Operating and Financial Review

SingTel is a leading communications group with operations and investments in Asia and Africa, providing a portfolio of multimedia services and infocomm technology solutions, including voice, data and video services over fixed and wireless platforms.

In Singapore, we are the leading mobile, broadband and fixed-line operator with a vision to lead and shape the local digital consumer market and enterprise ICT market across Asia. NCS, our wholly owned subsidiary, is Singapore's leading IT provider and ranks among the top 10 in Asia Pacific.

Our Australian arm, Optus continues to differentiate itself in the market through various innovative services, offering customers relevance and personalisation.

The Group has presence in Asia and Africa with more than 400 million mobile customers in 25 countries, including Bangladesh, India, Indonesia, Pakistan, the Philippines and Thailand. It also has a network of 35 offices in 19 countries and territories throughout Asia Pacific, Europe and the US.

In this section, we provide a strategic review of the SingTel Group's operations, and discuss the financial performance of the Group and its key markets in Singapore, Australia and the region for the financial year ended 31 March 2011.

CONTENTS

Key Operating Companies

SingTel

SINGAPORE	
NCS PTE. LTD.	100%
SINGNET PTE LTD	100%
SINGTEL IDEA FACTORY PTE. LTD.	100%
SINGTEL INNOV8 PTE. LTD.	100%
SINGTEL MOBILE SINGAPORE PTE. LTD. [1]	100%
TELECOM EQUIPMENT PTE LTD	100%
SINGTEL DIGITAL MEDIA PTE. LTD.	96%
SINGAPORE POST LIMITED	26%

AUSTRALIA	
SINGTEL OPTUS PTY LIMITED	100%
ALPHAWEST SERVICES PTY LTD	100%
OPTUS BROADBAND PTY LIMITED	100%
OPTUS MOBILE PTY LIMITED	100%
OPTUS NETWORKS PTY LIMITED	100%
OPTUS VISION PTY LIMITED	100%
UECOMM OPERATIONS PTY LIMITED	100%
VIRGIN MOBILE (AUSTRALIA) PTY LIMITED	100%

INTERNATIONAL	
ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED	21%
BHARTI AIRTEL LIMITED	32%
GLOBE TELECOM, INC.	47%
PACIFIC BANGLADESH TELECOM LIMITED	45%
PT. TELEKOMUNIKASI SELULAR	35%
WARID TELECOM (PRIVATE) LIMITED	30%
SOUTHERN CROSS CABLES HOLDINGS LIMITED	40%

Note:

[1] The mobile business was transferred from Singapore Telecom Mobile Pte Ltd to SingTel Mobile Singapore Pte. Ltd. on 1 October 2010.

This chart is accurate as of 31 March 2011.

The list of significant subsidiaries, associated and joint venture companies is disclosed on pages 184 to 194 in Note 45 to the Financial Statements.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 March				
	2011	**2010**	**2009**	**2008**	**2007**
Income Statement (S$ million)					
Group operating revenue	**18,071**	16,871	14,934	14,844	13,377
SingTel	**6,401**	5,995	5,547	4,904	4,430
Optus	**11,670**	10,876	9,387	9,940	8,947
Optus (A$ million)	**9,284**	8,949	8,321	7,760	7,475
Group operational EBITDA	**5,119**	4,847	4,431	4,530	4,282
SingTel	**2,183**	2,224	2,110	1,967	1,902
Optus	**2,937**	2,623	2,321	2,564	2,380
Optus (A$ million)	**2,334**	2,153	2,067	2,002	1,988
Share of associates' pre-tax earnings	**2,141**	2,410	2,051	2,559	2,073
Group EBITDA	**7,260**	7,257	6,482	7,089	6,355
Net profit after tax	**3,825**	3,907	3,448	3,960	3,779
Underlying net profit [(1)]	**3,800**	3,910	3,455	3,681	3,556
Cash Flow (S$ million)					
Group free cash flow [(2)]	**4,038**	3,406	3,245	3,575	2,795
Singapore	***1,436***	*1,290*	*1,231*	*1,422*	*1,298*
Associates' dividends (net of withholding tax)	***1,084***	*858*	*963*	*1,001*	*606*
SingTel	**2,520**	2,148	2,194	2,423	1,904
Optus	**1,519**	1,258	1,050	1,152	891
Optus (A$ million)	**1,206**	1,015	967	903	742
Capital expenditure	**2,005**	1,923	1,918	1,879	1,790
Balance Sheet (S$ million)					
Total assets	**39,282**	37,952	33,255	34,714	32,659
Shareholders' funds	**24,328**	23,493	20,476	21,000	20,847
Net debt	**6,023**	6,311	6,544	7,303	5,895
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	**76**	74	72	75	70
Return on invested capital (%)	**17.6**	18.9	17.2	18.9	18.3
Return on equity (%)	**16.0**	17.8	16.6	18.9	18.0
Return on total assets (%)	**9.9**	11.0	10.2	11.8	11.4
Net debt to EBITDA (number of times)	**0.8**	0.9	1.0	1.0	0.9
EBITDA to net interest expense (number of times)	**21.8**	23.5	19.9	20.7	21.3
Per Share Information (S cents)					
Earnings per share - basic	**24.02**	24.55	21.67	24.90	23.25
Earnings per share - underlying net profit [(1)]	**23.86**	24.56	21.71	23.15	21.88
Net assets per share	**152.75**	147.55	128.67	132.03	131.20
Dividend per share - ordinary	**15.8**	14.2	12.5	12.5	11.0
Dividend per share - special	**10.0**	-	-	-	9.5

'SingTel' refers to the SingTel Group excluding Optus.

Notes:

[(1)] Underlying net profit is defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.

[(2)] Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.

GROUP REVIEW

GROUP	Financial Year Ended 31 March 2011 (S$ million)	2010 (S$ million)	Change (%)
Operating revenue	**18,071**	16,871	7.1
Operational EBITDA	**5,119**	4,847	5.6
Operational EBITDA margin	***28.3%***	*28.7%*	
Share of associates' pre-tax profit	**2,141**	2,410	-11.2
EBITDA	**7,260**	7,257	**
Exceptional items	**25**	(2)	nm
Net profit	**3,825**	3,907	-2.1
(ex-Bharti Africa) [3]	***3,947***	*3,907*	*1.0*
Basic earnings per share (S cents)	***24.0***	*24.6*	*-2.2*
Underlying net profit [2]	**3,800**	3,910	-2.8
(ex-Bharti Africa) [3]	***3,922***	*3,910*	*0.3*
Underlying earnings per share (S cents)	***23.9***	*24.6*	*-2.9*

Notes:

(1) In this section, 'Optus' refers to SingTel Optus Pty Limited and its subsidiaries, 'SingTel' refers to the SingTel Group excluding Optus. 'Associate' refers to either an associated company or a joint venture company as defined under Singapore Financial Reporting Standards. 'nm' denotes not meaningful and '**' denotes less than +/-0.05%.

(2) Underlying net profit refers to net profit before exceptional items.

(3) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa. Bharti Africa was acquired by Bharti Airtel on 8 June 2010.

The Group reported resilient performance and met guidance for the financial year ended 31 March 2011. Sustained revenue growth increased operational EBITDA by 5.6 per cent to S$5.12 billion. Underlying net profit was stable, excluding the effects of Bharti Africa which was acquired in June 2010. Free cash flow for the year was up a strong 19 per cent to a record S$4.04 billion, with higher cash flows from all the three businesses.

