



**SINGAPORE TELECOMMUNICATIONS LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE SECOND QUARTER AND HALF YEAR ENDED
30 SEPTEMBER 2016**

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CONSOLIDATED INCOME STATEMENT*For the second quarter and half year ended 30 September 2016*

	Notes	Quarter 30 Sep		Half Year 30 Sep	
		2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)
Operating revenue		4,086.3	4,184.4	7,994.2	8,392.9
Operating expenses	2	(2,900.6)	(2,934.1)	(5,633.0)	(5,942.0)
Other income	3	47.1	39.2	107.4	79.9
		1,232.8	1,289.5	2,468.6	2,530.8
Depreciation and amortisation	4	(548.6)	(531.2)	(1,092.0)	(1,066.6)
		684.2	758.3	1,376.6	1,464.2
Exceptional items	5	3.4	2.1	(27.1)	16.1
Profit on operating activities		687.6	760.4	1,349.5	1,480.3
Associates and joint ventures					
- share of ordinary results		737.0	684.2	1,504.1	1,349.5
- share of tax of ordinary results		(215.5)	(233.8)	(442.6)	(446.7)
- share of exceptional items (post-tax)	6	(9.7)	72.7	1.8	104.2
		511.8	523.1	1,063.3	1,007.0
Profit before interest, investment income (net) and tax		1,199.4	1,283.5	2,412.8	2,487.3
Interest and investment income (net)	7	20.0	35.9	45.0	58.4
Finance costs	8	(91.2)	(89.1)	(181.3)	(169.2)
Profit before tax		1,128.2	1,230.3	2,276.5	2,376.5
Tax expense	9	(160.1)	(203.2)	(367.9)	(408.2)
Profit after tax		968.1	1,027.1	1,908.6	1,968.3
Attributable to:					
Shareholders of the Company		972.3	1,029.7	1,916.6	1,971.3
Non-controlling interests		(4.2)	(2.6)	(8.0)	(3.0)
		968.1	1,027.1	1,908.6	1,968.3
Earnings per share attributable to shareholders of the Company					
- basic	10	6.10¢	6.46¢	12.03¢	12.37¢
- diluted	10	6.09¢	6.45¢	12.00¢	12.36¢

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the second quarter and half year ended 30 September 2016*

	Quarter 30 Sep		Half Year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit after tax	968.1	1,027.1	1,908.6	1,968.3
Other comprehensive income/ (loss)				
Items that may be reclassified subsequently to income statement:				
Exchange differences arising from translation of foreign operations and other currency translation differences for the period	363.2	(127.5)	(187.3)	(577.6)
Cash flow hedges				
- Fair value changes during the period	(8.9)	380.0	70.9	421.6
- Tax effects	16.1	(58.4)	3.0	(66.5)
	7.2	321.6	73.9	355.1
- Fair value changes transferred to income statement	5.9	(345.2)	(50.5)	(295.3)
- Tax effects	(12.6)	54.6	(0.7)	60.3
	(6.7)	(290.6)	(51.2)	(235.0)
	0.5	31.0	22.7	120.1
Fair value changes on available-for-sale investments during the period	4.1	(9.3)	9.5	(25.6)
Share of other comprehensive (loss)/ gain of associates and joint ventures	(13.0)	0.2	(14.3)	24.9
Other comprehensive income/ (loss), net of tax	354.8	(105.6)	(169.4)	(458.2)
Total comprehensive income	1,322.9	921.5	1,739.2	1,510.1
Attributable to:				
Shareholders of the Company	1,327.0	924.1	1,747.0	1,512.8
Non-controlling interests	(4.1)	(2.6)	(7.8)	(2.7)
	1,322.9	921.5	1,739.2	1,510.1

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2016

	Notes	Group		Company	
		As at 30 Sep 16 S\$ Mil (Unaudited)	As at 31 Mar 16 S\$ Mil (Audited)	As at 30 Sep 16 S\$ Mil (Unaudited)	As at 31 Mar 16 S\$ Mil (Audited)
Current assets					
Cash and cash equivalents		585.2	461.8	103.3	83.7
Trade and other receivables		4,391.6	4,366.4	488.3	504.2
Due from subsidiaries		-	-	1,248.2	2,525.2
Derivative financial instruments		97.2	17.5	95.5	9.5
Inventories		342.8	319.7	33.9	21.5
		5,416.8	5,165.4	1,969.2	3,144.1
Non-current assets					
Property, plant and equipment		11,146.6	11,154.0	2,196.2	2,171.4
Intangible assets		13,067.2	12,968.4	0.2	0.3
Subsidiaries		-	-	15,547.2	14,182.3
Joint ventures		10,472.0	10,729.9	22.9	21.2
Associates		354.6	356.3	603.5	603.5
Loan to an associate		1,100.5	1,100.5	1,100.5	1,100.5
Available-for-sale investments ("AFS")		175.4	147.5	35.9	35.1
Derivative financial instruments		575.6	622.6	278.3	321.0
Deferred tax assets		650.2	692.3	-	-
Other non-current receivables		599.1	628.8	175.2	175.4
		38,141.2	38,400.3	19,959.9	18,610.7
Total assets		43,558.0	43,565.7	21,929.1	21,754.8
Current liabilities					
Trade and other payables		4,302.9	4,597.1	755.7	917.7
Due to subsidiaries		-	-	699.5	666.7
Advance billings		789.2	800.2	76.8	76.2
Current tax liabilities		291.6	364.4	125.8	94.1
Borrowings (unsecured)	12	2,904.1	595.5	-	-
Borrowings (secured)	12	92.8	90.2	1.0	1.5
Derivative financial instruments		18.4	24.6	99.9	13.7
Net deferred gain		68.8	67.9	-	-
		8,467.8	6,539.9	1,758.7	1,769.9
Non-current liabilities					
Borrowings (unsecured)	12	7,087.8	9,019.0	786.3	747.2
Borrowings (secured)	12	178.9	236.0	158.6	158.8
Derivative financial instruments		271.1	316.2	301.3	416.7
Advance billings		257.0	265.5	131.4	139.5
Net deferred gain		1,356.5	1,323.3	-	-
Deferred tax liabilities		567.0	585.3	291.7	270.5
Other non-current liabilities		329.0	278.0	16.0	18.4
		10,047.3	12,023.3	1,685.3	1,751.1
Total liabilities		18,515.1	18,563.2	3,444.0	3,521.0
Net assets		25,042.9	25,002.5	18,485.1	18,233.8
Share capital and reserves					
Share capital	13	2,634.0	2,634.0	2,634.0	2,634.0
Reserves		22,402.8	22,352.2	15,851.1	15,599.8
Equity attributable to shareholders of the Company		25,036.8	24,989.2	18,485.1	18,233.8
Non-controlling interests		28.5	35.7	-	-
Other reserve		(22.4)	(22.4)	-	-
Total equity		25,042.9	25,002.5	18,485.1	18,233.8

