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OPTUS FINANCE PTY LIMITED

ABN 31 086 656 162

(a company incorporated under the laws of the Commonwealth of Australia)
as Issuer on the basis set out below

€3,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Singtel Optus Pty Limited

ABN 90 052 833 208

(a company incorporated under the laws of the Commonwealth of Australia)

and by certain of its subsidiaries

On 31 July 2009, Optus Finance Pty Limited ("Optus Finance" or the "Issuer") entered into a Euro Medium Term Note Programme (the "Programme") and prepared an Offering Circular dated 31 July 2009 as subsequently updated by the Offering Circulars dated 30 August 2010, 28 July 2011, 26 July 2012, 25 July 2013, 24 July 2014, 27 July 2015, 25 July 2016, 27 July 2017 and 25 July 2018. This Offering Circular updates the Programme and supersedes any previous Offering Circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular. Under this Programme the Issuer may from time to time issue notes (the "Notes") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Singtel Optus Pty Limited ("Singtel Optus"), the Issuer's parent company and certain of its subsidiaries (together with Singtel Optus, the "Guarantors"), pursuant to separate guarantees (each a "Guarantee" and together the "Guarantees"). Singtel Optus will remain a Guarantor, but the Subsidiary Guarantors (as defined herein) may change from time to time. Any release of a Subsidiary Guarantor from its Guarantee will be notified to the Noteholders. The Guarantors and the Issuer are collectively referred to in this Offering Circular as the "Obligors".

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "Pricing Supplement").

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries and associated companies (if any), the Programme or such Notes.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets (including but not limited to non-regulated markets) as may be agreed between the Issuer, the Guarantors and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered or sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

MiFID II Product Governance/Target Market – The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II Product Governance/Target Market" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II" is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Important – EEA Retail Investors – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (The "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes must not be acquired by an Offshore Associate of the Issuer (as defined under "Taxation – Australian Taxation"). For these purposes, an Offshore Associate of the Issuer may include, but is not limited to, any entity that is directly or indirectly owned or controlled by Singapore Telecommunications Limited ARBN 096 701 567 ("Singtel") or Temasek Holdings (Private) Limited ("Temasek"). Any investor who believes that it may be affiliated with or related to any of the above-mentioned entities or who otherwise believes it may be an Offshore Associate of the Issuer, should make appropriate enquiries before investing in any Notes. For more details, please refer to page ii below and "Taxation – Australian Taxation".

The Programme has been rated A2 by Moody's Investors Service ("Moody's") and A by S&P Global Ratings, a division of S&P Global Inc. ("Standard & Poor's") in respect of Notes with a maturity of more than one year. The Notes of each Tranche (as defined herein) or Series (as defined herein) issued under the Programme may be rated or unrated. Where the Notes of a Tranche or a Series are rated, such rating will not necessarily be the same as the rating(s) assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Notes with a maturity of one year or less issued under the Programme are expected to be rated A2 by Moody's and A by Standard & Poor's.

The Issuer and the Guarantors may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".

Arrangers and Dealers

Citigroup **HSBC**

The date of this Offering Circular is 26 July 2019.

In this Offering Circular references to:

- "Singtel Optus" are to Singtel Optus Pty Limited;
- the "Singtel Optus Group" are to Singtel Optus Pty Limited and the group of companies owned and/or controlled by Singtel Optus Pty Limited;
- "Singtel" are to Singapore Telecommunications Limited (ARBN 096 701 567); and
- the "Singtel Group" are to Singapore Telecommunications Limited and the group of companies owned and/or controlled by Singapore Telecommunications Limited.

The Issuer and Singtel Optus accept responsibility for the information contained in this Offering Circular. The information contained in this Offering Circular, to the best of the knowledge of the Issuer and Singtel Optus (each having taken all reasonable care to ensure such is the case), is in accordance with the facts and does not omit anything likely to affect the import of such information (each having taken all reasonable care to ensure that such is the case).

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer or the Managers and the persons named in the applicable Pricing Supplement, as the case may be.

Copies of the Pricing Supplements will be available from the specified offices set out below of the Paying Agents (as defined below), and copies may be obtained from those offices save that the applicable Pricing Supplement will only be obtainable by a holder holding one or more of such Notes and such holder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Neither the Arrangers nor the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Obligors (or any of them) in connection with the Programme. Neither the Arrangers nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Obligors (or any of them) in connection with the Programme.

No person is or has been authorised by the Obligors (or any of them) to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Obligors (or any of them) or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any of the Obligors or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes, should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Obligors. In making an investment decision, investors must rely on their own examination of the Obligors and the terms of the Notes being offered, including the merits and risks involved. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Obligors or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Obligors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of any of the Obligors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Under present Australian law, interest and other amounts paid on Notes issued by the Issuer will not be subject to Australian interest withholding tax if the Notes are issued and held in accordance with certain prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cth). One of these conditions is that the Issuer must not know or have reasonable grounds to suspect that a Note, or an interest in a Note, was being, or would later be, acquired directly or indirectly by Offshore Associates (as defined under "Taxation – Australian Taxation") of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme. **Accordingly, the Notes must not be acquired by any Offshore Associate of the Issuer. For these purposes, an Offshore Associate of the Issuer is defined broadly and includes, but is not limited to, not only the intermediate parent company of the Issuer, being Singtel, but also its ultimate controlling parent company, being Temasek, any controlled entities of Temasek and any trusts under which Singtel and/or Temasek benefit. Any investor who believes that it may be affiliated with or related to any of the above-mentioned entities or who otherwise believes it may be an Offshore Associate of the Issuer, should make appropriate enquiries before investing in any Notes.**

See "Taxation – Australian Taxation" below for more information.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Obligors and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Obligors or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, European Economic Area, Australia, Singapore, Hong Kong and Japan (see "Subscription and Sale").

All references in this document to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended. In addition, all references in this document to "U.S. dollars", "U.S.$", "USD" and "U.S.$" refer to United States dollars and all references to "Australian dollars", "A$", "AUD" and "$" refer to Australian dollars.

See "Glossary" for a description of certain technical terms relating to the business of the Singtel Optus Group.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may, outside Australia and on a market operated outside Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issuer Date. However, there is no obligation on such Stabilising Manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with the applicable laws, regulations and rules.

None of the Dealers or the Obligors makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of investment in the Notes for an indefinite period of time.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

Forward-Looking Statements

This Offering Circular contains certain forward-looking statements and information relating to the Obligors that are based on beliefs of their respective management, as well as assumptions made by and information currently available to the Obligors. When used in this Offering Circular, the words "anticipate," "believe," "estimate," "expect," "intend," "plan" and "project" and similar expressions, as they relate to the Obligors or their management, are intended to identify forward-looking statements. Such statements reflect the current views of the Obligors with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Obligors to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, strong competition in the core operations of the Obligors that could depress margins, changes in applicable laws and regulations as well as the consolidation of the telecommunications industry, cancellation of planned projects due to government action, unsuccessful acquisitions and investments, environmental liabilities, power outages, shutdowns or failure involving the Obligors' operations and infrastructure, litigation, actions by regulators and competition authorities and actions by credit rating agencies, and various other factors, both referenced in this Offering Circular, including under the section "Risk Factors", and not referenced in this Offering Circular. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Offering Circular as anticipated, believed, estimated, expected, intended, planned or projected. The Obligors do not intend or assume any obligation to update or revise these forward-looking statements after the date of this Offering Circular in light of developments which differ from those anticipated unless required by applicable laws or regulations.

Presentation of Financial Information

Unless otherwise stated, all historical financial information relating to Singtel Optus and the Singtel Optus Group presented in "Capitalisation", "Selected Financial Information of the Singtel Optus Group" and "Description of Singtel Optus and the Singtel Optus Group" were prepared in accordance with Singapore Financial Reporting Standards ("FRS") for the purposes of consolidation into Singtel's consolidated financial statements. The financial statements and other financial information of the Singtel Optus Group included in this Offering Circular were prepared in Australian dollars.

The consolidated financial statements of the Singtel Optus Group included in pages F-1 to F-156 of this Offering Circular for the years ended 31 March 2017, 2018 and 2019 were prepared in accordance with generally accepted accounting principles in Australia ("Australian GAAP").

The consolidated financial statements of the Singtel Optus Group for the years ended 31 March 2017 and 2018 have been audited by its previous independent auditors, Deloitte Touche Tohmatsu, whose reports thereon are also included in this Offering Circular. The consolidated financial statements of the Singtel Optus Group for the year ended 31 March 2019 have been audited by its current independent auditors, KPMG, whose reports thereon are also included in this offering circular.

Singtel Optus adopted the new accounting standards AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments on 1 April 2018. As a result the financial statements for Singtel Optus for 31 March 2019 have been prepared in accordance with, and prior year comparisons have been restated to reflect, these new accounting standards.

Singtel Optus adopted the new accounting standard AASB 16 Leases on 1 April 2019. As a result the financial statements for Singtel Optus for 31 March 2020 will be prepared in accordance with this new accounting standard. This standard will be applied prospectively with no restatement of financial statements for the comparative periods.

Certain monetary amounts and other figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

Presentation of Market Information

Market information (including market share, market position and industry data for the operating activities of the Singtel Optus Group) or other statements presented in this Offering Circular regarding the position of the Singtel Optus Group (or of companies acquired by it) relative to its competitors largely reflect the best estimates of the Singtel Optus Group's management. These estimates are based upon information obtained from customers, trade or business organisations and associations, other contacts within the industries in which the Singtel Optus Group operates and, in some cases, upon published statistical data or information from independent third parties. Except as otherwise stated, the Singtel Optus Group's market share data, as well as the Singtel Optus Group management's assessment of Singtel Optus Group's comparative competitive position, have been derived by comparing the Singtel Optus Group's sales figures for the relevant period to the Singtel Optus Group's management sales estimates of competitors of the Singtel Optus Group for such period, as well as upon published statistical data and information from independent third parties. Prospective investors should not rely on the market share and other market information presented herein as precise measures of market share or of other actual conditions.

Notification under Section 309B(1) of the SFA – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Please note that the Notes must not be acquired by an Offshore Associate of the Issuer (as defined under "Taxation – Australian Taxation" of the Offering Circular). For these purposes, an Offshore Associate of the Issuer may include, but is not limited to, any entity that is directly or indirectly owned or controlled by Singtel or Temasek. Any person who believes that it may be affiliated with or related to any of the above-mentioned entities or who otherwise believes it may be an Offshore Associate of the Issuer, should make appropriate enquiries before investing in any Notes. For more details, please refer to page ii of the Offering Circular and the section "Taxation – Australian Taxation" of the Offering Circular.

Issuer	Optus Finance Pty Limited (ABN 31 086 656 162)
Guarantors (subject as provided in "Change of Subsidiary Guarantors" below)	Singtel Optus Pty Limited (ABN 90 052 833 208), Optus Networks Pty Limited (ABN 92 008 570 330), Optus Administration Pty Limited (ABN 79 055 136 804), Optus Mobile Pty Limited (ABN 65 054 365 696), Optus Systems Pty Limited (ABN 36 056 541 167), Optus Vision Pty Limited (ABN 50 066 518 821), Optus Billing Services Pty Limited (ABN 95 088 011 536), Optus C1 Satellite Pty Limited (ABN 80 087 587 504) and Optus Fixed Infrastructure Pty Limited (ABN 96 092 450 783)
Description	Euro Medium Term Note Programme
Arrangers	Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited
Dealers	Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited and any other Dealers appointed in accordance with the Programme Agreement.
Fiscal Agent	The Bank of New York Mellon
Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch
Programme Size	Up to EUR3,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuer and the Guarantors may from time to time increase the amount of the Programme.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Form of Notes	The Notes will be issued in bearer or registered form.

Denomination of Notes	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, subject to any laws or regulations applicable to the relevant currency.
Status of the Notes	Direct, unconditional, unsubordinated and, subject to the provisions of "Negative Pledge" below, unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain obligations to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer, from time to time outstanding.
Guarantees	The due payments of all sums expressed to be payable by the Issuer under the Deed of Covenant, the Notes, the Receipts and the Coupons will be unconditionally and irrevocably guaranteed on a joint and several basis by Singtel Optus and the Subsidiary Guarantors listed in the applicable Pricing Supplement, subject to the release of such Subsidiary Guarantors and the addition of other Subsidiary Guarantors as set out in "Change of Subsidiary Guarantors" below. The obligations of Singtel Optus and the Subsidiary Guarantors under the Guarantees will be direct, unconditional, unsubordinated and subject to the provisions of "Negative Pledge" below, unsecured obligations of Singtel Optus and the Subsidiary Guarantors, and will rank pari passu and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of each of Singtel Optus and the Subsidiary Guarantors, from time to time. In addition, the Issuer and Singtel Optus shall ensure that the Noteholders at all times have the benefit of guarantees from Singtel Optus and Subsidiaries of Singtel Optus the aggregate of whose Total Assets (as defined below) together with the Total Assets of the Issuer is not less than 75 per cent. of the aggregate Total Assets of the Singtel Optus Group. If at each Semi-Annual Reporting Date, it is determined that in respect of the immediately preceding Semi-Annual Reporting Period, the Total Assets of all of the Guarantors together with the Total Assets of the Issuer are less than 75 per cent. of the aggregate Total Assets of the Singtel Optus Group as at the end of such immediately preceding Semi-Annual Reporting Period, the Issuer and Singtel Optus shall ensure that within 30 days following such event a Subsidiary or Subsidiaries of Singtel Optus becomes a Subsidiary Guarantor and provide(s) a guarantee or guarantees so that the requirements set forth herein are satisfied. "Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity; "Semi-Annual Reporting Date" means the date falling three months after the end of each relevant Semi-Annual Reporting Period; "Semi-Annual Reporting Period" means each period ending on the close of each half of each of Singtel Optus' financial years;

	"Subsidiary" means, in relation to any Person, a corporation more than 50 per cent. of the outstanding voting shares of which is owned, directly or indirectly, by such Person or by one or more. Subsidiaries of such Person, or by such Person and one or more other Subsidiaries of such Person. For the purposes of this definition, voting shares means shares which have voting power for the election of directors; and "Total Assets" means, as of each Semi-Annual Reporting Period (i) in the case of Singtel Optus or a Subsidiary of Singtel Optus that is incorporated in Australia, all consolidated assets of Singtel Optus or such Subsidiary of Singtel Optus, as the case may be, as measured in accordance with the Australian GAAP and (ii) in the case of a Subsidiary of Singtel Optus that is incorporated outside of Australia, all consolidated assets of such Subsidiary of Singtel Optus measured in accordance with the generally accepted accounting principles of the place of incorporation of such Subsidiary.
Change of Subsidiary Guarantors	The Guarantors other than Singtel Optus (the "Subsidiary Guarantors") are subsidiaries of Singtel Optus and may change from time to time. Without prejudice to the provisions set out in "Guarantees" above, each Subsidiary Guarantor shall be entitled to terminate the relevant Guarantee on it (or Singtel Optus on its behalf) by giving not less than 14 days' notice, accompanied by a certificate signed by two directors of each of the Issuer and Singtel Optus certifying compliance with the Terms and Conditions of the Notes before and after such release, that no Event of Default has occurred and is subsisting before and after such release and such release will not cause the aggregate Total Assets of the remaining Guarantors together with the Total Assets of the Issuer to be less than 75 per cent. of the aggregate Total Assets of the Singtel Optus Group, to the Fiscal Agent and the Noteholders; provided that no Event of Default, or event which with the giving of notice and/or the expiry of any grace period would constitute an Event of Default, is subsisting, or would, by virtue of the proposed release, cause an Event of Default to subsist. A Subsidiary of Singtel Optus may become a Subsidiary Guarantor in accordance with "Guarantees" above.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over par.
Fixed Rate Notes	Interest on Fixed Rate Notes will be payable on such dates, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency; or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or on such other basis as may be agreed between the Issuer and the relevant Dealer.

Index Linked Notes	Payments of principal or interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Redemption (Tax Call/ Issuer Call/Investor Put)	The applicable Pricing Supplement will indicate either: (a) that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default); or (b) that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
Negative Pledge	So long as any Notes are outstanding, neither the Issuer nor Singtel Optus may, and neither the Issuer nor Singtel Optus shall permit any Restricted Subsidiary to create or permit to exist any Lien on any property or assets of the Issuer, Singtel Optus or any Restricted Subsidiary to secure any Capital Markets Indebtedness, or any guarantee or indemnity in respect of Capital Market Indebtedness, without also at the same time or prior thereto (i) procuring that the Notes then outstanding are secured equally and rateably with such Capital Markets Indebtedness or (ii) providing the Notes with the benefit of other security as approved by the holders of a majority in principal amount of the outstanding Notes, as the case may be, provided however, that the foregoing restrictions shall not apply to: (a) Liens on property or assets of an entity existing at such time the entity becomes a Restricted Subsidiary, provided that such Liens were not created in anticipation of such entity becoming a Restricted Subsidiary; (b) Liens created in connection with a substitution of property or assets (or a substitution of property or assets which itself was previously so substituted) pursuant to the terms of any agreement or arrangements pursuant to which any Lien referred to in Clause (a) was created;

(c) any refunding of indebtedness secured by any Lien referred to in the foregoing Clauses (a) and (b) provided that the principal amount of such indebtedness is not increased, the maturity of such indebtedness is not extended beyond the original maturity of the indebtedness so secured and the Lien is limited to the property or asset originally subject thereto and any improvements thereon; and

(d) any Lien to secure "Non-Recourse Indebtedness" of the Issuer or a Subsidiary of Singtel Optus provided that such Subsidiary (together with all other Subsidiaries with Capital Markets Indebtedness outstanding secured by Liens on the property or assets of the Issuer, Singtel Optus or a Restricted Subsidiary) does not constitute a Restricted Subsidiary.

For this purpose, "Capital Markets Indebtedness" means any indebtedness for money borrowed or interest thereon in the form of bonds, notes, debentures, loan stock or other similar securities that are quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from its date of issue, or any guarantee or indemnity in respect of Capital Markets Indebtedness.

"Lien" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Non-Recourse Indebtedness" means, in respect of a debtor, any indebtedness incurred to finance the ownership, acquisition, construction, creation, development and/or operation of property (the "Relevant Property") in respect of which the person to whom such indebtedness is or may be owed by the debtor has no recourse whatsoever to the Issuer, Singtel Optus or any Restricted Subsidiary for the repayment of or payment of all or any portion of such indebtedness other than:

(a) recourse to such debtor limited to the Relevant Property and/or the income, cash flow or other property derived from the Relevant Property;

(b) recourse to another Person (other than the Issuer, Singtel Optus or any Restricted Subsidiary) who has guaranteed or provided other security in respect of such indebtedness; and

(c) recourse to the shares in, or any property of, a Subsidiary of Singtel Optus (other than the Issuer or any Restricted Subsidiary) that is engaged principally in the ownership, acquisition, construction, creation, development and/or operation of property and in which the net book value of Relevant Property exceeds 90 per cent. of such Subsidiary's total assets (except goodwill, trademarks, patents, trade-names and other intangible assets but including licences) at their net book values (after deducting related depreciation, depletion and amortisation) as determined in accordance with Australian GAAP.

"Restricted Subsidiary" means each Subsidiary Guarantor.

Events of Default (including Cross Default)

(i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or

(ii) if the Issuer or any Guarantor fails to perform or observe any of its other obligations under the Notes or the Guarantees and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service to the Fiscal Agent at its specified office by any Noteholder; or

(iii) if there is default under any Indebtedness for Money Borrowed (other than in respect of any Non-Recourse Indebtedness) by the Issuer or any Guarantor having an aggregate principal amount outstanding exceeding U.S.$50 million whether such Indebtedness for Money Borrowed exists at the date of issue of the first Tranche of the Notes or shall thereafter be created, which default shall have resulted in such Indebtedness for Money Borrowed becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable (after the expiration of any applicable grace period), if the effect is to cause such Indebtedness for Money Borrowed to become due prior to its stated maturity without such Indebtedness for Money Borrowed having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days.

For the purposes of this paragraph (iii),

"Indebtedness for Money Borrowed" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit, (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash and to the extent not already included, any guarantee or indemnity in respect of such indebtedness; and for purposes of this paragraph (iii) only, shall also include Deferred Purchase Amounts and any amounts payable under Finance Leases;

"Deferred Purchase Amount" means the purchase price of any asset or service where that purchase price is deferred for a period exceeding 90 days;

"Finance Lease" means any lease which under current accounting practice would be required to be capitalised on the balance sheet of the lessee or hirer; or

(iv) if an order shall be made by any court of competent jurisdiction or an effective resolution shall be passed for the winding up of the Issuer or any Guarantor, other than such an order made or a resolution passed for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or any Guarantor, as the case may be, is solvent and which has been approved by an Extraordinary Resolution of the Noteholders; or

(v) if the Issuer or any Guarantor shall suspend or announce its intention to suspend payment of its debts generally or shall be declared or adjudicated by a court of competent jurisdiction to be unable, or shall admit in writing its inability, to pay its debts generally as they fall due, or shall be adjudicated or found insolvent (within the meaning of Section 95A of the Corporations Law of Australia) by a court of competent jurisdiction; or

(vi) if the Issuer or any Guarantor shall enter into or make any compromise or arrangement with its creditors generally including the entering into of some form of moratorium with its creditors generally, other than such a compromise or arrangement for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or the relevant Guarantor, as the case may be, is solvent and which has been approved in writing by an Extraordinary Resolution of the Noteholders; or

(vii) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer, Singtel Optus or any Restricted Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or there shall be appointed a receiver, administrator, liquidator, custodian, trustee or sequestrator (or similar officer) over the whole or substantially the whole of the assets of the Issuer or any Guarantor, as the case may be, and any such decree, order or appointment is not removed, discharged or withdrawn within 60 days thereafter; or

(viii) if the Issuer or any Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, other than a case commenced under an applicable law not pertaining to bankruptcy or insolvency for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or the relevant Guarantor, as the case may be, is solvent and which has been approved in writing by an Extraordinary Resolution of the Noteholders, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, administrator liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or the relevant Guarantor over the whole or substantially the whole of its assets, or shall make any general assignment for the benefit of its creditors other than for a solvent reorganisation which has been approved in writing by an Extraordinary Resolution of the Noteholders; or

	(ix) other than in respect of any Non-Recourse Indebtedness, a distress, attachment, execution or other legal process is issued, levied, enforced or sued upon or against the whole or substantially the whole of the assets of the Issuer or any Guarantor and is not paid out, satisfied, withdrawn or set aside within 60 days of the date of issue, levy or enforcement; or (x) if any Guarantee ceases to be, or is claimed by the Issuer or any Guarantor not to be, in full force and effect.
Rating	The Programme is rated A2 in respect of Notes with a maturity of more than one year by Moody's and A in respect of Notes with a maturity of more than one year by Standard & Poor's. Notes issued under the Programme may be rated or unrated.
Listing	Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue therefore to be listed in the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There can be no assurance that the application to the SGX-ST will be approved. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies). Unlisted Notes may also be issued.
Governing Law	English law.
Selling Restrictions	See the United States, the EEA – Prohibition of Sales to EEA Retail Investors, the United Kingdom, Japan, Singapore, Hong Kong and Australia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes as set out in "Subscription and Sale".
Taxation	All payments in respect of the Notes will be made free from any restriction or condition and be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined in Condition 9), unless the deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In the event that any such deduction is made, the Issuer, or as the case may be, the Guarantors, will save in certain limited circumstances provided in Condition 9 be required to pay additional amounts to cover the amounts so deducted.
Further Issues	The Issuer may from time to time, without the consent of the holders of the Notes, create and issue further securities having the same Terms and Conditions as the Notes in all respects so that such further issue shall be consolidated and form a single series with the Notes.
Legal Entity Identifier	254900UAM2PKZZ3FLH23

RISK FACTORS

Each of the Issuer and the Guarantors believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and none of the Issuer or the Guarantors is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which each of the Issuer and the Guarantors believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantors may be unable to pay interest, principal or other amounts on or in connection with any Note for other reasons which may not be considered significant risks by the Issuer or the Guarantors based on information currently available to them or which they may not currently be able to anticipate. None of the Issuer or the Guarantors represents that the statements below regarding the risks of holding any Note are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes and each Guarantor's ability to fulfil its obligations under its Guarantee.

The Singtel Optus Group's business activities are concentrated in Australia.

Substantially all of the Singtel Optus Group's business activities are concentrated in Australia. As a result, the Singtel Optus Group's revenue and results of operations and future growth depend, to a large extent, on the growth of the Australian economy.

Any downturn or slowdown in the Australian economy could adversely affect the demand for telecommunications, media and entertainment services which in turn could have a material adverse effect on the Singtel Optus Group's results of operations and future growth.

Changes in domestic, regional and global economic conditions may have a material adverse effect on the financial performance and operations of the Singtel Optus Group.

Changes in domestic, regional and global economic conditions may have a material adverse effect on the demand for telecommunications, IT and related services and digital services and hence, on the financial performance and operations of the Singtel Optus Group. As trade tensions and other global headwinds intensify resulting in uncertainty in the macroeconomic environment, this could have an adverse effect on the strategy and growth of the Singtel Optus Group. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. These and other related events have had a significant impact on the global credit and financial markets and economic growth as a whole, and consequently on consumer and business demand for telecommunications, IT and related services, and digital services.

The business of Singtel Optus Group is subject to extensive laws and regulations.

The Singtel Optus Group's operations in Australia are subject to extensive government regulations, which may impact or limit flexibility to respond to market conditions, competition, new technologies or changes in cost structures. Governments may alter their policies relating to the telecommunications, IT, multimedia and related industries and the regulatory environment (including in relation to taxation) in which the Singtel Optus Group operates. The business and results of operations of the Singtel Optus Group could be materially and adversely affected by changes in law, regulation or government and/or regulatory policies. In particular, decisions or changes in decisions by governments or regulators concerning economic or business interests or goals which are inconsistent with the interests or actions of the Singtel Optus Group

could materially and adversely affect its financial conditions, results of operations and investments. In addition, changes in law, regulation or government and/or regulatory policies (including in relation to taxation) may increase the compliance obligations and business costs faced by the Singtel Optus Group which could materially and adversely affect its financial condition, results of operations and investments. In particular, the Singtel Optus Group is subject to regulatory decisions on the rates at which it purchases some services from and provides some services to other telecommunications companies in the country. Such decisions can significantly affect the Singtel Optus Group's revenues and costs as well as its competitive position, and may also not be consistent with the Singtel Optus Group's expectations. The Singtel Optus Group also has to comply with various technical, operational and consumer codes and standards.

The Australian Government ("Government") has implemented a significant reform of the fixed line telecommunications sector, including the rollout of a National Broadband Network ("NBN") by the government owned entity NBN Co operated on a wholesale-only open access basis. It is possible that the Australian Government's policy decisions relating to the national broadband network or commercial decisions taken by NBN Co could ultimately lead to a sub-optimal or negative outcome for the Singtel Optus Group. Such changes could result in increased access and/or compliance costs and could have a material adverse effect on the Singtel Optus Group's financial performance and results of operations.

The Singtel Optus Group's businesses depend upon statutory licences issued by Australian governmental authorities. Failure to meet regulatory requirements could result in fines or other sanctions including, ultimately, revocation of the licences. There is no assurance that the Singtel Optus Group will be able to renew existing licences on terms that are the same or equivalent to those that currently apply, or at all. In addition, the Singtel Optus Group may be required to obtain licences where it wishes to expand its existing businesses or enter into new areas of business and there can be no assurance that it will be able to obtain these licences.

The operations of the Singtel Optus Group are also subject to various other laws and regulations such as those relating to customer data privacy and protection, payment services and anti-money laundering, anti-bribery and corruption, workplace safety and health, public order and safety, cybersecurity, online falsehoods and national security. In addition, there have been changes in the regulatory landscape for media and telecommunications industry, particularly in respect of issues of cybersecurity and consumer protection. These changes, together with increasing scrutiny by regulators and inclination of regulators towards stronger enforcement actions may lead to additional compliance costs for the business. Failure by the Singtel Optus Group to comply with these regulations could result in various sanctions. Such sanctions may materially and adversely affect business and/or capacity to operate in line with the business objectives of the Singtel Optus Group.

The Singtel Optus Group may not be able to access spectrum to support its business.

The Singtel Optus Group may need to access additional spectrum to support both organic growth and the development of new services. Access to spectrum is of critical importance to the Singtel Optus Group in order to support its business of providing mobile voice, data and other connectivity services. The use of spectrum in Australia is regulated by the Government and requires a licence. Licences are allocated through auction by the Australian Communication and Media Authority ("ACMA") from time to time, under tender, pre-determined prices or negotiated prices. Limits may also be imposed upon the amounts of spectrum which the Singtel Optus Group or other bidders may purchase. The process for renewing spectrum licences or acquiring new or additional spectrum licences may be subject to change. There can be no assurance that the Singtel Optus Group will be able to acquire licences for new or additional spectrum or access such new or additional spectrum on favourable and/or reasonable commercial terms or at all. The Singtel Optus Group will need to renew its existing spectrum licences when they expire. There can be no assurance that the Singtel Optus Group will be able to renew these licences on terms that are favourable and/or on reasonable commercial terms or on equivalent terms to those that apply today, or at all. Failure to acquire access to spectrum on reasonable terms or at all could have a material adverse effect on the Singtel Optus Group's business, financial performance and growth plans.

The Singtel Optus Group operates in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations may be uncertain.

The Singtel Optus Group may face difficulties when it operates in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations may be uncertain or unclear and may be subject to considerable discretion. The application of the laws and regulations may depend, to a large extent, upon subjective criteria such as good faith of the parties to the transaction and principles of public policy. Interpretation of, compliance with and enforcement of judicial or regulatory decisions, rulings, directives or guidelines may be uncertain or unclear, and the consequences thereof may not be manageable or predictable. Judicial decisions may not be systematically or publicly available and may not constitute binding precedent. Enforcement of laws and regulations may not be well established. There may not be public consultation or notice prior to changes in interpretation, application and enforcement of laws and regulations. Where the interpretation, application and enforcement of laws and regulations are subject to uncertainty and considerable discretion, it could in practice lead to a challenging operating environment, increasing the difficulties involved in planning and managing a business. Any negative interpretation, application and enforcement of laws and regulations against the Singtel Optus Group may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Singtel Optus Group faces competitive risks in Australia.

The telecommunications market in Australia is highly competitive. The Singtel Optus Group has been operating in an increasingly competitive environment since full deregulation of the Australian telecommunications sector on 1 July 1997. Full deregulation has resulted in a significant increase in the number of telecommunications service providers in Australia. The Singtel Optus Group's major competitor is Telstra Corporation Limited, which has a substantial market presence as well as networks and resources significantly greater than those of the Singtel Optus Group, thereby giving it greater flexibility to discount prices selectively and to package different services.

In the Australian telecommunications market, in addition to the incumbent operator, a number of participants are subsidiaries of international groups and these participants have made large investments in networks which are now sunk costs. With the potential entry of a fourth Mobile Network Operator ("MNO"), or in-market consolidation, competition in the mobile market could intensify and the Singtel Optus Group faces the risk of customer loss and price erosion. The Singtel Optus Group is exposed to the risk of irrational pricing being introduced by such competitors. The consumer fixed line services continue to be dominated by the incumbent operator which can leverage its scale and market position to restrict the development of competition. With the deployment of the NBN, competition is expected to increase further as new operators enter the market.

The disintermediation in the telecommunications industry by handset suppliers and non-traditional telecommunications services providers (including social media networks and over-the-top ("OTT") players) obtaining access to, and establishing relationships with, customers by providing multimedia and video content, applications and services directly on demand also challenges the business models and profits of vertically-integrated providers like the Singtel Optus Group.

Competition in the Australian enterprise market has also intensified following the consolidation of fixed line service providers. By leveraging new scale and lower cost base structures, such fixed line service providers may seek to obtain a greater market share through aggressive pricing and by expanding into adjacent Information and Communication Technology ("ICT") markets with complementary managed services and IP based solutions. Further competitive pressures in the Australian telecommunications market could adversely affect the Singtel Optus Group's profitability and result in lower revenue and lower market share.

The market for the provision of IT services is fragmented and characterised by numerous participants, ranging from large IT companies that operate globally to IT companies that adopt a low cost model and/or

operate on a small scale. The introduction of irrational pricing by any such participant may result in a material adverse impact on the Singtel Optus Group's revenue and profitability.

Expected long-term benefits from the Singtel Group's digital and new businesses may not be realised.

The Singtel Group, in April 2015, sharpened its digital business strategy to focus on digital marketing, regional premium OTT video and advanced analytics. However, the expected long-term benefits from these digital businesses may not be realised. There can be no assurance that the Singtel Group will achieve the original goals and objectives that it had set out to achieve in relation to these digital businesses. The Singtel Group may face the risk of unforeseen complications which could have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group's venture into new revenue streams or new businesses in non-traditional products and services may not be successful.

Traditional voice revenue has declined in recent years and the trend will continue. The Singtel Optus Group is evolving from its traditional carriage business in Australia to venture into new growth engines to create new revenue streams, including mobile applications and services, regional premium OTT video, gaming and content, cybersecurity, cloud services, digital marketing, data analytics, ICT and managed services. Such new services may require reliance on smaller vendors and on terms that may be less favourable to those enjoyed in the carriage business. The Singtel Optus Group may also enter into some of these new businesses or services through the acquisition of operating companies or technologies. There is no assurance that the Singtel Optus Group will be successful in these new ventures, gain market share and generate revenue and margins to offset the decline in traditional carriage business. In addition, these businesses may require substantial capital, new expertise, considerable process or systems changes, on-going compliance monitoring with respect to complex legal and regulatory requirements and organizational, cultural and mindset changes. These businesses may also expose the Singtel Optus Group to regulatory and IT security risks along with the risks associated with the media and online industries, such as media regulation, brand safety, disputes and/or litigation over content rights, intellectual property infringement, online falsehood and data protection regulations and legislation in the various countries where the customers of the Singtel Optus Group operate in. Materialisation of any or all of the above mentioned risks could have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group faces project management risks in both its internal projects as well as external enterprise projects.

The Singtel Optus Group incurs substantial capital expenditure in constructing and maintaining its network and systems infrastructure. The Singtel Optus Group's network and systems infrastructure projects are subject to risks associated with the construction, supply, installation and operation of equipment and systems. The projects undertaken by Singtel Optus Group as contractors to maintain and support infrastructure, are subject to the risks of increased project costs, disputes and unexpected implementation delays, any or all of which could result in an inability to meet projected completion dates or service levels. For the Singtel Optus Group's satellite business, the launch of any satellite is subject to the risks of launch delays, cost overruns and the occurrence of other unforeseeable events, including but not limited to, satellite launch failure and satellite failure to enter into designated orbital locations, or any other event which is beyond the control of the Singtel Optus Group. The Singtel Optus Group's network and systems infrastructure projects are also subject to risks associated with the sale of capacity on the completed project infrastructure, including risks of default, disputes, litigation and arbitration involving contractors, suppliers, customers and other third parties involved in the construction or operation of network infrastructure projects. Materialisation of any or all of these risks could have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

Furthermore, the Singtel Optus Group relies on access to, and the use of, facilities and services of Telstra, NBN and other third parties to provide services to its own customers. Whilst the grant and terms of such access can in some cases be determined by the relevant regulatory authority, such arrangements are more usually negotiated directly with the access provider. In the event that the grant of access to the Singtel Optus Group is denied or delayed, or the pricing is unattractive or the terms of access are the subject of dispute, such denial, delay, unattractive pricing or dispute resolution process could have an adverse effect on the Singtel Optus Group's ability to service its customers and its growth and profitability.

The Singtel Optus Group provides ICT services to governments and large enterprises. There could be project execution risks when projects are not accurately scoped or the quality of service performance is not up to customers' specifications, resulting in over-commitments to customers and inadequate resource allocation and scheduling. These could lead to cost overruns, project delays and losses. If not properly managed, these can lead to potential significant compensation to customers, which may materially and adversely affect the Singtel Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group faces network disruption risks related to loss of, or damage to, network infrastructure.

The Singtel Optus Group's telecommunications and other value-added services, including media, entertainment and OTT services, are currently carried through its networks and the networks of other operators, international submarine cable lines, its own transmission, content and switching systems, other fixed international long distance application and content operators and the network systems of international long distance operators, satellites, content and pay-TV platforms and other network-related infrastructure. The provision of the Singtel Optus Group's services depends on the quality, stability, resilience and robustness of its networks and systems. The Singtel Optus Group faces the risks of malfunction of, loss of, or damage to, network infrastructure from catastrophic events, whether of natural or man-made causes, which are outside the control of the Singtel Optus Group. Losses and damage caused by risks of this nature may significantly disrupt the Singtel Optus Group's operations and may materially and adversely affect its ability to deliver services to customers. Sustained or significant disruption to its services can also significantly impact the Singtel Optus Group's reputation with its customers. Disaster recovery plans put in place and/or insurance policies taken out by the Singtel Optus Group with respect to some or all of these risks may not be sufficient to mitigate these losses and damages which could in turn materially and adversely affect the Singtel Optus Group's business, financial condition, results of operations and prospects.

For the Singtel Optus Group's satellite business, satellites that are successfully launched may not operate or may not continue to operate successfully throughout their expected operational lives. The operation of any satellite is subject to the risks of technical malfunction, collision and the occurrence of other unforeseeable events, any of which could result in a partial or total loss of a successfully launched satellite, which could in turn have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group is dependent on its customers to generate revenue and is exposed to the credit risk of its customers.

The Singtel Optus Group generates its revenues from, among others, sales of services to its customers. Certain customers have major or significant contracts with the Singtel Optus Group. For example, the Singtel Optus Group has entered into major contracts for the provision of telecommunications and IT services with multinational enterprises, telecommunications operators as well as channel providers. There can be no assurance that customers of the Singtel Optus Group will not reduce their demand or transfer their business to competitors of the Singtel Optus Group. The loss of customers or reduction in demand of services from customers could have a material adverse impact on the Singtel Optus Group's revenue and performance.

The Singtel Optus Group's customers or users may view their service experience as less than satisfactory from time to time and may communicate their negative sentiments widely through various media outlets including social media or other forms of internet network, which may in turn adversely affect the brand and reputation of the Singtel Optus Group. Such adverse publicity, if not managed swiftly or adequately, could deter existing or potential customers and users from using the Singtel Optus Group's services and erode the Singtel Optus Group's market share.

The Singtel Optus Group is exposed to the credit risk of its customers, which could result in financial loss to the Singtel Optus Group. Credit risk arising from sales of services to customers may be mitigated through a stringent credit evaluation process and the regular monitoring of parties' creditworthiness. However, adverse changes in the credit quality of the Singtel Optus Group's customers, or adverse changes arising from a general deterioration in local, regional or global economic conditions, could reduce recoverability from customers. There is no assurance that customers will not default on the amounts owing to the Singtel Optus Group, and any or all such default may have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group relies on suppliers. The telecommunications industry is dominated by a few key suppliers.

The Singtel Optus Group relies on third party suppliers with respect to many aspects of its business. The Singtel Optus Group has relied on, and will continue to rely on, third party suppliers for various purposes, including, but not limited to, the construction, operations and maintenance of the Singtel Optus Group's network, the supply of handsets, devices and equipment, systems and applications development and services, content provision and customer acquisition. Accordingly, the Singtel Optus Group's operations and reputation could be affected by such third party suppliers or their supply chain failing to perform their obligations, or failing to operate in line with increased expectations of key stakeholders such as the regulators and/or customers on a broadening set of environmental, social and governance (ESG) issues. In addition, the industry is dominated by a few key suppliers for such services, handsets, devices, equipment or content, and any failure or refusal of any key supplier to provide such services, handsets, devices, equipment or content, or any consolidation of the industry or cost escalation by any key supplier, or any regulatory scrutiny or government sanctions and/or bans on the use of a key supplier's services or equipment due to security concerns may significantly affect the Singtel Optus Group's business and operations.

The Singtel Optus Group faces technology risks.

Rapid and significant technological changes are typical in the telecommunications and ICT industry and these changes may materially affect the Singtel Optus Group's capital expenditure and operating costs, the demand for the Singtel Optus Group's products and services and the returns on the technology investments. For example, rapid advancements in new technologies such as 5G, Artificial Intelligence (AI), Digital Application Programming Interfaces (APIs), cloud and blockchain are driving development of entirely new ecosystems and business models.

The Singtel Optus Group has invested substantial capital and other resources in the development and modernisation of its networks and systems. Technological changes continue to reduce the costs, and expand the capacities and functions, of new infrastructure capable of delivering competing products and services, resulting in lower prices and more competitive and innovative products and services. With the rapid advancement in technology, the Singtel Optus Group may also be left with investments that are technologically obsolete before the end of the expected useful life of these investments and the value of these investments may be impaired. These changes may require the Singtel Optus Group to replace and upgrade its network and systems and as a result, the Singtel Optus Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services.

The Singtel Optus Group faces a continuing risk of market entry by new operators and service providers (including non-telecommunications players and OTT players) who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants. New technologies may also enable players from adjacent industries to enter the telecommunications and IT services markets, thus increasing competition and depressing prices. This may result in a loss of market share and could have an adverse effect on the Singtel Optus Group's financial condition and results of operations.

Furthermore, the Singtel Optus Group currently relies on access to infrastructure owned by Telstra, NBN Co and other providers to deliver certain of its services. There can be no assurance that the Singtel Optus Group will be able to continue to access such infrastructure on favourable terms, or at all. In addition, should the Singtel Optus Group seek access to additional or new infrastructure to support future growth plans and/or technological developments, there is also no guarantee that it will be able to do so on favourable terms, or at all. Failure to do so could have a material adverse effect on the Singtel Optus Group's business, financial performance and growth plans.

Expected benefits from investment in new networks and technologies may not be realised.

The Singtel Optus Group may pursue new growth opportunities in the communications industry in the future, including introducing services and products employing new technologies, such as next generation mobile technologies, virtualisation, software-defined networking, cloud based technologies, new video and content delivery platforms and digital marketing. The implementation of these new technologies depends on a number of factors, including developing the Singtel Optus Group's network and the launch of new and commercially viable products and services involving these technologies. The Singtel Optus Group may have to incur substantial expenditure to develop its network, services and products and to gain access to related or enabling technologies in order to successfully implement these new technologies. The Singtel Optus Group may not be successful in modifying its network infrastructure in a timely and cost-effective manner to facilitate such implementation, which could adversely affect its quality of service, financial condition and results of operations.

Further, the Singtel Optus Group may face the risk of unforeseen complications in the deployment of new technologies. Any newly adopted technology may not perform as expected, and the Singtel Optus Group may not be able to develop the new technology successfully or in a timely manner so as to effectively and economically deliver services based on such technology.

The telecommunications industry is capital intensive in nature. Technological changes continue to expand the capacities and functions of new infrastructure capable of delivering competing products and services. As a result, the Singtel Optus Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services. These changes may require the Singtel Optus Group to replace and upgrade its network infrastructure.

The Singtel Optus Group may be unable to obtain future financing on favourable terms, or at all, to fund its business.

The Singtel Optus Group may be required to raise additional funds for its future capital needs or to refinance its current indebtedness. There can be no assurance that funding, if needed, will be available on terms that the Singtel Optus Group considers favourable, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants being imposed on the Singtel Optus Group. In addition, any disruptions experienced in the international capital markets may lead to reduced liquidity and increased credit risk premiums for certain market participants, as well as increase the risk involved in procuring financing. If the Singtel Optus Group is unable to borrow the amounts required on favourable terms, it may be unable to pursue its planned strategies. There can be no assurance that future conditions in the financial markets, particularly if it and other telecommunications companies seek increasingly large amounts of capital financing, will not adversely affect its ability to finance its operations.

The Singtel Optus Group is exposed to currency risk and foreign exchange risk.

The currency risk of the Singtel Optus Group arises from its capital expenditure and operational purchases denominated in currencies other than the functional currency. Although the Singtel Optus Group enters into foreign exchange forward contracts, cross currency swaps and other hedging instruments to hedge against currency risk in accordance with the Singtel Optus Group's hedging policy, the impact of future exchange rate fluctuations cannot be accurately predicted. Exchange rate fluctuations may have a material adverse impact on the Singtel Optus Group's cost structure.

The Singtel Optus Group is exposed to interest rate risk.

The Singtel Optus Group has cash balances placed with reputable banks and financial institutions. The Singtel Optus Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms. The Singtel Optus Group has incurred indebtedness to finance its operations. Where appropriate, the Singtel Optus Group seeks to minimise its cash flow interest rate risk exposure by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of its borrowings. However, its hedging policy may not adequately cover the Singtel Optus Group's exposure to interest rate fluctuations and this may result in a large interest expense which may have an adverse effect on the Singtel Optus Group's financial condition and results of operations.

The Singtel Optus Group is exposed to counter-party risk.

The Singtel Optus Group may enter into various transactions which will expose it to risks relating to the credit of its counter-parties and their ability to satisfy the terms of such contracts. For example, the Singtel Optus Group may enter into swap arrangements, including multi-years swap arrangements, which expose it to the risk that the counter-party may default on its obligations to perform under the relevant contract. The Singtel Optus Group's surplus funds may also be invested in interest-bearing deposits with financial institutions. In the event that a counter-party, including a financial institution is declared bankrupt or becomes insolvent, this may result in delays in obtaining funds or the Singtel Optus Group having to liquidate its position, potentially leading to losses.

Credit ratings and ratings outlook assigned to the Issuer or Singtel Optus may be subject to change.

The Issuer and Singtel Optus have been assigned an overall corporate credit rating of "A2" with a rating outlook of "negative" by Moody's and "A" with a rating outlook of "stable" by S&P. A credit rating is not a recommendation to buy, sell or hold the Notes. Each series of Notes issued under the Programme may be rated or unrated. Credit ratings or ratings outlook are subject to (where applicable) revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to assign credit ratings. The Issuer or Singtel Optus have been assigned an overall corporate credit rating, and may additionally be issued a stand-alone credit rating. No assurance can be given that if the Issuer or Singtel Optus were issued such a stand-alone credit rating, it would be the same as or would not be lower than its overall corporate credit rating. Moreover, no assurances can be given that a credit rating or rating outlook will remain for any given period of time or that a credit rating or rating outlook will not (where applicable) be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to assign such credit ratings. Neither the Issuer nor Singtel Optus has any obligation to inform Noteholders of any such (where applicable) revision, downgrade or withdrawal of credit ratings or ratings outlook. A suspension, reduction or withdrawal at any time of the credit rating or rating outlook (where applicable) assigned to the Issuer or Singtel Optus, the Programme or the Notes may adversely affect the market price of the Notes, which may in turn have a material adverse effect on the Singtel Optus Group's financial condition and results of operations. Moreover, the Issuer or Singtel Optus' credit ratings do not reflect the potential impact related to market or other considerations relating to the Notes.

The Singtel Optus Group is exposed to various regulatory and litigation risks.

The Singtel Optus Group may be involved from time to time in disputes with various parties (such as contractors, suppliers and customers) relating to the provision of its services, the development and maintenance of its network infrastructure or other business activities. These disputes may lead to legal and other proceedings and may result in additional costs and delays to, and a diversion of effort by, the Singtel Optus Group and/or subject the Singtel Optus Group to significant liabilities to third parties. In addition, the Singtel Optus Group may be subject to administrative proceedings, adverse compliance audit findings, unfavourable orders, directives or decrees from regulatory bodies that result in financial losses and which may delay the implementation, construction or completion of various infrastructure projects. Please refer to the "Legal Proceedings" subheading under the section "Description of Singtel Optus and the Singtel Optus Group" for further information about material litigation.