Operating revenue grew 7.1 per cent to S$18.07 billion, led by robust mobile performance in Singapore and Australia and further lifted by the 3.4 per cent strengthening of the Australian Dollar from a year ago.

In Singapore, operating revenue was up 6.8 per cent. This was mainly driven by double-digit growth of 11 per cent in Mobile Communications on strong postpaid customer growth and higher postpaid average revenue per user (ARPU). Information Technology and Engineering (IT&E) revenue also rose 8.2 per cent boosted by higher revenue from the fibre rollout contract with OpenNet Pte. Ltd. (OpenNet).

In Australia, Optus delivered a 3.7 per cent increase in operating revenue, underpinned by mobile service revenue growth of 8.4 per cent with continued postpaid and wireless broadband customer growth in a highly competitive market. Fixed revenues declined as Optus continued to exit marginal resale services. Optus' translated revenue in Singapore Dollars grew 7.3 per cent from the previous year with a stronger Australian Dollar.

Operational EBITDA for the Group grew 5.6 per cent from a year ago with growth from Optus. EBITDA in Australia rose 12 per cent in Singapore Dollar terms, driven by higher contributions from all its business segments. The Singapore Business' EBITDA, however, was lower by 1.7 per cent from a year ago, reflecting higher acquisition costs of mio TV content and mobile connections as well as investments made to grow new businesses.

The Group's share of pre-tax profits from associates declined 11 per cent to S$2.14 billion. Reflecting the economic recovery in Thailand and strong execution, AIS' pre-tax contribution rose 28 per cent. In South Asia, Bharti's results had been negatively impacted by stiff price competition in India. Stable market conditions in the later half of the financial year led to an increase in Bharti's revenue and EBITDA. However, with higher depreciation and amortisation, including the first time recognition of amortised 3G license fees, as well as lower fair value gains of S$3 million (FY 2010: S$46 million) on mark-to-market valuations of its foreign currency liabilities, Bharti's pre-tax contribution from South Asia was down 12 per cent. Including the losses from its newly acquired Africa operations in June 2010 as well as related acquisition financing and transaction costs, Bharti's overall pre-tax contribution declined 22 per cent. Both Telkomsel and Globe reported lower profits on increased competitive pressures as well as lower fair value gains on their foreign currency liabilities.

With lower associates' contribution, the Group's EBITDA was flat at S$7.26 billion.

The Group recorded a net exceptional gain of S$25 million. This comprised mainly the net effect of a fair value gain of S$38 million on the consideration payable for the acquisition of an additional 1.5 per cent effective equity interest in Bharti which was completed in November 2009, a foreign exchange gain of S$19 million on the revaluation of inter-company loans and the Group's share of Bharti's one-time brand launch costs of S$30 million.

Profit before tax decreased 1.0 per cent to S$4.99 billion while tax expense increased 3.0 per cent. The higher tax expense was due to the higher effective tax rate of the associates. Some of the operating companies within Bharti Africa group were profitable while no deferred tax credit has been recognised for some of the loss-making operating companies.

Hence, the Group's net profit was down by 2.1 per cent to S$3.83 billion and underlying net profit decreased 2.8 per cent to S$3.80 billion. Excluding the net loss and acquisition financing and transaction costs of Bharti Africa, underlying net profit was stable.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for 77 per cent (FY 2010: 75 per cent) of the Group's proportionate revenue and 76 per cent (FY 2010: 74 per cent) of proportionate EBITDA.

CASH FLOW

GROUP	Financial Year Ended 31 March 2011 (S$ million)	2010 (S$ million)	Change (%)
Net cash inflow from operating activities	**6,043**	5,329	13.4
Net cash outflow for investing activities	**(2,759)**	(2,179)	26.6
Net cash outflow for financing activities	**(2,141)**	(2,634)	-18.7
Net increase in cash balance	**1,143**	515	121.8
Exchange effects on cash balance	**(18)**	23	nm
Cash balance at beginning of year	**1,614**	1,076	50.0
Cash balance at end of year	**2,738**	1,614	69.7
Free cash flow			
Singapore	**1,436**	1,290	11.3
Australia	**1,519**	1,258	20.7
Associates (net dividends after withholding tax)	**1,084**	858	26.3
Group	**4,038**	3,406	18.6
Cash capital expenditure as a percentage of operating revenue	***11%***	*11%*	

Operating Activities
The Group's net cash inflow from operating activities for the year grew 13 per cent or S$714 million to S$6.04 billion, with strong operating cash flows from Singapore and Australia and higher dividend received from the associates.

Investing Activities
The investing cash outflow was S$2.76 billion. During the year, payments of S$565 million were made for the acquisition of an additional 1.5 per cent effective equity interest in Bharti which was completed in November 2009 as well as S$79 million in respect of open market purchases of additional shares in Bharti. Capital expenditure totalled S$2.01 billion and represented 11 per cent of the Group's operating revenue, similar to a year ago. Major capital expenditure included the expansion and enhancement of mobile networks to support customer and data growth, and investments in satellites and core infrastructure.

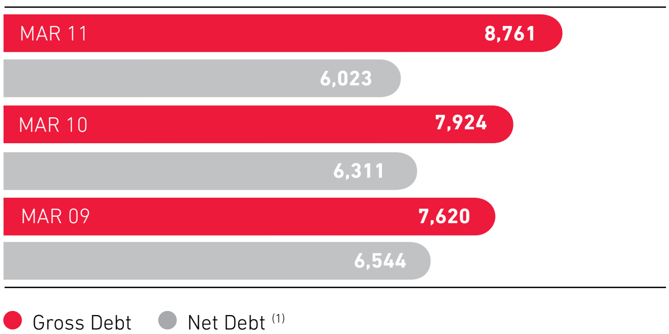
Financing Activities
Net cash outflow of S$2.14 billion for financing activities arose mainly from the payment of S$1.27 billion of final dividends in respect of the previous financial year ended 31 March 2010, and S$1.08 billion for interim dividends in respect of the current financial year. Other major financing cash outflows included S$348 million for interest payments as well as S$218 million for settlement of swaps on repayment of borrowings. These outflows were partially offset by S$840 million of cash inflow from net borrowings during the year.

Free Cash Flow
The Group's free cash flow grew 19 per cent to a record S$4.04 billion, driven by higher operating cash flows from all three businesses. Free cash flow from Singapore grew 11 per cent from a year ago on positive working capital movements. Free cash flow from Australia amounted to A$1.21 billion, up 19 per cent from the previous year, driven by higher EBITDA. In Singapore Dollar terms, it was up 21 per cent. Boosted by special dividends received from AIS, the associates' net dividends increased 26 per cent to S$1.08 billion.

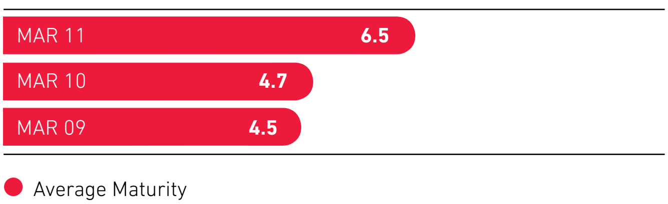
CAPITAL MANAGEMENT

GROUP	Financial Year Ended 31 March 2011	2010	2009
Gross Debt (S$ m)	**8,761**	7,924	7,620
Net Debt [1] (S$ m)	**6,023**	6,311	6,544
Net Debt Gearing Ratio [2] (%)	**19.8**	21.2	24.2
Net Debt to EBITDA (number of times)	**0.8**	0.9	1.0
Interest Cover [3] (number of times)	**21.8**	23.5	19.9
Average Maturity of Borrowings (years)	**6.5**	4.7	4.5

Group Debt **(S$ m)**



Average Maturity of Borrowings **(Years)**



Notes:

[1] Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.

