

Group Five-year Financial Summary

	Financial Year ended 31 March				
	2017	2016	2015	2014	2013
Income Statement (S\$ million)					
Group operating revenue	16,711	16,961	17,223	16,848	18,183
Singtel	7,928	7,663	7,348	6,912	6,732
Optus	8,784	9,298	9,875	9,936	11,451
Optus (A\$ million)	8,425	9,115	8,790	8,466	8,934
Group EBITDA	4,998	5,013	5,091	5,155	5,200
Singtel	2,213	2,187	2,146	2,223	2,147
Optus	2,784	2,825	2,945	2,932	3,053
Optus (A\$ million)	2,669	2,771	2,624	2,502	2,381
Share of associates' pre-tax profits	2,942	2,791	2,579	2,201	2,106
Group EBITDA and share of associates' pre-tax profits	7,939	7,804	7,670	7,357	7,306
Group EBIT	5,701	5,655	5,508	5,224	5,178
Net profit after tax	3,853	3,871	3,782	3,652	3,508
Underlying net profit ⁽¹⁾	3,915	3,805	3,779	3,610	3,611
Exchange rate (A\$ against S\$) ⁽²⁾	1.043	1.020	1.123	1.174	1.282
Cash Flow (S\$ million)					
Group free cash flow ⁽³⁾	3,054	2,718	3,549	3,249	3,759
Singtel	1,040	869	1,379	1,181	1,491
Optus	514	631	1,070	1,020	1,367
Optus (A\$ million)	500	617	976	903	1,068
Associates' dividends (net of withholding tax)	1,500	1,218	1,100	1,048	900
Cash capital expenditure	2,261	1,930	2,238	2,102	2,059
Balance Sheet (S\$ million)					
Total assets	48,294	43,566	42,067	39,320	39,984
Shareholders' funds	28,214	24,989	24,733	23,868	23,965
Net debt	10,384	9,142	7,963	7,534	7,477
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	75	74	74	73	75
Return on invested capital (%) ⁽⁴⁾	11.1	11.7	12.1	11.6	11.8
Return on equity (%)	14.5	15.6	15.6	15.3	14.8
Return on total assets (%)	8.3	9.0	9.3	9.2	8.7
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.3	1.2	1.0	1.0	1.0
EBITDA and share of associates' pre-tax profits to net interest expense (number of times)	23.6	25.3	29.2	28.7	24.5
Per Share Information (S cents)					
Earnings per share - basic	23.96	24.29	23.73	22.92	22.02
Earnings per share - underlying net profit ⁽¹⁾	24.35	23.88	23.71	22.65	22.66
Net assets per share	173	157	155	150	150
Dividend per share - ordinary	17.5	17.5	17.5	16.8	16.8

"Singtel" refers to the Singtel Group excluding Optus.

Notes:

⁽¹⁾ Underlying net profit is defined as net profit before exceptional items.

⁽²⁾ Average A\$ rate for translation of Optus' operating revenue.

⁽³⁾ Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.

⁽⁴⁾ Return on invested capital is defined as EBIT (post-tax) divided by average capital.

Group Five-year Financial Summary

5 YEAR FINANCIAL REVIEW

FY 2017

The Group delivered resilient earnings amid heightened competition across all the markets the Group operated in. Operating revenue was S\$16.71 billion, 1.5% lower than FY 2016 but would have increased 2.0% excluding the impact of regulatory mobile termination rates change in Australia from 1 January 2016. EBITDA remained stable at S\$5.0 billion. The Australian Dollar

appreciated 2% against the Singapore Dollar from a year ago. In constant currency terms, operating revenue and EBITDA decreased by 2.6% and 1.5% respectively.

The associates' pre-tax contributions rose 5.4% to S\$2.94 billion despite weakness in Airtel which faced intense price competition in India. Strong growth at

Telkomsel and NetLink Trust, as well as first time contribution from Intouch (acquired in November 2016) was partly offset by lower profits at Airtel, AIS and Globe.

Underlying net profit grew 2.9% and net profit was stable at S\$3.85 billion with an exceptional loss compared to an exceptional gain in FY 2016.

