

CHAIRMAN'S STATEMENT



CHUMPOL NALAMLIENG
Chairman

I am pleased to report that the SingTel Group delivered a very strong set of results for the financial year ended 31 March 2008.

The Group met all its targets against the backdrop of a highly competitive market. Group operating revenue increased to S\$14.84 billion and EBITDA increased 5.9 per cent to S\$7.09 billion. Full-year Group underlying net profit increased to S\$3.68 billion from \$3.56 billion, an increase of 3.5 per cent from the previous year. Underlying earnings per share rose 5.8 per cent to 23.15 cents.

Our regional mobile associates, especially Bharti and Telkomsel, continued to drive our earnings growth.

The regional associates contributed 28 per cent of the Group's proportionate operating revenue and 51 per cent of underlying net profit.

SingTel is committed to enhancing shareholder value. To this end, the Board has recommended a final dividend of 6.9 cents per share. Together with the interim dividend of 5.6 cents per share, we are pleased to return a total of S\$2.0 billion or 12.5 cents per share to our shareholders.

WIDENING OUR GLOBAL REACH

We expanded our regional footprint to include Pakistan, bringing our number of regional mobile associates to six. In September 2007, we invested S\$1.17 billion to acquire a

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30 per cent equity stake in Warid Telecom, Pakistan's fourth largest mobile operator with 14 million customers.

The Group's regional mobile customer base – comprising Singapore, Australia and the six associates – grew to 185 million, up from 124 million a year ago. We have the largest mobile customer base in Asia outside China.

During the year, SingTel, Bharti Airtel, Global Transit, Google, KDDI Corporation and Pacnet signed an agreement to construct a new ultra high-speed submarine cable linking the United States to Japan. Called Unity, the new cable system is designed to meet the strong demand for data and e-commerce as well as the rapidly growing Internet traffic between Asia and the US. Unity will span 10,000 km across the Pacific Ocean connecting Chikura and Los Angeles by 2010.

FOCUSING ON PROFITABLE GROWTH IN AUSTRALIA

Optus, our wholly-owned subsidiary in Australia, focused on profitable customer growth in key market segments, while bringing competition and choice to Australians. This approach led to a sustained increase in revenue and EBITDA.

Our strategy to move more customers onto our fixed-line network resulted in a 62 per cent increase in the number of broadband customers on the Optus network. Mobile customers exceeded the seven-million mark, while more customers in regional and rural Australia will soon benefit from our services when we extend our mobile footprint to 98 per cent of the population by December 2009.

We continued to bring value and choice to customers by introducing innovative products across all sectors. For instance, by leveraging our investment in 3G, we have made significant inroads into the expanding wireless broadband market, while Optus Fusion, Australia's first combined phone and broadband cap, stimulated competition in the fixed-line market.

RAISING THE BAR IN SINGAPORE

The Singapore operations saw four consecutive quarters of double-digit revenue growth despite intense competition. We extended our mobile leadership position and ended the year with 2.57 million customers representing more than 43 per cent market share.

SingTel officially moved into 'quadruple play' in Singapore when we entered the pay TV market with our much-anticipated service called mio TV, which has revolutionised the way people watch TV. It is the most flexible digital pay TV service that allows viewers to watch what they want, when they want. mio TV offers consumers choice in the pay TV market which has been dominated by a single operator in the past decade.

STEPPING UP CORPORATE SOCIAL RESPONSIBILITY ("CSR")

We are committed to be a responsible corporate citizen and will work closely with our stakeholders to enhance our CSR efforts locally and abroad. Optus in Australia has a comprehensive CSR programme which is reported in a standalone Community and Environment Report, available on the Optus website. In Singapore, SingTel is a committee member of the Singapore Compact, a national society which furthers the CSR movement in Singapore. We are pleased to have received the inaugural Singapore Compact Recognition Award in 2007.

MOVING FORWARD

We expect to see continued growth in the markets that we operate. The Group aims to deliver double-digit underlying earnings growth over the medium term. To achieve this, we are committed to driving further efficiencies from our existing businesses and to optimise synergies with our associates, as well as developing new revenue streams.

We are moving away from providing pure carriage services. Besides meeting basic telecommunications needs, we aim to develop a closer relationship with all our customers through new and innovative value-added services, which we expect to

result in new revenue streams. In the corporate segment for example, we are increasing our focus on managed services. We are leveraging the convergence of technologies as well as the fixed and mobile platforms to move into digital content, location and advertising based products and services.

Operations in Australia and Singapore will continue to spearhead the development of our advanced content offerings and product bundles to benefit from next generation networks.

We will also continue to look for attractive opportunities to increase our regional scale. These can be in the form of raising stakes in our associates or investments in new markets. We remain committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings.

ACKNOWLEDGEMENTS

Organisations that are quick, flexible and proactive in anticipating and responding to ever changing customer and market needs are those that will succeed. We recognise that our success depends largely on the contributions and cohesion of our family of over 20,000 employees worldwide.

I wish to pay tribute to our dedicated staff and express my appreciation to all our shareholders, board of directors, management and the union for their tireless efforts and support in ensuring our success and that we remain as Asia's leading communications group.



Chumpol NaLamlieng
Chairman

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