[2] Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.

[3] Interest cover refers to the ratio of EBITDA to net interest expense.

The Group is committed to an optimal capital structure and constantly reviews its capital structure to balance capital efficiency and financial flexibility.

During the year, the Group raised new long-dated bonds and extended its debt maturity. However, net debt fell, reflecting a higher cash balance.

The Group has one of the strongest credit ratings among telecommunications companies in Asia and is committed to maintaining its investment grade credit ratings. SingTel is currently rated A+ by Standard & Poor's and Aa2 by Moody's Investors Service.

SingTel's dividend payout ratio ranges from 55 per cent to 70 per cent of underlying net profit. Consistent with its objective of an optimal capital structure, the Group will review on a three-year basis its cash needs for operations and growth, as well as strategic initiatives, with a view to returning surplus cash to shareholders.

Business in Singapore

The Singapore Business delivered strong operating revenue growth of 6.8 per cent to S$6.40 billion, underpinned by 6.3 per cent growth in the Singapore Telco business and 8.2 per cent increase in the IT&E business.

REVENUE

+6.8%

S$6.40b

SINGAPORE BUSINESS	Financial Year Ended 31 March 2011 (S$ million)	2010 (S$ million)	Change (%)
Operating revenue			
Mobile communications [2]	**1,788**	1,610	11.1
Data and Internet	**1,612**	1,577	2.2
International telephone [2]	**511**	519	-1.5
National telephone	**375**	393	-4.7
Sale of equipment	**311**	268	15.9
mio TV	**79**	16	390.7
Others [3]	**191**	194	-1.5
Singapore Telco	**4,867**	4,578	6.3
Revenue from NCS	**1,266**	1,236	2.4
Fibre rollout	**268**	181	48.0
Information technology and engineering (IT&E)	**1,534**	1,417	8.2
Total	**6,401**	5,995	6.8
Operational EBITDA (excluding Group's corporate costs)			
Singapore Business	**2,253**	2,293	-1.7
Singapore Telco business	**1,986**	2,090	-5.0
IT&E business	**267**	203	31.4
Operational EBITDA margin			
Singapore Business	***35.2%***	*38.2%*	

Notes:

(1) Numbers in above table may not exactly add due to rounding.

(2) Prior year comparatives have been restated to reclassify certain revenue from "International telephone" to "Mobile communications", consistent with the presentation in the current year.

(3) Include revenues from maritime & land mobile and lease of satellite transponders.

EARNINGS REVIEW

The Singapore Business delivered strong operating revenue growth of 6.8 per cent to S$6.40 billion, underpinned by 6.3 per cent growth in the Singapore Telco business and 8.2 per cent increase in the IT&E business. Free cash flow was up strongly by 11 per cent to S$1.44 billion on positive working capital movements.

IT&E's EBITDA was up 31 per cent, reflecting strong cost initiatives as well as one-off write-back of provisions no longer required. With higher acquisition costs of mio TV content and mobile connections as well as investments made to grow new businesses, the Singapore Telco's EBITDA declined 5.0 per cent. Overall, the Singapore Business' EBITDA declined 1.7 per cent to S$2.25 billion.

Mobile Communications, the largest revenue stream, delivered double-digit growth of 11 per cent to S$1.79 billion. This was driven by strong postpaid customer acquisitions and higher postpaid average revenue per user (ARPU) on the back of higher smartphone acquisitions. Total mobile customer base grew 6.1 per cent to 3.31 million as at 31 March 2011, representing a leading market share of 44.8 per cent.

A record total number of 156,000 postpaid customers were added in the year, bringing total postpaid base to 1.78 million as at 31 March 2011. More than 60 per cent of new postpaid customers chose smartphones in the year, lifting overall smartphone penetration to half of the total postpaid base as at end March 2011. Postpaid ARPU rose 2.7 per cent, and excluding 'data only' SIMs, was up 5.1 per cent, on higher take-up of higher rate plans and increased mobile roaming. Acquisition cost per postpaid customer decreased 1.7 per cent following initiatives to optimise handset subsidies.

With robust demand for mobile broadband services, mobile data services accounted for 39 per cent of blended ARPU, up from 34 per cent a year ago. Total number of customers on monthly mobile broadband data subscription grew 364,000 or 72 per cent from a year ago to 869,000 as at 31 March 2011.

In the prepaid segment, SingTel gained 35,000 customers led by positive customer response to new prepaid initiatives such as the 3G SIM card, Data VAS and Blackberry VAS. This brought total prepaid base to 1.53 million as at 31 March 2011. Prepaid ARPU was stable from a year ago.

Demand for SingTel's digital home services continued to gain traction. Revenue from mio TV was S$79 million, up from S$16 million in the previous year, with an enlarged customer base driven by SingTel's new offerings and exclusive sports content including Barclays Premier League and ESPN Star Sports channels launched during the September 2010 quarter. Total mio TV customer base reached 292,000 as at end March 2011 with 101,000 net customers added in the year. Driven by continued demand for bundled plans, a total of 54,000 customers subscribed to mio bundles [1], bringing total mio customer base to 241,000 as at 31 March 2011, up 29 per cent from a year ago.

Data and Internet revenue was up 2.2 per cent to S$1.61 billion as strong growth in Managed Services mitigated intense price competition in International Leased Circuits. Fixed Broadband revenue rose 5.5 per cent in a competitive and higher penetrated market, led by increased adoption of higher-tier plans in the business segment. With higher take-up for SingTel's home bundles and high-speed fibre-based services launched in September 2010, total fixed broadband lines grew 15,000 in the year to 530,000 as at 31 March 2011.

IT&E revenue grew 8.2 per cent to S$1.53 billion. Revenue from NCS group was up 2.4 per cent to S$1.27 billion, with growth in network integration and infrastructure services in the domestic market partially mitigating the lower overseas sales. NCS' order book remained strong at S$1.9 billion at end March 2011. Fibre rollout revenue from OpenNet increased to S$268 million from S$181 million a year ago as the pace of fibre rollout accelerated during the year.

International telephone revenue declined 1.5 per cent to S$511 million on lower average collection rate partially offset by increased international call traffic.

Revenue from Fixed-line phone services declined 4.7 per cent to S$375 million on lower usage impacted by fixed-to-mobile substitution. Sale of equipment revenue grew 16 per cent to S$311 million on higher smartphone volumes fuelled by SingTel's strong suite of smartphones.

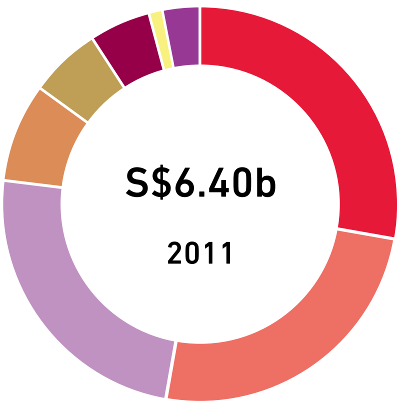
Note:

[1] mio bundles comprise mio Plan (bundling of mobile, fixed broadband and fixed voice services) and mio Home (bundling of pay TV, fixed broadband and fixed voice services).