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the second quarter ended 30 September 2016*

Group - 2016	Currency								Non-			
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve S\$ Mil	Translation Reserve ⁽²⁾ S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves ⁽³⁾ S\$ Mil	Total S\$ Mil	controlling Interests S\$ Mil	Other Reserve ⁽⁴⁾ S\$ Mil	Total Equity S\$ Mil
Balance as at 1 July 2016	2,634.0	(15.9)	(126.4)	(5,490.9)	17.2	45.9	29,401.2	(1,051.7)	25,413.4	32.5	(22.4)	25,423.5
Changes in equity for the quarter												
Performance shares purchased by Trust ⁽⁵⁾	-	(4.7)	-	-	-	-	-	-	(4.7)	-	-	(4.7)
Equity-settled share based payment	-	-	6.5	-	-	-	-	-	6.5	0.1	-	6.6
Transfer of liability to equity	-	-	0.1	-	-	-	-	-	0.1	-	-	0.1
Cash paid to employees under performance share plans	-	-	0.2	-	-	-	-	-	0.2	-	-	0.2
Share of other reserves of associates and joint ventures	-	-	2.2	-	-	-	-	(2.2)	-	-	-	-
Final dividend paid	-	-	-	-	-	-	(1,705.5)	-	(1,705.5)	-	-	(1,705.5)
Others	-	-	-	-	-	-	(1.5)	1.3	(0.2)	-	-	(0.2)
	-	(4.7)	9.0	-	-	-	(1,707.0)	(0.9)	(1,703.6)	0.1	-	(1,703.5)
Total comprehensive income/ (loss) for the quarter	-	-	-	363.1	0.5	4.1	972.3	(13.0)	1,327.0	(4.1)	-	1,322.9
Balance as at 30 September 2016	2,634.0	(20.6)	(117.4)	(5,127.8)	17.7	50.0	28,666.5	(1,065.6)	25,036.8	28.5	(22.4)	25,042.9

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the second quarter ended 30 September 2016*

Group - 2015	Currency								Non-			
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve S\$ Mil	Translation Reserve ⁽²⁾ S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves ⁽³⁾ S\$ Mil	Total S\$ Mil	controlling Interests S\$ Mil	Other Reserve ⁽⁴⁾ S\$ Mil	Total Equity S\$ Mil
Balance as at 1 July 2015	2,634.0	(18.1)	(139.1)	(4,663.7)	85.2	111.7	28,412.7	(1,103.3)	25,319.4	34.5	-	25,353.9
Changes in equity for the quarter												
Performance shares purchased by Trust ⁽⁵⁾	-	(3.7)	-	-	-	-	-	-	(3.7)	-	-	(3.7)
Performance shares vested	-	0.8	(0.8)	-	-	-	-	-	-	-	-	-
Equity-settled share based payment	-	-	8.5	-	-	-	-	-	8.5	-	-	8.5
Share of other reserves of associates and joint ventures	-	-	1.0	-	-	-	-	(3.4)	(2.4)	-	-	(2.4)
Contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	11.4	-	11.4
Final dividend paid	-	-	-	-	-	-	(1,705.4)	-	(1,705.4)	-	-	(1,705.4)
Acquisition of subsidiary ⁽⁴⁾	-	-	-	-	-	-	-	-	-	(2.1)	(22.4)	(24.5)
Others	-	-	-	-	-	-	1.1	-	1.1	0.7	-	1.8
	-	(2.9)	8.7	-	-	-	(1,704.3)	(3.4)	(1,701.9)	10.0	(22.4)	(1,714.3)
Total comprehensive (loss)/ income for the quarter	-	-	-	(127.5)	31.0	(9.3)	1,029.7	0.2	924.1	(2.6)	-	921.5
Balance as at 30 September 2015	2,634.0	(21.0)	(130.4)	(4,791.2)	116.2	102.4	27,738.1	(1,106.5)	24,541.6	41.9	(22.4)	24,561.1

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the second quarter ended 30 September 2016*

Company - 2016	Share Capital S\$ Mil	Capital Reserve S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserve S\$ Mil	Total Equity S\$ Mil
Balance as at 1 July 2016	2,634.0	(65.7)	75.0	26.9	15,863.1	-	18,533.3
Changes in equity for the quarter							
Equity-settled share based payment	-	2.7	-	-	-	-	2.7
Cash paid to employees under performance share plans	-	0.2	-	-	-	-	0.2
Contribution to Trust ⁽⁵⁾	-	(4.2)	-	-	-	-	(4.2)
Final dividend paid	-	-	-	-	(1,706.0)	-	(1,706.0)
Others	-	-	-	-	-	(0.2)	(0.2)
	-	(1.3)	-	-	(1,706.0)	(0.2)	(1,707.5)
Total comprehensive income/ (loss) for the quarter	-	-	5.0	(0.7)	1,655.0	-	1,659.3
Balance as at 30 September 2016	2,634.0	(67.0)	80.0	26.2	15,812.1	(0.2)	18,485.1

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the second quarter ended 30 September 2016*

Company - 2015	Share Capital S\$ Mil	Capital Reserve S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 July 2015	2,634.0	(68.4)	94.4	30.2	15,123.2	17,813.4
Changes in equity for the quarter						
Equity-settled share based payment	-	2.6	-	-	-	2.6
Contribution to Trust ⁽⁵⁾	-	(3.5)	-	-	-	(3.5)
Final dividend paid	-	-	-	-	(1,705.9)	(1,705.9)
	-	(0.9)	-	-	(1,705.9)	(1,706.8)
Total comprehensive income/ (loss) for the quarter	-	-	18.9	(2.8)	1,681.0	1,697.1
Balance as at 30 September 2015	2,634.0	(69.3)	113.3	27.4	15,098.3	17,803.7

Notes:

- (1) 'Treasury Shares' are accounted for in accordance with Singapore Financial Reporting Standard ("FRS") 32, **Financial Instruments: Disclosure and Presentation**.
- (2) 'Currency Translation Reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.
- (3) 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001 and the share of other comprehensive income or loss of the associates and joint ventures.
- (4) This amount relates to a reserve for an obligation arising from a put option written with the non-controlling shareholder of Trustwave Holdings, Inc. ("**Trustwave**"). When exercised under certain conditions, this will require Singtel to purchase the remaining 2% equity interest in Trustwave.
- (5) DBS Trustee Limited (the "**Trust**") is the trustee of a trust established to administer the performance share plans.

