



**SINGAPORE TELECOMMUNICATIONS LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

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CONSOLIDATED INCOME STATEMENT*For the first quarter ended 30 June 2014*

	Notes	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Operating revenue		4,147.6	4,293.3
Operating expenses		(2,921.7)	(3,032.4)
Other income	2	28.5	34.9
		<u>1,254.4</u>	<u>1,295.8</u>
Depreciation and amortisation	3	(532.9)	(539.6)
		<u>721.5</u>	<u>756.2</u>
Exceptional items	4	(35.2)	150.9
Profit on operating activities		686.3	907.1
Associates and joint ventures			
- share of ordinary results		622.0	571.2
- share of tax of ordinary results		(205.5)	(176.3)
- share of exceptional items (post-tax)	5	(23.2)	(38.8)
		<u>393.3</u>	<u>356.1</u>
Profit before interest, investment income (net) and tax		1,079.6	1,263.2
Interest and investment income (net)	6	23.6	30.4
Finance costs	7	(75.2)	(79.3)
Profit before tax		1,028.0	1,214.3
Tax expense	8	(192.0)	(201.1)
Profit after tax		836.0	1,013.2
Attributable to:			
Shareholders of the Company		834.6	1,011.0
Non-controlling interests		1.4	2.2
		<u>836.0</u>	<u>1,013.2</u>
Earnings per share attributable to shareholders of the Company			
- basic	10	5.24¢	6.35¢
- diluted	10	5.22¢	6.33¢

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the first quarter ended 30 June 2014*

	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Profit after tax	836.0	1,013.2
Other comprehensive (loss)/ income		
Items that may be reclassified subsequently to income statement:		
Exchange differences arising from translation of foreign operations and other currency translation differences for the quarter	(108.7)	(832.1)
Cash flow hedges		
- Fair value changes	(65.2)	418.1
- Tax effects	15.7	(85.8)
	(49.5)	332.3
- Fair value changes transferred to income statement	74.5	(301.2)
- Tax effects	(12.9)	77.7
	61.6	(223.5)
	12.1	108.8
Fair value changes on available-for-sale investments during the quarter	35.8	(10.3)
Share of other comprehensive gain/ (loss) of associates and joint ventures	0.9	(98.9)
Other comprehensive loss, net of tax	(59.9)	(832.5)
Total comprehensive income	776.1	180.7
Attributable to:		
Shareholders of the Company	774.7	178.4
Non-controlling interests	1.4	2.3
	776.1	180.7

STATEMENTS OF FINANCIAL POSITION*As at 30 June 2014*

	Notes	Group		Company	
		As at 30 Jun 14 S\$ Mil (Unaudited)	As at 31 Mar 14 S\$ Mil (Audited)	As at 30 Jun 14 S\$ Mil (Unaudited)	As at 31 Mar 14 S\$ Mil (Audited)
Current assets					
Cash and cash equivalents		649.0	622.5	78.1	105.0
Trade and other receivables		3,599.1	3,555.8	604.2	652.4
Due from subsidiaries		-	-	2,179.7	1,933.4
Derivative financial instruments		1.0	3.4	1.9	2.5
Inventories		242.1	169.6	27.1	19.5
		4,491.2	4,351.3	2,891.0	2,712.8
Non-current assets					
Property, plant and equipment		10,979.7	11,096.3	1,976.2	2,037.5
Intangible assets		10,740.7	10,739.7	0.9	1.0
Subsidiaries		-	-	13,487.2	13,484.5
Joint ventures		9,575.6	9,949.9	22.1	24.1
Associates		178.4	178.3	603.5	603.5
Loan to an associate		1,330.5	1,330.5	1,330.5	1,330.5
Available-for-sale investments ("AFS")		302.0	291.3	54.2	54.9
Derivative financial instruments		288.1	298.0	173.1	160.5
Deferred tax assets		839.4	828.5	-	-
Other non-current receivables		287.4	256.2	211.2	198.5
		34,521.8	34,968.7	17,858.9	17,895.0
Total assets		39,013.0	39,320.0	20,749.9	20,607.8
Current liabilities					
Trade and other payables		3,516.6	3,797.9	883.6	996.9
Due to subsidiaries		-	-	821.8	837.2
Advance billings		630.1	643.6	68.4	66.0
Current tax liabilities		431.8	366.0	87.0	59.1
Borrowings (unsecured)	12	-	774.6	-	-
Borrowings (secured)	12	36.6	38.9	1.2	1.5
Derivative financial instruments		8.3	11.5	5.4	2.3
Net deferred gain		57.5	57.5	-	-
		4,680.9	5,690.0	1,867.4	1,963.0
Non-current liabilities					
Borrowings (unsecured)	12	6,842.9	7,046.9	808.5	793.2
Borrowings (secured)	12	175.2	179.7	161.9	161.9
Derivative financial instruments		418.7	412.8	333.3	359.6
Advance billings		293.8	298.5	162.2	164.1
Deferred income		6.9	7.6	-	-
Net deferred gain		1,146.2	1,155.7	-	-
Deferred tax liabilities		470.3	444.9	254.6	242.5
Other non-current liabilities		307.8	191.3	14.5	24.2
		9,661.8	9,737.4	1,735.0	1,745.5
Total liabilities		14,342.7	15,427.4	3,602.4	3,708.5
Net assets		24,670.3	23,892.6	17,147.5	16,899.3
Share capital and reserves					
Share capital	13	2,634.0	2,634.0	2,634.0	2,634.0
Reserves		22,011.0	21,234.2	14,513.5	14,265.3
Equity attributable to shareholders of the Company		24,645.0	23,868.2	17,147.5	16,899.3
Non-controlling interests		25.3	24.4	-	-
Total equity		24,670.3	23,892.6	17,147.5	16,899.3

