valuation of a derivative that does not qualify for hedge accounting	(53.4)	-	-	(53.4)
Fair valuation of available-for-sale investments	-	30.1	-	30.1
Hedge accounting				
Cash flow hedge	-	-	(108.0)	(108.0)
	(53.4)	30.1	(108.0)	(131.3)

Under FRS 21 (revised 2004), foreign exchange differences on loans from the Company to its subsidiary companies which form part of the Company's net investment in the subsidiary companies are required to be recognised in the income statement of the Company. In the previous financial year, such foreign exchange differences were recognised in Currency Translation Reserve within equity. FRS 21 (revised 2004) is applied retrospectively with restatements of the comparative figures for the financial year ended 31 March 2005. The revised standard has no impact on the consolidated financial statements as the translation differences continue to be recognised in the Currency Translation Reserve within equity.

The adoption of FRS 21 (revised 2004) had resulted in an increase of S$1.3 million in the Currency Translation Reserve of the Company and a corresponding S$1.3 million decrease in the Retained Earnings of the Company as at 1 April 2004 and 1 April 2005.

2.3 Group Accounting

The accounting policy for subsidiary, associated and joint venture companies in the Company's financial statements is stated in Note 2.5. The Group's accounting policy on goodwill is stated in Note 2.15.1.

2.3.1 Subsidiary companies

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

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

Any losses in excess of the interest in the equity of the subsidiary company attributable to the minority shareholders are charged to the Group except to that extent that the minority shareholders are able and have a binding obligation to make good the losses.

2.3.2 Associated companies

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

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

2.3.2 Associated companies (continued)

In the consolidated balance sheet, investments in associated companies include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001, net of accumulated impairment losses.

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

2.3.3 Joint venture companies

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

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

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.

2.3.4 Transaction costs

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

2.3.5 Special purpose entity

RBC Dexia Trust Services Singapore Limited (the "**Trust**") is the trustee of a trust established to administer the performance share plans. The Trust acquires shares in the Company from the open market for delivery to participants upon vesting of awards.

The Trust had been consolidated in the consolidated financial statements under INT FRS 12, *Consolidation – Special Purpose Entities*, even though it is not legally owned by the Group.

2.4 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares, other than for acquisitions, are taken to equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issuance of new equity shares for acquisitions of businesses are included in the cost of acquisition as part of the purchase consideration.

With the implementation of the Companies (Amendment) Act 2005 on 30 January 2006, the concept of authorised share capital is abolished and the shares of the Company have no par value. Consequently, the balances in Share Premium and Capital Redemption Reserve within equity as at 30 January 2006 had been transferred to the Company's Share Capital.

When the Company purchases the Company's equity share capital, the consideration paid, including any directly attributable costs, is taken against Treasury Shares Held By The Company 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.

Notes to the Financial Statements

For the financial year ended 31 March 2006

2.4 Share Capital (continued)

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, held by the Trust as at 30 January 2006 had been transferred from Capital Reserve – Performance Shares to Treasury Shares Held By Trust 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.

Before 30 January 2006, the cost of SingTel shares purchased by the Trust, whether vested or unvested, was taken against Capital Reserve - Performance Shares in the consolidated financial statements.

2.5 Investments in Subsidiary, Associated and Joint Venture Companies

In the Company's balance sheet, investments in subsidiary, associated and joint venture companies, including loans that are in fact extensions of the Company's investment, 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 subsidiary, associated and joint venture companies, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the income statement.

2.6 Investments

Under FRS 39, the investments of the Group are classified either as "financial assets at fair value through profit or loss" or "available-for-sale investments". Purchases and sales of investments are recognised on trade date i.e. the date that the Group commits to purchase or sell the investment.

2.6.1 Financial assets at fair value through profit or loss ("trading investments")

Previously, investments acquired principally for the purpose of selling in the short term were classified as short term investments and stated at the lower of cost and market value on an aggregate portfolio basis, with changes in market value included in the income statement.

As at 1 April 2005, such investments were designated as "financial assets at fair value through profit or loss" and initially recognised at fair value.

The change in accounting policy has no impact on the financial statements for the current financial year as the short term investments were already stated at fair value since market value was lower than cost as at 31 March 2005.

Trading investments are subsequently re-measured at fair value at the balance sheet date with any resulting gains and losses, including currency translation differences on equity investments, recognised in income statement.

2.6.2 Available-for-sale investments ("AFS investments")

Previously, the Group's long term investments were stated in the financial statements at cost and an impairment loss is recognised when there is a decline other than temporary in the value of the investment, determined on an individual basis.

As at 1 April 2005, such investments were designated as AFS investments and were initially recognised at fair value plus directly attributable transaction costs.

The impact of the change in accounting policy is stated in Note 2.2.2.

The AFS investments are subsequently stated at fair value at the balance sheet date, with all resulting gains and losses, including currency translation differences, taken to Fair Value Reserve within equity.

2.6.2 Available-for-sale investments ("AFS investments") (continued)

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

Impairment loss is computed as the difference between the carrying amount 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.

2.7 Derivative Financial Instruments and Hedging Activities

Previously, the notional principal amounts of derivative financial instruments such as forward currency exchange contracts were recorded as off-balance sheet items and their fair values were not separately recognised in the financial statements. Instead, exchange differences arising from translating these derivative financial instruments were accounted for in a manner consistent with the hedged items.

Under FRS 39, 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.

The impact of the change in accounting policy is stated in Note 2.2.2.

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.

2.7.1 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. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

<u>Fair value hedge</u>

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.

<u>Cash flow hedge</u>

The effective portion of changes in the fair value of the derivative financial instruments that qualify as cash flow hedges are recognised in Hedging Reserve within equity. 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 income statement.

Notes to the Financial Statements

For the financial year ended 31 March 2006

2.7.1 Hedge accounting (continued)

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 Currency Translation Reserve within equity of the consolidated financial statements and are transferred to the consolidated income statement in the periods when the foreign operation is disposed off. In the Company's financial statements, the gain or loss on the financial instrument used to hedge a net investment in a foreign operation of the Group is recognised in the income statement.

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

- Cross currency interest rate swaps that 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 cross currency interest rate swaps involve the exchange of principal and fixed interest receipts in the foreign currency in which the issued bonds are denominated, for principal and floating interest payments in the Group's functional currency.

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

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

2.8 Fair Value Estimation of Financial Instruments

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

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

Bank balances, receivables and payables, short term borrowings

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

Quoted and unquoted investments

The fair value of investments traded in active markets is based on the market quoted bid price or the bid price quoted by the market maker at the close of business on the balance sheet date.

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.

Interest rate swaps

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the credit worthiness of the swap counterparties. It is calculated as the present value of the estimated future cash flow, discounted at actively quoted interest rates.

2.8 Fair Value Estimation of Financial Instruments (continued)

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 balance sheet date.

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 balance sheet date.

2.9 Trade and Other Receivables

Under FRS 39, trade and other receivables, including loans given by the Company to subsidiary, associated and joint venture companies are recognised initially at fair value and where applicable, 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. The impairment loss, measured as the difference between the debt's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the original effective interest rate, is recognised in the income statement. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the debt does not exceed its amortised cost at the reversal date.

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

Previously, borrowings were stated at the proceeds received and transaction costs on borrowings were classified as deferred charges and amortised on a straight line basis over the period of the borrowings. Under FRS 39, borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, unhedged borrowings are subsequently stated at amortised cost using the effective interest method.

2.12 Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances with banks and fixed deposits 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 on the balance sheet.

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 balance sheet of the Company and consolidated financial statements of the Group are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

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 balance sheet date are translated at exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 March 2006

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 dollars at exchange rates ruling at the balance sheet date 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 Currency Translation Reserve within equity. On disposal, the accumulated translation differences deferred in Currency Translation Reserve relating to that foreign operation are recognised in the consolidated income statement as part of the gain or loss on disposal.

2.13.4 Translation of goodwill and fair value adjustments

Under FRS 21 (revised 2004), 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 balance sheet date. 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 in the Company's financial statements

As stated in Note 2.2.2, exchange differences on loans from the Company to its subsidiary companies which form part of the Company's net investment in the subsidiary companies are recognised in the income statement of the Company. Such translation differences, however, are reclassified to Currency Translation Reserve within equity in the consolidated financial statements. On disposal, the accumulated exchange differences are recognised in the consolidated income statement as part of the gain or loss on disposal.

2.14 Provisions

Provisions are 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. Provisions are not recognised for future operating losses.

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.15 Intangible Assets

2.15.1 Goodwill

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

Goodwill is stated at cost less accumulated impairment losses.

Acquisitions completed prior to 1 April 2001

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

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

2.15.1 Goodwill (continued)

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

<u>Acquisitions completed on or after 1 April 2001</u>

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

Since 1 April 2004, goodwill is no longer amortised but is tested annually for impairment or whenever there is 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 cost of goodwill.

Goodwill on acquisitions of subsidiary companies is shown on the face of the consolidated balance sheet whereas goodwill on acquisitions of associated and joint venture companies is recorded as part of the carrying value of the related investment.

Negative goodwill is recognised directly in the consolidated income statement.

Gains and losses on disposal of the subsidiary, associated and joint venture companies 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 22 years. Advance payments for the right to broadcast programs are recognised as an intangible asset and amortised on a straight line basis over the period of the underlying contract. Customer relationships acquired in a business combination are carried at fair value at date of acquisition, and amortised on a straight line basis over the period of the expected benefits, which is estimated at 10 years.

Capitalised expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

2.16 Impairment of Non-financial Assets

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

The other intangible assets of the Group, which have definite useful lives and are subject to amortisation, as well as property, plant and equipment and investments in subsidiary, associated and joint venture companies, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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, 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 is not reversed in a subsequent period.

Notes to the Financial Statements

For the financial year ended 31 March 2006

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 services. Costs include the 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 balance sheet as "Work-in-progress" (as a current asset) or "Excess of progress billings over work-in-progress" (as a current liability) as applicable.

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

2.18 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses or at cost, 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. 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, furniture and fittings.

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

2.18 Property, Plant and Equipment (continued)

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. Cost 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.

In accordance with FRS 16 (revised 2004), the residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

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

2.19 Leases

2.19.1 Finance leases

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

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

2.19.2 Operating leases

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

2.19.3 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.

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

2.19.4 Indefeasible right of use

The Group has entered into certain indefeasible right of use ("**IRU**") agreements with its customers. An IRU is a right to use a specified amount of capacity for a specific time period that cannot be revoked or voided. Such agreements are accounted for either as leases or service transactions.

Those IRU agreements that provide the lessee with exclusive right to the purchased capacity and limit the purchased capacity to a specified fibre are accounted for as lease transactions. Other IRUs are accounted for as service contracts.

IRU agreements that transfer substantially all the risks and rewards of ownership to the lessee are classified as sales-type leases. All other IRU leases are classified as operating leases.

Revenue from sales-type leases is recognised in the period that the IRUs are transferred and capacity is available for service. The costs attributable to capacity sold under sales-type contracts are accordingly recognised as cost of goods sold.

Notes to the Financial Statements

For the financial year ended 31 March 2006

2.19.4 Indefeasible right of use (continued)

Revenue from operating leases or service contracts are recognised over the term of the lease or the contracts. Amounts received or contractually receivable from lessees in excess of revenue recognised are recorded as advance billings in the balance sheets. Costs of the network relating to operating leases or service contracts are included as property, plant and equipment and depreciated over the economic useful life of the network.

2.20 Capacity Swaps

The Group may exchange capacity with other capacity or service providers. Under FRS 16 (revised 2004), the exchange is regarded as a transaction which generates revenue unless the transaction lacks commercial substance or the fair value of neither the capacity received nor the capacity given up is reliably measurable.

2.21 Revenue Recognition

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

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

Revenue from the provision of information technology services is recognised based on the percentage of completion of the projects using cost-to-cost basis. Revenue from information technology 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 risk 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.

2.22 Employees' Benefits

2.22.1 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 service 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.

2.22.2 Employees' leave entitlements

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

2.22.3 Share-based compensation

Performance shares

Under the SingTel Executives' Performance Share Plan ("**Share Plan 2003**") and SingTel Performance Share Plan ("**Share Plan 2004**"), participants will receive fully paid ordinary shares of SingTel free of charge, the equivalent in cash, or combinations thereof, provided that certain pre-determined corporate performance targets are met within a prescribed performance period and the participants are still employed by the Group.

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

At each balance sheet date, 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

In 2003, SingTel's share option schemes were suspended with the implementation of Share Plan 2003. 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.

After the implementation of the Companies (Amendment) Act 2005 on 30 January 2006, the proceeds received, net of any directly attributable transaction costs, from the exercise of share options are credited to Share Capital. Before 30 January 2006, the net proceeds were credited to Share Capital (at par value of the shares issued) and Share Premium.

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

2.23 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.

2.24 Customer Acquisition Costs

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

2.25 Pre-incorporation Expenses

Pre-incorporation expenses are expensed as incurred.

2.26 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.

Notes to the Financial Statements

For the financial year ended 31 March 2006

2.27 Exceptional Items

Exceptional items refer to items of income or expense within profit or loss 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.

2.28 Deferred Taxation

Deferred taxation is provided in full, using the liability method, on all temporary differences at the balance sheet date 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 substantially enacted at the balance sheet date.

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

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

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

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

2.29 Dividends

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

2.30 Segment Reporting

A geographical segment is engaged in providing products and services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2.31 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 amount is recovered principally through a sale transaction rather than through continuing use.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

FRS 1 (revised 2004), *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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

3.1 Impairment of Property, Plant and Equipment, Intangible Assets, Investment in Subsidiary, Associated and Joint Venture Companies

The Group assesses impairment on the above mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the 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.

3.2 Impairment of Goodwill

Goodwill is subject to annual impairment test or more frequently if events or changes in circumstances indicate that it might be impaired.

The assumptions used by management to determine the value-in-use calculations are stated in Note 22.1.1.

3.3 Impairment of Trade Receivables

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

3.4 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. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the non-current assets.

3.5 Taxation

3.5.1 Deferred tax asset

The Group reviews the carrying amount of deferred tax asset at each balance sheet date. 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.

Notes to the Financial Statements

For the financial year ended 31 March 2006

3.5.2 Income taxes

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

3.6 Fair Value Estimates for Certain Financial Assets and Derivative Financial Instruments

The Group carries certain financial assets and derivative financial instruments at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these financial assets and derivative financial instruments would affect profit and equity.

3.7 Share-based Payments

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

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

3.8 Contingent Liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency.

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

As at 31 March 2006, the Group was involved in various legal proceedings where it was vigorously defending its claims.

4. OPERATING REVENUE

	Group	
	2006 S$ Mil	2005 S$ Mil
Mobile communications	**5,073.4**	4,944.7
National telephone	**2,501.4**	2,574.1
Data and internet	**2,522.3**	2,379.9
Information technology and engineering	**918.8**	762.4
Sale of equipment	**908.1**	671.4
International telephone	**882.8**	959.8
Cable television	**150.3**	165.7
Others	**181.3**	159.0
Operating revenue	**13,138.4**	12,617.0
Operating revenue	**13,138.4**	12,617.0
Other income (see Note 6)	**111.6**	55.5
Interest and dividend income (see Note 10)	**110.6**	82.5
Total revenue	**13,360.6**	12,755.0

5. OPERATING EXPENSES

	Group 2006 S$ Mil	Group 2005 S$ Mil
Traffic expenses	**2,528.4**	2,329.3
Selling and administrative costs	**2,463.9**	2,333.5
Staff costs	**1,667.7**	1,546.7
Equipment costs	**1,100.5**	907.4
Repair and maintenance	**289.9**	287.8
Other operating expenses	**732.9**	606.0
	8,783.3	8,010.7

5.1 Staff Costs

	Group 2006 S$ Mil	Group 2005 S$ Mil
Staff costs included the following:		
Contributions to defined contribution plans	**140.7**	136.3
Performance share expense		
- equity-settled arrangements	**29.5**	6.1
- cash-settled arrangements	**5.7**	3.4
Termination benefits	**47.3**	5.2

5.2 Key Management Personnel Compensation

	Group 2006 S$ Mil	Group 2005 S$ Mil
Directors' remuneration (1)	**3.7**	3.3
Other key management (2)	**16.0**	14.7
	19.7	18.0

Notes:

(1) In addition, Lee Hsien Yang, the executive director, was awarded up to 1,643,701 (2005: 1,500,000) ordinary shares of SingTel pursuant to the Share Plan 2004, subject to certain performance criteria including other terms and conditions being met. The expense computed in accordance with FRS 102, *Share-based Payment*, was S$2.5 million (2005: S$1.5 million).

(2) In addition, the other key management were awarded up to 5,534,298 (2005: 4,041,728) ordinary shares of SingTel pursuant to Share Plan 2004, subject to certain performance criteria including other terms and conditions being met. The expense computed in accordance with FRS 102, *Share-based Payment*, was S$7.4 million (2005: S$4.8 million).

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

Notes to the Financial Statements

For the financial year ended 31 March 2006

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 were 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.

	Number of share options [1]		Weighted average exercise price per share	
	2006	**2005**	**2006**	**2005**
Group and Company	**'000**	**'000**	**S$**	**S$**
Outstanding at 1 Apr	**138,766**	215,056	**1.84**	1.79
Cancelled	**(2,267)**	(7,954)	**2.40**	1.80
Exercised	**(61,847)**	(68,336)	**1.63**	1.68
Outstanding and exercisable at 31 Mar	**74,652**	138,766	**1.93**	1.84

	2006	**2005**
	'000	**'000**
The outstanding share options have the following exercise prices:		
A$3.63 (2005: A$3.70) for 1.66 SingTel shares [1]	**5,733**	6,495
S$2.50 to S$3.03	**7,050**	8,255
S$2.00 to S$2.49	**17,378**	23,867
S$1.50 to S$1.99	**42,961**	90,123
S$1.30 to S$1.49	**1,530**	10,026
	74,652	138,766
Weighted average remaining validity life	**4.9 years**	6.3 years

Note:

(1) The figure represents the number of unissued SingTel shares based on a ratio of 1.66 SingTel shares per share option.