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the half year ended 30 September 2016*

Group - 2016	Attributable to shareholders of the Company									Non-controlling Interests	Other Reserve ⁽⁴⁾	Total Equity
	Share Capital	Treasury Shares ⁽¹⁾	Capital Reserve	Currency		Fair Value Reserve	Retained Earnings	Other Reserves ⁽³⁾	Total			
				Translation Reserve ⁽²⁾	Hedging Reserve							
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
Balance as at 1 April 2016	2,634.0	(30.6)	(116.4)	(4,940.3)	(5.0)	40.5	28,456.9	(1,049.9)	24,989.2	35.7	(22.4)	25,002.5
Changes in equity for the period												
Performance shares purchased by the Company	-	(1.0)	-	-	-	-	-	-	(1.0)	-	-	(1.0)
Performance shares purchased by Trust ⁽⁵⁾	-	(7.1)	-	-	-	-	-	-	(7.1)	-	-	(7.1)
Performance shares vested	-	18.1	(18.1)	-	-	-	-	-	-	-	-	-
Equity-settled share based payment	-	-	17.1	-	-	-	-	-	17.1	0.6	-	17.7
Transfer of liability to equity	-	-	4.6	-	-	-	-	-	4.6	-	-	4.6
Cash paid to employees under performance share plans	-	-	(0.3)	-	-	-	-	-	(0.3)	-	-	(0.3)
Performance shares purchased by Singtel Optus Pty Limited ("Optus") and vested	-	-	(7.0)	-	-	-	-	-	(7.0)	-	-	(7.0)
Share of other reserves of associates and joint ventures	-	-	2.7	-	-	-	-	(2.7)	-	-	-	-
Final dividend paid	-	-	-	-	-	-	(1,705.5)	-	(1,705.5)	-	-	(1,705.5)
Others	-	-	-	-	-	-	(1.5)	1.3	(0.2)	-	-	(0.2)
	-	10.0	(1.0)	-	-	-	(1,707.0)	(1.4)	(1,699.4)	0.6	-	(1,698.8)
Total comprehensive (loss)/ income for the period	-	-	-	(187.5)	22.7	9.5	1,916.6	(14.3)	1,747.0	(7.8)	-	1,739.2
Balance as at 30 September 2016	2,634.0	(20.6)	(117.4)	(5,127.8)	17.7	50.0	28,666.5	(1,065.6)	25,036.8	28.5	(22.4)	25,042.9

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the half year ended 30 September 2016*

Group - 2015	Attributable to shareholders of the Company									Non-controlling Interests S\$ Mil	Other Reserve ⁽⁴⁾ S\$ Mil	Total Equity S\$ Mil
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve S\$ Mil	Currency Translation Reserve ⁽²⁾ S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserves ⁽³⁾ S\$ Mil	Total S\$ Mil			
Balance as at 1 April 2015	2,634.0	(39.2)	(114.9)	(4,213.3)	(3.9)	128.0	27,471.1	(1,128.5)	24,733.3	34.6	-	24,767.9
Changes in equity for the period												
Performance shares purchased by the Company	-	(3.8)	-	-	-	-	-	-	(3.8)	-	-	(3.8)
Performance shares purchased by Trust ⁽⁵⁾	-	(14.9)	-	-	-	-	-	-	(14.9)	-	-	(14.9)
Performance shares vested	-	36.9	(36.9)	-	-	-	-	-	-	-	-	-
Equity-settled share based payment	-	-	20.4	-	-	-	-	-	20.4	-	-	20.4
Transfer of liability to equity	-	-	16.4	-	-	-	-	-	16.4	-	-	16.4
Cash paid to employees under performance share plans	-	-	(0.5)	-	-	-	-	-	(0.5)	-	-	(0.5)
Performance shares purchased by Optus and vested	-	-	(16.1)	-	-	-	-	-	(16.1)	-	-	(16.1)
Share of other reserves of associates and joint ventures	-	-	1.2	-	-	-	-	(2.9)	(1.7)	-	-	(1.7)
Contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	11.4	-	11.4
Final dividend paid	-	-	-	-	-	-	(1,705.4)	-	(1,705.4)	-	-	(1,705.4)
Acquisition of subsidiary ⁽⁴⁾	-	-	-	-	-	-	-	-	-	(2.1)	(22.4)	(24.5)
Others	-	-	-	-	-	-	1.1	-	1.1	0.7	-	1.8
	-	18.2	(15.5)	-	-	-	(1,704.3)	(2.9)	(1,704.5)	10.0	(22.4)	(1,716.9)
Total comprehensive (loss)/ income for the period	-	-	-	(577.9)	120.1	(25.6)	1,971.3	24.9	1,512.8	(2.7)	-	1,510.1
Balance as at 30 September 2015	2,634.0	(21.0)	(130.4)	(4,791.2)	116.2	102.4	27,738.1	(1,106.5)	24,541.6	41.9	(22.4)	24,561.1

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the half year ended 30 September 2016*

Company - 2016	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Other Reserve S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2016	2,634.0	(1.2)	(71.3)	46.7	25.5	15,600.1	-	18,233.8
Changes in equity for the period								
Performance shares purchased by the Company	-	(1.0)	-	-	-	-	-	(1.0)
Performance shares vested	-	2.2	(2.2)	-	-	-	-	-
Equity-settled share based payment	-	-	7.0	-	-	-	-	7.0
Transfer of liability to equity	-	-	4.8	-	-	-	-	4.8
Cash paid to employees under performance share plans	-	-	(0.3)	-	-	-	-	(0.3)
Contribution to Trust ⁽⁵⁾	-	-	(5.0)	-	-	-	-	(5.0)
Final dividend paid	-	-	-	-	-	(1,706.0)	-	(1,706.0)
Others	-	-	-	-	-	-	(0.2)	(0.2)
	-	1.2	4.3	-	-	(1,706.0)	(0.2)	(1,700.7)
Total comprehensive income for the period	-	-	-	33.3	0.7	1,918.0	-	1,952.0
Balance as at 30 September 2016	2,634.0	-	(67.0)	80.0	26.2	15,812.1	(0.2)	18,485.1

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the half year ended 30 September 2016*

