

OPERATING AND FINANCIAL REVIEW



The SingTel Group is Asia's **leading communications group**. We provide a wide spectrum of multimedia and ICT solutions, including voice, data and video services over fixed and wireless platforms.

The Group is structured along three key businesses: Group Consumer, Group Digital Life and Group ICT.

Our main operations are in Singapore and Australia. In Singapore, SingTel has more than **130 years of operating experience** and played an integral part in the country's development as a major communications hub. We continue to lead and shape the digital consumer market and the enterprise ICT market. Optus is an Australian leader in integrated telecommunications, driving competition and delivering innovative products and services to customers.

We are **a major player in Asia and Africa** through our strategic investments in six regional mobile operators. The Group's investments are in AIS (Thailand), Globe (the Philippines), PBTL (Bangladesh), Telkomsel (Indonesia) and Warid (Pakistan). We also have investments in Airtel (India), which has significant presence in Africa and South Asia.

We are a long-term strategic investor and work closely with our associates to grow the business, by leveraging our scale in networks, customer reach and extensive operational experience. Together, **the Group serves 445 million mobile customers** as at 31 March 2012.

In this section, we provide a strategic review of the SingTel Group's operations and discuss the financial performance of the Group for the financial year ended 31 March 2012.

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▲ Optus celebrates its 20th anniversary



Airtel launches mobile service in Rwanda



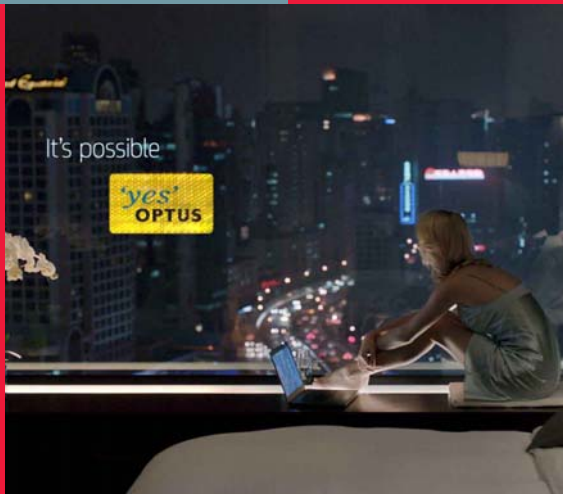
▲ SingTel brings a wide range of exciting handsets to customers



▲ 2,000 employees stand together to form the new AIS logo

GROUP CONSUMER

➤ Optus revitalises its brand to build stronger bonds with customers



▲ Rewarding Lady Gaga look-alikes with tickets to the artiste's showcase – exclusive to SingTel

OPERATING AND FINANCIAL REVIEW

GROUP CONSUMER

Group Consumer consolidates the Group's consumer-related functions, including those of the emerging markets, allowing us to fully leverage our scale of more than 400 million mobile customers.

The new unit focuses on driving more value from our core carriage business. Firstly, Group Consumer is realising scale synergies through the SingTel Group's cost and capital expenditure programmes. Secondly, we are sharpening our focus and driving critical scale in areas of new technology, product development and customer offerings which can then be offered to our associates. Finally, we are accelerating the evolution of our sales, marketing and customer support organisations to optimise selling and the provision of new digital life services to our customers.

To be an effective organisation that anticipates, responds to and influences customer behaviour, we continuously invest in our brands, networks and processes, setting new benchmarks in customer experience.

Forging closer connections with customers through our brands

SingTel, Optus, Airtel, AIS, Citycell, Globe, Telkomsel and Warid are established brands in their respective markets. To strengthen our connection with customers and develop a more intimate understanding of their needs, the Group's brands are rejuvenated from time to time to ensure their brands' attributes appeal to new and existing customers.

During the year, the AIS brand was refreshed with a new logo, fashioned after a green smile. The complementary tagline "Your World.Your Way." reflects AIS' promise to uphold service standards, as well as to deliver relevant products and services to customers.

In Australia, the Optus brand was revitalised with a new marketing campaign to build stronger bonds with customers by showing them we care, from connecting them with their loved ones to getting the hottest phone before anyone else. A new digital twist was also incorporated into the campaign to represent Optus innovation in the digital space.

In January 2012, Optus celebrated 20 years of providing value, choice, service and innovation to Australian consumers. Optus' name, derived from the Latin verb "optare" meaning "choice",

has become synonymous with choice over the last two decades. Today, Optus is one of Australia's most recognised and respected brands.

Delighting customers with superior service at all touch points

We are inspired to provide the best customer experience with our interactions through various channels and touch points.

During the year, we continued to refine our processes, improve products and train staff to better engage customers. In Australia, we made it easier for customers to interact with us by introducing more online self-service tools and providing incentives for them to utilise such tools. More than two million customers have registered to manage their accounts through the Optus MyAccount portal. Online channels were further enhanced with the Optus Community forum, a live chat feature for customers, a dedicated area for frequently asked questions and educational tutorials to help customers find out more about our products and services. In addition, we introduced usage alerts and a new MyOptus app that allows mobile customers to view, pay and recharge their accounts on the go.