No compensation expense is recognised when the share options are issued (see Note 2.22.3).

5.3.2 Performance share plans

The Share Plan 2003 only allows the purchase and delivery of existing SingTel shares to employees upon the vesting of the awards. The Share Plan 2004 gives the flexibility to either allot and issue and deliver new SingTel shares or purchase and deliver existing SingTel shares upon the vesting of awards.

Two categories of awards – General Awards for all staff and Senior Management Awards for senior management staff – are made on an annual basis at the discretion of the Group. 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 targets include comparing the Group's performance against comparable telecommunications companies in the MSCI Asia Pacific Telecommunications Index and MSCI Global Telecommunications Index. The General Awards shall be settled by delivery of SingTel shares, while the Senior Management Awards are to be settled by SingTel shares or cash, at the option of the recipient.

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

The performance share plans provide for the award of performance shares to selected employees of SingTel and its subsidiary companies. Though the performance shares are awarded by SingTel, the respective subsidiary companies 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 balance sheet date for cash-settled awards.

For the purpose of accruing the performance share expense for the Senior Management Awards until the achievement of the targets can be accurately ascertained, vesting is estimated at 100% of the grants.

<u>General Awards - equity-settled arrangements</u>

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

Group and Company 2006	**Outstanding as at 1 Apr 05 '000**	**Granted '000**	**Vested '000**	**Cancelled '000**	**Outstanding and unvested as at 31 Mar 06 '000**
Date of grant					
Share Plan 2003 - FY2004 [1]					
25 Jun 03	**30,057**	**-**	**(645)**	**(2,909)**	**26,503**
25 Feb 04	**37**	**-**	**-**	**-**	**37**
Share Plan 2004 - FY2005					
26 May 04	**29,158**	**-**	**(252)**	**(2,451)**	**26,455**
Sep to Nov 04	**516**	**-**	**-**	**-**	**516**
Share Plan 2004 - FY2006					
26 May 05	**-**	**29,369**	**-**	**(1,918)**	**27,451**
Aug to Feb 06	**-**	**1,362**	**-**	**-**	**1,362**
	59,768	**30,731**	**(897)**	**(7,278)**	**82,324**

Notes to the Financial Statements

For the financial year ended 31 March 2006

5.3.2 Performance share plans (continued)

General Awards - equity-settled arrangements (continued)

Group and Company 2005	Outstanding as at 1 Apr 04 '000	Granted '000	Vested '000	Cancelled '000	Outstanding and unvested as at 31 Mar 05 '000
Date of grant					
Share Plan 2003 - FY2004					
25 Jun 03	32,602	-	(328)	(2,217)	30,057
25 Feb 04	37	-	-	-	37
Share Plan 2004 - FY2005					
26 May 04	-	30,504	(6)	(1,340)	29,158
Sep to Nov 04	-	516	-	-	516
	32,639	31,020	(334)	(3,557)	59,768

Note:
(1) "FY 2004" denotes financial year ended 31 March 2004.

The fair values of the General Awards at grant date and the assumptions of the fair value model for the grants were as follows:

	Date of grant					
	Share Plan 2003		Share Plan 2004			
2006 and 2005	FY2004		FY2005		FY2006	
General Awards	25 Jun 03	24 Feb 04	26 May 04	Sep 04 to Nov 04	26 May 05	Aug 05 to Feb 06
Fair value at grant date	S$0.67	S$0.67	S$1.15	S$1.29	S$1.41	S$1.10
Assumptions under Monte-Carlo model						
Expected volatility						
SingTel	23.2%	23.2%	23.0%	23.3%	24.7%	21.8%
MSCI Asia Pacific Telco Index	N.A.	N.A.	22.9%	23.0%	19.8%	16.4%
MSCI Asia Pacific Telco Component Stocks Historial volatility period						
From	Jul 01	Jul 01	Jul 01	Jul 01	Jul 01	Jul 01
To	Jun 03	Jun 03	May 04	Sep 04	May 05	Feb 06
Risk free interest rates						
Yield of Singapore Government Securities on	25 Jun 03	25 Jun 03	26 May 04	1 Sep 04	26 May 05	28 Feb 06
Expected dividend						
SingTel	(------ Management forecast in line with dividend policy ------)					
MSCI Asia Pacific Telco Index	N.A.	N.A.	(------ Historical weighted dividend yield ------)			
MSCI Asia Pacific Telco Component Stocks	(------ Expected payout from analyst consensus ------)					

Note:
N.A. denotes not applicable.

5.3.2 Performance share plans (continued)

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 balance sheet date and the assumptions of the fair value model for the grants were as follows:

	Date of grant			
	Share Plan 2003	Share Plan 2004		
	FY2004	FY2005	FY2006	Group And Company
2006	**25 Jun 03**	**26 May 04**	**26 May 05**	
Senior Management Awards				
Number of performance shares ('000)				
Outstanding as at 1 Apr 05	**3,592**	**2,433**	**-**	**6,025**
Granted	**-**	**-**	**2,532**	**2,532**
Vested	**(578)**	**(191)**	**-**	**(769)**
Cancelled	**(694)**	**(565)**	**(287)**	**(1,546)**
Outstanding and unvested as at 31 Mar 06	**2,320**	**1,677**	**2,245**	**6,242**
Fair value at balance sheet date	**S$2.65**	**S$2.38**	**S$1.70**	
Assumptions under Monte-Carlo Model				
Expected volatility				
SingTel	**N.A.**	**21.9%**	**21.9%**	
MSCI Global Telco Index	**N.A.**	**N.A.**	**N.A**	
MSCI Asia Pacific Telco Component Stocks	**N.A.**	**Historical volatility from Jul 01 to Mar 06**		
Risk free interest rates				
Yield of Singapore Government Securities on	**N.A.**	**31 Mar 06**	**31 Mar 06**	

	Date of grant		
	Share Plan 2003	Share Plan 2004	
2005	**25 Jun 03**	**26 May 04**	**Group And Company**
Senior Management Awards			
Number of performance shares ('000)			
At later of grant date or 1 Apr 04	4,296	2,502	6,798
Vested	(294)	-	(294)
Cancelled	(410)	(69)	(479)
Outstanding and unvested as at 31 Mar 05	3,592	2,433	6,025
Fair value at balance sheet date	S$2.23	S$2.13	
Assumptions under Monte-Carlo Model			
Expected volatility			
SingTel	24.7%	24.7%	
MSCI Global Telco Index	20.9%	N.A.	
MSCI Asia Pacific Telco Component Stocks	N.A.	Historical volatility from Jul 01 to Mar 05	
Risk free interest rates			
Yields of Singapore Government Securities on	31 Mar 05	31 Mar 05	

Note:
N.A. denotes not applicable.

Notes to the Financial Statements

For the financial year ended 31 March 2006

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

With effect from 2004, discretionary PBDBS units were granted to selected overseas local hires. While these units have the same vesting criteria as the Share Plan 2004, the payout will be in the form of cash instead of shares. These employees 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		
	FY2005	**FY2006**	
2006	**26 May 04**	**26 May 05**	**Group**
PBDBS (cash-settled)			
Number of performance shares ('000)			
Outstanding as at 1 Apr 05	**525**	**-**	**525**
Granted	**-**	**527**	**527**
Cancelled	**(14)**	**(6)**	**(20)**
Outstanding and unvested as at 31 Mar 06	**511**	**521**	**1,032**
Fair value at balance sheet date	**S$1.51**	**S$1.10**	
Assumptions under Monte-Carlo Model			
Expected volatility			
SingTel	**21.9%**	**21.9%**	
MSCI Asia Pacific Telco Index	**16.2%**	**16.2%**	
MSCI Asia Pacific Telco Component Stocks	**Historical volatility from Jul 01 to Mar 06**		
Risk free interest rates			
Yields of Singapore Government Securities on	**31 Mar 06**	**31 Mar 06**	

2005	
PBDBS (cash-settled)	
Number of performance shares ('000)	
At grant date on 26 May 04	550
Cancelled	(25)
Outstanding and unvested as at 31 Mar 05	525
Fair value at balance sheet date	S$1.62
Assumptions under Monte-Carlo Model	
Expected volatility	
SingTel	24.7%
MSCI Asia Pacific Telco Index	20.0%
MSCI Asia Pacific Telco Component Stocks	Historical volatility from Jul 01 to Mar 05
Risk fee interest rates	
Yields of Singapore Government Securities on	31 Mar 05

5.4 Special Purpose Entity

The Trust's sole purpose is to purchase and hold the Company's shares acquired from the Singapore Exchange for delivery to employees under the Share Plan 2003 and Share Plan 2004. Such shares are designated as treasury shares.

The assets held by the Trust as at 31 March were as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Cash at bank	*	*	*	*
Cost of SingTel shares, net of vesting	**38.1**	19.9	**22.9**	11.9
	38.1	19.9	**22.9**	11.9

* denotes amount less than S$50,000.

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

	Number of shares		Amount	
	2006	**2005**	**2006**	**2005**
Group	**'000**	**'000**	**S$ Mil**	**S$ Mil**
Balance as at 1 Apr	**8,432**	-	**19.9**	-
Purchase of SingTel shares	**7,857**	8,960	**20.6**	21.1
Cancellation upon capital reduction exercise by SingTel	**-**	(342)	**-**	(0.8)
Vesting of shares	**(952)**	(186)	**(2.4)**	(0.4)
Balance as at 31 Mar	**15,337**	8,432	**38.1**	19.9

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 Held By Trust within equity. See Note 2.4.

Notes to the Financial Statements

For the financial year ended 31 March 2006

5.5 Other Operating Expense Items

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Operating expenses included the following:		
Auditors' remuneration		
- PwC Singapore [1]	**0.7**	0.6
- PwC Australia	**0.9**	0.7
- Other auditors [2]	**0.2**	0.3
Non-audit fees paid to		
- PwC Singapore	**0.5**	0.5
- PwC Australia	**1.0**	0.9
- Other auditors	**0.1**	0.1
Bad trade debts written off	**0.3**	0.1
Impairment of trade receivables	**87.9**	116.3
Inventory written off	**3.6**	2.2
Provision/(Writeback of provision) for liquidated damages and warranties	**1.1**	(0.5)
Research and development expenses written off	**1.1**	1.4
Operating lease payments for property and mobile base stations	**256.0**	197.4

Notes:

(1) PricewaterhouseCoopers ("**PwC**") Singapore, auditors of the Company.

(2) Includes other PwC firms outside Singapore and Australia.

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

6. OTHER INCOME

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Net gain/(loss) on disposal of property, plant and equipment	**29.7**	(6.1)
Bad trade debts recovered	**8.4**	8.5
Rental income	**5.5**	9.8
Net exchange gain/(loss) - trade related	**2.0**	(0.8)
Property, plant and equipment written off	**-**	(0.1)
Others	**66.0**	44.2
	111.6	55.5

7. DEPRECIATION AND AMORTISATION

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Depreciation of property, plant and equipment	**1,943.5**	1,963.1
Amortisation of intangible assets	**47.9**	23.0
Amortisation of sales and leaseback income	**(17.9)**	(24.7)
Other amortisation	**3.2**	13.6
	1,976.7	1,975.0

8. EXCEPTIONAL ITEMS

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Exceptional gains		
Gain on deconsolidation of subsidiary companies [(1)]	**617.7**	-
Gain on sale/dilution of interest in associated and joint venture companies	**158.7**	6.9
Gain on sale of property, plant and equipment	**-**	117.9
Gain on sale of AFS investment to a related party [(2)]	**58.7**	-
Gain on sale of AFS investments	**-**	86.0
Recovery of investment in AFS investment previously written off	**-**	2.3
Writeback of impairment of AFS investments	**-**	2.7
	835.1	215.8
Exceptional losses		
Adjustment to goodwill on acquisition of subsidiary company [(3)] (see Note 22.1)	**-**	(333.2)
Loss on deconsolidation of subsidiary companies	**(9.6)**	-
Impairment of property, plant and equipment and intangible assets	**(9.0)**	(23.2)
Impairment of goodwill on acquisition of subsidiary company	**-**	(14.6)
Impairment of AFS investments	**(1.0)**	(6.3)
Loss on dilution of interest in joint venture company	**-**	(23.1)
	(19.6)	(400.4)
	815.5	(184.6)

Notes:

(1) The exceptional gain arose upon the deconsolidation of C2C Group and represented the excess of the losses recognised over the cost of the initial investment and other accounting adjustments.

(2) The gain included fair value gains of S$47.4 million transferred from Fair Value Reserve within equity to income statement upon the sale of the AFS investment.

(3) The adjustment to goodwill on acquisition of subsidiary company arose from the recognition of deferred tax asset on the pre-acquisition tax losses of Optus and its subsidiary companies ("**Optus Group**"). The carrying value of goodwill was adjusted by the amount that would have been recognised if this deferred tax asset had been recognised at the date of acquisition of Optus and amortised up to 31 March 2004.

Notes to the Financial Statements

For the financial year ended 31 March 2006

9. SHARE OF RESULTS OF ASSOCIATED AND JOINT VENTURE COMPANIES

	Group 2006 S$ Mil	Group 2005 S$ Mil
Share of ordinary results of		
- associated companies	**1,406.8**	1,046.5
- joint venture companies	**241.2**	205.7
	1,648.0	1,252.2
Share of exceptional items [1] of		
- associated companies	**3.2**	-
- joint venture companies	**(2.2)**	8.0
	1.0	8.0
Share of ordinary tax of		
- associated companies	**(385.0)**	(289.1)
- joint venture companies	**(57.5)**	(47.4)
	(442.5)	(336.5)
Share of exceptional tax of joint venture companies	**-**	21.5
	1,206.5	945.2

Note:

(1) Share of exceptional items relate to the following items:

	2006	2005
Impairment of property, plant and equipment	**(7.3)**	-
Others	**8.3**	8.0
	1.0	8.0

10. INTEREST AND INVESTMENT INCOME

	Group 2006 S$ Mil	Group 2005 S$ Mil
Interest income from		
- associated and joint venture companies	**4.2**	16.4
- others	**102.2**	56.4
	106.4	72.8
Gross dividends from investments	**4.2**	9.7
Other revenue	**110.6**	82.5
Exchange gain on short term loan to Optus, net of hedging	**52.9**	12.3
Net gain on sale of trading investments	**-**	0.6
Related net exchange loss	**(25.3)**	(5.5)
Fair value losses on trading investments	**(1.5)**	(0.1)
Others	**0.3**	-
	137.0	89.8

11. INTEREST ON BORROWINGS

	Group 2006 S$ Mil	Group 2005 S$ Mil
Interest expense		
- bonds	**523.0**	535.3
- bank loans	**67.2**	53.4
- others	**4.9**	13.2
Effects of hedging using interest-rate swaps	**(99.5)**	(113.5)
Amortisation of bonds and related costs	**5.5**	6.8
	501.1	495.2
Less: Amounts capitalised in the balance sheet	**(14.4)**	(6.7)
	486.7	488.5

As at 31 March 2006, the interest rate applicable to the capitalised borrowings was 7.0 per cent (2005: 6.5 per cent).

12. TAXATION

12.1 Tax Expense

	Group 2006 S$ Mil	Group 2005 S$ Mil
Current income tax		
- Singapore	**288.8**	310.5
- Overseas	**301.6**	46.1
	590.4	356.6
Deferred income tax	**16.5**	289.7
Tax expense attributable to current year's profit	**606.9**	646.3
Recognition of deferred tax assets on pre-acquisition losses of Optus Group	**-**	(380.8)
Recognition of deferred tax assets on other temporary differences (1)	**(271.2)**	(148.8)
Adjustments in respect of prior year:		
Current income tax - under provision	**1.6**	1.2
Deferred income tax - under/(over) provision	**0.7**	(0.8)
	2.3	0.4
	338.0	117.1

Note:
(1) This relates to deferred tax asset recognised on interest expenses arising from inter-company loans.