Company - 2015	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve S\$ Mil	Hedging Reserve S\$ Mil	Fair Value Reserve S\$ Mil	Retained Earnings S\$ Mil	Total Equity S\$ Mil
Balance as at 1 April 2015	2,634.0	(3.9)	(70.8)	12.9	34.0	14,900.4	17,506.6
Changes in equity for the period							
Performance shares purchased by the Company	-	(3.6)	-	-	-	-	(3.6)
Performance shares vested	-	7.5	(7.5)	-	-	-	-
Equity-settled share based payment	-	-	6.4	-	-	-	6.4
Transfer of liability to equity	-	-	16.4	-	-	-	16.4
Cash paid to employees under performance share plans	-	-	(0.5)	-	-	-	(0.5)
Contribution to Trust ⁽⁵⁾	-	-	(13.3)	-	-	-	(13.3)
Final dividend paid	-	-	-	-	-	(1,705.9)	(1,705.9)
	-	3.9	1.5	-	-	(1,705.9)	(1,700.5)
Total comprehensive income/ (loss) for the period	-	-	-	100.4	(6.6)	1,903.8	1,997.6
Balance as at 30 September 2015	2,634.0	-	(69.3)	113.3	27.4	15,098.3	17,803.7

Notes:

- (1) 'Treasury Shares' are accounted for in accordance with Singapore Financial Reporting Standard ("FRS") 32, **Financial Instruments: Disclosure and Presentation**.
- (2) 'Currency Translation Reserve' relates mainly to the translation of the net assets of foreign subsidiaries, associates and joint ventures of the Group denominated mainly in Australian Dollar, Indian Rupee, Indonesian Rupiah, Philippine Peso, Thai Baht and United States Dollar.
- (3) 'Other Reserves' relate mainly to goodwill on acquisitions completed prior to 1 April 2001 and the share of other comprehensive income or loss of the associates and joint ventures.
- (4) This amount relates to a reserve for an obligation arising from a put option written with the non-controlling shareholder of Trustwave. When exercised under certain conditions, this will require Singtel to purchase the remaining 2% equity interest in Trustwave.
- (5) DBS Trustee Limited (the "**Trust**") is the trustee of a trust established to administer the performance share plans.

CONSOLIDATED STATEMENT OF CASH FLOWS*For the second quarter and half year ended 30 September 2016*

	Quarter 30 Sep		Half Year 30 Sep	
	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)
Cash Flows from Operating Activities				
Profit before tax	1,128.2	1,230.3	2,276.5	2,376.5
Adjustments for				
Depreciation and amortisation	548.6	531.2	1,092.0	1,066.6
Exceptional items	(4.5)	(4.6)	(4.6)	(22.4)
Interest and investment income (net)	(20.0)	(35.9)	(45.0)	(58.4)
Finance costs	91.2	89.1	181.3	169.2
Share of results of associates and joint ventures (post-tax)	(511.8)	(523.1)	(1,063.3)	(1,007.0)
Other non-cash items	4.3	(0.2)	11.0	11.0
	107.8	56.5	171.4	159.0
Operating cash flow before working capital changes	1,236.0	1,286.8	2,447.9	2,535.5
Changes in operating assets and liabilities				
Trade and other receivables	(160.1)	(272.6)	(244.3)	(539.1)
Trade and other payables	18.9	(48.5)	(174.7)	(169.6)
Inventories	(43.5)	(51.0)	(22.0)	(38.8)
Currency translation adjustments of subsidiaries	(1.2)	7.5	(3.8)	5.6
Cash generated from operations	1,050.1	922.2	2,003.1	1,793.6
Payment to employees in cash under performance share plans	-	(2.7)	(0.3)	(3.1)
Dividends received from associates and joint ventures	320.5	297.3	1,265.8	1,058.4
Income tax and withholding tax paid	(249.6)	(267.1)	(410.8)	(416.3)
Net cash inflow from operating activities	1,121.0	949.7	2,857.8	2,432.6
Cash Flows from Investing Activities				
Dividends received from AFS investments	0.7	0.9	1.4	1.6
Interest received	15.9	3.6	20.1	24.3
Payment for acquisition of subsidiaries, net of cash acquired (Note 1)	(4.9)	(1,057.1)	(4.9)	(1,057.1)
Contribution from non-controlling interests	-	11.4	-	11.4
Investment in joint ventures	-	-	(1.7)	-
Deferred proceeds/ proceeds from disposal of associate and joint venture	0.3	14.1	42.6	14.5
Investment in AFS investments	(9.7)	(8.5)	(21.9)	(24.2)
Proceeds from sale of AFS investments	3.2	32.7	53.7	51.8
Balance carried forward	5.5	(1,002.9)	89.3	(977.7)

CONSOLIDATED STATEMENT OF CASH FLOWS*For the second quarter and half year ended 30 September 2016*

	Quarter 30 Sep		Half Year 30 Sep	
	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)
Cash Flows from Investing Activities (continued)				
Balance brought forward	5.5	(1,002.9)	89.3	(977.7)
Payment for purchase of property, plant and equipment	(479.7)	(472.7)	(984.2)	(981.2)
Proceeds from sale of property, plant and equipment	3.7	4.8	36.4	4.9
Purchase of intangible assets	(149.6)	(57.7)	(200.3)	(120.8)
Withholding tax paid on intra-group interest income	(14.3)	(13.3)	(14.3)	(13.3)
Net cash outflow for investing activities	(634.4)	(1,541.8)	(1,073.1)	(2,088.1)
Cash Flows from Financing Activities				
Proceeds from term loans	2,443.1	3,064.2	3,098.3	3,624.9
Repayment of term loans	(1,276.7)	(1,537.5)	(2,606.3)	(3,049.3)
Proceeds from bond issue	-	148.6	-	1,071.1
Repayment of bonds	(250.0)	-	(250.0)	-
Proceeds from finance lease liabilities	2.2	18.7	3.9	53.8
Finance lease payments	(8.8)	(10.7)	(17.5)	(23.1)
Net proceeds from borrowings	909.8	1,683.3	228.4	1,677.4
Net interest paid on borrowings and swaps	(75.9)	(69.1)	(178.2)	(153.0)
Purchase of performance shares	(4.7)	(19.3)	(15.2)	(34.3)
Final dividend paid to shareholders of the Company	(1,705.5)	(1,705.4)	(1,705.5)	(1,705.4)
Others	-	1.1	-	1.1
Net cash outflow for financing activities	(876.3)	(109.4)	(1,670.5)	(214.2)
Net change in cash and cash equivalents	(389.7)	(701.5)	114.2	130.3
Exchange effects on cash and cash equivalents	9.2	44.6	9.2	39.7
Cash and cash equivalents at beginning of period	965.7	1,389.7	461.8	562.8
Cash and cash equivalents at end of period	585.2	732.8	585.2	732.8

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS*For the second quarter and half year ended 30 September 2016***Note (1): Payments for acquisition of subsidiaries**

- (a) During the current quarter, deferred payments of S\$3.4 million and S\$1.5 million were made in respect of the acquisitions of Adconion Media, Inc. and Adconion Pty Limited (together, “**Adconion**”) and Ensyst Pty Limited (“**Ensyst**”) respectively.
- (b) The payments in the half year ended 30 September 2015 included payments for the acquisition of 98% of the share capital of Trustwave Holdings, Inc. of S\$1.06 billion, and deferred payments of S\$1.1 million and S\$0.4 million in respect of the acquisitions of Adconion and Ensyst respectively.