Labour activism and unrest may materially and adversely affect the Singtel Optus Group's business.

While the Singtel Optus Group has an Employment Partnership Agreement ("EPA") with its employees and limited union membership, there can be no assurance that the EPA will be renewed or that future strikes and other labour activism will not disrupt operations or have a material adverse effect on the Singtel Optus Group's business, financial condition, results of operations and prospects.

The Singtel Optus Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations.

The Singtel Optus Group is subject to environmental laws, regulations and ordinances. There can be no assurance that environmental laws, regulations and ordinances will not change in the future in a manner that could materially and adversely affect the Singtel Optus Group. Environmental laws, regulations and ordinances may impose upon the Singtel Optus Group obligations to investigate and remedy or pay for the investigation and remediation of environmental conditions, and to compensate public and private parties for related damages. Any such liability in connection with facilities currently owned or operated by the Singtel Optus Group could materially and adversely affect the Singtel Optus Group. It is also possible that existing environmental laws, regulations and ordinances could become more stringent in the future. Non-compliance with or changes in these environmental laws, regulations and ordinances could adversely affect the Singtel Optus Group and may have a material adverse effect on the Singtel Optus Group's results or operations.

The Singtel Optus Group faces the occurrence of natural catastrophes, severe weather conditions, other acts of God or other uncontrollable events such as acts of terrorism.

The provision of our services depends on the quality, stability, resilience and robustness of its networks and systems. The Singtel Optus Group faces the risks of the malfunction of, loss of, or damage to network infrastructure from natural or man-made causes or other events beyond the control of the Singtel Optus Group. Some of the areas in which the Singtel Optus Group operates have experienced a number of major natural catastrophes over the years, including typhoons, droughts, earthquakes, floods and bushfires which have increased in intensity and frequency due to climate change factors.

The Singtel Optus Group could be required to comply with stricter regulatory requirements aimed to address climate change, such as reducing its carbon emissions, enforcing stricter emissions standards, paying carbon taxes, increasing energy prices or replacing and/or upgrading its network and system infrastructure to comply with such regulatory requirements on emissions, any of which could increase costs of operations for the Singtel Optus Group and could have an adverse effect on the Singtel Optus Group's financial condition and results of operations.

In addition, other events that are outside the control of the Singtel Optus Group, such as fire, deliberate acts of sabotage, vendor failure/negligence, industrial accidents, blackouts, terrorist attacks, criminal acts or large scale cyber attacks on its network and systems, could damage, cause operational interruptions to

or otherwise adversely affect any of its facilities and activities, as well as potentially cause injury or death to their personnel. There is no assurance that the occurrence of such natural catastrophes, severe weather conditions, other acts of God or other uncontrollable events will not materially disrupt the business of the Singtel Optus Group.

The Singtel Optus Group may not be able to obtain appropriate insurance coverage on reasonable commercial terms or at all.

The Singtel Optus Group takes out insurance policies to insure its properties, assets and projects in accordance with industry practices. Satellite insurance is procured to cover the launch and the first 12 months of the in-orbit operations of its satellites. Certain assets and some types of losses, such as losses resulting from wars, acts of terrorism or natural disasters, generally are not insured because they are either uninsurable or it is not economically practical to obtain insurance.

There can be no assurance that the Singtel Optus Group will be able to obtain appropriate insurance on commercially reasonable terms, or at all. Failure to obtain insurance could reduce the Singtel Optus Group's ability to access funding from banks and other financing for future construction projects and other commercial activities and may cause the Singtel Optus Group to potentially incur significant financial loss upon the occurrence of a major uninsurable event. The inability of the Singtel Optus Group to obtain or renew insurance coverage at a reasonable cost, or at all, may cause the Singtel Optus Group's operating costs to increase significantly and may have an adverse effect on the financial condition and results of operations of the Singtel Optus Group.

The Singtel Optus Group depends on key management for the growth and successful implementation of its strategy.

The Singtel Optus Group believes that the growth it has achieved to date, as well as its position as one of the leading integrated telecommunications services providers in Australia are, to a large extent, attributable to a strong and experienced management team. The Singtel Optus Group believes that its continued growth and the successful implementation of its business strategy depends upon the retention of its key management executives and its ability to attract and retain other highly capable individuals. The loss of some or all of the Singtel Optus Group's senior executives, or the inability to attract or retain other key talent, could materially and adversely affect the Singtel Optus Group's business.

Singtel Optus is controlled by a major shareholder.

As at 10 July 2019, Singtel had an aggregate interest of 100 per cent. of Singtel Optus' shares. At that level of share ownership, Singtel is able to exercise control and governance over matters requiring shareholders' approval, including the election of directors, approval of significant corporate transactions and approval of final dividend payments by Singtel Optus. No assurance can be given that Singtel's objectives will not conflict with business goals and objectives of the Singtel Optus Group or that any such conflict will not have an adverse effect on the financial condition and results of operations of the Singtel Optus Group.

There can be no assurance that Singtel will remain the controlling shareholder of Singtel Optus or that there will not be a change of control of the Singtel Optus Group or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the Singtel Optus Group, or that the Singtel Optus Group's business, financial condition and results of operations would not be adversely affected by such a change in control or influence.

The Singtel Optus Group is exposed to perceived risks associated with electromagnetic energy.

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

While the Singtel Optus Group is not aware of any substantiated evidence of public health risks from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, or exposures from mobile base station equipment, there is a risk that an actual or perceived health risk could result in:

- litigation against the Singtel Optus Group;
- reduced demand for mobile communications services; and
- restrictions on the ability of the Singtel Optus Group or higher compliance costs to deploy its mobile communications networks as a result of government environmental controls which exist or may be introduced to address these perceived risks,

which in turn could have a material adverse effect on the Singtel Optus Group's financial performance and results of operations.

The Singtel Optus Group is exposed to information technology and cybersecurity risks.

As the Singtel Optus Group's businesses and operations rely heavily on information technology, the Singtel Optus group is exposed to risks of cybersecurity threats, data privacy breaches as well as other network security risks. The scale and level of sophistication of cybersecurity threats have increased especially in recent times. The Singtel Optus Group is exposed to the risks of cyber attacks that can cause disruptions to the network and services provided to customers, and cyber thefts of sensitive and/or confidential information, which may result in litigation actions from customers, an adverse impact on the reputation of the Singtel Optus Group and/or regulatory fines and penalties. The Singtel Optus Group's exposure to these risks increases with the growing dependency on uninterrupted connectivity and smart devices by customers.

While the Singtel Optus Group has established appropriate policies and frameworks developed in-house capabilities and established partnerships with top-tier technology partners to ensure information system security and network security there can be no assurance that these initiatives are sufficient or that the Singtel Optus Group's business, financial condition and results of operations would not be adversely affected by such cybersecurity threats, data privacy breaches as well as other network security risks.

In addition, Group Enterprise is growing its cybersecurity business globally (see the section "Description of Singtel Optus and the Singtel Optus Group – Group Enterprise" for further information). The failure to keep up with and counteract increasing cybersecurity threats may materially and adversely affect the reputation, cybersecurity business and growth strategy of Group Enterprise and the Singtel Optus Group.

The Singtel Optus Group is exposed to potential risks relating to security of customer data and privacy breaches.

Concerns around data privacy have been escalating, with the governments in many countries where the customers of Singtel Optus Group operate in (in relation to the Singtel Optus Group's provision of its core telecommunications services to enterprise customers and consumers and new digital services) enacting laws and regulations relating to data privacy.

In Australia, the Singtel Optus Group is subject to compliance regulations covering privacy matters, including a requirement to take reasonable steps to secure the personal information it holds and to notify customers in the event of unauthorised disclosure of their personal information.

The Singtel Optus Group seeks to protect the data privacy of its customers in its networks and systems infrastructure. Significant failure of security measures may undermine customer confidence and result in litigation action from customers and/or regulatory fines and penalties. Failure of security mechanisms may

also result in the imposition of additional regulatory measures relating to the security and privacy of customer data which may have a material adverse effect on the Singtel Optus Group's business, financial condition and results of operations.

The Singtel Optus Group may in the future, enter into strategic alliances, joint ventures, partnerships, acquisitions, investments and/or divestments, which may adversely affect its business and financial position, dilute shareholdings and cause it to incur debt.

The Singtel Optus Group may, in the future, enter into strategic alliances, joint ventures, partnerships, acquisitions, investments and/or divestments. The Singtel Optus Group may not be able to identify suitable investment opportunities, partners or acquisition candidates. If it does identify suitable investment opportunities, partners or acquisition candidates, it may have difficulty in accurately assessing the candidates or risks in placing an accurate valuation and it may be unable to negotiate terms commercially acceptable or favourable to it or complete those transactions at all. If the Singtel Optus Group acquires another company or forms a new joint venture or other strategic partnership, it could have difficulty in integrating and assimilating that company's business, including products, components, personnel, operations, technology and culture, with its business, or developing the requisite knowledge and expertise. In addition, the key personnel of an acquired company may decide not to work for the Singtel Optus Group. Any potential acquisition, alliance, joint venture, investment or divestment could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on the Singtel Optus Group's business, financial condition and results of operations.

The Singtel Optus Group may finance future investments, joint ventures, partnerships or acquisitions with cash from operations, its existing cash balances, debt financing, the issuance of additional shares or a combination of these or any other forms of financing. The Singtel Optus Group cannot guarantee that it will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, joint ventures, partnerships or acquisitions financed by the issuance of its shares would dilute the ownership interest of its shareholders and debt financing would increase its leverage and financial risks.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should seek independent financial and legal advice about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Fixed/Floating Rate Notes.

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

The benchmark rate for the Floating Rate Notes may not be available

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks" Interest rates and indices which are deemed to be "benchmarks" (including the LIBOR and the euro interbank offered rate ("**EURIBOR**")), are the subject of recent national and

international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the United Kingdom Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**ESTR**") as the new risk free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is impossible to predict whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to the benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if LIBOR or EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR or EURIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR or EURIBOR is to be determined under the Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for LIBOR or EURIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR or EURIBOR.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Notes issued at a substantial discount or premium.

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on their overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to Notes generally.

Set out below is a brief description of certain risks relating to the Notes generally:

Modification.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law.

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Notes where denominations involve integral multiples: definitive Notes.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Guarantees provided by the Guarantors will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability.

The Guarantees given by the Guarantors provide holders of Notes with a direct claim against the relevant Guarantor in respect of the Issuer's payment obligations under the Notes. Enforcement of each Guarantee would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit (ultra vires), fraudulent conveyance or transfer (actio pauliana), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defences which affect the rights of creditors generally.

If a court were to find a Guarantee given by a Guarantor, or a portion thereof, void or unenforceable as a result of such local laws or defences, or to the extent that agreed limitations on guarantees apply, holders would cease to have any claim in respect of that Guarantor and would be creditors solely of the Issuer and any remaining Guarantors and, if payment had already been made under the relevant Guarantee, the court could require that the recipient return the payment to the relevant Guarantor.

Performance of contractual obligations.

The ability of the Issuer or the Guarantor to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Issuing and Paying Agent, Transfer Agent, Registrar, and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer nor the Guarantor of their obligations to make payments in respect of the Notes, the Issuer and/or the Guarantor may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

Noteholders are exposed to financial risk.

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer and the Guarantor. The Issuer and the Guarantor may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should they suffer serious decline in net operating cash flows.

Where the Global Notes are held by or on behalf of Euroclear and/or Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear or Clearstream, Luxembourg (as the case may be) will maintain records of the beneficial

interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg (as the case may be).

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg (as the case may be) for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear or Clearstream, Luxembourg (as the case may be) to receive payments under the relevant Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg (as the case may be) to appoint appropriate proxies.

Noteholders' ability to enforce certain rights in connection with the Notes may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights.

Noteholders' ability to enforce certain rights in connection with the Notes may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights.

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 of Australia was enacted in Australia. The legislation provides for a stay on enforcement of certain rights arising under a contract (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) for a certain period of time (and in some cases indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings, namely the appointment of an administrator or managing controller or an application for a scheme of arrangement, or the company's financial position during those proceedings (known as "ipso facto" rights). The specified proceedings do not include a winding up or liquidation unless it was preceded by a voluntary administration.

The operation of the legislation introducing the stay commenced on 1 July 2018. The stay applies to ipso facto rights arising under contracts, agreements or arrangements entered into after 1 July 2018, or entered into before 1 July 2018 and novated, assigned or varied on or after 1 July 2023, subject to certain exclusions. Rights exercised with the consent of the relevant administrator, receiver, scheme administrator or liquidator and the right to appoint controllers during the decision period following the appointment of administrators are excluded and rights prescribed by regulations or Ministerial declarations may also be excluded ("subordinate legislation"). Such subordinate legislation may also prescribe additional reasons for application of the stay on enforcement, or for extending the stay indefinitely. The legislation also gives the Federal Court of Australia the power to broaden or narrow the scope and duration of the stay.

The Australian Government has made the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 and the Corporations (Stay on Enforcing Certain Rights) Regulations (No. 2) 2018. The regulations exempt certain types of contracts from the stay, including an exemption for a contract, agreement or arrangement that is, or governs, securities, financial products, bonds, promissory notes or syndicated loans. In addition, the Minister for Revenue and Financial Services made the Corporations (Stay on Enforcing Certain Rights) Declaration 2018 setting out certain types of contractual rights which will also be excluded from the stay (regardless of the type of contract under which those rights arise).

The extent to which certain contracts and contractual rights fall within the scope of the categories in the regulations and declaration is unclear. In particular, while the regulations exempt arrangements which are, or which govern, securities, financial products, bonds, promissory notes, or syndicated loans, the regulations do not exempt ancillary arrangements, such as the Guarantees or security interests for such arrangements.

If the regulations are not interpreted to exclude from the operation of the legislation ancillary arrangements such as the Guarantees, this may render unenforceable in Australia provisions of the Guarantees conditioned merely on the occurrence of the events giving rise to the "ipso facto" rights. There is uncertainty as to aspects of this new regime and until the regulations have been the subject of any applicable decided case law or further official clarification, the scope of the stay on the exercise of ipso facto rights and the exclusions and the effect on any securities issued after the commencement date remains unclear.

Risks related to the market generally.

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under their respective Guarantees in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Notes.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should seek independent legal advice to determine whether and to what extent (1) Notes are legal investments for the potential investor, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited consolidated financial statements of the Singtel Optus Group and financial information relating to the Singtel Optus Group which is contained in the unaudited Singtel's "Management Discussion and Analysis" of Financial Condition, Results of Operations and Cash Flows;

(b) any announcements of the Issuer made via SGXNET; and

(c) all supplements or amendments to this Offering Circular published by the Issuer from time to time.

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and all other documents which are deemed to be incorporated by reference in this Offering Circular and in the relevant Pricing Supplement. The relevant Pricing Supplement shall, save as specified herein and therein, be read and construed on the basis that such Pricing Supplement are so incorporated by reference and form part of the Offering Circular. The Pricing Supplement shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such Pricing Supplement is inconsistent with such contents.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agent.

The Issuer and the Guarantors will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

Bearer Notes

Each Tranche of Bearer Notes (as defined in the Terms and Conditions of the Notes) will be in bearer form and will be initially issued in the form of a temporary bearer global note (a "Temporary Bearer Global Note") or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a "Permanent Bearer Global Note", together with any Temporary Bearer Global Note, the "Bearer Global Notes") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg").

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent (as defined in "Terms and Conditions of the Notes"). On and after the date (the "Exchange Date") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for Definitive Bearer Notes (as defined in the Terms and Conditions of the Notes) of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that the purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Fiscal Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg.

Registered Notes

The Notes in registered form ("Registered Notes") of each Tranche offered and sold in reliance on Regulation S under the Securities Act ("Regulation S"), which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "Registered Global Note", together with any Bearer Global Note, the "Global Notes"). Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Registered Notes (as defined in the Terms and Conditions of the Notes).

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 1) as the registered holder of the Registered Global Notes. None of the Issuer, the Fiscal Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) an Event of Default has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available. The Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the

occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes"), the Fiscal Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN, which are different from the Common Code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Fiscal Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg on and subject to the terms of an amended and restated deed of covenant (the "Deed of Covenant") dated 24 July 2014 and executed by the Issuer.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of the Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

Pricing Supplement dated [●]

Optus Finance Pty Limited (ABN 31 086 656 162)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Guaranteed by Singtel Optus Pty Limited (ABN 90 052 833 208), Optus Networks Pty Limited (ABN 92 008 570 330), Optus Administration Pty Limited (ABN 79 055 136 804), Optus Mobile Pty Limited (ABN 65 054 365 696), Optus Systems Pty Limited (ABN 36 056 541 167), Optus Vision Pty Limited (ABN 50 066 518 821), Optus Billing Services Pty Limited (ABN 95 088 011 536), Optus Fixed Infrastructure Pty Limited (ABN 96 092 450 783) and Optus C1 Satellite Pty Limited (ABN 80 087 587 504) (together, the "Guarantors")

under the €3,000,000,000
Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 26 July 2019 [and the supplemental Offering Circular dated [insert date]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [insert date]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[**Prohibition of Sales to EEA Retail Investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (The "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**MiFID II PRODUCT GOVERNANCE/TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the SFA) – [Insert notice if classification of the Notes is not "prescribed capital market products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[if the Notes have a maturity of less than one year from the date of their issue, the minimum denomination

[must/may need to] be £100,000 or its equivalent in any other currency.]

1	(a)	Issuer:	Optus Finance Pty Limited
	(b)	Guarantors:	Singtel Optus Pty Limited [Optus Networks Pty Limited, Optus Administration Pty Limited, Optus Mobile Pty Limited, Optus Systems Pty Limited, Optus Vision Pty Limited, Optus Billing Services Pty Limited, Optus C1 Satellite Pty Limited and Optus Fixed Infrastructure Pty Limited – Insert names of the Subsidiary Guarantors on the Issue Date]
2	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●] (if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3		Specified Currency or Currencies:	[●]
4		Aggregate Nominal Amount:	
	(a)	Series:	[●]
	(b)	Tranche:	[●]
5	[(a)]	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
	[(b)	Net Proceeds:	[●] (required only for listed issues)]
6	(a)	Specified Denominations:	[●] Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). (Note where multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed:

			"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]." (N.B. if an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the €100,000 minimum denomination is not required.) (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)
	(b)	Calculation Amount:	[●] (if only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[specify/Issue Date/Not Applicable] (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8	Maturity Date:		[Fixed rate – specify date/Floating rate – Interest Payment = Date falling on or about [specify month and year]]
9	Interest Basis:		[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/– [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [specify other] (further particulars specified below)
10	Redemption/Payment Basis:		[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [specify other]
11	Change of Interest Basis or Redemption/Payment Basis:		[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]
13	(a)	Status of the Notes:	[Senior/[Dated/Undated]/Subordinated]
	(b)	Status of the Guarantees:	[Senior/[Dated/Undated]/Subordinated]
14	Listing:		[Singapore Exchange Securities Trading Limited/specify other/None]
15	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/specify other)] in arrear]
	(b)	Interest Payment Date(s):	[[●] in each year up to and including the Maturity Date]/[specify other] (N.B. This will need to be amended in the case of long or short coupons)
	(c)	Fixed Coupon Amount(s): Amount (Applicable to Notes in definitive form)	[●] per Calculation
	(d)	Broken Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [specify other]]
	(f)	[Determination Date(s):	[●] in each year (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
17	Floating Rate Note Provisions:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Specified Period(s)/ Specified Interest Payment Dates:	[●]
	(b)	First Interest Payment Date:	[●]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
	(d)	Additional Business Centre(s):	[●]
	(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/specify other]
	(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[●]

(g)	Screen Rate Determination:		
	(i) Reference Rate:	[●] (Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
	(ii) Interest Determination Date(s):	[●] (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
	(iii) Relevant Screen Page:	[●] (In the case of EURIBOR, if not Reuters EURIBOR01) ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(h)	ISDA Determination:	
	(i) Floating Rate Option:	[●]
	(ii) Designated Maturity:	[●]
	(iii) Reset Date:	[●]
	(iv) ISDA Definitions:	[2000/2006]
(i)	Margin(s):	[+/-][●] per cent. per annum
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] (See Condition 6 for alternatives)
(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
18	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
(a)	Accrual Yield:	[●] per cent. per annum
(b)	Reference Price:	[●]
(c)	Any other formula/basis of determining amount payable:	[●]
(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 8.6(c) and 8.11 apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)

19	Index Linked Interest Note Provisions:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Index/Formula:	[Give or annex details]
	(b)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Fiscal Agent):	[●]
	(c)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
	(d)	Specified Period(s)/ Specified Interest Payment Dates:	[●]
	(e)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
	(f)	Additional Business Centre(s):	[●]
	(g)	Minimum Rate of Interest:	[●] per cent. per annum
	(h)	Maximum Rate of Interest:	[●] per cent. per annum
	(i)	Day Count Fraction:	[●]
20	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[Give or annex details]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent):	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
	(d)	Person at whose option Specified Currency(ies) is/ are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Issuer Call:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●] per Calculation Amount
		(ii) Maximum Redemption Amount:	[●] per Calculation Amount
	(d)	Notice period (if other than as set out in the Conditions):	[●] (N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
22	Investor Put:		[Applicable/Not Applicable] (if not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other]
	(c)	Notice period (if other than as set out in the Conditions):	[●] (N.B. if setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
23	Final Redemption Amount:		[[●] per Calculation Amount/specify other/see Appendix]
24	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[[●] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	[Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Bearer Notes: Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] (For this option to be available, such Notes shall only be issued in denomination that are equal to, or greater than, €100,000 (or its equivalent in other currencies) and integral multiples thereof) [Bearer Notes: Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Registered Notes: Registered Global Note ([●] nominal amount)]
26	Prohibition on Sales to EEA Retail Investors	[Applicable]/[Not Applicable] (if the offer of the Notes clearly does not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)
27	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/give details] (Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(d) and 19(f) relate)
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
30	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable/give details]
	(b) Instalment Date(s):	[Not Applicable/give details]
31	Redenomination applicable:	Redenomination [not] applicable (if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
32	Other terms:	[Not Applicable/give details]

DISTRIBUTION

33	(a)	If syndicated, names of Managers:	[Not Applicable/give names]
	(b)	Stabilising Manager(s) (if any):	[Not Applicable/give name]
34		If non-syndicated, name of relevant Dealer:	[Not Applicable/give name]
35		U.S. Selling Restrictions:	[Reg. S Category 1/2]; TEFRA D/TEFRA C/TEFRA
36		Additional selling restrictions:	[Not Applicable/give details]

Operational Information

37	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
38	Delivery:	Delivery [against/free of] payment
39	Additional Paying Agent(s) (if any):	[●]
40	ISIN:	[●]
41	Common Code:	[●]

[**LISTING APPLICATION**

This Pricing Supplement comprises the pricing supplement required to list the issue of Notes described herein pursuant to the €3,000,000,000 Euro Medium Term Note Programme of Optus Finance Pty Limited.]

RESPONSIBILITY

The Issuer and the Guarantors accept responsibility for the information contained in this Pricing Supplement. [The Singapore Exchange Securities Trading Limited (the SGX-ST) assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Pricing Supplement. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries and associated companies (if any), the Programme or the Notes.]

Signed on behalf of the Issuer:

Executed by **OPTUS FINANCE PTY LIMITED**
(ABN 31 086 656 162) in accordance with
Section 127 of the Corporations Act 2001

. . . . .	. . . . .
Signature of director	Signature of director/company secretary (Please delete as applicable)
. . . . .	. . . . .
Name of director (print)	Name of director/company secretary (print)

Signed on behalf of the Guarantors specified in paragraph 1(b) of the Pricing Supplement

Executed by **SINGTEL OPTUS PTY LIMITED**
(ABN 90 052 833 208) in accordance with
Section 127 of the Corporations Act 2001

. . . . .	. . . . .
Signature of director	Signature of director/company secretary (Please delete as applicable)
. . . . .	. . . . .
Name of director (print)	Name of director/company secretary (print)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note (if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions of the Notes). The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions of the Notes for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Pricing Supplement" for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Optus Finance Pty Limited (ABN 31 086 656 162) (the "Issuer") pursuant to the Amended and Restated Agency Agreement (such Agency Agreement as amended, supplemented, novated or restated from time to time, the "Agency Agreement") dated 24 July 2014 and made between the Issuer, the Guarantors (as defined below) as guarantors, The Bank of New York Mellon as fiscal agent (the "Fiscal Agent", which expression shall include any successor agent) and the other agents named therein (together with the Fiscal Agent, the "Agents", which expression shall include any additional or successor agents). The paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrar", the "Transfer Agents" and the "Calculation Agent(s)".

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "Global Note"), units of each Specified Denomination in the currency specified herein or, if none is specified, the currency in which the Notes are denominated (the "Specified Currency");

(b) any Global Note in bearer form (each a "Bearer Global Note");

(c) any Global Note in registered form (each a "Registered Global Note");

(d) any definitive Notes in bearer form ("Definitive Bearer Notes", together with the Bearer Global Notes, the "Bearer Notes") issued in exchange for a Global Note in bearer form; and

(e) any definitive Notes in registered form ("Definitive Registered Notes", together with the Registered Global Notes, the "Registered Notes") issued in exchange for a Global Note in registered form.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of the Agency Agreement. Interest bearing Definite Bearer Notes have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on or incorporated by reference into this Note and supplement these Terms and Conditions of the Notes (the "Conditions") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on or incorporated by reference into this Note.

The due payment of all sums expressed to be payable by the Issuer under the Amended and Restated Deed of Covenant (such Deed of Covenant as amended, supplemented, novated or restated from time to time, the "Deed of Covenant") dated 25 July 2014 made by the Issuer, the Notes, the Receipts and the Coupons has been guaranteed by (i) Singtel Optus Pty Limited (ABN 90 052 833 208) ("Singtel Optus"), (ii) Optus Networks Pty Limited (ABN 92 008 570 330), (iii) Optus Administration Pty Limited (ABN 79 055 136 804), (iv) Optus Mobile Pty Limited (ABN 65 054 365 696), (v) Optus Systems Pty Limited (ABN 36 056 541 167), (vi) Optus Vision Pty Limited (ABN 50 066 518 821), (vii) Optus Billing Services Pty Limited (ABN 95 088 011 536) and (viii) Optus C1 Satellite Pty Limited (ABN 80 087 587 504) (together the "Guarantors" and each a "Guarantor"; with (ii) to (viii) being together the "Existing Subsidiary Guarantors" and each an "Existing Subsidiary Guarantor", provided that upon any such company being released from its guarantee in accordance with Condition 3.3, such company will cease to be a Guarantor) pursuant to separate guarantees (each a "Guarantee" (which expression includes the same as it may be amended, supplemented, novated or restated from time to time) and together the "Guarantees") each dated 24 July 2014 and executed by the relevant Guarantor. The original of each Guarantee is held by the Fiscal Agent on behalf of the Noteholders, and if applicable, the Receiptholders and the Couponholders at its specified office.

Any reference to "Noteholders" means, in the case of Definitive Bearer Notes, the holders of the Notes and, in the case of Definitive Registered Notes, the person in whose name the Note is registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant. The original of the Deed of Covenant is held by a common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantees and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents. Copies of the applicable Pricing Supplement are available for viewing at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents and copies may be obtained from those offices. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of all the provisions of the Agency Agreement, the Guarantees, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 Form, Denomination and Title

The Notes are issued in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Notes in bearer form may not be exchanged for Notes in registered form and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

Subject as set out below, title to Definitive Bearer Notes, Receipts and Coupons will pass by delivery. The Issuer, the Guarantors and the Paying Agents, as the case may be, will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt, Coupon or Talon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out below.

Title to Definitive Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register").

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantors and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2 Transfers of Registered Notes

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear and Clearstream, Luxembourg shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear or, Clearstream, Luxembourg or to a successor if Euroclear or Clearstream, Luxembourg or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.5 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Fiscal Agent and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note and (ii) during the period of seven days ending on (and including) any Record Date.

2.6 Exchanges and transfers of Definitive Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

2.7 Compliance with Laws

A Noteholder is only entitled to transfer a Note if the transfer complies with all applicable laws, regulations and directives of all relevant jurisdictions.

3 Status of the Notes and the Guarantees

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3.2 Status of the Guarantees

The obligations of each Guarantor under its Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of such Guarantor and (save for certain obligations required to be preferred by law) rank pari passu and equally with all other unsecured and unsubordinated obligations of the relevant Guarantor, from time to time outstanding.

3.3 Release of Subsidiary Guarantors

Without prejudice to the provisions of Condition 3.4, each Subsidiary Guarantor shall be entitled to terminate the relevant Guarantee on it (or Singtel Optus on its behalf) giving not less than 14 days' notice, accompanied by a certificate signed by two directors of each of the Issuer and Singtel Optus certifying compliance with these Conditions before and after such release,

that no Event of Default has occurred and is subsisting before and after such release and such release will not cause the aggregate Total Assets of the remaining Guarantors together with the Total Assets of the Issuer to be less than 75 per cent. of the aggregate Total Assets of the Group, to the Fiscal Agent and, in accordance with Condition 15, the Noteholders; provided that no Event of Default, or event which with the giving of notice and/or the expiry of any grace period would constitute an Event of Default, is subsisting, or would, by virtue of the proposed release, cause an Event of Default to subsist. Upon termination in accordance with this Condition 3.3, the Subsidiary Guarantor shall be released absolutely from its obligations under the Notes and the relevant Guarantee without any further action required on the part of any person.

3.4 Additional Subsidiary Guarantors

The Issuer and Singtel Optus shall ensure that the Noteholders at all times have the benefit of guarantees from Singtel Optus and Subsidiaries of Singtel Optus (Singtel Optus and all of its Subsidiaries being hereinafter referred to as the "Singtel Optus Group") the aggregate of whose Total Assets (as defined below) together with the Total Assets of the Issuer, is not less than 75 per cent. of the aggregate Total Assets of the Singtel Optus Group. If at each Semi-Annual Reporting Date, it is determined that in respect of the immediately preceding Semi-Annual Reporting Period, the Total Assets of all of the Guarantors together with the Total Assets of the Issuer are less than 75 per cent. of the aggregate Total Assets of the Singtel Optus Group as at the end of such immediately preceding Semi-Annual Reporting Period, the Issuer and Singtel Optus shall ensure that within 30 days following such event, a Subsidiary or Subsidiaries of Singtel Optus becomes a Subsidiary Guarantor and provide(s) a guarantee or guarantees so that the requirements set forth herein are satisfied.

In these Conditions,

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

"Semi-Annual Reporting Date" means the date falling three months after the end of each relevant Semi-Annual Reporting Period;

"Semi-Annual Reporting Period" means each period ending on the close of each half of each of Singtel Optus' financial years;

"Subsidiary" of any Person means a corporation more than 50 per cent. of the outstanding voting stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries of such Person. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency;

"Subsidiary Guarantor" means:

(a) each of the Existing Subsidiary Guarantors; and/or

(b) any Subsidiary of Singtel Optus that becomes a Guarantor pursuant to Condition 3.4

provided, however, that any Person constituting a Subsidiary Guarantor as described above shall cease to constitute a Subsidiary Guarantor when its Guarantee is released in accordance with Condition 3.3;

"Total Assets" means, as of each Semi-Annual Reporting Date, (i) in the case of Singtel Optus or a Subsidiary of Singtel Optus that is incorporated in Australia, all consolidated assets of Singtel Optus or such Subsidiary of Singtel Optus, as the case may be, as measured in accordance with the Australian GAAP and (ii) in the case of a Subsidiary of Singtel Optus that is incorporated outside of Australia, all consolidated assets of such Subsidiary of Singtel Optus measured in accordance with the generally accepted accounting principles of the place of incorporation of such Subsidiary.

4 Covenants

4.1 Negative Pledge

So long as any Notes are outstanding, neither the Issuer nor Singtel Optus may, and neither the Issuer nor Singtel Optus shall permit any Restricted Subsidiary to create or permit to exist any Lien on any property or assets of the Issuer, Singtel Optus or any Restricted Subsidiary to secure any Capital Markets Indebtedness, or any guarantee or indemnity in respect of Capital Market Indebtedness, without also at the same time or prior thereto (i) procuring that the Notes then outstanding are secured equally and rateably with such Capital Market Indebtedness or (ii) providing the Notes with the benefit of other security as approved by the holders of a majority in principal amount of the outstanding Notes, as the case may be, provided, however, that the foregoing restrictions shall not apply to:

(a) Liens on property or assets of an entity existing at such time the entity becomes a Restricted Subsidiary, provided that such Liens were not created in anticipation of such entity becoming a Restricted Subsidiary;

(b) Liens created in connection with a substitution of property or assets (or a substitution of property or assets which itself was previously so substituted) pursuant to the terms of any agreement or arrangements pursuant to which any Lien referred to in Clause (a) was created;

(c) any refunding of indebtedness secured by any Lien referred to in the foregoing Clauses (a) and (b) provided that the principal amount of such indebtedness is not increased, the maturity of such indebtedness is not extended beyond the original maturity of the indebtedness so secured and the Lien is limited to the property or asset originally subject thereto and any improvements thereon; and

(d) any Lien to secure Non-Recourse Indebtedness of the Issuer or a Subsidiary of Singtel Optus provided that such Subsidiary (together with all other Subsidiaries with Capital Markets Indebtedness outstanding secured by Liens on the property or assets of the Issuer, Singtel Optus or a Restricted Subsidiary) does not constitute a Restricted Subsidiary.

For this purpose,

"Capital Markets Indebtedness" means any indebtedness for money borrowed or interest thereon in the form of bonds, notes, debentures, loan stock or other similar securities that are quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from its date of issue, or any guarantee or indemnity in respect of Capital Markets Indebtedness.

"Lien" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Non-Recourse Indebtedness" means, in respect of a debtor, any indebtedness incurred to finance the ownership, acquisition, construction, creation, development and/or operation of property (the "Relevant Property") in respect of which the person to whom such indebtedness is or may be owed by the debtor have no recourse whatsoever to the Issuer, Singtel Optus or any Restricted Subsidiary for the repayment of or payment of all or any portion of such indebtedness other than:

(a) recourse to such debtor limited to the Relevant Property and/or the income, cash flow or other property derived from the Relevant Property;

(b) recourse to another Person (other than the Issuer, Singtel Optus or any Restricted Subsidiary) who has guaranteed or provided other security in respect of such indebtedness; and

(c) recourse to the shares in, or any property of, a Subsidiary of Singtel Optus (other than the Issuer or any Restricted Subsidiary) that is engaged principally in the ownership, acquisition, construction, creation, development and/or operation of property and in which the net book value of Relevant Property exceeds 90 per cent. of such Subsidiary's total assets (except goodwill, trademarks, patents, tradenames and other intangible assets but including licences) at their net book values (after deducting related depreciation, depletion and amortisation) as determined in accordance with Australian GAAP.

"Restricted Subsidiary" means each Subsidiary Guarantor.

5 Redenomination

5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the relevant Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Fiscal Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the relevant Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the relevant Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer (i) in the case of Relevant Notes in the denomination of €100,000 and/or such higher amounts as the Fiscal Agent may determine and notify to the Noteholders and any remaining amounts less than €100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 8; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than £1,000 or such smaller denominations as the Fiscal Agent may approve) €0.01 and such other denominations as the Fiscal Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the relevant Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the relevant Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest.

5.2 Definitions

In the Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to Condition 5.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

"Relevant Notes" means all Notes where the applicable Pricing Supplement provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

"Treaty" means the Treaty on the functioning of the European Union, as amended.

6 Interest

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Other than in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365.

In the Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the "Floating Rate Convention", such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the "Following Business Day Convention", such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the "Modified Following Business Day Convention", such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the "Preceding Business Day Convention", such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "Business Day" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Pricing Supplement; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET System") is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where "ISDA Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or on the Euro-zone interbank offered rate ("EURIBOR"), the first day of that Interest Period or (II) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed if the rules of the relevant stock exchange so require and as directed by the Issuer and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed if the rules of the relevant stock exchange so require and as directed by the Issuer and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Guarantors, the Fiscal Agent and the other Paying Agents, the Calculation Agent (if applicable) and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantors, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

6.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

7 Payments

7.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.

7.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by a Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

7.4 Payments in respect of Definitive Registered Notes and Registered Global Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Registered Note or Registered Global Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.

Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than €250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account maintained by a holder with a "Designated Bank" and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on with Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holder by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantors will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or the Guarantors.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 10) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (i) the relevant place of presentation; and

  (ii) each Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency

deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

7.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 9;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

8 Redemption and Purchase

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

8.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or the Guarantors would be unable for reasons outside their control to procure payment by the Issuer and in making payment themselves would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or

regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it/them,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantors would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of each Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantors has/have or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

8.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise the right to require redemption of this Note pursuant to this Condition 8.4, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note pursuant to this Condition 8.4, the holder of this Note must, within the notice period, give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.4 and instead to declare such Note forthwith due and payable pursuant to Condition 11.

8.5 Early Redemption Amounts

For the purpose of Condition 8.2 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"^{y}" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5.

8.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

8.8 Purchases

The Issuer, the Guarantors or any subsidiary of the Issuer or any Guarantor may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered to a Paying Agent and/or the Registrar for cancellation.

8.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

8.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, 8.2, 8.3 or 8.4 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9 Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantors will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, for or on account of any present or future taxes or duties of whatever nature imposed by or on behalf of any Tax Jurisdiction on the Notes, Receipts or Coupons; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment in any Tax Jurisdiction; or

(b) held by a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(c) where the tax is imposed by any Tax Jurisdiction on the Taxable Income, overall net income, overall net gains or overall profits of a holder of a Note; or

(d) where a tax is imposed because a holder of a Note has not supplied an appropriate tax file number, Australian Business Number or other number or exemption details; or

(e) where a tax is required as a result of the holder being an Associate of the Issuer that did not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of an Australian registered managed investments scheme and where that holder is:

(i) a tax resident of Australia that holds its Notes in carrying on business in a country outside Australia at or through a permanent establishment of that Associate in that country; or

(ii) not a tax resident of Australia that does not hold the Notes in carrying on a business in Australia at or through a permanent establishment in Australia; or

(f) where presentation of a Note, Receipt or Coupon is required for payment, the Note, Receipt or Coupon is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or

(g) where such withholding or deduction is imposed on a payment to an individual or certain residual entities and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(h) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

"Associate" has the meaning given to it in section 128F(9) of the Income Tax Assessment Act 1936 (Cth) of Australia;

"Taxable Income" has the meaning given to that term in the Income Tax Assessment Act 1997 (Cth) of Australia;

"Tax Jurisdiction" means any jurisdiction under the laws of which the Issuer or any Guarantor, or any successor to the Issuer or any Guarantor, is organised or in which it is resident for tax purposes, or any political subdivision or any authority thereof or therein having power to tax; and

The "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

10 Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11 Events of Default

If any one or more of the following events (each an "Event of Default") shall occur and be continuing:

(i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or

(ii) if the Issuer or any Guarantor fails to perform or observe any of its other obligations under the Notes or its Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service to the Fiscal Agent at its specified office by any Noteholder; or

(iii) if there is default under any Indebtedness for Money Borrowed (other than in respect of any Non-Recourse Indebtedness) by the Issuer or any Guarantor having an aggregate principal amount outstanding exceeding U.S.$50 million (or the equivalent thereof in any other currency or currency unit) whether such Indebtedness for Money Borrowed exists at the date of issue of the first Tranche of the Notes or shall thereafter be created, which default shall have resulted in such Indebtedness for Money Borrowed becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable (after the expiration of any applicable grace period), if the effect is to cause such Indebtedness for Money Borrowed to become due prior to its stated maturity without such Indebtedness for Money Borrowed having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days.

For the purpose of this paragraph (iii):

"Indebtedness for Money Borrowed" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit, (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash and to the extent not already included, any guarantee or indemnity in respect of such indebtedness; and for the purposes of this paragraph (iii) only, shall also include Deferred Purchase Amounts and any amounts payable under Finance Leases;

"Deferred Purchase Amount" means the purchase price of any asset or service where that purchase price is deferred for a period exceeding 90 days;

"Finance Lease" means any lease which under current accounting practice would be required to be capitalised on the balance sheet of the lessee or hirer; or

(iv) if an order shall be made by any court of competent jurisdiction or an effective resolution shall be passed for the winding up, liquidation or dissolution of the Issuer or any Guarantor, other than such an order made or a resolution passed for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or the relevant Guarantor, as the case may be, is solvent and which has been approved by an Extraordinary Resolution of the Noteholders; or

(v) if the Issuer or any Guarantor shall suspend or announce its intention to suspend payment of its debts generally or shall be declared or adjudicated by a court of competent jurisdiction to be unable, or shall admit in writing its inability, to pay its debts generally as they fall due, or shall be adjudicated or found insolvent (within the meaning of Section 95A of the Corporations Act 2001 (Cth)) by a court of competent jurisdiction; or

(vi) if the Issuer or any Guarantor shall enter into or make any compromise or arrangement with its creditors generally including the entering into of some form of moratorium with its creditors generally, other than such a compromise or arrangement for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or the relevant Guarantor, as the case may be, is solvent and which has been approved in writing by an Extraordinary Resolution of the Noteholders; or

(vii) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer or any Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or there shall be appointed a receiver, administrator, liquidator, custodian, trustee or sequestrator (or similar officer) over the whole or substantially the whole of the assets of the Issuer or any Guarantor, as the case may be, and any such decree, order or appointment is not removed, discharged or withdrawn within 60 days thereafter; or

(viii) if the Issuer or any Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, other than a case commenced under an applicable law not pertaining to bankruptcy or insolvency for the purposes of a reconstruction, amalgamation or reorganisation where the Issuer or the relevant Guarantor, as the case may be, is solvent and which has been approved by an Extraordinary Resolution of the Noteholders, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, administrator liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or the relevant Guarantor over the whole or substantially the whole of its assets, or shall make any general assignment for the benefit of its creditors other than for a solvent reorganisation which has been approved by an Extraordinary Resolution of the Noteholders; or

(ix) other than in respect of any Non-Recourse Indebtedness, a distress, attachment, execution or other legal process is issued, levied, enforced or sued upon or against the whole or substantially the whole of the assets of the Issuer or any Guarantor and is not paid out, satisfied, withdrawn or set aside within 60 days of the date of issue, levy or enforcement; or

(x) if any Guarantee ceases to be, or is claimed by the Issuer or any Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

12 Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer, Fiscal Agent or Registrar may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Agent, Paying Agents, Registrar, Transfer Agent and Calculation Agent(s)

The names of the Fiscal Agent, other Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent initially appointed by the Issuer and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Fiscal Agent, Paying Agent, Registrar, Transfer Agent and Calculation Agent(s) and/or appoint additional or other Fiscal Agent, Paying Agents, Registrar, Transfer Agent and Calculation Agent(s) and/or approve any change in the specified office through which any Fiscal Agent, Paying Agent, Registrar, Transfer Agent and Calculation Agent(s) act, provided that:

(a) there will at all times be a Fiscal Agent;

(b) there will be a Registrar and Transfer Agent in relation to Registered Notes;

(c) there will be one or more Calculation Agent(s) where the Conditions so require;

(d) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(e) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(f) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Fiscal Agent, Paying Agents, Registrar, Transfer Agent and Calculation Agent(s) act solely as agents of the Issuer and the Guarantors and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Fiscal Agent, Paying Agent, Registrar, Transfer Agent and Calculation Agent(s) is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent, paying agent, registrar, transfer agent and calculation agent(s).

14 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15 Notices

All notices regarding Bearer Notes will be deemed to be validly given if published in (i) a leading English language daily newspaper of general circulation in Australia and (ii) if and for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, published in a leading English newspaper having general circulation in Singapore. It is expected that any such publication in a newspaper will be made in the Australian Financial Review in Sydney and the Business Times in Singapore. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding Registered Notes will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the third day after mailing and (b) if and for so long as the Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16 Meetings of Noteholders and Modification

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement.

A meeting of the Noteholders may be convened by the Issuer or any Guarantor and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Issuer may make, without the consent of the Noteholders, Receiptholders or Couponholders:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19 Governing Law and Submission to Jurisdiction

19.1 Governing law

The Agency Agreement, the Guarantees, the Deed of Covenant, the Notes, the Receipts and the Coupons, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantees, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

19.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submits to the jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer and each Guarantor appoints Hackwood Secretaries Limited at its registered office at One Silk Street, London EC2Y 8HQ as its agent for service of process for Proceedings in England, and undertakes that, in the event of Hackwood Secretaries Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

19.4 Other documents

The Issuer and each Guarantor has in the Agency Agreement, the Guarantees and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed, or will be required to appoint, an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION

The following table shows the consolidated capitalisation of the Singtel Optus Group as at 31 March 2019.

The financial information presented below was prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") for the purposes of consolidation into the Singtel Group's consolidated financial statements.

Table 1

	SFRS(I) as at 31 March 2019
	(A$' million)
Short term indebtedness	
Unsecured Loans	1,164
Lease Liabilities	0
Long term indebtedness	
Unsecured notes/loans	3,132
Leased Liabilities	0
Total indebtedness	4,296
Shareholders' equity	
Share capital	5,317
Reserves	(40)
Retained profits	4,716
	9,993
Total capitalisation and indebtedness	14,289

SELECTED FINANCIAL INFORMATION OF THE SINGTEL OPTUS GROUP

The following tables present selected consolidated financial information for the Singtel Optus Group as at and for the financial years ended 31 March 2017, 2018 and 2019. The selected consolidated financial information was prepared in accordance with Singapore Financial Reporting Standards ("FRS") for year ended 31 March 2017 and SFRS(I) for years ended 31 March 2018 and 2019 for the purposes of consolidation into the Singtel Group's consolidated financial statements. The consolidated financial statements of the Singtel Optus Group for the years ended 31 March 2017, 2018 and 2019 prepared in accordance with Australian GAAP, are included in pages F-1 to F-156 of this Offering Circular.

Australian GAAP differs in certain respects from SFRS(I). Certain principal differences between SFRS(I)and Australian GAAP are discussed in "Summary of Principal Differences between SFRS(I) and Australia GAAP".

Table 2

	SFRS(I) Year Ended 31 March		
	2017	**2018**[1]	**2019**[1]
		(A$' million)	
Summary Income Statement			
Operating revenue	8,425	8,612	9,099
Operating expenses	(5,904)	(6,075)	(6,535)
	2,521	2,537	2,564
Other income	148	187	134
Share of results of joint ventures	*	*	*
EBITDA and share of results of joint ventures[2]	2,669	2,724	2,698
Depreciation and amortisation	(1,358)	(1,436)	(1,483)
EBIT[3]	1,311	1,288	1,215
Net finance expense	(152)	(185)	(191)
Profit before exceptional items	1,159	1,103	1,024
Exceptional items	(35)	6	(77)
Profit before tax	1,124	1,109	947
Tax expense	(330)	(327)	(288)
Net profit after tax	794	782	659

* denotes less than +/– A$500,000.

Notes:

(1) The financial information in Table 2 has been prepared in accordance with SFRS(I), with FY18 being restated for impacts of SFRS(I) 1,9,15 but is not presented in SFRS(I) presentation format.

(2) EBITDA – Earnings before deduction of interest expense, taxes, depreciation and amortisation.

(3) EBIT – Earnings before deduction of interest expense and taxes.