FOCUS FOR FY11/12

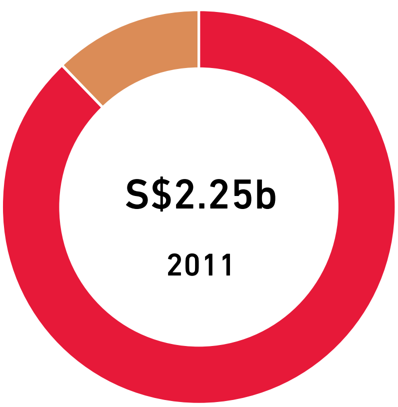
- **Maintain market leadership in the communications business and develop new growth areas.**
- **Leverage NGNBN to grow multimedia offerings, encompassing converged voice, data, video and content-rich services.**
- **Strengthen ICT services for enterprise customers in Singapore and around the region.**

REVENUE BY PRODUCTS AND SERVICES



Mobile Communications	28%
Data and Internet	25%
IT and Engineering	24%
International Telephone	8%
National Telephone	6%
Sale of Equipment	5%
mio TV	1%
Others	3%

OPERATIONAL EBITDA



Telco	88%
IT and Engineering	12%

>
SingTel showcases the power of cloud computing at i.Luminate 2010, Asia's largest innovation business forum

YEAR IN REVIEW

SingTel Singapore – Amazing things happen when you dream big

In FY10/11, SingTel Singapore continued its transformation to be the leading integrated infocomm technology (ICT) and multimedia solutions provider in Singapore and the region.

We energised our brand with the theme *'Amazing things happen when you dream big'*. By daring to dream big, we grew new businesses while maintaining our leadership position in key markets.

We made significant progress in consumer multimedia and aggressively expanded our managed ICT offerings. We introduced many innovative and exciting services, applications and content throughout the year to enrich our customers' lives and make our business customers' operations more productive. This has helped us achieve broad-based revenue growth for the year.

Leading, Shaping and Innovating Consumer Services

SingTel is the driving force behind mobile data adoption in Singapore. In the mobile internet device space, we consistently lead with exclusive deals and the widest range of devices available in the market.

We were the first to bring the Apple iPhone™ to Singapore in 2008 and also the first to introduce Android-powered phones in 2009. In FY10/11, we were the first to introduce the Samsung Galaxy S mobile phone and Galaxy Tab, a ground-breaking feature-rich tablet. However, what really differentiates us is our emphasis on developing relevant and personalised services to leverage the capabilities of these devices.

Our digital media businesses continue to gain mind share and popularity among local audiences. inSing.com is the number one local lifestyle website and recorded 1.45 million unique visitors in March 2011.

During the year, we brought to market a host of exciting mobile, TV and tablet applications. Through in-house research and development, we introduced successful applications including ILoveDeals, WheresApp, Property Buddy and De!ite – Singapore's first multimedia lifestyle magazine application. ILoveDeals was one of Singapore's top downloaded apps. WheresApp allows users to locate their friends on a virtual map, communicate with them through instant messaging and group chats, and organise meetings. Our customers who are sports fans also got to catch world-class sporting action via Mobile ESPN on their mobile devices.

AMPed™, SingTel's award-winning and unlimited music download service, boosted its library to more than two million songs from the world's biggest music providers – EMI Group, Universal Music Group, Sony Music and Warner Music Group. Fans made hundreds of thousands of downloads. AMPed continues to be a real differentiator for SingTel, thrilling customers with experiences that money cannot buy, including getting up close and personal with Justin Bieber, Fish Leong and the cast of Glee.

2,000,000
Songs in AMPed Library

120,000
Users of the SingTel Cloud

As a result of our complementary strategies on handsets and applications, SingTel acquired a record 156,000 postpaid mobile customers. Many of these new customers are smartphone users, who now comprise half our total postpaid customer base.

mio TV grew stronger and became a significant contender in Singapore. It ended the year with 292,000 customers and in May, crossed the 300,000-customer mark. During the year, we delivered a series of blockbuster content including the 2010 FIFA World Cup™, Barclays Premier League (BPL), UEFA Champions League, ESPN Star Sports and Bloomberg Television. We changed the game with locally-made BPL productions, innovative interactive TV capabilities and were the first to offer 3D movie content to residential homes. We are constantly enhancing our content offerings to meet customer needs and this strategy will continue when the cross-carriage regulations are introduced.

SingTel also launched the exStream suite of consumer fibre services. Beyond providing customers with high-speed fibre broadband connections, exStream offers attractive infotainment services and applications to access social networks, high quality video chats, TV, games, and email services on one personalised portal.

Continuing to Innovate and Win in ICT

In FY10/11, SingTel gained market share not only in Singapore but also in the competitive Asia Pacific multinational data network arena. In Internet Protocol Virtual Private Network (IP VPN), we increased our regional market share from 19 per cent to 21.7 per cent, which is almost double the nearest competitor, cementing our position as a leading ICT provider.

SingTel is the leading telco provider of cloud services in the region, with over 120,000 users and over 800 enterprises on cloud services. With our international network and unparalleled capabilities, we are well positioned to capture the significant opportunity for managed data services growth in Asia Pacific.

We offer on-demand computing resources, Software-as-a-Service solutions from our mybusiness.singtel.com online portal and PowerON Compute – Asia's first enterprise hybrid cloud service that allows customers to reduce operating costs by more than 70 per cent.

In an industry breakthrough, SingTel introduced ICT services which are on-demand and scaleable in real time. Enterprise customers enjoy unprecedented business agility and lower operating costs. SingTel's OneOffice suite, a collaboration with Google, allows customers to achieve cost savings of as much as 90 per cent.

In September 2010, SingTel together with its partners presented i.Luminate 2010, Asia's largest business innovation forum. It featured more than 50 global distinguished thought-leaders in innovation across industries and showcased 100 intelligent ICT solutions to transform businesses for success. We also hosted Accelerate 2010, bringing together one of the largest gatherings of global and local software developers, entrepreneurs and research institutes in the Asia Pacific.

<

SingTel offers a range of in-house developed, innovative and exciting apps to enrich our customers' lifestyles

^

First to offer the Samsung Galaxy S with a special appearance by Korean boyband, Super Junior

We energised our brand with the theme *'Amazing things happen when you dream big'*. By daring to dream big, we grew new businesses while maintaining our leadership position in key markets.

^

SingTel's second satellite ST-2 was successfully launched into orbit following an impressive lift-off from Kourou, French Guiana

SingTel's wholly-owned subsidiary, NCS made significant contributions in the area of business solutions, from growth in applications management to systems integration and business process outsourcing services. NCS also won an important contract from the Ministry of Education. At S$850 million over an eight year period, the infrastructure management project is the biggest ever contract for us. The win also strengthens NCS' position in the education market.

Robust Networks and Infrastructure

Extensive network infrastructure is a key differentiator for our business. Leveraging the Next Generation National Broadband Network deployed by OpenNet and SingTel's own extensive fibre infrastructure, we unleashed our high-speed fibre offerings to consumers and businesses. As the key subcontractor for OpenNet, we played a critical role in the islandwide fibre rollout. The high-speed services offer a range of downlink speeds of up to 200 Mbps, uplink speeds of up to 100 Mbps and international bandwidth of up to 25 Mbps. SingTel's fibre network is scalable and capable of providing even higher speeds in the future to meet the needs of retail and wholesale customers.