Note (2): For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprised:

	As at 30 Sep	
	2016	2015
	S\$ Mil	S\$ Mil
	(Unaudited)	(Unaudited)
Fixed deposits	113.0	202.4
Cash and bank balances	472.2	530.4
	<u>585.2</u>	<u>732.8</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***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 2016. The adoption of the new or revised FRS, amendments to FRS and Interpretations to FRS which became mandatory from 1 April 2016 did not have a significant impact on the financial statements of the Group and the Company.

2. OPERATING EXPENSES

The income statement included the following items -

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Impairment of trade receivables	35.1	27.2	70.5	61.6
Allowance for inventory obsolescence	1.2	4.4	1.8	13.3

3. OTHER INCOME

Other income included the following items -

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Rental income	0.8	0.8	1.7	1.8
Net exchange (losses)/ gains - trade related	(4.1)	6.9	(7.9)	8.6
Net gains/ (losses) on disposal of property, plant and equipment	2.6	(1.1)	8.0	(1.7)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***4. DEPRECIATION AND AMORTISATION**

Group	Quarter 30 Sep		Half year 30 Sep	
	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)
Depreciation of property, plant and equipment	479.5	472.3	955.8	949.5
Amortisation of intangibles	69.8	59.6	137.7	118.6
Amortisation of deferred gain on sale of a joint venture	(0.7)	(0.7)	(1.5)	(1.5)
	548.6	531.2	1,092.0	1,066.6

5. EXCEPTIONAL ITEMS

Group	Quarter 30 Sep		Half year 30 Sep	
	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)	2016 S\$ Mil (Unaudited)	2015 S\$ Mil (Unaudited)
Exceptional gains				
Reversal of AFS impairment	5.0	-	5.0	-
Gain on dilution of interest in other associates and joint ventures	0.1	0.7	0.1	0.7
Gain on sale of AFS investments	0.1	7.4	0.2	30.5
Gain on disposal of a joint venture	-	1.7	-	1.7
	5.2	9.8	5.3	32.9
Exceptional losses				
Staff restructuring costs	(1.1)	(2.5)	(31.7)	(6.3)
Impairment of AFS investments	(0.7)	(5.2)	(0.7)	(10.5)
	(1.8)	(7.7)	(32.4)	(16.8)
	3.4	2.1	(27.1)	16.1

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***6. SHARE OF EXCEPTIONAL ITEMS OF ASSOCIATES AND JOINT VENTURES (POST-TAX)**

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Share of AIS' handset subsidy costs	(9.4)	-	(20.7)	-
Share of Airtel's exceptional items	(0.3)	52.5	22.5	84.0
Share of Globe's one-off gains	-	20.2	-	20.2
	(9.7)	72.7	1.8	104.2

7. INTEREST AND INVESTMENT INCOME (NET)

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Interest income from				
- bank deposits	1.5	1.6	3.1	3.0
- others	7.6	11.0	16.6	22.3
	9.1	12.6	19.7	25.3
Dividends from joint ventures	6.4	10.1	24.2	21.2
Gross dividends from AFS investments	0.7	0.9	0.9	1.2
Fair value (losses)/ gains on fair value hedges				
- hedged item	(9.7)	(95.0)	(16.1)	118.7
- hedging instrument	12.7	93.1	20.2	(120.6)
	3.0	(1.9)	4.1	(1.9)
Fair value gains/ (losses) on cash flow hedges transferred from other comprehensive income				
- hedged item	5.9	(345.2)	(50.5)	(295.3)
- hedging instrument	(5.9)	345.2	50.5	295.3
	-	-	-	-
Other fair value (losses)/ gains	(1.0)	0.5	(5.5)	3.6
Net foreign exchange gains - non-trade related	1.8	13.7	1.6	9.0
	20.0	35.9	45.0	58.4

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***8. FINANCE COSTS**

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Interest expense on				
- bonds	73.6	72.2	148.2	135.6
- bank loans	8.3	10.2	16.6	19.7
- others	7.3	7.2	14.3	14.3
	89.2	89.6	179.1	169.6
Less: Amounts capitalised	-	(0.1)	-	(0.7)
	89.2	89.5	179.1	168.9
Effects of hedging using interest rate swaps	0.5	(1.5)	0.2	(1.8)
Unwinding of discounts (including adjustments)	1.5	1.1	2.0	2.1
	91.2	89.1	181.3	169.2

9. TAX EXPENSE

Group	Quarter 30 Sep		Half year 30 Sep	
	2016	2015	2016	2015
	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)	S\$ Mil (Unaudited)
Current and deferred tax expense attributable to current period's profits	131.3	150.5	263.7	293.6
Current and deferred tax adjustments in respect of prior years	-	0.1	(3.0)	(0.6)
Withholding and dividend distribution taxes on dividend income from joint ventures	28.8	52.6	107.2	115.2
	160.1	203.2	367.9	408.2

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***10. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**

Group	Quarter 30 Sep		Half year 30 Sep	
	2016 '000 (Unaudited)	2015 '000 (Unaudited)	2016 '000 (Unaudited)	2015 '000 (Unaudited)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	15,939,204	15,938,993	15,938,004	15,936,511
Adjustment for dilutive effect of performance share plan	35,444	13,894	35,444	13,894
Weighted average number of ordinary shares for calculation of diluted earnings per share	15,974,648	15,952,887	15,973,448	15,950,405

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

11. FAIR VALUE MEASUREMENTS

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

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***11. FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the assets and liabilities measured at fair value as at 30 September 2016:

Group 30 September 2016 (Unaudited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾				
- Quoted investments	37.5	-	-	37.5
- Unquoted investments	-	-	52.4	52.4
	37.5	-	52.4	89.9
Derivative financial instruments	-	672.8	-	672.8
	37.5	672.8	52.4	762.7
Financial liabilities				
Derivative financial instruments	-	289.5	-	289.5

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

Note:

(1) Excluded AFS investments stated at cost of S\$85.5 million (31 March 2016: S\$63.1 million).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***11. FAIR VALUE MEASUREMENTS (Continued)**

Company 30 September 2016 (Unaudited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments				
- Quoted investments	27.7	-	-	27.7
- Unquoted investments	-	-	8.2	8.2
	27.7	-	8.2	35.9
Derivative financial instruments	-	373.8	-	373.8
	27.7	373.8	8.2	409.7
Financial liabilities				
Derivative financial instruments	-	401.2	-	401.2

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***11. FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the liabilities not measured at fair value (but with fair value disclosed) as at 30 September 2016:

30 September 2016 (Unaudited)	Carrying Value S\$ Mil	Fair value			Total S\$ Mil
		Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	
Financial liabilities					
Group					
Bonds	8,190.8	6,189.1	2,542.6	-	8,731.7
Company					
Bonds	786.3	1,017.4	-	-	1,017.4

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

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***11. FAIR VALUE MEASUREMENTS (Continued)**

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

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

	Group		Company	
	30 Sep 16	30 Sep 15	30 Sep 16	30 Sep 15
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
AFS investments - unquoted				
Balance as at 1 April	42.9	100.5	7.7	9.5
Total gains/ (losses) included in 'Fair Value Reserve'	5.9	0.4	0.5	(1.0)
Additions	2.5	0.9	-	-
Writeback/ (Provision) for impairment	1.3	(5.2)	-	-
Disposals	(2.2)	(0.8)	-	-
Transfer from Level 3	(0.9)	-	-	-
Transfer to Level 3	2.9	1.9	-	-
	52.4	97.7	8.2	8.5

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***12. GROUP'S BORROWINGS AND DEBT SECURITIES**

	Group		Company	
	30 Sep 16	31 Mar 16	30 Sep 16	31 Mar 16
	S\$ Mil	S\$ Mil	S\$ Mil	S\$ Mil
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Unsecured borrowings				
Repayable within one year	2,904.1	595.5	-	-
Repayable after one year	7,087.8	9,019.0	786.3	747.2
	9,991.9	9,614.5	786.3	747.2
Secured borrowings				
Repayable within one year	92.8	90.2	1.0	1.5
Repayable after one year	178.9	236.0	158.6	158.8
	271.7	326.2	159.6	160.3
	10,263.6	9,940.7	945.9	907.5

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

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

In addition, the Group's secured borrowings as at 30 September 2016 included certain bank loans of Trustwave, secured on the assets of Trustwave and shares in certain of its subsidiaries.

During the quarter, certain secured bank loans of Adconion were fully repaid. Consequently, the security on the assets and shares in Adconion Media, Inc. and its subsidiary, Adconion Direct, Inc., was released.

13. SHARE CAPITAL AND OTHER EQUITY INFORMATION

	Quarter and Half year	
	30 Sep 16	
	Number	Share
	of shares	capital
	Mil	S\$ Mil
Group and Company	(Unaudited)	(Unaudited)
Balance as at beginning and end of period	15,943.5	2,634.0

As at 30 September 2016, the number of outstanding performance shares under Singtel's performance share plans was 38,518,386 (31 March 2016: 36,937,088).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***14. DIVIDENDS**

On 9 November 2016, the Directors approved an interim one-tier exempt ordinary dividend of 6.8 cents (FY 2016: 6.8 cents) per share in respect of the current financial year ending 31 March 2017.

The financial statements for the half year ended, and as at, 30 September 2016 do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of 'Retained Earnings' in the next quarter ending 31 December 2016.

During the half year ended 30 September 2016, a final one-tier exempt ordinary dividend of 10.7 cents per share totalling S\$1.71 billion was paid in respect of the previous financial year ended 31 March 2016.

15. NET ASSET VALUE

	Group As at		Company As at	
	30 Sep 16	31 Mar 16	30 Sep 16	31 Mar 16
	S\$	S\$	S\$	S\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share	1.57	1.57	1.16	1.14

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

16. SUBSEQUENT EVENTS

- (a) On 18 August 2016, Singtel entered into conditional share purchase agreements with Temasek Holdings (Private) Limited ("**Temasek**"), its holding company, to acquire 21% of Intouch Holdings Public Company Limited ("**Intouch**") and 7.39% of Bharti Telecom Limited ("**BTL**") for approximately S\$1,585 million and S\$884 million respectively. The total consideration payable of approximately S\$2.47 billion will be funded through internal cash, short-term debt and proceeds from a share placement of 385,581,351 new Singtel shares to Temasek totalling S\$1,605 million at a price of S\$4.16 per new share.

The transaction has been approved by the shareholders of Singtel at the extraordinary general meeting held on 14 October 2016. The necessary regulatory approvals have been obtained and the transaction is expected to be completed in November 2016.

- (b) On 2 November 2016, Singapore Telecom Australia Investments Pty Limited received amended assessments from the Australian Taxation Office in regard to the acquisition financing of Optus in Australia. No provision has been made for the amended assessments as at 30 September 2016. Please refer to note 17(b) for further details.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***17. CONTINGENT LIABILITIES****(a) Guarantees**

- (i) As at 30 September 2016, the Group and Company provided bankers' and other guarantees, and insurance bonds of S\$305.3 million and S\$364.8 million (31 March 2016: S\$264.4 million and S\$480.3 million) respectively.
- (ii) As at 30 September 2016, the Company provided a guarantee for the loan of S\$1.24 billion (31 March 2016: S\$740 million) drawn down under a loan facility entered into by Singtel Group Treasury Pte. Ltd. ("**SGT**") with maturity on May 2017.
- (iii) As at 30 September 2016, the Company provided guarantees for SGT's notes issue of an aggregate equivalent amount of S\$4.38 billion (31 March 2016: S\$4.63 billion) due between January 2017 and June 2025.

- (b) In December 2013, Singapore Telecom Australia Investments Pty Limited ("**STAI**") received a tax position paper from the Australian Taxation Office ("**ATO**") in connection with the acquisition financing of Optus, and on 22 October 2014, received a Statement of Audit Position. On 30 November 2015, STAI received the final Statement of Audit Position from the ATO, and on 18 July 2016, received the findings and recommendations of ATO's Independent Review. On 25 October 2016, STAI received the determinations from the ATO and on 2 November 2016, received the amended assessments totalling A\$326 million, comprising primary tax of A\$268 million and interest of A\$58 million. STAI's holding company, Singtel Australia Investment Ltd, would be entitled to refund of withholding tax, estimated at A\$89 million. On 4 November 2016, STAI received a penalty submission paper.