Table 3

	SFRS(I) as at 31 March		
	2017	**2018[1]**	**2019[1]**
		(A$' million)	
Balance Sheet Data			
Cash	128	118	96
Total assets	16,614	17,881	18,014
Total liabilities	6,949	7,963	8,021
Total shareholders' equity	9,665	9,918	9,993

	SFRS(I) Year Ended 31 March		
	2017	**2018[1]**	**2019[1]**
		(A$' million)	
Cash Flow Statement Data			
Cash flow from operating activities	1,847	2,438	2,172
Cash flow used in investing activities	(1,497)	(2,314)	(1,256)
Cash flow from/(used in) financing activities	(291)	(134)	(938)
Cash flow from associates' dividends	13	0	0
Increase/(decrease) in cash	72	(10)	(22)

Note:

(1) The financial information in Table 3 has been prepared in accordance with SFRS(I), with FY18 being restated for impacts of SFRS(I) 1,9,15 but is not presented in SFRS(I) presentation format.

DESCRIPTION OF OPTUS FINANCE

Incorporation

The Issuer was incorporated on 11 March 1999 with limited liability in the State of New South Wales, Australia, and is a wholly owned subsidiary of Singtel Optus. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal activity of the Issuer is to manage the Singtel Optus Group's treasury activities, including borrowing on behalf of the Singtel Optus Group and advancing such borrowings to companies within the Singtel Optus Group.

Directors and Company Secretary

The following table sets out the members of the board of directors and the company secretary of the Issuer:

Name	Position
Allen Lew Yoong Keong	Director
Murray Philip King	Director
Paul Gerard O'Brien	Company Secretary

Mr Lew, 64, was appointed Chief Executive Officer, Consumer Australia & Chief Executive Officer, Optus on 1 October 2014.

Prior to that, Mr Lew was CEO, Group Digital Life where he transformed the Group into a leading player in the digital ecosystem. He was also Country Chief Officer Singapore.

Mr Lew began his career with the Singtel Group on 7 November 1980 and has served in various senior management roles both in Singapore and overseas. His first overseas posting was to Advanced Info Service Public Company (AIS), Singtel's regional associate. He was the Chief Operating Officer of AIS for three years before his posting to Optus in late 2001, as Managing Director of Optus Mobile and later as Managing Director of Optus Consumer Business. He returned to Singapore as CEO Singapore in 2006.

Mr Lew is the Chairman of the AIS Executive Committee.

He holds a Bachelor of Electrical Engineering from the University of Western Australia under a Colombo Plan Scholarship and a Master of Science (Management) from the Massachusetts Institute of Technology, US.

Mr King, 60, is Chief Financial Officer Consumer Australia & Optus and is responsible for the financial affairs of the Australian operation. His responsibilities include corporate finance, procurement, taxation, treasury, risk management, legal and investor relations.

Mr King joined Singtel Optus in 2003 and has held the key positions of Commercial Director Mobile and Commercial Director Consumer. Responsibilities in these roles have included financial management of the largest customer facing unit, statutory and regulatory reporting, credit functions and driving the Singtel Optus Group's annual operating plan.

Prior to Singtel Optus Mr King worked at Virgin Mobile where he held the position of Finance Director and Acting Joint Managing Director. In these roles, he was responsible for the financial and operational performance of the company which encapsulated the customer service and IT functions. Prior to working at Virgin Mobile, Mr King held the position of Chief Financial Officer for technology companies Mincom Limited and Voxson Limited.

Mr King holds a Bachelor of Commerce Degree from Queensland University, is a Fellow of the Australian Institute of Chartered Accountants and has finance and audit experience with international accounting firms Price Waterhouse and Coopers & Lybrand.

DESCRIPTION OF SINGTEL OPTUS AND THE SINGTEL OPTUS GROUP

Incorporation

Singtel Optus was incorporated under the name Optus Communications Pty Limited on 6 November 1991 with limited liability in the Australian Capital Territory, Australia, and is the parent company of the Issuer. As at 31 March 2019, Singtel Optus is wholly owned by Singtel.

The principal offices of Singtel Optus are located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

The principal activity of Singtel Optus is investment holding and it is the holding company of 76 subsidiaries as at 31 March 2019.

Business Overview

The Singtel Optus Group is the second largest provider of telecommunications services in Australia in terms of revenue. It remains Australia's primary fully integrated fixed and mobile telecommunications competitor to Telstra. As a fully integrated telecommunications provider, the Singtel Optus Group delivers a comprehensive range of telecommunications products and services, which include local, long distance and international, mobile and fixed line telephony services, broadband and dial-up internet services, multimedia entertainment and technology services, satellite services and converged business telecommunications applications and solutions. Since commencing operations on 31 January 1992, the Singtel Optus Group has invested in fixed, mobile and satellite networks providing an advanced technology platform for the delivery of its integrated communications, information and entertainment services.

History

Optus Communications Pty Limited was founded as a private joint venture by Cable & Wireless plc, Bell South Corporation, Mayne Nickless Limited and several Australian financial companies. Optus Communications Pty Limited commenced operations with the purchase of the government owned satellite carrier, AUSSAT Pty Limited, and became Australia's first privately owned carrier. Optus Communications Pty Limited continued to operate the satellite network and in March 1992, commenced construction of its fixed and digital mobile networks.

In August 1997, Cable and Wireless plc acquired Bell South Corporation's 24.5 per cent. interest in Optus Communications Pty Limited, which was renamed Cable & Wireless Optus Limited. Cable & Wireless Optus Limited was listed on the Australian Stock Exchange in November 1998, at which time Mayne Nickless Limited divested all of its holdings in Cable & Wireless Optus Limited. In addition, Cable and Wireless plc increased its shareholding to a 52.5 per cent. interest in Cable & Wireless Optus Limited.

In October 2001, Singtel acquired 100 per cent. of the ordinary shares of Cable & Wireless Optus Limited. The company was subsequently de-listed and renamed Singtel Optus Pty Limited.

The Singtel Group is organised into three business segments: Group Consumer, Group Enterprise and Group Digital Life, to better serve the evolving needs of its customers and to capture growth opportunities globally.

Group Consumer comprises the Singtel Group's consumer-related businesses, including its investments in the emerging markets, giving it the potential to fully leverage the scale of its mobile customer base to maximise collaborative outcomes in areas such as network, IT, marketing, product development and procurement. A key goal is to increase sales of higher value services through next-generation communication, multimedia entertainment and technology services to meet increasingly connected digital lifestyles of retail consumers and small businesses across Asia-Pacific.

Group Enterprise provides innovative and comprehensive telecommunication and ICT solutions to the Singtel Group's enterprise customers across geographical boundaries, including voice, satellite services, international and local leased circuits, international data and managed services, cybersecurity services, smart city solutions, cloud computing and enterprise mobility services. Integrated end-to-end telecommunications and ICT solutions are provided with complementary IT integration capabilities from its subsidiaries, the NCS Group in Singapore and Alphawest Pty Ltd and Ensyst Pty Ltd in Australia, and managed security services through its cybersecurity group, Trustwave.

Group Digital Life drives the Singtel Group's efforts to capture opportunities in the digital world. It focuses on opportunities in digital marketing, regional premium video and advanced analytics and intelligence capabilities. Leveraging on the Singtel Group's assets such as the scale of its regional customer base, payments mechanisms, data analytics engine and extensive customer touch points, it aims to create services that enable customers to enhance their digital experiences.

Strategy

The Singtel Group's vision is to be Asia-Pacific's best communications technology company. To achieve this objective, the Singtel Group will be executing strategies to transform its business for sustained competitiveness, innovation and growth into the future.

The Singtel Group's key focus is to:

- raise business performance of the consumer and enterprise operations, by driving profitable revenue growth, operational efficiencies and creating a competitive cost structure;

- strengthen customer experience with simplified and compelling value propositions, supported by extensive and reliable networks;

- leverage the Singtel Group's assets to drive scale benefits; and

- create innovative and differentiated digital services to enhance the core business and deliver new revenue streams.

Group Consumer Strategy

Group Consumer comprises the Singtel Group's consumer-related businesses, including Consumer Singapore, Consumer Australia, and the Regional Associates and Joint Ventures with a total customer base of over 690 million mobile customers as at 31 March 2019.

The vision for Group Consumer is to be the leading provider of next generation communication, multimedia entertainment and technology services for individual customers, homes and small businesses across Asia-Pacific and, through Bharti Airtel Limited, in Africa.

The purpose of this unit is to re-invent the core operations and create new and sustainable business models that meet the needs of customers' increasingly connected digital lifestyles. In order to do this, Group Consumer will focus on:

- delivering its best-in-class customer experience, value added services and associated brand leadership;

- driving new revenues in emerging markets, particularly in mobile, data and digital services;

- achieving continued operational excellence across all markets; and

- leveraging on the Singtel Group's scale and capabilities to generate new revenue streams and cost synergies including building digital ecosystems in payments, gaming and esports.

Group Enterprise Strategy

Group Enterprise brings together all enterprise-related business units of the Singtel Group and is focused on providing ICT services and solutions to serve the Singtel Group's enterprise customers across multiple geographies.

The vision for Group Enterprise is to be the leading ICT services provider for businesses in the Asia-Pacific region. The key focus areas of this unit are:

- continued growth in enterprise data network services, enterprise mobility, data centre services, business applications solutions and managed services;

- establishing capabilities as a global cybersecurity services provider; and

- developing capabilities in emerging technologies such as cloud based services, Internet of Things, machine-to-machine ("M2M"), big data analytics and smart city solutions.

Group Digital Life Strategy

Group Digital Life drives the Singtel Group's efforts to capture opportunities in the digital world, enhancing the Singtel Group's focus on creating new growth platforms that leverage the Singtel Group's core businesses.

The focus for this unit is on three key businesses comprising digital marketing, regional premium OTT video and advanced analytics and intelligence capabilities, in addition to strengthening its role as the Singtel Group's digital innovation engine.

Principal Business Groups and Activities of Singtel Optus

Consumer Australia

Business structure

Consumer Australia delivers a comprehensive range of services and products to the Australian retail telecommunications market and small and medium-sized businesses through the Singtel Optus Group. These services and products include mobile voice and data, fixed voice, fixed broadband, and content and application services.

Optus Wholesale also enables third parties to offer mobile and fixed services using Singtel Optus Group infrastructure. In addition, the Optus satellite fleet provides a full range of services including broadcast services, IP-based satellite data broadcast solutions, handheld or vehicle-mounted mobile services and a range of specialised services.

Principal products and services

- Mobile services and sale of equipment

  Consumer Australia provides a full suite of mobile communication services across Australia. This includes mobile voice, messaging, international roaming, mobile data services and a wide range of value-added entertainment and information services.

In Australia, mobile service revenues are supported by sales of mobile handsets and devices, along with SIM-only plans. Consumer Australia has an extensive network of physical retail outlets and also retails via telesales, online and through certain other retail distribution partners. Mobile handsets and devices may be purchased with or without subsidy, depending on the price plan that the customer chooses.

Mobile services are provided on either a postpaid basis with customers receiving a monthly bill or on a prepaid basis with customers electing to prepay for their services.

The usage patterns of consumers are changing with rapidly growing smartphone penetration, and Consumer Australia has seen an increasing demand for mobile data services. Consumer Australia has launched attractive mobile plans and other related services, such as music and video entertainment services, to tailor to customer's requirements.

The Singtel Optus Group mobile subscriber base was approximately 10.3 million as at 31 March 2019. As at 31 March 2019, approximately 62 per cent. of Singtel Optus' total mobile handset subscriber base were postpaid customers. Data, including SMS, constituted 78 per cent. of the average revenue per mobile customer for the year ended 31 March 2019.

- Fixed services

Consumer Australia offers a full array of fixed services in Australia. This includes fixed voice, broadband and TV services.

In Australia, the Singtel Optus Group is a major provider of fixed services in both broadband and voice. The broadband customer base stands at approximately 1.2 million subscribers, as at 31 March 2019. Consumer Australia has also partnered with Fetch TV to provide IPTV services to complement its fixed offerings. To further strengthen and differentiate its IPTV services Optus has secured certain exclusive media entertainment content, notably rights to broadcast the English Premier League for three years from the 2016/17 season and such rights were renewed for a further three years from the 2019/20 season. Optus has also secured exclusive rights to broadcast European football until 2022 which includes rights to broadcast Euro 2020 and qualifiers, UEFA Nations League 2018-2021 and UEFA 2022 World Cup qualifiers. In March 2019, Optus and National Geographic launched a revamped National Geographic mobile App.

The Singtel Optus Group operates in the fixed market in four ways: (i) in the residential and small business sector using its HFC network and ULLDSL networks, (ii) in the residential and small business sectors through resale of services including from Telstra and the NBN, (iii) in the residential and small business sectors using its 4G LTE network to deliver a Home Wireless Broadband service, and (iv) in the enterprise, corporate and government sectors using its Customer Access Network ("CAN").

The addressable market for ULLDSL is related to the number of Telstra exchanges where the Singtel Optus Group's ULLDSL equipment has been deployed, and the allocation of available capacity within the various Telstra exchanges.

Delivery of fixed services on the Singtel Optus Group HFC and ULLDSL networks generally attracts a higher gross margin as compared to off-net fixed line services. Those networks also allow more direct control over the customer experience.

The HFC and ULLDSL networks have allowed the Singtel Optus Group to deliver subscription-based bundled fixed voice and broadband services. These subscription plans allow an amount of included value for fixed telephony services and a nominated data allowance for broadband usage to be used within an agreed timeframe, which is normally one month.

As part of the Australian government's reform of the fixed line telecommunications sector in Australia, the Singtel Optus Group is progressively migrating customers from its HFC and ULLDSL networks to the NBN network as it rolls out in each area in Australia. The Singtel Optus Group anticipates that migration will take place over multiple years based on the current NBN roll out plan.

For an overview of the NBN as it relates to the Singtel Optus Group, see the "Regulatory Environment" section on pages 96 to 102 of this Offering Circular.

- Wholesale services to other carriers and service providers

  Optus Wholesale is a supplier of fixed, mobile voice and data telecommunications services to Australian carriers and service providers, including ISPs, utilising the Singtel Optus Group's network infrastructure. Wholesale products and services include:

  - fixed voice services that allow service providers to provide local, national, fixed to mobile, international calls and Total Access Services ("TAS") such as the Optus 1300/1800 services that provide primary access for customers to make contact with an organisation;

  - fixed data and IP products which allow service providers to provide internet access, IP VPN, transportation of voice signals using the IP protocol and dedicated or multipoint data transmission services;

  - mobile services providing service providers with the ability to on-sell voice and data services including wireless broadband services on Singtel Optus Group's mobile network; and

  - interconnection services that allow other carriers to terminate carrier services into Singtel Optus Group network.

- Satellite Services

  The Singtel Optus Group is the leading provider of satellite services in Australia and New Zealand with a fleet of five geostationary satellites operating in Ku-band across a number of geostationary orbital locations, namely 152°E, 156°E, 160°E and 164°E as at 31 March 2019.The 156°E and 160°E orbital locations are the pre-eminent locations, respectively, for the Australian and New Zealand Direct-To-Home broadcast platforms providing both subscription and free-to-air services to over 2 million locations in Australia and New Zealand.

The Singtel Optus Group offers the following satellite services:

- a full suite of broadcast services which deliver broadcast television and backhaul services across Australia and New Zealand for both the free-to-air and subscription television markets;

- IP-based satellite data broadcast solutions that deliver one-way or two-way high-speed data services for internet or distribution of data, audio or video in Australia and internationally;

- handheld or vehicle mounted mobile satellite services across a coverage footprint from Africa to Australia and its surrounding waters; and

- a range of specialist services, including satellite control, system design, provision and management of telemetry, tracking and command earth stations, provision of transfer orbit services and satellite operations.

Optus Business

Business structure

Optus Business, a business unit of Group Enterprise, provides advanced communications solutions to corporate and government customers in Australia through the Singtel Optus Group. It offers a comprehensive solution suite across voice, data, internet, data application management and content and application services. It has a comprehensive managed services capability as well as the ability to deliver on the growing demand for ICT based solutions such as cybersecurity and cloud based services.

Principal products and services

- Business mobile

  Optus Business offers a range of mobile solutions for businesses in Australia. This includes voice, messaging, email, applications, roaming, device management, mobile broadband and mobile security.

- Fixed voice and international calling

  Optus Business offers a range of fixed voice solutions in Australia. This includes local calling, international calling, VoIP, inbound call solutions, World Conference, Managed Telephony and converged offerings. These services may also be bundled with data.

- Fixed data and internet services for business customers

  In Australia, Optus Business provides a wide range of enhanced data and IP solutions and services for its business customers. Key business products and services offered to corporate and government customers include:

  - internet access allowing organisations to connect to the internet via the Singtel Optus Group IP network;

  - secure private IP-based Wide Area Network ("WAN") services, allowing customers to combine voice, video and data applications onto a single network;

  - ethernet services which provide customers with Layer 2 data network connectivity thus allowing customers to connect to multiple sites across towns or throughout Australia using the simple, cost effective and flexible nature of an Ethernet; and

  - a secure and reliable global WAN connectivity, which offers the flexibility of secure remote access for users on the move or at remote sites through the use of multi-protocol label switching and IP security.

- ICT services and managed services

  In Australia, Optus Business also provides a range of ICT solutions, products and services to corporate and government customers, including:

  - a range of products designed specifically for organisations to manage their contact center requirements call monitoring and routing services and network based intelligent services;

  - a fully managed end-to-end service on multi-carrier/vendors including third party voice, data and mobile products and services;

- a scalable range of cost effective hosting solutions which include co-location, managed storage and web-hosting on a fully managed server;

- professional and managed services to assist them to identify, plan, deploy, secure, manage and optimise their technology and communications requirements;

- provision of cloud based services by enabling their applications on the cloud, aggregating the applications and connecting them to various cloud environments; and

- provision of managed cybersecurity services which include security testing, forensic investigation and incident response for customers globally.

Network and Infrastructure

The Singtel Optus Group operates a full-service national telecommunications network. As at 31 March 2019, its extensive technology, infrastructure and facilities backbone includes:

- over 10,000 km of intercity fibre cable providing connections from Perth through to Cairns;

- over 17,000 km of intra-city fibre cable, providing connections between major facilities and connections to mobile base stations and corporate premises through a mixture of aerial and in ground fibre;

- over 26,000 km of aerial coaxial cable with a footprint that covers approximately 1.4 million households;

- approximately 1,885 DSLAM racks installed in 418 Telstra exchanges;

- major facilities within Australia consisting of 16 exchanges (including 1 with hosting centre capabilities and 1 with data centre capabilities), 3 satellite earth stations and 1 dedicated hosting site and 1 dedicated data centre;

- 124 points of interconnect with voice service carriers around the country, in the central business districts ("CBD"), metro and major regional centres; and

- ownership in 3 international cables.

These networks provide the Singtel Optus Group with an advanced technology platform capable of delivering leading products and services.

Mobile Network

The Singtel Optus Group delivers mobile voice and data capability through its national mobile network to approximately 98.5 per cent of the Australian population as at 31 March 2019. The network supports the Singtel Optus Group's current customer base of approximately 10.3 million subscribers as at 31 March 2019.

Singtel Optus is continuing to roll out its expanded 4G LTE network which supports new services capabilities including the streaming of online video content and TV services. The network operates from approximately 7,687 mobile sites of which approximately 7,368 sites provide 4G LTE capability. As at 31 March 2019, the 4G LTE network reached 97.3 per cent of Australia's national population and 99.8 per cent of the metro population.

In November 2004, pursuant to a joint venture agreement, Optus Mobile Pty Limited and Vodafone Network Pty Limited agreed to share 3G mobile network infrastructure across approximately 58 per cent

of the Australian population in metropolitan regions. The joint venture utilises co-located mobile sites where each operator retains ownership of its own assets. Approximately 2,500 mobile sites are under the joint venture arrangement.

The Singtel Optus Group announced on 3 May 2012 that a memorandum of understanding had been signed to expand the joint venture agreement. This provided the Singtel Optus Group with access to nearly 1,000 additional mobile sites for the Singtel Optus Group's 3G and 4G LTE services across Australia.

Fixed Network

The Singtel Optus Group delivers local and long distance telephony, high speed broadband and digital pay-TV services over the HFC network which has a footprint that covers approximately 1.4 million households. The HFC network extends to Sydney, Melbourne and Brisbane and in general, services standalone dwellings only.

The Singtel Optus Group's ULL DSL network which is deployed in 418 Telstra exchanges delivers fixed voice and ADSL2+ broadband services to both residential and business customers, as well as SHDSL services to business customers only. The Singtel Optus Group's ULL DSL network has a footprint that covers approximately 2.9 million premises. Residential fixed voice and ADSL2+ broadband services are provided via a single high density line card, making service bundling simple. Over 70 per cent of the 418 exchanges are within the metro areas and provide both residential and business grade services.

The Singtel Optus Group delivers fixed telephony, content and high speed broadband services to consumer and business customers using the NBN network. The Singtel Optus Group interconnects to the nationwide NBN network at 121 permanent NBN points of interconnect.

The Singtel Optus Group is progressively migrating customers from the HFC and ULLDSL networks to the NBN network as it rolls out in each area in Australia.

The Singtel Optus Group directly connects enterprise, corporate and government customers to its fixed transmission network via its CAN. The Singtel Optus Group has constructed a CAN in major Australian capital cities. These comprise mainly fibre optic loops in the CBD and metropolitan areas and are supplemented by alternative access methods such as leased transmission and microwave radio when required. Customers are able to connect to the Singtel Optus CAN through customer premises based equipment and gain access to the products and services offered by Optus Business and Optus Wholesale.

IP Network

The Singtel Optus Group's networks have been developed for the transport of IP data. These networks make use of the Singtel Optus Group's physical network infrastructure, providing IP connectivity in support of a range of IP based products offered by the Singtel Optus Group. These products include IP based voice services plus internet and intranet access for business and consumer customers as well as virtual IP networks for business customers.

Satellite Network

The Singtel Optus Group operates a satellite network of five satellites covering Australia, New Zealand and Antarctica. This satellite network delivers pay-TV to over two million households, free-to-air TV to over 300,000 households, video transmission to 600 re-transmission sites for free-to-air broadcasters and approximately 650 free-to-air self-help transmission sites. The satellite network also supports satellite small cell sites in Australia which provide 3G and 4G services for the Australian government's Mobile Black Spot Program and data services for the Australian government departments and enterprises in the mining, oil and gas sectors. Singtel Optus operates, on behalf of NBN Co, Sky Muster satellites designed specifically to provide broadband services to Australia's remote areas.

Intellectual Property

It is the practice of the Singtel Optus Group to protect its intellectual property by obtaining appropriate registrations. The Singtel Optus Group owns various registered trademarks including "Optus", "yes", and the Optus logo. The Singtel Optus Group is the registered owner of various internet domain names including "optus.com.au", "optusbusiness.com.au" and "optusnet.com.au".

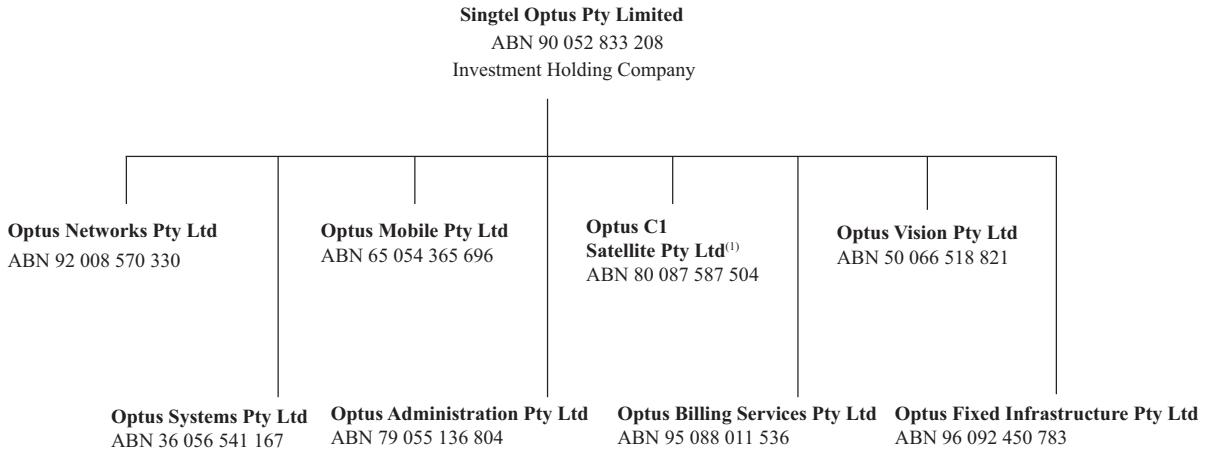
Legal Proceedings

The Singtel Optus Group from time to time has or may be in dispute with third parties, including regulators, regarding certain transactions, services and/or representations arising out of the ordinary course of business. Some of these disputes have or may involve legal proceedings relating to breach of laws and enforceable undertakings, and the contractual obligations of the parties and/or representations made, including the amounts payable by companies within the Singtel Optus Group as fines or under the contracts and claims against companies within the Singtel Optus Group for compensation for alleged breach of contract and/or representations. The Singtel Optus Group vigorously defends all these claims.

DESCRIPTION OF THE SUBSIDIARY GUARANTORS

Singapore Telecom Australia Investments Pty Limited (ABN 69 096 686 190) ("STAI") is the parent and holding company of Singtel Optus Group, with Singtel as the ultimate holding company. The Subsidiary Guarantors, each of which is a wholly owned subsidiary of Singtel Optus, comprise the largest asset holding and operating subsidiaries of STAI.

The following table sets out the list of Subsidiary Guarantors.



Note 1 Previously known as Cable and Wireless Optus Satellites Pty Ltd

As at 31 March 2019, the total aggregate assets in Singtel Optus, the Issuer and the Subsidiary Guarantors represented 83.4 per cent. of the total assets of the Singtel Optus Group as determined based on financial information in the audited consolidated financial statements of the Singtel Optus Group for the year ended 31 March 2019, which are prepared in accordance with Australian GAAP.

A brief description of each Subsidiary Guarantor and their principal business activities are set out below.

Optus Networks Pty Limited

Optus Networks Pty Limited ("Optus Networks") was incorporated on 6 November 1981 with limited liability in the Australian Capital Territory, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Networks is to provide ICT services and solutions to enterprise customers. Optus Networks holds a carrier licence under the Telecommunications Act 1997.

Directors

The directors of Optus Networks are Allen Lew Yoong Keong and Murray Philip King.

Optus Systems Pty Limited

Optus Systems Pty Limited ("Optus Systems") was incorporated on 22 June 1992 with limited liability in the Australian Capital Territory, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Systems is to operate the information systems used by the Singtel Optus Group. Optus Systems is paid management fees by other Singtel Optus Group entities for providing information technology services.

Directors

The directors of Optus Systems are Allen Lew Yoong Keong and Murray Philip King.

Optus Mobile Pty Limited

Optus Mobile Pty Limited ("Optus Mobile") was incorporated on 21 November 1991 with limited liability in the Australian Capital Territory, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Mobile is the provision of mobile services via its own digital network and satellite based services. Optus Mobile holds a carrier licence under the Telecommunications Act 1997.

Directors

The directors of Optus Mobile are Allen Lew Yoong Keong and Murray Philip King.

Optus Administration Pty Limited

Optus Administration Pty Limited ("Optus Administration") was incorporated on 24 March 1992 with limited liability in the Australian Capital Territory, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Administration is to serve as group employer and also as provider of administration services to the Singtel Optus Group.

Directors

The directors of Optus Administration are Allen Lew Yoong Keong and Murray Philip King.

Optus Billing Services Pty Limited

Optus Billing Services Pty Limited ("Optus Billing") was incorporated on 10 June 1999 with limited liability in New South Wales, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Billing is to manage the rating, billing and cash on behalf of the Optus Group.

Directors

The directors of Optus Billing are Allen Lew Yoong Keong and Murray Philip King.

Optus C1 Satellite Pty Limited

Optus C1 Satellite Pty Limited ("Optus C1 Satellite") previously Cable & Wireless Optus Satellites Pty Limited was incorporated on 14 May 1999 with limited liability in New South Wales, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus C1 Satellite is to enter into contracts to own the C1 satellite and to provide services to the Commonwealth of Australia and to the Singtel Optus Group.

Directors

The directors of Optus C1 Satellite are Allen Lew Yoong Keong and Murray Philip King.

Optus Vision Pty Limited

Optus Vision Pty Limited ("Optus Vision") was incorporated on 18 October 1994 with limited liability in the Australian Capital Territory, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Vision is to provide carriage services in respect of pay-TV, local telephony and data/internet in Sydney, Brisbane and Melbourne. It holds a carrier licence under the Telecommunications Act 1997 and owns the HFC network.

Directors

The directors of Optus Vision are Allen Lew Yoong Keong and Murray Philip King.

Optus Fixed Infrastructure Pty Limited

Optus Fixed Infrastructure Pty Ltd ("Optus Fixed Infrastructure") was incorporated on 12 April 2000 with limited liability in the New South Wales, Australia. Its registered address is located at Building C, Level 4, 1-7 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia.

Business Overview

The principal function of Optus Fixed Infrastructure is to provide network services to the Singtel Optus group. It holds a carrier licence under the Telecommunications Act 1997 and owns the majority of the Singtel Optus Group's fixed line telecommunications infrastructure.

Directors

The directors of Optus Fixed Infrastructure are Allen Lew Yoong Keong and Murray Philip King.

MANAGEMENT AND EMPLOYEES

Directors and Company Secretary

The directors of Singtel Optus are appointed by Singtel in accordance with the constitution of Singtel Optus and applicable Australian laws and regulations.

The following table sets out the members of the board of directors and the company secretary of Singtel Optus:

Name	Position
Chua Sock Koong	Director
Jeann Ngiap Jong Low	Director
Paul Dominic O'Sullivan	Director
Allen Lew Yoong Keong	Director
Murray Philip King	Director
Paul Gerard O'Brien	Company Secretary

Ms Chua, 61, was appointed Singtel Group Chief Executive Officer ("CEO") on 1 April 2007. She has overall responsibility for the Singtel Group's businesses.

Ms Chua joined Singtel in June 1989 as Treasurer before becoming CFO in April 1999. She held the positions of Group CFO and CEO, International from February 2006 to 12 October 2006, when she was appointed Deputy Group CEO.

Ms Chua sits on the boards of Bharti Airtel Limited, Bharti Telecom Limited, the Defence Science and Technology Agency, Cap Vista Pte Ltd and key subsidiaries of the Singtel Group. She is also Deputy Chair of the GSMA Board. She is also a member of the Singapore Management University Board of Trustees, the Public Service Commission, the Research, Innovation and Enterprise Council and the Indonesia-Singapore Business Council. She is also an alternate member of Singapore's Council of Presidential Advisers.

Ms Chua holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a CFA charterholder.

Ms Low, 58, was appointed Singtel Group Chief Corporate Officer on 10 April 2015. She is responsible for the Singtel Group's corporate functions including strategy, mergers and acquisitions, corporate communications, legal, regulatory and procurement.

Prior to this role, she was Group Chief Financial Officer for seven years. Ms Low joined Singtel on 12 October 1998 as Group Financial Controller and has held several management roles including Executive Vice President of Strategic Investments and CFO of Optus.

Ms Low is a member of the Governing Board of the Lee Kong Chian School of Medicine. She is also a Director of Advanced Info Service Public Company Limited (AIS) and Intouch Holdings Public Company Limited.

Ms Low holds an Honours Degree in Accountancy from the National University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

Mr O'Sullivan, 58, was appointed Optus Chairman in October 2014. As Chairman he plays a key role in Optus engagement with major stakeholders including Federal and State Governments, regulatory bodies and major business and community organizations. Prior to this role from 2012 to 2014 he was Chief Executive Officer, Singtel Group Consumer where he was responsible for the Consumer businesses across the Group including the wholly owned operations in Singapore and Australia as well as Singtel's investments in Thailand, India, Africa, Philippines and Indonesia.

Mr O'Sullivan was Chief Executive of Singtel Optus from September 2004 to March 2012. Prior to that he held positions within Singtel Optus including Chief Operating Officer and Managing Director of Optus Mobile. He has also worked in various international management roles at the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, the United Kingdom and Australia.

Mr O'Sullivan serves on the Board of Commissioners of Telkomsel. He is Chairman of the Western Sydney Airport Company Limited, a Director of Coca-Cola Amatil Limited and a Board Member of The National Disability Insurance Agency. He holds a Bachelor of Arts (Mod) Economics from Trinity College, University of Dublin and is a graduate of the Advanced Management Program of Harvard University, U.S.

The career biographies of Mr Lew and Mr King are set out on pages 78 and 79 under "Description of Optus Finance – Directors and Company Secretary".

Corporate Governance

Singtel aspires to the highest standards of corporate governance and, to this end, has in place a set of well-defined policies and processes to enhance corporate performance and accountability, as well as protect the interests of stakeholders. Singtel Optus' board of directors adheres to the Singtel Group's internal corporate governance standards and policies. On 22 April 2015, Singtel announced Singtel's delisting from the ASX. The delisting took effect on 5 June 2015. Singtel continues to be listed on the SGX and the delisting from the ASX will not materially affect Singtel's compliance obligations or corporate governance policies and practices.

Under the corporate governance structure, there are five committees of the board of directors of Singtel (the "Singtel Board"), which provide oversight on the operations of the Singtel Group, including Singtel Optus and the Singtel Optus Group. Singtel Optus' board of directors does not have separate committees and is guided by the five committees of the Singtel Board. The key objectives for each committee are described below.

Audit Committee ("AC")

The key objectives of the AC are to assist the Singtel Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance and business and financial risk management.

Corporate Governance and Nominations Committee ("CGNC")

The key objectives of the CGNC are to establish and review the profile of Singtel Board members; to make recommendations to the Singtel Board on the appointment, re-nomination and retirement of Directors; to review the independence of Directors; to assist the Singtel Board in evaluating the performance of the Singtel Board, Board Committees and Directors; and to develop and review the Company's corporate governance practices, taking into account relevant local and international developments in the area of corporate governance.

Executive Resource and Compensation Committee ("ERCC")

The key objectives of the ERCC are to oversee the remuneration of the Singtel Board and Senior Management, to set appropriate remuneration framework and policies, including long-term incentive schemes and to deliver annual and long-term performance of the Singtel Group.

Finance and Investment Committee ("FIC")

The key objectives of the FIC include the provision of advisory support on the development of the Singtel Group's overall strategy, review strategic issues, consider and approve investments and divestments; review and approve changes in the Singtel Group's investment and treasury policies; evaluate and approve financing offers and banking facilities, manage the Singtel Group's liabilities in line with the Singtel Board's policies and directions and oversee any on-market share repurchases pursuant to Singtel Group's share purchase mandate.

Risk Committee ("RC")

The key objectives of the RC are to assist the Singtel Board in fulfilling its responsibilities in relation to governance of material risks in the Singtel Group's business which include ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Singtel Group's assets, and determining the nature and extent of the material risks that the Singtel Board is willing to take in achieving the Singtel Group's strategic objectives.

Management Committee

In addition to the five Singtel Board Committees and the two advisory bodies, Singtel has a Management Committee that comprises the Group CEO, CEO Group Enterprise, CEO Consumer Australia, CEO Consumer Singapore, CEO International, CEO Group Digital Life, Group Chief Corporate Officer, Group CFO, Group Chief Human Resources Officer, Group Chief Information Officer and Group Chief Technology Officer. The Management Committee meets every week to review and direct Management on operational policies and activities.

Advisory Committee/Panel

Singtel has two advisory bodies, the Optus Advisory Committee (OAC) and the Technology Advisory Panel (TAP).

The OAC comprises both Board and non-Board members. The OAC reviews strategic business issues relating to the Australian business.

The TAP advises the Singtel Board on developments, issues and emerging trends in the technology space. The TAP comprises distinguished international members.

Management

The following table sets out the senior management of Singtel Optus responsible for the day-to-day management and operation of Singtel Optus:

Name	Position
Allen Lew Yoong Keong	Chief Executive Officer, Consumer Australia & Optus
Murray King	Chief Financial Officer, Consumer Australia & Optus
Kelly Bayer Rosmarin	Deputy Chief Executive Officer
Nicholle Duce	Head, Human Resources Optus
Andrew Sheridan	Vice President, Regulatory and Public Affairs
Chris Mitchell	Managing Director, Optus Business
Dennis Wong	Vice President, Networks Australia

Employees

As at 31 March 2019, the Singtel Optus Group employed 7,297 employees.

The Singtel Optus Group believes that it enjoys good relationships with its employees. The Singtel Optus Group is committed to a direct relationship with its employees through the Employment Partnership Agreement ("EPA") and the Retail Enterprise Agreement. These collective agreements cover approximately 58 per cent of employees of the Singtel Optus Group.

REGULATORY ENVIRONMENT

Australian Regulatory Environment

The following is a general summary of the Australian laws and regulations relating to the provision of telecommunications services in Australia. It is for general information only, and does not purport to be an exhaustive or comprehensive description of those laws and regulations.

The Australian telecommunications market was opened up to competition on 1 July 1997. At that time, telecommunications specific provisions were introduced to the Trade Practices Act 1974, now named the Competition and Consumer Act 2010 (the "Competition and Consumer Act"). These provisions were designed to provide a counter balance to Telstra's position as the vertically integrated incumbent which had a dominant position in the telecommunications market. Given its ubiquity, the Singtel Optus Group and other carriers continue to rely on access to Telstra's fixed network. These regulatory developments have enabled the Singtel Optus Group and other new entrants to compete and take market share from Telstra in most telecommunications segments.

These provisions require Telstra to provide access to key input services. The ACCC has specific powers to declare access services and to set terms and conditions for those Declared Services. The ACCC is also given broad powers to investigate and take action against anti-competitive conduct.

Since 1997, the regulatory regime has been adjusted, largely to refine the powers of the ACCC. Legislative reforms have made significant changes to the existing regulatory arrangements. See also "National Broadband Network and Reform of the Regulatory Framework" below.

Overview

The regulatory regime is principally set out in the Telecommunications Act 1997 (the "TCA") and Part XIB and Part XIC of the Competition and Consumer Act. Key regulatory issues are dependent on the delegated powers of the Australian Minister for Communications (the "Australian Minister"), the ACCC and the Australian Communications and Media Authority ("ACMA").

Obligations on the Singtel Optus Group

Whilst the competition regulations seek to level the playing field in a market dominated by Telstra, many of those same regulations also apply equally to the Singtel Optus Group. For example, Parts XIB and XIC of the Competition and Consumer Act which set out the competition and access framework are carrier neutral. The Singtel Optus Group offers a range of Declared Services. The terms of access to these Declared Services can be set by the ACCC in the absence of a commercial agreement.

The Singtel Optus Group is also subject to a range of compliance regulations covering technical standards, consumer protection, service standards and privacy matters, amongst others.

Access and Interconnection Declared Services

The ACCC is responsible for declaring services pursuant to Part XIC of the Competition and Consumer Act, which sets out a telecommunications industry-specific access regime. This regime applies to those services which have been declared by the ACCC ("Declared Services") for example:

- fixed terminating access service:
- fixed originating access service;
- mobile terminating access service ("MTAS");

- domestic transmission capacity (except links between mainland capital cities and some routes between capital cities and regional centres) on various bandwidths;

- unconditioned local loop services ("ULLS") allowing access seekers use of unconditioned wires which connect customer premises;

- line sharing service ("LSS") allowing an access seeker to supply broadband services to customers while the access provider supplies voice services to the customer;

- local carriage services ("LCS") (except in the CBD);

- wholesale line rental ("WLR") (except in the CBD);

- wholesale asymmetric digital subscriber line service ("ADSL");

- local bistream access service;

- NBN access service, ancillary services and facilities access service; and

- Superfast Broadband Access Services ("SBAS").

Whilst the declaration provisions are usually carrier and technology neutral and may apply to all carriers and carriage service providers, in practice some Declared Services apply only to Telstra.

Terms and conditions of access

Changes in effect from 1 January 2011 to the Competition and Consumer Act have given the ACCC the power to issue Access Determinations that set the terms and conditions of access to Declared Services. These terms are binding unless the access seeker and access provider have agreed alternate commercial terms.

Facilities access

The TCA also contains a regime requiring carriers to provide other carriers with access to certain facilities such as exchanges, pillars, ducts and towers. If the parties are unable to agree upon the terms and conditions of access, they will be determined by an arbitrator or, if the parties cannot agree on an arbitrator, by the ACCC. The ACCC has also issued a Facilities Access Code governing access to mobile towers and underground facilities, with which carriers must comply.

Competition Rules

The ACCC has been given specific power under Part XIB of the Competition and Consumer Act to regulate anti-competitive conduct in breach of the competition rule. Under the competition rule, a carrier or carriage service provider with a substantial degree of power in a telecommunications market must not take advantage of that power with the effect, or likely effect, of substantially lessening competition in that or another telecommunications market.

If a competition notice has been issued, and the carrier or carriage service provider continues to engage in the conduct, any person, including a competitor, may bring proceedings in the Australian Federal Court to seek an injunction, fines or compensation for the damage suffered.

Carrier Licences and Service Provider Rules

A carrier licence is required to own most transmission infrastructure which is used for the provision of telecommunications services to the public. This includes fixed network links, base stations used to supply

mobile telephony, fixed radio communications transmitters and satellites. No carrier licence is required to own infrastructure such as switches, operational support systems, databases and internet servers. Breach of a licence condition by a body corporate is subject to a penalty of up to A$10 million for each contravention.

While service providers are not required to be licensed or registered, they are required to comply with the service provider rules which involve compliance with the telecommunications regulatory regime as set out in the TCA and other legislation, including any determinations made by the ACMA. Breach of a service provider rule by a body corporate is subject to a penalty of up to A$10 million for each contravention.

The Telecommunications Consumer Protection Code sets out requirements for Australian telecommunications companies when dealing with their customers. The Code was developed by the industry association, Communications Alliance, under the co-regulatory arrangements in the TCA, and registered by the ACMA. Telecommunications service providers that do not comply with the code face a direction to comply from the ACMA, while further breaches could lead to Federal Court action with the possibility of civil penalties of up to A$250,000.

Telecommunications Security Sector Reform ("TSSR") Obligations

From 18 September 2018, carriers are subject to the new TSSR obligations. All carriers, carriage service providers and carriage service intermediaries will be required to protect networks and facilities from unauthorised access and interference – including a requirement to maintain 'competent supervision' and 'effective control' over telecommunications networks and facilities owned or operated by them. The Australian government has the power to direct a carrier, carriage service provider or carriage service intermediary to do, or not do, a specified thing that is reasonably necessary to protect networks and facilities from national security risks.

In advance of the implementation of the TSSR obligations, the Australian government issued 5G security guidance to Australian carriers on 23 August 2018. The guidance indicated that "the involvement of vendors who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law, may risk failure by the carrier to adequately protect a 5G network from unauthorised access or interference" in contravention of the TSSR obligations.

Australia's Foreign Investment policy

Investments into Australia by overseas entities and governments are subject to approval under the foreign investment review framework. The legislative framework includes the Foreign Acquisitions and Takeover Act (1975) and the Foreign Acquisitions and Takeovers Fees Impositions Act 2015 and their associated legislation. The legislation enables the Treasurer to review foreign investment proposals that meet certain criteria. The Treasurer has the power to approve, block, or apply conditions to the way proposals are implemented to ensure they are consistent with the national interest. When making decisions the Treasurer is advised by the Foreign Investment Review Board, which examines foreign investment proposals and advises on national interest implications. Certain investment decisions by the Singtel Optus Group may require approval under the foreign investment review framework.

Customer Service Guarantee

The Singtel Optus Group is required to comply with the Telecommunications (Customer Service Guarantee) Standard 2011 (No. 2) ("CSG Standard"), which is administered by ACMA under the Telecommunications (Consumer Protection and Service Standards) Act 1999. The CSG Standard imposes on carriage service providers specific performance standards and compensation payment requirements with respect to the connection, fault rectification and making of appointments for the supply of standard fixed telephone services to consumers and small business customers. A carriage service provider is required to provide financial compensation to a customer for not meeting a performance standard. Exemptions are available in specified circumstances.

Universal Service Obligation

On 21 March 2012, the Australian parliament passed universal service reform legislation, aimed at ensuring the ongoing delivery of key telecommunication consumer safeguards during and after the rollout of the NBN. This legislation represents a move from a regulatory model for the delivery of universal service to a contractual model. A key aspect of the legislation was the establishment of the Telecommunications Universal Service Management Agency ("TUSMA"). From July 2015, the responsibilities of TUSMA have been transferred to the Department of Communications and the Arts and the TUSMA has ceased to exist. The Department of Communications and the Arts is responsible for entering into, and managing contracts or grants, to ensure:

- all Australians have reasonable access to a standard telephone service (the Universal Service Obligation ("USO") for voice telephony services);
- payphones are reasonably accessible to all Australians (the USO for payphones);
- the ongoing delivery of the Emergency Call Service by Telstra (calls to Triple Zero '000' and '112');
- the ongoing delivery of the National Relay Service;
- the continued availability of untimed local calls for customers outside standard zones; and
- that appropriate safeguards are in place to support the continuity of supply of carriage services during the transition to the NBN.

All carriers, including Telstra and the Singtel Optus Group, are required under the USO arrangements to contribute to, or subsidise, the costs of providing telecommunications services in loss making areas, mainly in rural Australia. Contributions to the subsidy are based on each carrier's share of the total national pool of eligible revenue and are determined by the Australian Minister. The government is currently reviewing the USO policy.

Spectrum Licences

The Australian government adopts a policy of pro-actively managing the use of spectrum. The use of spectrum requires a licence and spectrum licences are allocated to users by the ACMA from time to time via auction, tender or by allocation for a pre-determined price or negotiated price. Limits may be imposed upon the amounts of spectrum the Singtel Optus Group or other bidders may purchase.

Access to spectrum is of critical importance to the Singtel Optus Group in order to support its business of providing mobile voice and data services. Singtel Optus may also need to access additional spectrum to support both organic growth and the development of new services.

The Singtel Optus Group currently holds spectrum in the 900MHz (2 x 8.4MHz nationally) range under an apparatus licence which has been eligible to be rolled over under an existing market price renewal process. The next renewal is in June 2020. The 900MHz band is under a planning review by the ACMA, which includes consulting on the future allocation of this band. This spectrum supports the Singtel Optus Group's 3G network services.

In addition, the Singtel Optus Group holds licences in various spectrum bands detailed in the table below as at 31 March 2019.