We have the largest number of mobile base stations installed with 3,000 GSM and 3G base stations. In FY10/11, we upgraded our mobile network to 42 Mbps. This will ensure we continue to provide the best mobile broadband performance in terms of coverage, quality, consistency of connection and reliability.

SingTel's second satellite, ST-2, was launched successfully on 21 May 2011. SingTel is the only homegrown company in Singapore to own commercial satellites and ST-2 will increase capacity to meet growing customer demand for fixed and mobile satellite services in broadcast, maritime and oil and gas industries in the Middle East, Central Asia, Indian sub-continent and Southeast Asia.

During the year, SingTel embarked on trials of Long Term Evolution (LTE). We are exploring several options, working closely with network providers and handset manufacturers to ensure alignment of network readiness and availability of compatible devices for the commercial launch of LTE services planned for end 2011.

International Sports Action Up Close

Our close association with sports inspired Singaporeans to dream big as athletes and as sports fans.

SingTel's sponsorship of the world's first Youth Olympic Games held in Singapore included support for young athletes as well as a school engagement programme to connect students with national athletes. As the official multimedia services provider, we developed special services including 3D navigational maps and social multicultural chat platforms.

We also continued our successful partnership with Formula One™ that was first forged in 2008, and renewed our partnership to be the Title Sponsor for the Formula 1 Singapore Grand Prix in Singapore for two more years in 2011 and 2012. Now into the fourth year of this partnership, we will continue to act as trail-blazers to bring the best to our customers in Singapore and around the world.

Business in Australia

Optus delivered strong operating revenue and EBITDA growth as well as improved cash flow in a highly competitive market.

REVENUE

+3.7%

A$9.28b

AUSTRALIA BUSINESS	Financial Year Ended 31 March 2011 (A$ million)	2010 (A$ million)	Change (%)
Operating revenue by division			
Mobile	**5,977**	5,573	7.2
Fixed			
Business and Wholesale	**1,967**	2,004	-1.8
Consumer and Small-Medium Business (SMB)	**1,348**	1,384	-2.6
Inter-divisional	**(8)**	(11)	-24.8
Total	**9,284**	8,949	3.7
Operational EBITDA	**2,334**	2,153	8.4
Operational EBITDA margin	***25.1%***	*24.1%*	
Net profit	**776**	676	14.7

EARNINGS REVIEW

Optus, SingTel's largest subsidiary and Australia's number two telecommunications operator, delivered strong operating revenue and EBITDA growth as well as improved cash flow in a highly competitive market.

Operating revenue grew 3.7 per cent to A$9.28 billion on the back of robust mobile service revenue growth of 8.4 per cent. Total mobile customer base exceeded 9 million as at 31 March 2011. Fixed revenues, however, declined as Optus continued to exit marginal resale services.

EBITDA for the year rose a strong 8.4 per cent to A$2.33 billion driven by contributions from all business segments. Net profit grew 15 per cent to A$776 million.

Optus Mobile contributed 64 per cent to Optus' operating revenue and 67 per cent to Optus' EBITDA. Mobile revenue grew 7.2 per cent over the year to A$5.98 billion, matched by EBITDA growth of 7.4 per cent.

Optus added strong postpaid net additions of 582,000 in the year, underpinned by robust demand for smartphones and wireless broadband. Reflecting its success in penetrating the wireless broadband market, a total of 1.28 million customers were provisioned with High Speed Packet Access (HSPA) broadband service as at end March 2011, up from 907,000 customers a year ago. Prepaid customer base declined by 12,000 from a year ago, impacted by a higher than average churn rate on certain international calling cards.

Blended average revenue per user (ARPU) was stable. Excluding wireless broadband, postpaid ARPU grew 3.8 per cent. With increased data usage and higher penetration of wireless data products, SMS and other data revenue grew to 40 per cent of ARPU, up from 36 per cent a year ago. Reflecting continued focus on driving data growth, non-SMS data revenue constituted 18 per cent of ARPU, up from 13 per cent in the previous year.

Business and Wholesale Fixed accounted for 21 per cent of Optus' operating revenue and 23 per cent of Optus' EBITDA. Revenue was A$1.97 billion for the year, down 1.8 per cent from the previous year. Total Business fixed revenue declined 3.0 per cent on lower ICT and Managed Services, while Wholesale fixed revenue was stable with continued satellite growth partly offset by lower voice revenue.

EBITDA increased 11 per cent, driven by Optus' on-net strategy and careful cost management.

Consumer and Small-Medium Business Fixed contributed 15 per cent to Optus' operating revenue and 10 per cent of Optus' EBITDA. Consistent with its strategy of focusing on on-net customer growth, Optus continued to exit marginal resale services. Accordingly, consumer fixed on-net revenue was up 2.0 per cent while off-net revenue declined 42 per cent, resulting in an overall decline in consumer fixed revenue of 2.7 per cent to A$1.17 billion. The proportion of on-net revenue in consumer fixed was 94 per cent, up from 89 per cent a year ago, contributing to the improved EBITDA.

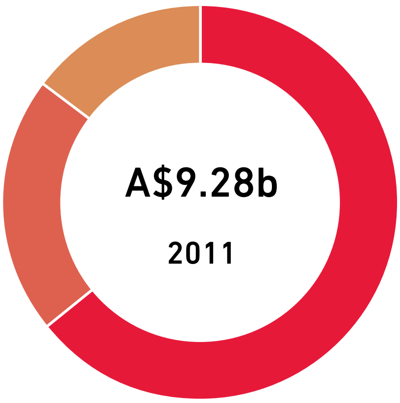
Continuing demand for Optus' market-leading Fusion plans and a range of new broadband offers lifted on-net broadband customer base by 40,000 in the year to reach 960,000 as at 31 March 2011.

EBITDA grew 10 per cent, driven by improved on-net revenue mix and yield management initiatives.

FOCUS FOR FY11/12

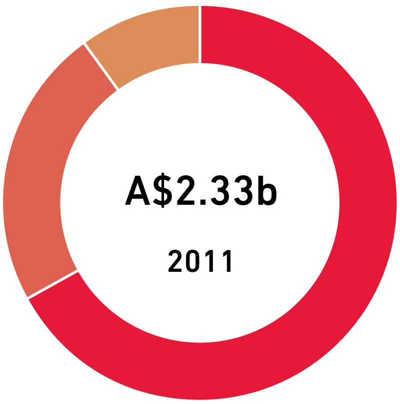
- Drive mobile growth by competing with differentiated mobile value added services.
- Increase depth and reach of services with ongoing network investments.
- Continue to build scale and focus on profitable on-net services in fixed-line.