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the first quarter ended 30 June 2014*

Group - 2014	Attributable to shareholders of the Company									Non-controlling Interests S\$ Mil	Total Equity S\$ Mil
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares 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 2014	2,634.0	(38.6)	(99.0)	(3,693.0)	(138.8)	106.2	26,366.5	(1,269.1)	23,868.2	24.4	23,892.6
Changes in equity for the quarter											
Performance shares purchased by the Company	-	(2.3)	-	-	-	-	-	-	(2.3)	-	(2.3)
Performance shares purchased by Trust ⁽⁴⁾	-	(4.2)	-	-	-	-	-	-	(4.2)	-	(4.2)
Performance shares vested	-	38.0	(38.0)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	8.9	-	-	-	-	-	8.9	-	8.9
Transfer of liability to equity	-	-	15.0	-	-	-	-	-	15.0	-	15.0
Cash paid to employees under performance share plans	-	-	(0.2)	-	-	-	-	-	(0.2)	-	(0.2)
Performance shares purchased by Optus and vested	-	-	(14.9)	-	-	-	-	-	(14.9)	-	(14.9)
Share of other reserves of associates and joint ventures	-	-	-	-	-	-	-	0.3	0.3	-	0.3
Others	-	-	-	-	-	-	(0.5)	-	(0.5)	(0.5)	(1.0)
	-	31.5	(29.2)	-	-	-	(0.5)	0.3	2.1	(0.5)	1.6
Total comprehensive (loss)/ income for the quarter	-	-	-	(108.7)	12.1	35.8	834.6	0.9	774.7	1.4	776.1
Balance as at 30 June 2014	2,634.0	(7.1)	(128.2)	(3,801.7)	(126.7)	142.0	27,200.6	(1,267.9)	24,645.0	25.3	24,670.3

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the first quarter ended 30 June 2014

Group - 2013	Attributable to shareholders of the Company									Non-controlling Interests S\$ Mil	Total Equity S\$ Mil
	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	Capital Reserve - Performance Shares 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 2013	2,634.0	(42.1)	(89.9)	(2,565.2)	(250.2)	80.8	25,424.8	(1,227.6)	23,964.6	24.6	23,989.2
Changes in equity for the quarter											
Performance shares purchased by the Company	-	(4.1)	-	-	-	-	-	-	(4.1)	-	(4.1)
Performance shares purchased by Trust ⁽⁴⁾	-	(4.7)	-	-	-	-	-	-	(4.7)	-	(4.7)
Performance shares vested	-	27.3	(27.3)	-	-	-	-	-	-	-	-
Equity-settled performance shares	-	-	4.3	-	-	-	-	-	4.3	-	4.3
Transfer of liability to equity	-	-	10.3	-	-	-	-	-	10.3	-	10.3
Performance shares purchased by Optus and vested	-	-	(11.4)	-	-	-	-	-	(11.4)	-	(11.4)
Share of other reserves of associates and joint ventures	-	0.3	(0.4)	-	-	-	-	-	(0.1)	-	(0.1)
Goodwill transferred from 'Other reserves' to 'Retained Earnings' on dilution	-	-	-	-	-	-	(29.1)	29.1	-	-	-
	-	18.8	(24.5)	-	-	-	(29.1)	29.1	(5.7)	-	(5.7)
Total comprehensive (loss)/ income for the quarter	-	-	-	(832.2)	108.8	(10.3)	1,011.0	(98.9)	178.4	2.3	180.7
Balance as at 30 June 2013	2,634.0	(23.3)	(114.4)	(3,397.4)	(141.4)	70.5	26,406.7	(1,297.4)	24,137.3	26.9	24,164.2

