



**SINGAPORE TELECOMMUNICATIONS LIMITED  
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2010**

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**CONSOLIDATED INCOME STATEMENT (UNAUDITED)***For the first quarter ended 30 June 2010*

	Notes	30 Jun 10 S\$ Mil	30 Jun 09 S\$ Mil
Operating revenue		4,289.0	3,847.7
Operating expenses		(3,058.0)	(2,744.7)
Other income	2	24.4	25.4
		<u>1,255.4</u>	<u>1,128.4</u>
Depreciation and amortisation	3	(484.3)	(441.9)
		<u>771.1</u>	<u>686.5</u>
Exceptional items	4	0.3	0.3
<b>Profit on operating activities</b>		<b>771.4</b>	<b>686.8</b>
Associated and joint venture companies			
- share of ordinary results		550.8	646.5
- share of exceptional items	5	(9.6)	-
- share of tax		(132.4)	(149.4)
		<u>408.8</u>	<u>497.1</u>
<b>Profit before interest, investment income (net) and tax</b>		<b>1,180.2</b>	<b>1,183.9</b>
Interest and investment income (net)	6	9.6	(8.1)
Finance costs	7	(88.3)	(75.4)
<b>Profit before tax</b>		<b>1,101.5</b>	<b>1,100.4</b>
Tax expense	8	(159.4)	(154.8)
<b>Profit after tax</b>		<b>942.1</b>	<b>945.6</b>
<b>Attributable to:</b>			
Shareholders of the Company		943.2	945.4
Non-controlling interests		(1.1)	0.2
		<u>942.1</u>	<u>945.6</u>
<b>Earnings per share attributable to shareholders of the Company</b>			
- basic	10	5.92¢	5.94¢
- diluted	10	5.91¢	5.92¢

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***For the first quarter ended 30 June 2010*

	30 Jun 10 S\$ Mil	30 Jun 09 S\$ Mil
<b>Profit after tax</b>	<b>942.1</b>	945.6
<b>Other comprehensive (loss)/ income</b>		
Exchange differences arising from translation of foreign operations and other currency translation differences	(645.6)	631.9
Cash flow hedges		
- Fair value changes during the quarter	7.1	(267.1)
- Tax effects	(11.5)	58.2
	(4.4)	(208.9)
- Fair value changes transferred to income statement	(9.1)	309.9
- Tax effects	4.9	(51.5)
	(4.2)	258.4
	(8.6)	49.5
Fair value changes on available-for-sale investments during the quarter	6.2	18.5
Share of other comprehensive (loss)/ income of associated and joint venture companies	(35.8)	6.0
<b>Other comprehensive (loss)/ income, net of tax</b>	<b>(683.8)</b>	705.9
<b>Total comprehensive income</b>	<b>258.3</b>	1,651.5
<b>Attributable to:</b>		
Shareholders of the Company	259.3	1,651.3
Non-controlling interests	(1.0)	0.2
	<b>258.3</b>	1,651.5