In Singapore, our customers who make purchases via singtelshop.com enjoy the option of free home delivery as well as exclusive special offers and discounts. We upgraded our flagship retail store for a truly interactive retail experience. With touch screens embedded in its exterior glass walls, the store is effectively open 24/7, thus maximising consumer reach.

Valuing and rewarding our customers are also priorities. SingTel customers are now able to transfer and combine points with other customers to redeem rewards under our revamped Red Rewards loyalty programme, a market first. Optus customers also enjoy more value with the introduction of the Optus Rewards programme in partnership with Qantas Frequent Flyer.

AIS went one step further by offering Facebook as a new customer service channel, becoming the first operator in Thailand to do so. Telkomsel opened "GraPARI 24 Jam", a 24-hour service centre located in downtown Jakarta that caters to the needs of busy Telkomsel customers.

We have proactively addressed the issue of overseas data roaming charges, a concern for customers. As part of the Bridge

Alliance, SingTel, Optus and our associates, together with other Bridge Alliance member operators, offer overseas data roaming packages, including unlimited and capped data packages, at affordable rates using partners' networks. These plans are designed to help customers manage their data roaming charges and avoid bill shock.

Capturing growth from mobile data and a larger share of the customer's wallet

The fastest growing area in the global telecommunications market is mobile data, spurred by the proliferation of sophisticated mobile devices and the availability of richer applications and content.

We are transforming ourselves to capture value from this growth. We have a comprehensive strategy that encompasses apps, content, handsets, price plans and customer experience to win a bigger share of customers' spend, as they communicate, consume information and perform transactions.

Through our continuous network investments, customers enjoy a quality connection and seamless experience both indoors and on the go. In FY2012, we upgraded our network with Long Term Evolution (LTE) technology or 4G in Singapore. We were the first and remain the only consumer LTE service provider in Singapore. We are working towards nationwide coverage by early 2013. With our LTE service, we are setting the industry trend by moving away from "all-you-can-eat" plans. Together with Priority Pass, which offers tiered price plans for different access speeds, we aim to promote a sustainable level of network usage and improve customer experience.

Optus has started rolling out a 4G network and turned on services for customers in Newcastle, New South Wales in April 2012. From mid-2012, Optus' 4G services will also be delivered in the capital cities of Sydney, Melbourne and Perth. In February 2012, Optus announced plans to acquire Vividwireless, which will provide Optus with additional spectrum in the 2.3Ghz frequency.

In another ground-breaking initiative, Optus introduced a new offer providing 50GB of free home broadband on a range of competitively priced mobile and telephony plans. By deploying fixed-line capabilities to complement mobile offerings, Optus seeks to differentiate its services against our competitors.

SIGNIFICANT HIGHLIGHTS

2011

APRIL

- > Telkomsel crossed the 100 million customer mark

JUNE

- > SingTel was the first to publish true mobile speeds with the introduction of Priority Pass

JULY

- > SingTel rewarded customers with an exclusive showcase by Lady Gaga
- > Airtel announced a new organisation structure for the India and South Asia operations
- > Optus launched Australia's first femtocell service
- > Warid Glow celebrated its youth-centric brand turning two

SEPTEMBER

- > Optus and Qantas Frequent Flyer launched new alliance to reward Optus' consumer as well as small-medium business customers with Qantas Frequent Flyer points
- > AIS introduced a new logo and tagline, "Your World. Your Way."

OCTOBER

- > SingTel and partners announced plans to develop next generation near field communications solutions

SIGNIFICANT HIGHLIGHTS

2011

NOVEMBER

- > Optus launched commercial services on the NBN
- > Optus connected Australia's first LTE data call in the 700MHz "Digital Dividend" spectrum band
- > SingTel unveiled the next social media star on YouTube
- > Globe announced network and IT transformation plans
- > Citycell sponsored the 7th Citycell-Channel i Music Awards
- > Airtel passed the 50 million mobile customer mark in Africa

DECEMBER

- > LTE network lit up in Singapore

2012

JANUARY

- > Optus celebrated 20 years of operations and marked the beginning of competition in the Australia telecommunications market
- > Globe introduced GCASH mobile app for iPhone

FEBRUARY

- > Optus announced plans to acquire Vividwireless to build a new 4G network

Our regional associates are similarly undergoing network transformation in anticipation of the emerging opportunities in mobile data services. Globe commenced its Network and IT Transformation programme to support traffic growth and improve customer experience. AIS believes that a quality and extensive 3G network, which can support rich data services, is essential for Thailand's future. AIS plans to participate in the anticipated 3G auction by the Thai regulator in 2012.

Airtel expanded its 3G services and covered more than 300 cities as at end March 2012. 3G traffic has been expanding rapidly and is expected to grow even faster when handset prices reach mass market levels. Airtel has also launched 3G services in seven of 17 countries in Africa.

Building next generation fibre networks

The digital evolution will gain pace with the rollout of fibre networks in Australia and Singapore. In Singapore, the government-sponsored fibre network, known as the Next Generation Nationwide Broadband Network (Next Gen NBN), is already available in more than 90 per cent of homes.

With the Next Gen NBN, we are leveraging the speeds to strengthen our consumer business, by offering multimedia bundles that span customers' needs across entertainment, information and games. More customers are signing up for fibre services and as at end March 2012, we had 76,000 customers, making us the leader in the home fibre market.