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the first quarter ended 30 June 2014*

Company - 2014	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ S\$ Mil	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 2014	2,634.0	(1.4)	(67.4)	(104.5)	45.3	14,393.3	16,899.3
Changes in equity for the quarter							
Performance shares purchased by the Company	-	(2.3)	-	-	-	-	(2.3)
Performance shares vested	-	3.7	(3.6)	-	-	-	0.1
Equity-settled performance shares	-	-	4.2	-	-	-	4.2
Transfer of liability to equity	-	-	15.0	-	-	-	15.0
Cash paid to employees under performance share plans	-	-	(0.2)	-	-	-	(0.2)
Contribution to Trust ⁽⁴⁾	-	-	(2.4)	-	-	-	(2.4)
	-	1.4	13.0	-	-	-	14.4
Total comprehensive income/ (loss) for the quarter	-	-	-	23.8	(0.8)	210.8	233.8
Balance as at 30 June 2014	2,634.0	0.0	(54.4)	(80.7)	44.5	14,604.1	17,147.5

SINGAPORE TELECOMMUNICATIONS LIMITED AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)*For the first quarter ended 30 June 2014*

Company - 2013	Share Capital S\$ Mil	Treasury Shares ⁽¹⁾ 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 2013	2,634.0	-	(69.9)	(130.3)	56.8	13,574.6	16,065.2
Changes in equity for the quarter							
Performance shares purchased by the Company	-	(4.1)	-	-	-	-	(4.1)
Performance shares vested	-	3.7	(2.8)	-	-	-	0.9
Equity-settled performance shares	-	-	2.8	-	-	-	2.8
Transfer of liability to equity	-	-	10.3	-	-	-	10.3
Cash paid to employees under performance share plans	-	-	(0.2)	-	-	-	(0.2)
Contribution to Trust ⁽⁴⁾	-	-	(3.2)	-	-	-	(3.2)
	-	(0.4)	6.9	-	-	-	6.5
Total comprehensive income/ (loss) for the quarter	-	-	-	10.8	(4.9)	335.5	341.4
Balance as at 30 June 2013	2,634.0	(0.4)	(63.0)	(119.5)	51.9	13,910.1	16,413.1

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 (loss)/ income of the associates and joint ventures.
- (4) 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 first quarter ended 30 June 2014*

	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Cash Flows from Operating Activities		
Profit before tax	1,028.0	1,214.3
Adjustments for:		
Depreciation and amortisation	532.9	539.6
Exceptional items	(5.0)	(153.0)
Interest and investment income (net)	(23.6)	(30.4)
Finance costs	75.2	79.3
Share of results of associates and joint ventures (post-tax)	(393.3)	(356.1)
Other non-cash items	15.8	0.3
	<u>202.0</u>	<u>79.7</u>
Operating cash flow before working capital changes	1,230.0	1,294.0
Changes in operating assets and liabilities		
Trade and other receivables	(143.9)	(192.9)
Trade and other payables	50.7	(286.6)
Inventories	(42.4)	18.0
Currency translation adjustments of subsidiaries	(0.4)	(3.4)
	<u>1,094.0</u>	<u>829.1</u>
Cash generated from operations	1,094.0	829.1
Payment to employees in cash under performance share plans	(0.5)	(4.2)
Dividends received from associates and joint ventures	757.0	735.7
Income tax and withholding tax paid	(120.9)	(119.8)
	<u>1,729.6</u>	<u>1,440.8</u>
Net cash inflow from operating activities	1,729.6	1,440.8
Cash Flows from Investing Activities		
Dividends received from AFS investments	1.2	1.1
Interest received	20.3	18.9
Payment for acquisition of subsidiaries, net of cash acquired (Note 1)	(10.1)	(10.1)
Payment for acquisition of non-controlling interests	(2.7)	-
Investment in joint venture	(0.5)	-
Investment in AFS investments	(11.3)	(7.2)
Proceeds from sale of AFS investments	40.6	0.1
Proceeds from capital reduction of joint venture	2.0	-
Payment for purchase of property, plant and equipment	(545.7)	(547.8)
Proceeds from sale of property, plant and equipment	0.9	4.1
Purchase of intangible assets	(99.7)	(190.3)
	<u>(605.0)</u>	<u>(731.2)</u>
Net cash outflow for investing activities	(605.0)	(731.2)