FY 2016

The Group delivered a strong performance with resilient core business and robust contributions from associates. Operating revenue was S\$16.96 billion, 1.5% lower than FY 2015 with the Australian Dollar declining a steep 9% against the Singapore Dollar and the impact of lower mobile termination rates in Australia from 1 January 2016. In constant currency terms, operating revenue would have grown 4.1% across all business units with first time

contribution from Trustwave, Inc. (a newly acquired cyber security business). EBITDA was S\$5.01 billion, 1.5% lower than FY 2015 and in constant currency terms, would have increased 4.1% with strong cost management.

The associates' pre-tax contributions rose 8.2% to S\$2.79 billion and would have increased 9.7% excluding the currency translation impact. The regional associates

recorded strong customer growth and robust mobile data growth, with higher earnings from Telkomsel and Globe offsetting the decline in Airtel.

Underlying net profit was stable and net profit including exceptional items increased 2.4% to S\$3.87 billion. In constant currency terms, underlying net profit and net profit would have increased 4.0% and 5.5% respectively from FY 2015.

FY 2015

The Group delivered a strong set of results. Operating revenue was S\$17.22 billion, 2.2% higher than FY 2014 with growth across all the business units. EBITDA was S\$5.09 billion, 1.3% lower than FY 2014 with the Australian Dollar weakening 4% against the Singapore Dollar. In constant currency terms, revenue grew 4.8% and EBITDA rose 1.3% despite operating losses from the digital businesses.

The associates' pre-tax contributions rose strongly by 17% to S\$2.58 billion and would have increased 21% excluding the currency translation impact. The regional associates registered strong customer growth and increased demand for mobile data services, with earnings growth led by Airtel India, Telkomsel and Globe.

Underlying net profit grew 4.7% and net profit including exceptional items increased 3.5% to S\$3.78 billion. In constant currency terms, underlying net profit and net profit would have increased 7.5% and 6.2% respectively from FY 2014.

FY 2014

The Group delivered a resilient performance against industry challenges and currency headwinds. Operating revenue was S\$16.85 billion, 7.3% lower than FY 2013 with the Australian Dollar weakening 8% against the Singapore Dollar. In constant currency terms, revenue would have declined 2.3% with lower mobile revenue in Australia and a cautious business climate. EBITDA was relatively stable at S\$5.16 billion but in

constant currency terms increased 4.5% on an improved cost structure.

The associates' pre-tax contributions rose 4.5% to S\$2.20 billion and would have increased strongly by 13% excluding the currency translation impact. The regional associates registered robust demand for mobile data services, with earnings growth led by Airtel India.

Underlying net profit was stable at S\$3.61 billion and net profit including exceptional items grew 4.1% to S\$3.65 billion. In constant currency terms, underlying net profit and net profit would have increased 5.9% and 10% respectively from FY 2013.

FY 2013

The Group delivered resilient earnings amid significant industry changes while it continued to invest in transformational initiatives to drive long-term growth. Operating revenue was S\$18.18 billion, 3.4% lower than FY 2012 due to lower mobile revenue in Australia. EBITDA was stable at S\$5.20 billion. In constant currency terms, revenue declined 2.1% but EBITDA grew 1.0% on strong cost management.

The associates' pre-tax contributions grew 5.0% to S\$2.11 billion. Excluding the currency translation impact, the associates' pre-tax contributions would have increased strongly by 12%, underpinned by double-digit earnings growth from Telkomsel and AIS.

Underlying net profit was S\$3.61 billion, a decrease of 1.8% from FY 2012. Excluding currency translation impact, underlying net profit rose 1.4%. Including net exceptional losses mainly from disposal of Warid Pakistan in FY 2013, net profit declined 12% to S\$3.51 billion in FY 2013.

Group Value Added Statements

GROUP VALUE ADDED STATEMENTS

	FY 2017 S\$ million	FY 2016 S\$ million
Value added from:		
Operating revenue	16,711	16,961
Less: Purchase of goods and services	(9,406)	(9,662)
	7,306	7,299
Other income	215	148
Interest and investment income (net)	115	95
Share of results of associates (post-tax)	2,017	2,027
Exceptional items	(1)	(45)
	2,346	2,225
Total value added	9,652	9,524
Distribution of total value added		
To employees in wages, salaries and benefits	2,523	2,434
To government in income and other taxes	684	723
To providers of capital on:		
- Interest on borrowings	374	360
- Dividends to shareholders	2,816	2,789
Total distribution	6,398	6,306
Retained in business		
Depreciation and amortisation	2,239	2,149
Retained profits	1,037	1,082
Non-controlling interests	(22)	(13)
	3,254	3,218
Total value added	9,652	9,524
Average number of employees	25,590	25,610