Spectrum band[1]	Holdings	Term of licence	Expiry
700MHz	2 x 10MHz nationally (with exception of the Mid West Radio Quiet Zone)	15 years	December 2029
900MHz (apparatus)	2 x 8.4MHz nationally	1 year	June 2020
1800MHz	2 x 15MHz in Sydney, Melbourne, Brisbane, Perth, Adelaide	15 years	June 2028
1800MHz (regional)	Between 2 x 20MHz and 2 x 25MHz in regional areas	11 years	June 2028
2100MHz	2 x 20MHz in all 8 Australian capitals and 5MHz in regional areas	15 years	October 2032
2100MHz (apparatus)	Up to 2 x 10MHz in regional and remote areas at more than 1800 sites	1 year rolling renewal	September 2019
2300MHz	98MHz in Sydney, Melbourne, Brisbane, Perth and Adelaide; 70MHz in Canberra	15 years	July 2030
2600MHz	2 x 20MHz nationally (with exception of the Mid West Radio Quiet Zone)	15 years	September 2029
3500MHz	100MHz in Sydney and Melbourne; 72MHz in Adelaide; 67.5MHz in Brisbane; 65MHz in Perth/Regional Western Australia, Canberra	15 years	December 2030
3600MHz	30MHz in Southern/Western NSW, Regional South Australia 35MHz in North Queensland, Central Queensland, Regional North NSW/Southern Queensland, Regional Victoria, Tasmania	10 years	March 2020 – December 2030

1 These are the ACMA defined terms for the spectrum bands, in practice each band sits in a range.

National Broadband Network and Reform of the Regulatory Framework

On 7 April 2009, the Australian government announced its plans to build a NBN as a core pledge in its election manifesto. The key details of the announcement were:

- the NBN will be built and operated by a new company specifically established by the Australian government;

- to carry out this project the network will:
    - connect 93 per cent. of homes, schools and workplaces with optical fibre (fibre to the premises "FTTP"), providing broadband services to Australians in urban and regional towns with speeds of 100 Mbps;
    - use next generation wireless and satellite technologies that will be able to deliver 12 Mbps or more to people living in more remote parts of rural Australia (last 7 per cent. of premises);
    - provide long haul fibre optic transmission links connecting cities, major regional centres and rural towns;
    - be Australia's first national wholesale-only, open access broadband network;
    - be built and operated on a commercial basis by a company established at arm's length from the Australian government and involve private sector investment; and
    - be expected to be rolled-out, simultaneously, in metropolitan, regional, and rural areas over an estimated period of eight years;
- the preliminary estimate was that the NBN network would cost up to A$43 billion. This estimate has subsequently been revised to between A$46 billion and A$56 billion in NBN Co's Corporate Plan; and
- the Australian government will be the majority shareholder of this company, but significant private sector investment in the company is anticipated once the rollout is completed.

The Australian government subsequently established the NBN Co.

The roll-out of the network commenced in Tasmania with the first services officially launched in August 2010. NBN Co commenced trialing services on mainland Australia in June 2011.

In December 2010, the Australian Parliament passed the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010. This introduced significant reforms to the existing regulatory framework aimed at strengthening the powers of the ACCC and introducing measures to address Telstra's vertical integration. The Act required Telstra to undertake a form of voluntary structural separation or to implement a form of mandatory functional separation of its retail and wholesale fixed line business.

In March 2011, the Australian Parliament passed legislation to establish the regulatory and governance framework for the NBN Co. This legislation seeks to deliver on the Australian government's commitment that the NBN will be operated as a wholesale-only network, on open access terms with strict oversight by the ACCC.

On 23 June 2011, the Australian government announced that Telstra and NBN Co had signed definitive agreements relating to Telstra's participation in the NBN. Under the terms of the agreement NBN Co will be able to access the Telstra infrastructure, including pits, ducts and exchange space, to roll out its new network. In addition, Telstra announced that, as a key component of the definitive agreements, it will progressively migrate its services from its legacy copper and pay-TV cable networks to the NBN.

Telstra in 2011 estimated that the agreement with NBN Co and the public policy reforms would deliver it a post-tax net present value of approximately A$11 billion.

On 23 June 2011, the Singtel Optus Group announced that it had entered into an agreement with the NBN Co on the migration of customers who receive services on the Singtel Optus Group's HFC network to the

NBN (the "2011 Optus HFC Subscriber Agreement"), with the total value of the agreement being approximately A$800 million on a post-tax net present value basis.

On 12 December 2013, NBN Co released its report following a strategic review of the Australian government's NBN project. NBN Co recommended an optimised multi-technology mix model which would require the re-negotiation of a number of existing contracts. On 8 April 2014, the Australian government issued a new Statement of Expectations to NBN Co which endorsed the recommendation to transition to a multi-technology approach.

In December 2014, Telstra signed revised definitive agreements with NBN Co and the Commonwealth government to enable the rollout of the Australian government's multi-technology mix NBN. Telstra has indicated that the estimated net present value of the revised agreements is equivalent to the estimated net present value of the original agreements.

In December 2014, the Singtel Optus Group and NBN Co entered into a revised agreement ("2014 Revised Agreement") where the overall value was comparable to that of the 2011 Optus HFC Subscriber Agreement, with the majority of the payments to be received progressively on migration.

In September 2016, NBN Co advised the Singtel Optus Group that it would not be using Optus HFC network infrastructure beyond the Redcliffe trial area in Queensland. This change does not impact the contractual migration payments that are available to the Singtel Optus Group. It may alter some of the operational aspects of the 2014 Revised Agreement where the Singtel Optus Group will progressively decommission and transfer part of its coaxial cable and ancillary assets to NBN Co, while retaining ownership of strategic aerial fibre assets used to connect mobile base stations and business customers.

On 27 November 2017, NBN Co announced that it would immediately cease selling services over the HFC network for the next six to nine months. This change would result in a delay of migration payments to Optus of up to nine months but does not impact the contractual migration payments that are available to Optus. In April 2018 NBN Co announced it would recommence sale of services over the HFC network.

In 2018, the ACMA made the following standards and determinations which set the industry rules for migrating customers from their old telecommunications service to a service on the NBN:

- Consumer Information Standard which took effect on 21 September 2018;
- Service Migration Determination which took effect on 21 September 2018;
- Service Continuity Standard which took effect on 21 September 2018; and
- Complaints Handling Standard and Complaints Record Keeping Rules which took effect on 1 July 2018.

These rules apply to Optus (and the other industry participants involved in customer migrations) and are directly enforceable by the ACMA, which has the power to commence proceedings in the Federal Court seeking remedies such as injunctions and civil penalties of up to A$10 million. The ACMA may also issue formal warnings, remedial directions and infringement notices.

TAXATION

The following paragraphs are general in nature only and are not intended to constitute a complete analysis of all potential tax consequences relating to the ownership of Notes. Prospective investors should consult their own tax advisers concerning the consequences of an investment in the Notes in their particular circumstances.

Australian Taxation

The following is a summary of the Australian interest withholding tax treatment at the date of this Offering Circular of payments of interest on the Notes to non-residents of Australia for tax purposes and certain other matters. It should be noted that revenue authorities may take a different view and that there is a risk that the operation of the tax laws can be altered by a change in law, interpretation or application, potentially in a manner that may apply retrospectively to a transaction. The following should not be treated as taxation advice. It is not exhaustive, and in particular, does not deal with the position of all classes of holders of Notes. Prospective holders of Notes who are in any doubt as to their tax positions should consult their professional advisers.

Broadly, pursuant to section 128F of the Income Tax Assessment Act 1936 (Cth) ("Australian Tax Act"), an exemption from Australian interest withholding tax is available in respect of interest paid to a non-resident of Australia for tax purposes under any Notes, if the following conditions are met:

(a) the Issuer is a company and a resident of Australia when it issues the relevant Notes and when interest (as defined in section 128A(1AB)) is paid;

(b) the relevant Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test. These are:

    (i) offers of the relevant Notes to 10 or more persons, each of whom is carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets and was not known, or suspected by the Issuer, to be associates (as defined in section 128F(9) of the Australian Tax Act) of each other;

    (ii) offers of the relevant Notes to 100 or more potential investors whom it was reasonable for the Issuer to have regarded as either having acquired debentures or debt interests in the past, or being likely to be interested in acquiring debentures or debt interests;

    (iii) offers of the relevant Notes as a result of being accepted for listing on a stock exchange, where the Issuer had previously entered into an agreement with a dealer, manager or underwriter in relation to the placement of debentures or debt interests, requiring the Issuer to seek such listing;

    (iv) offers of the relevant Notes as a result of negotiations being initiated publicly in electronic form, or in another form, that was used by financial markets for dealing in debentures or debt interests; or

    (v) offers of the relevant Notes to a dealer, manager or underwriter, who, under an agreement, offered to sell such Notes within 30 days by one of the preceding methods.

    In addition, the issue of a "global note" (as defined in section 128F(10) of the Australian Tax Act) and the offering of interests in the global note by one of these methods should satisfy the public offer test;

(c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that any of the Notes or interests in any of the relevant Notes were being, or would later be, acquired, directly or indirectly, by an Offshore Associate of the Issuer (other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme); and

(d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an Offshore Associate of the Issuer (other than an Offshore Associate who receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme).

For these purposes, an "Offshore Associate" means an associate (as defined in section 128F(9) of the Australian Tax Act) of the Issuer, where the associate is either:

(a) a non-resident of Australia that does not acquire Notes or an interest in Notes (or receives the relevant interest payment) in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or

(b) a resident of Australia that acquires Notes or an interest in Notes (or receives the relevant interest payment) in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

Under section 128F(9), "associate" is defined broadly to include (i) any entities that "sufficiently influence", or hold the majority voting interests in, the Issuer (i.e. controlling or parent companies of the Issuer); (ii) entities that are "sufficiently influenced by", or whose majority voting interests are held by, the Issuer (or any controlling or parent companies of the Issuer); and (iii) any trusts under which the Issuer or any of the aforementioned entities may benefit.

Under present circumstances, this means that Offshore Associates of the Issuer may include, but are not limited to, not only the intermediate parent company of the Issuer, being Singtel, but also its ultimate controlling parent company, being Temasek, any controlled entities of Temasek and any trusts under which Singtel and/or Temasek benefit. Any investor who believes that it may be affiliated with or related to any of the above-mentioned entities or who believes it may otherwise be an Offshore Associate of the Issuer, should make appropriate enquiries before investing in any Notes and should not acquire any Notes if it is an Offshore Associate.

The Issuer proposes to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

The Australian government has also signed a number of new or amended double tax conventions ("New Treaties") with certain countries ("Specified Countries") including the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, the Republic of South Africa, New Zealand, Chile, Switzerland and Germany. The New Treaties may apply to interest derived by a resident of a Specified Country in relation to a Note issued by the Issuer.

The New Treaties with the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, the Republic of South Africa, New Zealand, Switzerland and Germany effectively prevent withholding tax applying to interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

(b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country,

by reducing the interest withholding tax rate to zero.

Under the New Treaty with Chile, interest withholding tax applying to interest derived by certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, is reduced to the rate of 5 per cent.

Under the New Treaties' back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax and the anti-avoidance provisions in the Australian Tax Act can apply. Additionally, under the New Treaty with the United States of America, interest determined by reference to the profits of the Issuer or one of its associated enterprises will not obtain the benefit of reduction in interest withholding tax.

Further, under the New Treaty for Japan, interest derived by the Japan Bank for International Cooperation or the Nippon Export and Investment Insurance will have a nil rate of withholding tax.

All of the New Treaties are currently in effect.

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer notes which would include Notes in bearer form if the Issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes held by non-residents who do not carry on business at or through a permanent establishment in Australia, where the issue of those Notes satisfies the requirements of section 128F of the Australian Tax Act or interest withholding tax is payable.

If a holder of a Note issued by the Issuer is a non-resident that holds a Note at or through a permanent establishment in Australia, withholding for tax at the rate of 47 per cent. must be deducted, unless the holder of that Note supplies the Issuer of that Note with its Australian Business Number or Tax File Number or proof of an appropriate exemption from quoting such numbers. Such a holder may also be subject to Australian income tax in respect of interest derived from the relevant Notes.

As set out in more detail in the Terms and Conditions of the Notes, if the Issuer should at any time be compelled by law to deduct or withhold an amount in respect of any withholding taxes, the Issuer shall, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of the relevant Notes after such deduction or withholding shall equal the respective amounts which would have been receivable had no such deduction or withholding been required.

The Issuer has been advised that under Australian laws as presently in effect:

(a) assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to an issue of Notes, payment of principal and interest to a holder of such Notes, who is a non-resident of Australia, and who, during the taxable year, has not engaged in trade or business at or through a permanent establishment in Australia, will not be subject to Australian income tax;

(b) a holder of the Notes, who is a non-resident of Australia will not be subject to Australian income tax on gains realised during that year on a sale or redemption of such Notes, where:

    (i) such gains do not have an Australian source; and

    (ii) those Notes have not been held, and the sale and disposal of those Notes does not occur, as part of a business carried on, at or through a permanent establishment in Australia.

    A gain arising on the sale of such Notes by a non-resident holder to another non-Australian resident holder where such Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source;

(c) there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on trade or business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on trade or business at or through a permanent establishment in Australia;

(d) no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and

(e) no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or redemption of any Notes or the transfer of any Notes provided that the Notes are not issued in South Australia or transferred by physical delivery in South Australia or held on a register located in South Australia.

The proposed Financial Transactions Tax (the "FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date

that is two years after the date on which final regulations defining "foreign passthru payments" are published in the US Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "Terms and Conditions of the Notes – Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

The Dealers have, in the amended and restated programme agreement dated 24 July 2014 (as supplemented by a supplemental programme agreement dated 27 July 2015 and further supplemented by a supplemental programme agreement dated 27 July 2017, 25 July 2018 and 26 July 2019) (the "Programme Agreement"), agreed with the Obligors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes". In the Programme Agreement, the Issuer (failing which, the Guarantors) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it has not offered and sold, and agrees that it will not offer, sell or, in the case of notes in bearer form, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent, by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any Dealer whether or not participating in the offering of such tranche of Notes may violate the registration requirements of the Securities Act.

European Economic Area ("EEA") – Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (The "Prospectus Regulation"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each EEA State, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of any Notes the subject of such Pricing Supplement to the public in that EEA State except that it may make an offer of such Notes to the public in that EEA State:

(a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that EEA State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that EEA State or, where appropriate, approved in another EEA State and notified to the competent authority in that EEA State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Australia

Each Dealer has acknowledged that this Offering Circular is not a "Product Disclosure Statement" (as defined in Chapter 7 of the Corporations Act 2001 (Cth) of Australia ("Corporations Act")). No "prospectus" or other "disclosure document" (each as defined in the Corporations Act) in relation to the Programme or the Notes has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or ASX Limited ABN 98 008 624 691.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

(a) has not made or invited, and will not make or invite, (directly or indirectly) offers from any person to purchase the Notes, or applications from any person for the issue of Notes, where the relevant invitation is received in Australia (regardless of where any resulting issue, sale or transfer occurs); and

(b) has not offered, and will not offer, (directly or indirectly) Notes for issue or sale to any person where the relevant offer is received in Australia (regardless of where any resulting issue, sale or transfer occurs),

unless:

(i) the aggregate consideration payable for such Notes on acceptance of the offer or invitation by the person to whom the relevant offer or invitation is made, is at least A$500,000 or its equivalent in any other currency (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth)) or the offer or invitation otherwise does not require disclosure in accordance with Parts 6D.2 or 7.9 of the Corporations Act; and

(ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act; and

(iii) the offer or invitation complies with all other applicable Australian laws, regulations and directives; and

(iv) such action does not require any document to be lodged with ASIC, the ASX Limited ABN 98 008 624 691 or any successor entity thereto.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that in connection with the primary distribution of the Notes, it will not sell Notes to any person if, at the time of such sale, the employees or officers of the Dealer directly involved in the sale knew or had reasonable grounds to suspect that, as a result of such sale, any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by an Offshore Associate of the Issuer.

Each Dealer has also represented and agreed, and each further Dealer appointed under the Programme will also be required to represent and agree, that it has not distributed or published and will not distribute or publish the Offering Circular or any other offering material or advertisement relating to the Notes in Australia unless the relevant distribution or publication, as applicable, complies with all applicable Australian laws, regulations and directives.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA"). Accordingly, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses

or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantors or any other Dealer shall have any responsibility therefore.

None of the Issuer, the Guarantors or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the relevant Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of Optus Finance dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, the giving of the Guarantees have been duly authorised by resolutions of the Board of Directors of Singtel Optus dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Networks Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Administration Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Mobile Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Systems Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Vision Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus Billing Services Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, resolutions of the Board of Directors of Optus C1 Satellite Pty Limited dated 31 July 2009, 26 August 2010, 27 July 2011, 18 July 2012, 15 July 2013, 18 July 2014, 21 July 2015, 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019, and resolutions of the Board of Directors of Optus Fixed Infrastructure Pty Limited (ABN 96 092 450 783) dated 20 July 2016, 20 July 2017, 6 July 2018 and 19 July 2019.

Approval, listing and admission to trading of Notes

Application has been made to the SGX-ST for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries and associated companies (if any), the Programme or such Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies).

Documents available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered offices of the Issuer and from the specified offices of the Paying Agents for the time being in One Canada Square, 40th Floor, London E14 5AL, United Kingdom:

(a) the constitutional documents of each Obligor;

(b) the most recent published audited consolidated and unconsolidated financial statements and the most recently published unaudited interim consolidated and unconsolidated financial statements (if any) of Singtel Optus;

(c) the Programme Agreement, the Agency Agreement, the Guarantees, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talon;

(d) a copy of this Offering Circular; and

(e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that the above will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Singtel Optus Group since 31 March 2019 and there has been no material adverse change in the financial position or prospects of the Singtel Optus Group since 31 March 2019.

Litigation

Save as disclosed in this Offering Circular, the Obligors have not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Obligors are aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Obligors or the Singtel Optus Group as a whole.

Auditors

The previous independent auditors of the Singtel Optus Group were Deloitte Touche Tohmatsu, who had audited, and rendered unqualified audit reports on, the consolidated financial statements of the Singtel Optus Group for the years ended 31 March 2017 and 2018, which are included in this Offering Circular.

The current independent auditors of the Singtel Optus Group are KPMG, who have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Singtel Optus Group for the year ended 31 March 2019, which are included in this Offering Circular.

Dealers transacting with the Obligors

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Obligors and their affiliates in the ordinary course of business.

Legal Entity Identifier

The Legal Entity Identifier of the Issuer is 254900UAM2PKZZ3FLH23.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) AND AUSTRALIAN GAAP

There are differences between the financial statements reported under Singapore Financial Reporting Standards (International) (SFRS(I)) used for consolidation by Singtel and the statutory reports that are submitted annually to the Australian Securities & Investments Commission under Australian Accounting Standards (Australian GAAP). The principal differences between SFRS(I) and Australian GAAP mainly relate to subscriber acquisition costs.

Under SFRS(I) all subscriber acquisition and retention costs are expensed as incurred. Under Australian GAAP, the direct costs of acquiring and retaining subscriber contracts, such as activation commissions, are recognised as an asset and amortised from the date of initial recognition over the shorter of the minimum contract term and the period during which the future economic benefits are expected to be obtained.

Further differences relate to the alignment of accounting treatment mainly for capacity sales and the classification and disclosure of certain items in the financial statements.

A reconciliation of operating revenue and net profit between SFRS(I) and Australian GAAP is included in the consolidated financial statements of the Singtel Optus Group attached to this Offering Circular.

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SINGTEL OPTUS PTY LIMITED

ACN 052 833 208

ANNUAL REPORT

31 MARCH 2019

DIRECTORS' REPORT

The directors present their report on the consolidated entity ("Optus", the "Group"), consisting of Singtel Optus Pty Limited (the "Company", "SOPL") and its controlled entities, for the financial year ended 31 March 2019 (the "financial year").

Directors

The directors in office at any time during or since the end of the financial year are:

- Paul Dominic Sullivan;
- Jeann Ngiap Jong Low;
- Murray Philip King;
- Allen Yoong Keong Lew; and
- Chua Sock Koong.

Principal activities

The principal activities of the Group during the financial year were the provision of telecommunications services principally within Australia. There was no significant change in the nature of those activities during the financial year.

Review of operations

Optus' profit from ordinary activities before income tax expense was $943 million. Total revenue for the year increased by 4.3 per cent to $9,236 million.

After an income tax expense of $287 million, net profit amounted to $656 million, compared to $773 million in the previous financial year.

Cash capital expenditure for the year was $1,144 million (2018: $1,490 million). The ratio of cash capital expenditure to total revenue was 12.4 per cent, compared to 16.8 per cent in the previous financial year.

Optus has adopted AASB 15 Revenue from contracts with customers and AASB 9 Financial instruments effective from 1 April 2018 and have restated the comparative information accordingly.

Changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group during the financial year.

Environmental regulations

Optus' operations are subject to environmental regulations under both Commonwealth and State legislation. In particular, Optus is subject to the requirements of the Telecommunications Act 1997 and Telecommunications Code of Practice 1997 as well as a range of State environmental laws.

Optus has established an Environmental Management System ("EMS") to ensure compliance with current regulations and any new regulations enacted. It identifies the criteria for environmental assessment and the performance measures to be applied to those criteria. The EMS outlines pre-construction assessment procedures and construction environmental management plan requirements in addition to post-construction auditing and monitoring.

A process of initial assessment, environmental review and construction supervision, with subsequent and continued environmental auditing is in place to ensure the Company fully meets its obligations under the current legislation. After making due inquiries, the directors are not aware of any material breaches of environmental regulations during the financial year.

Dividends

The Company paid a fully franked dividend of $600 million (2018: $600 million) to its sole shareholder (Singapore Telecom Australia Investments Pty Limited) on 20 March 2019. No other dividends have been paid or declared by the Company during or since the end of the financial year.

Events subsequent to reporting date

In May 2019, the Group initiated a review of its operations resulting in workforce restructuring costs subsequent to 31 March 2019. In June 2019, the Group issued a new €500 million bond which expires on 20 June 2029.

Except for the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Comments on likely developments in the operations and expected results of Optus are included in the public announcements of Singapore Telecommunications Limited, the parent entity, and other media releases to the Australian market.
In the opinion of the directors, disclosure of any further information on likely developments in operations would be prejudicial to the interests of the Group.

Options

There are no unissued shares or interests under option as at the date of this report, and there were no shares or interests issued, during or since the end of the financial year, as a result of the exercise of an option over unissued shares or interests.

Officers' indemnities and insurance

The Company's constitution provides for the Company, to the extent permitted by law, to indemnify every person who is or has been a director, secretary or executive officer of the Company against any liability incurred by that person as an officer of the Company, unless the liability arises out of conduct that involved a lack of good faith or was contrary to the Company's expressed instructions.

The constitution also provides that, to the extent that any director or officer is not indemnified by any director and officer liability insurance, the Company indemnifies every director and officer against any liability for costs and expenses incurred by that person in their capacity as a director or officer of the Company:

(a) in defending any proceedings in which judgement is given in favour of or results in the acquittal of the person; or

(b) the Court grants relief to the person in connection with an application made under the Corporations Law.

The Company has previously entered into deeds of indemnity on the same terms as provided by the constitution with a number of former directors of the Company and their alternates.

Under the terms of the deeds of indemnity, and to the extent permitted by law and notwithstanding any changes to the constitution, the Company must, for a period of seven years after the director ceased to hold office, maintain in full force and effect and pay the premium on a directors' and officers' policy of insurance for the director that is on terms no less generous than those terms applying at the time the director left office or, if there is no policy, on terms of such policies typically maintained by other companies similar to the Company.

During the financial year, a controlled entity paid insurance premiums in respect of contracts insuring all directors and executive officers of the Company and its controlled entities against a liability arising as a result of work performed in their capacity as directors or officers of the Company and its controlled entities.

The names of the directors covered by these insurance policies are detailed on page 1 of this report.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies, and the nature of the liabilities insured by the policies.

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability towards the auditor of the Group.

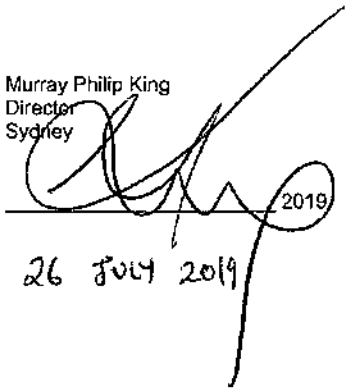
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations Instrument amounts in the directors' report and the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of the *Corporations Act 2001*.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Singtel Optus Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Singtel Optus Pty Limited for the financial year ended 31 March 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Anthony Travers

KPMG

Anthony Travers

Partner

Sydney

26 July 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

	Notes	2019 $m	2018 $m
Operating revenue	5	8,939	8,422
Other income	5	297	436
Total revenue	5	**9,236**	**8,858**
Expenses	5	(6,617)	(6,129)
Depreciation and amortisation	5	(1,485)	(1,437)
Finance costs	5	(191)	(194)
Profit before income tax expense		**943**	**1,098**
Income tax expense	6	(287)	(325)
Profit after tax		**656**	**773**

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 51.

The Group has adopted AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* effective from 1 April 2018 and have restated the consolidated statement of profit or loss for the financial year ended 31 March 2018.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Notes	2019 $m	2018 $m
Profit after tax		**656**	**773**
Other comprehensive income Items that may be reclassified subsequently to the income statement			
Cash flow hedges	16		
-Fair value changes during the year - gross		80	176
-Fair value changes during the year - tax impact		(24)	(53)
-Fair value changes during the year - net of tax		56	123
-Fair value changes transferred to income statement – gross		(60)	(149)
-Fair value changes transferred to income statement - tax impact		18	45
-Fair value changes transferred to income statement - net of tax		(42)	(104)
Total other comprehensive income		14	19
Total comprehensive income for the year		**670**	**792**

The consolidated statement of other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 9 to 51.

The Group has adopted AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* effective from 1 April 2018 and have restated the consolidated statement of other comprehensive income for the financial year ended 31 March 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2019

	Notes	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current assets				
Cash and cash equivalents		96	118	128
Receivables and contract assets	7	2,516	2,428	2,319
Inventories	8	285	233	205
Derivative financial instruments	18	159	-	-
Other assets	29	371	257	259
Total current assets		**3,427**	**3,036**	**2,911**
Non-current assets				
Receivables and contract assets	7	4,052	4,006	4,107
Investments in joint venture entities	21	1	1	1
Property, plant and equipment	9	7,850	7,868	7,514
Telecommunication licences		976	976	976
Intangible assets	10	2,056	2,118	1,430
Derivative financial instruments	18	208	331	215
Deferred tax assets		-	-	20
Other assets	29	192	207	201
Total non-current assets		**15,335**	**15,507**	**14,464**
Total assets		**18,762**	**18,543**	**17,375**
Current liabilities				
Payables and contract liabilities	11	3,340	3,104	2,879
Bank borrowings and bonds	12	1,165	934	990
Derivative financial instruments	18	9	5	7
Provisions	14	79	92	91
Total current liabilities		**4,593**	**4,135**	**3,967**
Non-current liabilities				
Payables and contract liabilities	11	201	196	204
Bank borrowings and bonds	12	3,133	3,449	2,598
Deferred tax liabilities	6	59	19	-
Derivative financial instruments	18	40	80	128
Provisions	14	51	49	55
Total non-current liabilities		**3,484**	**3,793**	**2,985**
Total liabilities		**8,077**	**7,928**	**6,952**
Net assets		**10,685**	**10,615**	**10,423**
Equity				
Contributed equity	15	5,317	5,317	5,317
Cash flow hedge reserve		(12)	(26)	(45)
Retained profits		5,380	5,324	5,151
Total equity		**10,685**	**10,615**	**10,423**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 9 to 51.

The Group has adopted AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* effective from 1 April 2018 and have restated the consolidated statement of financial position for the financial year ended 31 March 2018.

	Fully paid ordinary shares (Note 15) $m	Cashflow hedge reserves (Note 16) $m	Retained profits $m	Total $m
Balance as of 1 April 2017, as previously reported	**5,317**	**(37)**	**5,131**	**10,411**
Change in accounting policy	-	(8)	20	12
Restated balance as of 1 April 2017	**5,317**	**(45)**	**5,151**	**10,423**
Profit after tax (restated)	-	-	773	773
Other comprehensive income for the year (restated)	-	19	-	19
Total comprehensive income for the year	**-**	**19**	**773**	**792**
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	**-**	**(600)**	**(600)**
Balance as of 31 March 2018 (Restated)	**5,317**	**(26)**	**5,324**	**10,615**
Balance as of 1 April 2018, as previously reported	5,317	(18)	5,342	10,641
Change in accounting policy	-	(8)	(18)	(26)
Restated balance as of 1 April 2018	**5,317**	**(26)**	**5,324**	**10,615**
Profit after tax	-	-	656	656
Other comprehensive income for the year	-	14	-	14
Total comprehensive income for the year	**-**	**14**	**656**	**670**
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	**-**	**(600)**	**(600)**
Balance as of 31 March 2019	**5,317**	**(12)**	**5,380**	**10,685**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 51.

The Group has adopted AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* effective from 1 April 2018 and have restated the consolidated statement of financial position for the financial year ended 31 March 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	2019 $m	2018 $m
Cash flows from operating activities		
Profit before tax	943	1,098
Adjustments for:		
Depreciation and amortisation	1,485	1,437
Net finance costs	188	191
Change in receivables and contract assets	(118)	(108)
Change in current inventories	(52)	(28)
Change in other current assets	(114)	2
Change in other non-current assets	15	(6)
Change in payables and contract liabilities	116	56
Change in provisions	(11)	(5)
Income tax paid	(288)	(197)
Net cash inflow from operating activities	**2,164**	**2,440**
Cash flows from investing activities		
Interest received	3	4
Payment for property, plant and equipment	(1,144)	(1,490)
Advances made to parent entity	(233)	(248)
Repayment of advances made to parent entity	250	250
Payment for intangible assets	(135)	(828)
Net cash used in investing activities	**(1,259)**	**(2,312)**
Cash flows from financing activities		
Proceeds from borrowings	2,233	2,010
Repayments of borrowings	(2,495)	(1,750)
Proceeds from bond issue	499	399
Repayment of bonds	(375)	-
Net interest paid on borrowings and swaps	(191)	(187)
Dividends paid to parent entity	(600)	(600)
Other	2	(10)
Net cash used in financing activities	**(927)**	**(138)**
Net decrease in cash and cash equivalents	**(22)**	**(10)**
Cash and cash equivalents at the beginning of the financial year	118	128
Cash and cash equivalents at the end of the financial year	**96**	**118**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 51.

The Group has adopted AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments* effective from 1 April 2018 and have restated the consolidated statement of cash flows for the financial year ended 31 March 2018.

NOTE 1. CORPORATE INFORMATION

Singtel Optus Pty Limited is a private Company limited by shares. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is 1 Lyonpark Road, Macquarie Park, New South Wales.

The Company's parent entity is Singapore Telecom Australia Investments Pty Limited, a wholly owned subsidiary of Singapore Telecommunications Limited ("Singtel") (incorporated in Singapore). The ultimate parent entity is Temasek Holdings (Private) Limited (incorporated in Singapore).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

- **Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial statements were approved by the Board of Directors on 26 July 2019.

The financial report includes the consolidated financial statements of Singtel Optus Pty Limited and its controlled entities.

The Company is a for profit company. All amounts are presented in Australian dollars.

Statement of compliance
Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board.

The Group has adopted AASB 9 *Financial instruments* and AASB 15 *Revenue from contracts with customers* for the financial year ended 31 March 2019 and have disclosed the impact on the current financial year and the prior financial year in note 4.

Historical cost convention
This financial report has been prepared under the historical cost convention, except where stated otherwise.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Rounding
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations instrument, amounts in the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

- **Principles of consolidation**

The consolidated accounts of the Group include the financial statements of the Company and its controlled entities.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over the entity, is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where an entity either began or ceased to be controlled during the financial year, the results are included only from the date control commenced or up to the date control ceased.

Intercompany transactions, balances and unrealised gains and losses resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Operating revenue**

Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. It is measured based on the amount of the transaction price allocated to the satisfied performance obligation, and are net of tax, rebates and discounts within the Group.

For information, communication and technology projects ("ICT"), revenue is recognised over time on percentage of completion method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs as it depicts the Groups effort in satisfying the performance obligation to transfer control, while invoicing is typically based on milestones. A contract asset is recognised for work performed. Any amount previously recognised as a contract asset is transferred to trade receivable upon invoicing to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference.

When the Group has control of goods or services prior to delivery to a customer, the Group is the principal in the sale to the customer. If another party has control of goods and services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue is recognised net of any related payments. Revenue includes the gross income received and receivable from revenue sharing arrangements entered into with overseas telecommunication companies in respect of traffic exchanged.

For prepaid cards which have been sold, revenue is recognised based on usage. A contract liability is recognised for advance payments received from customers where services have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Revenue from the sale of equipment (primarily handsets and accessories) is recognised upon the transfer of control to the customer or third-party dealer which generally coincides with delivery and acceptance of the equipment sold. Revenue from service contracts are recognised over the contract period as control passes to the customers as services are provided. Service revenue is also recognised based on usage (e.g. minutes of traffic/ bytes of data).

Contracts with customers generally do not include a material right or financing component. In cases where material rights are granted, a portion of the transaction price is deferred as a contract liability and is not recognised as revenue until this additional performance obligation has been satisfied or has lapsed. Incentives given to customers are recognised as a reduction from revenue in accordance with the specific terms and conditions of each contract. Non-refundable, upfront service activation and setup fees associated with service arrangements are deferred and recognised over the associated service contract period or customer life.

Equipment and services deliverable under bundled telecommunication contracts are identified as separate performance obligations to the extent that the customer can benefit from them on their own. The transaction price is allocated between equipment and services based on their relative standalone selling prices. The standalone selling prices are determined based on the list prices at which the Group sells the standalone equipment and for service-only contracts. Where standalone selling prices are not directly observable, estimation techniques are used. Services rendered beyond contracts are treated as separate contracts.

- **Other income**

Rents include revenue from the provision of products, including transmission capacity, by way of finance and operating leases where entities in the Group act as lessor. Revenue from finance leases (net of any interest receivable implicit in the lease) is recognised when the Group controls a right relating to the consideration receivable, substantially all of the risks and rewards of ownership have been transferred to the lessee, and the products are provided. Revenue from operating leases is recognised on a straight-line basis over the term of the lease, unless another basis is representative of the time pattern of benefits derived under the lease.

- **Foreign currency**

Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the Australian currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges and other operations held at cost.

Translation of foreign joint ventures

Assets and liabilities of overseas joint ventures are translated at the rates of exchange ruling at reporting date. Income and expenses are translated at a weighted average rate for the year. Exchange differences arising on translation of the net investment in foreign joint venture entities, and of the financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in arranging borrowings, and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that generally take more than one year to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of assets.

- **Income tax**

The Group uses the balance sheet method of tax effect accounting. Income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to amounts recognised as assets or liabilities, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the tax bases of those assets and liabilities, and for unused tax losses. The tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted for each jurisdiction, are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation
With effect from 1 July 2002, the Company's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity"), elected to consolidate the consolidated Group, comprised of the Company and its wholly owned controlled entities, in accordance with the Income Tax Assessment Act 1997.

- **Cash and cash equivalents**

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity and are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

- **Contract Assets**

Where revenue recognised in respect of a customer contract exceeds the amount received or receivable from a customer, a contract asset is recognised. Contract assets arise from bundled telecommunications contracts where the control of equipment passes to the customer at the point of delivery and acceptance of equipment however, it is invoiced with monthly bundled services, which are delivered over time. They also arise from information technology contracts where performance obligations are delivered over time however, invoicing is as per contract terms i.e. based on milestone. Contract assets are transferred to trade receivables when the consideration for performance obligations are billed. Contract assets are subject to impairment review for credit risk in accordance with the expected loss model.

- **Contract Costs**

Contract costs such as sales commission directly attributed to acquiring a customer's contract are capitalised in the statement of financial position and amortised as operating expenses over the contract period or expected customer relationship period. Capitalised contract costs are included in "other assets" depending on the period over which the economic benefits from these assets are expected to be received.

- **Receivables**

Trade and other receivables, including contract assets are initially recognised at fair values and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss ("ECL").

The Group applied the 'simplified approach' for determining the allowance for ECL, where lifetime ECL are recognised from initial recognition of the receivables and contract assets. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the receivable. When determining the allowance for ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information based on the Group's historical experience and forward looking information as applicable. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts.

Trade and other receivables are written off against the allowance for ECL when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are recognised in the income statement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Inventories**

Finished goods include handsets, devices and accessories and are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at the statement of financial position date using the moving average price. Costs comprise of purchase price and expenditure that is directly attributable to the acquisition of the handsets after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

- **Impairment of assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value at a discount rate reflecting the relevant weighted average cost of capital and asset specific risks.

- **Investments in subsidiaries**

Investments in controlled entities are carried at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the income statement of the Company when they are declared by the controlled entities.

- **Joint arrangements**

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the consolidated financial statements, investments in joint ventures are accounted for using equity accounting principles. Investments in joint ventures are carried at the lower of the equity accounted amount and recoverable amount.

The Group's share of a joint venture's net profit or loss after tax is recognised in the consolidated income statement. Other movements in reserves are recognised directly in consolidated reserves. Adjustments are made, where practicable, to the profit or loss and the reserves of joint ventures to achieve consistency with the Group's accounting policies, and to eliminate unrealised profits and losses on transactions between the Group and joint ventures.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interest in joint operations is brought to account by including its interest in the following amounts in the appropriate categories in the consolidated statement of financial position and consolidated statement of profit or loss:

- Each of the individual asset categories employed in the joint operations;
- Liabilities incurred by the Group in relation to the joint operations and the liabilities for which it is jointly or severally liable; and
- Revenue derived from, and expenses incurred in relation to the joint operations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Property, plant and equipment**

All classes of property, plant and equipment are stated at cost. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated or amortised using the straight-line method over their estimated useful lives to an estimated residual value. The depreciation rates used for each asset class, for the current and previous financial years, are as follows:

Freehold buildings	5 to 40 years
Leasehold property	Shorter of 25 years or lease term
Plant and equipment	2 to 25 years
Leased plant and equipment	6 to 13 years

These useful lives are reviewed annually. They are estimated based on the period of time over which the future economic benefits embodied in the depreciable assets are expected to be consumed by the Group.

Assets are depreciated or amortised from the month of acquisition or, in respect of internally constructed assets, from the month the asset is completed and held ready for use.

Capital work-in-progress is stated at cost and not depreciated. The costs of assets constructed or internally generated by the Group include the cost of materials and direct labour. Directly attributable overhead and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

- **Leases**

Finance leases
Leases of property, plant and equipment under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases.

Finance leases are capitalised. A lease asset and a liability are recorded at the inception of the lease at the fair value, or, if lower, at the present value of the minimum lease payments. Capitalised lease assets are amortised on a straight-line basis over the term of the relevant lease, or, where it is likely the Group is expected to obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the income statement.

Operating Leases
Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Lease Incentives
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives are recognised as a reduction in rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sales of network capacity
Sales of network capacity are accounted as finance leases where:

- the purchaser's right of use is exclusive and irrevocable;
- the asset is specific and separable;
- the term of the contract is for the major part of the asset's useful economic life;
- the attributable costs or carrying value can be measured reliably; and
- no significant risks are retained by the Group.

Sales of network capacity that do not meet some of the above criteria are accounted for as an operating lease, or a service agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Intangible assets**

Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets, including identifiable intangible assets and contingent liabilities, at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. The unamortised balance of goodwill is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

Telecommunication licences
Telecommunication licences are carried at cost. The licences were originally granted to the Group under the Telecommunications Act 1991. Pursuant to the Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997 the licences continued to have effect after the deregulation of telecommunications in Australia in 1997. The licences do not have a finite term but are of continuing operation until cancelled under the Telecommunications Act 1997. The cancellation conditions are such that the directors believe that cancellation is highly unlikely. The directors believe that there were inherent benefits of the licences granted in 1991 that are unique to the Group as the second licence carrier under the Federal Government's deregulation policy. These benefits continue post deregulation of the telecommunications industry and are not available to other new licence holders since 1 July 1997. Accordingly, the directors believe that the lives of these assets are indefinite.

Telecommunication licences are not amortised and are reviewed for impairment on at least an annual basis.

Spectrum licences
Digital mobile spectrum licence fees are carried at cost and amortised on a straight-line basis over the shorter of the licence term and the period of expected benefits, which range from 1 year to 18 years. Amortisation commences when the spectrum, and associated plant and equipment, are completed and held ready for use.

Deferred expenditure
Deferred expenditure, primarily representing co-location access charges, is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation is over 20 years.

- **Contract Liabilities**

Where the amount received or receivable from a customer exceeds the revenue recognised for a contract, a contract liability is recognised. Contract liabilities or advance billings are recognised as revenues when services are provided to customers.

- **Payables**

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

- **Bank borrowings and bonds**

Bank borrowings and bonds are initially recognised at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost using the effective interest method.

- **Employee entitlements**

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave
Liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

Superannuation fund
The Group contributes to defined contribution superannuation funds. These contributions include superannuation guarantee contributions and additional contributions made under employee remuneration arrangements. Contributions are charged against the income statement as they are incurred.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Employee entitlements (continued)**

Equity-based benefits
The Group's parent, Singapore Telecommunications Limited, has made awards to certain employees under its Share Plans ("Plans"). Participants in the Plans will receive fully paid ordinary shares of Singtel free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets or vesting conditions are met within a prescribed performance period. The performance period for the awards is two to three years. At the end of the performance period, Singtel will determine the number of Singtel shares to be allocated to each participant or category of participants based on the level of attainment of the performance targets or vesting conditions. Awards under the Plans will lapse if the employee ceases employment during the vesting period of two to three years. The Group expects to pay for shares to be acquired and transferred to employees in satisfaction of these awards.

Where the Group grants equity instruments of Singtel directly to its employees, the Group has accounted for the arrangement as cash-settled in its own financial statements. The fair value of cash-settled awards is initially measured at grant date, taking into account both market and non-market vesting conditions. The fair value is recognised as an employee benefit expense with a corresponding increase in liabilities. The fair value is then re-measured at each reporting date, with changes in the liability also recognised as an employee benefit expense.

- **Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair values at each reporting date. Details of balances are included in Note 18.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gains or losses arising from changes in the fair value of a derivative financial instrument are recognised immediately in the income statement, unless they qualify for hedge accounting.

Hedge accounting
At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception and an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward currency contract (i.e. including the forwards elements) as the hedging instrument for all its hedging relationships involving forward currency contracts.

Fair value hedge
Derivative financial instruments that qualify for fair value hedge accounting are initially recognised at fair value on the date that the contract is entered into. Changes in fair value of derivatives are recorded in the income statement together with any changes in the fair value of the hedged items that are attributable to the hedged risks.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised in the income statement from that date.

Cash flow hedge
The effective portion of changes in the fair value of the derivative financial instruments that qualify as cash flow hedges are recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the cash flow hedge reserve are transferred to the income statement in the periods when the hedged items affect the income statement.

However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gain or loss previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect 'Other Comprehensive Income'. Furthermore, if the Group expects some or all the loss accumulated in "Other Comprehensive Income' will not be recovered in the future, that amount is immediately reclassified to the income statement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Derivative financial instruments (continued)**

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

- **Fair Value Estimation of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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

Bank balances, receivables and payables, current borrowings
The carrying amounts approximate fair values due to the relatively short maturity of these instruments.

Cross currency and interest rate swaps
The fair value of a cross currency or an interest rate swap is the estimated amount that the swap contract can be exchanged for or settled with under normal market conditions. This fair value can be estimated using the discounted cash flow method where the future cash flows of the swap contract are discounted at the prevailing market foreign exchange rates and interest rates. Market interest rates are actively quoted interest rates or interest rates computed by applying techniques to these actively quoted interest rates.

Forward foreign currency contracts
The fair value of forward foreign exchange contracts is determined using forward exchange market rates for contracts with similar maturity profiles at the end of the reporting period.

Non-current borrowings
For disclosure purposes, the fair values of non-current borrowings are estimated by discounting the future contractual cash flows using discount rates based on the borrowing rates which the Group expects would be available at the end of the reporting period.

- **Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the GST amount included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

- **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings
Provision for restructurings is recognised when the Group has developed a detailed formal plan for the restructuring and has either:

- entered into formal contracts to carry out the restructuring; or
- raised a valid expectation in those affected by the restructuring that the restructuring will occur.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

- **Parent entity financial information**

The financial information for the parent entity, SOPL, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

- **New accounting standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2018:

- AASB 9 Financial instruments
- AASB 15 Revenue from contracts with customers

The impact of the implementation these standards is documented in note 4.

- **New standards and interpretations not yet adopted by the Group**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- **AASB 16 Leases**

AASB 16 requires lessees to adopt a single lease accounting model with leases recognised as lease liabilities in the statement of financial position, with corresponding "right-of-use" assets. In the income statement, depreciation charges on the "right-of-use" assets and interest expense on the lease liability will be recorded. In the statement of cash flows, lease payments will be classified as financing cash flows. The new standard also specifies new accounting rules for sales and leaseback of assets, as well as for subleases of leased assets under certain circumstances. The standard continues to adopt a dual accounting lease model for lessor accounting.

The Group will apply AASB 16 using the modified retrospective approach where the cumulative effect of initial application will be reflected as an adjustment to the opening statement of financial position as at 1 April 2019. The standard will be applied prospectively with no restatement of financial statements for the comparative periods.

On transition, the Group will elect the practical expedients permitted by the new standard, including carrying forward the historical lease classification, as well as excluding all leases with original maturities of one year or less, and leases of low value assets.

Impact
The impact predominantly relates to the Group's property leases for network base stations, data centres, corporate offices, retail premises and support offices. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 April 2019, the composition of the Group's lease portfolio, the extent to which the Group chooses to use practical expedients and recognition exemptions.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at the end of the reporting period, the Group had non-cancellable undiscounted operating lease commitments of $2.0 billion (2018: $2.6 billion) as disclosed in Note 19.
The Group has assessed that the estimated impact of AASB 16 on the Consolidated Financial Position as at 1 April 2019 is:

- New lease liabilities $1.7 billion to $1.8 billion; and
- New right of use assets $1.7 billion to $1.8 billion.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are the critical accounting estimates and judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

a. Expected credit loss of receivables and contract assets

At each reporting date, the Group assesses whether receivables and contract assets are credit-impaired. Probability of default constitutes a key input in measuring Expected Credit Loss ("ECL"). It is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The exposure to credit risk for receivables and contract assets is disclosed in Note 7.

b. Impairment of goodwill and intangibles

In accordance with the accounting policy in relation to intangible assets, goodwill and intangible assets with indefinite life are subject to an annual impairment review. In making this impairment assessment, the Group evaluates the value-in-use using cash flow projections which have been discounted at an appropriate rate. These calculations require the use of assumptions.

Forecasts of future cash flows are based on the Group's estimates using historical industry trends, general market and economic conditions, changes in technology and other available information. Refer to Note 10 for details of the key assumptions.

c. Estimated useful lives of property, plant and equipment and intangibles

The Group reviews annually the estimated useful lives of property, plant and equipment and intangibles based on factors such as business plans and strategies, expected levels of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors referred to above. A reduction in the estimated useful lives would decrease the carrying value of property, plant and equipment or intangibles.

d. Revenue recognition

The accounting policies for revenue recognition are stated in Note 2.

The application of AASB 15 requires the Group to exercise judgement in identifying distinct or non-distinct performance obligations. For bundled telecommunications contracts, the Group is required to estimate the standalone selling prices of performance obligations, which materially impacts the allocation of revenue between performance obligations. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis, it is necessary to estimate the standalone selling price. Changes in estimates of standalone selling prices can significantly influence the allocation of the transaction price between performance obligations. When estimating the standalone selling price, the Group maximises the use of observable inputs.

The assessment of whether the Group presents operating revenue as the principal, or net after deduction of costs as an agent, is a matter of judgement which requires an analysis of both the legal form and the substance of contracts. Depending on the conclusion reached, there may be differences in the amounts of revenues and expenses, though there is no impact on profit.

Contract costs are amortised over the contract period or the expected customer relationship period.

NOTE 4. Impact of adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers

The Group have adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contacts with Customers* effective 1 April 2018 and have applied these standards retrospectively. As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated and the impacts are disclosed below.