CONSOLIDATED STATEMENT OF CASH FLOWS*For the first quarter ended 30 June 2014*

	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Cash Flows from Financing Activities		
Proceeds from term loans	233.9	385.5
Repayment of term loans	(1,207.9)	(552.1)
Proceeds from finance lease liabilities	4.4	3.1
Finance lease payments	(11.3)	(11.4)
Net repayment of borrowings	(980.9)	(174.9)
Net interest paid on borrowings and swaps	(96.7)	(90.7)
Purchase of performance shares	(21.4)	(20.2)
Net cash outflow for financing activities	(1,099.0)	(285.8)
Net change in cash and cash equivalents	25.6	423.8
Exchange effects on cash and cash equivalents	0.9	(23.1)
Cash and cash equivalents at beginning of period	622.5	911.0
Cash and cash equivalents at end of period	649.0	1,311.7

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS*For the first quarter ended 30 June 2014*

Note (1): The amounts relate to deferred payments in respect of the acquisition of Amobee Inc. (“**Amobee**”).

Note (2): For the purposes of the consolidated cash flow statements, cash and cash equivalents comprise:

	As at 30 Jun	
	2014	2013
	S\$ Mil	S\$ Mil
	(Unaudited)	(Unaudited)
Fixed deposits	136.9	999.1
Cash and bank balances	512.1	312.6
	<u>649.0</u>	<u>1,311.7</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***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 2014. The adoption of the new or revised FRS, amendments to FRS and Interpretations to FRS which became mandatory from 1 April 2014 did not have a significant impact on the financial statements of the Group and the Company.

2. OTHER INCOME

This included the following items -

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Rental income	1.0	1.0
Bad trade debts recovered	0.9	1.2
Net exchange loss - trade related	(0.4)	*
Net gain on disposal of property, plant and equipment	0.1	7.4

3. DEPRECIATION AND AMORTISATION

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Depreciation of property, plant and equipment	489.5	497.3
Amortisation of intangibles	44.2	43.1
Amortisation of deferred gain on sale of a joint venture	(0.8)	(0.8)
	532.9	539.6

In the quarter, the Group reviewed and revised the useful lives of certain property, plant and equipment which resulted in lower depreciation charges of S\$14 million (S\$10 million post-tax) for the quarter.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***4. EXCEPTIONAL ITEMS**

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Exceptional gains		
Gain on dilution of interest in Airtel	-	149.7
Gain on dilution of interest in associates and joint ventures	0.9	3.3
Gain on sale of AFS investments	4.1	-
	5.0	153.0
Exceptional losses		
Staff restructuring costs	(40.2)	(2.1)
	(35.2)	150.9

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

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Share of Globe's accelerated depreciation	(6.2)	(37.4)
Share of Airtel's exceptional items	(17.0)	(1.4)
	(23.2)	(38.8)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***6. INTEREST AND INVESTMENT INCOME (NET)**

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Interest income from		
- bank deposits	4.0	3.0
- others	8.5	8.0
	12.5	11.0
Dividends from joint ventures	10.0	11.2
Gross dividends from AFS investments	1.7	1.8
Fair value (losses)/ gains on fair value hedges		
- hedged item	(43.1)	140.0
- hedging instrument	38.3	(140.0)
	(4.8)	-
Fair value gains/ (losses) on cash flow hedges transferred from other comprehensive income		
- hedged item	74.5	(301.2)
- hedging instrument	(74.5)	301.2
	-	-
Other fair value gains	5.2	4.9
Net foreign exchange (losses)/ gains - non-trade related	(1.0)	1.5
	<u>23.6</u>	<u>30.4</u>