## STATEMENTS OF FINANCIAL POSITION

As at 30 June 2010

	Notes	Group		Company	
		As at 30 Jun 10 S\$ Mil (Unaudited)	As at 31 Mar 10 S\$ Mil (Audited)	As at 30 Jun 10 S\$ Mil (Unaudited)	As at 31 Mar 10 S\$ Mil (Audited)
<b>Current assets</b>					
Cash and cash equivalents		1,780.2	1,613.6	130.8	201.3
Trade and other receivables		3,557.2	3,172.1	748.4	710.0
Due from subsidiaries		-	-	3,467.9	2,742.5
Derivative financial instruments		4.8	12.8	3.3	12.8
Inventories		393.9	345.8	147.9	151.8
		<b>5,736.1</b>	<b>5,144.3</b>	<b>4,498.3</b>	<b>3,818.4</b>
<b>Non-current assets</b>					
Property, plant and equipment		10,084.4	10,750.2	1,858.1	1,891.8
Intangible assets		10,139.9	10,200.2	2.2	2.3
Subsidiaries		-	-	10,021.9	9,942.3
Associated companies		270.7	278.8	24.7	24.7
Joint venture companies		9,601.2	10,132.7	34.1	34.1
Available-for-sale ("AFS") investments		262.0	255.8	31.7	31.1
Derivative financial instruments		191.6	175.6	162.3	182.7
Deferred tax assets		771.8	890.3	-	-
Other non-current receivables		131.1	123.6	222.8	158.5
		<b>31,452.7</b>	<b>32,807.2</b>	<b>12,357.8</b>	<b>12,267.5</b>
<b>Total assets</b>		<b>37,188.8</b>	<b>37,951.5</b>	<b>16,856.1</b>	<b>16,085.9</b>
<b>Current liabilities</b>					
Trade and other payables		4,376.8	4,649.8	1,481.4	1,476.5
Due to subsidiaries		-	-	1,071.7	523.1
Provision		18.0	17.9	-	-
Current tax liabilities		420.5	338.9	273.3	214.0
Borrowings (unsecured)	11	17.7	1,513.1	-	-
Borrowings (secured)	11	15.9	14.9	-	-
Derivative financial instruments		25.1	300.2	12.1	14.4
		<b>4,874.0</b>	<b>6,834.8</b>	<b>2,838.5</b>	<b>2,228.0</b>
<b>Non-current liabilities</b>					
Borrowings (unsecured)	11	6,588.5	5,327.9	3,784.4	3,809.1
Borrowings (secured)	11	22.6	23.2	-	-
Advance billings		561.3	628.6	158.2	157.8
Deferred income		28.1	29.4	73.0	10.7
Derivative financial instruments		875.1	941.1	875.1	899.9
Deferred tax liabilities		299.0	294.8	183.5	182.8
Other non-current liabilities		177.4	355.7	10.1	155.8
		<b>8,552.0</b>	<b>7,600.7</b>	<b>5,084.3</b>	<b>5,216.1</b>
<b>Total liabilities</b>		<b>13,426.0</b>	<b>14,435.5</b>	<b>7,922.8</b>	<b>7,444.1</b>
<b>Net assets</b>		<b>23,762.8</b>	<b>23,516.0</b>	<b>8,933.3</b>	<b>8,641.8</b>
<b>Share capital and reserves</b>					
Share capital	12	2,621.0	2,616.3	2,621.0	2,616.3
Reserves		21,117.3	20,876.5	6,312.3	6,025.5
<b>Equity attributable to shareholders of the Company</b>					
		<b>23,738.3</b>	<b>23,492.8</b>	<b>8,933.3</b>	<b>8,641.8</b>
Non-controlling interests		24.5	23.2	-	-
<b>Total equity</b>		<b>23,762.8</b>	<b>23,516.0</b>	<b>8,933.3</b>	<b>8,641.8</b>

## STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 June 2010

Group - 2010	Attributable to shareholders of the Company										
	Share Capital S\$ Mil	Treasury Shares <sup>(1)</sup> S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Currency Translation Reserve <sup>(2)</sup> S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves <sup>(3)</sup> S\$ Mil	Total S\$ Mil	Non-controlling Interests S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2010	2,616.3	(30.5)	(83.3)	(697.9)	(192.3)	21.6	23,082.1	(1,223.2)	23,492.8	23.2	23,516.0
Changes in equity for the quarter											
Issue of new shares	4.7	-	-	-	-	-	-	-	4.7	-	4.7
Performance shares purchased by the Company	-	(5.4)	-	-	-	-	-	-	(5.4)	-	(5.4)
Performance shares purchased by Trust <sup>(4)</sup>	-	(4.8)	-	-	-	-	-	-	(4.8)	-	(4.8)
Performance shares vested	-	29.8	(29.8)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	5.1	-	-	-	-	-	5.1	-	5.1
Transfer of liability to equity	-	-	0.3	-	-	-	-	-	0.3	-	0.3
Cash paid to employees under performance share plans	-	-	(1.7)	-	-	-	-	-	(1.7)	-	(1.7)
Performance shares purchased by SingTel Optus Pty Limited ("Optus") and vested	-	-	(12.0)	-	-	-	-	-	(12.0)	-	(12.0)
Goodwill transferred from 'Other Reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(0.3)	0.3	-	-	-
Contribution to subsidiary	-	-	-	-	-	-	-	-	-	2.3	2.3
	4.7	19.6	(38.1)	-	-	-	(0.3)	0.3	(13.8)	2.3	(11.5)
Total comprehensive (loss)/ income for the quarter	-	-	-	(645.7)	(8.6)	6.2	943.2	(35.8)	259.3	(1.0)	258.3
<b>Balance as at 30 June 2010</b>	<b>2,621.0</b>	<b>(10.9)</b>	<b>(121.4)</b>	<b>(1,343.6)</b>	<b>(200.9)</b>	<b>27.8</b>	<b>24,025.0</b>	<b>(1,258.7)</b>	<b>23,738.3</b>	<b>24.5</b>	<b>23,762.8</b>

**STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)***For the first quarter ended 30 June 2010*

Group - 2009	Attributable to shareholders of the Company										
	Share Capital S\$ Mil	Treasury Shares <sup>(1)</sup> S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Currency Translation Reserve <sup>(2)</sup> S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves <sup>(3)</sup> S\$ Mil	Total S\$ Mil	Non-controlling Interests S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2009	2,605.6	(43.7)	(32.6)	(1,778.7)	(245.1)	(60.8)	21,259.6	(1,228.1)	20,476.2	24.1	20,500.3
Changes in equity for the quarter											
Issue of new shares	1.2	-	-	-	-	-	-	-	1.2	-	1.2
Performance shares purchased by the Company	-	(10.8)	-	-	-	-	-	-	(10.8)	-	(10.8)
Performance shares purchased by Trust <sup>(4)</sup>	-	(28.5)	-	-	-	-	-	-	(28.5)	-	(28.5)
Performance shares vested	-	65.4	(65.4)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	6.1	-	-	-	-	-	6.1	-	6.1
Transfer of liability to equity	-	-	2.3	-	-	-	-	-	2.3	-	2.3
Performance shares purchased by Optus and vested	-	-	(11.6)	-	-	-	-	-	(11.6)	-	(11.6)
Goodwill transferred from 'Other Reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(0.2)	0.2	-	-	-
Contribution to subsidiary	-	-	-	-	-	-	-	-	-	0.6	0.6
	1.2	26.1	(68.6)	-	-	-	(0.2)	0.2	(41.3)	0.6	(40.7)
Total comprehensive income for the quarter	-	-	-	631.9	49.5	18.5	945.4	6.0	1,651.3	0.2	1,651.5
<b>Balance as at 30 June 2009</b>	<b>2,606.8</b>	<b>(17.6)</b>	<b>(101.2)</b>	<b>(1,146.8)</b>	<b>(195.6)</b>	<b>(42.3)</b>	<b>22,204.8</b>	<b>(1,221.9)</b>	<b>22,086.2</b>	<b>24.9</b>	<b>22,111.1</b>

**STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)***For the first quarter ended 30 June 2010*

Company - 2010	Share Capital S\$ Mil	Treasury Shares <sup>(1)</sup> S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2010	2,616.3	-	(58.8)	(167.2)	21.5	6,230.0	8,641.8
Changes in equity for the quarter							
Issue of new shares	4.7	-	-	-	-	-	4.7
Performance shares purchased by the Company	-	(5.4)	-	-	-	-	(5.4)
Performance shares vested	-	5.4	(3.2)	-	-	-	2.2
Equity-settled performance shares	-	-	2.1	-	-	-	2.1
Transfer of liability to equity	-	-	0.3	-	-	-	0.3
Cash paid to employees under performance share plans	-	-	(1.6)	-	-	-	(1.6)
Contribution to Trust <sup>(4)</sup>	-	-	(3.4)	-	-	-	(3.4)
	4.7	-	(5.8)	-	-	-	(1.1)
Total comprehensive (loss)/ income for the quarter	-	-	-	(23.1)	0.6	315.1	292.6
<b>Balance as at 30 June 2010</b>	<b>2,621.0</b>	<b>-</b>	<b>(64.6)</b>	<b>(190.3)</b>	<b>22.1</b>	<b>6,545.1</b>	<b>8,933.3</b>

**STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

For the first quarter ended 30 June 2010

Company - 2009	Share Capital S\$ Mil	Treasury Shares <sup>(1)</sup> S\$ Mil	Capital Reserve - Performance Shares S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2009	2,605.6	-	(38.9)	(237.9)	15.0	7,212.0	9,555.8
Changes in equity for the quarter							
Issue of new shares	1.2	-	-	-	-	-	1.2
Performance shares purchased by the Company	-	(10.8)	-	-	-	-	(10.8)
Performance shares vested	-	10.8	(6.5)	-	-	-	4.3
Equity-settled performance shares	-	-	3.0	-	-	-	3.0
Transfer of liability to equity	-	-	2.3	-	-	-	2.3
Contribution to Trust <sup>(4)</sup>	-	-	(18.4)	-	-	-	(18.4)
	1.2	-	(19.6)	-	-	-	(18.4)
Total comprehensive income for the quarter	-	-	-	66.0	2.5	98.2	166.7
<b>Balance as at 30 June 2009</b>	<b>2,606.8</b>	<b>-</b>	<b>(58.5)</b>	<b>(171.9)</b>	<b>17.5</b>	<b>7,310.2</b>	<b>9,704.1</b>