REVENUE BY BUSINESS DIVISIONS

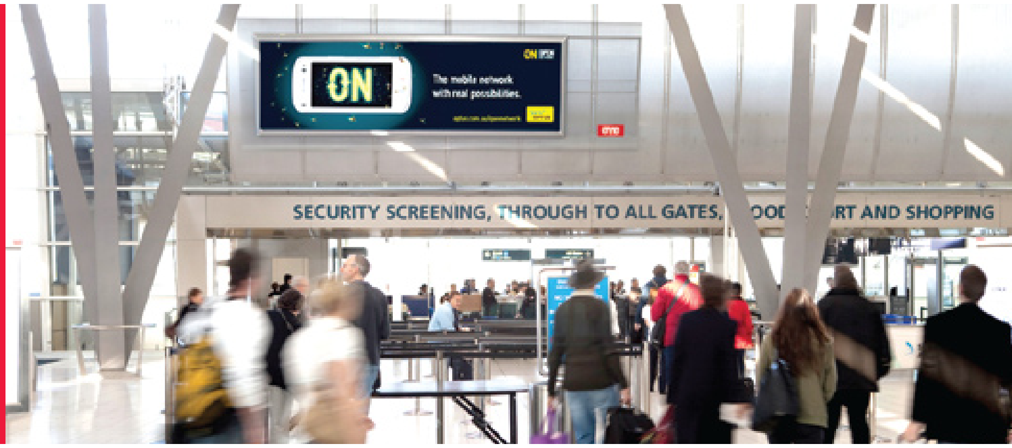


Mobile	64%
Optus Business and Optus Wholesale Fixed	21%
Consumer and SMB Fixed	15%

OPERATIONAL EBITDA BY BUSINESS DIVISIONS



Mobile	67%
Optus Business and Optus Wholesale Fixed	23%
Consumer and SMB Fixed	10%



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The Optus Open Network covers 97% of the Australian population for voice and data

YEAR IN REVIEW

Optus sustained strong growth in a highly competitive market, by staying focused on delivering an outstanding customer experience, enriching our portfolio of products and services, and investing in our network. This focus has helped Optus deliver EBITDA growth for the fourth consecutive year.

Differentiating to Drive Mobile Growth

Optus continued to differentiate itself by offering leading-edge devices, coupled with innovative rate plans and personalised content and applications to deliver more value to customers. This enabled Optus to attract 570,000 new mobile customers during the year and deliver mobile revenue growth of 7.2 per cent.

Recognising it was a year that Australians readily embraced smartphones, Optus offered generous data allowances and free access to popular social networking sites, and secured exclusivity for leading handsets such as Samsung Galaxy S at the time of launch.

Optus also drove innovation in the Australian prepaid mobile market by expanding its offerings with the launch of Optus Dollar Days in October 2010, allowing customers to set their own plan limits from as little as A$1 a day for unlimited access.

With the explosive demand for wireless broadband, Optus led the market by offering a new range of mobile broadband cap plans with different rates for peak and off-peak usage. Optus also pushed the boundaries in the tablet market by being the first carrier to offer the Dell Streak Android tablet device in Australia, as well as introducing our own entry-level tablet for prepaid customers, the Optus My Tab.

Building on our commitment to small and medium businesses (SMB), Optus partnered TrueLocal.com.au to give SMB mobile customers a business advertising package to promote their businesses online.

Strengthening our presence in the enterprise market, Optus was selected by BMW Australia as its whole-of-business telecommunications provider for fixed and mobile services as part of a three-year multimillion dollar deal. In the government sector, the Department of Education in Western Australia renewed its contract with Optus Business for the provision of mobile services for another three years.

We further cemented our position as the number one wholesale service provider for mobile and mobile broadband services by partnering Amaysim, Tru and iiNet.

Embracing a Digital World

The creation of the Optus Digital Media division with dedicated talent resources in September 2010 has enabled Optus to deliver rich, highly personalised digital services across a range of devices.

Leveraging the Optus Open Network [1], we developed and introduced useful mobile applications including Optus Trafficview and Optus-Now. Trafficview gives customers a real-time view of traffic conditions using anonymous aggregated data from the Optus mobile network,

Note:
(1) The Open Network is the brand for Optus' combined 2G and 3G mobile networks.

Optus continued to differentiate itself by offering leading-edge devices, coupled with innovative rate plans and personalised content and applications to deliver more value to customers.

while Optus-Now provides the latest news, weather and traffic information.

As the exclusive Australian Mobile Broadcaster of the 2010 FIFA World Cup™, Optus delivered nearly 400,000 streams of 2010 FIFA World Cup™ games. Optus also provided its mobile customers with exclusive content and free live streaming of matches for the 2011 Australian Open as the telecommunications partner. The Australian Open mobile streaming service was further boosted with the introduction of a new TV and Video app for Apple iPhone™ and selected Android handsets and tablets.

In the business market, Optus Business expanded into enterprise cloud services with the launch of Optus Cloud Solutions, providing customers such as Curtin University of Technology and Savills with virtualised computing and storage capacity on demand. Additionally, Optus signed an agreement with Google in March 2011 to offer Google Apps for Business™ as part of its new range of cloud-based solutions for SMB customers.

Creating Outstanding Customer Experience

Optus continues to respond to customers' changing expectations of their telecommunications providers by delivering a superior customer experience. Optus enhanced customer interaction points by investing in our infrastructure, information systems, human resources, retail distribution and internal processes.

Our leadership and excellence in customer experience were recognised with multiple awards from the Customer Service Institute of Australia.

We continue to invest in systems to provide customers with improved online capabilities and self-service options. To date, more than two million Optus customers have signed up for online self-service while the Optus My Account mobile app has been downloaded more than 750,000 times, allowing customers to manage their accounts straight from their mobile devices. New online help and support tools have also been recently introduced such as Bill Estimator, a new bill forecasting tool for selected Optus SMB mobile customers.

First-call resolution for general and billing enquiries into call centres has improved by 15 per cent, while the number of enquiries into our call centres from mobile postpaid customers has halved.

As retail forms an important component of a customer's experience, we increased our Optus branded stores nationally to 270. In regional Australia, we brought 3G coverage for the first time to regional towns such as Digby (Victoria), Kyalite (New South Wales), Dingo Beach (Queensland) and Carpenter Rocks (South Australia).

Ongoing Network Investments

As Australia's only full service communications provider with its own fixed, mobile and satellite infrastructure, Optus invested more than A$1 billion in its networks, including upgrading the metropolitan Hybrid Fibre Coaxial (HFC) network to DOCSIS 3.0 technology. Testament to our ongoing network investment, the Optus network proved to be robust and resilient during the recent Queensland natural disasters, despite extremely adverse weather conditions.

<
Innovative rate plans and mobile devices attract customers to an Optus 'yes' store

^
Grammy-award winner Kelly Rowland celebrates the launch of the iPhone 4 with Optus

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Our people test the Optus Open Network coverage around Sydney to ensure a positive customer experience

In December 2010, the Optus Open Network reached a new milestone by covering 97 per cent of the Australian population for both voice and data. This positions Optus as the only carrier capable of challenging the incumbent on mobile network coverage and speed. To offer more choices to Australians, Optus expanded its mobile network footprint with the rollout of more than 660 new base stations across Australia. We also successfully conducted the first phase of our Long Term Evolution technology trials.

In addition, Optus made a significant investment in transmission and backhaul capacity, with fibre backhaul now available at more than 80 per cent of metropolitan base stations. Optus purchased an additional 10 MHz of paired spectrum in the 2100 MHz band in metropolitan Australia, which doubled our metropolitan spectrum capacity. We were also the first carrier to acquire new regional spectrum licences available in the 2100 MHz band at nearly 1,000 regional sites in July 2010, and are well placed to continue our regional network expansion.

In August 2010, Optus celebrated 25 years of satellite communications with five satellites currently in orbit, and further deepened our leadership position with the announcement of the launch of our next satellite, Optus 10, in 2013. Optus was also awarded multiple multimillion dollar contracts by broadcasters to deliver digital free-to-air television services to blackspot areas as part of the Government's ongoing digital switch over programme.