7. FINANCE COSTS

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Interest expense on		
- bonds	63.5	62.4
- bank loans	4.5	9.6
- others	7.8	7.6
	75.8	79.6
Less : Amounts capitalised	(4.7)	(4.7)
	71.1	74.9
Effects of hedging using interest rate swaps	2.9	3.2
Unwinding of discounts (including adjustments)	1.2	1.2
	<u>75.2</u>	<u>79.3</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***8. TAX EXPENSE**

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Current and deferred tax expense attributable to current period's profits	190.4	200.3
Current and deferred tax adjustments in respect of prior years	1.6	0.8
	192.0	201.1

9. OTHER ITEMS

The income statement included the following items:

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
Impairment of trade receivables	36.2	50.3
Allowance for inventory obsolescence	*	20.0

"*" denotes less than +/- S\$0.05 million

10. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

Group	30 Jun 14 '000 (Unaudited)	30 Jun 13 '000 (Unaudited)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	15,934,220	15,931,404
Adjustment for dilutive effect of performance share plan	44,962	45,195
Weighted average number of ordinary shares for calculation of diluted earnings per share	15,979,182	15,976,599

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***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**).

The following table presents the assets and liabilities measured at fair value as at 30 June 2014:

Group 30 Jun 2014 (Unaudited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾				
- Quoted equity securities	112.8	-	-	112.8
- Unquoted investments	-	-	91.4	91.4
	112.8	-	91.4	204.2
Derivative financial instruments	-	289.1	-	289.1
	112.8	289.1	91.4	493.3
Financial liabilities				
Derivative financial instruments	-	427.0	-	427.0

Group 31 Mar 2014 (Audited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments ⁽¹⁾				
- Quoted equity securities	62.9	-	-	62.9
- Unquoted investments	-	-	108.2	108.2
	62.9	-	108.2	171.1
Derivative financial instruments	-	301.4	-	301.4
	62.9	301.4	108.2	472.5
Financial liabilities				
Derivative financial instruments	-	424.3	-	424.3

Note:

(1) Excluded AFS investments stated at cost of S\$97.8 million (31 March 2014: S\$120.2 million).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***11. FAIR VALUE MEASUREMENTS (Continued)**

Company 30 Jun 2014 (Unaudited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments				
- Quoted equity securities	43.3	-	-	43.3
- Unquoted equity securities	-	-	10.9	10.9
	43.3	-	10.9	54.2
Derivative financial instruments	-	175.0	-	175.0
	43.3	175.0	10.9	229.2
Financial liabilities				
Derivative financial instruments	-	338.7	-	338.7

Company 31 Mar 2014 (Audited)	Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial assets				
AFS investments				
- Quoted equity securities	44.4	-	-	44.4
- Unquoted equity securities	-	-	10.5	10.5
	44.4	-	10.5	54.9
Derivative financial instruments	-	163.0	-	163.0
	44.4	163.0	10.5	217.9
Financial liabilities				
Derivative financial instruments	-	361.9	-	361.9

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***11. FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the liabilities not measured at fair value (but with fair value disclosed) as at 30 June 2014:

30 Jun 2014 (Unaudited)	Carrying Value S\$ Mil	Fair value			
		Level 1 S\$ Mil	Level 2 S\$ Mil	Level 3 S\$ Mil	Total S\$ Mil
Financial liabilities					
Group					
Bonds	6,690.4	5,236.3	1,754.2	-	6,990.5
Company					
Bonds	808.5	866.2	-	-	866.2

31 Mar 2014 (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	6,696.9	5,189.1	1,745.7	-	6,934.8
Company					
Bonds	793.2	835.6	-	-	835.6

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***12. GROUP'S BORROWINGS AND DEBT SECURITIES**

	Group		Company	
	30 Jun 14 S\$ Mil (Unaudited)	31 Mar 14 S\$ Mil (Audited)	30 Jun 14 S\$ Mil (Unaudited)	31 Mar 14 S\$ Mil (Audited)
Unsecured borrowings				
Repayable within one year	-	774.6	-	-
Repayable after one year	6,842.9	7,046.9	808.5	793.2
	6,842.9	7,821.5	808.5	793.2
Secured borrowings				
Repayable within one year	36.6	38.9	1.2	1.5
Repayable after one year	175.2	179.7	161.9	161.9
	211.8	218.6	163.1	163.4
	7,054.7	8,040.1	971.6	956.6

Unsecured borrowings comprise bonds and bank loans. Secured borrowings comprise finance lease liabilities, including lease liabilities in respect of certain assets leased from NetLink Trust.