**Notes:**

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



**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***For the first quarter ended 30 June 2010*

	30 Jun 10 S\$ Mil	30 Jun 09 S\$ Mil
<b>Cash Flows from Operating Activities</b>		
Profit before tax	1,101.5	1,100.4
<b>Adjustments for:</b>		
Depreciation and amortisation	484.3	441.9
Exceptional items	(0.3)	(0.3)
Interest and investment income (net)	(9.6)	8.1
Finance costs	88.3	75.4
Share of results of associated and joint venture companies (post-tax)	(408.8)	(497.1)
Other non-cash items	5.7	9.3
	<u>159.6</u>	<u>37.3</u>
<b>Operating cash flow before working capital changes</b>	<b>1,261.1</b>	<b>1,137.7</b>
<b>Changes in operating assets and liabilities</b>		
Trade and other receivables	(77.7)	(134.1)
Trade and other payables	(98.0)	42.9
Inventories	(59.8)	(129.6)
Currency translation adjustments of subsidiaries	3.6	7.0
	<u>3.6</u>	<u>7.0</u>
<b>Cash generated from operations</b>	<b>1,029.2</b>	<b>923.9</b>
Payment to employees in cash under performance share plans	(3.0)	(1.4)
Dividends received from associated and joint venture companies	227.6	90.5
Net income tax and withholding tax refund/ (paid)	8.8	(16.1)
	<u>8.8</u>	<u>(16.1)</u>
<b>Net cash inflow from operating activities</b>	<b>1,262.6</b>	<b>996.9</b>
<b>Cash Flows from Investing Activities</b>		
Dividends received from AFS investments	1.2	0.8
Interest received	4.6	2.8
Contribution from non-controlling interests	2.3	0.6
Investment in associated and joint venture companies	(31.6)	(3.7)
Long term loans repaid by joint venture companies	1.4	-
Investment in AFS investments	-	(0.1)
Net sale proceeds from FVTPL investments	-	0.2
Payment for purchase of property, plant and equipment	(486.3)	(424.8)
Drawdown of prepaid submarine cable capacity	18.0	33.2
Proceeds from sale of property, plant and equipment	0.5	1.0
Purchase of intangible assets	(0.3)	(2.1)
Withholding tax paid on intra-group interest income	(0.7)	(0.6)
	<u>(0.7)</u>	<u>(0.6)</u>
<b>Net cash outflow from investing activities</b>	<b>(490.9)</b>	<b>(392.7)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***For the first quarter ended 30 June 2010*

	30 Jun 10 S\$ Mil	30 Jun 09 S\$ Mil
<b>Cash Flows from Financing Activities</b>		
Proceeds from term loans	637.4	640.7
Repayment of term loans	(1,050.3)	(458.7)
Proceeds from bond issue	781.2	-
Bonds repaid	(560.0)	(614.4)
Finance lease payments	(4.1)	(1.8)
Net repayment of borrowings	(195.8)	(434.2)
Net interest paid on borrowings and swaps	(122.4)	(126.4)
Settlement of swap for bonds repaid	(217.6)	-
Proceeds from issue of shares	4.7	1.2
Repayment of loans to non-controlling interests	(25.1)	-
Purchase of performance shares	(22.7)	(51.4)
<b>Net cash outflow from financing activities</b>	<b>(578.9)</b>	<b>(610.8)</b>
Net increase/ (decrease) in cash and cash equivalents	192.8	(6.6)
Exchange effects on cash and cash equivalents	(26.2)	16.6
Cash and cash equivalents at beginning of period	1,613.5	1,075.8
<b>Cash and cash equivalents at end of period</b>	<b>1,780.1</b>	<b>1,085.8</b>

**NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***For the first quarter ended 30 June 2010*

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	<b>As at 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>S\$ Mil</b>	<b>S\$ Mil</b>
Fixed deposits	1,351.5	605.0
Cash and bank balances	428.7	480.9
<u>Less: Bank overdrafts</u>	<u>(0.1)</u>	<u>(0.1)</u>
	<b><u>1,780.1</u></b>	<b><u>1,085.8</u></b>

Bank overdrafts are classified as part of current unsecured borrowings in the consolidated statement of financial position.

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the first quarter ended 30 June 2010

**1. BASIS OF PREPARATION**

The Group prepares its condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard (“FRS”) 34, *Interim Financial Reporting*. The same accounting policies and methods of computation have been applied in the preparation of the financial statements for the current quarter as the most recent audited financial statements as at 31 March 2010, except for the adoption of certain new or revised FRS and Interpretations to FRS which became mandatory from 1 April 2010.

In particular, FRS 103 (revised) – *Business Combinations*, introduces changes to the accounting for business combinations, and FRS 27 (revised) – *Consolidated and Separate Financial Statements*, requires changes in the ownership interest of a subsidiary, while maintaining control, to be accounted for as an equity transaction. These changes will be applied prospectively for transactions after 1 April 2010.

The other new or revised FRS and INT FRS are not expected to result in substantial changes to the Group’s accounting policies.