Notes to the Financial Statements

For the financial year ended 31 March 2006

12.1 Tax Expense (continued)

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

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Profit before tax	**4,499.3**	3,385.7
Less: Share of results of associated and joint venture companies	**(1,206.5)**	(945.2)
	3,292.8	2,440.5
Tax calculated at tax rate of 20 per cent (2005: 20 per cent)	**658.6**	488.1
Effects of:		
Different tax rates of other countries	**205.0**	200.5
Income not subject to tax	**(278.2)**	(130.7)
Expenses not deductible for tax purposes	**25.5**	92.5
Deferred tax asset not recognised	**6.3**	6.9
Deferred tax asset previously not recognised now recognised	**(6.0)**	(5.1)
Others	**(4.3)**	(5.9)
Tax expense attributable to current year's profits	**606.9**	646.3

12.2 Deferred Taxes

The movements in the Group's and Company's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Group - 2006 **Deferred tax liabilities**	**Accelerated tax depreciation S$ Mil**	**Offshore interest and dividend not remitted S$ Mil**	**Others S$ Mil**	**Total S$ Mil**
Balance as at 1 Apr 05	**393.3**	**47.6**	**19.9**	**460.8**
(Credited)/Charged to income statement	**(47.4)**	**0.1**	**(1.5)**	**(48.8)**
Transfer to current tax	**(0.2)**	**-**	**-**	**(0.2)**
Balance as at 31 Mar 06	**345.7**	**47.7**	**18.4**	**411.8**

12.2 Deferred Taxes (continued)

Group - 2006 Deferred tax assets	Provisions S$ Mil	TWDV (1) in excess of NBV (2) of depreciable assets S$ Mil	Tax losses and unutilised capital allowances S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 Apr 05	**(297.8)**	**(396.0)**	**(482.4)**	**(82.6)**	**(1,258.8)**
Acquisition of subsidiary companies	**(1.1)**	**-**	**(10.5)**	**4.7**	**(6.9)**
(Credited)/Charged to income statement	**(211.4)**	**10.9**	**(0.6)**	**(4.1)**	**(205.2)**
Taken to equity	**-**	**-**	**-**	**(13.6)**	**(13.6)**
Transfer from current tax	**-**	**-**	**241.9**	**-**	**241.9**
Translation differences	**29.2**	**35.7**	**26.8**	**3.5**	**95.2**
Balance as at 31 Mar 06	**(481.1)**	**(349.4)**	**(224.8)**	**(92.1)**	**(1,147.4)**

Group - 2005 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Unrealised trade exchange gain S$ Mil	Offshore interest and dividend not remitted S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 Apr 04	449.8	0.1	47.3	20.1	517.3
(Credited)/Charged to income statement	(56.7)	(0.1)	0.3	(0.2)	(56.7)
Transfer from current tax	0.2	-	-	-	0.2
Balance as at 31 Mar 05	393.3	-	47.6	19.9	460.8

Group - 2005 Deferred tax assets	Provisions S$ Mil	TWDV (1) in excess of NBV (2) of depreciable assets S$ Mil	Tax losses and unutilised capital allowances S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 Apr 04	(160.2)	(392.3)	(325.9)	(53.1)	(931.5)
Credited to income statement	(138.0)	(3.5)	(16.8)	(25.7)	(184.0)
Acquisition of subsidiary company	-	-	-	(2.8)	(2.8)
Translation differences	0.4	(0.2)	(139.7)	(1.0)	(140.5)
Balance as at 31 Mar 05	(297.8)	(396.0)	(482.4)	(82.6)	(1,258.8)

Notes to the Financial Statements

For the financial year ended 31 March 2006

12.2 Deferred Taxes (continued)

Company - 2006 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Interest and investment income S$ Mil	Offshore interest and dividend not remitted S$ Mil	Total S$ Mil
Balance as at 1 Apr 05	**304.0**	**0.1**	**45.4**	**349.5**
Credited to income statement	**(38.1)**	**-**	**-**	**(38.1)**
Balance as at 31 Mar 06	**265.9**	**0.1**	**45.4**	**311.4**

Company - 2006 Deferred tax assets	Provisions S$ Mil	Deferred sales and leaseback income S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 Apr 05	**(21.2)**	**(2.0)**	**(3.0)**	**(26.2)**
Charged/(Credited) to income statement	**0.3**	**0.2**	**(2.8)**	**(2.3)**
Balance as at 31 Mar 06	**(20.9)**	**(1.8)**	**(5.8)**	**(28.5)**

Company - 2005 Deferred tax liabilities	Accelerated tax depreciation S$ Mil	Interest and investment income S$ Mil	Offshore interest and dividend not remitted S$ Mil	Total S$ Mil
Balance as at 1 Apr 04	357.0	0.1	45.4	402.5
Credited to income statement	(53.0)	-	-	(53.0)
Balance as at 31 Mar 05	304.0	0.1	45.4	349.5

Company - 2005 Deferred tax assets	Provisions S$ Mil	Deferred sales and leaseback income S$ Mil	Others S$ Mil	Total S$ Mil
Balance as at 1 Apr 04	(22.1)	(2.2)	(2.3)	(26.6)
Charged/(Credited) to income statement	0.9	0.2	(0.7)	0.4
Balance as at 31 Mar 05	(21.2)	(2.0)	(3.0)	(26.2)

Notes:

(1) TWDV – Tax written down value

(2) NBV – Net book value

12.2 Deferred Taxes (continued)

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, were shown in the balance sheets as follows:

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Deferred tax assets	**(1,111.2)**	(1,222.8)	**-**	-
Deferred tax liabilities	**375.6**	424.8	**282.9**	323.3
	(735.6)	(798.0)	**282.9**	323.3

The amounts shown in the balance sheet included the following:

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Deferred tax assets to be recovered after 12 months	**(224.8)**	(482.4)	**-**	-
Deferred tax liabilities to be settled after 12 months	**325.7**	335.8	**253.9**	255.0

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

As at 31 March 2006, the subsidiary companies of the Group had estimated unutilised tax losses of approximately S$799 million (2005: S$1.71 billion), including S$749 million (2005: S$1.61 billion) from the Optus Group, and unabsorbed capital allowances of approximately S$1.4 million (2005: S$2.7 million). These unutilised tax losses and unabsorbed capital allowances are available for set-off against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiary companies operate.

As at the balance sheet date, the potential tax benefits arising from the following items were not recognised in the financial statements due to uncertainty of their recoverabilities:

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Unutilised tax losses and unabsorbed capital allowances	**50.7**	103.1	**-**	-
Other temporary differences	**-**	558.7	**-**	-

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For the financial year ended 31 March 2006

13. UNDERLYING NET PROFIT

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Profit attributable to shareholders	**4,163.3**	3,268.4
Adjustments for:		
Exceptional items	**(815.5)**	184.6
Exceptional tax credits	**-**	(380.8)
Exchange gain on short term loan to Optus, net of hedging	**(52.9)**	(12.3)
	3,294.9	3,059.9

14. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Profit before tax	**4,499.3**	3,385.7
Adjustments for:		
Depreciation and amortisation	**1,976.7**	1,975.0
Exceptional items	**(815.5)**	184.6
Interest and investment income	**(137.0)**	(89.8)
Interest on borrowings	**486.7**	488.5
Share of taxes of associated and joint venture companies	**442.5**	315.0
EBITDA	**6,452.7**	6,259.0

15. EARNINGS PER SHARE

	Group	
	2006	**2005**
	'000	**'000**
Weighted average number of ordinary shares in issue for calculation of basic earnings per share [(1)]	**16,666,584**	17,193,201
Adjustment for dilutive effect of share options	**29,062**	44,056
Adjustment for dilutive effect of Share Plan 2004	**15,063**	15,270
Weighted average number of ordinary shares for calculation of diluted earnings per share	**16,710,709**	17,252,527

Note:

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

15. **EARNINGS PER SHARE (continued)**

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

For the diluted earnings per share, the weighted average number of ordinary shares in issue includes the number of additional shares outstanding should the potential dilutive ordinary shares arising from the share options and performance shares granted by the Group have been issued. No adjustment is made to earnings.

16. **RELATED PARTY TRANSACTIONS**

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

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Revenue		
Telecommunications	**212.7**	198.2
Rental and maintenance	**30.1**	39.5
Information technology	**4.1**	6.0
Capacity sales	**9.0**	12.3
Expenses		
Telecommunications	**99.3**	69.1
Transmission capacity	**60.4**	66.6
Network terminations	**66.2**	72.0
Utilities	**48.5**	45.0
Postal	**16.7**	20.0
Rental	**4.8**	5.1
Due from related parties	**25.6**	23.8
Due to related parties	**5.2**	5.2

All the above transactions were at 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 2006

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Fixed deposits	**2,493.8**	3,074.3	**595.5**	1,225.0
Cash and bank balances	**276.5**	228.6	**74.3**	65.5
	2,770.3	3,302.9	**669.8**	1,290.5

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

The maturities of the fixed deposits were as follows:

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Less than three months	**2,492.1**	3,070.4	**595.5**	1,225.0
Over three months	**1.7**	3.9	**-**	-
	2,493.8	3,074.3	**595.5**	1,225.0

The weighted average effective interest rates of the fixed deposits of the Group and Company at the end of the financial year were 3.3 per cent (2005: 2.1 per cent) and 3.5 per cent (2005: 2.1 per cent) respectively.

As at 31 March 2006, there was no fixed charge or pledge on the cash and cash equivalents. As at 31 March 2005, cash and cash equivalents of the Group included a bank balance of US$6.4 million (S$10.6 million) which was subject to a fixed charge and fixed deposits of US$2.3 million (S$3.8 million) which were pledged to banks as security for banking facilities.

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 38.

18. TRADE AND OTHER RECEIVABLES

	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
Trade receivables	**1,900.8**	1,873.3	**416.0**	450.7
Less: Allowance for impairment of trade receivables	**(299.5)**	(323.5)	**(106.3)**	(115.6)
	1,601.3	1,549.8	**309.7**	335.1
Other receivables	**112.5**	146.0	**10.3**	19.0
Less: Allowance for impairment of other receivables	**(21.6)**	(23.5)	**-**	-
	90.9	122.5	**10.3**	19.0
Due from subsidiary companies				
- trade	**-**	-	**122.1**	164.3
- non-trade	**-**	-	**314.4**	269.7
Less: Allowance for impairment of amount due	**-**	-	**(109.7)**	(25.0)
	-	-	**326.8**	409.0
Due from associated and joint venture companies				
- trade	**8.7**	19.9	**2.7**	3.3
- non-trade	**82.7**	63.1	**-**	-
	91.4	83.0	**2.7**	3.3
Interest receivable	**130.3**	129.4	**95.0**	95.9
Prepayments	**124.4**	87.0	**7.6**	12.5
Staff loans	**1.1**	1.4	**0.3**	0.4
Others	**7.8**	11.2	**0.1**	0.4
	2,047.2	1,984.3	**752.5**	875.6

Due from subsidiary companies included an amount of S$61.3 million (2005: S$6.8 million) which bears interest at 0.5 per cent above 1 month Swap Offer Rate. The effective interest rate at the balance sheet date was 4.1 per cent (2005: 2.5 per cent).

Except as disclosed above, the non-trade balances with subsidiary, associated and joint venture companies are unsecured, interest-free and repayable on demand.

In respect of the Company's action against StarHub Cable Vision Ltd for breach of the Network Lease Agreement dated 16 June 1995 between the parties, the Court of Appeal has ordered judgment on liability in favour of the Company and for damages to be assessed. As at 31 March 2006, the assessment of damages hearing has not taken place, hence no amount has been accrued in the financial statements.

Notes to the Financial Statements

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19. TRADING INVESTMENTS

Short term investments as at 31 March 2005 have been reclassified into "trading investments" so as to conform to the presentation adopted in the current financial year. Trading investments are measured in accordance with the accounting policy as set out in Note 2.6.1 with effect from 1 April 2005.

Trading investments comprise the following:

	Group	
	2006 S$ Mil	2005 S$ Mil
Quoted interest bearing securities		
SGD denominated Credit Linked Notes	**649.2**	669.5
SGD denominated Corporate Bonds and Notes	**203.2**	255.8
SGD denominated Government Securities	**5.3**	5.5
Quoted equity securities		
Hong Kong	**0.7**	0.7
Singapore	**0.6**	0.5
United States	**-**	0.1
Quoted other investments		
USD denominated Investment Funds	**1.3**	2.8
	860.3	934.9

The effective interest rates at the balance sheet date were as follows:

	Group	
	2006 %	2005 %
Quoted interest bearing securities		
Variable rate ranging from 2.1% to 3.7% maturing in less than 1 year	**3.0**	-
Variable rate ranging from 3.4% to 3.7% (2005: 1.5% to 2.2%) maturing between 1 and 5 years	**3.6**	1.7
Variable rate maturing after more than 5 years	**-**	1.7
Fixed rate ranging from 2.0% to 5.6% (2005: 1.3% to 5.3%) maturing in less than 1 year	**3.1**	2.6
Fixed rate ranging from 2.6% to 5.6% (2005: 3.5% to 5.6%) maturing between 1 and 5 years	**4.3**	5.0

20. INVENTORIES

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Maintenance and capital works' inventories	**48.0**	69.4	**7.4**	5.5
Work-in-progress	**64.4**	45.1	**-**	-
Equipment held for resale	**73.9**	74.9	**0.1**	-
	186.3	189.4	**7.5**	5.5

21. PROPERTY, PLANT AND EQUIPMENT

Group - 2006	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 Apr 05	**21.7**	**385.2**	**677.3**	**13,674.9**	**2,773.7**	**3,360.8**	**768.1**	**21,661.7**
Additions (net of rebates)	**-**	**-**	**-**	**165.1**	**53.1**	**41.9**	**1,498.4**	**1,758.5**
Disposals/Write-offs	**(1.7)**	**(42.8)**	**(25.1)**	**(102.7)**	**(43.0)**	**(67.6)**	**-**	**(282.9)**
Acquisition of subsidiary companies	**-**	**-**	**-**	**-**	**-**	**15.6**	**-**	**15.6**
Deconsolidation of subsidiary companies	**-**	**-**	**-**	**(2,796.3)**	**-**	**(39.0)**	**-**	**(2,835.3)**
Reclassifications/Adjustments	**-**	**-**	**12.2**	**906.1**	**88.3**	**384.1**	**(1,386.1)**	**4.6**
Translation differences	**(1.8)**	**(0.3)**	**(12.5)**	**(722.3)**	**(116.2)**	**(221.2)**	**(69.0)**	**(1,143.3)**
Balance as at 31 Mar 06	**18.2**	**342.1**	**651.9**	**11,124.8**	**2,755.9**	**3,474.6**	**811.4**	**19,178.9**
Accumulated depreciation								
Balance as at 1 Apr 05	**-**	**49.9**	**219.5**	**4,848.5**	**1,554.8**	**2,243.1**	**-**	**8,915.8**
Depreciation charge for the year	**-**	**4.2**	**20.5**	**1,124.7**	**274.4**	**519.7**	**-**	**1,943.5**
Disposals/Write-offs	**-**	**(5.8)**	**(10.2)**	**(89.2)**	**(39.5)**	**(66.7)**	**-**	**(211.4)**
Deconsolidation of subsidiary companies	**-**	**-**	**-**	**(510.3)**	**-**	**(12.0)**	**-**	**(522.3)**
Reclassifications/Adjustments	**-**	**-**	**(1.8)**	**(7.4)**	**14.5**	**9.1**	**-**	**14.4**
Translation differences	**-**	**(0.1)**	**(3.5)**	**(275.3)**	**(48.9)**	**(156.2)**	**-**	**(484.0)**
Balance as at 31 Mar 06	**-**	**48.2**	**224.5**	**5,091.0**	**1,755.3**	**2,537.0**	**-**	**9,656.0**
Accumulated impairment								
Balance as at 1 Apr 05	**-**	**8.0**	**41.4**	**1,027.1**	**1.3**	**4.6**	**-**	**1,082.4**
Disposals	**-**	**-**	**(6.2)**	**(8.6)**	**(0.1)**	**(0.3)**	**-**	**(15.2)**
Deconsolidation of subsidiary companies	**-**	**-**	**-**	**(1,024.8)**	**-**	**-**	**-**	**(1,024.8)**
Impairment charge for the year	**-**	**-**	**0.2**	**3.4**	**1.2**	**3.9**	**-**	**8.7**
Translation differences	**-**	**-**	**-**	**7.2**	**(0.1)**	**-**	**-**	**7.1**
Balance as at 31 Mar 06	**-**	**8.0**	**35.4**	**4.3**	**2.3**	**8.2**	**-**	**58.2**
Net Book Value as at 31 Mar 06	**18.2**	**285.9**	**392.0**	**6,029.5**	**998.3**	**929.4**	**811.4**	**9,464.7**

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21. PROPERTY, PLANT AND EQUIPMENT (continued)

Group - 2005	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 Apr 04	22.0	471.9	821.7	13,103.7	2,797.6	2,920.4	633.5	20,770.8
Additions (net of rebates)	-	-	1.1	157.0	35.9	87.9	1,186.0	1,467.9
Disposals/Write-offs	(0.3)	(82.2)	(139.6)	(256.4)	(204.2)	(123.2)	-	(805.9)
Acquisition of subsidiary companies	-	-	-	278.0	-	-	-	278.0
Reclassifications/Adjustments	-	(4.2)	(6.1)	408.6	142.0	465.1	(1,056.8)	(51.4)
Translation differences	-	(0.3)	0.2	(16.0)	2.4	10.6	5.4	2.3
Balance as at 31 Mar 05	21.7	385.2	677.3	13,674.9	2,773.7	3,360.8	768.1	21,661.7
Accumulated depreciation								
Balance as at 1 Apr 04	-	58.2	233.4	3,961.2	1,469.2	1,806.0	-	7,528.0
Depreciation charge for the year	-	5.3	25.2	1,113.5	286.9	532.2	-	1,963.1
Disposals/Write-offs	-	(9.3)	(27.1)	(224.1)	(189.6)	(104.3)	-	(554.4)
Reclassifications/Adjustments	-	(4.2)	(12.2)	(17.3)	(14.9)	(2.8)	-	(51.4)
Translation differences	-	(0.1)	0.2	15.2	3.2	12.0	-	30.5
Balance as at 31 Mar 05	-	49.9	219.5	4,848.5	1,554.8	2,243.1	-	8,915.8
Accumulated impairment								
Balance as at 1 Apr 04	-	2.6	26.4	1,066.7	6.1	3.1	-	1,104.9
Disposals	-	-	-	(25.9)	(6.1)	-	-	(32.0)
Impairment charge for the year	-	5.4	15.0	-	1.3	1.5	-	23.2
Translation differences	-	-	-	(13.7)	-	-	-	(13.7)
Balance as at 31 Mar 05	-	8.0	41.4	1,027.1	1.3	4.6	-	1,082.4
Net Book Value as at 31 Mar 05	21.7	327.3	416.4	7,799.3	1,217.6	1,113.1	768.1	11,663.5