13. SHARE CAPITAL AND OTHER EQUITY INFORMATION

Group and Company	30 Jun 14	
	Number of shares Mil (Unaudited)	Share capital S\$ Mil (Unaudited)
Balance as at 1 April 2014 and 30 June 2014	15,943.6	2,634.0

As at 30 June 2014, the number of outstanding performance shares under SingTel's performance share plans was 39,350,364 (31 March 2014: 46,303,329).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***14. NET ASSET VALUE**

	Group		Company	
	As at		As at	
	30 Jun 14	31 Mar 14	30 Jun 14	31 Mar 14
	S\$	S\$	S\$	S\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share	<u>1.55</u>	<u>1.50</u>	<u>1.08</u>	<u>1.06</u>

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.

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

- (i) As at 30 June 2014, the Group and Company provided bankers' and other guarantees, and insurance bonds of S\$642.3 million and S\$309.8 million (31 March 2014: S\$648.2 million and S\$312.7 million) respectively.
- (ii) As at 31 March 2014, the Company provided guarantees for loans of S\$950 million drawn down under various loan facilities entered into by SingTel Group Treasury Pte. Ltd. ("SGT") with maturities between December 2014 and May 2017. The loans have been repaid and there was no guarantee provided by the Company as at 30 June 2014.
- (iii) As at 30 June 2014, the Company provided guarantees for SGT's notes issue of an aggregate equivalent amount of S\$3.40 billion (31 March 2014: S\$3.40 billion) due between July 2016 and September 2021.

- (b) Consistent with other large groups, Singapore Telecom Australia Investments Pty Limited ("STAI"), the head tax entity in Australia, has been subject to information requests from the Australian Taxation Office ("ATO"). STAI has received information requests in connection with the acquisition financing of Optus. STAI has been responding to the ATO's queries. In December 2013, STAI received a tax position paper from the ATO. STAI has received advice from external experts in relation to this and has responded to the ATO. Accordingly, no provision has been made as at 30 June 2014.

- (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 first quarter ended 30 June 2014***16. CONTINGENT LIABILITIES OF JOINT VENTURES**

- (a) Bharti Airtel Limited ("**Airtel**"), a 32.4% 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\$350 million) towards levy of one time spectrum charge. The demand included a retrospective charge of Rs. 9.09 billion (SingTel's share: S\$61 million) for holding GSM spectrum beyond 6.2 Mhz for the period from 1 July 2008 to 31 December 2012 and also a prospective charge of Rs. 42.92 billion (SingTel's share: S\$289 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 June 2014, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately Rs. 80.5 billion (SingTel's share: S\$542 million). In respect of some of the tax issues, pending final decisions, Airtel had deposited amounts with statutory authorities.

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

Econet Wireless Limited ("**EWL**") has claimed for entitlement to a 5% stake in ANL in 2004 and a claim alleging breach of a shareholders' agreement between EWL and former shareholders of ANL in 2006. Airtel Group has filed appeals in the Supreme Court of Nigeria on both matters.

Airtel is defending its positions vigorously. Under the terms of the acquisition by Airtel of these assets from Zain International B.V. in 2010, Airtel has the benefit of applicable seller's indemnities in respect of such matters.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS*For the first quarter ended 30 June 2014***16. CONTINGENT LIABILITIES OF JOINT VENTURES (Continued)**

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

Revenue share disputes arising from abolishment of excise tax

In January 2008, TOT Public Company Limited (“**TOT**”) and CAT Telecom Public Company Limited (“**CAT**”) demanded additional payments of revenue share from AIS and its subsidiary, Digital Phone Company Limited (“**DPC**”) respectively.

CAT had submitted its case against DPC to arbitration and the Arbitral Tribunal has dismissed CAT’s case against DPC on 1 March 2011. On 3 June 2011, CAT began proceedings to appeal against the Arbitral Tribunal’s decision in the Central Administrative Court.

On 20 May 2011, the Arbitral Tribunal dismissed TOT’s claim against AIS for additional revenue share. On 22 September 2011, TOT submitted its case to the Central Administrative Court to appeal against the Arbitral Tribunal’s award.