AASB 9 Financial Instruments
AASB 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirement for financial assets. Lifetime expected credit losses are recognized for trade receivables and contract assets.

AASB 15 Revenue from Contracts with Customers
AASB 15 establishes a single comprehensive model of accounting for revenue arising from contracts with customers. The standard requires companies to apportion revenue earned from contracts to performance obligations based on a five-step model on a relative standalone selling price basis. It also introduces new contract cost guidance and requires certain additional disclosures.

The Group has applied the retrospective method in the initial application of AASB 15, including the use of practical expedients. Contracts that ended before 1 April 2017 (the first comparative reporting period) were not restated. The adoption of AASB 15 resulted in the following key effects at the consolidated level:

- For certain bundled post-paid mobile plans, the Group has allocated the total contract value between equipment and service revenue based on their relative standalone selling price. The recognition of relative standalone selling price has resulted in an increase in contract assets and a decrease in service revenue.
- The Group provides bundle discounts to all mobile customers who subscribe to certain fixed line products. Under AASB 15 bundle discounts are allocated between the mobile services and fixed services in proportion to their plan values.
- For certain Enterprise related contracts, the Group recognises one-time charges as revenue when billed. Under AASB 15, these charges are deferred and amortised over the life of the contract.
- Certain Customer Technology Funds were capitalised on the balance sheet and amortised to cost of sales on a straight-line basis over the life of the contract. Under AASB 15 the amortisation is re-allocated to mobile service revenue.

The tables below summarise the impact of adopting AASB 9 and AASB 15 for the previous financial year ended 31 March 2018 and as at 1 April 2017.

4a – Restated Consolidated Statement Profit or Loss for the financial year ended 31 March 2018

	As previously reported $m	Adjustments $m	Restated $m
Operating revenue	8,519	(97)	8,422
Other income	436	-	436
Total revenue	**8,955**	(97)	**8,858**
Expenses	(6,086)	(43)	(6,129)
Depreciation and amortisation	(1,525)	88	(1,437)
Finance Costs	(194)	-	(194)
Profit before income tax expense	**1,150**	**(52)**	**1,098**
Income tax expense	(340)	15	(325)
Profit after tax	**810**	**(37)**	**773**

NOTE 4. Impact of adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers (continued)

4b - Restated Statement of Other Comprehensive Income for the financial year ended 31 March 2018

	As previously reported $m	Adjustments $m	Restated $m
Profit after tax	**810**	**(37)**	**773**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges			
- Fair value changes during the year - gross	176	-	176
- Fair value changes during the year - tax impact	(53)	-	(53)
- Fair value changes during the year - net of tax	123	-	123
- Fair value changes transferred to income statement - gross	(149)	-	(149)
- Fair value changes transferred to income statement - tax impact	45	-	45
- Fair value changes transferred to income statement - net of tax	(104)	-	(104)
Total other comprehensive income	19	-	19
Total comprehensive income for the year	**829**	**(37)**	**792**

NOTE 4. Impact of adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers (continued)

4c - Restated Statement of Financial Position as at 31 March 2018

	31 March 2018 As previously reported $m	Adjustments $m	31 March 2018 Restated $m
Current assets			
Cash and cash equivalents	118	-	118
Receivables and contract assets	2,400	28	2,428
Inventories	233	-	233
Other assets	297	(40)	257
Total current assets	**3,048**	**(12)**	**3,036**
Non-current assets			
Receivables and contract assets	4,006	-	4,006
Investments in joint venture entities	1	-	1
Property, plant and equipment	7,868	-	7,868
Telecommunication licences	976	-	976
Intangible assets	2,180	(62)	2,118
Derivative financial instruments	349	(18)	331
Other assets	142	65	207
Total non-current assets	**15,522**	**(15)**	**15,507**
Total assets	**18,570**	**(27)**	**18,543**
Current liabilities			
Payables and contract liabilities	3,092	12	3,104
Interest bearing liabilities	934	-	934
Derivative financial instruments	5	-	5
Provisions	92	-	92
Total current liabilities	**4,123**	**12**	**4,135**
Non-current liabilities			
Payables and contract liabilities	196	-	196
Interest bearing liabilities	3,449	-	3,449
Deferred tax liabilities	31	(12)	19
Derivative financial instruments	81	(1)	80
Provisions	49	-	49
Total non-current liabilities	**3,806**	**(13)**	**3,793**
Total liabilities	**7,929**	**(1)**	**7,928**
Net assets	**10,641**	**(26)**	**10,615**
Equity			
Contributed equity	5,317	-	5,317
Cash flow hedge reserve	(18)	(8)	(26)
Retained profits	5,342	(18)	5,324
Total equity	**10,641**	**(26)**	**10,615**

NOTE 4. Impact of adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers (continued)

4d - Restated Statement of Financial Position as at 1 April 2017

	31 March 2017 As previously reported $m	Adjustments $m	1 April 2017 Restated $m
Current assets			
Cash and cash equivalents	128	-	128
Receivables and contract assets	2,242	77	2,319
Inventories	205	-	205
Other assets	299	(40)	259
Total current assets	**2,874**	**37**	**2,911**
Non-current assets			
Receivables and contract assets	4,112	(5)	4,107
Investments in joint venture entities	1	-	1
Property, plant and equipment	7,514	-	7,514
Telecommunication licences	976	-	976
Intangible assets	1,492	(62)	1,430
Deferred tax assets	23	(3)	20
Derivative financial instruments	233	(18)	215
Other assets	136	65	201
Total non-current assets	**14,487**	**(23)**	**14,464**
Total assets	**17,361**	**14**	**17,375**
Current liabilities			
Payables and contract liabilities	2,877	2	2,879
Interest bearing liabilities	990	-	990
Derivative financial instruments	7	-	7
Provisions	91	-	91
Total current liabilities	**3,965**	**2**	**3,967**
Non-current liabilities			
Payables and contract liabilities	204	-	204
Interest bearing liabilities	2,598	-	2,598
Derivative financial instruments	128	-	128
Provisions	55	-	55
Total non-current liabilities	**2,985**	**-**	**2,985**
Total liabilities	**6,950**	**2**	**6,952**
Net assets	**10,411**	**12**	**10,423**
Equity			
Contributed equity	5,317	-	5,317
Cash flow hedge reserve	(37)	(8)	(45)
Retained profits	5,131	20	5,151
Total equity	**10,411**	**12**	**10,423**

NOTE 5. INCOME STATEMENT

	2019 $m	2018 $m
Profit before income tax has been arrived at after including:		
Operating revenue		
Equipment revenue	2,024	1,547
Service revenue	5,729	5,814
Information, Communication and Technology ("ICT") revenue	635	651
Interconnect revenue	316	301
Handset operating lease revenue	141	24
Insurance revenue	94	85
	8,939	8,422
Other income		
Rents - revenue from operating leases	160	187
Interest received or due and receivable	3	3
Other	134	246
	297	436
Total revenue	**9,236**	**8,858**
Revenue recognised in the reporting periods that was included in the contract liabilities balance at the beginning of the year	486	455
Service contracts with consumers typically range from a month to 2 years, and contracts with enterprises typically range from 1 to 3 years.		
Expenses		
Expenses from ordinary activities classified by nature are:		
Traffic expenses	1,021	969
Selling & administrative expenses	1,498	1,480
Amortisation of contract costs	99	88
Employee benefit expenses	1,182	1,265
Capitalisation of costs	(175)	(193)
Cost of equipment sold	1,763	1,400
Other direct cost of sales of services	988	887
Repair and maintenance expenses	174	158
Others	67	75
	6,617	6,129
Depreciation and amortisation		
Depreciation of:		
Freehold buildings	16	18
Plant and equipment	1,259	1,221
Leasehold property	13	13
Amortisation of:		
Deferred expenditure	45	51
Spectrum and other licences	152	134
	1,485	1,437

NOTE 5. INCOME STATEMENT (continued)

	Note	2019 $m	2018 $m
Net finance costs			
Interest paid or due and payable to:			
Third parties		189	183
Finance expense on lease receivable		-	7
Unwinding of discounts		2	4
Total finance costs		191	194
Less:			
Interest received or due and receivable from:			
Third parties		3	3
Net finance costs		188	191
Others			
Profit before income tax includes the following specific expenses:			
Impairment of trade receivables and contract assets			
Amount provided		104	87
Bad debts recovered		(14)	(4)
Net expense for impairment of receivables and contract assets	7	90	83
Net expense / (write back of expense) from movements in other provisions:			
Employee entitlements		86	105
Inventories		(2)	2
Other		1	1
Total net expense from movements in other provisions		85	108
Net foreign exchange (income) / loss		(2)	5
Operating lease rental expense		459	464

NOTE 6. INCOME TAX

	2019 $m	2018 $m
Income tax expense		
Income tax expense on profit from ordinary activities before income tax calculated at 30% (2018:30%).	282	330
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		
Research and development claims	(1)	(3)
Share of joint ventures' tax	-	1
Other non-deductible items	5	7
Prior year under provision / (over)provision	1	(10)
Income tax expense relating to ordinary activities	287	325
Income tax expense comprises:		
Current income tax expense	252	304
Deferred tax expense	34	31
Prior year under provision / (over)provision	1	(10)
	287	325
Deferred tax assets		
The balance of this asset comprises temporary differences attributable to:		
Property, plant and equipment	32	60
Liabilities not currently deductible	316	308
Other	25	26
	373	394
Set-off of deferred tax liabilities	(373)	(394)
Net deferred tax asset	-	-
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Telecommunications licences	293	293
Deferred expenditure	30	15
Cash flow hedges	110	105
	432	413
Set-off against deferred tax assets	(373)	(394)
	59	19

The movements of the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows -

Deferred tax assets / (liabilities)	31 March 2019 $m	31 March 2018 $m
Balance in beginning of the year, previously reported	(31)	23
Effects of adoption of AASB 9 and AASB 15	12	(3)
Balance in beginning of the year, restated	(19)	20
Charged to income statement	(34)	(31)
Charged to other comprehensive income	(6)	(8)
Balance as at 31 March	(59)	(19)

NOTE 6. INCOME TAX (continued)

Tax consolidation

With effect from 1 July 2002, the Group's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity") and its wholly owned Australian controlled entities, have implemented the tax consolidation legislation. The relevant accounting policy is set out in Note 2.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate the Head Entity for any current tax payable assumed and are compensated by the Head Entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the Head Entity, which is issued as soon as practicable after the end of each financial year. The funding amounts are recognised as current intercompany receivables or payables. No amounts have been recognised in equity as a result of the tax consolidation implementation.

NOTE 7. RECEIVABLES AND CONTRACT ASSETS

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current			
Trade receivables	1,163	1,145	1,009
Contract assets	1,309	1,200	1,078
	2,472	2,345	2,087
Less allowance for ECL	(140)	(132)	(115)
	2,332	2,213	1,972
Other receivables	184	215	347
	2,516	2,428	2,319
Non-current			
Due from parent (i)	3,630	3,614	3,714
Contract assets	422	392	386
Other receivables	-	-	7
	4,052	4,006	4,107

(i) The Company has an at call non-interest bearing loan to its parent entity (refer to note 25). Whilst the loan is at call, it has been disclosed as non-current as the company has no intention to call upon the loan in the 12 months from signing of the financial statements.

Trade receivables are non-interest bearing and are generally on 30 day terms, while balances due from carriers are 60-day terms. There was no significant change in contract assets during this year.

The age analysis of the trade receivable and contract assets (before allowance for expected credit loss) was as follows:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Less than 60 days	2,173	2,111	1,917
61 to 120 days	66	80	49
More than 120 days	233	154	121
Balance as at 31 March	2,472	2,345	2,087

The movements in the allowance for expected credit losses of trade receivables and contract assets were as follows:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Balance as at 1 April	132	115	141
Allowance for impairment	90	83	59
Utilisation of allowance for impairment	(82)	(66)	(85)
Balance as at 31 March	140	132	115

NOTE 7. RECEIVABLES AND CONTRACT ASSETS (continued)

The maximum exposure to credit risk for trade receivables and contract assets was as follows:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Individuals	1,687	1,650	1,456
Business	785	695	631
Balance as at 31 March	2,472	2,345	2,087

The expected credit losses for debts which are collectively assessed are estimated based on a provision matrix by reference to historical credit loss experience of the different segments, adjusted as appropriate to reflect current conditions and estimates of future economic conditions as applicable. The expected credit losses for debts which are individually assessed are based on an analysis of the debtor's current financial position and are adjusted for factors that are specific to the debtors.

NOTE 8. INVENTORIES

	31 March 2019 $m	31 March 2018 $m
Finished goods - at cost	295	247
Provision for obsolescence	(10)	(14)
	285	233

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	31 March 2019 $m	31 March 2018 $m
Freehold land and buildings:		
At cost	423	409
Accumulated depreciation	(283)	(266)
Total freehold land and buildings	140	143
Leasehold property:		
At cost	199	200
Accumulated depreciation	(130)	(120)
Total leasehold property	69	80
Plant and equipment:		
At cost	23,822	22,607
Accumulated depreciation	(17,122)	(15,865)
Total plant and equipment	6,700	6,742
Capital works in progress:		
At cost	942	903
Total capital works in progress	942	903
Total net carrying amount of property, plant and equipment	**7,850**	**7,868**

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Note	31 March 2019 $m	31 March 2018 $m
Freehold land and buildings:			
Carrying amount at the beginning of the financial year		143	152
Additions		13	9
Depreciation and amortisation expense	5	(16)	(18)
Carrying amount at the end of the financial year		140	143
Leasehold property:			
Carrying amount at the beginning of the financial year		80	82
Additions		2	11
Depreciation and amortisation expense	5	(13)	(13)
Carrying amount at the end of the financial year		69	80
Plant and equipment:			
Carrying amount at the beginning of the financial year		6,742	6,385
Additions		1,217	1,578
Depreciation and amortisation expense	5	(1,259)	(1,221)
Carrying amount at the end of the financial year		6,700	6,742
Capital works in progress:			
Carrying amount at the beginning of the financial year		903	895
Additions less transfers to other categories		39	8
Carrying amount at the end of the financial year		942	903

NOTE 10. INTANGIBLE ASSETS

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Goodwill - at cost	156	156	156
Accumulated impairment	(4)	(4)	(4)
	152	152	152
Spectrum and other licences - at cost	2,077	2,086	1,469
Accumulated amortisation	(730)	(624)	(591)
	1,347	1,462	878
Deferred expenditure - at cost	740	702	591
Accumulated amortisation	(183)	(198)	(191)
	557	504	400
Total intangible assets	2,056	2,118	1,430

Consolidated	Goodwill	Spectrum and other licences	Deferred expenditure	Total
Year ended 31 March 2019				
Opening net book amount	152	1,462	504	2,118
Additions	-	37	98	135
Amortisation charge	-	(152)	(45)	(197)
Closing net book amount	152	1,347	557	2,056
Year ended 31 March 2018				
Opening net book amount	152	878	400	1,430
Additions	-	718	155	873
Amortisation charge	-	(134)	(51)	(185)
Closing net book amount	152	1,462	504	2,118

Impairment testing

The carrying value of goodwill and intangible assets with indefinite lives (telecommunication licenses) was assessed for impairment during the financial year. Telecommunications operations of the Group were assessed to be a single cash generating unit ("CGU") for the purpose of this review, as the generation of the Group's core revenue streams is heavily reliant on the use of integrated and interdependent customer access and transmission networks throughout Australia.

The recoverable amount of the Singtel Optus CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets (including growth rates, operating margins, capital expenditure and discount rates) approved by management and the Board covering a 5-year period.

Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The terminal growth rates do not exceed the long-term average growth rates for the country and industry in which the Group operates.

	Terminal growth rate		Pre-tax discount rate	
	2019	2018	2019	2018
Singtel Optus CGU	3.0%	3.0%	8.4%	9.0%

As at 31 March 2019, no impairment charge was required for goodwill arising from acquisition of subsidiaries, with any reasonably possible change to the key assumptions applied not likely to cause the recoverable values to be below their carrying values.

NOTE 11. PAYABLES AND CONTRACT LIABILITIES

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current			
Trade payables (i)	1,251	1,188	1,047
Other payables and accruals (ii)	367	364	459
Contract liabilities (iii)	427	486	455
Performance share plan	3	4	5
Other financial liabilities (iv)	1,292	1,062	913
	3,340	3,104	2,879
Non-current			
Other payables and accruals	183	177	196
Contract liabilities (iii)	10	11	-
Performance share plan	8	8	8
	201	196	204

(i) The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms.

(ii) Other payables and accruals include the interest payable on borrowings. These are settled on a half-yearly basis except for interest payable on certain bonds and syndicated loan facilities which are settled on a quarterly basis. The total interest payable on the borrowings at year end was $61 million (2018: $63 million).

(iii) Contract liabilities include advance billings, unearned revenue and NBN migration payments.

(iv) The other financial liabilities relate to handsets and network investments, where vendor terms are up to 364 days.

NOTE 12. BANK BORROWINGS AND BONDS

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current			
Short-term bank facilities - unsecured (i)	450	550	990
Notes payable - unsecured (ii)	706	374	-
Short-term related party facilities - unsecured (iii)	9	10	-
	1,165	934	990
Non-current			
Medium-term bank facilities - unsecured (i)	530	690	-
Notes payable - unsecured (ii)	2,603	2,759	2,598
	3,133	3,449	2,598

(i) These borrowings are provided under a syndicated bank facility and are denominated in Australian dollars. It is covered by a negative pledge and facility documents, which amongst other things require the Company and other controlled entities to maintain certain financial ratios. In April 2017, the Group entered a $1.5 billion syndicated bank facility, which expires on 29 May 2020.

(ii) Unsecured notes payable denominated in United States dollars, Hong Kong dollars, Euro, Singapore dollars and Australian dollars have been issued by a controlled entity and guaranteed by the Company and certain controlled entities. The notes are subject to a negative pledge that requires the Company and other controlled entities to maintain certain financial ratios. The value of these notes includes a fair value hedge loss adjustment of $14 million (2018: $24 million).

(iii) The Company has a short term uncommitted related party facility. The facility is denominated in Australian dollars.

NOTE 12. BANK BORROWINGS AND BONDS (continued)

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Principal amounts and repayment dates are:			
500 million United States dollars due 15 October 2019	706	655	666
1,000 million Hong Kong dollars due 10 June 2020	180	166	168
700 million Euro due 15 September 2020	1,121	1,142	1,003
75 million Australian dollars due 5 December 2018	-	75	75
300 million Australian dollars due 12 December 2018	-	299	299
200 million Australian dollars due 17 June 2022	199	198	197
50 million Australian dollars due 17 June 2022	50	50	50
400 million Australian dollars due 23 August 2022	399	399	-
150 million Singapore dollars due 29 September 2022	156	149	140
500 million Australian dollars due 6 September 2023	498	-	-
	3,309	3,133	2,598
Disclosed as:			
Current	706	374	-
Non-current	2,603	2,759	2,598

The weighted average interest rate for bonds is 5.2% (2018: 5.5%) and bank borrowings is 2.8% (2018: 2.6%).

NOTE 13. FINANCING ARRANGEMENTS

At reporting date, the Group had access to the following committed lines of credit:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Total facilities available at reporting date:			
Short-term bank facilities (less than 1 year)	450	550	1,500
Medium-term bank facilities (1 year to 3 years)	1,500	1,500	-
	1,950	2,050	1,500
Facilities utilised at reporting date:			
Short-term bank facilities (less than 1 year)	450	550	990
Medium-term bank facilities (1 year to 3 years)	530	690	-
	980	1,240	990
Facilities not utilised at reporting date:			
Short-term bank facilities (less than 1 year)	-	-	510
Medium-term bank facilities (1 year to 3 years)	970	810	-
	970	810	510

NOTE 14. PROVISIONS

	Note	31 March 2019 $m	31 March 2018 $m
Current			
Employee entitlements	17	75	75
Other (i)		4	17
		79	92
Non-current			
Employee entitlements	17	21	26
Other (i)		30	23
		51	49

(i) Other current and non-current provisions primarily represent asset retirement obligations for corporate properties and self-insurance provisions.

Reconciliations of the carrying amount of other provisions at the beginning and end of the current financial year are set out below:

	2019 $m	2018 $m
Other provisions (Current and non-current)		
Carrying amount at the beginning of the financial year	40	46
Additional provision recognised by charge to profit	2	2
Others	(8)	(8)
Carrying amount at the end of the financial year	34	40

NOTE 15. CONTRIBUTED EQUITY

Issued and paid up capital

	2019 $m	2018 $m
3,795,254,335 (31 March 2018: 3,795,254,335) Fully paid ordinary shares	5,317	5,317

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At a shareholders' meeting, every holder of ordinary shares present in person or by proxy is entitled to one vote on a show of hands, and upon a poll, each share is entitled to one vote.

There have been no changes in share capital during the year.

In March 2019 the Company paid a dividend to its parent entity of $600 million (2018: $600 million) or $0.158 per share (2018: $0.158 per share).

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and its issued shares do not have a par value.

NOTE 16. RESERVES

Nature and purpose of reserves as disclosed in the statement of changes in equity

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, net of tax, as described in Note 2. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

NOTE 17. EMPLOYEE ENTITLEMENTS

	Note	2019 $m	2018 $m
Aggregate employee entitlements			
Current long service leave provision	14	75	75
Non-current long service leave provision	14	21	26
		96	101
Number of Employees			
Number of employees at year end		7,297	8,515
Superannuation fund			
The Group contributes to employee contribution superannuation funds.			
Contributions to the funds during the financial year		82	92

Equity based employee benefits

During the current or previous financial year, the Group did not provide to employees any equity based instruments (such as share options or performance rights) based on equities of the Company or its controlled entities, nor were there any such instruments outstanding at the beginning or end of the financial year.

The Group's expense arises under the equity based compensation plans of its parent, Singapore Telecommunications Limited which are described at Note 2.

	2019 $m	2018 $m
This expense amounted to:	8	5

NOTE 18. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly.

The Group uses financial instruments, including foreign exchange contracts, cross currency swaps and interest rate swaps in its management of exchange rate and interest rate exposures. Financial instruments are used only to hedge underlying commercial exposures and are not held for speculative purposes.

Derivative financial instruments	2019 $m	2018 $m
Balance as at 1 April	246	80
Fair value gains:		
- included in income statement:		
Hedge ineffectiveness	3	2
Fair value hedge movements	49	137
- included in the balance sheet:		
Cash flow hedge reserve	20	27
Balance as at 31 March	318	246

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

Derivative financial instruments	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current asset	159	-	-
Non-current asset	208	331	215
Current liabilities	(9)	(5)	(7)
Non-current liability	(40)	(80)	(128)
	318	246	80

The cash flow hedges are designated for foreign currency commitments and repayments of principal and interest of foreign currency denominated bonds.

The forecast transactions for the foreign currency commitments are expected to occur in the financial year ending 31 March 2020, while the forecast transactions for the repayment of principal and interest of the foreign currency denominated bonds will occur according to the timing disclosed in Note 12.

Fair value estimation

Optus bonds which are currently on issue and offered solely to wholesale investors total $1,895 million (2018: $1,884 million). They are maturing by year 2020 and no other financial assets or liabilities are traded on the exchange markets. It is calculated as the present value of the estimated future cash flows, discounted using interest rates based on a zero coupon yield curve at the reporting date.

Hedging activities

The hedge accounting policy of the Group is described in Note 2 and the Group has entered into the following derivative financial instruments to hedge its risks:

- Cross currency interest rate swaps with dual designation as fair value hedges for interest rate risk and cash flow hedges for currency risk, arising from the Group's issue of foreign currency denominated debt instruments.

  These cross currency interest rate swaps involve the exchange of principal and fixed interest receipts in the foreign currency of the Group's debt instruments, for principal and floating (as well as fixed) interest payments in the Group's Australian dollar functional currency.

- Interest rate swap contracts that are cash flow hedges for Australian interest rate risk. These contracts involve the exchange of Australian floating interest receipts for fixed interest payments. These are in line with the Group's interest rate risk management policy of maintaining a mix of floating and fixed rate debt.

- Forward foreign exchange contracts, all of which are designated as cash flow hedges, for the Group's exposure to currency risks arising from forecast or committed expenditure and receipts denominated in foreign currencies.

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

The fair values of the derivative financial instruments are as follows:

31 March 2019	Nominal amounts $m	Fair values $m	
		Assets	Liabilities
Fair value hedges			
Cross currency swaps	526	14	-
Cash flow hedges			
Cross currency swaps	1,826	344	-
Interest rate swaps	1,000	-	48
Forward foreign exchange contracts	271	9	-
Derivatives that do not qualify for hedge accounting			
Interest rate swaps	250	-	1
		367	49
Derivative financial instruments presented in the statement of financial position			
Current		159	9
Non-current		208	40
		367	49

31 March 2018	Nominal amounts $m	Fair values $m	
		Assets	Liabilities
Fair value hedges			
Cross currency swaps	526	24	-
Cash flow hedges			
Cross currency swaps	1,826	307	-
Interest rate swaps	1,000	-	76
Forward foreign exchange contracts	317	-	5
Derivatives that do not qualify for hedge accounting			
Interest rate swaps	250	-	4
		331	85
Derivative financial instruments presented in the statement of financial position			
Current		-	5
Non-current		331	80
		331	85

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

1 April 2017	Nominal amounts $m	Fair values $m	
		Assets	Liabilities
Fair value hedges			
Cross currency swaps	526	37	-
Cash flow hedges			
Cross currency swaps	1,826	178	8
Interest rate swaps	1,000	-	108
Forward foreign exchange contracts	360	-	12
Derivatives that do not qualify for hedge accounting			
Interest rate swaps	250	-	7
		215	135
Derivative financial instruments presented in the statement of financial position:			
Current		-	7
Non-current		215	128
		215	135

The cash flow hedges are designated for foreign currency commitments and repayments of principal and interest of foreign currency denominated bonds.

The forecast transactions for the foreign currency commitments are expected to occur in the financial year ending 31 March 2020, while the forecast transactions for the repayment of principal and interest of the foreign currency denominated bonds will occur according to the timing disclosed in Note 12.

As at 31 March 2019, the details of the outstanding derivative financial instruments were as follows:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Interest swaps			
Notional principal (AUD$ million equivalent)	1,250	1,250	1,250
Fixed Interest rates	6.23%	6.23%	6.23%
Floating Interest rates	BBSW3M	BBSW3M	BBSW3M
Cross Currency swaps			
Notional principal (AUD$ million equivalent)	1,826	1,826	1,826
Fixed Interest rates	7.50%	7.50%	7.50%
Floating Interest rates	BBSW +2.0592%	BBSW + 2.0592%	BBSW + 2.0592%
Forward foreign exchange contracts			
Notional principal (AUD$ million equivalent)	271	317	360

The interest rate swaps entered into by the Group are re-priced at intervals of six-monthly periods. The interest rate swaps entered by the Company are re-priced every six months.

Hedge ineffectiveness across all hedge relationships was $3 million (2018: $2 million) and was recorded in the Income Statement in Note 5. Hedge ineffectiveness arose due to changes in the fair value of the hedging instrument exceeding the change in fair value of the hedged item. The Group did not discontinue hedging accounting for any relationships and had no reclassifications from the cash flow hedge reserve to the Income Statement during the 2019 financial year.

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 12 & 13 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

Interest rate risk

The Group's objective is to minimise interest expense consistent with maintaining an acceptable level of exposure to the risk of interest rate fluctuations. In order to achieve this objective, the Group targets a mix of fixed and floating rate debt. To obtain this mix in a cost-efficient manner the Group primarily uses cross currency and interest rate swaps that have the effect of converting specific debt obligations of the Group from a variable to a fixed rate of interest and change the currency of the debt, or vice versa, as required.

As at 31 March 2019, assuming that the market interest rate is 50 basis points higher or lower and with no change to the other variables, the annualised interest expense on borrowings would be higher or lower by $5 million (2018: $6 million).

The critical terms of the interest rate swaps and their corresponding hedged bonds are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swaps and the value of the corresponding hedged bonds will systematically change in opposite direction in response to movement in the underlying interest rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of counterparty and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the fair value of the hedge items attributable to changes in interest rates. No other sources of ineffectiveness emerged from this hedging relationship.

Foreign exchange risk

The Group maintains a policy to minimise the adverse impact of movements in foreign exchange rates on the Group's cash flows.

The Group has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the Group using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any changes in the fair value of the cross-currency swaps has minimal impact on profit and equity.

Foreign exchange contracts are predominantly used to hedge the foreign exchange risk associated with the purchase and sale of goods and services denominated in foreign currencies and the resulting foreign currency denominated assets and liabilities.

The critical terms (i.e. the notional amount, life and underlying) of the derivative financial instruments and their corresponding hedged items are the same. The Group performs a qualitative assessment of effectiveness and it is expected that derivative financial instruments and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The main source of hedge ineffectiveness in these hedging relationships is the effect of counterparty and the Group's own credit risk on the fair value of the derivative financial instruments, which is not reflected in the fair value of the hedged items attributable to changes in foreign currency rates. No other sources of ineffectiveness emerged from these hedging relationships.

As at 31 March 2018, assuming the Australian dollar appreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would decrease by $25 million (2018: $28 million). Conversely, if the Australian dollar depreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would increase by $30 million (2018: $34 million).
d
All hedge relationships remain intact and there is no hedge relationship in which hedge accounting is no longer applied.

Credit risk

The Group has no significant concentration of credit risk from trade receivables and contract assets due to its diverse customer base. Credit risk is managed through the application of credit assessments and approvals. Where applicable the Group obtains credit insurance. In addition, the Group has policies and procedures in place to monitor trade receivables and contract assets on an ongoing basis.

The carrying value amount reflected in Note 7 represents the Group's maximum exposure to credit risk for trade receivables and contract assets.

The Group has cash investments and other financial instruments such as forward foreign exchange contracts, cross currency swaps and interest rate derivative hedges with major financial institutions. The Group has policies in place to monitor the credit ratings of these counterparties on an ongoing basis.

The Group has policies in place that limit the financial exposure to any one financial institution and does not have a significant exposure to any individual counterparty.

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Group manages liquidity risk by monitoring and maintaining the level of cash equivalents and financing facilities considered adequate by management to fund the operations as well as mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the business, the Group aims at maintaining flexibility in funding by keeping a number of committed credit facilities available.

The expected undiscounted contractual cash flows of the borrowings for the Group, including the effects of hedging as at 31 March 2019 and 2018, are set out below. These amounts do not reflect the carrying amounts in the statement of financial position.

	Less Than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total $m
As at 31 March 2019					
Net-settled interest rate swaps	(38)	(14)	-	-	(52)
Cross currency interest rate swaps (gross settled):					
Inflow	83	51	8	-	142
(Outflow)	(66)	(25)	(9)	-	(100)
	(21)	12	(1)	-	(10)
Borrowings:					
Bonds	(677)	(1,213)	(1,382)	-	(3,272)
Bank loans	(452)	(552)	-	-	(1,004)
	(1,129)	(1,765)	(1,382)	-	(4,276)
	(1,150)	**(1,753)**	**(1,383)**	**-**	**(4,286)**
As at 31 March 2018					
Net-settled interest rate swaps	(41)	(33)	(10)	-	(84)
Cross currency interest rate swaps (gross settled):					
Inflow	81	81	58	-	220
(Outflow)	(74)	(72)	(38)	-	(184)
	(34)	(24)	10	-	(48)
Borrowings:					
Bonds	(497)	(658)	(2,038)	-	(3,193)
Bank loans	(553)	(738)	-	-	(1,291)
	(1,050)	(1,396)	(2,038)	-	(4,484)
	(1,084)	**(1,420)**	**(2,028)**	**-**	**(4,532)**

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

Net fair value of financial assets and liabilities

The carrying amounts and fair values of the Group's financial assets and liabilities at reporting date are:

	Carrying amount		Net Fair value	
	31 March 2019 $m	31 March 2018 $m	31 March 2019 $m	31 March 2018 $m
Financial assets				
Cash	96	118	96	118
Receivables and contract assets	2,938	2,820	2,938	2,820
Derivative financial instruments	367	331	367	331
Due from parent	3,630	3,614	3,630	3,614
	7,031	6,883	7,031	6,883
Financial liabilities				
Payables and contract liabilities	3,541	3,300	3,541	3,300
Derivative financial instruments	49	85	49	85
Bank facilities (incl. related party)	989	1,250	989	1,250
Domestic notes payable	1,146	1,021	1,185	1,038
Foreign currency notes payable	2,163	2,112	2,229	2,212
	7,888	7,768	7,993	7,885

Fair Value Measurements

The Group classifies fair value measurements 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) derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

2019	Level1 $ m	Level2 $ m	Level3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	358	-	358
- Forward foreign exchange contract	-	9	-	9
	-	367	-	367
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	49	-	49
	-	49	-	49

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

31 March 2018	Level1 $ m	Level2 $ m	Level3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	331	-	331
	-	331	-	331
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	80	-	80
- Forward foreign exchange contracts	-	5	-	5
	-	85	-	85

1 April 2017	Level1 $ m	Level2 $ m	Level3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	215	-	215
	-	215	-	215
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	115	-	115
- Cross currency swaps	-	8	-	8
- Forward foreign exchange contracts	-	12	-	12
	-	135	-	135

NOTE 19. CONTINGENCIES AND COMMITMENTS

Guarantees

During the year, the Group requested banks and financial institutions, in the ordinary course of business, to issue bank guarantees and performance bonds on its behalf. The amounts outstanding at reporting date amount to $13 million (2018: $13 million).

Legal proceedings and claims

The Group is in dispute with third parties regarding certain transactions and/or representations arising out of 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 the consolidated entities under the contracts and claims against the Group for compensation for alleged breach of contract and/ or representations. Optus is vigorously defending all these claims.

Commitments

	2019 $m	2018 $m
Other operating expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	132	187
Later than one year but not later than five years	249	123
Later than five years	18	19
	399	329
Capital expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	234	127
Later than one year but not later than five years	27	36
Later than five years	2	3
	263	166
Operating lease commitments		
Future operating lease rentals not provided for and payable:		
Not later than one year	385	459
Later than one year but not later than five years	898	1,037
Later than five years	710	1,128
	1,993	2,624

Investment commitments
Refer to Notes 21 and 22 for details of commitments in relation to joint ventures and joint operations.

NOTE 20. CONTROLLED ENTITIES

Name of Company	Note	Group interest %	
		2019	2018
Akal Pty Limited		100	100
Alpha West ERP Pty Ltd		100	100
Alpha West Holdings Limited		100	100
Alphawest Pty Limited		100	100
Alphawest Services Pty Ltd		100	100
AUE Music TV Pty Limited		100	100
AUEVR Music TV Pty Limited		100	100
Aussat Finance Limited		100	100
Aussat New Zealand Limited	(i)	100	100
Bkal Pty Limited		100	100
CV Services International Wholesale Pty Limited		100	100
Eatability Pty Limited		100	100
Ensyst Pty Limited		100	100
Evolution IS (ACT) Pty Ltd		100	100
Evolution IS Pty Ltd		100	100
Inform Systems Australia Pty Limited		100	100
Microplex Pty Limited		100	100
Optus Administration Pty Limited		100	100
Optus ADSL Pty Limited		100	100
Optus Billing Services Pty Limited		100	100
Optus Broadband Pty Limited		100	100
Optus C1 Satellite Pty Limited		100	100
Optus Content Pty Limited		100	100
Optus Data Centres Pty Limited		100	100
Optus ECommerce Pty Limited		100	100
Optus ESolutions Pty Limited		100	100
Optus Finance Pty Limited		100	100
Optus Fixed Infrastructure Pty Limited		100	100
Optus Insurance Services Pty Limited		100	100
Optus Internet Pty Limited		100	100
Optus Kylie Holdings Pty Limited		100	100
Optus Mobile Investments Pty Limited		100	100
Optus Mobile Pty Limited		100	100
Optus Multimedia Pty Limited		100	100
Optus Narrowband Pty Limited		100	100
Optus Network Investments Pty Ltd		100	100
Optus Networks Pty Limited		100	100
Optus Retailco Pty Limited		100	100
Optus Rental & Leasing Pty Limited		100	100
Optus Satellite Pty Limited		100	100
Optus Satellite Network Pty Limited		100	100
Optus Stockco Pty Limited		100	100
Optus Systems Pty Limited		100	100
Optus Vision Interactive Pty Limited		100	100
Optus Vision Investments Pty Limited		100	100
Optus Vision Media Pty Limited	(ii)	20	20
Optus Vision Pty Limited		100	100
Optus Wholesale Pty Limited		100	100
Path Communications Pty Ltd		100	100
Perpetual Systems Pty Ltd		100	100
Prepaid Services Pty Limited		100	100
Reef Networks Pty Ltd		100	100
Satellite Platform Investment Pty Limited		100	100
Sibalo Pty Limited		100	100

NOTE 20. CONTROLLED ENTITIES (continued)

Name of Company	Group interest %	
	2019	2018
Simplus Mobile Pty Limited	100	100
Source Integrated Networks Pty Limited	100	100
The Net Effect Pty Limited	100	100
Ubowireless Pty Limited	100	100
Uecomm Pty Limited	100	100
Uecomm Operations Pty Limited	100	100
Uecomm Share Plans Custodian Pty Limited	100	100
Ue Access Pty Limited	100	100
Ue Vialight Pty Limited	100	100
Unite.Com Pty Limited	100	100
Unwired Australia Pty Limited	100	100
Vanilla Shelf Co No 2 Pty Limited	100	100
Virgin Mobile (Australia) Pty Limited	100	100
Virgin Mobile (Australia) Services Pty Limited	100	100
Virgin Mobile Pty Limited	100	100
Vividwireless Pty Limited	100	100
Vividwireless Group Limited	100	100
VR Music TV Pty Ltd	100	100
World Wide Web Pty Limited	100	100
XYZed LMDS Holdings Pty Limited	100	100
XYZed LMDS Pty Limited	100	100
Yes Labs Group Pty Limited	100	100

(i) Incorporated in New Zealand. All other subsidiaries are incorporated in Australia.

(ii) Optus Vision Media Pty Limited is deemed to be a controlled entity by virtue of section 47(b) of the Corporations Act 2001.

NOTE 21. JOINT VENTURES

Southern Cross Cable Consortium

This consortium operates through two separate companies. Southern Cross Cable Holdings Limited ("SCCHL") owns a cable network between Australia and the USA, and conducts operations of that network outside the USA. Pacific Carriage Holdings Limited ("PCHL") conducts operations within the USA. Both these companies are incorporated in Bermuda. The Group owns 39.99% of PCHL (2018: 39.99%). The reporting date of these entities is 30 June. Equity accounting was suspended for these entities since the 2005 financial year because the Group's net investment was reduced to zero. PCHL paid no dividends during the financial year.

	2019 $m	2018 $m
The Group has agreed to purchase capacity on this cable network payable as follows:		
Not later than one year	8	8
Later than one year but not later than five years	21	29
	29	37

Main Event Television Pty Limited

The Group's interest in this company, which is a provider of pay television programs and channels, is 33.33% (2018: 33.33%).

NOTE 21. JOINT VENTURES (continued)

Bridge Mobile Pte Limited

This company which is incorporated in Singapore is principally involved in the provision of regional mobile services. The Group's interest is 10% (2018: 10%).

	2019 $m	2018 $m
The maximum amount that the Group may be required to contribute in equity to this company is:	5	5
Carrying amounts of investments in each joint venture entity		
Pacific Carriage Holdings Limited	-	-
Main Event Television Pty Limited	-	-
Bridge Mobile Pte Limited	1	1
	1	1

	2019 $m	2018 $m
Share of joint ventures' results		
Share of:		
Revenues	31	27
Expenses	(17)	(15)
Operating profit before income tax	14	12
Income tax expenses	(6)	(5)
Operating profit after income tax	8	7
Equity accounting suspended	(8)	(7)
Share of joint ventures' net profit/loss - equity accounted	-	-
Share of joint ventures' net liabilities		
Current assets	8	2
Non- Current Assets	63	58
Total Assets	71	60
Current Liabilities	4	-
Non-current liabilities	186	182
Total Liabilities	190	182
Carrying amount of investments in joint venture entities		
At the beginning of the financial year	1	1
Share of joint venture entities' net income	-	-
At the end of the financial year	1	1

Joint ventures' contingent liabilities and capital commitments

At reporting date, there were no material contingent liabilities or capital expenditure commitments of joint venture entities for which the Group will or may become liable.

NOTE 22. JOINT OPERATIONS

Optus/ Vodafone Joint Venture

The Group has an interest in an unincorporated joint operation to share selected 4G network sites and radio infrastructure across Australia and shares some cost of building and operating the network.

Assets

Included in the assets of the Group are the following items that represent the Group's interest in the assets employed in the joint operations, recorded in accordance with the accounting policies described in Note 2.

	31 March 2019 $m	31 March 2018 $m
Current other assets	18	17
Non-current other assets	93	103
Property, plant and equipment	903	571
Total assets	**1,014**	**691**
Current other payables	18	17
Non-current other payables	89	98
Total liabilities	**107**	**115**

NOTE 23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation for the years ended 31 March 2019 and 31 March 2018 are set out below. The key management personnel are the directors and executives with the greatest authority for the strategic direction and management of the Group.

The total compensation for the Australian-based directors and executives of the Group was as follows:

	2019 $000	2018 $000
Short-term benefits [1]	15,924	14,524
Post-employment benefits	604	726
Share-based payments	2,061	2,377
Total key management compensation	18,589	17,627
In addition, the total compensation for the Singapore-based directors of the Group was as follows: [2]		
Short-term benefits	5,202	8,082
Share-based payments	2,293	2,155
	7,495	10,237

[1] *Bonus has been included on an accrual basis.*

[2] *No proportion of these amounts has been allocated to or paid by Optus.*

NOTE 24. AUDITOR'S REMUNERATION

For the year ended 31 March 2018, the auditor of Singtel Optus Pty Limited was Deloitte Touche Tohmatsu. In the year ended 31 March 2019, the Company rotated external auditor to KPMG.

	2019 $000	2018 $000
Amounts received or due and receivable by KPMG (2018: Deloitte Touche Tohmatsu):		
An audit or review of the financial report of the entity and any other entity in the Group	992	962
Other services in relation to the entity and any other entity in the Group:		
- Assurance and regulatory related	359	265
	1,351	1,227

NOTE 25. RELATED PARTIES

Directors

The names of each person holding the position of director of the Company during the financial year or as at the date of this report are as follows:

Directors:

- Paul Dominic Sullivan;
- Jeann Ngiap Jong Low;
- Murray Philip King;
- Allen Yoong Keong Lew; and
- Sock Koong Chua

Details of key management personnel compensation are set out in Note 23.

Apart from the details disclosed in this note, no director has entered into a contract with the Company or the Group since the end of the previous financial year and there were no contracts involving director's interests existing at reporting date.

From time to time, directors of the Company or of its controlled entities or their director-related entities may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Joint ventures and operations

Details of interest in joint ventures are set out in Note 21. Details of interest in joint operations are set out in Note 22.

The Group incurred certain costs as agent for joint ventures and was reimbursed those costs.

	2019 $000	2018 $000
Shareholder related entities		
The aggregate amounts brought to account in respect of the following types of transactions with shareholder related entities were:		
International outpayments expense	44,414	53,127
International inpayments revenue	13,342	13,960
Information technology and consultancy expense	88,058	102,034
All transactions were with entities related to Singapore Telecommunications Limited, and were at normal commercial terms and conditions and at market rate.		
The aggregate amounts receivable at reporting date from shareholder related entities were:		
Trade debtors - for international inpayments	22,919	10,764
Other debtors	20,966	31,490
Due from parent	3,630,263	3,614,546
The aggregate amounts payable at reporting date to shareholder related entities were:		
Trade creditors - for international out payments	65,135	42,467
Other trade creditors	2,835	12,304
Other creditors	2,158	2,466

All of these amounts receivable and payable are in respect of transactions with entities related to Singapore Telecommunications Limited.

NOTE 26. DEED OF CROSS GUARANTEE

The Company and certain wholly owned controlled entities are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the controlled entities have been relieved from the requirements to prepare a financial report and directors reports under class order 98/1418 issue by the Australian Securities and Investments Commission.

The controlled entities subject to the Deed are:

Akal Pty Limited
Alpha West ERP Pty Ltd
Alpha West Holdings Limited
Alphawest Pty Limited
Alphawest Services Pty Ltd
Aussat Finance Limited
Optus Finance Pty Limited
Bkal Pty Limited
CV Services International Wholesale Pty Limited
Evolution IS (ACT) Pty Ltd
Evolution IS Pty Ltd
Inform Systems Australia Pty Limited
Optus Administration Pty Limited
Optus Billing Services Pty Limited
Optus Broadband Pty Limited
Optus C1 Satellite Pty Limited
Optus Content Pty Limited
Optus Data Centres Pty Limited
Optus Fixed Infrastructure Pty Limited
Optus Internet Pty Limited
Optus Mobile Pty Limited
Optus Mobile Investments Pty Limited
Optus Multimedia Pty Limited
Optus Networks Pty Limited
Optus Retailco Pty Limited
Optus Satellite Pty Limited
Optus Satellite Network Pty Ltd
Optus Systems Pty Limited
Optus Vision Pty Limited
Optus Wholesale Pty Limited
Path Communications Pty Ltd
Perpetual Systems Pty Ltd
Prepaid Services Pty Limited
Reef Networks Pty Limited
Sibalo Pty Limited
Simplus Mobile Pty Limited
Source Integrated Networks Pty Limited
The Net Effect Pty Limited
UE Access Pty Ltd
Uecomm Pty Limited
Uecomm Operations Pty Limited
Unite.com Pty Ltd
Unwired Australia Pty Limited
Ubowireless Pty Limited
Virgin Mobile (Australia) Pty Limited
Vividwireless Group Limited
Vivid Wireless Pty Limited
XYZed LMDS Pty Limited
Optus ADSL Pty Limited

Below is a condensed consolidated statement of comprehensive income for the financial year ended 31 March 2019 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties.

	2019 $m	2018 $m
Profit from ordinary activities before income tax	967	1,181
Income tax relating to ordinary activities	(276)	(314)
Net profit	691	867
Other comprehensive income	14	19
Total comprehensive income	**705**	**886**
Retained profits at the beginning of the financial year	5,336	5,069
Net profit for the year	691	867
Dividend payment to equity holders	(600)	(600)
Retained profits at the end of the financial year	**5,427**	**5,336**

NOTE 26. DEED OF CROSS GUARANTEE (continued)

A consolidated statement of financial position as at 31 March 2019 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties, is set out below:

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Statement of financial position			
Current assets			
Cash and cash equivalents	58	79	94
Trade and other receivables	2,520	2,467	2,425
Inventories	286	233	204
Other current assets	335	234	241
Total current assets	**3,199**	**3,013**	**2,964**
Non-current assets			
Trade and other receivables	4,425	4,355	4,340
Investments in joint venture entities	1	1	1
Property, plant and equipment	7,850	7,916	7,586
Telecommunication licences	976	976	976
Intangible assets	2,045	2,110	1,445
Deferred tax assets	-	-	9
Other non-current assets	182	128	98
Total non-current assets	**15,479**	**15,486**	**14,455**
Total assets	**18,678**	**18,499**	**17,419**
Current liabilities			
Trade and other payables	3,209	3,000	2,991
Bank borrowings and bonds	698	997	997
Provisions	79	91	91
Total current liabilities	**3,986**	**4,088**	**4,079**
Non-current liabilities			
Trade and other payables	257	277	331
Bank borrowings and bonds	3,590	3,449	2,603
Deferred tax liabilities	77	22	-
Provisions	50	48	54
Total non-current liabilities	**3,974**	**3,796**	**2,988**
Total liabilities	**7,960**	**7,884**	**7,067**
Net assets	**10,718**	**10,615**	**10,352**
Shareholders' equity			
Contributed equity	5,298	5,298	5,298
Reserves	(7)	(19)	(39)
Retained profits	5,427	5,336	5,093
Total equity	**10,718**	**10,615**	**10,352**

NOTE 27. PARENT ENTITY

	2019 $m	2018 $m
Assets		
Current assets	308	283
Non-current assets	856	856
Total assets	**1,164**	**1,139**
Liabilities		
Current liabilities	50	50
Total liabilities	**50**	**50**
Net assets	**1,114**	**1,089**
Equity		
Issued capital	5,317	5,317
Accumulated losses	(4,203)	(4,228)
Total equity	**1,114**	**1,089**
Profit for the year (dividend income)	**625**	**617**
Total comprehensive income for the year	**625**	**617**

The Company paid a fully franked dividend of $600 million (2018: $600 million) to its sole shareholder on 20 March 2019. No other dividends have been paid or declared by the Company during or since the end of the financial year. Refer note 15 and 16 for other equity transactions during the year.