21. PROPERTY, PLANT AND EQUIPMENT (continued)

Company - 2006	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 Apr 05	**2.1**	**368.0**	**488.8**	**2,839.1**	**1,059.8**	**914.1**	**72.8**	**5,744.7**
Additions (net of rebates)	**-**	**-**	**-**	**133.8**	**16.7**	**25.1**	**56.3**	**231.9**
Disposals/Write-offs	**(1.7)**	**(42.8)**	**(25.0)**	**(72.9)**	**(33.0)**	**(34.5)**	**-**	**(209.9)**
Reclassifications/Adjustments	**-**	**-**	**(0.6)**	**30.5**	**14.0**	**14.4**	**(59.2)**	**(0.9)**
Balance as at 31 Mar 06	**0.4**	**325.2**	**463.2**	**2,930.5**	**1,057.5**	**919.1**	**69.9**	**5,765.8**
Accumulated depreciation								
Balance as at 1 Apr 05	**-**	**46.8**	**168.4**	**1,621.9**	**796.0**	**646.8**	**-**	**3,279.9**
Depreciation charge for the year	**-**	**3.5**	**11.2**	**195.8**	**83.4**	**75.7**	**-**	**369.6**
Disposals/Write-offs	**-**	**(5.8)**	**(10.2)**	**(59.5)**	**(30.5)**	**(33.9)**	**-**	**(139.9)**
Reclassifications/Adjustments	**-**	**-**	**(1.8)**	**-**	**-**	**1.8**	**-**	**-**
Balance as at 31 Mar 06	**-**	**44.5**	**167.6**	**1,758.2**	**848.9**	**690.4**	**-**	**3,509.6**
Accumulated impairment								
Balance as at 1 Apr 05	**-**	**8.0**	**41.4**	**9.7**	**-**	**3.5**	**-**	**62.6**
Disposals	**-**	**-**	**(6.2)**	**(8.6)**	**-**	**(0.3)**	**-**	**(15.1)**
Balance as at 31 Mar 06	**-**	**8.0**	**35.2**	**1.1**	**-**	**3.2**	**-**	**47.5**
Net Book Value as at 31 Mar 06	**0.4**	**272.7**	**260.4**	**1,171.2**	**208.6**	**225.5**	**69.9**	**2,208.7**

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21. PROPERTY, PLANT AND EQUIPMENT (continued)

Company - 2005	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 Apr 04	2.1	450.2	626.3	2,765.2	1,053.5	875.9	114.2	5,887.4
Additions (net of rebates)	-	-	0.8	124.3	11.7	43.9	57.9	238.6
Disposals/Write-offs	-	(82.2)	(139.4)	(68.2)	(15.7)	(75.8)	-	(381.3)
Reclassifications/Adjustments	-	-	1.1	17.8	10.3	70.1	(99.3)	-
Balance as at 31 Mar 05	2.1	368.0	488.8	2,839.1	1,059.8	914.1	72.8	5,744.7
Accumulated depreciation								
Balance as at 1 Apr 04	-	51.4	180.2	1,464.4	727.0	625.9	-	3,048.9
Depreciation charge for the year	-	4.6	15.2	222.2	86.1	82.5	-	410.6
Disposals/Write-offs	-	(9.2)	(27.0)	(64.7)	(17.1)	(61.6)	-	(179.6)
Balance as at 31 Mar 05	-	46.8	168.4	1,621.9	796.0	646.8	-	3,279.9
Accumulated impairment								
Balance as at 1 Apr 04	-	2.6	26.4	9.7	-	3.0	-	41.7
Impairment charge for the year	-	5.4	15.0	-	-	0.5	-	20.9
Balance as at 31 Mar 05	-	8.0	41.4	9.7	-	3.5	-	62.6
Net Book Value as at 31 Mar 05	2.1	313.2	279.0	1,207.5	263.8	263.8	72.8	2,402.2

Property, plant and equipment included the following:

	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
Net book value of property, plant and equipment				
- Sold and leased back	**92.9**	261.6	**41.8**	63.4
- Held for generating operating lease income	**17.2**	150.8	**-**	-
- Pledged to a syndicate of banks for banking facilities [see Note 32.1(b)]	**-**	1,572.4	**-**	-
Interest charges capitalised during the year	**14.4**	6.7	**-**	-
Staff costs capitalised during the year	**51.7**	164.1	**9.6**	12.1

In the current financial year, an impairment charge of S$8.7 million (2005: S$23.2 million) was made on certain property, plant and equipment to bring their carrying values to their recoverable values.

22. INTANGIBLE ASSETS

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Goodwill on consolidation	**9,553.2**	9,514.6	**-**	-
Telecommunications and spectrum licences	**509.3**	574.8	**3.6**	4.0
Program rights and customer relationships	**53.1**	22.9	**-**	-
	10,115.6	10,112.3	**3.6**	4.0

22.1 Goodwill on Consolidation

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Balance as at 1 Apr	**9,514.6**	9,736.2
Goodwill arising from acquisition of subsidiary companies	**64.8**	127.4
Adjustment to goodwill recorded in prior years	**(10.0)**	(333.2)
Impairment of goodwill	**-**	(14.6)
Translation adjustments	**(16.2)**	(1.2)
Balance as at 31 Mar	**9,553.2**	9,514.6
Cost	**9,553.2**	9,529.2
Accumulated impairment	**-**	(14.6)
Net book value as at 31 Mar	**9,553.2**	9,514.6

22.1.1 Impairment testing of goodwill

The carrying values of the Group's goodwill on acquisition of subsidiary, associated and joint venture companies as at 31 March 2006 were assessed for impairment during the financial year.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the 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.

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22.1.1 Impairment testing of goodwill (continued)

Group	As at 31 Mar 06 S$ Mil	As at 31 Mar 05 S$ Mil	Terminal growth rate [3] 2006	Terminal growth rate [3] 2005	Pre-tax discount rate 2006	Pre-tax discount rate 2005
Carrying value of significant capitalised goodwill based on CGU						
Subsidiary companies						
Unquoted shares in Optus Group [1]	**9,553.2**	9,514.6	**4.0%**	4.5%	**11.0%**	10.5%
Associated companies (see Note 24)						
Unquoted shares in Telkomsel [1]	**1,403.6**	1,403.6	**6.0%**	6.0%	**23.5%**	22.4%
Quoted shares in associated companies [2]	**419.0**	86.6	**N.A.**	N.A.	**N.A.**	N.A.
	1,822.6	1,490.2				
Joint venture companies (see Note 25)						
Unquoted shares in PBTL [1] [4]	**128.3**	-	**7.9%**	N.A.	**20.2%**	N.A.
Quoted shares in joint venture companies [2]	**300.7**	311.7	**N.A.**	N.A.	**N.A.**	N.A.
	429.0	311.7				

Notes:

(1) The recoverable values are determined based on value-in-use.

(2) The recoverable values are based on fair value less cost to sell.

(3) Weighted average growth rate used to extrapolate cash flows beyond the third or fifth year.

(4) PBTL denotes Pacific Bangladesh Telecom Limited.

N.A. denotes not applicable.

For quoted investments, the recoverable values are determined based on their market valuations in the stock market, adjusted for costs directly attributable to the disposal. For the other assets, the recoverable values of the 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 a three-year or five-year period. Management have considered and determined the factors applied in these financial budgets. Cash flows beyond the third or fifth year are extrapolated using the estimated growth rates stated in the table above.

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 derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective cash generating units.

If a pre-tax discount rate of 12.3 per cent is applied to the cash flow projections of Optus, the recoverable amount of Optus' goodwill will be equal to the carrying value, assuming the other variables remain unchanged.

No impairment loss was required for the carrying amount of goodwill assessed as at 31 March 2006 and 2005 as their recoverable values were in excess of their carrying values.

22.2 Telecommunications and Spectrum Licences

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Balance as at 1 Apr	**574.8**	590.7	**4.0**	4.3
Additions	**10.9**	3.8	**-**	-
Disposals	**-**	(1.3)	**-**	-
Impairment charge for the year	**(0.3)**	-	**-**	-
Amortisation for the year	**(34.0)**	(17.9)	**(0.4)**	(0.3)
Translation difference	**(42.1)**	(0.5)	**-**	-
Balance as at 31 Mar	**509.3**	574.8	**3.6**	4.0
Cost	**691.5**	738.8	**8.4**	8.4
Accumulated amortisation	**(181.9)**	(164.0)	**(4.8)**	(4.4)
Accumulated impairment	**(0.3)**	-	**-**	-
	509.3	574.8	**3.6**	4.0

22.3 Program Rights and Customer Relationships

	Group	
	2006	2005
	S$ Mil	S$ Mil
Balance as at 1 Apr	**22.9**	2.2
Additions	**49.0**	3.6
Acquisition of subsidiary companies	**-**	20.9
Amortisation for the year	**(13.9)**	(5.1)
Translation difference	**(4.9)**	1.3
Balance as at 31 Mar	**53.1**	22.9
Cost	**69.6**	26.7
Accumulated amortisation	**(16.5)**	(3.8)
	53.1	22.9

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23. SUBSIDIARY COMPANIES

	Company	
	2006	2005
	S$ Mil	S$ Mil
Unquoted equity shares, at cost	**15,390.3**	15,391.3
Less: Allowance for impairment losses	**(513.7)**	(479.5)
	14,876.6	14,911.8
Shareholders' loans	**3,832.1**	3,920.8
Less: Allowance for impairment losses	**(30.2)**	(30.2)
	3,801.9	3,890.6
Carrying amount after allowance for impairment losses	**18,678.5**	18,802.4

The shareholders' loans to the subsidiary companies formed part of the Company's investment in the subsidiary companies. They were unsecured and settlement is neither planned nor likely to occur in the foreseeable future. S$3,519.2 million (2005: S$3,810.5 million) of the balance at 31 March 2006 was interest bearing. The effective interest rates of the shareholders' loans at the balance sheet date were 0.9 per cent to 4.4 per cent (2005: 0.8 per cent to 5.9 per cent) per annum.

The details of subsidiary companies are set out in Note 45.

23.1 Due to Subsidiary Companies

	Company	
	2006	2005
	S$ Mil	S$ Mil
Due to subsidiary companies - current (unsecured)		
- trade	**27.2**	24.9
- non-trade	**996.7**	273.2
	1,023.9	298.1

The current amounts due to subsidiary companies were repayable on demand and interest-free.

24. ASSOCIATED COMPANIES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Quoted equity shares, at cost	**1,439.8**	1,530.5	**24.8**	29.5
Unquoted equity shares, at cost	**3,621.1**	3,122.8	**0.9**	0.9
Shareholders' loans (unsecured)	**1.7**	1.7	**-**	-
	5,062.6	4,655.0	**25.7**	30.4
Goodwill on consolidation adjusted against shareholders' equity	**(1,270.0)**	(1,270.0)	**-**	-
Share of post acquisition reserves (net of dividends and accumulated amortisation of goodwill)	**1,648.9**	1,090.4	**-**	-
Translation differences	**(163.9)**	(115.4)	**-**	-
	215.0	(295.0)	-	-
Less: Allowance for impairment loss	**(74.5)**	(74.5)	**-**	-
	5,203.1	4,285.5	**25.7**	30.4

The market value of the above quoted equity shares held by the Group and Company as at 31 March 2006 were S$7.69 billion (2005: S$5.79 billion) and S$592.8 million (2005: S$503.6 million) respectively.

The unsecured shareholders' loan to an associated company formed part of the Group's net investment in associated companies and settlement is neither planned nor likely to occur in the foreseeable future. Interest at 1 per cent above the Hong Kong prime rate was chargeable on the loan up to 12 April 2004 only. The loan is convertible into shares in the associated company.

The Group's investments in associated companies included the following amounts of goodwill in respect of acquisitions made since 1 April 2001:

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Net book value as at 1 Apr	**1,490.2**	1,711.5
Goodwill on acquisition of associated companies	**337.9**	-
Goodwill reclassified to joint venture companies	**-**	(214.1)
Goodwill released on disposal/dilution of associated companies	**(5.5)**	(7.2)
Net book value as at 31 Mar	**1,822.6**	1,490.2

The details of associated companies are set out in Note 45.

The details of impairment test for goodwill on acquisition of associated companies are set out in Note 22.1.1.

As at 31 March 2006, the Group's proportionate interest in associated companies' capital commitments was S$805.8 million (2005: S$634.5 million).

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24. ASSOCIATED COMPANIES (continued)

The summarised financial information of associated companies were as follows:

	Group	
	2006	2005
	S$ Mil	S$ Mil
Operating revenue	**13,092.3**	10,772.4
Net profit after tax	**3,701.3**	2,854.9
Total assets	**22,904.4**	20,171.2
Total liabilities	**(8,817.7)**	(8,146.2)

25. JOINT VENTURE COMPANIES

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Quoted equity shares, at cost	**882.5**	893.3	**-**	-
Unquoted equity shares, at cost	**340.8**	139.1	**55.1**	55.1
Shareholders' loans (secured)	**-**	16.5	**-**	-
Shareholders' loans (unsecured)	**31.1**	110.5	**19.3**	78.0
	1,254.4	1,159.4	**74.4**	133.1
Goodwill on consolidation adjusted against shareholders' equity	**15.8**	15.8	**-**	-
Share of post acquisition reserves (net of dividends and accumulated amortisation of goodwill)	**265.7**	160.8	**-**	-
Translation differences	**(138.2)**	(141.6)	**-**	-
	143.3	35.0	**-**	-
Less: Allowance for impairment losses	**(3.9)**	(3.9)	**-**	-
	1,393.8	1,190.5	**74.4**	133.1

The market value of the above quoted equity shares held by the Group as at 31 March 2006 was S$1.64 billion (2005: S$1.55 billion).

As at 31 March 2005, the secured shareholders' loans of S$16.5 million was secured over certain property, plant and equipment of a joint venture company.

The unsecured shareholders' loans to joint venture companies formed part of the Group's investment in joint venture companies and were interest-free with settlement neither planned nor likely to occur in the foreseeable future.

25. JOINT VENTURE COMPANIES (continued)

The Group's investments in joint venture companies included the following amounts of goodwill in respect of acquisitions made since 1 April 2001:

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Net book value as at 1 Apr	**311.7**	-
Goodwill reclassified from associated companies	**-**	214.1
Goodwill on acquisition of joint venture companies	**117.4**	126.8
Adjustment to goodwill arising from recognition of pre-acquisition deferred tax assets	**-**	(6.9)
Goodwill released on disposal/dilution of joint venture companies	**(0.1)**	(22.3)
Net book value as at 31 Mar	**429.0**	311.7

The details of joint venture companies are set out in Note 45.

The details of impairment test for goodwill on acquisition of joint venture companies are set out in Note 22.1.1.

The Group's share of the certain items in income statements and balance sheets of the joint venture companies were as follows:

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Operating revenue	**1,085.0**	916.3
Operating expenses	**(480.7)**	(355.8)
Net profit before tax	**239.0**	213.7
Net profit after tax	**181.5**	187.8
Non-current assets	**2,431.6**	2,393.6
Current assets	**462.4**	412.4
Current liabilities	**(1,029.9)**	(1,070.4)
Non-current liabilities	**(925.1)**	(958.0)
Net assets	**939.0**	777.6

As at 31 March 2006, the Group's proportionate interest in joint venture companies' capital commitments was S$117.1 million (2005: S$90.7 million).

Optus holds a 31.25 per cent (2005: 31.25 per cent) interest in an unincorporated joint venture to construct and maintain an optical fibre submarine cable between Western Australia and Indonesia.

In addition, Optus entered into an unincorporated joint venture to share 3G network sites and radio infrastructure across Australia whereby it holds an interest of 50.0 per cent in the assets, has access to 50.0 per cent of the capacity and shares 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$62.2 million (2005: S$48.9 million).

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Balance as at 1 Apr				
- At cost	**113.2**	192.5	**32.2**	61.7
- Allowance for impairment losses	**(69.2)**	(77.7)	**(5.1)**	(5.1)
	44.0	114.8	**27.1**	56.6
- Effects of adopting FRS 39	**75.8**	-	**30.1**	-
- As restated	**119.8**	114.8	**57.2**	56.6
Additions	**2.5**	2.4	**-**	0.1
Disposals	**(14.2)**	(80.7)	**(5.0)**	(29.6)
(Impairment)/Writeback of impairment	**(1.2)**	8.5	**-**	-
Translation difference	**(0.1)**	(1.0)	**-**	-
Fair value gains transferred to income statement on sale	**(47.4)**	-	**-**	-
Net fair value losses taken to equity	**(7.7)**	-	**(8.9)**	-
Balance as at 31 Mar	**51.7**	44.0	**43.3**	27.1
Current	**-**	5.0	**-**	5.0
Non-current	**51.7**	39.0	**43.3**	22.1
	51.7	44.0	**43.3**	27.1

Long term investments as at 31 March 2005 have been reclassified into AFS investments so as to conform to the presentation adopted this financial year.

Under FRS 39, AFS investments are stated at fair value. The difference between the fair value and the carrying amount of these investments as at 1 April 2005 was taken to the opening balance of Fair Value Reserve at that date.