TOT’s demand for additional revenue share

On 26 January 2011, TOT sent a letter demanding AIS to pay additional revenue share based on gross interconnection income received from 2007 to 2010 of THB 17,803 million (SingTel’s share: S\$160 million) plus interest at the rate of 1.25% per month. AIS sent a letter opposing the said claim to TOT on 21 February 2011. On 9 March 2011, AIS submitted the dispute to arbitration. The said dispute is pending the arbitration procedures.

TOT’s demand for access charge

On 9 May 2011, TOT submitted a case to the Central Administrative Court against CAT as first defendant and DPC as second defendant demanding access charge amounting to THB 2,954 million (SingTel’s share: S\$26 million) plus interest. This case is pending the Court’s decision.

AIS’ management believes that the case has no material impact to its financial statements because DPC has correctly and fully complied with the law and the relevant agreements in all respects.

- (c) Globe Telecom, Inc. (“**Globe**”), a 47.2% 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.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the first quarter ended 30 June 2014

16. CONTINGENT LIABILITIES OF JOINT VENTURES (Continued)

- (d) The Group holds an equity interest of 35% in PT Telekomunikasi Selular ("Telkomsel"). As at 30 June 2014, Telkomsel has filed appeals and cross-appeals amounting to approximately IDR 736 billion (SingTel's share: S\$27 million) for various tax claims arising in certain tax assessments which are pending final decisions, the outcome of which are not presently determinable.

17. DIVIDENDS

No dividends have been recommended in the current quarter ended 30 June 2014. No dividends were recommended or declared for the same period last year.

18. GROUP SEGMENT INFORMATION

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

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

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

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

Group Digital Life focuses on using the latest internet technologies and assets of the Group's operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It includes digital and mobile advertising, e-commerce, concierge and hyper-local services.

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

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

The costs of shared and common infrastructure are allocated to business segments using established methodologies. As a result of higher utilisation of shared infrastructure by mobile in Australia, certain costs have been reallocated between Consumer and Enterprise business segments with effect from 1 April 2014.

For comparative purpose, the EBITDA and EBIT of the business segments for the corresponding quarter ended 30 June 2013 have been restated to reflect the changes in cost allocation. The impact of the change was a reduction to Group Consumer's EBITDA and EBIT of S\$19 million and S\$36 million respectively, and a corresponding increase to Group Enterprise's EBITDA and EBIT of S\$19 million and S\$36 million respectively. The Group's overall EBITDA and EBIT remain unchanged.

18. GROUP SEGMENT INFORMATION (Continued)*For the first quarter ended 30 June 2014*

Group 30 Jun 2014 (Unaudited)	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	2,544.4	1,555.5	47.7	-	4,147.6
Operating expenses	(1,760.1)	(1,051.5)	(93.1)	(17.0)	(2,921.7)
Other income	22.0	5.8	0.3	0.4	28.5
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	806.3	509.8	(45.1)	(16.6)	1,254.4
Share of pre-tax results of associates and joint ventures					
- Airtel	191.0	-	-	-	191.0
- Telkomsel	222.2	-	-	-	222.2
- Globe	84.3	-	-	-	84.3
- AIS	96.3	-	-	-	96.3
- Others	0.1	-	-	28.1	28.2
	593.9	-	-	28.1	622.0
EBITDA and share of pre-tax results of associates and joint ventures	1,400.2	509.8	(45.1)	11.5	1,876.4
Depreciation and amortisation	(367.7)	(151.3)	(13.0)	(0.9)	(532.9)
Earnings before interest and tax ("EBIT")	1,032.5	358.5	(58.1)	10.6	1,343.5
Segment assets					
Investment in associates and joint ventures					
- Airtel	4,899.5	-	-	-	4,899.5
- Telkomsel	2,916.7	-	-	-	2,916.7
- Globe	962.7	-	-	-	962.7
- AIS	693.9	-	-	-	693.9
- Others	25.2	-	-	256.0	281.2
	9,498.0	-	-	256.0	9,754.0
Goodwill on acquisition of subsidiaries	9,199.8	182.6	319.6	-	9,702.0
Other assets	10,408.3	4,848.2	552.9	3,747.6	19,557.0
	29,106.1	5,030.8	872.5	4,003.6	39,013.0