**2. OTHER INCOME**

Group	30 Jun 10 S\$ Mil (Unaudited)	30 Jun 09 S\$ Mil (Unaudited)
Rental income	1.2	1.2
Bad trade receivables recovered	1.5	1.0
Net exchange (losses)/ gains - trade related	(4.9)	0.8
Net losses on disposal of property, plant and equipment	(0.2)	(1.7)
Others	26.8	24.1
	24.4	25.4

**3. DEPRECIATION AND AMORTISATION**

Group	30 Jun 10 S\$ Mil (Unaudited)	30 Jun 09 S\$ Mil (Unaudited)
Depreciation of property, plant and equipment	465.1	429.2
Amortisation of intangible assets	20.5	14.0
Amortisation of sale and leaseback income	(0.5)	(0.5)
Amortisation of deferred gain on sale of joint venture company	(0.8)	(0.8)
	484.3	441.9

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS***For the first quarter ended 30 June 2010***4. EXCEPTIONAL ITEMS**

Group	30 Jun 10 S\$ Mil (Unaudited)	30 Jun 09 S\$ Mil (Unaudited)
<b>Exceptional gains</b>		
Gains on dilution of interest in associated and joint venture companies	<u>0.3</u>	<u>0.3</u>

**5. SHARE OF EXCEPTIONAL ITEMS OF ASSOCIATED AND JOINT VENTURE COMPANIES**

Group	30 Jun 10 S\$ Mil (Unaudited)	30 Jun 09 S\$ Mil (Unaudited)
Transaction costs on acquisitions	<u>(9.6)</u>	<u>-</u>

**6. INTEREST AND INVESTMENT INCOME (NET)**

Group	30 Jun 10 S\$ Mil (Unaudited)	30 Jun 09 S\$ Mil (Unaudited)
Interest income from		
- bank deposits	4.3	2.6
- FVTPL investments	-	0.1
- others	0.1	0.1
	4.4	2.8
Gross dividends from AFS investments	1.1	0.9
Fair value losses on hedging instruments	(8.0)	-
Fair value gains on FVTPL investments	0.2	0.1
Fair value (losses)/ gains on fair value hedges		
- hedged item	(85.5)	376.3
- hedged instrument	85.5	(376.3)
	-	-
Net exchange gains/ (losses)	<u>11.9</u>	<u>(11.9)</u>
	<u>9.6</u>	<u>(8.1)</u>

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS***For the first quarter ended 30 June 2010***7. FINANCE COSTS**

<b>Group</b>	<b>30 Jun 10 S\$ Mil (Unaudited)</b>	<b>30 Jun 09 S\$ Mil (Unaudited)</b>
Interest expense on		
- bonds	82.8	75.5
- bank loans	10.0	11.4
- others	3.4	2.6
	96.2	89.5
Less: Amounts capitalised in statement of financial position	-	(1.2)
	96.2	88.3
Effects of hedging using interest rate swaps	(9.2)	(14.1)
Unwinding of discounts (including adjustments)	1.3	1.2
	88.3	75.4

**8. TAX EXPENSE**

<b>Group</b>	<b>30 Jun 10 S\$ Mil (Unaudited)</b>	<b>30 Jun 09 S\$ Mil (Unaudited)</b>
Current and deferred tax expense attributable to current period's profits	170.7	181.5
Recognition of deferred tax asset on other temporary differences <sup>(1)</sup>	(30.0)	(28.0)
Current and deferred tax adjustments in respect of prior years	18.7	1.3
	159.4	154.8

**Note:**

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

**9. OTHER INCOME STATEMENT ITEMS**

<b>Group</b>	<b>30 Jun 10 S\$ Mil (Unaudited)</b>	<b>30 Jun 09 S\$ Mil (Unaudited)</b>
Impairment of trade receivables	44.7	34.1
Allowance for inventory obsolescence	0.6	1.1

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS***For the first quarter ended 30 June 2010***10. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**

Group	30 Jun 10 '000 (Unaudited)	30 Jun 09 '000 (Unaudited)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	<b>15,923,335</b>	15,907,685
Adjustment for dilutive effect of share options	<b>5,519</b>	6,910
Adjustment for dilutive effect of SingTel Performance Share Plan	<b>24,636</b>	45,695
Weighted average number of ordinary shares for calculation of diluted earnings per share	<b>15,953,490</b>	15,960,290

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

**11. GROUP'S BORROWINGS AND DEBT SECURITIES**

Group	30 Jun 10 S\$ Mil (Unaudited)	31 Mar 10 S\$ Mil (Audited)
<b>Unsecured borrowings</b>		
Repayable within one year	<b>17.7</b>	1,513.1
Repayable after one year	<b>6,588.5</b>	5,327.9
	<b>6,606.2</b>	6,841.0
<b>Secured borrowings</b>		
Repayable within one year	<b>15.9</b>	14.9
Repayable after one year	<b>22.6</b>	23.2
	<b>38.5</b>	38.1
	<b>6,644.7</b>	6,879.1

Secured borrowings comprised finance lease liabilities.