PRODUCTIVITY DATA

VALUE ADDED (S\$ million)

2017	9,652	
2016	9,524	+128

VALUE ADDED PER EMPLOYEE (S\$'000)

2017	377	
2016	372	+5

VALUE ADDED PER DOLLAR OF EMPLOYEE COSTS (S\$)

2017	3.82	
2016	3.91	-0.09

VALUE ADDED PER DOLLAR OF TURNOVER (S\$)

2017	0.58	
2016	0.56	+0.02

Management Discussion and Analysis

GROUP

	Financial Year ended 31 March			Change in constant currency (%) ⁽¹⁾
	2017 (S\$ million)	2016 (S\$ million)	Change (%)	
Operating revenue	16,711	16,961	-1.5	-2.6
EBITDA	4,998	5,013	-0.3	-1.5
EBITDA margin	29.9%	29.6%		
Share of associates' pre-tax profits	2,942	2,791	5.4	5.6
EBIT	5,701	5,655	0.8	0.3
<i>(exclude share of associates' pre-tax profits)</i>	2,759	2,864	-3.7	-4.8
Net finance expense	(260)	(265)	-2.0	-3.4
Taxation	(1,548)	(1,597)	-3.1	-3.2
Underlying net profit ⁽²⁾	3,915	3,805	2.9	2.3
<i>Underlying earnings per share (S cents)</i>	24.4	23.9	2.0	1.4
Exceptional items (post-tax)	(63)	66	nm	nm
Net profit	3,853	3,871	-0.5	-1.0
<i>Basic earnings per share (S cents)</i>	24.0	24.3	-1.4	-1.9
Share of associates' post-tax profits	2,093	1,930	8.4	8.3

"Associate" refers to either an associate or a joint venture as defined under Singapore Financial Reporting Standards.
 "nm" denotes not meaningful.

Notes:

⁽¹⁾ Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the previous year ended 31 March 2016 (FY 2016).

⁽²⁾ Underlying net profit refers to net profit before exceptional items.

The Group performed in line with its guidance for the financial year ended 31 March 2017.

Underlying net profit grew 2.9% on higher associates' earnings and lower tax expenses. With an exceptional loss compared to an exceptional gain in FY 2016, net profit was stable at S\$3.85 billion. Excluding Airtel which faced disruptive price competition in India, net profit would have grown 2.3%.

The Group's operating revenue declined by 1.5% due mainly to continued declines in voice (local, IDD, roaming) partially offset by strong growth in data, ICT and digital revenues. Excluding the impact of regulatory mobile termination rates ⁽¹⁾ change in Australia from 1 January 2016 ("**rates change**"), operating revenue would have been up 2.0%.

EBITDA remained stable with investments in content and network expansion, reflecting resilience in the core businesses with strong cost management.

Depreciation and amortisation charges rose on increased network and spectrum investments, and higher amortisation charges on the acquired intangibles of Trustwave, Inc. ("**Trustwave**").

Consequently, the Group's EBIT (before the associates' contributions) declined 3.7%.

In the emerging markets, the regional associates continued to record strong growth in customer base and data usage with strategic investments in networks and spectrum. The customer base of the Group and its associates reached 638 million in 22 countries as at 31 March 2017, up 5.4% or 33 million from a year ago.

Despite weakness in Airtel India, the associates' post-tax underlying profit contributions rose 8.4%. The increase was led by strong growth at Telkomsel and NetLink Trust, and first time contribution from Intouch Holdings Public Company Limited ("**Intouch**") acquired in November 2016, offsetting lower profits at Airtel, AIS and Globe.

Telkomsel continued to deliver robust growth across voice, data and digital services. On a consolidated basis, Airtel's earnings fell, even as operating performance in Africa has improved. In India, Airtel's results were adversely affected by the new operator which offered free voice and data, as well as higher network depreciation, spectrum amortisation and related financing costs. Both AIS and Globe recorded higher revenues but earnings were impacted by increased depreciation, spectrum amortisation charges and financing costs. NetLink Trust's revenue and earnings grew at double-digit on the back of increased fibre penetration in Singapore.

Including the associates' contributions, the Group's EBIT was stable at S\$5.70 billion.