Advocating Reform for Market Innovation and Competition

Optus remains a champion for reform to deliver more innovation and competition in the telecommunications industry in Australia.

Over the year, there was historic regulatory reform in the fixed-line telecommunications sector. As a strong challenger, Optus is in a strong position to take advantage of the Australian Government's planned National Broadband Network (NBN) which has the potential to positively reshape the country's fixed-line sector.

With the historic milestone of the passing of the Competition and Consumer Safeguards bill and NBN Access Arrangements and NBN Companies bills, Australia will have the regulatory framework to deliver a level playing field and improve competition in the fixed-line market. As the Australian Government presses ahead with the rollout of the NBN, Optus will continue to advocate for the NBN Co. to remain true to competition to ensure NBN's long term success.

Optus will continue to adopt new service models to take advantage of the development of applications for high-speed broadband and deliver a truly integrated experience for customers across both fixed and mobile devices. Following our HFC cable network upgrade, Optus customers in Brisbane, Melbourne and Sydney can already experience broadband speeds of up to 100 Mbps to take advantage of high-speed content and services.

Business in the Region

The regional mobile associates continued their strong momentum in customer acquisitions.

SHARE OF PRE-TAX PROFIT

-11.2%

S$2.14b

ASSOCIATES	Financial Year Ended 31 March 2011 (S$ million)	2010 (S$ million)	Change (%)
Share of pre-tax profit [2]			
Regional mobile associates			
Telkomsel	**855**	940	-9.0
Bharti			
- India, Bangladesh and Sri Lanka (South Asia)	**859**	978	-12.1
- Africa	**(93)**	-	nm
	767	978	-21.6
AIS	**276**	215	28.2
Globe	**199**	235	-15.3
Warid	**(61)**	(63)	-3.5
Pacific Bangladesh Telecom	**(16)**	(13)	25.4
	2,019	2,291	-11.9
Other associates	**122**	119	2.8
Group share of associates' pre-tax profit	**2,141**	2,410	-11.2
(ex-Bharti Africa) [3]	***2,233***	*2,410*	*-7.3*
Share of post-tax profit [2]			
Regional mobile associates			
Telkomsel	**638**	682	-6.4
Bharti			
- India, Bangladesh and Sri Lanka (South Asia)	**726**	848	-14.4
- Africa	**(122)**	-	nm
	604	848	-28.8
AIS	**191**	148	28.6
Globe	**138**	165	-16.3
Warid	**(62)**	(63)	-2.2
Pacific Bangladesh Telecom	**(16)**	(13)	25.4
	1,492	1,766	-15.5
Other associates	**108**	109	-0.8
Group share of associates' post-tax profit	**1,601**	1,875	-14.6
(ex-Bharti Africa) [3]	***1,722***	*1,875*	*-8.1*

Notes:

(1) Numbers in above table may not exactly add due to rounding.

(2) Exclude the Group's share of Bharti's one-time brand launch cost recognised as exceptional item of the Group.

(3) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa acquired in June 2010.

EARNINGS REVIEW

The Group's share of pre-tax profits from the associates declined 11 per cent to S$2.14 billion. As a result of tax expenses from Bharti Africa's profitable entities, overall post-tax contributions from the associates decreased 15 per cent from the previous year. Excluding the losses of Bharti Africa, the pre-tax and post-tax contributions from the associates would have been lower by 7.3 per cent and 8.1 per cent respectively. On an overall basis, the movements in the regional currencies did not have a significant impact on the associates' contributions.

The regional mobile associates continued their strong momentum in customer acquisitions. Including mobile customers across operations in 19 countries covering India, Bangladesh, Sri Lanka and across Africa, Bharti's total mobile customer base across all geographies reached 212 million as at 31 March 2011, an increase of 66 per cent from a year ago. Telkomsel registered 21 per cent increase in its customer base to 99 million as at 31 March 2011 and crossed the significant 100 million mark in April 2011. The Group's combined mobile customer base reached 403 million, an increase of 37 per cent or 110 million from a year ago.

Telkomsel accounted for 40 per cent of the Group's share of total post-tax profits from associates, up from 36 per cent last year. Operating revenue grew 2 per cent on strong customer growth partly offset by average revenue per user dilution from tariff pressures amid intense competition in Indonesia. With higher marketing spend and increased network related costs as well as lower fair value gains on mark-to-market valuation of its US Dollar and Euro denominated liabilities, Telkomsel's post-tax contribution declined 6.4 per cent to S$638 million. Telkomsel is the market leader in Indonesia with approximately 46.4 per cent subscriber share as at 31 March 2011.

Bharti contributed 38 per cent to the Group's share of associates' post-tax profits, 7 percentage points lower than a year ago. In South Asia, EBITDA increased on the back of 11 per cent growth in operating revenue despite keen competition. Bharti launched 3G services across 7 telecom circles in the March 2011 quarter. Consequently, post-tax contribution was down 14 per cent on higher depreciation and amortisation, including the first time recognition of amortised 3G license fees as well as lower fair value gains on mark-to-market valuation of its US Dollar and Japanese Yen denominated borrowings. Including the net loss and related acquisition financing and transaction costs of Africa amounting to S$122 million, Bharti's overall post-tax contribution declined 29 per cent to S$604 million. Bharti continued to lead the Indian mobile market with a subscriber share of 20 per cent as at 31 March 2011.

AIS, the leading mobile phone operator in Thailand, recorded strong growth in profits. Post-tax contribution rose 29 per cent to S$191 million, underpinned by the economic recovery in Thailand, strong data revenue growth and successful cost management. AIS maintained its lead in the Thailand mobile market with approximately 44.3 per cent subscriber share.

Globe, the second largest mobile phone operator in the Philippines, recorded lower operational performance amid continued competitive pressures. Service revenue grew 3 per cent driven by growth in broadband and data services. With higher marketing spend and increased network costs, Globe's post-tax contribution declined 16 per cent to S$138 million.

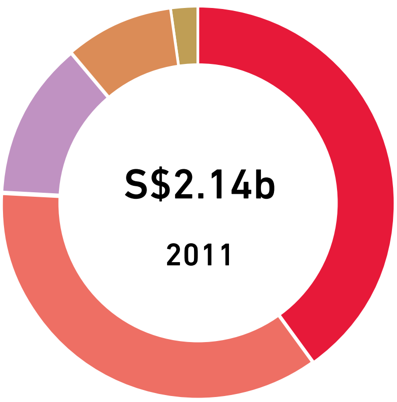
In Pakistan, Warid recorded higher operating revenue on an enlarged customer base. Including lower fair value losses on mark-to-market valuation of its US Dollar denominated liabilities, the Group's share of Warid's net loss amounted to S$62 million, down from S$63 million in the previous year.

The Group received gross dividends totalling S$1.19 billion from its associates, 25 per cent higher from the previous year, boosted by special dividends received from AIS during the year.