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS***For the first quarter ended 30 June 2010***12. SHARE CAPITAL AND OTHER EQUITY INFORMATION**

Group and Company	30 Jun 10	
	Number of shares Mil (Unaudited)	Share capital S\$ Mil (Unaudited)
Balance as at 1 April 2010	15,932.2	2,616.3
Issue of shares on exercise of share options	2.3	4.7
Balance as at 30 June 2010	<u>15,934.5</u>	<u>2,621.0</u>

**(a) Changes to share capital**

In the current quarter ended 30 June 2010, the Company issued 2,336,618 ordinary shares upon the exercise of 2,336,618 share options under the Singapore Telecom Share Option Scheme 1999 (at exercise prices of between S\$1.41 and S\$2.12 per share).

**(b) Outstanding share options**

The number of shares that may be issued on conversion of all the outstanding share options under the Singapore Telecom Share Option Scheme 1999 as at 30 June 2010 was 10,158,832 (30 June 2009: 18,237,350).

**(c) Performance shares**

As at 30 June 2010, the number of outstanding performance shares under the SingTel Performance Share Plan was 53,313,998 (30 June 2009: 58,345,686).

**13. NET ASSET VALUE**

	Group		Company	
	As at 30 Jun 10 (Unaudited)	31 Mar 10 (Audited)	As at 30 Jun 10 (Unaudited)	31 Mar 10 (Audited)
Net asset value per ordinary share	<u>149.01¢</u>	147.55¢	<u>56.06¢</u>	54.24¢

The number of ordinary shares of the Group used for the above calculation had been adjusted to exclude the number of treasury shares held by the Trust.



**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS***For the first quarter ended 30 June 2010***14. CONTINGENT LIABILITIES****(a) Guarantees**

As at 30 June 2010,

- (i) The Group and Company provided bankers' and other guarantees and insurance bonds of S\$668.2 million and S\$432.3 million (31 March 2010: S\$687.6 million and S\$435.5 million) respectively.
- (ii) The Company provided guarantees for loans and bonds totalling S\$1.05 billion (31 March 2010: S\$1.28 billion) drawn down under various loan facilities entered into by SingTel Group Treasury Pte. Ltd. with maturity between August 2010 and April 2020.
- (iii) The Company provided a guarantee for US\$90 million (S\$126 million) (31 March 2010: US\$94 million) on a proportionate share basis in respect of a loan obtained by an associated company.

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

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

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

The Decision orders, amongst other things, that (i) the Parties divest either Telkomsel or PT Indosat Tbk ("**Indosat**") within two years, (ii) Telkomsel reduces tariffs by at least 15 per cent and (iii) each of the Parties and Telkomsel pay 25 billion rupiah (approximately S\$4 million) in fines.

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

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

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

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

*For the first quarter ended 30 June 2010*

**14. CONTINGENT LIABILITIES (Continued)**

(b) **Appeal against the decision by Komisi Pengawas Persaingan Usaha Republik Indonesia (“KPPU”) (Republic of Indonesia Commission for Supervision of Business Competition) (the “Commission”) and institution of class action suits (continued)**

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

On 20 May 2009, SingTel and SingTel Mobile filed an application to the Indonesian Supreme Court for civil review of the Supreme Court decision. To date, no official notification has been received by SingTel or SingTel Mobile in relation to this application. However, recently, the Supreme Court website contains a statement that the application for civil review is dismissed.

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

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

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

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

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

On 24 May 2010, the Tangerang class action was discontinued by reason of the Plaintiffs being denied legal standing to pursue their claim as a class.

(c) **Disputes concerning content supply**

Optus was in dispute with The Movie Network Channels Pty Limited (“**Movie Network**”), a content supplier, regarding licence fees under a content supply agreement. Judgment was received in Optus’ favour. Movie Network appealed the judgment. On 19 May 2010, the Supreme Court of New South Wales, Court of Appeal dismissed Movie Network’s appeal. Movie Network has not lodged any further appeal and the dispute is now at an end.

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

*For the first quarter ended 30 June 2010*

**14. CONTINGENT LIABILITIES (Continued)****(d) Other commercial disputes**

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

**15. SIGNIFICANT DISPUTES AT JOINT VENTURE COMPANIES**

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

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

- (b)** Bharti Airtel Limited ("**Bharti**"), a 32.04% joint venture of the Group, has received demands amounting to Rs 2,289 million (SingTel's equity share: S\$22 million) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. Bharti's view is that such imports should not be subject to any custom duty as it would be an operating software exempt from any custom duty. Bharti's management is of the view that the probability of the claims being successful is remote.