There are no contingent liabilities for the parent entity as at 31 March 2019 (2018: nil).

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

In May 2019, the Group initiated a review of its operations resulting in workforce restructuring costs subsequent to 31 March 2019. In June 2019, the Group issued a new €500 million bond which expires on 20 June 2029.

Except for the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 29. OTHER ASSETS

	31 March 2019 $m	31 March 2018 $m	1 April 2017 $m
Current			
Prepayments	371	257	259
	371	257	259
Non-current			
Prepayments	110	140	136
Contract costs	82	67	65
	192	207	201

Reconciliations of the carrying amount of contract costs at the beginning and end of the current financial year are set out below:

Year ended 31 March			
Opening net book amount:	67	65	83
Additions	114	90	59
Amortisation charge	(99)	(88)	(77)
Closing net book amount	82	67	65

DIRECTORS' DECLARATION

1. In the opinion of the directors of Singtel Optus Pty Limited:

   (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Group as at 31 March 2019 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date;

      (ii) complying with Accounting Standards and the Corporations Regulations; and

      (iii) complying with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 26 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to in ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191 dated 24 March 2016 and individual order under subsection 340(1) of the Corporations Act 2001 dated 28 March 2007.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001:

Murray Philip King
Director
Sydney

26 JULY 2019

ADDITIONAL UNAUDITED FINANCIAL INFORMATION

The table below shows the reconciliation between the selected consolidated financial information of Optus as prepared under Australian Accounting Standards and Singapore Financial Reporting Standards. The unaudited financial information under Singapore Financial Reporting Standards is announced quarterly in conjunction with Singtel's results and they do not form part of Singtel Optus Pty Limited audited financial report.

	2019 $m	2018 $m
Operating revenue under Singapore Financial Reporting Standards	9,099	8,612
Exclude rent revenue from Operating revenue	(160)	(187)
Alignment of accounting treatment, mainly for capacity sales	(3)	(3)
Statutory operating revenue under Australian Accounting Standards (note 5)	8,939	8,422
Profit after tax under Singapore Financial Reporting Standards	659	782
Alignment of accounting treatment, mainly for capacity sales	(3)	(9)
Statutory net profit under Australian Accounting Standards	656	773

KPMG

Independent Auditor's Report

To the shareholder of Singtel Optus Pty Limited

Opinion

We have audited the ***Financial Report*** of Singtel Optus Pty Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 March 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 March 2019
- Consolidated statement of profit or loss, Consolidated statement of other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Singtel Optus Pty Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Singtel Optus Pty Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Anthony Travers

Partner

Sydney

26 July 2019

SINGTEL OPTUS PTY LIMITED

ACN 052 833 208

ANNUAL REPORT

31 MARCH 2018

DIRECTORS' REPORT

The directors present their report on the consolidated entity ("Optus", the "Group"), consisting of Singtel Optus Pty Limited (the "Company", "SOPL") and its controlled entities, for the financial year ended 31 March 2018 (the "financial year").

Directors

The directors in office at any time during or since the end of the financial year are:

Chua Sock Koong;
Paul Dominic O'Sullivan;
Jeann Ngiap Jong Low;
Murray Philip King; and
Allen Yoong Keong Lew.

Principal activities

The principal activities of the Group during the financial year were the provision of telecommunications services principally within Australia. There was no significant change in the nature of those activities during the financial year.

Review of operations

Optus' profit from ordinary activities before income tax expense was $1,150 million. Operating revenue for the year increased by 4.3 per cent to $8,955 million.

After an income tax expense of $340 million, net profit amounted to $810 million, compared to $780 million in the previous financial year.

Cash capital expenditure for the year was $1,490 million (2017: $1,348 million). The ratio of cash capital expenditure to operating revenue was 16.6 per cent, compared to 15.7 per cent in the previous financial year.

Changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group during the financial year.

Environmental regulations

Optus' operations are subject to environmental regulations under both Commonwealth and State legislation. In particular, Optus is subject to the requirements of the *Telecommunications Act 1997* and *Telecommunications Code of Practice 1997* as well as a range of State environmental laws.

Optus has established an Environmental Management System ("EMS") to ensure compliance with current regulations and any new regulations enacted. It identifies the criteria for environmental assessment and the performance measures to be applied to those criteria. The EMS outlines pre-construction assessment procedures and construction environmental management plan requirements in addition to post-construction auditing and monitoring.

A process of initial assessment, environmental review and construction supervision, with subsequent and continued environmental auditing is in place to ensure the Company fully meets its obligations under the current legislation. After making due inquiries, the directors are not aware of any material breaches of environmental regulations during the financial year.

Dividends

The Company paid a fully franked dividend of $600 million (2017: $600 million) to its sole shareholder (Singapore Telecom Australia Investments Pty Limited) on 16 March 2018. No other dividends have been paid or declared by the Company during or since the end of the financial year.

Events subsequent to reporting date

In May 2018, the Group initiated a review of its operations (including discontinuance of its Virgin Mobile business) resulting in workforce restructuring costs subsequent to 31 March 2018.

Except to the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Comments on likely developments in the operations and expected results of Optus are included in the public announcements of Singapore Telecommunications Limited, the parent entity, and other media releases to the Australian market.

In the opinion of the directors, disclosure of any further information on likely developments in operations would be prejudicial to the interests of the Group.

Options

There are no unissued shares or interests under option as at the date of this report, and there were no shares or interests issued, during or since the end of the financial year, as a result of the exercise of an option over unissued shares or interests.

Officers' indemnities and insurance

The Company's constitution provides for the Company, to the extent permitted by law, to indemnify every person who is or has been a director, secretary or executive officer of the Company against any liability incurred by that person as an officer of the Company, unless the liability arises out of conduct that involved a lack of good faith or was contrary to the Company's expressed instructions.

The constitution also provides that, to the extent that any director or officer is not indemnified by any director and officer liability insurance, the Company indemnifies every director and officer against any liability for costs and expenses incurred by that person in their capacity as a director or officer of the Company:

(a) in defending any proceedings in which judgement is given in favour of or results in the acquittal of the person; or

(b) the Court grants relief to the person in connection with an application made under the Corporations Law.

The Company has previously entered into deeds of indemnity on the same terms as provided by the constitution with a number of former directors of the Company and their alternates.

Under the terms of the deeds of indemnity, and to the extent permitted by law and notwithstanding any changes to the constitution, the Company must, for a period of seven years after the director ceased to hold office, maintain in full force and effect and pay the premium on a directors' and officers' policy of insurance for the director that is on terms no less generous than those terms applying at the time the director left office or, if there is no policy, on terms of such policies typically maintained by other companies similar to the Company.

During the financial year, a controlled entity paid insurance premiums in respect of contracts insuring all directors and executive officers of the Company and its controlled entities against a liability arising as a result of work performed in their capacity as directors or officers of the Company and its controlled entities.

The names of the directors covered by these insurance policies are detailed on page 1 of this report.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies, and the nature of the liabilities insured by the policies.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations Instrument amounts in the directors' report and the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.

Murray Philip King
Director
Sydney

23 July 2018

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Singtel Optus Pty Limited
1 Lyonpark Rd
Macquarie Park NSW 2113

23 July 2018

Dear Board Members,

Singtel Optus Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Singtel Optus Pty Limited.

As lead audit partner for the audit of the financial statements of Singtel Optus Pty Limited for the financial year ended 31 March 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2018

	Notes	2018 $m	2017 $m
Revenue	4	**8,955**	**8,585**
Expenses	4	(7,610)	(7,315)
Finance Costs	4	(194)	(166)
Profit before income tax expense		**1,150**	**1,103**
Income tax expense	5	(340)	(324)
Profit after tax		**810**	**780**

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 44.

SINGTEL OPTUS PTY LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Notes	2018 $m	2017 $m
Profit after tax		**810**	**780**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges	15		
- Fair value changes during the year - gross		176	(64)
- Fair value changes during the year - tax impact		(53)	19
- Fair value changes during the year - net of tax		123	(45)
- Fair value changes transferred to income statement - gross		(149)	60
- Fair value changes transferred to income statement - tax impact		45	(18)
- Fair value changes transferred to income statement - net of tax		(104)	42
Total other comprehensive income/(loss)		19	(3)
Total comprehensive income for the year		**829**	**777**

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 44.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2018

	Notes	2018 $m	2017 $m
Current assets			
Cash and cash equivalents		118	128
Receivables	6	2,400	2,242
Inventories	7	233	205
Other assets		297	299
Total current assets		**3,048**	**2,874**
Non-current assets			
Receivables	6	4,006	4,112
Investments accounted for using the equity method -			
Joint venture entities	20	1	1
Property, plant and equipment	8	7,868	7,514
Telecommunication licences	2(p)	976	976
Intangible assets	9	2,180	1,492
Deferred tax assets	5	-	23
Derivative financial instruments	17	349	233
Other assets		142	136
Total non-current assets		**15,522**	**14,487**
Total assets		**18,570**	**17,361**
Current liabilities			
Trade and other payables	10	3,092	2,877
Interest bearing liabilities	11	934	990
Derivative financial instruments	17	5	7
Provisions	13	92	91
Total current liabilities		**4,123**	**3,965**
Non-current liabilities			
Trade and other payables	10	196	204
Interest bearing liabilities	11	3,449	2,598
Deferred tax liabilities	5	31	-
Derivative financial instruments	17	81	129
Provisions	13	49	55
Total non-current liabilities		**3,806**	**2,986**
Total liabilities		**7,929**	**6,951**
Net assets		**10,641**	**10,410**
Equity			
Contributed equity	14	5,317	5,317
Cash flow hedge reserve		(18)	(37)
Retained profits		5,342	5,131
Total equity		**10,641**	**10,410**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 44.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Fully paid ordinary shares (Note 14) $m	Cashflow hedge reserves (Note 15) $m	Retained profits $m	Total $m
Balance as of 1 April 2016	**5,317**	**(34)**	**4,954**	**10,236**
Profit after tax	-	-	780	780
Other comprehensive loss for the year	-	(3)	-	(3)
Total comprehensive income for the year	**-**	**(3)**	**780**	**777**
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	-	(600)	(600)
Balance as of 31 March 2017	**5,317**	**(37)**	**5,131**	**10,410**
Balance as of 1 April 2017	**5,317**	**(37)**	**5,131**	**10,410**
Profit after tax	-	-	810	810
Other comprehensive income for the year	-	19	-	19
Total comprehensive income for the year	**-**	**19**	**810**	**829**
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	-	(600)	(600)
Balance as of 31 March 2018	**5,317**	**(18)**	**5,342**	**10,641**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 44.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	2018 $m	2017 $m
Cash flows from operating activities		
Profit for the year	810	780
Adjustments for:		
Depreciation and amortisation	1,525	1,434
Net finance costs	191	162
Dividend income from associates	-	(13)
Income tax expense	340	324
Change in trade receivables	(198)	(244)
Change in finance lease commitment receivable	8	-
Change in other receivables	40	(91)
Change in current inventories	(28)	(11)
Change in other current assets	3	(26)
Change in subscriber acquisition costs	(90)	(59)
Change in deferred expenditure	(155)	(116)
Change in other non-current assets	24	(178)
Change in trade and other payables	144	239
Change in other non-current liabilities	31	-
Change in unearned income	(5)	61
Change in provisions	(5)	(3)
Dividend payments received from associates	-	13
Income tax paid	(197)	(412)
Net cash inflow from operating activities	**2,438**	**1,859**
Cash flows from investing activities		
Interest received	4	3
Payments for investment in joint ventures	(1)	(1)
Payment for property, plant and equipment	(1,490)	(1,348)
Advances made to parent entity	(249)	(260)
Repayment of advances made to parent entity	250	250
Payment for intangible assets	(828)	(142)
Net cash used in investing activities	**(2,314)**	**(1,497)**
Cash flows from financing activities		
Proceeds from borrowings	2,010	1,585
Repayments of borrowings	(1,750)	(1,105)
Proceeds from bond issue	399	-
Net interest paid on borrowings and swaps	(187)	(164)
Dividends paid to parent entity	(600)	(600)
Other	(6)	(7)
Net cash used in financing activities	**(134)**	**(292)**
Net decrease/ (increase) in cash	**(10)**	**71**
Cash and cash equivalents at the beginning of the financial year	128	57
Cash and cash equivalents at the end of the financial year	**118**	**128**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 44.

NOTE 1. CORPORATE INFORMATION

Singtel Optus Pty Limited is a private Company limited by shares. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is 1 Lyonpark Road, Macquarie Park, New South Wales.

The Company's parent entity is Singapore Telecom Australia Investments Pty Limited, a wholly owned subsidiary of Singapore Telecommunications Limited ("Singtel") (incorporated in Singapore). The ultimate parent entity is Temasek Holdings (Private) Limited (incorporated in Singapore).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial statements were approved by the Board of Directors on 11 July 2018.

The financial report includes the consolidated financial statements of Singtel Optus Pty Limited and its controlled entities.

The Company is a for profit company. All amounts are presented in Australian dollars.

Statement of compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS"). The consolidated financial report of the Group complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Historical cost convention

This financial report has been prepared under the historical cost convention, except where stated otherwise.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations instrument, amounts in the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

(b) Principles of consolidation

The consolidated accounts of the Group include the financial statements of the Company and its controlled entities.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over the entity, is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where an entity either began or ceased to be controlled during the financial year, the results are included only from the date control commenced or up to the date control ceased.

Intercompany transactions, balances and unrealised gains and losses resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(c) Operating revenue

Revenue from operating activities comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the Group. Operating revenue is recognised when the products have been delivered or services have been provided.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from the provision of information technology services is recognised based on a percentage of completion basis using cost-to-complete basis. Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. Where it is probable that these costs will be recovered, revenue is only recognised to the extent of costs incurred. Stage of completion is measured by reference to an assessment of costs incurred to date as a percentage of estimated total costs for each contract.

Revenue includes the gross income received and receivable from revenue sharing arrangements entered into with overseas telecommunication companies in respect of traffic exchanged.

For prepaid cards which have been sold, provisions for unearned revenue are made for services which have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Revenue from the sale of equipment is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. For device repayment plans, the consideration is allocated to its separate revenue-generating activities based on the fair value or standalone selling price of each component in the arrangement. Handsets are accounted for in accordance with the sale of equipment accounting policy of the Group.

Rents include revenue from the provision of products, including transmission capacity, by way of finance and operating leases where entities in the Group act as lessor. Revenue from finance leases (net of any interest receivable implicit in the lease) is recognised when the Group controls a right relating to the consideration receivable, substantially all of the risks and rewards of ownership have been transferred to the lessee, and the products are provided. Revenue from operating leases is recognised on a straight-line basis over the term of the lease, unless another basis is representative of the time pattern of benefits derived under the lease.

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the Australian currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation of foreign joint ventures

Assets and liabilities of overseas joint ventures are translated at the rates of exchange ruling at reporting date. Income and expenses are translated at a weighted average rate for the year. Exchange differences arising on translation of the net investment in foreign joint venture entities, and of the financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

(e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in arranging borrowings, and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that generally take more than one year to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of assets.

(f) Income tax

The Group uses the balance sheet method of tax effect accounting. Income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to amounts recognised as assets or liabilities, and to unused tax losses.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the tax bases of those assets and liabilities, and for unused tax losses. The tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted for each jurisdiction, are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

With effect from 1 July 2002, the Company's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity"), elected to consolidate the consolidated group, comprised of the Company and its wholly owned controlled entities, in accordance with the Income Tax Assessment Act 1997.

The Head Entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Head Entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the Company and other controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Details of the tax funding arrangements are disclosed in Note 5.

Any difference between the amounts assumed by the Head Entity and amounts receivable or payable under the tax funding agreement are recognised as a contribution from (or distribution to) the Head Entity.

(g) Acquisitions of assets

All assets acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, at the date of acquisition.

The costs of assets constructed or internally generated by the Group, other than goodwill, include the cost of materials and direct labour. Directly attributable overhead and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 2 (e).

(h) Cash and cash equivalents

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity and are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are non-interest bearing and are generally on 30-day terms, except for certain carrier balances which are on 60-day terms.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Inventories

Finished goods include handsets, devices and accessories and are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at the statement of financial position date using the moving average price. Costs comprise of purchase price and expenditure that is directly attributable to the acquisition of the handsets after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale. Cost is determined on an average cost basis.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value at a discount rate reflecting the relevant weighted average cost of capital and asset specific risks.

(l) Financial assets

Controlled entities

For purposes of the Company's disclosures in Note 19, investments in controlled entities are carried at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the income statement of the Company when they are declared by the controlled entities.

(m) Joint arrangements

Under AASB 11 "Joint Arrangements": investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the consolidated financial statements, investments in joint ventures are accounted for using equity accounting principles. Investments in joint ventures are carried at the lower of the equity accounted amount and recoverable amount.

The Group's share of a joint venture's net profit or loss after tax is recognised in the consolidated income statement. Other movements in reserves are recognised directly in consolidated reserves. Adjustments are made, where practicable, to the profit or loss and the reserves of joint ventures to achieve consistency with the Group's accounting policies, and to eliminate unrealised profits and losses on transactions between the Group and joint ventures.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interest in joint operations is brought to account by including its interest in the following amounts in the appropriate categories in the consolidated statement of financial position and consolidated statement of profit or loss:

- Each of the individual asset categories employed in the joint operations;
- Liabilities incurred by the Group in relation to the joint operations and the liabilities for which it is jointly or severally liable; and
- Revenue derived from, and expenses incurred in relation to the joint operations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment

All classes of property, plant and equipment are stated at cost. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated or amortised using the straight-line method over their estimated useful lives to an estimated residual value. The depreciation rates used for each asset class, for the current and previous financial years, are as follows:

Freehold buildings	5 to 40 years
Leasehold property	Shorter of 25 years or lease term
Plant and equipment	2 to 25 years
Leased plant and equipment	6 to 13 years

These useful lives are reviewed annually. They are estimated based on the period of time over which the future economic benefits embodied in the depreciable assets are expected to be consumed by the Group.

Assets are depreciated or amortised from the month of acquisition or, in respect of internally constructed assets, from the month the asset is completed and held ready for use.

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

(o) Leases

Finance leases

Leases of property, plant and equipment under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases.

Finance leases are capitalised. A lease asset and a liability are recorded at the inception of the lease at the fair value, or, if lower, at the present value of the minimum lease payments. Capitalised lease assets are amortised on a straight-line basis over the term of the relevant lease, or, where it is likely the Group is expected to obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the income statement.

Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Lease Incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives are recognised as a reduction in rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sales of network capacity

Sales of network capacity are accounted as finance leases where:

- the purchaser's right of use is exclusive and irrevocable;
- the asset is specific and separable;
- the term of the contract is for the major part of the asset's useful economic life;
- the attributable costs or carrying value can be measured reliably; and
- no significant risks are retained by the Group.

Sales of network capacity that do not meet some of the above criteria are accounted for as an operating lease, or a service agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets, including identifiable intangible assets and contingent liabilities, at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. The unamortised balance of goodwill is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

Telecommunication licences

Telecommunication licences are carried at cost. The licences were originally granted to the Group under the *Telecommunications Act 1991*. Pursuant to the *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997* the licences continued to have effect after the deregulation of telecommunications in Australia in 1997. The licences do not have a finite term, but are of continuing operation until cancelled under the *Telecommunications Act 1997*. The cancellation conditions are such that the directors believe that cancellation is highly unlikely. The directors believe that there were inherent benefits of the licences granted in 1991 that are unique to the Group as the second licence carrier under the Federal Government's deregulation policy. These benefits continue post deregulation of the telecommunications industry and are not available to other new licence holders since 1 July 1997. Accordingly, the directors believe that the lives of these assets are indefinite.

Telecommunication licences are not amortised and are reviewed for impairment on at least an annual basis.

Spectrum licences

Digital mobile spectrum licence fees are carried at cost and amortised on a straight-line basis over the shorter of the licence term and the period of expected benefits, which range from 1 year to 18 years. Amortisation commences when the spectrum, and associated plant and equipment, are completed and held ready for use.

Customer relationships

Customer relationships acquired in a business combination are carried at cost, being their fair value at date of acquisition, and amortised on a straight-line basis over the period of the expected benefits.

Subscriber acquisition costs

Subscriber acquisition costs are costs incurred in obtaining and recording telecommunications service contracts with subscribers. They represent commissions paid to sales agents for obtaining subscriber contracts. Direct subscriber acquisition costs are those subscriber acquisition costs that are directly attributable to establishing specific subscriber contracts and would not have been incurred had those contracts not been entered into.

Direct subscriber acquisition costs are recognised as an asset when, and only when, the Group controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Other subscriber acquisition costs are expensed as incurred.

Subscriber acquisition costs recognised as an asset are amortised from the date of initial recognition over the shorter of the minimal contract term and the period during which the future economic benefits are expected to be obtained.

Deferred expenditure

Deferred expenditure, primarily representing co-location access charges, is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation is over 20 years.

(q) Payables

Trade and other creditors are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

Amounts due or received for the provision of services in the future are recognised in the statement of financial position as unearned income.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost using the effective interest method.

(s) Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

Liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

Superannuation fund

The Group contributes to defined contribution superannuation funds. These contributions include superannuation guarantee contributions and additional contributions made under employee remuneration arrangements. Contributions are charged against the income statement as they are incurred.

Equity-based benefits

The Company's parent, Singapore Telecommunications Limited, has made awards to certain employees under its Share Plans ("Plans"). Participants in the Plans will receive fully paid ordinary shares of Singtel free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met within a prescribed performance period. The performance period for the awards is two to three years. At the end of the performance period, Singtel will determine the number of Singtel shares to be allocated to each participant or category of participants based on the level of attainment of the performance targets. Awards under the Plans will lapse if the employee ceases employment during the vesting period of two to three years. The Group expects to pay for shares to be acquired and transferred to employees in satisfaction of these awards.

Where the Company grants equity instruments of Singtel directly to its employees, the Company has accounted for the arrangement as cash-settled in its own financial statements. The fair value of cash-settled awards is initially measured at grant date, taking into account both market and non-market vesting conditions. The fair value is recognised as an employee benefit expense with a corresponding increase in liabilities. The fair value is then re-measured at each reporting date, with changes in the liability also recognised as an employee benefit expense.

(t) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair values at each reporting date. Details of balances are included in Note 17.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gains or losses arising from changes in the fair value of a derivative financial instrument are recognised immediately in the income statement, unless they qualify for hedge accounting.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Derivative financial instruments (continued)

Fair value hedge

Derivative financial instruments that qualify for fair value hedge accounting are initially recognised at fair value on the date that the contract is entered into. Changes in fair value of derivatives are recorded in the income statement together with any changes in the fair value of the hedged items that are attributable to the hedged risks.

Cash flow hedge

The effective portion of changes in the fair value of the derivative financial instruments that qualify as cash flow hedges are recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the cash flow hedge reserve are transferred to the income statement in the periods when the hedged items affect the income statement.

(u) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the GST amount included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

Provision for restructurings is recognised when the group has developed a detailed formal plan for the restructuring and has either:

- entered into formal contracts to carry out the restructuring; or
- raised a valid expectation in those affected by the restructuring that the restructuring will occur.

(w) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(x) Parent entity financial information

The financial information for the parent entity, SOPL, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New accounting standards adopted by the group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2017:

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(z) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

- **AASB 9 Financial Instruments**

AASB 9 introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments and is effective for the Company as of 1 April 2017. The company will adopt AASB 9 retrospectively and will restate the 31 March 2018 financial information for comparative purposes in the 31 March 2019 financial statements. In the 31 March 2019 financial statements, the Company will recognise, in the opening retained earnings for the financial year ended 31 March 2018 a cumulative transitional adjustment to revise historical financial data.

The main difference between AASB 9 and the Company's current accounting policy relates to the provision for unbilled trade receivable where under AASB 9 a provision is required for the expected loss on these unbilled trade receivables.

The pre-tax adjustment for AASB 9 for the financial year ended 31 March 2018 is the recognition of a credit loss provision of $20.8 million and a pre-tax adjustment to lower the opening retained earnings by $20.2 million as at 1 April 2017.

- **AASB 15 Revenue from Contracts with Customers**

This new standard introduces new guidance on the recognition and measurement of revenues and also provides a model for the sale of some non-financial assets that are not an output of a company's ordinary business activities. The Company will adopt AASB 15 retrospectively and will restate the 31 March 2018 financial information for comparative purposes in the 31 March 2019 financial statements. In 2018, the Company will recognise a cumulative transitional adjustment as 1 April 2017, the date of initial application.

In 2017, the Company completed the analysis of the cumulative transitional adjustment as at 1 April 2017. Accounting for all customer contracts in progress but not yet completed or starting after the date of application have been analysed and revised for AASB 15 impact, if any. The company has identified the following significant areas where there are differences between the Company's current accounting treatment and AASB 15:

- For certain bundled post-paid mobile plans, the Company has allocated the total contract value between equipment and service revenue based on their relative standalone selling price. This recognition of equipment revenue (and a related contract asset) results in higher revenue was recognised historically.

- The Company provides bundle discounts to all mobile customers who subscribe to certain fixed line products. Under current accounting the bundle discount is recognised in revenue against the fixed service from which the discount originates. Under AASB 15 bundle discounts are allocated between the mobile services and fixed services in proportion to their plan values.

- For certain Enterprise related contracts, the Company recognises one-time charges as income when billed. Under AASB 15, the Company does not consider the customer benefits or derives any value from the installation activity on their own, and therefore, any fees and costs are deferred and amortised over the life of the contract.

- Under the Company's current account treatment, Technology and Innovation Fund are capitalised on the balance sheet and amortised to cost of sales on a straight-line over the life of the contract. Under AASB 15 the amortisation is re-allocated to Mobile Service Revenue.

- For Business customers where rebates are received on voice services these are currently recognised in the cost of sales. Under AASB 15, the discount is applied against mobile service revenue.

The pre-tax adjustments for AASB 15 will lower the revenue for the financial year ended 31 March 2018 by $96.9 million, lower the expenses by $41.1 million and have net impact on the income statement of $55.8 million. The Company will make a pre-tax adjustment to increase the opening retained earnings by $49.0 million as at 1 April 2017.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **AASB 16 Leases**

AASB 16 was issued in June 2016 to replace AASB 117, Leases and associated interpretative guidance. The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both leases and lessors. The Standard maintains substantially the lessor accounting approach under the predecessor AASB 117 and will take effect from financial year beginning on 1 April 2019. The Group is still in the process of assessing the impact adoption of this standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the future reporting periods and on foreseeable future transactions.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are the critical accounting estimates and judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(a) Impairment of goodwill and intangibles

In accordance with the accounting policy stated in Note 2(k), goodwill and intangible assets with indefinite life are subject to an annual impairment review. In making this impairment assessment, the Group evaluates the value-in-use using cash flow projections which have been discounted at an appropriate rate. These calculations require the use of assumptions.

Forecasts of future cash flows are based on the Group's estimates using historical industry trends, general market and economic conditions, changes in technology and other available information. Refer to Note 9 for details of the key assumptions.

(b) Estimated useful lives of property, plant and equipment and intangibles

The Group reviews annually the estimated useful lives of property, plant and equipment and intangibles based on factors such as business plans and strategies, expected levels of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors referred to above. A reduction in the estimated useful lives would decrease the carrying value of property, plant and equipment or intangibles.

(c) Taxation

Deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses and temporary differences can be utilized. This involves judgement regarding the future financial performance of the consolidated tax group.

Income taxes

The Group is subject to income tax in Australia and other jurisdictions where it has foreign operations. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for arising tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 4. INCOME STATEMENT

	Consolidated 2018 $m	Consolidated 2017 $m
Profit before income tax has been arrived at after including:		
Operating revenue		
Sale of goods	1,526	1,416
Rendering of services	6,993	6,796
Rents - revenue from operating leases	187	208
	8,706	8,420
Other revenue		
Interest received or due and receivable	4	4
Other	245	161
	249	165
Total revenue	8,955	8,585
Operating expenses		
Expenses from ordinary activities classified by nature are:		
Traffic expenses	969	881
Selling & administrative expenses	1,437	1,491
Employee benefit expenses	1,265	1,268
Cost of goods sold	1,473	1,389
Other direct cost of sales of services	887	818
Repair and maintenance expenses	158	168
Capitalisation of costs	(193)	(218)
Depreciation and amortisation	1,525	1,434
Others	89	86
	7,610	7,315
Depreciation and amortisation		
Depreciation of:		
Freehold buildings	18	16
Plant and equipment	1,221	1,163
Leasehold property	13	12
Amortisation of:		
Subscriber acquisition costs	88	77
Deferred expenditure	51	31
Spectrum and other licences	134	135
	1,525	1,434

NOTE 4. INCOME STATEMENT (continued)

	Note	Consolidated 2018 $m	Consolidated 2017 $m
Net finance costs			
Interest paid or due and payable to:			
Third parties		183	162
Finance expense on lease receivable		7	-
Unwinding of discounts		4	4
Total finance costs		194	166
Less:			
Interest received or due and receivable from:			
Third parties		4	3
Finance income on lease commitments receivable		-	1
		4	4
Net finance costs		191	162
Others			
Profit before income tax includes the following specific expenses:			
Impairment of trade receivables			
Amount provided	6	87	79
Bad debts recovered		(5)	(20)
Net expense for impairment of receivables		82	59
Net expense from movements in other provisions:			
Employee entitlements		105	104
Inventories		2	-
Other		1	2
Total net expense from movements in other provisions		108	106
Net foreign exchange loss		5	-
Operating lease rental expense		464	461

NOTE 5. INCOME TAX

	Consolidated 2018 $m	2017 $m
Tax consolidation		
Refer to Note 2(f) for policy on tax consolidation.		
Income tax expense		
Income tax expense on profit from ordinary activities before income tax calculated at 30% (2017:30%).	346	331
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		
Research and development claims	(3)	(3)
Share of joint ventures' tax	(1)	(8)
Other non-deductible items	7	11
Prior year overprovision	(9)	(7)
Income tax expense relating to ordinary activities	340	324
Income tax expense comprises:		
Current income tax expense	349	331
Prior year overprovision	(9)	(7)
	340	324
Deferred tax assets		
The balance of this asset comprises temporary differences attributable to:		
Property, plant and equipment	60	111
Liabilities not currently deductible	308	291
Other	20	10
	387	412
Set-off of deferred tax liabilities	(387)	(389)
Net deferred tax asset	-	23
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Telecommunications licences	293	293
Subscriber acquisition costs	15	26
Cash flow hedges	110	70
	418	389
Set-off against deferred tax assets	(387)	(389)
	31	-

Tax consolidation

With effect from 1 July 2002, the Company's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity") and its wholly owned Australian controlled entities, have implemented the tax consolidation legislation. The relevant accounting policy is set out in Note 2(f).

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate the Head Entity for any current tax payable assumed and are compensated by the Head Entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the Head Entity, which is issued as soon as practicable after the end of each financial year. The funding amounts are recognised as current intercompany receivables or payables. No amounts have been recognised in equity as a result of the tax consolidation implementation.

NOTE 6. RECEIVABLES

	Note	Consolidated 2018 $m	Consolidated 2017 $m
Current			
Trade receivables		2,229	2,010
Provision for impairment		(105)	(85)
		2,124	1,926
Other receivables		276	316
		2,400	2,242
Non-current			
Trade receivables		391	391
Loan to parent (ii)		3,615	3,714
Finance lease commitments receivable (i)		-	7
		4,006	4,112
(i) Finance lease commitments receivable			
Minimum lease payments receivable are due:			
Not later than one year		-	1
Later than one year but not later than five years		-	4
Later than five years		-	3
		-	8
Less: (i) Future lease finance revenue		-	(1)
		-	7

(i) The finance lease commitments receivable are in respect of sales-type leases granted over portions of the Group's cable networks.

(ii) The Company has a non-interest bearing loan to its parent entity (refer to note 24) and has no intention to call upon the loan in the 12 months from signing of the financial statements.

The maximum exposure to credit risk for trade receivables by type of customer is as follows:-		
Individuals	1,540	1,381
Corporations and others	689	629
	2,229	2,010
The age analysis of trade receivables before allowance for impairment is as follows:-		
Not past due	1,820	1,693
Past due		
- 0 to 60 days	175	147
- 61 to 120 days	80	49
- more than 120 days	154	121
	2,229	2,010

Based on historical default rates, the Group believes that no allowance for impairment is necessary in respect of certain trade receivables which are not past due, as well as past due but not impaired.

The movement in the allowance for impairment of trade receivables is as follows:-		
Balance as at 1 April	85	122
Allowance for impairment	87	79
Reversal of impairment	(5)	(20)
Utilisation	(62)	(96)
Balance as at 31 March	105	85

NOTE 7. INVENTORIES

	Consolidated 2018 $m	Consolidated 2017 $m
Current		
Finished goods - at cost	247	217
Provision for obsolescence	(14)	(12)
	233	205

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 $m	Consolidated 2017 $m
Freehold land and buildings:		
At cost	372	362
Accumulated depreciation	(229)	(210)
Total freehold land and buildings	143	152
Leasehold property:		
At cost	242	231
Accumulated depreciation	(162)	(149)
Total leasehold property	80	82
Plant and equipment:		
At cost	24,548	21,251
Accumulated depreciation	(17,807)	(14,867)
Total plant and equipment	6,742	6,385
Capital works in progress:		
At cost	903	895
Total capital works in progress	903	895
Total net carrying amount of property, plant and equipment	7,868	7,514

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Note	Consolidated 2018 $m	Consolidated 2017 $m
Freehold land and buildings:			
Carrying amount at the beginning of the financial year		152	148
Additions		9	20
Depreciation and amortisation expense	4	(18)	(16)
Carrying amount at the end of the financial year		143	152
Leasehold property:			
Carrying amount at the beginning of the financial year		82	92
Additions		11	2
Depreciation and amortisation expense	4	(13)	(12)
Carrying amount at the end of the financial year		80	82
Plant and equipment:			
Carrying amount at the beginning of the financial year		6,385	6,162
Additions		1,578	1,386
Depreciation and amortisation expense	4	(1,221)	(1,163)
Carrying amount at the end of the financial year		6,742	6,385
Capital works in progress:			
Carrying amount at the beginning of the financial year		895	764
Additions less transfers to other categories		8	131
Carrying amount at the end of the financial year		903	895

NOTE 9. INTANGIBLE ASSETS

	Consolidated 2018 $m	Consolidated 2017 $m
Goodwill - at cost	156	156
Accumulated impairment	(4)	(4)
	152	152
Spectrum and other licences - at cost	2,099	1,485
Accumulated amortisation	(624)	(591)
	1,475	894
Customer relationships - at cost	18	18
Accumulated amortisation	(18)	(18)
	-	-
Subscriber acquisition costs - at cost	179	234
Accumulated amortisation	(117)	(175)
	62	59
Deferred expenditure - at cost	689	578
Accumulated amortisation	(198)	(191)
	491	387
Total intangible assets	2,180	1,492

Consolidated	Goodwill	Spectrum and other licences	Subscriber acquisition costs	Others	Total
Year ended 31 March 2018					
Opening net book amount	152	894	59	387	1,492
Additions	-	715	91	155	961
Amortisation charge	-	(134)	(88)	(51)	(273)
Closing net book amount	152	1,475	62	491	2,180
Year ended 31 March 2017					
Opening net book amount	152	1,000	77	302	1,532
Additions	-	29	59	116	204
Amortisation charge	-	(135)	(77)	(31)	(243)
Closing net book amount	152	894	59	387	1,492

Impairment testing

The carrying value of goodwill and intangible assets with indefinite lives (telecommunication licenses) was assessed for impairment during the financial year. Telecommunications operations of the Group were assessed to be a single cash generating unit ("CGU") for the purpose of this review, as the generation of the Group's core revenue streams is heavily reliant on the use of integrated and interdependent customer access and transmission networks throughout Australia.

The recoverable amount of the Singtel Optus CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The terminal growth rates do not exceed the long-term average growth rates for the country and industry in which the Group operates.

	Terminal growth rate		Pre-tax discount rate	
	2018	2017	2018	2017
Singtel Optus CGU	3.0%	3.0%	9.0%	9.3%

NOTE 10. TRADE AND OTHER PAYABLES

	Consolidated 2018 $m	Consolidated 2017 $m
Current		
Trade payables [(i)]	2,318	2,006
Other payables and accruals [(ii)]	365	460
Performance share plan	4	5
Unearned revenue	406	406
	3,092	2,877
Non-current		
Other payables and accruals	6	9
Performance share plan	8	8
Unearned revenue	182	187
	196	204

(i) The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms. For some payables relating to handsets and network investments, vendor terms are up to 364 days and the balance as at year end is $1,062 million (2017: $913 million).

(ii) Other payables and accruals include the interest payable on borrowings. These are settled on a half-yearly basis except for interest payable on certain bonds and syndicated loan facilities which are settled on a quarterly basis. The total interest payable on the borrowings at year end was $63 million (2017: $58 million).

NOTE 11. INTEREST BEARING LIABILITIES

Current		
Short-term bank facilities - unsecured (i)	550	990
Notes payable - unsecured (ii)	374	-
Short-term related party facilities - unsecured (iii)	10	-
	934	990
Non-current		
Medium-term bank facilities - unsecured (i)	690	-
Notes payable - unsecured (ii)	2,759	2,598
	3,449	2,598

(i) These borrowings are provided under a syndicated bank facility and are denominated in Australian dollars. It is covered by a negative pledge and facility documents, which amongst other things require the Company and other controlled entities to maintain certain financial ratios. In April 2017, the Group entered into a new $1.5 billion syndicated bank facility, which expires on 29 May 2020. In addition, the Group entered into new bank credit facilities amounting to $550 million of which $200 million is uncommitted and remaining $350 million expires in May 2018.

(ii) Unsecured notes payable denominated in United States dollars, Hong Kong dollars, Euro and Australian dollars have been issued by a controlled entity and guaranteed by the Company and certain controlled entities. The notes are subject to a negative pledge that requires the Company and other controlled entities to maintain certain financial ratios. The value of these notes includes a fair value hedge loss adjustment of $24 million (2017: $37 million).

(iii) In the current financial year, the Company has entered into a short term uncommitted related party facility. The facility is denominated in Australian dollars.

NOTE 11. INTEREST BEARING LIABILITIES (continued)

	Note	Consolidated 2018 $m	Consolidated 2017 $m
Principal amounts and repayment dates are:			
500 million United States dollars due 15 October 2019		655	665
1,000 million Hong Kong dollars due 10 June 2020		166	168
700 million Euro dollars due 15 September 2020		1,142	1,002
75 million Australian dollars due 5 December 2018		75	75
300 million Australian dollars due 12 December 2018		299	299
200 million Australian dollars due 17 June 2022		198	197
50 million Australian dollars due 17 June 2022		50	50
400 million Australian dollars due 23 August 2022		399	-
150 million Singapore dollars due 29 September 2022		149	140
		3,133	2,598

NOTE 12. FINANCING ARRANGEMENTS

At reporting date the Group had access to the following committed lines of credit:

Total facilities available at reporting date:		
Short-term bank facilities (less than 1 year)	550	1,500
Medium-term bank facilities (1 year to 3 years)	1,500	-
	2,050	1,500
Facilities utilised at reporting date:		
Short-term bank facilities (less than 1 year)	550	990
Medium-term bank facilities (1 year to 3 years)	690	-
	1,240	990
Facilities not utilised at reporting date:		
Short-term bank facilities (less than 1 year)	-	510
Medium-term bank facilities (1 year to 3 years)	810	-
	810	510

NOTE 13. PROVISIONS

Current			
Employee entitlements	16	75	77
Other (i)		17	14
		92	91
Non-current			
Employee entitlements	16	26	23
Other (i)		23	32
		49	55

(i) Other Current and Non-current provisions primarily represent asset retirement obligations for corporate properties and self-insurance provisions.

Reconciliations of the carrying amount of other provisions at the beginning and end of the current financial year are set out below:

Other provisions (Current and non-current)		
Carrying amount at the beginning of the financial year	46	52
Additional provision recognised by charge to profit	2	2
Others	(8)	(6)
Carrying amount at the end of the financial year	40	46

NOTE 14. CONTRIBUTED EQUITY

Issued and paid up capital

	Note	Consolidated 2018 $m	Consolidated 2017 $m
3,795,254,335 (31 March 2017: 3,795,254,335) Fully paid ordinary shares		5,317	5,317

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At a shareholders' meeting, every holder of ordinary shares present in person or by proxy is entitled to one vote on a show of hands, and upon a poll, each share is entitled to one vote.

There have been no change in share capital during the year.

In March 2018 the Company paid a dividend to its parent of $600 million (2017: $600 million) or $0.158 per share (2017: $0.158 per share).

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and its issued shares do not have a par value.

NOTE 15. RESERVES

Nature and purpose of reserves as disclosed in the statement of changes in equity

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, net of tax, as described in Note 2(t). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

NOTE 16. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements:			
Current long service leave provision	13	75	77
Non-current long service leave provision	13	26	23
		101	99
Number of Employees			
Number of employees at year end		8,515	8,738

Superannuation fund

The Group contributes to employee contribution superannuation funds.

Contributions to the funds during the financial year		92	92

Equity based employee benefits

During the current or previous financial year, the Group did not provide to employees any equity based instruments (such as share options or performance rights) based on equities of the Company or its controlled entities, nor were there any such instruments outstanding at the beginning or end of the financial year.

The Group's expense arises under the equity based compensation plans of its parent, Singapore Telecommunications Limited which are described at Note 2(s).

This expense amounted to:		5	5

NOTE 17. FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 11 & 12 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

The Group established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly.

The Group uses financial instruments, including foreign exchange contracts, cross currency swaps and interest rate swaps in its management of exchange rate and interest rate exposures. Financial instruments are used only to hedge underlying commercial exposures and are not held for speculative purposes.

Interest rate risk

The Group's objective is to minimise interest expense consistent with maintaining an acceptable level of exposure to the risk of interest rate fluctuations. In order to achieve this objective, the Group targets a mix of fixed and floating rate debt. To obtain this mix in a cost efficient manner the Group primarily uses cross currency and interest rate swaps that have the effect of converting specific debt obligations of the Group from a variable to a fixed rate of interest and change the currency of the debt, or vice versa, as required.

At 31 March 2018, if interest rates had increased by 50 basis points or decreased by 50 basis points from the year end rates with all other variables held constant, pre-tax profit for the period would have been $6 million lower/$6 million higher (2017: $3 million lower/$3 million higher), mainly as a result of higher/lower interest expense on variable borrowings. Other components of equity (pre-tax) would have been $10 million higher/$7 million lower (2017: $44 million higher/$23 million lower) mainly as a result of decrease in the fair value of the cash flow hedges of borrowings.

Foreign exchange risk

The Group maintains a policy to minimise the adverse impact of movements in foreign exchange rates on the Group's cash flows.

The Group has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the Group using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any changes in the fair value of the cross currency swaps has minimal impact on profit and equity.

Foreign exchange contracts are predominantly used to hedge the foreign exchange risk associated with the purchase and sale of goods and services denominated in foreign currencies and the resulting foreign currency denominated assets and liabilities.

The main functional currency risk arises on foreign exchange contracts denominated in United States dollars. Thus a sensitivity analysis was performed on the risk from fluctuations in the Australian / United States dollar exchange rate. Nominal amounts of financial instruments denominated in a different currency to the reporting entity's Australian dollar functional currency were taken into consideration and are disclosed below.

As at 31 March 2018, assuming the Australian dollar appreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would decrease by $28 million (2017: $30 million). Conversely, if the Australian dollar depreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would increase by $34 million (2017: $36 million).

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Details of hedges held by the Group are as follows:

31 March 2018	Nominal value A$m	Fair value A$m	Weighted average FX rate
Forward foreign exchange contracts - cash flow hedges			
Buy USD / Sell AUD	308	(5)	0.76
Buy EUR / Sell AUD	2	-	0.63
Buy SGD / Sell AUD	5	-	1.04
Buy INR / Sell AUD	2	-	50.94

31 March 2017	Nominal value A$m	Fair value A$m	Weighted average FX rate
Forward foreign exchange contracts - cash flow hedges			
Buy USD / Sell AUD	338	(12)	0.75
Buy NZD / Sell AUD	2	-	1.06
Buy EUR / Sell AUD	2	-	0.66
Buy SGD / Sell AUD	7	-	1.05
Buy INR / Sell AUD	9	-	52.36
Buy GBP / Sell AUD	2	-	0.57

Credit risk

The Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessments and approvals. Where applicable the Group obtains credit insurance. In addition, the Group has policies and procedures in place to monitor trade receivables on an ongoing basis.

The carrying value amount reflected in Note 6 represents the Group's maximum exposure to credit risk for trade receivables.

The Group has cash investments and other financial instruments such as forward foreign exchange contracts, cross currency swaps and interest rate derivative hedges with major financial institutions. The Group has policies in place to monitor the credit ratings of these counterparties on an ongoing basis.

The Group has policies in place that limit the financial exposure to any one financial institution and does not have a significant exposure to any individual counterparty.

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Group manages liquidity risk by monitoring and maintaining the level of cash equivalents and financing facilities considered adequate by management to fund the operations as well as mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the business, the Group aims at maintaining flexibility in funding by keeping a number of committed credit facilities available.

The expected undiscounted contractual cash flows of the borrowings for the Group, including the effects of hedging as at 31 March 2018 and 2017, are set out below. These amounts do not reflect the carrying amounts in the statement of financial position.