In Australia, the arrival of the National Broadband Network (NBN) will present opportunities in health, education and entertainment applications. The NBN will also double Optus' addressable market from our current four million homes. We have begun to offer NBN services to consumers and small-medium business customers in areas where the NBN is available. Optus has also signed an interim satellite deal with NBN Co, as well as a significant deal to migrate customers from our Hybrid Fibre Co-axial (HFC) network to the NBN. Optus expects the initial migration of its HFC customers to the NBN will commence in 2014, once the deal is approved by the regulator, the Australian Competition and Consumer Commission.

> mio TV launches Jia Le, a Hokkien language channel



GROUP DIGITAL LIFE



< skoob has over 60,000 listings and accepts payment in Singapore currency



> Optus ONE80 Project, a national competition that gives aspiring filmmakers a chance at TV production in partnership with MTV



^ Demo Day marks the end of the first bootcamp sponsored by SingTel Innov8

^ Senator The Hon. Stephen Conroy presents the winners of the "Unleash Your Apps" competition, organised by Optus and National ICT Australia

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GROUP DIGITAL LIFE

Group Digital Life focuses on creating new growth engines by delighting customers with innovative and cutting-edge digital services beyond traditional telephony, mobile, broadband and video offerings.

As customers spend more time on their mobile devices and the internet, this behaviour is creating immense opportunities for us to develop compelling products over the mobile and digital platforms.

Currently, our mobile apps and fibre services allow customers to purchase music, books, games and online storage. We also deliver information for shopping, dining, entertainment and related special promotions to customers.

To truly grow our share of the customer's wallet and bring in new revenue to the Group, we will increasingly be competing in new markets and adjacent industries, such as media, entertainment, retail and banking. As a challenger in these industries, we will be disruptive in our approach, supported by our strong and steady core communications business.

Winning with apps – focusing on hyperlocal apps that tap local and unique knowledge

We continued to lead the market with converged, innovative and differentiated digital services that enhance the way our customers live, work and play.

In Australia, Optus offered a consumer cloud service, Optus Smart Safe™, which enables customers to back up and store content from their mobile handsets or PCs for ready access anytime, anywhere. Similarly in Singapore, our SingTel Store & Share solution offers consumers online storage for their documents, photos, music, videos and other multimedia content. It automatically synchronises users' digital content across their mobile devices and PCs, and enables fast and reliable sharing of files and folders via SMS, social networks, instant messaging and email.

Our apps and multimedia services possess strong local context and are relevant to customers looking for local information, entertainment and deals. Aptly called "hyperlocal" apps, they are an example of how we are differentiating ourselves from global content providers, by offering services that specifically cater to the needs and tastes of Singaporeans and Australians.

Our growing suite of multimedia apps has been well received by customers. More importantly, we are able to boost usage of our content and apps by pre-installing them onto customers' devices, which are subsidised for postpaid mobile customers who sign up for a minimum contractual period. This gives us an invaluable advantage over other content providers.

In Singapore, our voice-activated deFIND digital concierge app makes it easier for our customers to find important information and perform tasks, like booking movie tickets and making restaurant reservations on the move. With over 60,000 book titles, skoob, was the first ebook store to accept payments in Singapore Dollars, and customers enjoy the convenience of having purchases billed to their monthly SingTel bill.

inSing.com, our hyperlocal portal that offers the latest news, food reviews, movies and shopping deals, has become one of the top sites in Singapore. We also added new features to our AMPed™ 2.0 to allow for unlimited streaming of music on mobile devices and PCs on demand. We included Asian songs in our offering and AMPed™ has a library of more than three million songs.

In Australia, Optus Go Places makes dining out an easier and more convenient experience by providing restaurant listings, reviews, bookings, travel instructions and vouchers all in one easy-to-use app.

Some apps are exclusive to our customers to differentiate our services against competitors' and reduce churn. We have also begun to monetise some of these apps by charging for content via revenue share arrangements with the content owners we have partnered for the apps.

In FY2012, Optus announced partnerships with a few content providers, including Football Federation Australia, Channel 7 for their broadcast of the Australian Open tennis tournament and the Australian Recording Industry Awards which saw Optus develop unique content for mobile customers.

Moving into adjacent markets, competing from a position of strength

The mobile advertising and marketing industry is an important adjacent space that allows us to play to our strengths. By leveraging our unique assets and Amobee, a recently acquired

mobile advertising company, we will be able to realise the full potential of mobile marketing as a platform to change the way brands communicate with their customers.

Our customer data gives us the ability to help brands better target their customers, so they can be sent relevant, useful messages based on their location and preferences. This increases the effectiveness of the brands' advertising messages and also enhances customer satisfaction. Our extensive reach to over 400 million mobile customers also gives advertisers more scope to deepen their one-on-one engagement with different audiences across different countries.

In the emerging markets where our regional mobile associates operate, mobile phones are possibly the most effective way for advertisers to reach the mass consumer market, as many people in these markets do not have PCs or TVs. For us to be successful in these markets, we will need to develop advertising solutions that suit phones with limited functionalities.