26. AVAILABLE-FOR-SALE INVESTMENTS ("AFS INVESTMENTS") (continued)

AFS investments included the following:

Group	2006 At fair value S$ Mil	2005 At fair value S$ Mil	2005 At carrying value S$ Mil
Quoted			
Equity securities - Thailand	**11.6**	75.2	13.4
Equity securities - Singapore and United States	**12.3**	11.4	3.1
SGD denominated Government Securities	**10.5**	11.0	10.0
SGD denominated Corporate Bonds and Notes	**-**	5.1	5.0
	34.4	102.7	31.5
Unquoted			
Equity securities - Singapore and United States	**14.2**	14.5	9.9
Others	**3.1**	2.6	2.6
	17.3	17.1	12.5
	51.7	119.8	44.0

Company	2006 At fair value S$ Mil	2005 At fair value S$ Mil	2005 At carrying value S$ Mil
Quoted			
Equity securities - Thailand	**11.6**	21.4	5.4
Equity securities - Singapore and United States	**12.3**	11.4	3.1
SGD denominated Government Securities	**10.5**	11.0	10.0
SGD denominated Corporate Bonds and Notes	**-**	5.1	5.0
	34.4	48.9	23.5
Unquoted			
Equity securities - Singapore	**8.9**	8.3	3.6
	43.3	57.2	27.1

The effective interest rate of the quoted interest bearing securities in the Group and Company at the balance sheet date was 5.7 per cent (2005: 5.6 per cent).

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27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Balance as at 1 Apr				
- As previously reported	**(383.3)**	(358.9)	**(144.5)**	(111.0)
- Effects of adopting FRS 39	**172.2**	-	**54.8**	-
- As restated	**(211.1)**	(358.9)	**(89.7)**	(111.0)
Fair value (losses)/gains				
- included in income statement	**(298.3)**	(26.5)	**(296.9)**	(33.5)
- included in Hedging Reserve	**94.9**	-	**85.6**	-
- included in Currency Translation Reserve	**36.5**	1.8	**-**	-
Deconsolidation of subsidiary companies	**0.3**	-	**-**	-
Translation differences	**8.2**	0.3	**-**	-
Balance as at 31 Mar	**(369.5)**	(383.3)	**(301.0)**	(144.5)
Disclosed as:				
Non-current asset	**239.2**	312.7	**239.2**	273.0
Current asset	**69.8**	-	**6.6**	-
Non-current liability	**(605.7)**	(696.0)	**(474.0)**	(417.5)
Current liability	**(72.8)**	-	**(72.8)**	-
	(369.5)	(383.3)	**(301.0)**	(144.5)

27.1 Fair Values

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

2006	Group Fair value adjustments Assets S$ Mil	Group Fair value adjustments Liabilities S$ Mil	Company Fair value adjustments Assets S$ Mil	Company Fair value adjustments Liabilities S$ Mil
Fair value hedges				
Cross currency swaps	**65.1**	**16.4**	**65.1**	**16.4**
Cash flow hedges				
Cross currency swaps	**220.4**	**621.7**	**160.0**	**504.1**
Interest rate swaps	**19.4**	**40.4**	**23.1**	**26.3**
Forward foreign exchange	**4.6**	**-**	**-**	**-**
Net investment hedges				
Cross currency swaps	**(46.4)**	**-**	**-**	**-**
Interest rate swaps	**44.0**	**-**	**-**	**-**
Derivatives that do not qualify for hedge accounting				
Forward foreign exchange	**1.9**	**-**	**-**	**-**
Cross currency swaps	**-**	**-**	**(46.4)**	**-**
Interest rate swaps	**-**	**-**	**44.0**	**-**
	309.0	**678.5**	**245.8**	**546.8**
Current	**69.8**	**72.8**	**6.6**	**72.8**
Non-current	**239.2**	**605.7**	**239.2**	**474.0**
	309.0	**678.5**	**245.8**	**546.8**

2005	Group Fair value adjustments Gains S$ Mil	Group Fair value adjustments Losses S$ Mil	Company Fair value adjustments Gains S$ Mil	Company Fair value adjustments Losses S$ Mil
Foreign exchange derivatives				
Forward foreign exchange	0.2	5.2	-	*
Cross currency swaps	314.8	588.8	232.7	429.3
	315.0	594.0	232.7	429.3
Interest rate derivatives				
Interest rate swaps	157.6	34.5	157.3	13.5

* denotes amounts less than S$50,000

The fair value adjustments in respect of the currency and interest rate swap contracts are recognised in the financial statements of the Group and Company with effect from 1 April 2005 (see Note 2.7).

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27.1 Fair Values (continued)

As at 31 March 2006, the details of the outstanding derivative financial instruments were as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
Interest rate swaps				
Notional principal (S$ million equivalent)	**5,753.9**	8,490.1	**4,852.7**	5,631.4
Fixed interest rates	**1.9% to 6.8%**	1.5% to 6.8%	**1.9% to 3.9%**	1.5% to 3.9%
Floating interest rates	**3.8% to 5.9%**	3.1% to 3.9%	**3.8% to 5.9%**	3.5% to 3.9%
Currency swaps				
Notional principal (S$ million equivalent)	**7,183.1**	7,572.0	**5,083.7**	5,259.7
Fixed interest rates	**3.9% to 7.9%**	3.9% to 7.9%	**3.9% to 5.2%**	3.9% to 5.2%
Floating interest rates	**4.4% to 7.2%**	2.6% to 7.5%	**4.4% to 5.2%**	2.6% to 3.6%
Forward foreign exchange				
Notional principal (S$ million equivalent)	**217.1**	280.4	**-**	3.7

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

As at 31 March 2005, the Group's interest rate swaps included contracts of S$382.8 million with hedged periods that commenced after balance sheet date to match the anticipated debt levels of the Group.

28. OTHER NON-CURRENT RECEIVABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Prepayments	**63.6**	52.6	**18.1**	20.6
Staff loans	**0.6**	1.0	**0.5**	0.7
Other receivables	**28.8**	36.9	**7.6**	7.6
	93.0	90.5	**26.2**	28.9

Staff loans are made under an approved staff loan scheme and were repayable with interest in equal installments over periods of up to eight years with an average interest rate of 5.5 per cent (2005: 5.5 per cent) per annum.

29. TRADE AND OTHER PAYABLES

	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
Trade payables	**1,696.2**	1,776.7	**342.7**	380.0
Advance billings	**438.3**	498.3	**109.5**	96.6
Accruals	**383.6**	469.4	**85.5**	86.7
Interest payable	**198.5**	219.1	**160.6**	155.4
Customers' deposits	**20.5**	20.8	**12.8**	12.2
Due to associated and joint venture companies				
- trade	**17.5**	29.2	**10.1**	10.2
- non-trade	**27.3**	7.2	**27.3**	7.2
	44.8	36.4	**37.4**	17.4
Deferred compensation income (see Note 33)	**337.0**	337.0	**337.0**	337.0
Deferred income	**2.1**	26.3	**2.1**	26.3
	339.1	363.3	**339.1**	363.3
Other payables	**62.0**	71.7	**63.0**	59.9
	3,183.0	3,455.7	**1,150.6**	1,171.5

30. PROVISION

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

	Group 2006 S$ Mil	Group 2005 S$ Mil
Balance as at 1 Apr	**17.6**	18.2
Provision/(Writeback of provision)	**1.1**	(0.5)
Amount written off against provision	**(0.2)**	(0.1)
Balance as at 31 Mar	**18.5**	17.6

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31. BORROWINGS (UNSECURED)

	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
Current				
Bonds	**1,375.3**	897.8	**564.3**	1,000.0
Bank loans	**117.5**	65.4	**-**	-
	1,492.8	963.2	**564.3**	1,000.0
Non-current				
Bonds	**5,901.7**	7,332.9	**4,580.7**	5,259.5
Other loan	**5.5**	6.0	**-**	-
	5,907.2	7,338.9	**4,580.7**	5,259.5
Total unsecured borrowings	**7,400.0**	8,302.1	**5,145.0**	6,259.5

31.1 Bonds

Principal amount	Maturity	Fixed interest rate %	Group 2006 S$ Mil	Group 2005 S$ Mil	Company 2006 S$ Mil	Company 2005 S$ Mil
S$515 million (1)	2006	3.21	**-**	515.0	**-**	1,000.0
US$349.5 million	2006	5.88	**564.3**	576.2	**564.3**	576.2
US$350 million	2008	6.25	**561.9**	576.3	**561.9**	576.3
US$345 million (2)	2009	8.13	**584.4**	569.2	**-**	-
US$393.8 million (2)	2010	8.00	**682.3**	649.8	**-**	-
US$1,350 million (3)	2011	6.38	**2,194.2**	2,223.6	**2,194.2**	2,223.6
US$500 million (3)	2031	7.38	**794.0**	820.5	**794.0**	820.5
€400 million (2)	2007	6.00	**801.9**	854.4	**-**	-
€500 million (3)	2011	6.00	**1,030.6**	1,062.9	**1,030.6**	1,062.9
A$62.6 million	2011	6.82	**63.4**	-	**-**	-
A$300 million (2)	2005	7.75	**-**	382.8	**-**	-
			7,277.0	8,230.7	**5,145.0**	6,259.5
Current			**1,375.3**	897.8	**564.3**	1,000.0
Non-current			**5,901.7**	7,332.9	**4,580.7**	5,259.5
			7,277.0	8,230.7	**5,145.0**	6,259.5

Notes:

(1) The bonds, listed on the Singapore Exchange, were fully redeemed during the financial year.

(2) The bonds, issued by Optus Group, are subject to a negative pledge that limits the amount of secured indebtedness of certain subsidiary companies of Optus.

(3) The bonds are listed on Singapore Exchange and Luxembourg Stock Exchange.

31.2 Bank Loans

	Group	
	2006	2005
	S$ Mil	S$ Mil
Current	**117.5**	65.4

As at 31 March 2006, A$100.0 million had been drawn down under a Syndicated Loan Facility of A$300.0 million which matures in May 2006.

As at 31 March 2005, A$50.0 million had been drawn down under Standby Cash Advance Facilities of A$500.0 million which matured in May 2005. The facility was guaranteed by the Company.

31.3 Other Loan

This loan relates to an interest bearing deposit from a customer, which is expected to be repaid after all commitments are satisfied in 2019.

31.4 Maturity

The non-current unsecured borrowings have the following maturity periods:

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Between one and two years	**573.0**	1,430.5	**-**	576.2
Between two and five years	**4,534.7**	1,145.5	**561.9**	576.3
Over five years	**799.5**	4,762.9	**4,018.8**	4,107.0
	5,907.2	7,338.9	**4,580.7**	5,259.5

31.5 Interest Rates

The weighted average effective interest rates at balance sheet dates were as follows:

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Bonds	**6.9**	6.5	**6.4**	5.9
Bank loans	**5.6**	5.9	**-**	-
Other loan	**5.6**	5.4	**-**	-

31.6 Fair Values

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Carrying value				
Bonds	**7,277.0**	8,230.7	**5,145.0**	6,259.5
Bank loans	**117.5**	65.4	**-**	-
Other loan	**5.5**	6.0	**-**	-
Fair value				
Bonds	**7,570.1**	9,007.4	**5,438.2**	6,801.1
Bank loans	**117.5**	65.4	**-**	-
Other loan	**5.5**	6.1	**-**	-

See Note 2.8 on the basis in estimating the fair values and Note 27 for information on the derivative financial instruments used for hedging the risks associated with the borrowings.

32. BORROWINGS (SECURED)

	Group	
	2006	2005
	S$ Mil	S$ Mil
Current		
Bank loans	**-**	1,045.3
Finance lease liabilities	**0.7**	109.1
Bonds	**-**	9.4
	0.7	1,163.8
Non-current		
Bonds	**-**	70.4
Finance lease liabilities	**-**	0.1
	-	70.5
Total secured borrowings	**0.7**	1,234.3

32.1 Bank Loans

As at 31 March 2005,

(a) S$5.3 million of the bank loans were secured over certain fixed deposits of the Group amounting to US$2.3 million (S$3.8 million).

(b) S$1.04 billion (US$630.3 million) of the bank loans were secured on

(i) all shares in C2C, a 59.5 per cent owned subsidiary company; and

(ii) all assets of C2C Group of US$960.2 million.

In addition, all sales and purchases and other agreements entered into by the C2C Group were also assigned or charged to C2C's banking syndicate lenders.

During the current financial year, the bank loans were deconsolidated following the loss of control over the subsidiary companies.

32.2 C2C debt restructuring

On 20 June 2003, the Company announced that it had notified C2C of the cancellation of its commitment to C2C under a convertible loan agreement entered into in conjunction with a secured credit facility made available to C2C (see Note 32.1 (b) above). The undrawn portion of the convertible loan stood at US$164 million (S$266 million).

The Company announced that, notwithstanding the cancellation, it viewed C2C as an important asset and, on a without prejudice basis and subject to agreeing terms, was prepared to consider committing additional funds to C2C if it was in the interests of all parties, including the Company.

Despite the Company's proposal and whilst the lenders indicated that they would continue to work towards a consensual restructuring, the lenders issued a notice to the Company calling upon it to disburse to C2C the US$164 million under the convertible loan agreement. The Company announced that it was not obliged to so disburse in view of the cancellation.

Discussions with the lenders on a consensual restructuring are continuing.

32.3 Bonds

As at 31 March 2005, the bonds were repayable quarterly and were secured over all the assets and undertakings of Reef amounting to A$74.0 million. In the current financial year, the security was discharged and accordingly the bonds were classified as unsecured borrowings.

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32.4 Finance Lease Liabilities

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

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Not later than one year	**0.7**	113.9
Later than one but not later than five years	**-**	0.1
	0.7	114.0
Less: Future finance charges	*	(4.8)
	0.7	109.2
Current	**0.7**	109.1
Non-current	**-**	0.1
	0.7	109.2

* denotes amount less than S$50,000.

32.5 Maturity

The maturity of non-current secured bonds was as follows:

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Between one and two years	**-**	10.9
Between two and five years	**-**	42.1
Over five years	**-**	17.4
	-	70.4

32.6 Interest Rates

The weighted average effective interest rates at balance sheet date were as follows:

	Group	
	2006	**2005**
	%	**%**
Bank loans	**-**	5.5
Bonds	**-**	7.0
Finance lease liabilities	**6.8**	6.6

32.7 Fair Values

	Group	
	2006	**2005**
	S$ Mil	**S$ Mil**
Carrying value		
Bank loans	**-**	1,045.3
Bonds	**-**	79.8
Finance lease liabilities	**0.7**	109.2
Fair value		
Bank loans	**-**	1,045.3
Bonds	**-**	79.9
Finance lease liabilities	**0.7**	108.9

See Note 2.8 on the basis of estimation of the fair values.

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.

33. DEFERRED INCOME

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Compensation payments				
Balance as at 1 Apr	**674.0**	1,011.0	**674.0**	1,011.0
Amount recognised during the year	**(337.0)**	(337.0)	**(337.0)**	(337.0)
Balance as at 31 Mar	**337.0**	674.0	**337.0**	674.0
Gain on sale and leaseback arrangements				
Balance as at 1 Apr	**37.3**	63.2	**10.1**	11.2
Amount recognised during the year	**(17.9)**	(24.7)	**(1.1)**	(1.1)
Translation adjustments	**(0.9)**	(1.2)	**-**	-
Balance as at 31 Mar	**18.5**	37.3	**9.0**	10.1
	355.5	711.3	**346.0**	684.1
Current (see Note 29)	**337.0**	337.0	**337.0**	337.0
Non-current	**18.5**	374.3	**9.0**	347.1
	355.5	711.3	**346.0**	684.1

The IDA had made two payments to the Company as compensation for modifications to its original licence for the accelerated liberalisation of the telecommunications market. The IDA paid the Company S$1.50 billion in 1997 and S$859.0 million in 2000.

The Group and Company account for these payments as deferred income in the balance sheets, and recognise them on a straight line basis over seven years from 1 April 2000, reflecting the period by which the Company's original monopoly licence period is shortened.

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

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34. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Performance share liability	**10.0**	5.9	**7.4**	4.4
Deferred income	**29.6**	-	**-**	-
Other payables	**126.2**	127.9	**13.6**	16.2
	165.8	133.8	**21.0**	20.6

35. SHARE CAPITAL

	2006		2005	
	Number of shares	Share capital	Number of shares	Share capital
Group	Mil	S$ Mil	Mil	S$ Mil
Balance as at 1 Apr	**16,641.5**	**2,496.2**	17,848.6	2,677.3
Issue of shares under share options	**61.8**	**20.5**	68.3	10.2
Cancellation of shares pursuant to capital reduction	**-**	**-**	(1,275.4)	(191.3)
Transfer upon implementation of Companies (Amendment) Act 2005				
- Share Premium	**-**	**2,248.8**	-	-
- Capital Redemption Reserve	**-**	**9.2**	-	-
Balance as at 31 Mar	**16,703.3**	**4,774.7**	16,641.5	2,496.2

See Note 2.4 on the impact following the implementation of the Companies (Amendment) Act 2005 on 30 January 2006.

All issued shares are fully paid. During the current financial year, the Company issued 61,846,950 (2005: 68,335,150) shares upon the exercise of 61,846,950 (2005: 68,335,150) share options at the exercise price of between S$1.33 and S$3.03 (2005: S$1.36 and S$2.26) per share. The newly issued shares rank pari passu in all respects with the previously issued shares.

During the previous financial year, the Company cancelled 1,275,417,778 shares at the price of S$2.36 per share pursuant to a capital reduction exercise.

36. DIVIDENDS

	Group		Company	
	2006	2005	2006	2005
	S$ Mil	S$ Mil	S$ Mil	S$ Mil
Final dividend of 8.0 cents (2005: 6.4 cents) per share and special dividend of 5.0 cents (2005: nil) per share, net of tax of 20.0 per cent (2005: 20.0 per cent), paid	**1,733.8**	915.2	**1,735.1**	915.4

In the current financial year, a final ordinary dividend of 8.0 cents per share, and special dividend of 5.0 cents per share, less tax at 20.0 per cent totalling S$1.73 billion and S$1.74 billion for the Group and Company respectively was paid in respect of the financial year ended 31 March 2005. 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 had proposed an ordinary dividend of 10.0 cents per share, less tax at 20.0 per cent totalling S$1.34 billion for the Group and Company in respect of the financial year ended 31 March 2006. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of Retained Earnings in the financial year ending 31 March 2007.

37. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of trading investments, AFS investments and borrowings are set out in Note 19, Note 26, Note 31 and Note 32 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 expose it 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 potential adverse effects of these risks on the financial performance of the Group.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly. Financial derivatives are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes.

38.2 Foreign Exchange Risk

The foreign exchange risk of the Group arises from subsidiary companies operating in foreign countries (see Note 39), mainly Australia, which generate revenue and incur costs denominated in foreign currencies. The Company and its Singapore subsidiary companies also generate revenue and incur costs in foreign currencies which give rise to foreign exchange risk. The currency exposures are primarily United States Dollars, Australian Dollars, British Pound and the Euros. Foreign currency purchases and forward currency contracts are used to reduce the Group's exposure to foreign currency exchange rate fluctuations.

The Group also has borrowings denominated in foreign currencies. Cross currency swaps are primarily used to hedge selected long term foreign currency borrowings in order to reduce the foreign currency exposure on these borrowings.

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38.3 Interest Rate Risk

The Group has cash balances placed with reputable banks and financial institutions, as well as investments in bonds 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.

The tables below set out the Group and the Company's exposure to interest rate risks, including the effects of hedging, if any. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. Other than as disclosed in the tables below, all other assets and liabilities of the Group and Company were non-interest bearing.

	Variable rates		Fixed rates				
Group	**Less than 6 months S$ Mil**	**6 to 12 months S$ Mil**	**Less than 6 months S$ Mil**	**6 to 12 months S$ Mil**	**1 to 5 years S$ Mil**	**Over 5 years S$ Mil**	**Total S$ Mil**
As at 31 March 2006							
Assets							
Cash and cash equivalents	**226.5**	**3.2**	**2,491.9**	**1.7**	**0.1**	**-**	**2,723.4**
Trade and other receivables	**-**	**-**	**0.4**	**0.4**	**-**	**-**	**0.8**
Other financial assets	**714.1**	**-**	**94.6**	**14.9**	**45.4**	**0.1**	**869.1**
	940.6	**3.2**	**2,586.9**	**17.0**	**45.5**	**0.1**	**3,593.3**
Liabilities							
Borrowings	**121.4**	**1.6**	**568.9**	**807.1**	**1,882.9**	**4,018.8**	**7,400.7**
Effects of interest rate and cross currency swaps	**2,441.6**	**-**	**71.5**	**145.7**	**(1,017.6)**	**(1,641.2)**	**-**
	2,563.0	**1.6**	**640.4**	**952.8**	**865.3**	**2,377.6**	**7,400.7**
As at 31 March 2005							
Assets							
Cash and cash equivalents	175.7	6.2	3,062.9	11.2	0.1	-	3,256.1
Trade and other receivables	-	-	1.5	1.7	-	-	3.2
Other financial assets	343.3	10.0	340.0	207.3	50.1	-	950.7
	519.0	16.2	3,404.4	220.2	50.2	-	4,210.0
Liabilities							
Borrowings	1,115.3	-	388.6	1,483.3	1,774.7	4,774.5	9,536.4
Effects of interest rate and cross currency swaps [(1)]	799.8	-	893.3	650.0	(576.3)	(1,766.8)	-
	1,915.1	-	1,281.9	2,133.3	1,198.4	3,007.7	9,536.4

Note:

(1) Disclosure based on notional principals of interest rate and cross currency swaps.

38.3 Interest Rate Risk (continued)

Company	Variable rates Less than 6 months S$ Mil	6 to 12 months S$ Mil	Fixed rates Less than 6 months S$ Mil	6 to 12 months S$ Mil	1 to 5 years S$ Mil	Over 5 years S$ Mil	Total S$ Mil
As at 31 March 2006							
Assets							
Cash and cash equivalents	**60.1**	**-**	**595.5**	**-**	**-**	**-**	**655.6**
Trade and other receivables	**61.3**	**-**	**0.1**	**0.1**	**-**	**-**	**61.5**
Other financial assets	**-**	**3,519.2**	**-**	**-**	**10.9**	**0.1**	**3,530.2**
	121.4	**3,519.2**	**595.6**	**0.1**	**10.9**	**0.1**	**4,247.3**
Liabilities							
Borrowings	**-**	**-**	**564.3**	**-**	**561.9**	**4,018.8**	**5,145.0**
Effects of interest rate and cross currency swaps	**1,531.7**	**-**	**71.5**	**600.0**	**(561.9)**	**(1,641.3)**	**-**
	1,531.7	**-**	**635.8**	**600.0**	**-**	**2,377.5**	**5,145.0**
As at 31 March 2005							
Assets							
Cash and cash equivalents	41.6	-	1,225.0	-	-	-	1,266.6
Trade and other receivables	6.8	-	0.2	0.2	-	-	7.2
Other financial assets	-	3,810.5	-	5.0	10.7	0.1	3,826.3
	48.4	3,810.5	1,225.2	5.2	10.7	0.1	5,100.1
Liabilities							
Borrowings	-	-	-	1,000.0	1,152.5	4,107.0	6,259.5
Effects of interest rate and cross currency swaps (1)	895.7	-	-	650.0	81.7	(1,627.4)	-
	895.7	-	-	1,650.0	1,234.2	2,479.6	6,259.5

Note:
(1) Disclosure based on notional principals of interest rate and cross currency swaps.

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.

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

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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.

39. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

Primary Reporting Format – Geographical Segments

The Group's businesses operate in two principal geographical areas, Singapore and Australia. No other individual country contributes more than 10 per cent of consolidated revenue and assets.

In presenting information on the basis of geographical segments, segment revenue is based on where the service is rendered and where the customer is located. Total assets and capital expenditure are shown by the geographical area in which the asset is located.

Secondary Reporting Format – Business Segment

The Group is organised into the following business segments:

Wireline – represent cable-based and satellite-based Fixed Telecommunications Network Services (FTNS) such as domestic and IDD services, leased lines, data communications, lease of satellite capacity, Inmarsat and Internet services. It includes sale of cable capacity.

Wireless – represent mobile telecommunications services such as cellular and paging services and sale of handsets and pagers.

Information technology and engineering – represent information technology consultancy, systems integration and engineering services.

Others – represent the balance of the Group's operations and comprise storage of cables and investment activities.

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

Segment results represent operating revenue less expenses.

The total assets disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment, inventories, operating cash and bank balances. Corporate-held assets managed at the corporate level not allocated to the segments include fixed deposits and investments.

Segment liabilities comprise operating liabilities and exclude borrowings, provision for taxes, deferred tax liabilities and dividends.

Segment capital expenditures comprise additions to property, plant and equipment (net of rebates, where applicable) and intangible assets.

39.1 Primary Reporting Format – Geographical Segment

2006	Singapore S$ Mil	Australia S$ Mil	Others S$ Mil	Eliminations S$ Mil	Total S$ Mil
Total revenue from external customers	3,904.9	9,046.9	186.6	-	13,138.4
Inter-segment revenue	48.4	-	111.3	(159.7)	-
Operating revenue	3,953.3	9,046.9	297.9	(159.7)	13,138.4
Segment results	1,235.7	1,168.0	(69.3)	44.0	2,378.4
Other income	114.6	40.8	0.7	(44.5)	111.6
Compensation from IDA	337.0	-	-	-	337.0
Profit before exceptional items	1,687.3	1,208.8	(68.6)	(0.5)	2,827.0
Exceptional items					
- allocated	88.4	-	669.5	-	757.9
- unallocated					57.6
Profit on operating activities					3,642.5
Share of results of associated and joint venture companies	42.0	13.2	1,151.3	-	1,206.5
Profit before interest, investment income and tax					4,849.0
Interest and investment income					137.0
Interest on borrowings					(486.7)
Profit before tax					4,499.3
Segment assets	3,577.3	18,183.5	177.7	-	21,938.5
Investment in associated and joint venture companies	202.7	-	6,394.2	-	6,596.9
Allocated assets	3,780.0	18,183.5	6,571.9	-	28,535.4
Unallocated assets					5,070.8
Consolidated total assets					33,606.2
Segment liabilities	1,332.8	2,026.0	86.1	-	3,444.9
Unallocated liabilities					9,068.1
Consolidated total liabilities					12,513.0
Capital expenditure	314.0	1,486.6	17.8	-	1,818.4
Depreciation	506.1	1,322.0	115.4	-	1,943.5
Amortisation	5.4	27.8	-	-	33.2
Impairment charge	3.7	-	5.3	-	9.0

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For the financial year ended 31 March 2006

39.1 Primary Reporting Format – Geographical Segment (continued)

2005	Singapore S$ Mil	Australia S$ Mil	Others S$ Mil	Eliminations S$ Mil	Total S$ Mil
Total revenue from external customers	3,808.7	8,592.4	215.9	-	12,617.0
Inter-segment revenue	29.3	-	94.5	(123.8)	-
Operating revenue	3,838.0	8,592.4	310.4	(123.8)	12,617.0
Segment results	1,332.5	1,350.0	(101.2)	50.0	2,631.3
Other income	67.0	35.1	2.2	(48.8)	55.5
Compensation from IDA	337.0	-	-	-	337.0
Profit before exceptional items	1,736.5	1,385.1	(99.0)	1.2	3,023.8
Exceptional items					
- allocated	101.1	(318.2)	(41.0)	-	(258.1)
- unallocated					73.5
Profit on operating activities					2,839.2
Share of results of associated and joint venture companies	54.0	(15.6)	906.8	-	945.2
Profit before interest, investment income and tax					3,784.4
Interest and investment income					89.8
Interest on borrowings					(488.5)
Profit before tax					3,385.7
Segment assets	3,826.9	18,598.1	1,724.1	(123.1)	24,026.0
Investment in associated and joint venture companies	262.6	1.7	5,211.7	-	5,476.0
Allocated assets	4,089.5	18,599.8	6,935.8	(123.1)	29,502.0
Unallocated assets					5,831.3
Consolidated total assets					35,333.3
Segment liabilities	1,378.2	2,504.1	1,047.7	(174.5)	4,755.5
Unallocated liabilities					11,295.1
Consolidated total liabilities					16,050.6
Capital expenditure	354.6	1,144.3	(23.6)	-	1,475.3
Depreciation	546.3	1,274.8	142.0	-	1,963.1
Amortisation	2.0	9.9	-	-	11.9
Impairment charge	20.9	-	2.3	-	23.2

39.2 Secondary Reporting Format – Business Segment

2006	Wireline S$ Mil	Wireless S$ Mil	IT & Engineering S$ Mil	Others S$ Mil	Total S$ Mil
Operating revenue from external customers	**6,103.4**	**6,080.6**	**921.0**	**33.4**	**13,138.4**
Segment assets	**12,719.5**	**8,744.1**	**441.7**	**33.2**	**21,938.5**
Investment in associated and joint venture companies	**1,265.2**	**5,135.2**	**-**	**196.5**	**6,596.9**
Allocated assets	**13,984.7**	**13,879.3**	**441.7**	**229.7**	**28,535.4**
Unallocated assets					**5,070.8**
Consolidated total assets					**33,606.2**
Capital expenditure	**1,026.7**	**590.0**	**19.1**	**182.6**	**1,818.4**

2005	Wireline S$ Mil	Wireless S$ Mil	IT & Engineering S$ Mil	Others S$ Mil	Total S$ Mil
Operating revenue from external customers	6,156.9	5,688.2	761.8	10.1	12,617.0
Segment assets	15,133.7	8,517.1	346.7	28.5	24,026.0
Investment in associated and joint venture companies	1,093.6	4,127.0	-	255.4	5,476.0
Allocated assets	16,227.3	12,644.1	346.7	283.9	29,502.0
Unallocated assets					5,831.3
Consolidated total assets					35,333.3
Capital expenditure	807.8	505.3	16.7	145.5	1,475.3

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For the financial year ended 31 March 2006

40. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Not later than one year	**326.1**	412.7	**56.6**	80.9
Later than one but not later than five years	**1,321.6**	1,373.0	**165.4**	215.1
Later than five years	**1,585.7**	1,814.1	**401.2**	443.1
	3,233.4	3,599.8	**623.2**	739.1

During the previous financial year, sale and operating leaseback contracts were entered into for certain property, plant and equipment for a period of 20 years commencing from 2 March 2005. The above commitments included only the minimum amounts payable of S$22.1 million (2005: S$21.8 million) per annum under those contracts. The operating lease payments under these contracts are subject to review every year with a general increase not exceeding the higher of 2 per cent or Consumer Price Index percentage of the preceding year.

41. CAPITAL, INVESTMENT AND OTHER COMMITMENTS

41.1 The commitments for capital expenditure and investments which had not been recognised in the financial statements, excluding the commitments shown under Note 41.2, Note 41.3 and Note 41.4, were as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Authorised and contracted for	**213.7**	301.4	**34.8**	19.3

Outstanding commitments relate mainly to the purchase of telecommunications equipment and investments.

41.2 The commitment for purchase of broadcasting program rights was as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Not later than one year	**5.8**	49.8	**-**	-
Later than one but no later than five years	**-**	82.7	**-**	-
	5.8	132.5	**-**	-

The licence fees payable under some of these contracts are calculated by reference to future number of cable and satellite television subscribers. The licence fees payable therefore depend on future events, which cannot be reliably determined. The above commitments included only the minimum amounts payable under those contracts. A third-party had agreed to reimburse the Group for A$5.0 million (S$5.8 million) (2005: A$28.9 million) of these commitments.

41.3 The Group's commitment to purchase capacity in the cable network of Southern Cross Cable Holdings Limited ("**Southern Cross**"), a joint venture company, was as follows:

	Group		Company	
	2006	2005	**2006**	2005
	S$ Mil	**S$ Mil**	**S$ Mil**	**S$ Mil**
Not later than one year	**35.6**	36.7	**-**	-
Later than one but no later than five years	**35.6**	75.6	**-**	-
	71.2	112.3	**-**	-

41.4 Optus had agreed to contribute S$101.1 million (2005: S$104.6 million) in equity, denominated in United States dollars, to its joint venture companies, Southern Cross and Pacific Carriage Holdings Limited (collectively "**Southern Cross Cable Consortium**"). As at 31 March 2006, S$26.0 million (2005: S$26.0 million) of the equity had been provided. The remaining commitment will not be contributed until the shareholders' loans to Southern Cross Cable Consortium are repaid.

42. CONTINGENT LIABILITIES

42.1 Guarantees

As at 31 March 2006,

(i) The Group and Company provided a guarantee to a third party for due performance by a wholly owned subsidiary of its obligations and liabilities under a S$45.0 million (2005: S$45.0 million) contract to provide information technology services.

(ii) The Group and Company provided bankers' guarantees and insurance bonds of S$154.0 million and S$18.4 million (2005: S$135.4 million and S$19.4 million) respectively.

(iii) A subsidiary company provided performance guarantees amounting to US$64.0 million (S$103.6 million) (2005: US$64.0 million) to a third party in respect of a joint venture company.

(iv) On 30 April 2003, Southern Cross Cable Consortium restructured its bank facility, extending the maturity date of the bank loan to April 2008 and modifying other terms to provide additional financing flexibility.

In connection with the loan restructuring, Optus Group provided contingent credit support for up to US$37.0 million. The support amounts will reduce as the bank facility is repaid with the proceeds from future market sales. The bank facility had been fully repaid in the current financial year.

42.2 Audit of Tax Losses

As at 31 March 2006, Optus Group had estimated unutilised tax losses of approximately A$647 million (S$749 million) (31 March 2005: A$1.26 billion) with tax effect of A$194 million (S$225 million) (31 March 2005: A$378 million) which were available for set off against future taxable income subject to the income tax regulations in Australia.

As disclosed in the previous financial year, the Australian Taxation Office ("**ATO**") has commenced an audit of the Optus Group's entitlements to carried forward tax losses.

In the current financial year, the ATO has completed the audit and concluded that no amendment is necessary for the Optus Group's tax returns for the years under review.

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For the financial year ended 31 March 2006

42.3 Claim by Seven Network Limited

As disclosed in the previous financial year, Seven Network Limited and one of its subsidiary companies ("**Seven**") have commenced proceedings in the Federal Court against Optus, Optus Vision Pty Limited ("**Optus Vision**", a subsidiary company of Optus) and other parties including News Limited, Telstra Corporation, Publishing and Broadcasting Limited and Foxtel Management Pty Limited.

The proceedings allege anti-competitive conduct in relation to subscription television content and infrastructure. Claims against Optus and Optus Vision allege breaches of the Trade Practice Act, breach of contract and deceitful conduct in relation to certain subscription television content contracts. Seven claims damages, injunctions and other orders. Optus is vigorously defending the claims. Optus Vision has also filed a cross-claim against Seven, alleging misleading and deceptive conduct and breaches of contract by Seven.

The hearing of the case commenced in September 2005 with final submissions to the judge expected in September 2006.

42.4 Disputes with international service providers

As previously reported, Optus is in dispute with certain international service providers regarding amounts due under contracts. Optus has also been notified of claims by other international service providers. Optus is vigorously defending all these claims.

43. PROPOSED CAPITAL REDUCTION

SingTel is proposing a capital reduction involving the cancellation of 1 out of every 20 issued shares of the Company as at a date to be determined by the directors of the Company, in exchange for a cash payment of S$2.74 for each share to be cancelled. Based on the number of issued shares of the Company as at 31 March 2006, an aggregate of approximately S$2.3 billion will be returned to the shareholders and approximately 835.2 million shares will be cancelled.