STAI has received advice from external experts in relation to the matter and will vigorously defend its position. Accordingly, no provision has been made as at 30 September 2016.

In accordance with the ATO administrative practice, STAI will pay a minimum amount of 50% of the assessed primary tax by 28 December 2016. This payment will be recognised as a receivable.

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***18. CONTINGENT LIABILITIES OF JOINT VENTURES**

- (a) Bharti Airtel Limited ("**Airtel**"), a 33.1% joint venture of the Group, has disputes with various government authorities in the respective jurisdictions where its operations are based, as well as with third parties regarding certain transactions entered into in the ordinary course of business.

On 8 January 2013, the local regulator, Department of Telecommunications ("**DOT**") issued a demand on Airtel Group for Rs. 52.01 billion (Singtel's share: S\$353 million) towards levy of one time spectrum charge. The demand included a retrospective charge of Rs. 9.09 billion (Singtel's share: S\$62 million) for holding GSM spectrum beyond 6.2 Mhz for the period from 1 July 2008 to 31 December 2012 and also a prospective charge of Rs. 42.92 billion (Singtel's share: S\$291 million) for GSM spectrum held beyond 4.4 Mhz for the period from 1 January 2013, till the expiry of the initial terms of the respective licenses.

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

As at 30 September 2016, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately Rs. 127 billion (Singtel's share: S\$862 million). In respect of some of the tax issues, pending final decisions, Airtel had deposited amounts with statutory authorities.

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

Econet Wireless Limited ("**EWL**") had claimed for entitlement to a 5% stake in ANL in 2004 and a claim alleging breach of a shareholders' agreement between EWL and former shareholders of ANL in 2006 ("**Nigeria Litigations**"). Under the terms of the acquisition by Airtel of these assets from Zain International B.V. ("**Zain**") in 2010, Zain had provided Airtel certain indemnities covering the Nigeria Litigations and for certain tax claims.

On 3 November 2016, Airtel announced that it had reached an agreement with Zain where Zain is to pay approximately USD 129 million to Airtel for the settlement of all of Airtel's claims on account of the Nigeria Litigations, certain tax matters and associated legal costs. Simultaneously, Airtel and EWL agreed to settle all claims and disputes between them. With these settlements, Airtel has closed several ongoing major litigations in Nigeria, UK and Netherlands.

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

In 2008, TOT Public Company Limited ("**TOT**") and CAT Telecom Public Company Limited ("**CAT**") demanded that AIS and its subsidiary, Digital Phone Company Limited ("**DPC**") respectively pay additional revenue shares of THB 31.5 billion (Singtel's share: S\$289 million) and THB 3.4 billion (Singtel's share: S\$31 million) arising from the abolishment of excise tax. These claims were dismissed by the lower tribunals and are now pending appeal by TOT and CAT before the Supreme Administrative Court and Central Administrative Court respectively.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***18. CONTINGENT LIABILITIES OF JOINT VENTURES (Continued)**

In 2015, TOT demanded that AIS pays additional revenue share of THB 62.8 billion (Singtel's share: S\$576 million) arising from what TOT claims to be an illegality of two amendments made to the Concession Agreement, namely, Amendment 6 (regarding reduction in prepaid revenue share rate) made in 2001 and Amendment 7 (regarding deduction of roaming expense from revenue share) made in 2002, which have resulted in lower revenue share. This case is pending arbitration.

Between 2011 and 2016, TOT demanded that AIS pays additional revenue share based on gross interconnection income from 2007 to 2015 amounting to THB 36.2 billion (Singtel's share: S\$332 million) plus interest. The claims are pending arbitration.

Between 2014 to 2016, TOT demanded that AIS pays THB 41.1 billion (Singtel's share: S\$378 million) plus interest for the porting of subscribers from 900MHz to 2100MHz network. This case is pending arbitration.

As at 30 September 2016, there are a number of other claims filed by third parties against AIS and its subsidiaries amounting to THB 25.1 billion (Singtel's share: S\$231 million) which are pending adjudication.

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

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

On 7 June 2016, the Philippine Competition Commission ("**PCC**") claimed that the Joint Notice ("**Notice**") filed by Globe, PLDT Inc. and San Miguel Corporation ("**SMC**") on 30 May 2016 disclosing the acquisition of SMC's telecommunications business was deficient in form and substance and cannot be claimed to be deemed approved. On 10 June 2016, Globe responded that the Notice was filed in accordance with the prevailing rules and regulations of the Philippine Competition Act. On 12 July 2016, Globe filed a petition, asking the Court of Appeals ("**CA**") for a temporary restraining order ("**TRO**") to restrain the PCC from reviewing the acquisition of SMC's telecommunications business. On 25 July 2016, the CA issued a resolution denying Globe's application. In the same resolution, PCC is required to file a comment on Globe's petition within 10 days from receipt thereof. On 8 August 2016, PCC requested the acquisition deal to be declared void for PLDT and Globe's alleged failure to comply with Philippine Competition Act requirements. The case is still pending deliberation by the CA.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the second quarter and half year ended 30 September 2016

18. CONTINGENT LIABILITIES OF JOINT VENTURES (Continued)

PLDT filed a similar petition to the CA and secured a TRO from the CA on 26 August 2016. Globe secured CA's approval to consolidate its case with PLDT's case and the consolidation effectively extended the benefit of PLDT's TRO to Globe. The PCC filed a motion for reconsideration on 14 September 2016 and another motion via the Solicitor General on 5 October 2016 requesting the CA to void the SMC transaction and impose a fine of 1% to 5% of the transaction value. The CA has yet to issue a decision.

- (d) The Group holds an equity interest of 35% in PT Telekomunikasi Selular ("**Telkomsel**"). As at 30 September 2016, Telkomsel has filed appeals and cross-appeals amounting to approximately IDR 886 billion (Singtel's share: S\$32 million) for various tax claims arising in certain tax assessments which are pending final decisions, the outcome of which is not presently determinable.

19. GROUP SEGMENT INFORMATION

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

The Group is organised by three business segments, Group Consumer, Group Enterprise and Group Digital Life.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the Group's investments, mainly, AIS in Thailand, Airtel in India, Africa and South Asia, Globe in the Philippines, and Telkomsel in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, pay TV, fixed broadband and voice, as well as equipment sales.