TV and video are another important part of our strategy to increase our customer wallet share. Our Singapore pay TV service, mio TV, increased its customers to 368,000 with the introduction of Jia Le channel, a Hokkien channel, as well as Malay channels. With a renewed focus on specific customer segments, we now have a market share of 40 per cent. We continued to grow our market share in TV by bringing additional content to our mio TV platform, such as top Taiwanese dialect dramas series and top movie titles available on the same day as their DVD release.

Optus MeTV with fetch is an internet TV service which is available on demand via customers' existing broadband connection. Optus MeTV with fetch brings together the best of digital free-to-air and subscription TV, plus access to the latest movies, entertainment, documentaries, music and more all at a very affordable price.

Taking digital knowledge to the region – making a difference to our associates

The digital products and services we are developing in Singapore and Australia have real relevance for our regional mobile associates, particularly in view of the rapid growth in mobile data. We are able to share our expertise and knowledge to give them a head start over their competitors.

SIGNIFICANT HIGHLIGHTS

2011

MAY

- > Optus Smart Safe™, a back-up and storage cloud service, was offered

JUNE

- > Optus announced digital partnership with Football Federation Australia

JULY

- > Optus TV Now™, a mobile free-to-air recording and playback service, was launched
- > MyAppsMall, the first regional service delivery platform, was launched in Singapore

AUGUST

- > mio TV introduced Jia Le, Singapore's first Hokkien channel

SEPTEMBER

- > National ICT Australia and Optus launched student competition to find "killer" Android mobile app

OCTOBER

- > Optus MeTV with fetch, an internet TV service available on demand, was introduced
- > First SingTel Innov8 Startup Weekend event was held in Singapore
- > Optus Go Places, a mobile app designed to make dining out easy and convenient, was introduced

SIGNIFICANT HIGHLIGHTS

2011

NOVEMBER

- > SingTel unveiled Singapore's first ebookstore, skoob
- > deF!ND, a SingTel digital concierge service, was introduced
- > SingTel introduced Store & Share solution to enable customers to store documents, photos, music, videos and other multimedia content
- > SingTel unveiled a brand-new, action-packed channel, KIX HD

2012

JANUARY

- > The first SingTel Innov8 regional bootcamp for start-ups kicked off in Singapore
- > Optus served up new digital apps and Wi-Fi at Australian Open

FEBRUARY

- > France24 joined the mio TV family

MARCH

- > SingTel announced plan to acquire US-based Amobee to expand its presence into the fast-growing mobile advertising and marketing industry
- > SingTel announced that all mio TV customers will enjoy free viewing of the London 2012 Olympic Games

The Group introduced the first regional service delivery platform across various mobile networks in the region. This gives us, developers and other partners the ability to distribute content and services across various markets easily. The platform also enables our partners to reach out to unbanked users in the prepaid markets through our operator billing relationships.

MyAppsMall, a multi-market applications store that allows users to access and personalise digital content via their smartphones or feature phones, was the first service launched over the platform. It is currently offered in four markets, namely the Philippines, Singapore, Indonesia and Thailand, with plans to bring the other Group operators on board.

Driving innovation internally and externally

Driving innovation is key for the development of new digital products and services. Even as we innovate internally, SingTel Innov8 (Innov8) and SingTel Idea Factory are charged with scouting and bringing cutting-edge external innovations to the Group.

We are nurturing the regional innovation ecosystem to make Asia an innovation hub. This ensures we stay abreast of the latest developments in technology and allows us to gain early access to these technologies.

In Australia, Optus partnered National ICT Australia to organise a competition for students to create a unique and innovative Android mobile application that makes lives easier.

Innov8, our independent corporate venture capital company, was a key partner in bringing Southeast Asia's first 100-day bootcamp for start-ups to Singapore. The bootcamp participants received intensive mentorship from industry experts and were given the opportunity to obtain funding from investors at the end of the programme.

Innov8 also worked with AIS, Airtel, Globe, Telkomsel, Optus and SingTel to tap into regional talent with six regional Startup Weekends. The events connected the SingTel Group with next generation entrepreneurs and demonstrated our commitment to supporting the various local start-up ecosystems. Winning teams were then invited to participate in the bootcamp.

Optus Business and Alphawest are Platinum sponsors at the Cisco Live event 2012



Customers learn how M2M (Machine-to-Machine) solution can improve business productivity and efficiency



Demonstrating intelligent ICT services, available on demand and on the move, at the "Unleash the Power of Fixed Mobile Cloud Convergence" conference



NCS showcases capabilities including business analytics, next generation security, social media and mobility solutions at the 2011 eGov Global Exchange



Showcasing innovative product solutions and customer case studies at the Optus Vision event



OPERATING AND FINANCIAL REVIEW

GROUP ICT

We are moving into an era where enterprise customers find themselves in a rapidly changing business environment. As decisions are increasingly made on a regional or even global basis, companies are looking for a trusted partner to provide one-stop, end-to-end ICT solutions.

To capture these opportunities, we have integrated our enterprise-related units into Group ICT. As a unit, Group ICT supports businesses with a global perspective and delivers locally relevant solutions. With a vast network of offices in 40 cities across 22 countries and territories, we are well-positioned to understand both the regional and local challenges our customers face as well as to develop and implement relevant solutions in a fast-changing world.