Net finance expense declined 2.0% on higher dividend income from the Southern Cross consortium partly offset by higher interest expense on increased borrowings and lower net interest income from NetLink Trust as a result of partial repayment of unitholder's loan by NetLink Trust in March 2016.

The net exceptional loss mainly comprised share of AIS' handset subsidy costs, share of Singapore Post's exceptional loss, and staff restructuring costs partly offset by a gain on dilution of equity interest in Singapore Post.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. Hence, the Group is exposed to currency movements. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for three-quarters of both the Group's proportionate revenue and EBITDA.

Note:

⁽¹⁾ Mobile termination rates are the fees charged by mobile operators for receiving calls and messages on their networks.

Management Discussion and Analysis

BUSINESS SEGMENT

	Financial Year ended 31 March			Change in constant currency ⁽¹⁾ (%)
	2017 (S\$ million)	2016 (S\$ million)	Change (%)	
Operating revenue				
- Group Consumer	9,572	10,110	-5.3	-6.9
- Group Enterprise	6,600	6,397	3.2	2.7
Core Business	16,172	16,507	-2.0	-3.2
- Group Digital Life	539	454	18.7	18.8
Group	16,711	16,961	-1.5	-2.6
EBITDA				
- Group Consumer	3,295	3,266	0.9	-0.9
- Group Enterprise	1,913	1,959	-2.3	-2.6
Core Business	5,208	5,225	-0.3	-1.5
- Group Digital Life	(122)	(137)	-10.6	-10.5
- Corporate	(88)	(76)	16.8	16.8
Group	4,998	5,013	-0.3	-1.5
EBIT (before share of associates' pre-tax profits)				
- Group Consumer	1,771	1,811	-2.2	-3.9
- Group Enterprise	1,268	1,337	-5.1	-5.2
Core Business	3,039	3,148	-3.5	-4.5
- Group Digital Life	(190)	(206)	-7.4	-7.3
- Corporate	(90)	(79)	14.2	14.2
Group	2,759	2,864	-3.7	-4.8

Note:

⁽¹⁾ Assuming constant exchange rates for the Australian Dollar and United States Dollar from FY 2016.

GROUP CONSUMER

Group Consumer contributed 57% (FY 2016: 60%) and 66% (FY 2016: 65%) to the Group's operating revenue and EBITDA respectively. Operating revenue declined by 5.3% (stable excluding the rates change) while EBITDA was stable and EBIT declined 2.2% on higher depreciation and amortisation charges with increased investments in mobile network and spectrum.

Singapore Consumer's operating revenue fell 1.9% on lower voice services and Equipment sales partly offset by growth in mobile data and Home services. Mobile Communications, which contributed 55% of Singapore Consumer's revenue, was stable as strong data growth mitigated the declines in local and roaming voice. Consumer Home revenue (comprising fixed broadband, Singtel TV and voice) rose 4.4% boosted by increased demand for higher speed fibre broadband plans and the sub-licensing of content rights for the Premier League 2016/2017 season. Despite lower revenue, EBITDA grew 2.4% with strong cost management.

In Australia Consumer, operating revenue declined 8.4% on decline in mobile but increased 2.8% excluding the impacts of device repayment plan credits and rates change. Outgoing mobile service revenue declined 5.2% but would be up 2.7% excluding the impact of device repayment plan credits, driven by strong customer additions underpinned by a robust and resilient mobile network. Mass Market Fixed revenue grew 8.0% driven by higher NBN (National Broadband Network) revenue. With lower revenue and investment in content, EBITDA decreased 1.9%.

GROUP ENTERPRISE

Group Enterprise contributed 39% (FY 2016: 38%) and 38% (FY 2016: 39%) to the Group's operating revenue and EBITDA respectively. Operating revenue grew 3.2% as strong ICT performance mainly from cyber security and provision of infrastructure services in Singapore was partly offset by continued price declines in carriage services and lower voice. ICT which includes cloud, cyber security, and smart city solutions, contributed 45% of total enterprise revenue and grew 11%. Overall EBITDA declined 2.3% due to ongoing

investments to build ICT capabilities and intense price competition in Australia. EBIT decreased 5.1% after including the amortisation of acquired intangibles of Trustwave. Excluding Trustwave, EBITDA and EBIT would have declined by 1.2% and 1.8% respectively.

