

Chairman's Statement




Dear Shareholders,

FY10/11 was a year of transformation for the SingTel Group. In Singapore, we cemented our position as the leader in communications services and grew to become a significant multimedia operator, offering differentiated innovative content and applications. In Australia, Optus' mobile business continued to gain strength. Optus also celebrated the 25th anniversary of its satellite business and, in August, announced plans to launch its 10th satellite in 2013. We are the only full service telco in Australia that can harness the geographical reach of satellite communications for the benefit of our customers.

As a Group, we crossed the 400 million mobile customer mark, with the inclusion of customers from Bharti's 16 African operations, which Bharti successfully acquired in June 2010. With this milestone acquisition, the Group now has a footprint covering a population of more than 2 billion.

Another significant event was the Next Generation National Broadband Network going live in Singapore. Leveraging the high speeds, we introduced innovative fibre services and differentiated ourselves from our competitors. In Australia, while the National Broadband Network (NBN) is still taking shape, we expect that it will level the playing field for operators in the country's fixed-line market. Our knowledge and experience in Singapore will help Optus compete more effectively when NBN is rolled out in Australia.

Beyond our focus on business and financial performance, we are also committed to our roles as responsible corporate citizens. We continued to contribute and raise funds for charities, victims of natural disasters and other social causes in the communities



We are proactively responding to and shaping some of these industry trends by innovating. We are in a position to leverage our unique strengths of scale, customer knowledge and trusted relationships to deliver relevant and personalised services to customers.

we operate in. Natural disasters struck Australia and we responded swiftly to render support. Besides making donations, Optus worked tirelessly to restore services and distributed handsets and prepaid SIMs, to allow people to contact their loved ones. I am extremely heartened by the way we responded.

Continuing to delight our customers

Mobile communications have become more than a communication tool. Customers are increasingly finding new uses for their mobile devices, for recreational, social and transactional purposes. Across Singapore and Australia, we are capturing and driving growth in this area through a complementary focus of offering the latest smartphones and innovative applications, coupled with attractive mobile data price plans.

In Singapore, we achieved a record increase of 156,000 new postpaid mobile customers. Our pay TV service, mio TV, made major strides in customer growth and, in May 2011, crossed the 300,000 mark. We also became the premier sports content provider with the exclusive broadcast of the Barclays Premier League football and ESPN Star Sports channels. As we had anticipated, the investment in smartphones and new content affected the profitability of the Singapore business. However,

we firmly believe that these strategic initiatives are critical to sustain SingTel's future growth.

Our business in Australia gained revenue market share and achieved strong EBITDA growth and cashflow generation. Optus added 582,000 postpaid mobile customers during the year, through differentiated mobile offerings, dedicated focus on customer experience and enhanced network coverage which now covers 97 per cent of the Australian population for both voice and data.

In the region, our associates have been investing in mobile broadband - an area which holds significant growth potential in the emerging markets. However, a revival of competitive pressures affected the financial performance of our associates, in particular, Bharti, Globe and Telkomsel, as they defended their market position. Bharti's expansion into Africa also incurred significant financing costs and reduced its earnings contribution to the Group.

Nonetheless, we ended the financial year on a strong footing. Revenue grew 7 per cent to S\$18.07 billion and net profit was a strong S\$3.83 billion, albeit 2 per cent lower than a year ago. The Group continued to generate solid cash flows across our businesses and for the full year, overall free cash flow hit a record of S\$4.04 billion, an increase of 19 per cent.

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The Board has recommended a final ordinary dividend of 9 cents and a special dividend of 10 cents per share. Including the interim dividend of 6.8 cents per share, the total cash distribution of S\$4.11 billion represents a record 25.8 cents per share.

Total ordinary dividends will have increased 11 per cent and represent 66 per cent of underlying net profit. The payout demonstrates the Group's track record of cash return to shareholders and our commitment to achieve an optimal capital structure.

Innovating to grow new businesses

Our industry is changing. Customer usage behaviours and preferences are evolving with the emergence of new devices, applications and technology. While these changes pose risks to our traditional communications business, more importantly, they present exciting opportunities for us, as consumers become increasingly 'plugged in' or reliant on their connected devices.

To meet these emerging demands, we are proactively responding to and shaping some of these industry trends by innovating. We are in a position to leverage our unique strengths of scale, customer knowledge and trusted relationships to deliver relevant and personalised services to customers.

Our innovative approach applies not just to offering new products and services but also in the way we do things. An example is the establishment of SingTel Innov8, our corporate venture arm, charged with scouting globally for cutting edge technology to bring back to the Group and to our customers.

Our innovation efforts will, at the same time, identify and develop services relevant for the emerging markets. This is essential for some of our regional mobile associates which are reaching an inflection point in their growth as voice penetration slows and competition intensifies.

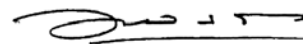
Acknowledgements

With more than 23,000 employees sharing the same vision and values, I am confident we will achieve our goals. We will continue to invest in our people to ensure they are equipped to take on the new challenges that lie ahead of us.

This year, Mr Graham John Bradley AM ⁽¹⁾ and Mr Nicky Tan are retiring from the Board at our next annual general meeting. We would like to thank them for their valuable contributions.

It has been a challenging and fulfilling mission to keep SingTel at the forefront of the industry. I have enjoyed my time at SingTel and it has been an enriching experience being part of the Group's transformation and growth over many years. I am grateful to my colleagues on the Board for their collaboration and the support they have given me.

I am confident that under the new leadership of Mr Simon Israel, the SingTel Group is in capable hands and will succeed in its next phase of transformation to emerge stronger.



Chumpol NaLamlieng
Chairman

Note:

⁽¹⁾ Member of the Order of Australia