Group ICT has the assets, scale, resources and expertise to cater to customers' specific ICT needs, whether they are small, medium or large corporations. Along with our global network and delivery model, we offer a comprehensive range of managed ICT services, from unified communications to cloud and mobility solutions, as well as IT consulting and applications.

Increasing our cloud firepower

Harnessing our innovative cloud solutions, we are committed to reducing complexity, increasing productivity, as well as providing greater control and scalability on demand.

During the year, we increased our cloud firepower through strong partnerships with software market leaders. In Singapore, we partnered Intuit to provide QuickBooks Online, a world-class financial management solution that helps businesses manage critical tasks, such as creating invoices and tracking cash flow. We also worked with SAP to offer the SingTel-SAP Business One solution, which enables small-medium enterprises (SMEs) to streamline and manage their sales, customer relationships,

inventory, business processes and operations on the go via smartphones, tablets and PCs. SingTel is the leading telco provider of cloud services in the region, with over 180,000 enterprise users and more than 800 enterprises on our cloud solutions.

We broke new ground with the introduction of SingTel PowerON Compute, enabled by VMware® vCloud™ Datacenter Service. This state-of-the-art cloud solution provides enterprises with the business agility and cost effectiveness of public clouds without compromising on portability, compatibility, security and control demanded by enterprise IT organisations. In Australia, Optus also gained accreditation to deliver VMware vCloud® Datacenter Services. This common platform will enable Group ICT to provide regional cloud services across Asia Pacific in the future.

Optus and Alphawest announced "Your IT as a Service", a private cloud solution hosting data on-premise, which features a centralised catalogue of virtualised IT products and services, including servers, storage, networking, and security applications, from a single web portal. It enables customers to 'automate' their IT architecture as a service, significantly reducing deployment time from weeks to potentially a matter of minutes.

We also partnered Symantec Corp. to offer SingTel PowerON Security, a comprehensive Security as a Service solution that provides on-demand protection from viruses and other online threats, whether customers are in the office or on the move. Similarly, Optus Business boosted Internet security for enterprise customers with Optus Evolve Internet Security as a Service and Optus Evolve Distributed Denial of Service. These offerings help ensure security threats, viruses and malware are proactively detected and blocked at the network level so customers do not have to deploy their own premise-based solutions.

FEATURED CUSTOMER – SATS

In FY2012, we reaffirmed our position as a leading force in the enterprise ICT segment by providing SATS with a fully managed IT infrastructure within a timeframe of just five months. Using our comprehensive suite of managed ICT offerings, SATS migrated all its IT services, and outsourced the operation and support of its entire computing, storage, security and networking infrastructure to SingTel.

SATS is the leading gateway services and food solutions provider in both aviation and non-aviation sectors in Singapore and around the region. It provides ground and cargo handling, and inflight catering services to airlines and the freight community at Singapore Changi Airport, and catering services and supplies to national agencies, premium and major events, institutions, etc. With such time-sensitive activities, SingTel worked closely

with SATS to ensure that key operational applications that dealt with resource planning and tracking, cargo handling, flight activities tracking, and meal preparation, production and distribution did not suffer any disruption, during and after the migration. We also provided SATS with an enhanced service desk experience through the SingTel Managed IT Helpdesk, which supported over 10,000 users.

Fully operational on SingTel's platform, SATS enjoys greater ease in scalability and flexibility to cater to its changing requirements, and no longer needs to worry about day-to-day management, maintenance and support of its IT infrastructure. Looking ahead, the company is exploring opportunities to extend SingTel Managed ICT services to its network of subsidiaries and JVs in the region.

Championing emerging technologies for mobility

With the proliferation of smart devices and unprecedented mobile network speeds, the workforce is becoming increasingly mobile, leading to the consumerisation of IT, where workers use their personal devices for work. This presents new challenges to enterprises as they look for ways to keep their employees connected, secure and productive.

To address these challenges, we introduced the SingTel Mobility Device Manager (MDM) to manage various mobile devices and ensure data security via a simple web-based portal. MDM is compatible with all mobile operating system platforms and independent of location and mobile network, enabling IT departments to control mobile devices globally. Similarly, Optus integrated MDM as part of its enterprise mobility portfolio offering to provide inventory management, remote lock and wipe and user self-service. This helps customers easily manage and track their mobile workforce.

Another emerging space is Machine-to-Machine (M2M). M2M enables devices to communicate with one another via built-in mobile SIM cards without human intervention. This opens up new possibilities for businesses to improve efficiency and services, and to simplify administration. SingTel's M2M platform empowers customers with end-to-end information control of their connected devices and helps them reach new markets quickly and easily.

We are also making headway with Unified Communications (UC), which integrates multiple communication platforms from fixed to mobile, enabling our customers to communicate more effectively with a consistent user experience. The introduction of mobile UC and Fixed Mobile Cloud Convergence helps users eliminate reachability issues, reduce costs and communicate easily, whether they are at their desks or on the move.