GROUP DIGITAL LIFE

Group Digital Life has three main businesses, namely digital marketing (Amobee), regional premium OTT video (HOOQ) and advanced data analytics and intelligence (DataSpark). Operating revenue was up 19% driven mainly by Amobee's strong performance in social, video and display advertising. Negative EBITDA fell 11% due to lower losses at Amobee on increased scale partly offset by higher content and marketing costs at HOOQ as it ramped up its operations. Negative EBIT decreased 7.4% after including depreciation and amortisation of acquired intangibles of Amobee.

With acquisition of Turn, Inc. on 10 April 2017, Amobee is now one of the largest independent digital marketing technology companies globally.

Management Discussion and Analysis

ASSOCIATES

	Financial Year ended 31 March			Change in constant currency (%) ⁽¹⁾
	2017 (S\$ million)	2016 (S\$ million)	Change (%)	
Group share of associates' pre-tax profits	2,942	2,791	5.4	5.6
Share of post-tax profits				
Telkomsel	1,071	857	24.9	22.2
AIS ⁽²⁾	323	370	-12.8	-12.2
Airtel ⁽²⁾				
- ordinary results (India and South Asia)	371	527	-29.5	-27.1
- ordinary results (Africa)	(102)	(195)	-48.0	-45.8
- exceptional items	-	(15)	nm	nm
	270	316	-14.7	-12.1
Globe				
- ordinary results	208	215	-3.3	0.8
- exceptional items	-	20	nm	nm
	208	235	-11.6	-7.9
Intouch ⁽³⁾				
- operating results	35	-	nm	nm
- amortisation of acquired intangibles	(7)	-	nm	nm
	28	-	nm	nm
Regional associates	1,899	1,779	6.8	6.7
NetLink Trust ⁽⁴⁾				
- operating results	73	39	90.6	90.6
- amortisation of deferred gain	57	56	1.1	1.1
	130	95	37.6	37.6
Other associates ⁽²⁾	64	57	12.2	12.2
Group share of associates' post-tax profits	2,093	1,930	8.4	8.3

"nm" denotes not meaningful.

Notes:

- ⁽¹⁾ Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from FY 2016.
- ⁽²⁾ Share of results of the associates as shown in the table above excluded the Group's share of certain exceptional items of AIS, Airtel and Singapore Post which have been classified as exceptional items of the Group in view of their materiality.
- ⁽³⁾ Intouch, which Singtel acquired an equity interest of 21% in November 2016, has an equity interest of 40.5% in AIS.
- ⁽⁴⁾ NetLink Trust is 100% owned by Singtel and is equity accounted as an associate in the Group as Singtel does not control it. The deferred gain arose from Singtel's gain on disposal of assets and business to NetLink Trust in prior years, which was deferred in the Group's balance sheet and amortised over the useful lives of the transferred assets.

	Telkomsel	AIS	Airtel ⁽¹⁾	Globe
Country mobile penetration rate	137%	135%	91%	118%
Market share, 31 March 2017 ⁽²⁾	45.8%	44.8%	23.3%	48.1%
Market share, 31 March 2016 ⁽²⁾	48.0%	45.9%	24.3%	45.8%
Market position ⁽²⁾	#1	#1	#1	#2
Mobile customers ('000)				
- Aggregate	169,367	40,648	355,673	58,580
- Proportionate	59,278	9,479	129,678	27,615
Growth in mobile customers (%) ⁽³⁾	10%	4.4%	4.0%	2.3%

Notes:

- ⁽¹⁾ Mobile penetration rate, market share and market position pertained to India market only.
- ⁽²⁾ Based on number of mobile customers.
- ⁽³⁾ Compared against 31 March 2016 and based on aggregate mobile customers.

The regional associates continued to record robust mobile data growth on the back of strategic investments in networks and spectrum. The associates' pre-tax and post-tax underlying profit contributions grew 5.4% and 8.4% respectively. The increases were underpinned by strong performances at Telkomsel and NetLink Trust, as well as contribution from Intouch which was acquired in November 2016, partly offset by lower profits at Airtel, AIS and Globe.

The Group's combined mobile customer base reached 638 million, a growth of 5.4% or 33 million from a year ago. Telkomsel registered 10% increase in its customer base to 169 million, including 90 million of data customers as at end of March 2017. Airtel's total mobile customer base covering India, Sri Lanka and across Africa, reached 356 million as at 31 March 2017. This represented an increase of 4.0%, or a growth of 6.6% excluding operations in Bangladesh, from a year ago.