18. GROUP SEGMENT INFORMATION (Continued)*For the first quarter ended 30 June 2014*

Group 30 Jun 2013 (Unaudited)	Group Consumer S\$ Mil	Group Enterprise S\$ Mil	Group Digital Life S\$ Mil	Corporate S\$ Mil	Group Total S\$ Mil
Operating revenue	2,703.4	1,560.2	29.7	-	4,293.3
Operating expenses	(1,932.6)	(1,024.3)	(61.4)	(14.1)	(3,032.4)
Other income	18.5	14.7	(0.5)	2.2	34.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	789.3	550.6	(32.2)	(11.9)	1,295.8
Share of pre-tax results of associates and joint ventures					
- Airtel	120.0	-	-	-	120.0
- Telkomsel	255.4	-	-	-	255.4
- Globe	70.5	-	-	-	70.5
- AIS	112.5	-	-	-	112.5
- Others	0.1	-	-	19.3	19.4
	558.5	-	-	19.3	577.8
EBITDA and share of pre-tax results of associates and joint ventures	1,347.8	550.6	(32.2)	7.4	1,873.6
Depreciation and amortisation	(374.3)	(153.7)	(11.4)	(0.2)	(539.6)
Earnings before interest and tax ("EBIT")	973.5	396.9	(43.6)	7.2	1,334.0

Group 31 Mar 2014 (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	4,889.6	-	-	-	4,889.6
- Telkomsel	3,433.8	-	-	-	3,433.8
- Globe	900.0	-	-	-	900.0
- AIS	624.2	-	-	-	624.2
- Others	24.8	-	-	255.8	280.6
	9,872.4	-	-	255.8	10,128.2
Goodwill on acquisition of subsidiaries	9,199.1	181.9	322.6	-	9,703.6
Other assets	10,472.2	4,873.0	542.7	3,600.3	19,488.2
	29,543.7	5,054.9	865.3	3,856.1	39,320.0

18. GROUP SEGMENT INFORMATION (Continued)*For the first quarter ended 30 June 2014*

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

Group	30 Jun 14 S\$ Mil (Unaudited)	30 Jun 13 S\$ Mil (Unaudited)
EBIT	1,343.5	1,334.0
Exceptional items	(35.2)	150.9
Share of exceptional items of associates and joint ventures (post-tax)	(23.2)	(45.4)
Share of tax of associates and joint ventures	(205.5)	(176.3)
Profit before interest, investment income (net) and tax	1,079.6	1,263.2
Interest and investment income (net)	23.6	30.4
Finance costs	(75.2)	(79.3)
Profit before tax	1,028.0	1,214.3

OTHER INFORMATION

- 19.** The statement of financial position as at 30 June 2014 and the results, statement of changes in equity and cash flows for the first quarter ended 30 June 2014 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 28 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 2014.

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 2014.

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 2014.

23. INTERESTED PERSON TRANSACTIONS

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

24. SUBSEQUENT EVENTS

On 1 July 2014, the Group completed the acquisition of 100% of the share capital of Kontera Technologies, Inc. ("**Kontera**") for an aggregate cash consideration of approximately US\$150 million. Kontera is a digital content intelligence and marketing technology company in USA.

On 1 August 2014, the Group completed the acquisition of 100% of the share capital of Adconion Media, Inc. in USA, and Adconion Pty Limited in Australia (together, "**Adconion**"), for an aggregate cash consideration of approximately US\$209 million. Adconion is a cross channel digital advertising group which offers digital advertising solutions from a unified technology platform.

On 31 July 2014, the Group's associated company, Singapore Post Limited ("**SingPost**") completed its issuance and transfer of shares to Alibaba Investment Limited ("**Alibaba**"). Alibaba will hold approximately 10.32% equity interest in SingPost and the Group's shareholding in SingPost will consequently be changed from 25.4% to 23.2%.

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 first quarter ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

Fang Ai Lian
Chairman of Audit Committee

Chua Sock Koong
Director

Singapore
13 August 2014

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 FIRST
QUARTER ENDED 30 JUNE 2014**

Introduction

We have reviewed the accompanying statement of financial position of Singapore Telecommunications Limited ("SingTel" or the "Company") as of 30 June 2014 and statement of changes in equity of the Company for the First Quarter then ended, the consolidated statement of financial position of Singapore Telecommunications Limited and its subsidiary companies (the "Group") as of 30 June 2014 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 information ("interim financial information").

The Management of SingTel are responsible for the preparation and fair 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 and the Australian Securities 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, 13 August 2014