Leveraging the combined strengths of the SingTel Group, Bridge Alliance and other strategic partnerships, we offer an integrated and managed suite of mobility products and services across the Asia Pacific region. Our one-stop mobility solutions include harmonised regional offerings, such as roaming services and the delivery and coordination of localised products and services.

Boosting our infrastructure, the backbone of our ICT solutions

We continually improve our networks to serve our enterprise customers better. In Singapore, we are the only home-grown company to own commercial satellites, and we successfully launched the ST-2 satellite in May 2011. We consistently increase capacity to meet growing customer demand for fixed and mobile satellite services with wide-ranging footprints of C-band and Ku-band coverage for the Middle East, Central Asia, the Indian subcontinent and Southeast Asia.

SIGNIFICANT HIGHLIGHTS

2011

APRIL

- > Introduced SingTel QuickBooks Online, a cloud-based financial software for SMEs to manage critical business tasks, such as creating invoices and tracking cash flow

MAY

- > Launched ST-2 satellite, increasing our capacity to meet growing customer demand for fixed and mobile satellite services in the broadcast, maritime and oil and gas industries
- > NCS Catalyst, an emerging technology incubator for cloud, mobility, social media and business analytics was launched

JUNE

- > NCS showcased over 13 e-Government capabilities at eGov Global Exchange
- > Optus introduced Optus Evolve Internet Security as a Service and Optus Evolve Distributed Denial of Service
- > Optus boosted the enterprise mobility portfolio with Optus Mobile Device Management

AUGUST

- > SingTel-SAP Business One CRM software, a cloud-based solution for SMEs to streamline and manage their sales, customer relationships, inventory, business processes and operations on-the-move, was launched
- > SingTel Fixed Mobile Cloud Convergence Conference was held for business customers
- > Optus Business SmartPay attained PCI DSS compliance in Australia and New Zealand

SIGNIFICANT HIGHLIGHTS

2011

OCTOBER

- > NCS entered into a tripartite partnership with MHIES-A and the National University of Singapore to develop an Urban Mobility study initiative
- > Optus gained accreditation to deliver VMware vCloud® Datacenter Services
- > SingTel launched a crew experience package that gives maritime companies greater levels of control and efficiency, optimises operational costs and enhances welfare for their crew

NOVEMBER

- > NCS-Sybase mobility suite of solutions was launched across Southeast Asia
- > NCS-Microsoft Windows Azure partnership for Asia Pacific was introduced
- > SingTel partnered Symantec Corp. to offer SingTel PowerON Security solutions

2012

FEBRUARY

- > SingTel Mobility Device Manager, a global cloud-based service that enables companies to secure, control and manage corporate data and mobile devices of their employees, was introduced

MARCH

- > Optus Business and Alphawest introduced "Your IT as a Service", an on-premise cloud solution that simplifies the deployment and management of IT products and services for enterprise customers

In Australia, Optus is the only full service telco that can harness the geographical reach of satellite communications for customers. Optus has five satellites in orbit and will be launching a new satellite, Optus 10, in 2013. Our fixed networks, HFC, DSL and fibre, enable us to provide services to four million Australian premises, including 18,000 corporate premises.

During the year, we extended coverage for our Internet Protocol Virtual Private Network (IP VPN) services with new Points of Presence (POPs) in several cities, such as Zurich, Manama and Kolkata, bringing our total of POPs to 130, spanning 80 cities globally, of which 100 POPs are in 56 cities in Asia. In addition, several new communications cables were introduced to provide customers with more choices for routes and to reduce latency. We rolled out direct routes from India to the Middle East and from Hong Kong to Europe. We also procured various cables to introduce new routes into the network for our dedicated point-to-point services.

Our IP VPN networks were enhanced with new solutions during the year. To cater to the low latency requirements of our financial customers, ConnectPlus Ultra Low Latency was introduced to direct connections to financial exchanges and to deliver the lowest latency for time-sensitive activities such as algorithmic trading. We also introduced Electronic Bandwidth on Demand to give our customers full control of their bandwidth usage and to enable them to take advantage of on-demand cloud services for better network and cost efficiencies. Through a convenient self-service online portal, customers can temporarily increase the bandwidth for their IP VPN networks in under 24 hours.