FOCUS FOR FY11/12

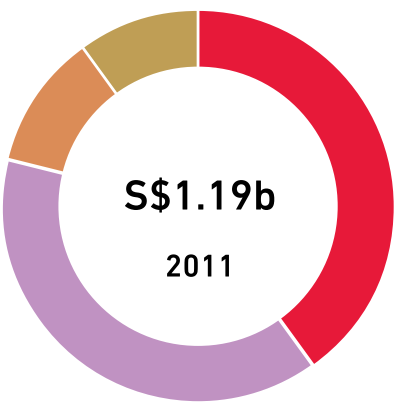
- **Strengthen associates' operating and financial performance.**
- **Build associates' capabilities to capture mobile broadband growth in emerging markets.**

SHARE OF ASSOCIATES' PRE-TAX PROFITS



Telkomsel	40%
Bharti	36%
AIS	13%
Globe	9%
Warid, Pacific Bangladesh Telecom and Others	2%

CASH DIVIDENDS RECEIVED FROM ASSOCIATES [1]



Telkomsel	40%
AIS [2]	39%
Globe	11%
Bharti, Southern Cross, SingPost and Others	10%

Notes:

[1] Cash dividends received from overseas associates are before related tax payments.

[2] Include special dividends.

SingTel plays a strategic investor role and readily renders assistance and support to our investments.

>
Bharti Airtel unveils new Wave logo aimed at synergising its global operations

YEAR IN REVIEW

In our regional businesses, SingTel plays a strategic investor role and readily renders assistance and support to our investments. We constantly seek ways to improve our associates' operational performance by sharing our expertise and leveraging our extensive networks to drive collaboration. With this spirit of cooperation and collaboration, the Group is well positioned for high performance in the region.

Pursuing New Engines for Growth

Heralding a new era in connectivity, Bharti debuted 3G services in India in January 2011. Following the issuance of 3G licences, the high-speed mobile experience was rapidly rolled out to 21 cities across seven circles within two months, starting with Karnataka – Bharti's largest circle by revenue market share.

This initiative redefines the mobile internet experience in India and allows customers to access entertainment, utility, commerce and health services via their mobile phones. Accompanying the service is a set of easy-to-understand 3G tariffs, with personalised data usage limits, so that customers can manage their 3G data usage effectively.

We also assisted our associates with their bids for 3G services in their respective countries. SingTel facilitated knowledge sharing in data profitability, network planning, branding and marketing and structuring of price plans. We constantly harness the experience of operators within the Group which have already been successful in their bids, and champion the exchange of best practices.

Similarly, we guided AIS in their preparation for the September 2010 3G 2.1GHz auction. However, the auction plans by the National Telecommunications Commission encountered legal complications and were eventually suspended by a court injunction. Despite this, AIS expects that Thailand should still have 3G 2.1GHz licensing within the next two years.

The Group also collaborated on a number of strategic and tactical marketing projects in the year, including the joint introduction of the Samsung Galaxy S smartphone. Drawing on the rich experience of our operations in Singapore and Australia, we helped our regional associates, AIS, Globe and Telkomsel to formulate relevant go-to-market strategies for their local markets.

Widening our Reach

In a globalised world, there are increasingly fewer remaining high growth markets for telecommunications. Africa is one such market. In a bold move, the Group gained a significant presence in the massive markets of Africa via Bharti's acquisition of mobile operations in 16 countries. The acquisition was completed in June 2010.

This acquisition is historic on several fronts – it is the largest-ever telecommunications takeover by an Indian firm and enlarges Bharti's presence to 19 countries, propelling it to become the world's fifth largest wireless company.

Shortly after, Bharti unveiled a fresh brand identity which manifested the company's new international positioning with a youthful vibrancy.

SingTel remains committed to leveraging the expertise of the Group to help our associates improve their operations.

Telkomsel introduces simPATI Freedom, a mobile plan that gives customers the freedom to choose from a range of services that best suit their needs

A catchy signature tune was also composed to complement the new visual identity.

AIS, Globe, Telkomsel, Warid and CityCell also continued to add more mobile customers in the year. Including Bharti's mobile customers in Asia and Africa, the Group's combined mobile customer base grew to 403 million as at 31 March 2011, from 293 million a year ago.

Staying Competitive through Innovation

Some of our associates' home markets experienced intense and high levels of competition during the year. But by being part of a larger group, the associates are able to share experiences and insights with one another, especially since they are in different stages of development. These lessons help our associates as they navigate challenges in their own markets.

In the competitive telecommunications arena, constant innovation is necessary.

Globe continued to operate in a very challenging environment with mobile penetration rates reaching over 90 per cent and increased multi-SIM usage, leading to service providers competing for share of spending in a declining market. In addition, the shift towards flat-rate, unlimited value promotions accelerated the erosion of prices and margins.

Globe revamped its price plans and created two popular prepaid plans, All Text Offer and Super Unli, that helped increase net additions and allowed the Philippine mobile operator to win back market share from its larger competitor. Globe also introduced the postpaid My Super Plan which allows customers to select and design their postpaid plan according to their lifestyles, with a choice of consumable plans, freebies, services and handsets.

In Indonesia, Telkomsel continues to be the market leader despite aggressive competition in a market with 10 other operators. With mobile penetration levels in excess of 90 per cent and the market near saturation point, operators have tried to increase penetration by offering new competitive pricing promotions with more minutes and SMS. To respond to intensive price wars, Telkomsel introduced simPATI Freedom, a plan that gives customers the freedom to choose from a range of services that best suit their needs. Recognising the popularity of social networking, simPATI Freedom offers a free weekly package of Twitter messages.

The Group's collaboration efforts also extended beyond voice and data. One example is the introduction of mCommerce services.

Bharti introduced India's first mobile wallet service by a telco, Airtel Money, which enables customers to make secure payments for anything from groceries to electrical bills using their mobile phones.

CityCell launched a similar service, CityCell Moneybag, which permits m-payment for utility bills in Bangladesh.

> Sharing best practices at the SingTel Regional CEO Forum

These marked the start of a trend towards mCommerce services as customers become accustomed to the experience of using their mobile phones as a convenient lifestyle device.

Telkomsel partnered Google to introduce Business Connect, a world-class cloud computing solution for its corporate customers. The solution brings together the Google Apps for Business suite with Telkomsel's national network and broadband service, providing a powerful toolkit of web-based applications. Business Connect brings the latest innovations while dramatically reducing costs and maintenance needs associated with traditional ICT infrastructure and enhancing productivity.

Adding Value to Regional Operations

SingTel remains committed to leveraging the expertise of the Group to help our associates improve their operations. Regular forums to share best practices and discuss operational issues are held by these teams – Sales and Marketing, Finance, Technical, Regulatory, Corporate Services and Innovation. The groups are also actively engaged in regional projects that bring scale benefits for all operators.

One of the initiatives developed from the regional working groups is the Long Term Evolution (LTE) trial. LTE is the technology of the future, enabling high-speed mobile service offerings. SingTel embarked on regional LTE trials in collaboration with Optus, Globe and Telkomsel to ensure common technical standards and to determine the best strategy for its adoption in the respective markets.

Phase 1, to test and validate basic LTE functionalities, involved the pairing of each of the six trial network vendors with one of the four companies to optimise resources and costs. This was followed by Phase 2 which was rolled out progressively from December 2010 and focused on advanced LTE features. The trials will lay the groundwork to establish a regionally compatible LTE network to boost growth in the mobile broadband business for the SingTel Group.

During the year, we also introduced Lean Six-Sigma (LSS) to our subsidiaries and associates to help them improve efficiency by elevating quality standards and operational excellence. AIS and Warid started their pilot projects while the rest of the Group embarked on some 200 LSS projects. In total, more than 3,000 individuals were LSS-certified during the year. Our LSS efforts are also geared towards building talents who possess good understanding of the business needs of the region and who can be deployed to drive regional level projects in the future.