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

Group Digital Life ("**GDL**") focuses on using the latest internet technologies and assets of the Group operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It focuses on three key businesses in digital life – digital marketing (Amobee), regional premium over-the-top video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), in addition to strengthening its role as Singtel's digital innovation engine through Innov8.

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

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

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***19. GROUP SEGMENT INFORMATION (Continued)***For the half year ended 30 September 2016*

Group 30 September 2016 (Unaudited)	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	4,536.7	3,191.7	265.8	-	7,994.2
Operating expenses	(3,054.5)	(2,220.1)	(320.2)	(38.2)	(5,633.0)
Other income/ (expense)	95.7	20.9	(8.6)	(0.6)	107.4
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,577.9	992.5	(63.0)	(38.8)	2,468.6
Share of pre-tax results of associates and joint ventures					
- Airtel	348.6	-	-	-	348.6
- Telkomsel	690.7	-	-	-	690.7
- Globe	148.0	-	-	-	148.0
- AIS	205.6	-	-	-	205.6
- Others	0.3	-	-	110.9	111.2
	1,393.2	-	-	110.9	1,504.1
EBITDA and share of pre-tax results of associates and joint ventures	2,971.1	992.5	(63.0)	72.1	3,972.7
Depreciation and amortisation	(741.1)	(316.9)	(33.4)	(0.6)	(1,092.0)
Earnings before interest and tax ("EBIT")	2,230.0	675.6	(96.4)	71.5	2,880.7
Segment assets					
Investment in associates and joint ventures					
- Airtel	5,365.7	-	-	-	5,365.7
- Telkomsel	3,326.0	-	-	-	3,326.0
- Globe	1,068.0	-	-	-	1,068.0
- AIS	613.6	-	-	-	613.6
- Others	24.2	-	-	429.1	453.3
	10,397.5	-	-	429.1	10,826.6
Goodwill on acquisition of subsidiaries	9,191.7	1,214.0	712.6	-	11,118.3
Other assets	11,659.0	5,367.6	640.7	3,945.8	21,613.1
	31,248.2	6,581.6	1,353.3	4,374.9	43,558.0

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***19. GROUP SEGMENT INFORMATION (Continued)***For the half year ended 30 September 2016*

Group 30 September 2015 (Unaudited)	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	5,138.0	3,041.1	213.8	-	8,392.9
Operating expenses	(3,567.6)	(2,064.0)	(278.5)	(31.9)	(5,942.0)
Other income/ (expense)	64.9	17.6	(0.3)	(2.3)	79.9
EBITDA	1,635.3	994.7	(65.0)	(34.2)	2,530.8
Share of pre-tax results of associates and joint ventures					
- Airtel	320.7	-	-	-	320.7
- Telkomsel	547.8	-	-	-	547.8
- Globe	191.9	-	-	-	191.9
- AIS	218.8	-	-	-	218.8
- Others	0.2	-	-	92.3	92.5
	1,279.4	-	-	92.3	1,371.7
EBITDA and share of pre-tax results of associates and joint ventures	2,914.7	994.7	(65.0)	58.1	3,902.5
Depreciation and amortisation	(733.5)	(298.3)	(33.0)	(1.8)	(1,066.6)
EBIT	2,181.2	696.4	(98.0)	56.3	2,835.9

Group 31 March 2016 (Audited)	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Segment assets					
Investment in associates and joint ventures					
- Airtel	5,478.7	-	-	-	5,478.7
- Telkomsel	3,471.0	-	-	-	3,471.0
- Globe	1,079.9	-	-	-	1,079.9
- AIS	605.7	-	-	-	605.7
- Others	24.7	-	-	426.2	450.9
	10,660.0	-	-	426.2	11,086.2
Goodwill on acquisition of subsidiaries	9,191.2	1,195.8	703.3	-	11,090.3
Other assets	11,728.9	5,228.5	608.8	3,823.0	21,389.2
	31,580.1	6,424.3	1,312.1	4,249.2	43,565.7

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the second quarter and half year ended 30 September 2016***19. GROUP SEGMENT INFORMATION (Continued)***For the half year ended 30 September 2016*

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

Group	30 Sep 16 S\$ Mil (Unaudited)	30 Sep 15 S\$ Mil (Unaudited)
EBIT	2,880.7	2,835.9
Exceptional items	(27.1)	16.1
Share of exceptional items of associates and joint ventures (post-tax)	1.8	82.0
Share of tax of associates and joint ventures	(442.6)	(446.7)
Profit before interest, investment income (net) and tax	2,412.8	2,487.3
Interest and investment income (net)	45.0	58.4
Finance costs	(181.3)	(169.2)
Profit before tax	2,276.5	2,376.5

OTHER INFORMATION

- 20.** The financial position as at 30 September 2016 and the results, statements of changes in equity and cash flows for the second quarter and half year ended 30 September 2016 presented in this announcement have not been audited, but have been reviewed by Deloitte & Touche LLP in Singapore in accordance with the Singapore Standard on Review Engagements 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (see review report on page 35 of this announcement).

21. REVIEW OF PERFORMANCE OF THE GROUP

Please refer to the Management Discussion and Analysis of the Group for the second quarter and half year ended 30 September 2016.

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

Please refer to the Management Discussion and Analysis of the Group for the second quarter and half year ended 30 September 2016.

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

Please refer to the Management Discussion and Analysis of the Group for the second quarter and half year ended 30 September 2016.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the second quarter and half year ended 30 September 2016

24. INTERESTED PERSON TRANSACTIONS

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

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

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

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 financial statements for the second quarter and half year ended 30 September 2016 to be false or misleading.

On behalf of the Board of Directors

Bobby Chin Yoke Choong
Chairman of Audit Committee

Chua Sock Koong
Director

Singapore
9 November 2016

INDEPENDENT AUDITORS' REVIEW REPORT

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 SECOND
QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016**

Introduction

We have reviewed the accompanying statement of financial position of Singapore Telecommunications Limited ("**Singtel**" or the "**Company**") as of 30 September 2016 and statement of changes in equity of the Company for the Second Quarter and Half Year then ended, the statement of financial position of Singapore Telecommunications Limited and its subsidiary companies (the "**Group**") as of 30 September 2016 and related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the Second Quarter and Half Year then ended, selected notes and other explanatory information ("**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 Management of Singtel for announcement on the Singapore Exchange. Our responsibility is to express a conclusion to this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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
Chartered Accountants

Singapore
9 November 2016