Telkomsel performed strongly and delivered double-digit growth in operating revenue and EBITDA of 12% and 14% respectively. The increase was boosted by growth across voice, data and digital businesses on a higher customer base, increased smartphone penetration and improvement in network quality. With lower depreciation charges due to accelerated depreciation on certain

equipment in the previous year, Telkomsel's post-tax contribution grew 25%.

AIS' service revenue grew 3% on higher data usage driven by improved 4G network coverage, and higher postpaid and fixed broadband revenues. EBITDA (before handset subsidy) rose 2% ⁽²⁾ on lower regulatory fees partly offset by higher network costs from network expansion. With higher spectrum amortisation charges and related financing costs, AIS' post-tax contribution declined 13%.

In India, the mobile industry declined on entry of a new operator which offered free voice and data services. Consequently, **Airtel's** operating revenue grew only 4% in India on growth in non-mobile segments, while mobile revenue was stable. EBITDA rose 5% on aggressive cost optimisation drive. In Africa, operating revenue fell 3% in constant currency terms but would have increased 3% if excluding the disposed subsidiaries (Burkina Faso and Sierra Leone) on growth in data customer base and consumption. EBITDA rose 13% on improved operational efficiency. The depreciation of African currencies mainly Nigerian Naira had resulted in declines in US Dollar reported revenue and EBITDA of 15% and 4% respectively. With higher depreciation from network assets and increased spectrum amortisation and financing

costs in India, Airtel's post-tax contribution declined 15%.

Globe's service revenue grew 4% driven by growth in mobile data, broadband and corporate businesses partially offset by lower voice. EBITDA rose 5% despite higher network costs to support the growing customer base and network expansion. The growth was offset by higher depreciation charges from an expanded asset base and equity accounted losses of Vega Telecom, Inc. from May 2016, and the acquisition-related interest expense. In addition, certain one-off disposal and fair value gains were recorded in FY 2016. Consequently, Globe's post-tax contribution declined 12%.

In November 2016, Singtel acquired 21% equity interest in **Intouch** ⁽³⁾. The Group's share of Intouch's post-tax profit was S\$35 million. After including amortisation of acquired intangibles of S\$7 million, Intouch's post-tax contribution was S\$28 million.

NetLink Trust's revenue and EBITDA grew strongly at 16% and 20% respectively, while its net profit contribution (including S\$57 million of amortised gain arising from deferred gain on disposal of assets and business) rose 38%. The growth was mainly driven by an increase in fibre connections.

Notes:

⁽²⁾ Including 2G to 3G/4G handset subsidy costs classified as an exceptional item of the Group, EBITDA and post-tax profit would have declined by 2% and 19% respectively in Thai Baht terms from FY 2016.

⁽³⁾ Intouch is listed on the Stock Exchange of Thailand and has investments in telecommunications via its 40.5% equity interest in AIS, as well as in satellite, internet, and media and advertising businesses.

Management Discussion and Analysis

CASH FLOW

	Financial Year ended 31 March		
	2017 (\$ million)	2016 (\$ million)	Change (%)
Net cash inflow from operating activities	5,315	4,648	14.4
Net cash outflow for investing activities	(4,832)	(2,740)	76.4
Net cash outflow for financing activities	(422)	(2,044)	-79.3
Net change in cash balance	60	(136)	nm
Exchange effects on cash balance	12	35	-65.8
Cash balance at beginning of year	462	563	-17.9
Cash balance at end of year	534	462	15.6
Singtel ⁽¹⁾	1,040	869	19.7
Optus ⁽²⁾	514	631	-18.5
Associates (net dividends after withholding tax)	1,500	1,218	23.2
Group free cash flow ⁽²⁾	3,054	2,718	12.4
(exclude ATO tax payment)	3,197	2,718	17.6
Optus (in A\$) ⁽²⁾	500	617	-19.0
(exclude ATO tax payment)	634	617	2.7
<i>Cash capital expenditure as a percentage of operating revenue</i>	14%	11%	

"nm" denotes not meaningful.

Notes:

⁽¹⁾ Refers to Singtel Group excluding Optus.

⁽²⁾ After S\$142 million (A\$134 million) paid to the Australian Taxation Office ("ATO") in FY 2017 for amended assessments under dispute relating to the acquisition financing of Optus.