The proposed capital return required, *inter alia*, approval by the Company's shareholders at an Extraordinary General Meeting to be held in July 2006. Assuming all approvals are obtained, the cash distribution in respect of the capital reduction is expected to be paid in September 2006.

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

Certain new FRS and INT FRS have been issued that are mandatory for accounting periods beginning on or after 1 January 2006.

The new FRS and INT FRS are not expected to have a significant impact on the financial statements of the Group or the Company in the period of initial application other than INT FRS 104, *Determining Whether an Arrangement Contains a Lease*. The Group will adopt INT FRS 104 on 1 April 2006. INT FRS 104 gives guidance in determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for in accordance with FRS 17, *Leases*. At the date of this report, the impact, if any, of adopting INT FRS 104 on the Group and Company could not be reasonably estimated.

45. COMPANIES IN THE GROUP

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore. The following were the subsidiary, associated and joint venture companies as at 31 March 2006 and 31 March 2005:

45.1 Subsidiary companies

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
1.	Alpha West ERP Pty Limited [(1)]	Dormant	Australia	**100**	-
2.	Alpha West Holdings Ltd [(1)]	Investment holding company	Australia	**100**	-
3.	Alphawest Limited [(1)]	Investment holding company	Australia	**100**	-
4.	Alphawest Services Pty Ltd [(1)]	Provision of IT services and the sale of computer hardware, equipment and software	Australia	**100**	-
5.	AUE Music TV Pty Limited [(***)]	Dormant	Australia	**100**	100
6.	AUEVR Music TV Pty Limited [(***)]	Dormant	Australia	**100**	100
7.	Aussat Finance Limited [(1)]	Dormant	Australia	**100**	100
8.	Aussat New Zealand Limited [(***)]	Dormant	New Zealand	**100**	100
9.	Beijing IPACS Electronic Science Co. Ltd. [(***) (4)]	Under creditors' voluntary liquidation	People's Republic of China	**51.0**	51.0
10.	Billing Services Australia Pty Limited [(***)]	Dormant	Australia	**100**	100
11.	C2C Asiapac Pte Ltd	Investment holding and provision of administrative, technical and advisory services	Singapore	**100**	100
12.	C2C Cable (Ireland) Limited [(*) (2)]	Operation and provision of telecommunications facilities and services	Ireland	**59.5**	59.5
13.	C2C Cable Korea Ltd [(***) (2)]	Operation and provision of telecommunications facilities and services	South Korea	**59.5**	59.5
14.	C2C Cable (USA) Inc [(***) (2)]	Operation and provision of telecommunications facilities and services	USA	**59.5**	59.5

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For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2006 %	2005 %
15.	C2C Global Networks (Asia) Ltd (***) (2)	Dormant	Bermuda	**59.5**	59.5
16.	C2C Global Networks Ltd (***) (2)	Provision of telecommunications related services	Bermuda	**59.5**	59.5
17.	C2C Global Networks (Pacific) Ltd (***) (2)	Dormant	Bermuda	**59.5**	59.5
18.	C2C Holdings Pte Ltd (***)	Investment holding company	Bermuda	**59.5**	59.5
19.	C2C (Hong Kong) Limited (*) (2)	Operation and provision of telecommunications facilities and services	Hong Kong	**59.5**	59.5
20.	C2C Infocom Cable (Taiwan) Ltd (***) (2)	Operation and provision of telecommunications facilities and services	Taiwan	**59.5**	59.5
21.	C2C Japan KK (***) (2)	Operation and provision of telecommunications facilities and services	Japan	**59.5**	59.5
22.	C2C Marine Pte Ltd (2)	Dormant	Singapore	**59.5**	59.5
23.	C2C Pte Ltd (***) (2)	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems and associated terrestrial capacity	Bermuda	**59.5**	59.5
24.	C2C Singapore Pte Ltd (2)	Operation and provision of telecommunications facilities and services	Singapore	**59.5**	59.5
25.	Cable & Wireless Optus Satellites Pty Limited (1)	C1 Satellite contracting party	Australia	**100**	100
26.	CV Services International Wholesales Pty Ltd (1)	Dormant	Australia	**100**	-
27.	CVSI Pte Limited (Singapore) (***)	Supply of information technology services and the sale of computer hardware equipment and software	Singapore	**100**	-

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
28.	CVSI Retirement Benefits Funds Pty Limited (***)	Dormant	Australia	**100**	-
29.	Evolution IS (ACT) Pty Ltd (1)	Dormant	Australia	**100**	-
30.	Evolution IS Pty Ltd (1)	Dormant	Australia	**100**	-
31.	Fuzhou IPACS Computer Co., Ltd. (***) (4)	Under creditors' voluntary liquidation	People's Republic of China	**51.0**	51.0
32.	GB21 (Hong Kong) Limited (*)	Provision of telecommunications services and products	Hong Kong	**100**	100
33.	Global Page Pte Ltd (***)	In process of strike off	Singapore	**100**	100
34.	Guangzhou Zhong Sheng Information Technology Co., Ltd. (**) (4)	Provision of information technology training	People's Republic of China	**100**	70.0
35.	Info Ad Publishing Consultants Pte Ltd	Dormant	Singapore	**100**	100
36.	InfoCom Holding Company Pte Ltd	Investment holding company	Singapore	**100**	100
37.	Inform Systems Australia Pty Ltd (1)	Provision of information technology services	Australia	**100**	-
38.	Information Network Services Sdn Bhd (**)	Provision of data communication and value added network services	Malaysia	**100**	100
39.	InnoVoice Services Private Limited	Investment holding company	Singapore	**100**	100
40.	Integrated Data Services Limited (**)	Under voluntary liquidation	Myanmar	**90.0**	90.0
41.	Integrated Information (Hong Kong) Limited (***)	Dissolved during the year	Hong Kong	**-**	100
42.	INS Holdings Pte Ltd	Investment holding and provision of telecommunications services	Singapore	**100**	100
43.	IPACS Computer Services (S) Pte. Ltd. (***)	Under creditors' voluntary liquidation	Singapore	**51.0**	51.0

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2006 %	2005 %
44.	IPACS Computer (Shanghai) Co, Ltd. (***) (4)	Under creditors' voluntary liquidation	People's Republic of China	**51.0**	51.0
45.	IPACS Technology Pte Ltd (***)	Under creditors' voluntary liquidation	Singapore	**51.0**	51.0
46.	KA Land Pte Ltd	Investment holding company	Singapore	**100**	100
47.	Lanka Communication Services (Private) Limited (**)	Provision of data communication services	Sri Lanka	**82.9**	82.9
48.	Membertel Pty Limited (***)	Dormant	Australia	**100**	100
49.	Mercurix Pte Ltd	Dormant	Singapore	**100**	100
50.	Microplex Pty Limited (***)	Dormant	Australia	**100**	100
51.	MovieVision Pty Limited (***)	Dormant	Australia	**100**	100
52.	NCS Communications Engineering Pte. Ltd.	Provision of facilities management and consultancy services and distributor of specialised telecommunications and data communication products	Singapore	**100**	100
53.	NCS Information Technology (Suzhou) Co., Ltd. (**) (4)	Software development and provision of information technology services	People's Republic of China	**100**	100
54.	NCS Pte. Ltd.	Provision of information technology and consultancy services	Singapore	**100**	100
55.	NCSI (Australia) Pty Limited (*)	Provision of information technology services	Australia	**100**	100
56.	NCSI (Chengdu) Co., Ltd. (***) (4)	Provision of research and development on information technology	People's Republic of China	**100**	-
57.	NCSI (HK) Limited (*)	Provision of information technology services	Hong Kong	**100**	100
58.	NCSI Holdings (Malaysia) Sdn. Bhd. (**)	Investment holding company	Malaysia	**100**	100
59.	NCSI Holdings Pte Ltd	Investment holding company	Singapore	**100**	100

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	2005 %
60.	NCSI (India) Private Limited (*)	Provision of information technology services	India	**100**	100
61.	NCSI (Korea) Co., Limited (*)	Provision of information technology and communication engineering services	South Korea	**100**	-
62.	NCSI Lanka (Private) Limited (*)	Provision of information technology and communication engineering services	Sri Lanka	**100**	100
63.	NCSI (Malaysia) Sdn. Bhd. (**)	Provision of information technology services	Malaysia	**100**	100
64.	NCSI (ME) W.L.L. (*)	Provision of information technology and communication engineering services	Bahrain	**100**	-
65.	NCSI (Philippines) Inc. (*)	Provision of information technology and communication engineering services	Philippines	**99.9**	99.9
66.	NCSI (Shanghai), Co. Ltd (***) (4)	Provision of system integration, software research and development	People's Republic of China	**100**	-
67.	Optus Administration Pty Limited (1)	Provision of management services to the Optus Group	Australia	**100**	100
68.	Optus Billing Services Pty Limited (***)	Provision of billing services to the Optus Group	Australia	**100**	100
69.	Optus Broadband Pty Limited (1)	Provision of high speed residential internet service	Australia	**100**	100
70.	Optus Calling Cards Pty Limited (***)	Provision of calling cards	Australia	**100**	100
71.	Optus CMM Holdings Pty Limited (***)	Investment holding company	Australia	**100**	100
72.	Optus Data & Business Holdings Pty Limited (***)	Dormant	Australia	**100**	100
73.	Optus Data Centres Pty Limited (1)	Provision of data communication services	Australia	**100**	100
74.	Optus ECommerce Pty Limited (***)	Provider of marketsite and related activities	Australia	**100**	100

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2006 %	2005 %
75.	Optus EPayments Ventures Pty Limited (***)	Provision of network capacity	Australia	**100**	100
76.	Optus ESolutions Pty Limited (***)	Provider of E-solutions products	Australia	**100**	100
77.	Optus Finance Pty Limited (1)	Provision of financial services to the Optus Group	Australia	**100**	100
78.	Optus Insurance Services Pty Limited (****)	Provision of handset insurance and related services	Australia	**100**	100
79.	Optus Internet Pty Limited (1)	Provision of internet services for retail customers	Australia	**100**	100
80.	Optus Investments Pty Limited (***)	Investment holding company	Australia	**100**	100
81.	Optus Kylie Holdings Pty Limited (***)	Portfolio investment holding company	Australia	**100**	100
82.	Optus Mobile Holdings Pty Limited (***)	Investment holding company	Australia	**100**	100
83.	Optus Mobile Investments Pty Limited (1)	Investment holding company	Australia	**100**	100
84.	Optus Mobile Pty Limited (1)	Provision of mobile phone services	Australia	**100**	100
85.	Optus Multimedia Pty Limited (1)	Investment holding company	Australia	**100**	100
86.	Optus Narrowband Pty Limited (***)	Provision of narrow band portal content services	Australia	**100**	100
87.	Optus Networks Pty Limited (1)	Provision of telecommunications services	Australia	**100**	100
88.	Optus Rental & Leasing Pty Limited (***)	Provision of rental and leasing of equipment to customers	Australia	**100**	100
89.	Optus Retailco Pty Limited (***)	Dormant	Australia	**100**	100
90.	Optus Stockco Pty Limited (***)	Purchases of Optus Group handsets	Australia	**100**	100

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	2005 %
91.	Optus Superannuation Pty Limited (***)	Provision of trustee services including superannuation schemes to the Optus Group	Australia	**100**	100
92.	Optus Systems Pty Limited (1)	Provision of information technology services to the Optus Group	Australia	**100**	100
93.	Optus Telephony Pty Limited (***)	Provision of residential telephony products	Australia	**100**	100
94.	Optus Vision Holdings Pty Limited (***)	Dormant	Australia	**100**	100
95.	Optus Vision Interactive Pty Limited (***)	Provision of interactive television service	Australia	**100**	100
96.	Optus Vision Investments Pty Limited (***)	Investment holding company	Australia	**100**	100
97.	Optus Vision Media Pty Limited (***) (3)	Provision of broadcasting related services	Australia	**20.0**	20.0
98.	Optus Vision Pty Limited (1)	Provision of telecommunications services	Australia	**100**	100
99.	Pastel Limited (*)	Investment holding company	Mauritius	**100**	100
100.	Path Communications Pty Ltd (1)	Dormant	Australia	**100**	-
101.	Perpetual Systems Pty Ltd (1)	Provision of IT disaster recovery services	Australia	**100**	-
102.	Prepaid Services Pty Limited (1)	Distribution of prepaid mobile telephony related products	Australia	**100**	100
103.	Reef Networks Pty Ltd (1)	Operation and maintenance of fibre optic network between Brisbane and Cairns	Australia	**100**	100
104.	Satellite Platform Investment Pty Limited (***)	Provision of satellite related services	Australia	**100**	100
105.	Sembawang Cable Depot Pte Ltd	Provision of storage facilities for submarine cables and related equipment	Singapore	**60.0**	60.0
106.	Shanghai Zhong Sheng Information Technology Co., Ltd. (**) (4)	Provision of information technology training and software resale	People's Republic of China	**100**	70.0

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
107.	Sibalo Pty Limited [(1)]	Engaged in retailing of mobile products	Australia	**100**	100
108.	Simplus Mobile Pty Limited [(1)]	Provision of mobile phone services and related activities	Australia	**100**	100
109.	Singapore Telecom ADSB (Netherlands Antilles) N.V. [(***)]	Dormant	Netherlands Antilles	**90.0**	90.0
110.	Singapore Telecom Australia Investments Pty Limited [(****)]	Investment holding company	Australia	**100**	100
111.	Singapore Telecom Australia Pty Limited [(****)]	Provision of telecommunications services	Australia	**100**	100
112.	Singapore Telecom Hong Kong Limited [(*)]	Provision of telecommunications systems and services	Hong Kong	**100**	100
113.	Singapore Telecom India Private Limited [(*)]	Engaged in general liaison and support services	India	**100**	100
114.	Singapore Telecom International Pte Ltd	Holding of strategic investments and provision of technical and management consultancy services	Singapore	**100**	100
115.	Singapore Telecom Japan Co Ltd [(*)]	Provision of telecommunications services and all related activities	Japan	**100**	100
116.	Singapore Telecom Korea Limited [(*)]	Provision of telecommunications services and all related activities	South Korea	**100**	100
117.	Singapore Telecom (Malaysia) Sdn Bhd [(**)]	Provision of telecommunications services and all related activities	Malaysia	**61**	-
118.	Singapore Telecom Mobile Pte Ltd	Operation and provision of cellular mobile telecommunications systems and services and investment holding	Singapore	**100**	100
119.	Singapore Telecom Paging Pte Ltd	Provision of paging services	Singapore	**100**	100

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
120.	Singapore Telecom USA, Inc. (***)	Provision of telecommunications, engineering and marketing services	USA	**100**	100
121.	SingaSat Pte Ltd	Investment holding company	Singapore	**100**	100
122.	SingNet Pte Ltd	Provision of value-added and internet-related services	Singapore	**100**	100
123.	SingTel ADSB (Netherlands) B.V. (***)	Dormant	Netherlands	**90.0**	90.0
124.	SingTel Asia Pacific Investments Pte. Ltd (formerly known as SingTel Mobile Sales Pte Ltd)	Provision of consultancy services and investment holding	Singapore	**100**	100
125.	SingTel Asian Investments Pte Ltd	Investment holding company	Singapore	**100**	100
126.	SingTel Australia Holding Pte Ltd	Investment holding company	Singapore	**100**	100
127.	SingTel Australia Investment Ltd (***)	Investment holding company	British Virgin Islands	**100**	100
128.	SingTel EInvestments Pte Ltd	Dormant	Singapore	**100**	100
129.	SingTel (Europe) Limited (*)	Provision of telecommunications services	United Kingdom	**100**	100
130.	SingTel Group Treasury Pte. Ltd (formerly known as Zeus Digital Asset Pte. Ltd)	Dormant	Singapore	**100**	100
131.	SingTel hello! Pte. Ltd (formerly known as Devonshire Pte Ltd)	Dormant	Singapore	**100**	100
132.	SingTel i2i Private Limited (*)	Investment holding company	Mauritius	**100**	100
133.	SingTel Interactive Pte Ltd	Dormant	Singapore	**100**	100
134.	SingTel Investments Private Limited	Portfolio investment holding company	Singapore	**100**	100
135.	SingTel (Jersey) Private Limited (***)	Dissolved during the year	Jersey	**-**	100

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
136.	SingTel Optus Pty Limited (****)	Investment holding company	Australia	**100**	100
137.	SingTel (Philippines), Inc (*)	Engaged in general liaison and support services	Philippines	**100**	100
138.	SingTel Services Australia Pty Limited (1)	Dormant	Australia	**100**	100
139.	SingTel Strategic Investments Pte Ltd	Investment holding company	Singapore	**100**	100
140.	SingTel Taiwan Limited (*) (formerly known as Singapore Telecom Taiwan Ltd)	Provision of telecommunications services and other related business	Taiwan	**100**	100
141.	SingTel Ventures (Cayman) Pte Ltd (***)	Venture capital investments in start-up technology and telecommunications companies	Cayman Islands	**100**	100
142.	SingTel Ventures (Singapore) Pte Ltd	Venture capital investments in start-up technology and telecommunications companies	Singapore	**100**	100
143.	SingTelSat Pte Ltd	Provision of satellite capacity for telecommunications and video broadcasting services	Singapore	**100**	100
144.	Source Integrated Networks Pty Limited (1)	Provision of data communications and network services	Australia	**100**	100
145.	ST Paging Pte Ltd	Dormant	Singapore	**100**	100
146.	STEL Information Technology (Shanghai) Co Ltd (**) (4)	Provision of data processing and programming services for holding company and technical services related to telecommunications information services	People's Republic of China	**100**	100
147.	STI (Australia) Holding Pte Ltd	Dormant	Singapore	**100**	100

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2006 %	2005 %
148.	Subsea Network Services Pte Ltd	Ownership and chartering of barges and provision of storage facilities for submarine cables and related equipment	Singapore	**100**	100
149.	Sudong Sdn Bhd (*)	Management, provision and operations of a call centre for telecommunications services	Malaysia	**100**	100
150.	TE International (S) Pte Ltd	Investment holding company	Singapore	**100**	100
151.	Telecom Equipment Pte Ltd	Engaged in the sale and maintenance of telecommunications equipment	Singapore	**100**	100
152.	Thai Page Pte Ltd (***)	In process of strike off	Singapore	**100**	100
153.	The Net Effect Pty Limited (1)	Dormant	Australia	**100**	-
154.	Ue Access Pty Limited (1)	Provision of telecommunications services	Australia	**100**	100
155.	Ue Vialight Pty Limited (***)	Dormant	Australia	**100**	100
156.	Uecomm Limited (1)	Investment holding company	Australia	**100**	100
157.	Uecomm Operations Pty Limited (1)	Provision of data communication services	Australia	**100**	100
158.	Uecomm Share Plans Custodian Pty Limited (***)	Administration of share plan	Australia	**100**	-
159.	Unite.Com Pty Limited (1)	Provision of telecommunications services	Australia	**100**	100
160.	Vanilla Shelf Co No 2 Pty Limited (***)	Dormant	Australia	**100**	-
161.	Virgin Mobile (Australia) Pty Limited (***) (5)	Provision of telecommunications services and products	Australia	**100**	-
162.	Virgin Mobile (Australia) Services Pty Limited (***)	Provision of call centre services	Australia	**100**	-
163.	Virgin Mobile Pty Limited (***)	Dormant	Australia	**100**	-

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.1 Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
164.	Viridian Limited (*)	Investment holding company	Mauritius	**100**	-
165.	VR Music TV Pty Limited (***)	Dormant	Australia	**100**	100
166.	World Wide Web Pty Limited (***)	Dormant	Australia	**100**	100
167.	XYZed LMDS Holdings Pty Limited (***)	Dormant	Australia	**100**	100
168.	XYZed LMDS Pty Limited (***)	Provision of telecommunications related services	Australia	**100**	100
169.	XYZed Pty Limited (1)	Provision of telecommunications related services	Australia	**100**	100
170.	Yes Direct Pty Limited (***)	Dormant	Australia	**100**	100
171.	Zapsurf Private Limited (***)	In process of strike off	Singapore	**100**	100

All companies are audited by PricewaterhouseCoopers, Singapore, except for the following:
(*) Audited by PricewaterhouseCoopers firms outside Singapore.
(**) Audited by other firms.
(***) No statutory audit is required.
(****) Audited by PricewaterhouseCoopers, Sydney.