**16. ASSOCIATED COMPANY- PROPOSED RESTRUCTURING OF LOAN FACILITIES AND OTHER MATTERS**

Warid Telecom (Private) Limited ("**Warid**"), an associated company in which the Group has 30% equity interest, is currently in discussions with its lenders in relation to a proposed restructuring of its loan facilities. As at 30 June 2010, the outstanding principal under such loan facilities amounted to approximately US\$756 million, and was secured by a floating charge on Warid's assets. In addition, US\$90 million of the loan facilities was guaranteed by SingTel (see Note 14 (a)(iii)) and US\$512 million was secured by guarantees of the other shareholder group of Warid. Warid has also received notice from an equipment vendor seeking repayment of an outstanding payable of approximately US\$140 million and discussions with the vendor are currently ongoing.

**17. GROUP SEGMENT INFORMATION**

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

The Group's reportable segments are as follows -

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

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

**Associates & Joint Ventures (“Assoc & JV”)** – represent the Group's investments in associated and joint venture companies which mainly comprised AIS in Thailand, Bharti in India, Globe Telecom, Inc. (“**Globe**”) in the Philippines and Telkomsel in Indonesia.

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

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

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

**17. GROUP SEGMENT INFORMATION (Continued)***For the first quarter ended 30 June 2010*

Group - 2010 (Unaudited)	Singapore S\$ Mil	Australia S\$ Mil	Assoc & JV S\$ Mil	Elim S\$ Mil	Segment Total S\$ Mil	Corp S\$ Mil	Group Total S\$ Mil
<b>Operating revenue</b>	1,520.2	2,768.8	-	-	4,289.0	-	<b>4,289.0</b>
Segment results	449.8	312.0	-	-	761.8	(15.1)	<b>746.7</b>
Other income	7.6	16.6	-	-	24.2	0.2	<b>24.4</b>
<b>Profit/ (Loss) before exceptional items</b>	457.4	328.6	-	-	786.0	(14.9)	<b>771.1</b>
Exceptional items	-	-	-	-	-	0.3	<b>0.3</b>
<b>Profit/ (Loss) on operating activities</b>	457.4	328.6	-	-	786.0	(14.6)	<b>771.4</b>
Share of results of associated and joint venture companies							
- Bharti	-	-	164.1	-	164.1	-	<b>164.1</b>
- Telkomsel	-	-	164.1	-	164.1	-	<b>164.1</b>
- Globe	-	-	30.6	-	30.6	-	<b>30.6</b>
- AIS	-	-	47.6	-	47.6	-	<b>47.6</b>
- Others	-	-	2.4	-	2.4	-	<b>2.4</b>
	-	-	408.8	-	408.8	-	<b>408.8</b>
<b>Profit/ (Loss) before interest, investment income (net) and tax</b>	457.4	328.6	408.8	-	1,194.8	(14.6)	<b>1,180.2</b>
Interest and investment income (net)	-	3.5	-	-	3.5	6.1	<b>9.6</b>
Finance costs	-	(34.7)	-	-	(34.7)	(53.6)	<b>(88.3)</b>
<b>Profit/ (Loss) before tax</b>	<b>457.4</b>	<b>297.4</b>	<b>408.8</b>	-	<b>1,163.6</b>	<b>(62.1)</b>	<b>1,101.5</b>
<b>Segment assets</b>							
Investment in associated and joint venture companies							
- Bharti	-	-	4,916.7	-	4,916.7	-	<b>4,916.7</b>
- Telkomsel	-	-	2,902.4	-	2,902.4	-	<b>2,902.4</b>
- Globe	-	-	1,058.3	-	1,058.3	-	<b>1,058.3</b>
- AIS	-	-	476.2	-	476.2	-	<b>476.2</b>
- Others	-	-	518.3	-	518.3	-	<b>518.3</b>
	-	-	9,871.9	-	9,871.9	-	<b>9,871.9</b>
Goodwill on acquisition of subsidiaries	82.2	9,559.4	-	-	9,641.6	-	<b>9,641.6</b>
Other assets	4,756.2	12,839.9	-	(2,646.8)	14,949.3	2,726.0	<b>17,675.3</b>
	<b>4,838.4</b>	<b>22,399.3</b>	<b>9,871.9</b>	<b>(2,646.8)</b>	<b>34,462.8</b>	<b>2,726.0</b>	<b>37,188.8</b>