The Group's net cash inflow from operating activities for the year grew 14% to S\$5.32 billion. The increase was due to higher dividends from associates and working capital movements partly offset by higher capital expenditure. The dividends from associates grew 23% due mainly to higher dividends from Telkomsel and Southern Cross consortium as well as distribution received from NetLink Trust.

The investing cash outflow was S\$4.83 billion. In November 2016, the Group paid S\$1.59 billion and S\$884 million for the acquisitions of 21% equity interest in Intouch and an additional 7.4% equity

interest in Bharti Telecom Limited ("BTL") respectively. Capital expenditure totalled S\$2.26 billion, comprising S\$851 million for Singtel and S\$1.41 billion (A\$1.35 billion) for Optus. In Singtel, major capital investments in the year included S\$351 million for fixed and data infrastructure, S\$168 million for mobile networks and S\$332 million for ICT and other investments. In Optus, capital investments in mobile networks amounted to A\$678 million with the balance in fixed and other investments.

The Group's free cash flow increased 12% to S\$3.05 billion and grew 18% excluding the tax payment to the ATO,

on higher operating cash partly offset by higher capital expenditure.

Net cash outflow for financing activities amounted to S\$422 million. Major cash inflows included proceeds received from the issuance of 386 million ordinary shares of Singtel totalling S\$1.60 billion and net increase in borrowings of S\$1.16 billion. Financing cash outflows included payments of S\$1.71 billion for final dividends in respect of FY 2016, and S\$1.11 billion for interim dividends in respect of FY 2017.

SUMMARY STATEMENTS OF FINANCIAL POSITION

	As at 31 March	
	2017 (S\$ million)	2016 (S\$ million)
Current assets	5,918	5,165
Non-current assets	42,377	38,400
Total assets	48,294	43,566
Current liabilities	9,272	6,540
Non-current liabilities	10,808	12,023
Total liabilities	20,081	18,563
Net assets	28,214	25,003
Share capital	4,127	2,634
Retained earnings	29,494	28,457
Currency translation reserve ⁽¹⁾	(4,508)	(4,940)
Other reserves	(900)	(1,161)
Equity attributable to shareholders	28,214	24,989
Non-controlling interests and other reserve	*	13
Total equity	28,214	25,003

“*” denotes less than S\$0.5 million.

Note:

⁽¹⁾ 'Currency translation reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.

The Group is in a strong financial position as at 31 March 2017.

Total assets increased mainly due to investments in Intouch and BTL, while the increase in total liabilities reflected increased borrowings for investments and general corporate purposes.

The increase in share capital was due to the issuance of 386 million new Singtel shares to Temasek Holdings (Private) Limited to partially finance

the acquisitions of shares in Intouch and BTL.

Currency translation losses fell mainly from the translation of the Group's investments in Optus and Telkomsel from stronger Australian Dollar and Indonesian Rupiah against the Singapore Dollar from a year ago.

Management Discussion and Analysis

CAPITAL MANAGEMENT

	Financial Year Ended 31 March	
	2017	2016
Gross debt (S\$ million)	10,918	9,604
Net debt ⁽¹⁾ (S\$ million)	10,384	9,142
Net debt gearing ratio ⁽²⁾ (%)	26.9	26.8
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.3	1.2
Interest cover ⁽³⁾ (number of times)	23.6	25.3

As at 31 March 2017, the Group's net debt was S\$10.4 billion, 14% higher than a year ago.

The Group has one of the strongest credit ratings among telecommunication companies in the Asia Pacific region. Singtel is currently rated Aa3 by Moody's and A+ by S&P Global Ratings. The Group continues to maintain a healthy capital structure.

Singtel maintained its dividend payout ratio at between 60% and 75% of underlying net profit. For the financial year ended 31 March 2017,

the total dividend payout, including the proposed final dividend, was 17.5 cents per share or 73% of underlying net profit. The dividend payout is influenced by the Group's cash flow generation, including dividends from associates.

The Group remains committed to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility to pursue growth.

Notes:

- ⁽¹⁾ Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- ⁽²⁾ Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and non-controlling interests.
- ⁽³⁾ Interest cover refers to the ratio of EBITDA and share of associates' pre-tax profits to net interest expense.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018

For the Group's outlook for the financial year ending 31 March 2018, please refer to pages 9 to 10 of the

Management Discussion and Analysis for the fourth quarter and year ended 31 March 2017 announced on 18 May 2017.