KEY CONTRACT WINS

Customer	Contract
Changi Airport Group	A multi-year contract to provide consolidated maintenance of airport IT systems.
Education Bureau in Hong Kong	To provide system maintenance and support services to the Web-based School Administration and Management System (WebSAM) for the Education Bureau in Hong Kong. The WebSAM system is currently used by over 1,100 schools in Hong Kong.
Infocomm Development Authority of Singapore	To design, build, maintain and operate a highly resilient and high availability data centre.
Qantas	A managed services contract to deliver high speed wireless internet connectivity in Qantas lounges in Australia.
Sydney Water	A four-year managed services contract worth nearly A\$30 million to deliver whole-of-business telecommunications services.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 March				
	2012	2011	2010	2009	2008
Income Statement (S\$ million)					
Group operating revenue	18,825	18,071	16,871	14,934	14,844
SingTel	6,551	6,401	5,995	5,547	4,904
Optus	12,275	11,670	10,876	9,387	9,940
Optus (A\$ million)	9,368	9,284	8,949	8,321	7,760
Group EBITDA ⁽¹⁾	5,219	5,119	4,847	4,431	4,530
SingTel	2,128	2,183	2,224	2,110	1,967
Optus	3,091	2,937	2,623	2,321	2,564
Optus (A\$ million)	2,357	2,334	2,153	2,067	2,002
Share of associates' pre-tax profits	2,005	2,141	2,410	2,051	2,559
Group EBITDA and share of associates' pre-tax profits	7,223	7,260	7,257	6,482	7,089
Net profit after tax	3,989	3,825	3,907	3,448	3,960
Underlying net profit ⁽²⁾	3,676	3,800	3,910	3,455	3,681
Cash Flow (S\$ million)					
Group free cash flow ⁽³⁾	3,462	4,038	3,406	3,245	3,575
Singapore	1,170	1,436	1,290	1,231	1,422
Associates' dividends (net of withholding tax)	841	1,084	858	963	1,001
SingTel	2,011	2,520	2,148	2,194	2,423
Optus	1,451	1,519	1,258	1,050	1,152
Optus (A\$ million)	1,111	1,206	1,015	967	903
Capital expenditure	2,249	2,005	1,923	1,918	1,879
Balance Sheet (S\$ million)					
Total assets	40,418	39,282	37,952	33,255	34,714
Shareholders' funds	23,428	24,328	23,493	20,476	21,000
Net debt	7,860	6,023	6,311	6,544	7,303
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	78	76	74	72	75
Return on invested capital (%)	16.9	17.6	18.9	17.2	18.9
Return on equity (%)	16.7	16.0	17.8	16.6	18.9
Return on total assets (%)	10.0	9.9	11.0	10.2	11.8
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.1	0.8	0.9	1.0	1.0
EBITDA and share of associates' pre-tax profits to net interest expense (number of times)	20.7	21.8	23.5	19.9	20.7
Per Share Information (S cents)					
Earnings per share - basic	25.04	24.02	24.55	21.67	24.90
Earnings per share - underlying net profit ⁽²⁾	23.07	23.86	24.56	21.71	23.15
Net assets per share	147.08	152.75	147.55	128.67	132.03
Dividend per share - ordinary	15.8	15.8	14.2	12.5	12.5
Dividend per share - special	-	10.0	-	-	-

'SingTel' refers to the SingTel Group excluding Optus.

Notes:

⁽¹⁾ Effective this financial year, EBITDA refers to earnings before interest, tax, depreciation and amortisation, namely the aggregate of operating revenue and other income less operating expenses of the Singapore and Australia operations, and excludes the share of pre-tax results of associates.

⁽²⁾ 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.

⁽³⁾ Free cash flow refers to cash flow from operating activities, including dividends from associates, less cash capital expenditure.

OPERATING AND FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP REVIEW

GROUP	Financial Year Ended 31 March		Change (%)
	2012 (S\$ million)	2011 (S\$ million)	
Operating revenue	18,825	18,071	4.2
EBITDA ⁽¹⁾	5,219	5,119	1.9
<i>EBITDA margin</i>	27.7%	28.3%	
Share of associates' pre-tax profits	2,005	2,141	-6.4
EBITDA and share of associates' pre-tax profits	7,223	7,260	-0.5
Exceptional items (pre-tax)	86	25	241.1
Taxation	(978)	(1,170)	-16.4
Net profit	3,989	3,825	4.3
<i>Basic earnings per share (S cents)</i>	25.0	24.0	4.2
Underlying net profit ⁽²⁾	3,676	3,800	-3.3
<i>Underlying earnings per share (S cents)</i>	23.1	23.9	-3.3

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 associate or a joint venture as defined under Singapore Financial Reporting Standards.

Notes:

⁽¹⁾ Effective this financial year, EBITDA refers to earnings before interest, tax, depreciation and amortisation, namely the aggregate of operating revenue and other income less operating expenses of the Singapore and Australia operations, and excludes the share of pre-tax results of associates.

⁽²⁾ Underlying net profit refers to net profit before exceptional and other one-off items.

For the financial year ended 31 March 2012, the Group delivered in line with its guidance with operating revenue growth of 4.2 per cent to S\$18.83 billion. The growth was underpinned by robust mobile growth in Singapore and the 4 per cent strengthening of the Australian Dollar from last year.

In Singapore, Mobile Communications recorded strong revenue growth of 7.3 per cent driven mainly by increased customer connections. As at 31 March 2012, SingTel's mobile market share was 45.9 per cent, up 1.1 percentage points from a year ago. Data and Internet revenue was stable, reflecting planned price adjustments for Local Leased Circuits following the nationwide fibre rollout as well as continued price erosion in International Leased Circuits. Fibre rollout revenue fell 33 per cent as OpenNet Pte. Ltd. (OpenNet) reached peak rollout. Excluding fibre rollout,

the Singapore Business' operating revenue rose 3.9 per cent from last year.