## 17. GROUP SEGMENT INFORMATION (Continued)

For the first quarter ended 30 June 2010

Group - 2009 (Unaudited)	Singapore S\$ Mil	Australia S\$ Mil	Assoc & JV S\$ Mil	Elim S\$ Mil	Segment Total S\$ Mil	Corp S\$ Mil	Group Total S\$ Mil
<b>Operating revenue</b>	1,383.1	2,464.6	-	-	3,847.7	-	3,847.7
Segment results	437.9	238.8	-	-	676.7	(15.6)	661.1
Other income	13.0	12.4	-	-	25.4	-	25.4
<b>Profit/ (Loss) before exceptional items</b>	450.9	251.2	-	-	702.1	(15.6)	686.5
Exceptional items	-	-	-	-	-	0.3	0.3
<b>Profit/ (Loss) on operating activities</b>	450.9	251.2	-	-	702.1	(15.3)	686.8
Share of results of associated and joint venture companies							
- Bharti	-	-	231.4	-	231.4	-	231.4
- Telkomsel	-	-	176.3	-	176.3	-	176.3
- Globe	-	-	47.4	-	47.4	-	47.4
- AIS	-	-	39.9	-	39.9	-	39.9
- Others	-	-	2.1	-	2.1	-	2.1
	-	-	497.1	-	497.1	-	497.1
<b>Profit/ (Loss) before interest, investment income (net) and tax</b>	450.9	251.2	497.1	-	1,199.2	(15.3)	1,183.9
Interest and investment income (net)	-	(2.6)	-	-	(2.6)	(5.5)	(8.1)
Finance costs	-	(24.1)	-	-	(24.1)	(51.3)	(75.4)
<b>Profit/ (Loss) before tax</b>	450.9	224.5	497.1	-	1,172.5	(72.1)	1,100.4
<b>Segment assets</b>							
Investment in associated and joint venture companies							
- Bharti	-	-	3,533.1	-	3,533.1	-	3,533.1
- Telkomsel	-	-	2,602.3	-	2,602.3	-	2,602.3
- Globe	-	-	1,138.4	-	1,138.4	-	1,138.4
- AIS	-	-	614.5	-	614.5	-	614.5
- Others	-	-	825.2	-	825.2	-	825.2
	-	-	8,713.5	-	8,713.5	-	8,713.5
Goodwill on acquisition of subsidiaries	82.2	9,556.5	-	-	9,638.7	-	9,638.7
Other assets	4,726.9	11,719.9	-	(2,308.9)	14,137.9	2,163.6	16,301.5
	4,809.1	21,276.4	8,713.5	(2,308.9)	32,490.1	2,163.6	34,653.7

**18. DIVIDENDS**

No dividends have been recommended in the current quarter ended 30 June 2010. No dividends were recommended or declared for the same period last year.

**OTHER INFORMATION**

- 19.** The financial position as at 30 June 2010 and the results and cash flows for the first quarter ended 30 June 2010 presented in this announcement have not been audited, but have been reviewed by Deloitte & Touche LLP in accordance with the *Singapore Standard on Review Engagements 2410 ("SSRE 2410") – Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (see review opinion on page 24 of this announcement).

**20. REVIEW OF PERFORMANCE OF THE GROUP**

Please refer to the Management Discussion and Analysis of the Group for the first quarter ended 30 June 2010.

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

Please refer to the Management Discussion and Analysis of the Group for the first quarter ended 30 June 2010.

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

Please refer to the Management Discussion and Analysis of the Group for the first quarter ended 30 June 2010.

**CONFIRMATION BY THE BOARD**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the interim financial information for the first quarter ended 30 June 2010 to be false or misleading.

On behalf of the Board of Directors

**Fang Ai Lian**  
Chairman of Audit Committee

**Chua Sock Koong**  
Director

Singapore  
11 August 2010



The Board of Directors  
Singapore Telecommunications Limited  
31 Exeter Road  
Comcentre  
Singapore 239732

Dear Sirs

**SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES  
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE FIRST  
QUARTER ENDED 30 JUNE 2010**

**Introduction**

We have reviewed the accompanying statement of financial position of Singapore Telecommunications Limited (“SingTel” or the “Company”) as of 30 June 2010 and statement of changes in equity of the Company for the First Quarter then ended, the statement of financial position of Singapore Telecommunications Limited and its subsidiary companies (the “Group”) as of 30 June 2010 and related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the First Quarter then ended, selected notes and other explanatory notes (“interim financial information”).

The Management of SingTel are responsible for the preparation and presentation of the interim financial information in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* (“FRS 34”). Such interim financial information has been prepared by SingTel for announcement on the Singapore Exchange and the Australian Securities Exchange. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34.

Deloitte & Touche LLP  
Public Accountants and  
Certified Public Accountants

Singapore  
11 August 2010