	Less Than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total $m
As at 31 March 2018					
Net-settled interest rate swaps	(41)	(33)	(10)	-	(84)
Cross currency interest rate swaps (gross settled):					
Inflow	81	81	58	-	220
(Outflow)	(74)	(72)	(38)	-	(184)
	(34)	(24)	10	-	(48)
Borrowings:					
Bonds	(497)	(658)	(2,038)	-	(3,193)
Bank loans	(553)	(738)	-	-	(1,291)
	(1,050)	(1,396)	(2,038)	-	(4,484)
	(1,084)	**(1,420)**	**(2,028)**	-	**(4,532)**
As at 31 March 2017					
Net-settled interest rate swaps	(42)	(40)	(41)	-	(123)
Cross currency interest rate swaps (gross settled):					
Inflow	75	75	125	2	277
(Outflow)	(72)	(75)	(111)	(3)	(261)
	(39)	(41)	(27)	(1)	(107)
Borrowings:					
Bonds	(104)	(479)	(1,833)	(406)	(2,822)
Bank loans	(997)	-	-	-	(997)
	(1,101)	(480)	(1,832)	(406)	(3,819)
	(1,141)	**(520)**	**(1,859)**	**(407)**	**(3,926)**

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Net fair value of financial assets and liabilities

The carrying value of the Company's financial assets and liabilities approximate their fair value. The carrying amounts and fair values of the Group's financial assets and liabilities at reporting date are:

	Consolidated carrying amount		Consolidated net fair value	
	31 March 2018 $m	31 March 2017 $m	31 March 2018 $m	31 March 2017 $m
Recognised financial assets				
Cash	118	128	118	128
Trade and other receivables	2,896	2,724	2,896	2,724
Derivative financial instruments	349	233	349	233
Loan to parent	3,615	3,714	3,615	3,714
	6,978	6,799	6,978	6,799
Recognised financial liabilities				
Trade and other payables	2,687	2,475	2,687	2,475
Derivative financial instruments	86	136	86	136
Bank facilities	934	990	934	990
Domestic notes payable	1,021	623	1,038	654
Foreign currency notes payable	2,113	1,975	2,212	2,108
	6,841	6,199	6,957	6,363

Fair value estimation

Optus bonds which are currently on issue and offered solely to wholesale investors total $1,884 million (2017: $1,780 million). They are maturing by year 2020 and no other financial assets or liabilities are traded on the exchange markets.

Cross currency and interest rate swaps

The net fair value of cross currency and interest rate swaps is an estimated value that the Group would receive or pay to sell or transfer the swap contract at the reporting date. It is calculated as the present value of the estimated future cash flows, discounted using interest rates based on a zero coupon yield curve at the reporting date. The zero coupon yield curve is derived from a market par curve which reflects current yields to maturity for applicable interest bearing financial instruments quoted on organised financial markets.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is determined using forward market rates for each individual forward contract according to the time to maturity, at the reporting date. It is calculated as the present value of the future contractual cash flows, discounted at interest rates derived from interest bearing financial instruments commonly used as a benchmark by market convention.

Borrowings

The fair value of these instruments reflects the estimated amounts that the Group would expect to pay or receive to terminate or replace the contracts at reporting date. It is calculated as the present value of the future contractual cash flows, discounted at market interest rates.

Hedging activities

The hedge accounting policy of the Group is described in Note 2(t) and the Group has entered into the following derivative financial instruments to hedge its risks:

- Cross currency interest rate swaps with dual designation as fair value hedges for interest rate risk and cash flow hedges for currency risk, arising from the Group's issue of foreign currency denominated debt instruments.

  These cross currency interest rate swaps involve the exchange of principal and fixed interest receipts in the foreign currency of the Group's debt instruments, for principal and floating (as well as fixed) interest payments in the Group's Australian dollar functional currency.

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Hedging activities (continued)

- Interest rate swap contracts that are cash flow hedges for Australian interest rate risk. These contracts involve the exchange of Australian floating interest receipts for fixed interest payments. These are in line with the Group's interest rate risk management policy of maintaining a mix of floating and fixed rate debt.
- Forward foreign exchange contracts, all of which are designated as cash flow hedges, for the Group's exposure to currency risks arising from forecast or committed expenditure and receipts denominated in foreign currencies.

The fair values of the derivative financial instruments are as follows:

31 March 2018	Nominal amounts $m	Fair value (assets)/liabilities $m
Fair value hedges		
Cross currency swaps	526	(62)
Cash flow hedges		
Cross currency swaps	1,677	(287)
Cash flow hedges		
Interest rate swaps	1,000	76
Forward foreign exchange contracts	317	5
Cross currency swaps	149	1
Derivatives that do not qualify for hedge accounting		
Interest rate swaps	250	4
		(263)
Derivative financial instruments presented in the statement of financial position		
Non-current assets		(349)
Current liabilities		5
Non-current liabilities		81
		(263)

31 March 2017	Nominal amounts $m	Fair value (assets)/liabilities $m
Fair value hedges		
Cross currency swaps	526	(37)
Cash flow hedges		
Cross currency swaps	1,677	(196)
Cash flow hedges		
Interest rate swaps	1,000	109
Forward foreign exchange contracts	360	12
Cross currency swaps	149	7
Derivatives that do not qualify for hedge accounting		
Interest rate swaps	250	8
		(97)
Derivative financial instruments presented in the statement of financial position		
Current liabilities		7
Non-current assets		(233)
Non-current liabilities		129
		(97)

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Fair Value Measurements
The Group classifies fair value measurements 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) derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data (unobservable inputs) (Level 3).

2018	Level 1 $ m	Level 2 $ m	Level 3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	349	-	349
	-	349	-	349
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	80	-	80
- Cross currency swaps	-	1	-	1
- Forward foreign exchange contracts	-	5	-	5
	-	86	-	86

2017	Level 1 $ m	Level 2 $ m	Level 3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	233	-	233
	-	233	-	233
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	116	-	116
- Cross currency swaps	-	8	-	8
- Forward foreign exchange contracts	-	12	-	12
	-	136	-	136

NOTE 18. CONTINGENCIES AND COMMITMENTS

Guarantees

During the year, the Group requested banks and financial institutions, in the ordinary course of business, to issue bank guarantees and performance bonds on its behalf. The amounts outstanding at reporting date amount to $13 million (2017: $80 million).

Legal proceedings and claims

The Group is in dispute with third parties regarding certain transactions and/or representations arising out of 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 the consolidated entities under the contracts and claims against the Group for compensation for alleged breach of contract and/ or representations. Optus is vigorously defending all these claims.

Commitments

	Consolidated 2018 $m	Consolidated 2017 $m
Other operating expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	187	157
Later than one year but not later than five years	123	216
Later than five years	19	23
	329	396
Capital expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	127	66
Later than one year but not later than five years	36	45
Later than five years	3	6
	166	117
Operating lease commitments		
Future operating lease rentals not provided for and payable:		
Not later than one year	276	315
Later than one year but not later than five years	1,220	1,189
Later than five years	1,128	1,236
	2,624	2,740

Investment commitments

Refer to Notes 20 and 21 for details of commitments in relation to joint ventures and joint operations.

NOTE 19. CONTROLLED ENTITIES

Name of Company	Note	Group interest %	
		2018	2017
Akal Pty Limited		100	100
Alpha West ERP Pty Ltd		100	100
Alpha West Holdings Limited		100	100
Alphawest Pty Limited		100	100
Alphawest Services Pty Ltd		100	100
AUE Music TV Pty Limited		100	100
AUEVR Music TV Pty Limited		100	100
Aussat Finance Limited		100	100
Aussat New Zealand Limited	(i)	100	100
Bkal Pty Limited		100	100
CV Services International Wholesale Pty Limited		100	100
Eatability Pty Limited		100	100
Ensyst Pty Limited		100	100
Evolution IS (ACT) Pty Ltd		100	100
Evolution IS Pty Ltd		100	100
Inform Systems Australia Pty Limited		100	100
Microplex Pty Limited		100	100
Optus Administration Pty Limited		100	100
Optus ADSL Pty Limited		100	100
Optus Billing Services Pty Limited		100	100
Optus Broadband Pty Limited		100	100
Optus C1 Satellite Pty Limited		100	100
Optus Content Pty Limited		100	100
Optus Data Centres Pty Limited		100	100
Optus ECommerce Pty Limited		100	100
Optus ESolutions Pty Limited		100	100
Optus Finance Pty Limited		100	100
Optus Fixed Infrastructure Pty Limited		100	100
Optus Insurance Services Pty Limited		100	100
Optus Internet Pty Limited		100	100
Optus Kylie Holdings Pty Limited		100	100
Optus Mobile Investments Pty Limited		100	100
Optus Mobile Pty Limited		100	100
Optus Multimedia Pty Limited		100	100
Optus Narrowband Pty Limited		100	100
Optus Network Investments Pty Ltd		100	100
Optus Networks Pty Limited		100	100
Optus Retailco Pty Limited		100	100
Optus Rental & Leasing Pty Limited		100	100
Optus Satellite Pty Limited		100	100
Optus Satellite Network Pty Limited		100	100
Optus Stockco Pty Limited		100	100
Optus Systems Pty Limited		100	100
Optus Vision Interactive Pty Limited		100	100
Optus Vision Investments Pty Limited		100	100
Optus Vision Media Pty Limited	(ii)	20	20
Optus Vision Pty Limited		100	100
Optus Wholesale Pty Limited		100	100
Path Communications Pty Ltd		100	100
Perpetual Systems Pty Ltd		100	100
Prepaid Services Pty Limited		100	100
Reef Networks Pty Ltd		100	100
Satellite Platform Investment Pty Limited		100	100
Sibalo Pty Limited		100	100

NOTE 19. CONTROLLED ENTITIES (continued)

Name of Company	Group interest %	
	2018	2017
Simplus Mobile Pty Limited	100	100
Source Integrated Networks Pty Limited	100	100
The Net Effect Pty Limited	100	100
Ubowireless Pty Limited	100	100
Uecomm Pty Limited	100	100
Uecomm Operations Pty Limited	100	100
Uecomm Share Plans Custodian Pty Limited	100	100
Ue Access Pty Limited	100	100
Ue Vialight Pty Limited	100	100
Unite.Com Pty Limited	100	100
Unwired Australia Pty Limited	100	100
Vanilla Shelf Co No 2 Pty Limited	100	100
Virgin Mobile (Australia) Pty Limited	100	100
Virgin Mobile (Australia) Services Pty Limited	100	100
Virgin Mobile Pty Limited	100	100
Vividwireless Pty Limited	100	100
Vividwireless Group Limited	100	100
VR Music TV Pty Ltd	100	100
World Wide Web Pty Limited	100	100
XYZed LMDS Holdings Pty Limited	100	100
XYZed LMDS Pty Limited	100	100
Yes Labs Group Pty Limited	100	100

(i) Incorporated in New Zealand. All other subsidiaries are incorporated in Australia.

(ii) Optus Vision Media Pty Limited is deemed to be a controlled entity by virtue of section 47(b) of *the Corporations Act 2001.*

NOTE 20. JOINT VENTURES

Southern Cross Cable Consortium

This consortium operates through two separate companies. Southern Cross Cable Holdings Limited ("SCCHL") owns a cable network between Australia and the USA, and conducts operations of that network outside the USA. Pacific Carriage Holdings Limited ("PCHL") conducts operations within the USA. Both these companies are incorporated in Bermuda. The Group owns 39.99% of PCHL (2017: 39.99%). The reporting date of these entities is 30 June. Equity accounting was suspended for these entities since the 2005 financial year because the Group's net investment was reduced to zero. PCHL paid no dividends during the financial year (2017:$13 million).

	Consolidated 2018 $m	Consolidated 2017 $m
The Group has agreed to purchase capacity on this cable network payable as follows:		
Not later than one year	8	2
Later than one year but not later than five years	29	27
	37	29

Main Event Television Pty Limited

The Group's interest in this company, which is a provider of pay television programs and channels, is 33.33% (2017: 33.33%).

Bridge Mobile Pte Limited

This company which is incorporated in Singapore is principally involved in the provision of regional mobile services. The Group's interest is 10% (2017: 10%).

	Consolidated 2018 $m	Consolidated 2017 $m
The maximum amount that the Group may be required to contribute in equity to this company is:	5	5
Carrying amounts of investments in each joint venture entity		
Pacific Carriage Holdings Limited	-	-
Main Event Television Pty Limited	-	-
Bridge Mobile Pte Limited	1	1
	1	1

NOTE 20. JOINT VENTURES (continued)

	Consolidated 2018 $m	2017 $m
Share of joint ventures' results		
Share of:		
Revenues	27	27
Expenses	(15)	(17)
Operating profit before income tax	12	9
Income tax expense	(5)	(4)
Operating profit after income tax	7	5
Equity accounting suspended	(7)	(5)
Share of joint ventures' net profit/loss - equity accounted	-	-
Share of joint ventures' net assets		
Share of:		
Current assets	2	3
Non-current assets	58	58
Total assets	60	61
Current liabilities	182	192
Net assets	(122)	(131)
Carrying amount of investments in joint venture entities		
At the beginning of the financial year	1	1
Share of joint venture entities' net income	-	-
At the end of the financial year	1	1

Joint ventures' contingent liabilities and capital commitments

At reporting date, there were no material contingent liabilities or capital expenditure commitments of joint venture entities for which the Group will or may become liable.

NOTE 21. JOINT OPERATIONS

Optus/ Vodafone Joint Venture

The Group has an interest in an unincorporated joint operation to share selected 4G network sites and radio infrastructure across Australia and shares some cost of building and operating the network.

Assets

Included in the assets of the Group are the following items that represent the Group's interest in the assets employed in the joint operations, recorded in accordance with the accounting policies described in Note 2(m).

	$m	$m
Current other assets	17	22
Non-current other assets	103	103
Property, plant and equipment	571	572
Total assets	**691**	**697**
Current deferred revenue	17	24
Non-current deferred revenue	98	110
Total liabilities	**115**	**134**

NOTE 22. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation for the years ended 31 March 2018 and 31 March 2017 are set out below. The key management personnel are the directors and executives with the greatest authority for the strategic direction and management of the Group.

The total compensation for the Australian-based directors and executives of the Group was as follows:

	Consolidated 2018 $000	Consolidated 2017 $000
Short-term benefits [1]	14,524	13,457
Post-employment benefits	726	694
Share-based payments	2,377	1,973
Total key management compensation	17,626	16,124

In addition, the total compensation for the Singapore-based directors of the Group was as follows: [2]

Short-term benefits	8,082	8,597
Share-based payments	2,155	3,008
	10,237	11,605

[1] Bonus has been included on an accrual basis.

[2] No proportion of these amounts has been allocated to or paid by Optus.

NOTE 23. AUDITOR'S REMUNERATION

The auditor of Singtel Optus Pty Limited is Deloitte Touche Tohmatsu.

	Consolidated 2018 $000	Consolidated 2017 $000
Amounts received or due and receivable by Deloitte Touche Tohmatsu		
An audit or review of the financial report of the entity and any other entity in the Group	962	962
Other services in relation to the entity and any other entity in the Group:		
- Assurance and regulatory related	265	265
- Other advisory, taxation and due diligence services	-	-
	1,227	1,227

NOTE 24. RELATED PARTIES

Directors

The names of each person holding the position of director of the Company during the financial year or as at the date of this report are as follows:

Directors

Chua Sock Koong;
Paul Dominic O'Sullivan;
Jeann Ngiap Jong Low;
Murray Philip King; and
Allen Yoong Keong Lew.

Details of key management personnel compensation are set out in Note 22.

Apart from the details disclosed in this note, no director has entered into a contract with the Company or the Group since the end of the previous financial year and there were no contracts involving director's interests existing at reporting date.

From time to time, directors of the Company or of its controlled entities or their director-related entities may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Joint ventures and operations

Details of interest in joint ventures are set out in Note 20.

Details of interest in joint operations are set out in Note 21.

The Group incurred certain costs as agent for joint ventures and was reimbursed those costs.

	Consolidated 2018 $000	Consolidated 2017 $000
Shareholder related entities		
The aggregate amounts brought to account in respect of the following types of transactions with shareholder related entities were:		
International outpayments expense	53,127	42,837
International inpayments revenue	13,960	13,064
Information technology and consultancy expense	102,034	98,480
All transactions were with entities related to Singapore Telecommunications Limited, and were at normal commercial terms and conditions and at market rates.		
The aggregate amounts receivable at reporting date from shareholder related entities were:		
Trade debtors - for international inpayments	10,764	15,143
Other debtors	31,490	35,611
Loan to parent	3,614,546	3,713,938
The aggregate amounts payable at reporting date to shareholder related entities were:		
Trade creditors		
For international outpayments	42,467	78,143
Other trade creditors	12,304	23,103
Other creditors	2,466	3,570

All of these amounts receivable and payable are in respect of transactions with entities related to Singapore Telecommunications Limited.

NOTE 25. DEED OF CROSS GUARANTEE

The Company and certain wholly owned controlled entities are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the controlled entities have been relieved from the requirements to prepare a financial report and directors reports under class order 98/1418 issue by the Australian Securities and Investments Commission.

The controlled entities subject to the Deed are:

Akal Pty Limited	Optus Satellite Pty Limited
Alpha West ERP Pty Ltd	Optus Satellite Network Pty Ltd
Alpha West Holdings Limited	Optus Systems Pty Limited
Alphawest Pty Limited	Optus Vision Pty Limited
Alphawest Services Pty Ltd	Optus Wholesale Pty Limited
Aussat Finance Limited	Path Communications Pty Ltd
Optus Finance Pty Limited	Perpetual Systems Pty Ltd
Bkal Pty Limited	Prepaid Services Pty Limited
CV Services International Wholesale Pty Limited	Reef Networks Pty Limited
Evolution IS (ACT) Pty Ltd	Sibalo Pty Limited
Evolution IS Pty Ltd	Simplus Mobile Pty Limited
Inform Systems Australia Pty Limited	Source Integrated Networks Pty Limited
Optus Administration Pty Limited	The Net Effect Pty Limited
Optus Billing Services Pty Limited	UE Access Pty Ltd
Optus Broadband Pty Limited	Uecomm Pty Limited
Optus C1 Satellite Pty Limited	Uecomm Operations Pty Limited
Optus Content Pty Limited	Unite.com Pty Ltd
Optus Data Centres Pty Limited	Unwired Australia Pty Limited
Optus Fixed Infrastructure Pty Limited	Ubowireless Pty Limited
Optus Internet Pty Limited	Virgin Mobile (Australia) Pty Limited
Optus Mobile Pty Limited	Vividwireless Group Limited
Optus Mobile Investments Pty Limited	Vivid Wireless Pty Limited
Optus Multimedia Pty Limited	XYZed LMDS Pty Limited
Optus Networks Pty Limited	Optus ADSL Pty Limited
Optus Retailco Pty Limited	

Below is a condensed consolidated statement of comprehensive income for the financial year ended 31 March 2018 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties.

	Consolidated 2018 $m	2017 $m
Income Statement		
Profit from ordinary activities before income tax	1,233	1,186
Income tax relating to ordinary activities	(330)	(327)
Net profit	903	859
Other comprehensive income	19	(3)
Total comprehensive income	922	856
Retained profits at the beginning of the financial year	5,069	4,810
Dividend payment to equity holders	(600)	(600)
Retained profits at the end of the financial year	5,372	5,069

NOTE 25. DEED OF CROSS GUARANTEE (continued)

A consolidated statement of financial position as at 31 March 2018 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties, is set out below:

	Consolidated 2018 $m	Consolidated 2017 $m
Statement of financial position		
Current assets		
Cash and cash equivalents	79	94
Trade and other receivables	2,439	2,348
Inventories	233	205
Other assets	274	281
Total current assets	**3,025**	**2,928**
Non-current assets		
Trade and other receivables	4,355	4,345
Inventories	72	72
Investments accounted for using the equity method -		
Joint venture entities	1	1
Property, plant and equipment	7,844	7,514
Telecommunication licences	976	976
Intangible assets	2,172	1,507
Deferred tax assets	-	17
Other assets	60	32
Total non-current assets	**15,481**	**14,464**
Total assets	**18,506**	**17,392**
Current liabilities		
Trade and other payables	3,045	2,988
Interest bearing liabilities	939	997
Provisions	91	91
Total current liabilities	**4,075**	**4,076**
Non-current liabilities		
Trade and other payables	277	331
Interest bearing liabilities	3,449	2,603
Deferred tax liabilities	30	-
Provisions	48	54
Total non-current liabilities	**3,804**	**2,988**
Total liabilities	**7,879**	**7,064**
Net assets	**10,627**	**10,328**
Shareholders' equity		
Contributed equity	5,298	5,298
Reserves	(20)	(39)
Retained profits	5,349	5,069
Total equity	**10,627**	**10,328**

NOTE 26. PARENT ENTITY

	Company 2018 $m	Company 2017 $m
Assets		
Current assets	283	266
Non-current assets	856	856
Total assets	**1,139**	**1,122**
Liabilities		
Current liabilities	50	50
Total liabilities	**50**	**50**
Equity		
Issued capital	5,317	5,317
Accumulated losses	(4,228)	(4,245)
Total equity	**1,089**	**1,072**
Profit for the year (dividend income)	**617**	**609**
Total comprehensive income for the year	**617**	**609**

The Company paid a fully franked dividend of $600 million (2017: $600 million) to its sole shareholder on 16 March 2018. No other dividends have been paid or declared by the Company during or since the end of the financial year. Refer note 14 and 15 for other equity transactions during the year.

There are no contingent liabilities for the parent entity as at 31 March 2018 (2018: nil).

NOTE 27. EVENTS SUBSEQUENT TO REPORTING DATE

In May 2018, the Group initiated a review of its operations (including discontinuance of its Virgin Mobile business) resulting in workforce restructuring costs subsequent to 31 March 2018.

Except to the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Singtel Optus Pty Limited:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Group as at 31 March 2018 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date;

(ii) complying with Accounting Standards and the Corporations Regulations; and

(iii) complying with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to in ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191 dated 24 March 2016 and individual order under subsection 340(1) of the *Corporations Act 2001* dated 28 March 2007.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the *Corporations Act 2001*:

Murray Philip King
Director
Sydney

23 July 2018

ADDITIONAL UNAUDITED FINANCIAL INFORMATION

The table below shows the reconciliation between the selected consolidated financial information of Optus as prepared under Australian Accounting Standards and Singapore Financial Reporting Standards. The unaudited financial information under Singapore Financial Reporting Standards is announced quarterly in conjunction with Singtel's results and they do not form part of Singtel Optus Pty Limited audited financial report.

	2018 $m	2017 $m
Operating revenue under Singapore Financial Reporting Standards	8,710	8,425
Alignment of accounting treatment, mainly for capacity sales	(4)	(5)
Statutory operating revenue under Australian Accounting Standards (note 4)	8,706	8,420
Profit after tax under Singapore Financial Reporting Standards	817	794
Alignment of accounting treatment, mainly for capacity sales and subscriber acquisition costs	(7)	(14)
Statutory net profit under Australian Accounting Standards	810	780

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Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Singtel Optus Pty Limited

We have audited the financial report of Singtel Optus Pty Limited (the "Entity") and its subsidiaries (the "consolidated entity", the "Group"), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 45.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises additional unaudited financial information for the year ended 31 March 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

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based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants
Sydney, 23 July 2018

DIRECTORS' REPORT

The directors present their report on the consolidated entity ("Optus", the "Group"), consisting of Singtel Optus Pty Limited (the "Company", "SOPL") and its controlled entities, for the financial year ended 31 March 2017 (the "financial year").

Directors

The directors in office at any time during or since the end of the financial year are:

Chua Sock Koong
Paul Dominic O'Sullivan
Jeann Ngiap Jong Low
Murray Philip King
Allen Yoong Keong Lew

Principal activities

The principal activities of the Group during the financial year were the provision of telecommunications services principally within Australia. There was no significant change in the nature of those activities during the financial year.

Review of operations

Optus' profit from ordinary activities before income tax expense was $1,103 million. Operating revenue for the year decreased by 7.2% per cent to $8,585 million.

After an income tax expense of $324 million, net profit amounted to $780 million, compared to $889 million in the previous financial year.

Cash capital expenditure for the year was $1,348 million. The ratio of cash capital expenditure to operating revenue was 15.7 per cent, compared to 11.7 per cent in the previous financial year.

Changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group during the financial year.

Environmental regulations

Optus' operations are subject to environmental regulations under both Commonwealth and State legislation. In particular, Optus is subject to the requirements of the *Telecommunications Act 1997* and *Telecommunications Code of Practice 1997* as well as a range of State environmental laws.

Optus has established an Environmental Management System ("EMS") to ensure compliance with current regulations and any new regulations enacted. It identifies the criteria for environmental assessment and the performance measures to be applied to those criteria. The EMS outlines pre-construction assessment procedures and construction environmental management plan requirements in addition to post-construction auditing and monitoring.

A process of initial assessment, environmental review and construction supervision, with subsequent and continued environmental auditing is in place to ensure the Company fully meets its obligations under the current legislation. After making due inquiries, the directors are not aware of any material breaches of environmental regulations during the financial year.

Dividends

The Company paid a fully franked dividend of $600 million (2016: $600 million) to its sole shareholder (Singapore Telecom Australia Investments Pty Limited) on 20 March 2017. No other dividends have been paid or declared by the Company during or since the end of the financial year.

Events subsequent to reporting date

In April 2017, the Group initiated a review of its operations resulting in workforce restructuring costs subsequent to 31 March 2017.

In April 2017, the Group entered into a new $1.5 billion syndicated bank facility, which expires on 29 May 2020. In addition, the Group entered into new bank credit facilities amounting to $550 million, of which $200 million is uncommitted and remaining $350 million expires in May 2018.

Except for the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Comments on likely developments in the operations and expected results of Optus are included in the public announcements of Singapore Telecommunications Limited, the parent entity, and other media releases to the Australian market.

In the opinion of the directors, disclosure of any further information on likely developments in operations would be prejudicial to the interests of the Group.

Options

There are no unissued shares or interests under option as at the date of this report, and there were no shares or interests issued, during or since the end of the financial year, as a result of the exercise of an option over unissued shares or interests.

Officers' indemnities and insurance

The Company's constitution provides for the Company, to the extent permitted by law, to indemnify every person who is or has been a director, secretary or executive officer of the Company against any liability incurred by that person as an officer of the Company, unless the liability arises out of conduct that involved a lack of good faith or was contrary to the Company's expressed instructions.

The constitution also provides that, to the extent that any director or officer is not indemnified by any director and officer liability insurance, the Company indemnifies every director and officer against any liability for costs and expenses incurred by that person in their capacity as a director or officer of the Company:

(a) in defending any proceedings in which judgement is given in favour of or results in the acquittal of the person; or

(b) the Court grants relief to the person in connection with an application made under the Corporations Law.

The Company has previously entered into deeds of indemnity on the same terms as provided by the constitution with a number of former directors of the Company and their alternates.

Under the terms of the deeds of indemnity, and to the extent permitted by law and notwithstanding any changes to the constitution, the Company must, for a period of seven years after the director ceased to hold office, maintain in full force and effect and pay the premium on a directors' and officers' policy of insurance for the director that is on terms no less generous than those terms applying at the time the director left office or, if there is no policy, on terms of such policies typically maintained by other companies similar to the Company.

During the financial year, a controlled entity paid insurance premiums in respect of contracts insuring all directors and executive officers of the Company and its controlled entities against a liability arising as a result of work performed in their capacity as directors or officers of the Company and its controlled entities.

The names of the directors covered by these insurance policies are detailed on page 1 of this report.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies, and the nature of the liabilities insured by the policies.

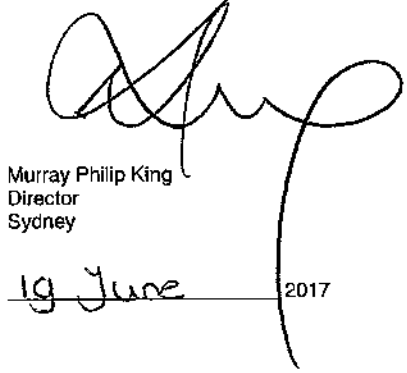
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations Instrument amounts in the directors' report and the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.



Murray Philip King
Director
Sydney

19 June 2017

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Singtel Optus Pty Limited
1 Lyonpark Rd
Macquarie Park NSW 2113

19 June 2017

Dear Board Members,

Singtel Optus Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Singtel Optus Pty Limited.

As lead audit partner for the audit of the financial statements of Singtel Optus Pty Limited for the financial year ended 31 March 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2017

	Notes	2017 $m	2016 $m
Revenue	4	**8,585**	**9,257**
Expenses	4	(7,315)	(7,828)
Finance Costs	4	(166)	(167)
Profit before income tax expense		**1,103**	**1,262**
Income tax expense	5	(324)	(373)
Profit after tax		**780**	**889**

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 46.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Notes	2017 $m	2016 $m
Profit after tax		**780**	**889**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges	15		
- Fair value changes during the year - gross		(64)	33
- Fair value changes during the year - tax impact		19	(10)
- Fair value changes during the year - net of tax		(45)	23
- Fair value changes transferred to income statement - gross		60	(36)
- Fair value changes transferred to income statement - tax impact		(18)	11
- Fair value changes transferred to income statement - net of tax		42	(25)
Total other comprehensive loss		(3)	(3)
Total comprehensive income for the year		**777**	**886**

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 46.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2017

	Notes	2017 $m	2016 $m
Current assets			
Cash and cash equivalents		128	57
Receivables	6	2,242	1,956
Inventories	7	205	194
Other assets		299	273
Total current assets		**2,874**	**2,480**
Non-current assets			
Receivables	6	4,112	3,940
Investments accounted for using the equity method -			
Joint venture entities	20	1	1
Property, plant and equipment	8	7,514	7,165
Telecommunication licences	2(p)	976	976
Intangible assets	9	1,492	1,532
Deferred tax assets	5	23	51
Derivative financial instruments	17	233	349
Other assets		136	116
Total non-current assets		**14,487**	**14,130**
Total assets		**17,361**	**16,610**
Current liabilities			
Trade and other payables	10	2,877	2,677
Interest bearing liabilities	11	990	-
Derivative financial instruments	17	7	15
Provisions	13	91	97
Total current liabilities		**3,965**	**2,789**
Non-current liabilities			
Trade and other payables	10	204	189
Interest bearing liabilities	11	2,598	3,189
Derivative financial instruments	17	129	155
Provisions	13	55	52
Total non-current liabilities		**2,986**	**3,585**
Total liabilities		**6,951**	**6,374**
Net assets		**10,410**	**10,236**
Equity			
Contributed equity	14	5,317	5,317
Cash flow hedge reserve		(37)	(34)
Retained profits		5,131	4,954
Total equity		**10,410**	**10,236**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 46.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	Fully paid ordinary shares (Note 14) $m	Cashflow hedge reserves (Note 15) $m	Retained profits $m	Total $m
Balance as of 1 April 2015	**5,317**	**(33)**	**4,760**	**10,044**
Profit after tax	-	-	889	889
Other comprehensive profit for the year	-	(3)	-	(3)
Related tax impact	-	1	-	1
Total comprehensive income for the year	**-**	**(2)**	**889**	**886**
Others*			(94)	(94)
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	-	(600)	(600)
Balance as of 31 March 2016	**5,317**	**(34)**	**4,954**	**10,236**
Balance as of 1 April 2016	**5,317**	**(34)**	**4,954**	**10,236**
Profit after tax	-	-	780	780
Other comprehensive loss for the year	-	(3)	-	(3)
Related tax impact	-	-	-	-
Total comprehensive income for the year	**-**	**(3)**	**780**	**777**
Distributions to owners				
Dividends to equity holders	-	-	(600)	(600)
	-	**-**	**(600)**	**(600)**
Balance as of 31 March 2017	**5,317**	**(37)**	**5,131**	**10,410**

* This includes an amount of $94 million arising from re-assessments of future tax benefits on certain items of property, plant and equipment in respect of prior years.

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 46.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	2017 $m	2016 $m
Cash flows from operating activities		
Profit for the year	780	889
Adjustments for:		
Depreciation and amortisation	1,434	1,406
Net finance costs	162	162
Dividend income from associates	(13)	(42)
Income tax expense	324	373
Change in trade receivables	(244)	(482)
Change in other receivables	(91)	(7)
Change in current inventories	(11)	(40)
Change in other current assets	(26)	(52)
Change in subscriber acquisition costs	(59)	(54)
Change in deferred expenditure	(116)	(80)
Change in other non-current assets	(178)	11
Change in trade and other payables	239	(107)
Change in unearned income	61	35
Change in provisions	(3)	6
Dividend payments received from associates	13	42
Income tax paid	(412)	(318)
Net cash inflow from operating activities	**1,860**	**1,742**
Cash flows from investing activities		
Interest received	3	4
(Payments) / receipts for subsidiary acquistion	(1)	2
Payment for property, plant and equipment	(1,348)	(1,083)
Advances made to parent entity	(260)	(264)
Repayment of advances made to parent entity	250	250
Payment for intangible assets	(142)	(157)
Net cash used in investing activities	**(1,497)**	**(1,249)**
Cash flows from financing activities		
Proceeds from borrowings	1,585	2,070
Repayments of borrowings	(1,105)	(2,230)
Proceeds from bond issue	-	396
Finance lease payment (principal)	-	(2)
Net interest paid on borrowings and swaps	(164)	(161)
Dividends paid to parent entity	(600)	(600)
Other	(7)	(15)
Net cash used in financing activities	**(292)**	**(542)**
Net increase/ (decrease) in cash	**71**	**(48)**
Cash and cash equivalents at the beginning of the financial year	57	105
Cash and cash equivalents at the end of the financial year	**128**	**57**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements as set out on pages 9 to 46.

NOTE 1. CORPORATE INFORMATION

Singtel Optus Pty Limited is a private Company limited by shares. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is 1 Lyonpark Road, Macquarie Park, New South Wales.

The Company's parent entity is Singapore Telecom Australia Investments Pty Limited, a wholly owned subsidiary of Singapore Telecommunications Limited ("Singtel") (incorporated in Singapore). The ultimate parent entity is Temasek Holdings (Private) Limited (incorporated in Singapore).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial statements were approved by the Board of Directors on 19 June 2017.

The financial report includes the consolidated financial statements of Singtel Optus Pty Limited and its controlled entities.

The Company is a for profit company. All amounts are presented in Australian dollars.

Statement of compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS"). The consolidated financial report of the Group complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

Historical cost convention

This financial report has been prepared under the historical cost convention, except where stated otherwise.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 24 March 2016. In accordance with that Corporations instrument, amounts in the financial report have been rounded off to the nearest million dollars, unless otherwise stated.

(b) Principles of consolidation

The consolidated accounts of the Group include the financial statements of the Company and its controlled entities.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over the entity, is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where an entity either began or ceased to be controlled during the financial year, the results are included only from the date control commenced or up to the date control ceased.

Intercompany transactions, balances and unrealised gains and losses resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(c) Operating revenue

Revenue from operating activities comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the Group. Operating revenue is recognised when the products have been delivered or services have been provided.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from the provision of information technology services is recognised based on a percentage of completion basis using cost-to-complete basis. Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. Where it is probable that these costs will be recovered, revenue is only recognised to the extent of costs incurred. Stage of completion is measured by reference to an assessment of costs incurred to date as a percentage of estimated total costs for each contract.

Revenue includes the gross income received and receivable from revenue sharing arrangements entered into with overseas telecommunication companies in respect of traffic exchanged.

For prepaid cards which have been sold, provisions for unearned revenue are made for services which have not been rendered as at the end of the reporting period. Expenses directly attributable to the unearned revenue are deferred until the revenue is recognised.

Revenue from the sale of equipment is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. For device repayment plans, the consideration is allocated to its separate revenue-generating activities based on the fair value or standalone selling price of each component in the arrangement. Handsets are accounted for in accordance with the sale of equipment accounting policy of the Group.

Rents include revenue from the provision of products, including transmission capacity, by way of finance and operating leases where entities in the Group act as lessor. Revenue from finance leases (net of any interest receivable implicit in the lease) is recognised when the Group controls a right relating to the consideration receivable, substantially all of the risks and rewards of ownership have been transferred to the lessee, and the products are provided. Revenue from operating leases is recognised on a straight-line basis over the term of the lease, unless another basis is representative of the time pattern of benefits derived under the lease.

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the Australian currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation of foreign joint ventures

Assets and liabilities of overseas joint ventures are translated at the rates of exchange ruling at reporting date. Income and expenses are translated at a weighted average rate for the year. Exchange differences arising on translation of the net investment in foreign joint venture entities, and of the financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

(e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in arranging borrowings, and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that generally take more than one year to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of assets.

(f) Income tax

The Group uses the balance sheet method of tax effect accounting. Income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to amounts recognised as assets or liabilities, and to unused tax losses.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the tax bases of those assets and liabilities, and for unused tax losses. The tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted for each jurisdiction, are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

With effect from 1 July 2002, the Company's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity"), elected to consolidate the consolidated group, comprised of the Company and its wholly owned controlled entities, in accordance with the Income Tax Assessment Act 1997.

The Head Entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Head Entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the Company and other controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Details of the tax funding arrangements are disclosed in Note 5.

Any difference between the amounts assumed by the Head Entity and amounts receivable or payable under the tax funding agreement are recognised as a contribution from (or distribution to) the Head Entity.

(g) Acquisitions of assets

All assets acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, at the date of acquisition.

The costs of assets constructed or internally generated by the Group, other than goodwill, include the cost of materials and direct labour. Directly attributable overhead and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 2 (e).

(h) Cash and cash equivalents

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity and are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are non-interest bearing and are generally on 30-day terms, except for certain carrier balances which are on 60-day terms.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Inventories

Finished goods include handsets, devices and accessories and are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at the statement of financial position date using the moving average price. Costs comprise of purchase price and expenditure that is directly attributable to the acquisition of the handsets after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale. Cost is determined on an average cost basis.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value at a discount rate reflecting the relevant weighted average cost of capital and asset specific risks.

(l) Financial assets

Controlled entities

For purposes of the Company's disclosures in Note 19, investments in controlled entities are carried at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the income statement of the Company when they are declared by the controlled entities.

(m) Joint arrangements

Under AASB 11 "Joint Arrangements": investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the consolidated financial statements, investments in joint ventures are accounted for using equity accounting principles. Investments in joint ventures are carried at the lower of the equity accounted amount and recoverable amount.

The Group's share of a joint venture's net profit or loss after tax is recognised in the consolidated income statement. Other movements in reserves are recognised directly in consolidated reserves. Adjustments are made, where practicable, to the profit or loss and the reserves of joint ventures to achieve consistency with the Group's accounting policies, and to eliminate unrealised profits and losses on transactions between the Group and joint ventures.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interest in joint operations is brought to account by including its interest in the following amounts in the appropriate categories in the consolidated statement of financial position and consolidated statement of profit or loss:

- Each of the individual asset categories employed in the joint operations;
- Liabilities incurred by the Group in relation to the joint operations and the liabilities for which it is jointly or severally liable; and
- Revenue derived from, and expenses incurred in relation to the joint operations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment

All classes of property, plant and equipment are stated at cost. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated or amortised using the straight-line method over their estimated useful lives to an estimated residual value. The depreciation rates used for each asset class, for the current and previous financial years, are as follows:

Freehold buildings	5 to 40 years
Leasehold property	Shorter of 25 years or lease term
Plant and equipment	3 to 25 years
Leased plant and equipment	6 to 13 years

These useful lives are reviewed annually. They are estimated based on the period of time over which the future economic benefits embodied in the depreciable assets are expected to be consumed by the Group.

Assets are depreciated or amortised from the month of acquisition or, in respect of internally constructed assets, from the month the asset is completed and held ready for use.

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

(o) Leases

Finance leases

Leases of property, plant and equipment under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases.

Finance leases are capitalised. A lease asset and a liability are recorded at the inception of the lease at the fair value, or, if lower, at the present value of the minimum lease payments. Capitalised lease assets are amortised on a straight-line basis over the term of the relevant lease, or, where it is likely the Group is expected to obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the income statement.

Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Lease Incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives are recognised as a reduction in rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sales of network capacity

Sales of network capacity are accounted as finance leases where:

- the purchaser's right of use is exclusive and irrevocable;
- the asset is specific and separable;
- the term of the contract is for the major part of the asset's useful economic life;
- the attributable costs or carrying value can be measured reliably; and
- no significant risks are retained by the Group.

Sales of network capacity that do not meet some of the above criteria are accounted for as an operating lease, or a service agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets, including identifiable intangible assets and contingent liabilities, at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. The unamortised balance of goodwill is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

Telecommunication licences

Telecommunication licences are carried at cost. The licences were originally granted to the Group under the *Telecommunications Act 1991*. Pursuant to the *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997* the licences continued to have effect after the deregulation of telecommunications in Australia in 1997. The licences do not have a finite term, but are of continuing operation until cancelled under the *Telecommunications Act 1997*. The cancellation conditions are such that the directors believe that cancellation is highly unlikely. The directors believe that there were inherent benefits of the licences granted in 1991 that are unique to the Group as the second licence carrier under the Federal Government's deregulation policy. These benefits continue post deregulation of the telecommunications industry and are not available to other new licence holders since 1 July 1997. Accordingly, the directors believe that the lives of these assets are indefinite.

Telecommunication licences are not amortised and are reviewed for impairment on at least an annual basis.

Spectrum licences

Digital mobile spectrum licence fees are carried at cost and amortised on a straight-line basis over the shorter of the licence term and the period of expected benefits, which range from 1 year to 18 years. Amortisation commences when the spectrum, and associated plant and equipment, are completed and held ready for use.

Customer relationships

Customer relationships acquired in a business combination are carried at cost, being their fair value at date of acquisition, and amortised on a straight-line basis over the period of the expected benefits.

Subscriber acquisition costs

Subscriber acquisition costs are costs incurred in obtaining and recording telecommunications service contracts with subscribers. They represent commissions paid to sales agents for obtaining subscriber contracts. Direct subscriber acquisition costs are those subscriber acquisition costs that are directly attributable to establishing specific subscriber contracts and would not have been incurred had those contracts not been entered into.

Direct subscriber acquisition costs are recognised as an asset when, and only when, the Group controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Other subscriber acquisition costs are expensed as incurred.

Subscriber acquisition costs recognised as an asset are amortised from the date of initial recognition over the shorter of the minimal contract term and the period during which the future economic benefits are expected to be obtained.

Deferred expenditure

Deferred expenditure, primarily representing co-location access charges, is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation is over 20 years.

(q) Payables

Trade and other creditors are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

Amounts due or received for the provision of services in the future are recognised in the statement of financial position as unearned income.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost using the effective interest method.

(s) Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

Liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

Superannuation fund

The Group contributes to defined contribution superannuation funds. These contributions include superannuation guarantee contributions and additional contributions made under employee remuneration arrangements. Contributions are charged against the income statement as they are incurred.

Equity-based benefits

The Company's parent, Singapore Telecommunications Limited, has made awards to certain employees under its Share Plans ("Plans"). Participants in the Plans will receive fully paid ordinary shares of Singtel free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met within a prescribed performance period. The performance period for the awards is two to three years. At the end of the performance period, Singtel will determine the number of Singtel shares to be allocated to each participant or category of participants based on the level of attainment of the performance targets. Awards under the Plans will lapse if the employee ceases employment during the vesting period of two to three years. The Group expects to pay for shares to be acquired and transferred to employees in satisfaction of these awards.

Where the Company grants equity instruments of Singtel directly to its employees, the Company has accounted for the arrangement as cash-settled in its own financial statements. The fair value of cash-settled awards is initially measured at grant date, taking into account both market and non-market vesting conditions. The fair value is recognised as an employee benefit expense with a corresponding increase in liabilities. The fair value is then re-measured at each reporting date, with changes in the liability also recognised as an employee benefit expense.

(t) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair values at each reporting date. Details of balances are included in Note 17.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any gains or losses arising from changes in the fair value of a derivative financial instrument are recognised immediately in the income statement, unless they qualify for hedge accounting.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Derivative financial instruments (continued)

Fair value hedge

Derivative financial instruments that qualify for fair value hedge accounting are initially recognised at fair value on the date that the contract is entered into. Changes in fair value of derivatives are recorded in the income statement together with any changes in the fair value of the hedged items that are attributable to the hedged risks.

Cash flow hedge

The effective portion of changes in the fair value of the derivative financial instruments that qualify as cash flow hedges are recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the cash flow hedge reserve are transferred to the income statement in the periods when the hedged items affect the income statement.

(u) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the GST amount included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

Provision for restructurings is recognised when the group has developed a detailed formal plan for the restructuring and has either:

- entered into formal contracts to carry out the restructuring; or
- raised a valid expectation in those affected by the restructuring that the restructuring will occur.

(w) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(x) Parent entity financial information

The financial information for the parent entity, SOPL, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New accounting standards adopted by the group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2016:

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(z) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/Date of adoption by group
AASB 9 Financial Instruments	AASB 9 was issued in December 2014 to replace AASB 139, *Financial Instruments: Recognition and Measurement*. The Standard introduced new requirements for classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets. It also requires certain additional disclosures. This will take effect from financial year beginning on 1 April 2018, with retrospective application.	This standard is not expected to have a significant impact on the Group's current accounting treatments or hedging activities.	Must be applied for financial year commencing on 1 April 2018
AASB 15 Revenue from Contracts with Customers	AASB 15 was issued in November 2014, which established a single comprehensive model of accounting for revenue arising from contracts with customers. AASB 15 requires companies to apportion revenue earned from contracts to performance obligations, on a relative standalone selling price basis, based on a five-step model. AASB 15 will supersede the revenue recognition guidance under AASB 118, *Revenue* and AASB 111, *Construction Contracts* as well as the related interpretations when it becomes effective. This will take effect from financial year beginning on 1 April 2018, with retrospective application	The key changes in the standard that impact the Group relate to the allocation of contract revenues between various services and equipment, and the timing in which those revenues are recognised. The Group is currently in the process of assessing the impact of adoption of this standard.	Must be applied for financial year commencing on 1 April 2018.
AASB 16 Leases	AASB 16 was issued in June 2016 to replace AASB 117, *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The Standard maintains substantially the lessor accounting approach under the predecessor AASB 117 and will take effect from financial year beginning on1 April 2019.	The Group is still in the process of assessing the impact of adoption of this standard.	Must be applied for financial year commencing on 1 April 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the future reporting periods and on foreseeable future transactions.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are the critical accounting estimates and judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(a) Impairment of goodwill and intangibles

In accordance with the accounting policy stated in Note 2(k), goodwill and intangible assets with indefinite life are subject to an annual impairment review. In making this impairment assessment, the Group evaluates the value-in-use using cash flow projections which have been discounted at an appropriate rate. These calculations require the use of assumptions.

Forecasts of future cash flows are based on the Group's estimates using historical industry trends, general market and economic conditions, changes in technology and other available information. Refer to Note 9 for details of the key assumptions.

(b) Estimated useful lives of property, plant and equipment and intangibles

The Group reviews annually the estimated useful lives of property, plant and equipment and intangibles based on factors such as business plans and strategies, expected levels of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors referred to above. A reduction in the estimated useful lives would decrease the carrying value of property, plant and equipment or intangibles.

(c) Taxation

Deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses and temporary differences can be utilized. This involves judgement regarding the future financial performance of the consolidated tax group.

