Chairman's Statement



I am pleased to report that the SingTel Group achieved a set of strong results for the financial year ended 31 March 2007.

SingTel staff rallied as a team against an intensely competitive business climate and met all our main targets for the financial year. We increased our full-year Group underlying net profit by 7.9 per cent to S$3.56 billion. Following the completion of our capital reduction exercise in September 2006, underlying earnings per share rose 11 per cent to 21.88 cents.

The stellar performance of our regional mobile associates, especially Bharti and Telkomsel, drove our earnings growth. Associates contributed 43 per cent or S$1.5 billion of the Group's underlying net profit, up from 37 per cent a year ago. The Group's operating revenue was maintained at S$13.15 billion while operational EBITDA declined 4.1 per cent to S$4.28 billion.

Our strong results, against the backdrop of fierce competition and lower operating margin, underscored our strengths and diverse sources of revenue. Our operations outside of Singapore now contribute 70 per cent of proportionate EBITDA.

In the light of our strong earnings and robust cash flow, the Board has recommended a final dividend of 6.5 cents per share as well as a special dividend of 9.5 cents per share for the financial year. Together with the interim dividend of 4.5 cents per share paid earlier, we are pleased to return a total of S$3.3 billion, or 20.5 cents per share, to shareholders. Starting this year, SingTel began paying an interim dividend.

This payout balances our objective for an efficient balance sheet while retaining financial flexibility to make further investments. It demonstrates our commitment to an efficient capital structure while maintaining financial strength and investment grade credit ratings.

Shaping Markets, Setting the Pace

Our strategy of leading in Singapore, focusing on profitable growth in Australia and investing and partnering across Asia, has continued to bring us excellent results. Our achievements in these areas not only enable the SingTel Group to lead the market, but also to set the pace.

In Singapore, we continued to drive innovation, leveraging the strengths of our extensive and reliable infrastructure as well as our large customer base. SingTel's Generation mio, launched in January 2007, transforms the phone line in every home into an integrated digital super highway. It is the foundation for SingTel's next-generation range of integrated digital services, paving the way for the Singapore Government's Intelligent Nation 2015 ("iN2015") vision to plug every household in Singapore into ultra high-speed broadband. Our customers can expect even more innovative services to ride on Generation mio, such as interactive television which we expect to launch in the second half of 2007.

The financial year also saw the launch of the '360' suite of business solutions – SingTel's response to the communications needs of enterprises. Comprising Enterprise360 for larger corporations and Office360 for small and medium-sized enterprises, the '360' suite combines unlimited local calls on mobile and fixed-lines with broadband access, email and web hosting services at a single affordable rate.

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We continued to perform well in the various market segments and maintained our leadership position. We retained our lead in Singapore despite intense competition, with a market share of 53 per cent for broadband and 38 per cent for mobile as at 31 March 2007.

SingTel's IT and engineering services continued to deliver strong results. NCS, our wholly-owned subsidiary and Singapore's largest IT services provider, won major contracts with government agencies, ranking it as the Singapore Government's top IT services provider for the third consecutive year. NCS also continued to expand actively outside Singapore, increasing its overseas revenue by 32 per cent during the financial year.

Building our Regional Presence

In Australia, despite very challenging market conditions, Optus' performance was excellent. It maintained its market share and exceeded its margin guidance while managing its cost base and investing in future growth.

Optus continues to challenge and push for sustainable growth by leading the market in innovation: providing new ways to use technology coupled with better service and convenience.

Key areas of leadership through the year included the launch of high-speed broadband using ADSL2+ ahead of competitors in major markets; innovation in mobile tariffs with Yes Time as a differentiator in mobile caps; creativity in prepaid mobile via the refreshed Optus Turbocharge plan; and focus on corporate Internet Protocol ("IP") products which allowed Optus to continue to gain market share.

During the financial year, Optus invested in state-of-the-art infrastructure, including its 3G mobile network, Unbundled Local Loop network, D-series satellites, IP core, as well as its customer care systems to enhance the customer experience.

In April 2006, Optus joined several leading telecommunications companies and Internet Service Providers to form the G9 Group, which proposes to invest and upgrade part of the existing local loop into a high bandwidth Fibre-to-the-Node or FTTN network. The alliance aims to ensure competitive access to services over an FTTN network which, in turn, will deliver improved broadband competition and better services to Australia.

Regionally, our presence has strengthened significantly. As at 31 March 2007, the Group's regional base of mobile subscribers – comprising Singapore, Australia and our regional mobile associates – reached 124 million, up from 85 million a year ago. This is the largest mobile subscriber base in Asia outside China.

Our regional associates achieved strong performance. Among them, Bharti grew its subscriber base by an impressive 90 per cent while Telkomsel saw a significant rise of 44 per cent from a year ago. For the financial year, the associates contributed a healthy S$673 million of dividends to the Group, an increase of 9.2 per cent from last year.

Corporate Governance

The Group's success is also the result of our strong commitment to the highest standards of corporate governance and transparency.

During the financial year, we received numerous honours for our strong corporate governance, including 'Best Corporate Governance' for the third consecutive year at IR Magazine's South East Asia Investor Relations Conference & Awards 2006.

We are confident that our blueprint will continue to drive strong earnings growth for the Group in the years ahead.

Looking Ahead

We expect to see continued growth in the markets that we operate. We also expect our regional mobile associates to remain as key drivers of the Group's growth. In Australia, Optus will continue to invest to deliver sustainable revenue growth and profits, expanding its customer base and defending its scale position in mobile. In Singapore, SingTel has embarked on a number of key growth initiatives to drive future growth in both the consumer and corporate businesses. These initiatives will incur costs in the next financial year before contributing to revenues and earnings in subsequent years.

Moving ahead, we will also focus on four key areas: innovation, talent management, growing our international business and developing Centres of Excellence.

We will drive product innovation and operational excellence in our current core businesses and seek new sources of revenue. These will require the best talent in the market and our aim is to be the employer of choice for telecommunications professionals.

At the same time, we will continue to expand overseas into key geographical markets to achieve our goal of being the premier telecommunications operator covering South East Asia, South Asia and Australia.

Finally, to better support and add value to our associates, we have established Centres of Excellence, which are charged with developing world-class capabilities in key operational areas and with disseminating these capabilities through closer collaboration and sharing across the Group.

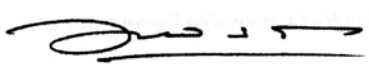
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Acknowledgements

I thank our Board of Directors, the Senior Management team, staff and union for their contributions during the financial year. I would also like to thank our customers, shareholders and business partners for their strong support.

In addition, I would like to express my sincere appreciation to Mr Lee Hsien Yang, who stepped down as Group Chief Executive Officer ("CEO") with effect from 1 April 2007. Hsien Yang has served the Group with distinction over the last 13 years. His vision transformed SingTel from a Singapore-centred business to a highly successful company, one with diversified revenue streams and a strong regional presence. His leadership enabled the Group to ride on the market liberalisation in Singapore and to seize investment opportunities in the region.

I am confident that the SingTel Group, with our clear vision as well as a new leadership team led by Ms Chua Sock Koong, will continue to excel as Asia's leading communications group.



Chumpol NaLamlieng
Chairman