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) As at 31 March 2006, these companies were subsidiary companies of the Group under the Singapore Companies Act by virtue of the Group holding more than 50 per cent of these companies' issued share capital. However, for accounting purposes, these companies are regarded as AFS investments as the Group no longer exercise control over these companies.

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

(4) Subsidiary company's financial year end is 31 December.

(5) During the financial year, the Group increased its equity interest in VMA from 25.9 per cent to 100 per cent. Following the increase, VMA was reclassified from a joint venture company to a subsidiary company.

45.2 Associated companies

	Name of associated company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	2005 %
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.	ADSB Telecommunications B.V.	Dormant	Netherlands	**25.6**	25.6
3.	Advanced Info Service Public Company Limited (2) (6)	Provision of cellular telecommunications, call center and data transmission	Thailand	**21.4**	21.5
4.	APT Satellite Holdings Limited (6)	Investment holding company	Bermuda	**20.3**	20.3
5.	APT Satellite International Company Limited (6)	Investment holding company	British Virgin Islands	**28.6**	28.6
6.	Bharti Telecom Limited (3)	Investment holding company	India	**32.8**	27.0
7.	Bharti Tele-Ventures Limited (3)	Provision of telecommunication services in cellular, broadband and telephony, long distance and enterprise solutions	India	**30.5**	28.5
8.	Globe Telecom Holdings, Inc (6)	Under voluntary liquidation	Philippines	**47.6**	47.6
9.	Infoserve Technology Corp.	Dormant	Cayman Islands	**25.0**	25.0
10.	New Century Infocomm Tech Co., Ltd. (4) (6)	Provision of fixed line telecommunications services	Taiwan	**24.5**	24.5
11.	PT Telekomunikasi Selular (5)	Provision of cellular telecommunications services	Indonesia	**35.0**	35.0
12.	Singapore Post Limited (1)	Operation and provision of postal services	Singapore	**25.9**	30.9
13.	VA Dynamics Sdn Bhd (6)	Distribution of networking cables and related products	Malaysia	**49.0**	49.0

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.2 Associated companies (continued)

Notes:

(1) Audited by PricewaterhouseCoopers, Singapore.

(2) Audited by PricewaterhouseCoopers, Bangkok.

(3) Audited by PricewaterhouseCoopers, New Delhi.

(4) Audited by Deloitte Touche Tohmatsu.

(5) Audited by Siddharta Siddharta & Widjaja (a member firm of KPMG).

(6) The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2005, the financial year end of the company.

45.3 Joint venture companies

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	2005 %
1.	Acasia Communications Sdn Bhd [3]	Provision of services relating to telecommunications, computer, data and information within and outside Malaysia	Malaysia	**16.7**	16.7
2.	ACPL Marine Pte Ltd	Owning, operating and managing of maintenance-cum-laying cableships	Singapore	**41.7**	41.7
3.	APT Satellite Telecommunications Limited [1] [3]	Provision of telecommunications services	Hong Kong	**56.2**	56.2
4.	Arus Dimensi Sdn Bhd	Provision of information technology services	Malaysia	**49.0**	49.0
5.	ASEAN Cableship Pte Ltd	Operation of a vessel for repair and maintenance of submarine telecommunication cables	Singapore	**16.7**	16.7
6.	ASEAN Telecom Holdings Sdn Bhd [3]	Investment holding company	Malaysia	**16.7**	16.7
7.	Asiacom Philippines, Inc. [3]	Investment holding company	Philippines	**40.0**	40.0
8.	Bharti Aquanet Limited	To build, operate and maintain a cable landing station and carrier hotels in India	India	**49.0**	49.0
9.	Bridge Mobile Pte Ltd	Provision of regional mobile services	Singapore	**38.8**	44.0
10.	Digital Network Access Communications Pte Ltd [3]	Provision of analogue and digital public trunk radio services	Singapore	**50.0**	50.0

45.3 Joint venture companies (continued)

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	2005 %
11.	Globe Telecom, Inc. (**) (3)	Provision of cellular, international and fixed line telecommunications services	Philippines	**44.6**	44.6
12.	ILJIN C2C Ltd (4)	Operation and provision of telecommunications facilities and services	South Korea	**29.2**	29.2
13.	Indian Ocean Cableship Pte Ltd	Ownership and chartering of ships, barges and remotely operated vehicles for repair, maintenance and protection of submarine cable and plant	Singapore	**50.0**	50.0
14.	Integrated Payment Venture Pte Ltd	In process of strike off	Singapore	**50.0**	50.0
15.	International Cableship Pte Ltd	Ownership and chartering of cableships	Singapore	**45.0**	45.0
16.	Main Event Television Pty Limited	Provision of cable television programmes	Australia	**33.3**	33.3
17.	Network i2i Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems and associated terrestrial capacity	Mauritius	**50.0**	50.0
18.	Pacific Bangladesh Telecom Limited	Operation and provision of cellular mobile telecommunications systems and services	Bangladesh	**45.0**	-
19.	Pacific Carriage Holdings Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	**40.0**	40.0
20.	PT Bukaka SingTel International (*)	Operation of fixed public switch telephone network services in eastern Indonesia	Indonesia	**40.0**	40.0
21.	Radiance Communications Pte Ltd (3)	Sale, distribution, installation and maintenance of telecommunications equipment	Singapore	**50.0**	50.0

Notes to the Financial Statements

For the financial year ended 31 March 2006

45.3 Joint venture companies (continued)

	Name of joint venture company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
				2006 %	**2005 %**
22.	Southern Cross Cable Holdings Limited	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems	Bermuda	**40.0**	40.0
23.	TeleTech Park Pte Ltd	Engaged in the business of development, construction, operation and management of TeleTech Park	Singapore	**40.0**	40.0
24.	Virgin Mobile (Australia) Pty Limited (2)	Provision of telecommunications services and products	Australia	**-**	25.9

(*) Audited by Haryanto Sahari & Rekan (a member firm of PricewaterhouseCoopers).
(**) Audited by SGV & Co (a member firm of Ernst & Young).

Notes:

(1) The Group regards the company as a joint venture company, notwithstanding that it holds more than 50% of the company's issued share capital, because it exercises joint control.

(2) During the financial year, the Group increased its equity interest in VMA from 25.9 per cent to 100 per cent. Following this increase, VMA was reclassified from a joint venture company to a subsidiary company.

(3) The company has been equity accounted for in the consolidated financial statements based on results ended, or as at, 31 December 2005, the financial year end of the company.

(4) The company is regarded as an AFS investment as the Group no longer exercise joint control over the company.

Interested Person Transactions

The aggregate value of all interested person transactions during the financial year ended 31 March 2006 (excluding transactions less than S$100,000) were as follows:

Name of interested person	S$ mil
CESMA International Pte Ltd	1.4
CISCO Security Pte Ltd	2.3
Digital Network Access Communications Pte Ltd	1.7
Fullerton (Private) Ltd	0.1
Mapletree Investments Pte Ltd	0.1
MediaCorp Technologies Pte Ltd	4.0
PT Aplikanusa Lintasarta	3.6
Radiance Communications Pte Ltd	4.8
RC Hotels (Pte) Ltd	0.5
Senoko Energy Supply Pte Ltd	94.0
Singapore Technologies Logistics Pte Ltd	0.1
SP Services Ltd	0.3
StarHub Cable Vision Ltd	30.1
StarHub Ltd	18.5
TeleChoice International Ltd	0.2
TeleScience (Singapore) Pte Ltd	0.7
	162.4

Shareholder Information

As at 31 May 2006

Ordinary shares

Number of ordinary shareholders	334,343
Number of holders of CHESS Units of Foreign Securities relating to ordinary shares in the Company ("**CUFS**")	27,784

Voting rights:
On a show of hands – every member present in person and each proxy shall have one vote
On a poll – every member present in person or by proxy shall have one vote for every share he holds or represents

SingTel shares are listed on Singapore Exchange Securities Trading Limited and Australian Stock Exchange Limited ("**ASX**") (in the form of CUFS).

Substantial shareholders

	Direct Interest	Deemed Interest *
Temasek Holdings (Private) Limited	9,066,895,692	372,658,649

* Includes 343,853,844 shares held by DBS Nominees Pte Ltd as custodian. The deemed interests in the remaining shares were held through the substantial shareholder's associated and/or subsidiary companies.

Major shareholders list – Top 20

No.	Name	No. of shares held	% of issued share capital
1	Temasek Holdings (Private) Limited	9,066,895,692	54.27
2	DBS Nominees Pte Ltd	1,983,834,598	11.87
3	Central Provident Fund Board	1,208,873,612	7.24
4	DBSN Services Pte Ltd	1,149,890,007	6.88
5	HSBC (Singapore) Nominees Pte Ltd	646,769,106	3.87
6	Citibank Nominees Singapore Pte Ltd	539,708,913	3.23
7	CHESS Depositary Nominees Pty Ltd *	469,282,366	2.81
8	Raffles Nominees Pte Ltd	450,643,505	2.70
9	United Overseas Bank Nominees Pte Ltd	311,931,327	1.87
10	DB Nominees (S) Pte Ltd	144,810,684	0.87
11	Morgan Stanley (S) Securities	82,526,083	0.49
12	OCBC Nominees Singapore Pte Ltd	26,529,453	0.16
13	Merrill Lynch (S'pore) Pte Ltd	25,853,895	0.15
14	Dexia Nominees (S) Pte Ltd +	17,224,302	0.10
15	Oversea-Chinese Bank Nominees Pte Ltd	12,783,166	0.08
16	UOB Kay Hian Pte Ltd	8,655,724	0.05
17	OCBC Securities Private Ltd	8,274,566	0.05
18	Employees Provident Fund Board	7,809,290	0.05
19	Societe Generale S'pore Branch	7,268,933	0.04
20	DBS Vickers Securities (S) Pte Ltd	5,992,056	0.04
		16,175,557,278	96.82

* The shares held by CHESS Depositary Nominees Pty Ltd are held on behalf of the persons entered in the register of CUFS holders.

\+ The shares held by Dexia Nominees (S) Pte Ltd are held on behalf of RBC Dexia Trust Services Singapore Limited, the trustee of a trust established under the SingTel Executives' Performance Share Plan and the SingTel Performance Share Plan, for the benefit of eligible employees of the Group.

Major CUFS holders list * – Top 20

No.	Name	No. of CUFS held	% of issued share capital
1	Westpac Custodian Nominees Limited	133,991,464	0.80
2	National Nominees Limited	65,283,385	0.39
3	J P Morgan Nominees Australia Limited	42,892,143	0.26
4	RBC Dexia Investor Services Australia Nominees Pty Limited	27,878,539	0.17
5	Citicorp Nominees Pty Limited	14,404,619	0.09
6	Cogent Nominees Pty Limited	14,172,065	0.08
7	Westpac Financial Services Limited (C/- Westpac Custodian Nominees Limited)	10,147,051	0.06
8	Victorian Workcover Authority (C/- National Nominees Limited)	8,224,244	0.05
9	Citicorp Nominees Pty Limited (CFSIL CWLTH Aust Shs 1 A/C)	6,400,000	0.04
10	Queensland Investment Corporation (C/- National Nominees Limited)	6,001,000	0.04
11	ANZ Nominees Limited (Cash Income A/C)	5,769,246	0.03
12	J P Morgan Nominees Australia Limited	5,504,940	0.03
13	Citicorp Nominees Pty Limited (CFSIL CWLTH Boff Super A/C)	5,265,138	0.03
14	Transport Accident Commission (C/- National Nominees Limited)	4,734,685	0.03
15	Optus Share Plan Pty Limited	4,652,631	0.03
16	HSBC Custody Nominees (Australia) Limited	3,685,371	0.02
17	The Australian National University Investment Section Canberra Act	3,600,000	0.02
18	Westpac Life Insurance Services Limited (C/- Westpac Custodian Noms Ltd)	2,938,015	0.02
19	UBS Nominees Pty Ltd	2,865,669	0.02
20	M F Custodians Ltd	2,817,091	0.02
		371,227,296	2.23

* CUFS are CHESS Units of Foreign Securities relating to ordinary shares in the Company. The shares are held by CHESS Depositary Nominees Pty Ltd on behalf of the persons entered in the CUFS register.

Analysis of shareholders and CUFS holders

Range of holdings	No. of holders	% of holders	No. of shares/CUFS	% of issued share capital
1 – 999	298,861	82.53	69,499,847	0.41
1,000 – 5,000	44,769	12.36	108,497,756	0.65
5,001 – 10,000	9,731	2.69	75,499,408	0.45
10,001 – 100,000	8,285	2.29	206,742,183	1.24
100,001 – 1,000,000	412	0.11	102,948,412	0.62
1,000,001 and above	69	0.02	16,142,914,610	96.63
	362,127	100.00	16,706,102,216	100.00
Number of holders holding less than a marketable parcel				271,389

Notes:

1. This table is compiled on the basis that each holding of CUFS is a separate holding and, accordingly, the holding of shares by CHESS Depositary Nominees Pty Ltd is ignored.
2. Based on information available to the Company as at 31 May 2006, approximately 43.3 per cent of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.
3. A marketable parcel is defined in the ASX Listing Rules as a parcel of securities of not less than $500 in Australian dollars, based on the closing price of the securities on the ASX.

SHARE PURCHASE MANDATE

At the Extraordinary General Meeting of the Company held on 29 July 2005 ("2005 EGM"), the shareholders approved the renewal of a mandate to enable the Company to purchase or otherwise acquire not more than 10 per cent of the issued ordinary share capital of the Company as at the date of the 2005 EGM. As at 31 May 2006, there is no current on-market buy-back of shares pursuant to the mandate.

Corporate Information

Board of Directors
Chumpol NaLamlieng *(Chairman)*
Lee Hsien Yang *(Group Chief Executive Officer)*
Graham John Bradley
Paul Chan Kwai Wah
Heng Swee Keat
Simon Israel
Professor Tommy Koh
John Powell Morschel
Deepak S Parekh
Jackson Peter Tai
Nicky Tan Ng Kuang

Audit Committee
Nicky Tan Ng Kuang *(Chairman)*
Graham John Bradley
Heng Swee Keat

Compensation Committee
Chumpol NaLamlieng *(Chairman)*
John Powell Morschel
Deepak S Parekh
Jackson Peter Tai

Corporate Governance and Nominations Committee
Professor Tommy Koh *(Chairman)*
Paul Chan Kwai Wah
Simon Israel

Finance and Investment Committee (previously known as the Executive Committee)
Chumpol NaLamlieng *(Chairman)*
Paul Chan Kwai Wah
Lee Hsien Yang
Jackson Peter Tai

Optus Advisory Committee
Nicky Tan Ng Kuang *(Chairman)*
Graham John Bradley
Lee Hsien Yang
John Powell Morschel

Company Secretary
Chan Su Shan

Assistant Company Secretary
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We have a significant presence around the world, including 37 SingTel Global Offices spanning 19 countries and territories in Asia Pacific, South Asia, Middle East, Western Europe and North America. Our international footprint coupled with our excellent global infrastructure allows our customers to benefit from the high quality, seamless services that we can deliver.

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