Income taxes

The Group is subject to income tax in Australia and other jurisdictions where it has foreign operations. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for arising tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 4. INCOME STATEMENT

	Consolidated 2017 $m	Consolidated 2016 $m
Profit before income tax has been arrived at after including:		
Operating revenue		
Sale of goods	1,416	1,341
Rendering of services	6,796	7,552
Rents - revenue from operating leases	208	216
	8,420	9,109
Other revenue		
Interest received or due and receivable	4	5
Other	161	143
	165	148
Total revenue	8,585	9,257
Operating expenses		
Expenses from ordinary activities classified by nature are:		
Traffic expenses	881	1,393
Selling & administrative expenses	1,491	1,709
Employee benefit expenses	1,268	1,288
Cost of goods sold	1,389	1,297
Other direct cost of sales of services	818	688
Repair and maintenance expenses	168	168
Capitalisation of costs	(218)	(242)
Depreciation and amortisation	1,434	1,406
Others	86	122
	7,315	7,828
Depreciation and amortisation		
Depreciation of:		
Freehold buildings	16	18
Plant and equipment	1,163	1,124
Leasehold property	12	16
Amortisation of:		
Subscriber acquisition costs	77	79
Deferred expenditure	31	37
Spectrum and other licences	135	132
	1,434	1,406

NOTE 4. INCOME STATEMENT (continued)

	Note	Consolidated 2017 $m	Consolidated 2016 $m
Net finance costs			
Interest paid or due and payable to:			
Third parties		162	163
Finance charges on capitalised leases		-	1
Unw inding of discounts		4	4
Less: Capitalised interest	(i)	-	(1)
Total finance costs		166	167
Less:			
Interest received or due and receivable from:			
Third parties		3	4
Finance charges on lease commitments receivable		1	1
		4	5
Net finance costs		162	162

(i) The w eighted average capitalisation rate in 2017 w as 5.4% (2016: 5.4%).

Others			
Profit before income tax includes the follow ing specific expenses:			
Impairment of trade receivables			
Amount provided	6	79	72
Bad debts recovered		(20)	(6)
Net expense for impairment of receivables		59	66
Net expense from movements in other provisions:			
Employee entitlements		104	120
Inventories	7	-	-
Other		2	2
Total net expense from movements in other provisions		106	122
Net foreign exchange profit		-	7
Operating lease rental expense		461	460

NOTE 5. INCOME TAX

	Consolidated 2017 $m	Consolidated 2016 $m
Tax consolidation		
Refer to Note 2(f) for policy on tax consolidation.		
Income tax expense		
Income tax expense on profit from ordinary activities before income tax calculated at 30% (2015:30%).	331	379
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		
Research and development claims	(3)	(1)
Share of joint ventures' tax	(8)	(9)
Other non-deductible items	11	21
Prior year overprovision	(7)	(16)
Income tax expense relating to ordinary activities	324	373
Income tax expense comprises:		
Current income tax expense	331	390
Prior year overprovision	(7)	(16)
	324	373
Deferred tax assets		
The balance of this asset comprises temporary differences attributable to:		
Property, plant and equipment	111	106
Liabilities not currently deductible	291	373
Other	10	-
	412	480
Set-off of deferred tax liabilities	(389)	(429)
Net deferred tax asset	23	51
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Telecommunications licences	293	293
Subscriber acquisition costs	26	30
Cash flow hedges	70	106
	389	429
Set-off against deferred tax assets	(389)	(429)
	-	-

Tax consolidation

With effect from 1 July 2002, the Company's parent entity, Singapore Telecom Australia Investments Pty Limited (the "Head Entity") and its wholly owned Australian controlled entities, have implemented the tax consolidation legislation. The relevant accounting policy is set out in Note 2(f).

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate the Head Entity for any current tax payable assumed and are compensated by the Head Entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the Head Entity, which is issued as soon as practicable after the end of each financial year. The funding amounts are recognised as current intercompany receivables or payables. No amounts have been recognised in equity as a result of the tax consolidation implementation.

NOTE 6. RECEIVABLES

	Note	Consolidated 2017 $m	Consolidated 2016 $m
Current			
Trade receivables		2,010	1,853
Provision for impairment		(85)	(122)
		1,926	1,731
Other receivables		316	225
		2,242	1,956
Non-current			
Trade receivables		391	343
Loan to parent		3,714	3,591
Finance lease commitments receivable	(i)	7	5
		4,112	3,940
(i) Finance lease commitments receivable			
Minimum lease payments receivable are due:			
Not later than one year		1	1
Later than one year but not later than five years		4	4
Later than five years		3	4
		8	9
Less: (i) Future lease finance revenue		(1)	(4)
		7	5

(i) The finance lease commitments receivable are in respect of sales-type leases granted over portions of the Group's cable networks.

The maximum exposure to credit risk for trade receivables by type of customer is as follows:-		
Individuals	1,381	1,141
Corporations and others	629	712
	2,010	1,853
The age analysis of trade receivables before allowance for impairment is as follows:-		
Not past due	1,693	1,520
Past due		
- 0 to 60 days	147	144
- 61 to 120 days	49	52
- more than 120 days	121	137
	2,010	1,853

Based on historical default rates, the Group believes that no allowance for impairment is necessary in respect of certain trade receivables which are not past due, as well as past due but not impaired.

The movement in the allowance for impairment of trade receivables is as follows:-		
Balance as at 1 April	122	124
Allowance for impairment	79	72
Reversal of impairment	(20)	(6)
Utilisation	(96)	(68)
Balance as at 31 March	85	122

NOTE 7. INVENTORIES

	Consolidated 2017 $m	Consolidated 2016 $m
Current		
Finished goods - at cost	217	206
Provision for obsolescence	(12)	(12)
	205	194

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2017 $m	Consolidated 2016 $m
Freehold land and buildings:		
At cost	362	342
Accumulated depreciation	(210)	(194)
Total freehold land and buildings	152	148
Leasehold property:		
At cost	231	229
Accumulated depreciation	(149)	(136)
Total leasehold property	82	92
Plant and equipment:		
At cost	21,251	19,866
Accumulated depreciation	(14,867)	(13,704)
Total plant and equipment	6,385	6,162
Leased plant and equipment:		
At cost	-	14
Accumulated depreciation	-	(14)
	-	-
Capital works in progress:		
At cost	895	764
Total capital works in progress	895	764
Total net carrying amount of property, plant and equipment	7,514	7,165

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

		2017 $m	2016 $m
Freehold land and buildings:			
Carrying amount at the beginning of the financial year		148	166
Additions		20	-
Depreciation and amortisation expense	4	(16)	(18)
Carrying amount at the end of the financial year		152	148
Leasehold property:			
Carrying amount at the beginning of the financial year		92	107
Additions		2	-
Depreciation and amortisation expense	4	(12)	(16)
Carrying amount at the end of the financial year		82	92
Plant and equipment:			
Carrying amount at the beginning of the financial year		6,162	5,796
Additions		1,386	1,492
Depreciation and amortisation expense	4	(1,163)	(1,124)
Provision for impairment		-	(3)
Carrying amount at the end of the financial year		6,385	6,162
Capital works in progress:			
Carrying amount at the beginning of the financial year		764	675
Additions less transfers to other categories		131	89
Carrying amount at the end of the financial year		895	764

NOTE 9. INTANGIBLE ASSETS

	Consolidated 2017 $m	Consolidated 2016 $m
Goodwill - at cost	156	156
Accumulated impairment	(4)	(4)
	152	152
Spectrum and other licences - at cost	1,485	1,525
Accumulated amortisation	(591)	(525)
	894	1,000
Customer relationships - at cost	18	18
Accumulated amortisation	(18)	(18)
	-	-
Subscriber acquisition costs - at cost	234	284
Accumulated amortisation	(175)	(207)
	59	77
Deferred expenditure - at cost	578	464
Accumulated amortisation	(191)	(161)
	387	302
Total intangible assets	1,492	1,532

Consolidated	Goodwill	Spectrum and other licences	Subscriber acquisition costs	Others	Total
Year ended 31 March 2017					
Opening net book amount	152	1,000	77	302	1,532
Additions	-	29	59	116	204
Amortisation charge	-	(135)	(77)	(31)	(243)
Closing net book amount	152	894	59	387	1,492
Year ended 31 March 2016					
Opening net book amount	152	1,060	103	260	1,575
Additions	-	72	54	81	206
Amortisation charge	-	(132)	(79)	(37)	(248)
Closing net book amount	152	1,000	77	302	1,532

Impairment testing

The carrying value of goodwill and intangible assets with indefinite lives (telecommunication licences) was assessed for impairment during the financial year. Telecommunications operations of the Group were assessed to be a single cash generating unit ("CGU") for the purpose of this review, as the generation of the Group's core revenue streams is heavily reliant on the use of integrated and interdependent customer access and transmission networks throughout Australia.

The recoverable amount of the Singtel Optus CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The terminal growth rates do not exceed the long-term average growth rates for the country and industry in which the Group operates.

	Terminal growth rate		Pre-tax discount rate	
	2017	2016	2017	2016
Singtel Optus CGU	3.0%	3.0%	9.3%	9.5%

NOTE 10. TRADE AND OTHER PAYABLES

	Consolidated 2017 $m	2016 $m
Current		
Trade payables [(i)]	2,006	1,865
Other payables and accruals [(ii)]	460	446
Performance share plan	5	8
Unearned revenue	406	359
	2,877	2,677
Non-current		
Other payables and accruals	9	11
Performance share plan	8	4
Unearned revenue	187	174
	204	189

(i) The trade payables are non-interest bearing and are generally settled on 30 to 60 days terms. For some payables relating to handsets and network investments, vendor terms are up to 364 days and the balance as at year end is $913 million (2016: $575 million).

(ii) Other payables and accruals include the interest payable on borrowings. These are settled on a half-yearly basis except for interest payable on certain bonds and syndicated loan facilities which are settled on a quarterly basis. The total interest payable on the borrowings at year end was $58 million (2016: $61 million).

NOTE 11. INTEREST BEARING LIABILITIES

Current		
Short-term bank facilities - unsecured (i)	990	-
Lease liabilities - secured (ii)	-	-
	990	-
Non-current		
Medium-term bank facilities - unsecured (i)	-	510
Notes payable - unsecured (iii)	2,598	2,679
	2,598	3,189

(i) These borrowings are provided under a syndicated bank facility and are denominated in Australian dollars. It is covered by a negative pledge and facility documents, which amongst other things require the Company and other controlled entities to maintain certain financial ratios. In April 2014, the group entered into a $1.2 billion syndicated facility which expires on 30 May 2017. In April 2017, the Group entered into a new $1.5 billion syndicated bank facility, which expires on 29 May 2020.

In April 2016 the Group entered into bank credit facilities amounting to $300 million which expire in April / May 2017. In April 2017, the Group entered into new bank credit facilities amounting to $550 million, of which $200 million is uncommitted and remaining $350 million expires in May 2018.

(ii) Some of the lease liabilities are secured by guarantees from controlled entities and by mortgages granted over related assets and service contracts.

(iii) Unsecured notes payable denominated in United States dollars, Hong Kong dollars, Euro and Australian dollars have been issued by a controlled entity and guaranteed by the Company and certain controlled entities. The notes are subject to a negative pledge that requires the Company and other controlled entities to maintain certain financial ratios. The value of these notes includes a fair value hedge loss adjustment of $37 million (2016: $58 million).

NOTE 11. INTEREST BEARING LIABILITIES (continued)

	Note	Consolidated 2017 $m	Consolidated 2016 $m
Principal amounts and repayment dates are:			
500 million United States dollars due 15 October 2019		665	675
1,000 million Hong Kong dollars due 10 June 2020		168	168
700 million Euro dollars due 15 September 2020		1,002	1,069
75 million Australian dollars due 5 December 2018		75	75
300 million Australian dollars due 12 December 2018		299	299
200 million Australian dollars due 17 June 2022		197	197
50 million Australian dollars due 17 June 2022		50	50
150 million Singapore dollars due 29 September 2022		140	145
		2,598	2,679

NOTE 12. FINANCING ARRANGEMENTS

At reporting date the Group had access to the following committed lines of credit:

Total facilities available at reporting date:		
Short-term bank facilities (less than 1 year)	1,500	-
Medium-term bank facilities (1 year to 3 years)	-	1,200
	1,500	1,200
Facilities utilised at reporting date:		
Short-term bank facilities (less than 1 year)	990	-
Medium-term bank facilities (1 year to 3 years)	-	510
	990	510
Facilities not utilised at reporting date:		
Short-term bank facilities (less than 1 year)	510	-
Medium-term bank facilities (1 year to 3 years)	-	690
	510	690

NOTE 13. PROVISIONS

Current			
Employee entitlements	16	77	77
Other (i)		14	21
		91	97
Non-current			
Employee entitlements	16	23	21
Other (i)		32	31
		55	52

(i) Other Current and Non-current provisions primarily represent asset retirement obligations for corporate properties and self-insurance provisions.

Reconciliations of the carrying amount of other provisions at the beginning and end of the current financial year are set out below:

Other provisions (Current and non-current)		
Carrying amount at the beginning of the financial year	52	55
Additional provision recognised by charge to profit	2	2
Others	(6)	(5)
Carrying amount at the end of the financial year	46	52

NOTE 14. CONTRIBUTED EQUITY

Issued and paid up capital

	Note	Consolidated 2017 $m	Consolidated 2016 $m
3,795,254,335 (31 March 2016: 3,795,254,335) Fully paid ordinary shares		5,317	5,317

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At a shareholders' meeting, every holder of ordinary shares present in person or by proxy is entitled to one vote on a show of hands, and upon a poll, each share is entitled to one vote.

There have been no change in share capital during the year.

In March 2017 the Company paid a dividend to its parent of $600 million (2016: $600 million) or $0.158 per share (2016: $0.158 per share).

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and its issued shares do not have a par value.

NOTE 15. RESERVES

Nature and purpose of reserves as disclosed in the statement of changes in equity

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, net of tax, as described in Note 2(t). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

NOTE 16. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements:			
Current long service leave provision	13	77	77
Non-current long service leave provision	13	23	21
		99	98
Number of Employees			
Number of employees at year end		8,738	9,463

Superannuation fund

The Group contributes to employee contribution superannuation funds.

Contributions to the funds during the financial year		92	101

Equity based employee benefits

During the current or previous financial year, the Group did not provide to employees any equity based instruments (such as share options or performance rights) based on equities of the Company or its controlled entities, nor were there any such instruments outstanding at the beginning or end of the financial year.

The Group's expense arises under the equity based compensation plans of its parent, Singapore Telecommunications Limited which are described at Note 2(s).

This expense/(writeback of expense) amounted to:		5	(1)

NOTE 17. FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous financial year.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 11 & 12 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

The Group established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly.

The Group uses financial instruments, including foreign exchange contracts, cross currency swaps and interest rate swaps in its management of exchange rate and interest rate exposures. Financial instruments are used only to hedge underlying commercial exposures and are not held for speculative purposes.

Interest rate risk

The Group's objective is to minimise interest expense consistent with maintaining an acceptable level of exposure to the risk of interest rate fluctuations. In order to achieve this objective, the Group targets a mix of fixed and floating rate debt. To obtain this mix in a cost efficient manner the Group primarily uses cross currency and interest rate swaps that have the effect of converting specific debt obligations of the Group from a variable to a fixed rate of interest and change the currency of the debt, or vice versa, as required.

At 31 March 2017, if interest rates had increased by 50 basis points or decreased by 50 basis points from the year end rates with all other variables held constant, pre-tax profit for the period would have been $3 million lower/$3 million higher (2016: $4 million lower/$4 million higher), mainly as a result of higher/lower interest expense on variable borrowings. Other components of equity (pre-tax) would have been $44 million higher/$23 million lower (2016: $36 million higher/$29 million lower) mainly as a result of decrease in the fair value of the cash flow hedges of borrowings.

Foreign exchange risk

The Group maintains a policy to minimise the adverse impact of movements in foreign exchange rates on the Group's cash flows.

The Group has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the Group using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any changes in the fair value of the cross currency swaps has minimal impact on profit and equity.

Foreign exchange contracts are predominantly used to hedge the foreign exchange risk associated with the purchase and sale of goods and services denominated in foreign currencies and the resulting foreign currency denominated assets and liabilities.

The main functional currency risk arises on foreign exchange contracts denominated in United States dollars. Thus a sensitivity analysis was performed on the risk from fluctuations in the Australian / United States dollar exchange rate. Nominal amounts of financial instruments denominated in a different currency to the reporting entity's Australian dollar functional currency were taken into consideration and are disclosed below.

As at 31 March 2017, assuming the Australian dollar appreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would decrease by $30 million (2016: $38 million). Conversely, if the Australian dollar depreciated 10% against the United States Dollar, with all other variables held constant, pre-tax equity would increase by $36 million (2016: $45 million).

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Details of hedges held by the Group are as follows:

31 March 2017	Nominal value A$m	Fair value A$m	Weighted average FX rate
Forward foreign exchange contracts - cash flow hedges			
Buy USD / Sell AUD	338	(12)	0.75
Buy NZD / Sell AUD	2	-	1.06
Buy EUR / Sell AUD	2	-	0.66
Buy SGD / Sell AUD	7	-	1.05
Buy INR / Sell AUD	9	-	52.36
Buy GBP / Sell AUD	2	-	0.57

31 March 2016	Nominal value A$m	Fair value A$m	Weighted average FX rate
Forward foreign exchange contracts - cash flow hedges			
Buy USD / Sell AUD	434	(23)	0.72
Buy NZD / Sell AUD	1	-	1.12
Buy EUR / Sell AUD	3	-	0.63
Buy SGD / Sell AUD	10	-	1.01
Buy INR / Sell AUD	3	1	62.89

Credit risk

The Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessments and approvals. Where applicable the Group obtains credit insurance. In addition, the Group has policies and procedures in place to monitor trade receivables on an ongoing basis.

The carrying value amount reflected in Note 6 represents the Group's maximum exposure to credit risk for trade receivables.

The Company has a non-interest bearing loan to its parent entity (refer to note 24) and has no intention to call upon the loan in the 12 months from signing of the financial statements.

The Group has cash investments and other financial instruments such as forward foreign exchange contracts, cross currency swaps and interest rate derivative hedges with major financial institutions. The Group has policies in place to monitor the credit ratings of these counterparties on an ongoing basis.

The Group has policies in place that limit the financial exposure to any one financial institution and does not have a significant exposure to any individual counterparty.

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Group manages liquidity risk by monitoring and maintaining the level of cash equivalents and financing facilities considered adequate by management to fund the operations as well as mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the business, the Group aims at maintaining flexibility in funding by keeping a number of committed credit facilities available.

The expected undiscounted contractual cash flows of the borrowings for the Group, including the effects of hedging as at 31 March 2017 and 2016, are set out below. These amounts do not reflect the carrying amounts in the statement of financial position.

	Less Than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total $m
As at 31 March 2017					
Net-settled interest rate swaps	(42)	(40)	(41)	-	(123)
Cross currency interest rate swaps (gross settled):					
Inflow	75	75	125	2	277
(Outflow)	(72)	(75)	(111)	(3)	(261)
	(39)	(40)	(27)	(1)	(107)
Borrowings:					
Bonds	(104)	(479)	(1,833)	(406)	(2,822)
Bank loans	(997)	-	-	-	(997)
	(1,101)	(479)	(1,833)	(406)	(3,819)
Finance lease liability	-	-	-	-	-
	(1,140)	**(519)**	**(1,860)**	**(407)**	**(3,926)**
As at 31 March 2016					
Net-settled interest rate swaps	(37)	(39)	(88)	-	(164)
Cross currency interest rate swaps (gross settled):					
Inflow	78	78	203	5	364
(Outflow)	(78)	(76)	(180)	(9)	(343)
	(37)	(38)	(65)	(4)	(143)
Borrowings:					
Bonds	(106)	(106)	(2,304)	(421)	(2,937)
Bank loans	(13)	(14)	(527)	-	(554)
	(119)	(121)	(2,830)	(421)	(3,491)
Finance lease liability	-	-	-	-	-
	(157)	**(158)**	**(2,895)**	**(425)**	**(3,634)**

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Net fair value of financial assets and liabilities

The carrying value of the Company's financial assets and liabilities approximate their fair value. The carrying amounts and fair values of the Group's financial assets and liabilities at reporting date are:

	Consolidated carrying amount		Consolidated net fair value	
	31 March 2017 $m	31 March 2016 $m	31 March 2017 $m	31 March 2016 $m
Recognised financial assets				
Cash	128	57	128	57
Trade and other receivables	2,724	2,426	2,724	2,426
Derivative financial instruments	233	349	233	349
Loan to parent	3,714	3,591	3,714	3,591
	6,799	6,423	6,799	6,423
Recognised financial liabilities				
Trade and other payables	2,475	2,322	2,475	2,322
Derivative financial instruments	136	169	136	169
Bank facilities	990	510	990	510
Domestic notes payable	623	622	654	652
Foreign currency notes payable	1,975	2,057	2,108	2,215
	6,199	5,680	6,363	5,868

Fair value estimation

Optus bonds which are currently on issue and offered solely to wholesale investors total $1,780 million (2016: 1,879 million). They are maturing up until to year 2020 and no other financial assets or liabilities are traded on exchange markets.

Cross currency and interest rate swaps

The net fair value of cross currency and interest rate swaps is an estimated value that the Group would receive or pay to sell or transfer the swap contract at the reporting date. It is calculated as the present value of the estimated future cash flows, discounted using interest rates based on a zero coupon yield curve at the reporting date. The zero coupon yield curve is derived from a market par curve which reflects current yields to maturity for applicable interest bearing financial instruments quoted on organised financial markets.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is determined using forward market rates for each individual forward contract according to the time to maturity, at the reporting date. It is calculated as the present value of the future contractual cash flows, discounted at interest rates derived from interest bearing financial instruments commonly used as a benchmark by market convention.

Borrowings

The fair value of these instruments reflects the estimated amounts that the Group would expect to pay or receive to terminate or replace the contracts at reporting date. It is calculated as the present value of the future contractual cash flows, discounted at market interest rates.

Hedging activities

The hedge accounting policy of the Group is described in Note 2(t) and the Group has entered into the following derivative financial instruments to hedge its risks:

- Cross currency interest rate swaps with dual designation as fair value hedges for interest rate risk and cash flow hedges for currency risk, arising from the Group's issue of foreign currency denominated debt instruments.

  These cross currency interest rate swaps involve the exchange of principal and fixed interest receipts in the foreign currency of the Group's debt instruments, for principal and floating (as well as fixed) interest payments in the Group's Australian dollar functional currency.

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Hedging activities (continued)

- Interest rate swap contracts that are cash flow hedges for Australian interest rate risk. These contracts involve the exchange of Australian floating interest receipts for fixed interest payments. These are in line with the Group's interest rate risk management policy of maintaining a mix of floating and fixed rate debt.
- Forward foreign exchange contracts, all of which are designated as cash flow hedges, for the Group's exposure to currency risks arising from forecast or committed expenditure and receipts denominated in foreign currencies.

The fair values of the derivative financial instruments are as follows:

31 March 2017	Nominal amounts $m	Fair value (assets)/liabilities $m
Fair value hedges		
Cross currency swaps	526	(37)
Cash flow hedges		
Cross currency swaps	1,677	(196)
Cash flow hedges		
Interest rate swaps	1,000	109
Forward foreign exchange contracts	360	12
Cross currency swaps	149	7
Derivatives that do not qualify for hedge accounting		
Interest rate swaps	250	8
		(97)
Derivative financial instruments presented in the statement of financial position		
Current liabilities		7
Non-current assets		(233)
Non-current liabilities		129
		(97)

31 March 2016	Nominal amounts $m	Fair value (assets)/liabilities $m
Fair value hedges		
Cross currency swaps	526	(58)
Cash flow hedges		
Cross currency swaps	1,677	(291)
Cash flow hedges		
Interest rate swaps	1,000	137
Forward foreign exchange contracts	451	22
Cross currency swaps	149	2
Derivatives that do not qualify for hedge accounting		
Interest rate swaps	250	9
		(179)
Derivative financial instruments presented in the statement of financial position		
Current liabilities		15
Non-current assets		(349)
Non-current liabilities		155
		(179)

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

Fair Value Measurements
The Group classifies fair value measurements 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) derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data (unobservable inputs) (**Level 3**).

2017	Level 1 $ m	Level 2 $ m	Level 3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	233	-	233
	-	233	-	233
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	116	-	116
- Cross currency swaps	-	8	-	8
- Forward foreign exchange contracts	-	12	-	12
	-	136	-	136

2016	Level 1 $ m	Level 2 $ m	Level 3 $ m	Total $ m
Financial assets				
Derivative financial instruments				
- Cross currency swaps	-	349	-	349
	-	349	-	349
Financial liabilities				
Derivative financial instruments				
- Interest rate swaps	-	146	-	146
- Cross currency swaps	-	2	-	2
- Forward foreign exchange contracts	-	22	-	22
	-	170	-	170

NOTE 18. CONTINGENCIES AND COMMITMENTS

Guarantees

During the year, the Group requested banks and financial institutions, in the ordinary course of business, to issue bank guarantees and performance bonds on its behalf. The amounts outstanding at reporting date amount to $80 million (2016: $25 million).

Legal proceedings and claims

The Group is in dispute with third parties regarding certain transactions and/or representations arising out of 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 the consolidated entities under the contracts and claims against the Group for compensation for alleged breach of contract and/ or representations. Optus is vigorously defending all these claims.

Commitments

	Consolidated 2017 $m	Consolidated 2016 $m
Other operating expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	157	146
Later than one year but not later than five years	216	336
Later than five years	23	9
	396	491
Capital expenditure commitments		
Committed but not provided for and payable:		
Not later than one year	66	130
Later than one year but not later than five years	45	56
Later than five years	6	6
	117	192
Operating lease commitments		
Future operating lease rentals not provided for and payable:		
Not later than one year	315	230
Later than one year but not later than five years	1,189	919
Later than five years	1,236	1,410
	2,740	2,559

Investment commitments

Refer to Notes 20 and 21 for details of commitments in relation to joint ventures and joint operations.

NOTE 19. CONTROLLED ENTITIES

Name of Company	Note	Group interest %	
		2017	2016
Akal Pty Limited		100	100
Alpha West ERP Pty Ltd		100	100
Alpha West Holdings Limited		100	100
Alphawest Pty Limited		100	100
Alphawest Services Pty Ltd		100	100
AUE Music TV Pty Limited		100	100
AUEVR Music TV Pty Limited		100	100
Aussat Finance Limited		100	100
Aussat New Zealand Limited	(i)	100	100
Bkal Pty Limited		100	100
CV Services International Wholesale Pty Limited		100	100
Ensyst Pty Ltd		100	100
Evolution IS (ACT) Pty Ltd		100	100
Evolution IS Pty Ltd		100	100
Inform Systems Australia Pty Limited		100	100
Microplex Pty Limited		100	100
Optus Administration Pty Limited		100	100
Optus ADSL Pty Limited		100	100
Optus Billing Services Pty Limited		100	100
Optus Broadband Pty Limited		100	100
Optus C1 Satellite Pty Limited		100	100
Optus Content Pty Limited	(ii)	100	100
Optus Data Centres Pty Limited		100	100
Optus ECommerce Pty Limited		100	100
Optus ESolutions Pty Limited		100	100
Optus Finance Pty Limited		100	100
Optus Fixed Infrastructure Pty Limited		100	100
Optus Insurance Services Pty Limited		100	100
Optus Internet Pty Limited		100	100
Optus Kylie Holdings Pty Limited		100	100
Optus Mobile Investments Pty Limited		100	100
Optus Mobile Pty Limited		100	100
Optus Multimedia Pty Limited		100	100
Optus Narrowband Pty Limited		100	100
Optus Network Investments Pty Ltd		100	100
Optus Networks Pty Limited		100	100
Optus Retailco Pty Limited		100	100
Optus Rental & Leasing Pty Limited		100	100
Optus Satellite Pty Limited		100	100
Optus Satellite Network Pty Limited		100	100
Optus Stockco Pty Limited		100	100
Optus Systems Pty Limited		100	100
Optus Vision Interactive Pty Limited		100	100
Optus Vision Investments Pty Limited		100	100
Optus Vision Media Pty Limited	(iii)	20	20
Optus Vision Pty Limited		100	100
Optus Wholesale Pty Limited		100	100
Path Communications Pty Ltd		100	100
Perpetual Systems Pty Ltd		100	100
Prepaid Services Pty Limited		100	100
Reef Networks Pty Ltd		100	100
Satellite Platform Investment Pty Limited		100	100
Sibalo Pty Limited		100	100

NOTE 19. CONTROLLED ENTITIES (continued)

Name of Company		Group Interest %	
		2017	2016
Simplus Mobile Pty Limited		100	100
Source Integrated Networks Pty Limited		100	100
The Net Effect Pty Limited		100	100
Ubowireless Pty Limited		100	100
Uecomm Pty Limited		100	100
Uecomm Operations Pty Limited		100	100
Uecomm Share Plans Custodian Pty Limited		100	100
Ue Access Pty Limited		100	100
Ue Vialight Pty Limited		100	100
Unite.Com Pty Limited		100	100
Unwired Australia Pty Limited		100	100
Vanilla Shelf Co No 2 Pty Limited		100	100
Virgin Mobile (Australia) Pty Limited		100	100
Virgin Mobile (Australia) Services Pty Limited		100	100
Virgin Mobile Pty Limited		100	100
Vividwireless Pty Limited		100	100
Vividwireless Group Limited		100	100
VR Music TV Pty Ltd		100	100
World Wide Web Pty Limited		100	100
XYZed LMDS Holdings Pty Limited		100	100
XYZed LMDS Pty Limited		100	100
Yes Labs Group Pty Limited	(iv)	100	100

(i) Incorporated in New Zealand. All other subsidiaries are incorporated in Australia.

(ii) Optus Investments Pty Limited has been renamed to Optus Content Pty Limited on 10 August 2016.

(iii) Optus Vision Media Pty Limited is deemed to be a controlled entity by virtue of section 47(b) of *the Corporations Act 2001*.

(iv) Optus Digital Life Pty Limited has been renamed to Yes Labs Group Pty Limited on 26 July 2016.

NOTE 20. JOINT VENTURES

Southern Cross Cable Consortium

This consortium operates through two separate companies. Southern Cross Cable Holdings Limited ("SCCHL") owns a cable network between Australia and the USA, and conducts operations of that network outside the USA. Pacific Carriage Holdings Limited ("PCHL") conducts operations within the USA. Both these companies are incorporated in Bermuda. The Group owns 39.99% of PCHL (2016: 39.99%). The reporting date of these entities is 30 June. Equity accounting was suspended for these entities since the 2005 financial year because the Group's net investment was reduced to zero. PCHL paid dividends of $13 million during the financial year (2016:$42 million).

	Consolidated 2017 $m	Consolidated 2016 $m
The Group has agreed to purchase capacity on this cable network payable as follows:		
Not later than one year	2	23
Later than one year but not later than five years	27	28
	29	51

Main Event Television Pty Limited

The Group's interest in this company, which is a provider of pay television programs and channels, is 33.33% (2016: 33.33%).

Bridge Mobile Pte Limited

This company which is incorporated in Singapore is principally involved in the provision of regional mobile services. The Group's interest is 10% (2016: 10%).

	Consolidated 2017 $m	Consolidated 2016 $m
The maximum amount that the Group may be required to contribute in equity to this company is:	5	5
Carrying amounts of investments in each joint venture entity		
Pacific Carriage Holdings Limited	-	-
Main Event Television Pty Limited	-	-
Bridge Mobile Pte Limited	1	1
	1	1

NOTE 20. JOINT VENTURES (continued)

	Consolidated 2017 $m	2016 $m
Share of joint ventures' results		
Share of:		
Revenues	27	34
Expenses	(17)	(14)
Operating profit before income tax	9	20
Income tax expense	(4)	(8)
Operating profit after income tax	5	12
Equity accounting suspended	(5)	(12)
Share of joint ventures' net profit/loss - equity accounted	-	-
Share of joint ventures' net assets		
Share of:		
Current assets	3	2
Non-current assets	58	57
Total assets	61	59
Current liabilities	192	183
Net assets	(131)	(124)
Carrying amount of investments in joint venture entities		
At the beginning of the financial year	1	1
Share of joint venture entities' net income	-	-
At the end of the financial year	1	1

Joint ventures' contingent liabilities and capital commitments

At reporting date, there were no material contingent liabilities or capital expenditure commitments of joint venture entities for which the Group will or may become liable.

NOTE 21. JOINT OPERATIONS

Optus/ Vodafone Joint Venture

The Group has an interest in an unincorporated joint operation to share selected 3G and 4G network sites and radio infrastructure across Australia and shares some cost of building and operating the network.

Assets

Included in the assets of the Group are the following items that represent the Group's interest in the assets employed in the joint operations, recorded in accordance with the accounting policies described in Note 2(m).

	$m	$m
Other assets	22	20
Property, plant and equipment	579	562
Total assets	**601**	**582**
Current deferred revenue	24	24
Non-current deferred revenue	110	106
Total liabilities	**134**	**130**

NOTE 22. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation for the years ended 31 March 2017 and 31 March 2016 are set out below. The key management personnel are the directors and executives with the greatest authority for the strategic direction and management of the Group.

The total compensation for the Australian-based directors and executives of the Group was as follows:

	Consolidated 2017 $000	Consolidated 2016 $000
Short-term benefits [1]	13,457	13,807
Post-employment benefits	694	714
Share-based payments	1,973	2,471
Total key management compensation	16,124	16,992

In addition, the total compensation for the Singapore-based directors of the Group was as follows: [2]

Short-term benefits	8,597	8,625
Share-based payments	3,008	2,186
	11,605	10,811

[1] Bonus has been included on an accrual basis.

[2] No proportion of these amounts has been allocated to or paid by Optus.

NOTE 23. AUDITOR'S REMUNERATION

The auditor of Singtel Optus Pty Limited is Deloitte Touche Tohmatsu.

	Consolidated 2017 $000	Consolidated 2016 $000
Amounts received or due and receivable by Deloitte Touche Tohmatsu		
An audit or review of the financial report of the entity and any other entity in the Group	962	958
Other services in relation to the entity and any other entity in the Group:		
- Assurance and regulatory related	265	366
- Other advisory, taxation and due diligence services	-	21
	1,227	1,345

NOTE 24. RELATED PARTIES

Directors

The names of each person holding the position of director of the Company during the financial year or as at the date of this report are as follows:

Directors

Chua Sock Koong
Paul Dominic O'Sullivan
Jeann Ngiap Jong Low
Murray Philip King
Allen Yoong Keong Lew

Details of key management personnel compensation are set out in Note 22.

Apart from the details disclosed in this note, no director has entered into a contract with the Company or the Group since the end of the previous financial year and there were no contracts involving director's interests existing at reporting date.

From time to time, directors of the Company or of its controlled entities or their director-related entities may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Joint ventures and operations

Details of interest in joint ventures are set out in Note 20.

Details of interest in joint operations are set out in Note 21.

The Group incurred certain costs as agent for joint ventures and was reimbursed those costs.

	Consolidated	
	2017 $000	2016 $000
Shareholder related entities		
The aggregate amounts brought to account in respect of the following types of transactions with shareholder related entities were:		
International outpayments expense	42,837	36,779
International inpayments revenue	13,064	18,762
Information technology and consultancy expense	98,480	89,521
All transactions were with entities related to Singapore Telecommunications Limited, and were at normal commercial terms and conditions and at market rates.		
The aggregate amounts receivable at reporting date from shareholder related entities were:		
Trade debtors - for international inpayments	15,143	8,982
Other debtors	35,611	44,149
Loan to parent	3,713,938	3,590,840
The aggregate amounts payable at reporting date to shareholder related entities were:		
Trade creditors	-	-
For international outpayments	78,143	46,921
Other trade creditors	23,103	20,552
Other creditors	3,570	4,143

All of these amounts receivable and payable are in respect of transactions with entities related to Singapore Telecommunications Limited.

NOTE 25. DEED OF CROSS GUARANTEE

The Company and certain wholly owned controlled entities are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the controlled entities have been relieved from the requirements to prepare a financial report and directors reports under class order 98/1418 issue by the Australian Securities and Investments Commission.

The controlled entities subject to the Deed are:

Akal Pty Limited	Optus Satellite Pty Limited
Alpha West ERP Pty Ltd	Optus Satellite Network Pty Ltd
Alpha West Holdings Limited	Optus Systems Pty Limited
Alphawest Pty Limited	Optus Vision Pty Limited
Alphawest Services Pty Ltd	Optus Wholesale Pty Limited
Aussat Finance Limited	Path Communications Pty Ltd
Optus Finance Pty Limited	Perpetual Systems Pty Ltd
Bkal Pty Limited	Prepaid Services Pty Limited
CV Services International Wholesale Pty Limited	Reef Networks Pty Limited
Evolution IS (ACT) Pty Ltd	Sibalo Pty Limited
Evolution IS Pty Ltd	Simplus Mobile Pty Limited
Inform Systems Australia Pty Limited	Source Integrated Networks Pty Limited
Optus Administration Pty Limited	The Net Effect Pty Limited
Optus Billing Services Pty Limited	UE Access Pty Ltd
Optus Broadband Pty Limited	Uecomm Pty Limited
Optus C1 Satellite Pty Limited	Uecomm Operations Pty Limited
Optus Content Pty Limited	Unite.com Pty Ltd
Optus Data Centres Pty Limited	Unwired Australia Pty Limited
Optus Fixed Infrastructure Pty Limited	Ubowireless Pty Limited
Optus Internet Pty Limited	Virgin Mobile (Australia) Pty Limited
Optus Mobile Pty Limited	Vividwireless Group Limited
Optus Mobile Investments Pty Limited	Vivid Wireless Pty Limited
Optus Multimedia Pty Limited	XYZed LMDS Pty Limited
Optus Networks Pty Limited	Optus ADSL Pty Limited
Optus Retailco Pty Limited	

Below is a condensed consolidated statement of comprehensive income for the financial year ended 31 March 2017 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties.

	Consolidated 2017 $m	Consolidated 2016 $m
Income Statement		
Profit from ordinary activities before income tax	1,186	1,262
Income tax relating to ordinary activities	(327)	(369)
Net profit	859	894
Other comprehensive income	(3)	(3)
Total comprehensive income	856	891
Retained profits at the beginning of the financial year	4,810	4,611
Re-assessment of future tax benefit on items of Property, Plant & Equipment	-	(94)
Dividend payment to equity holders	(600)	(600)
Retained profits at the end of the financial year	5,069	4,810

NOTE 25. DEED OF CROSS GUARANTEE (continued)

A consolidated statement of financial position as at 31 March 2017 for the closed group comprising the Company and those subsidiaries that are a party to the Deed, after eliminating all transactions between those parties, is set out below:

	Consolidated 2017 $m	Consolidated 2016 $m
Statement of financial position		
Current assets		
Cash and cash equivalents	94	30
Trade and other receivables	2,348	2,050
Inventories	205	194
Other assets	281	272
Total current assets	**2,928**	**2,546**
Non-current assets		
Trade and other receivables	4,345	4,289
Inventories	72	72
Investments accounted for using the equity method -		
Joint venture entities	1	1
Property, plant and equipment	7,514	7,165
Telecommunication licences	976	976
Intangible assets	1,507	1,514
Deferred tax assets	17	51
Other assets	32	29
Total non-current assets	**14,464**	**14,097**
Total assets	**17,392**	**16,643**
Current liabilities		
Trade and other payables	2,988	2,868
Interest bearing liabilities	997	15
Provisions	91	97
Total current liabilities	**4,076**	**2,979**
Non-current liabilities		
Trade and other payables	331	352
Interest bearing liabilities	2,603	3,189
Provisions	54	49
Total non-current liabilities	**2,988**	**3,590**
Total liabilities	**7,064**	**6,569**
Net assets	**10,328**	**10,074**
Shareholders' equity		
Contributed equity	5,298	5,298
Reserves	(39)	(34)
Retained profits	5,069	4,810
Total equity	**10,328**	**10,074**

NOTE 26. PARENT ENTITY

	Company	
	2017 $m	2016 $m
Assets		
Current assets	566	257
Non-current assets	856	856
Total assets	**1,422**	**1,113**
Liabilities		
Current liabilities	50	50
Total liabilities	**50**	**50**
Equity		
Issued capital	5,317	5,317
Accumulated losses	(3,945)	(4,254)
Total equity	**1,372**	**1,063**
Profit for the year (dividend income)	**909**	**616**
Total comprehensive income for the year	**909**	**616**

The Company paid a fully franked dividend of $600 million (2016: $600 million) to its sole shareholder on 20 March 2017. No other dividends have been paid or declared by the Company during or since the end of the financial year. Refer note 14 and 15 for other equity transactions during the year.

There are no contingent liabilities for the parent entity as at 31 March 2017 (2016: nil).

NOTE 27. EVENTS SUBSEQUENT TO REPORTING DATE

In April 2017, the Group initiated a review of its operations resulting in workforce restructuring costs subsequent to 31 March 2017.

In April 2017, the Group entered into a new $1.5 billion syndicated bank facility, which expires on 29 May 2020. In addition, the Group entered into new bank credit facilities amounting to $550 million, of which $200 million is uncommitted and remaining $350 million expires in May 2018.

Except for the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Singtel Optus Pty Limited:

   (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Group as at 31 March 2017 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations; and

      (iii) complying with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to in ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191 dated 24 March 2016 and individual order under subsection 340(1) of the *Corporations Act 2001* dated 28 March 2007.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the *Corporations Act 2001*:

Murray Philip King
Director
Sydney

19 June 2017

ADDITIONAL UNAUDITED FINANCIAL INFORMATION

The table below shows the reconciliation between the selected consolidated financial information of Optus as prepared under Australian Accounting Standards and Singapore Financial Reporting Standards. The unaudited financial information under Singapore Financial Reporting Standards is announced quarterly in conjunction with Singtel's results and they do not form part of Singtel Optus Pty Limited audited financial report.

	2017 $m	2016 $m
Operating revenue under Singapore Financial Reporting Standards	8,425	9,115
Alignment of accounting treatment, mainly for capacity sales	(5)	(6)
Statutory operating revenue under Australian Accounting Standards (note 4)	8,420	9,109
Profit after tax under Singapore Financial Reporting Standards	794	901
Alignment of accounting treatment, mainly for capacity sales and subscriber acquisition costs	(14)	(12)
Statutory net profit under Australian Accounting Standards	780	889

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Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Singtel Optus Pty Limited

We have audited the financial report of Singtel Optus Pty Limited (the "Entity") and its subsidiaries (the "consolidated entity", the "Group"), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 46.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises additional unaudited financial information for the year ended 31 March 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially

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misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants
Sydney, 19 June 2017

GLOSSARY

Terms referred to in this Offering Circular and commonly used in the telecommunications industry are set out below.

2G	Second generation wireless telephone technology.
3G	Third generation wireless technology.
4G	Fourth generation wireless technology.
5G	Fifth generation wireless technology.
Apparatus licence	Licence to transmit a certain radio frequency within a defined area.
ADSL2+	Second generation asymmetric digital subscriber line that provides higher bit rate.
Analogue	Communications by transmission of continuously varying representations of the input signal, as compared to binary coding of information in digital transmission.
Backbone	The part of a communications network that connects main nodes, central offices or local area networks.
Bandwidth	The capacity of a communications link.
Base station	Base transceiver station transmitter and receiver which serves as a bridge between all mobile users in a cell and connects mobile calls to the mobile switching centre.
Digital	A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits 0 and 1. Digital transmission and switching technology employ a sequence of discrete, distinct pulses to represent information, as opposed to the continuously variable analogue signal.
Digital Dividend	Spectrum in the range 694 to 820MHz inclusive, freed up by the transition from analogue to digital television services.
DSL	Digital Subscriber Line, the family of protocols for transmission of data via copper lines.
DSLAM	DSL access multiplexer. The device installed at an exchange to connect to customers via DSL.
Ethernet	A protocol for the transmission of packet based data. It can be at various speeds from 10Mbps to 10Gbps.
Fibre optic	A cable made up of strands of extremely fine glass fibres through which signals are transmitted as pulses of light.
Gbps	Giga bits per second.
GSM	Global system for mobile communications, a mobile telephone system based on digital transmission.

HFC	Hybrid fibre coaxial. The HFC network is a system that can deliver voice, video and data as a Fibre-To-The-Node network architecture using fibre-optic cable for transmission connectivity between the head-end exchange and the node, and coaxial cable for connection between the node and the premises.
HSPA	High speed packet access.
ICT	Information and communication technology.
IP	Internet protocol.
IPTV	Internet protocol television services distributed by mobile devices and Internet Protocol.
ISP	Internet service provider, an internet service provider provides the link between an end user and the internet.
IT	Information technology.
Layer 2	The second protocol layer in the Open Systems Interconnect model termed the "data link layer".
Long Term Evolution	Lower latency and faster wireless data speeds. Improving the experience for real-time applications such as gaming and video conferencing.
Mbps	Mega bits per second.
Long Distance Voice	Voice calls extending beyond local call boundaries. Typically this would be calls from one town or city to another town or city.
MHz	Megahertz, a unit of measure of frequency; 1 MHz is equal to one million cycles per second.
NBN Co	National Broadband Network Company.
PSTN	Public switched telephone network, the public telephone network which includes local loops, exchange trunks and international links.
Roaming	The cellular service that permits subscribers of one network to use their cellular telephones in another operator's network.
SHDSL	Symmetric high-speed digital subscriber line. A family of protocols relating to the transmission of symmetric (upstream and downstream bandwidth are equal) data speeds over copper wires (ULL) to support DSL services, this can be done using single or bonded copper pairs and ranging in speeds from 64kbps (TDM) up to 20 Mbps (Ethernet) depending on the distance from the Telstra Serving Exchange, technology used and number of ULL (copper) pairs used. SHDSL is used to support business grade products over DSL access including ISDN voice, PDH/SDH transport, Ethernet, IP-VPN and Internet.
TAS	Total access services. A family of Optus products which allow an organisation to use a special number to receive incoming calls (eg: 13, 1,300, or 1,800 numbers).
Transfer Orbit	A service to provide support in the launch of a new satellite.

ULL	Unbundled Local Loop or Unconditional Local Loop, the regulated access to the Telstra local cooper lines.
ULLDSL	Unbundled local loop digital subscriber line, the transmission of data over Telstra copper lines.
VoIP	Voice over Internet Protocol. A technology that allows telephone calls to be made over computer networks like the internet or private corporate data networks. VoIP converts analog voice signals into digital data packets and supports real time, two-way transmission of conversations using internet protocols.
VPN	Virtual private network, a virtual network constructed by connecting computers together over the internet and encrypting their communications.
WAN	Wide area network, any form of network (private or public) that covers a wide geographical area and usually uses public carrier facilities.

REGISTERED OFFICES OF THE OBLIGORS

OPTUS FINANCE PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

SINGTEL OPTUS PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS NETWORKS PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS ADMINISTRATION PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS MOBILE PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS SYSTEMS PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS VISION PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS BILLING SERVICES PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS C1 SATELLITE PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

OPTUS FIXED INFRASTRUCTURE PTY LIMITED
Building C, Level 4,
1-7 Lyonpark Road, Macquarie Park,
New South Wales 2113, Australia

FISCAL AGENT
The Bank of New York Mellon, London Branch
One Canada Square
40th Floor
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT
The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

To the Issuer and the Guarantors

as to English Law
Freshfields Bruckhaus Deringer
55th Floor, One Island East
Taikoo Place, Quarry Bay
Hong Kong

as to Australian Law
Clayton Utz
Level 15, 1 Bligh Street
Sydney NSW 2000
Australia

To the Arrangers and the Dealers

as to English Law
Clifford Chance
27th Floor, Jardine House
One Connaught Place
Hong Kong

as to Australian Law
Clifford Chance
Level 16, No. 1 O'Connell Street
Sydney NSW 2000
Australia

AUDITORS

KPMG

Tower 3 International
Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
Australia

ARRANGERS AND DEALERS

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

The Hongkong and Shanghai Banking Corporation Limited
Level 17
HSBC Main Building
1 Queen's Road Central
Hong Kong