In Australia, Optus recorded resilient performance in an intensely competitive market with operating revenue growth of 0.9 per cent. Mobile service revenue grew 1.0 per cent, partly reflecting the mandated decline in the mobile termination rates from 9 cents to 6 cents per minute from January 2012. Revenue from Business and Wholesale Fixed increased 3.1 per cent driven by double-digit growth in both satellite and ICT and managed services, partially offset by lower voice revenues. Consumer and Small-Medium Business Fixed revenue, however, declined 5.4 per cent on lower broadband average revenue per user (ARPU) and the continued exit of resale business. Optus' translated revenue in Singapore Dollar terms grew 5.2 per cent from the previous year with a stronger Australian Dollar.

EBITDA for the Group was up 1.9 per cent year-on-year. In Australia, EBITDA increased 1.0 per cent mainly on lower customer acquisition costs associated with the introduction of device repayment plans on high value handsets in October 2011. In Singapore Dollar terms, Optus' EBITDA rose 5.2 per cent. The Singapore Business' EBITDA was stable, reflecting investments in mio TV content and higher mobile customer connections.

With a significant footprint across Asia and Africa, the combined mobile customer base of the Group and its regional mobile associates reached 445 million as at 31 March 2012, an increase of 11 per cent or 43 million from a year earlier.

Telkomsel and AIS delivered higher profits driven mainly by strong data momentum. In the Philippines, Globe registered growth in mobile and broadband though overall net profit declined on higher marketing, subsidy and network costs. In South Asia, Airtel recorded higher revenue and EBITDA on robust customer additions with rollout of 3G services. Airtel Africa performed strongly, with double-digit revenue and EBITDA growth underpinned by network expansion and a growing customer base. Overall profit contributions from Airtel, however, were impacted by higher interest, depreciation and amortisation costs associated with the 3G rollout in India as well as fair value losses.

With weaker regional currencies and higher fair value losses, the Group's share of pre-tax profits from associates declined 6.4 per cent to S\$2.01 billion. Excluding the currency translation impact and the associates' fair value adjustments, the pre-tax contributions of the associates would have increased 2.3 per cent.

The Group's EBITDA and share of associates' pre-tax profits were flat at S\$7.22 billion.

The Group recorded an exceptional net gain of S\$86 million for the financial year. This comprised mainly AIS' pre-tax contribution of S\$80 million for the March 2011 quarter following the alignment of AIS' reporting period to the Group, a foreign exchange gain of S\$28 million which arose on repayment of inter-company loans, and a one-off charge of S\$24 million for Optus' ex-gratia costs on its workforce restructuring.

The Group's tax expense declined 16 per cent to S\$978 million primarily due to the recognition of an exceptional net tax credit of S\$270 million on the increase in value of assets transferred to an associate, partly offset by Airtel's higher taxes as a result of reduction in tax holiday benefits in India.

Net profit grew 4.3 per cent to S\$3.99 billion. Excluding exceptional and one-off items, the Group's underlying net profit declined 3.3 per cent to S\$3.68 billion.

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 and 78 per cent of the Group's proportionate revenue and proportionate EBITDA respectively.

OPERATING AND FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

SINGAPORE BUSINESS	Financial Year Ended 31 March		Change (%)
	2012 (S\$ million)	2011 (S\$ million)	
Operating revenue			
Mobile communications	1,919	1,788	7.3
Data and Internet	1,607	1,612	-0.3
International telephone	501	511	-1.9
National telephone	352	375	-6.1
Sale of equipment	352	311	13.3
mio TV	106	79	34.1
Others ⁽¹⁾	220	191	15.5
Singapore Telco	5,058	4,867	3.9
Revenue from NCS	1,315	1,266	3.8
Fibre rollout	178	268	-33.3
Information technology and engineering (IT&E)	1,493	1,534	-2.6
Total	6,551	6,401	2.3
(excluding Fibre rollout)	6,372	6,133	3.9
EBITDA (excluding Group's corporate costs)			
Singapore Business	2,242	2,253	-0.5
Singapore Telco	1,974	1,986	-0.6
IT&E	268	267	0.3
EBITDA margin	34.2%	35.2%	

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

Operating revenue in Singapore grew 2.3 per cent to S\$6.55 billion led by strong growth in mobile. EBITDA was stable at S\$2.24 billion, reflecting investments in mio TV content and higher mobile customer connections, as well as structural separation cost payments to NetLink Trust².

Mobile Communications, the largest revenue stream, grew 7.3 per cent to S\$1.92 billion driven mainly by strong customer connections. Total mobile customer base grew 8.3 per cent or 273,000 to 3.58 million. SingTel registered market share gains in both prepaid and postpaid, extending its lead with a mobile market share of 45.9 per cent as at 31 March 2012.

A record total number of 171,000 postpaid customers were added in the year, spurred by higher smartphone connections and strong data SIMs take-up from successful integrated mobile broadband bundles. This brought total postpaid customer base to 1.95 million as at 31 March 2012, up 9.6 per cent from a year ago. Postpaid ARPU declined S\$3 but was stable excluding 'data only' SIMs, reflecting bundled discounts from growth in triple and quadruple play customers.

SingTel's strong suite of smartphones and tablets combined with exclusive customised applications continued to drive growth in mobile broadband. Total number of customers on monthly mobile

Notes:

- ⁽¹⁾ Include revenues from maritime & land mobile and lease of satellite transponders.
- ⁽²⁾ NetLink Trust is a business trust established pursuant to regulatory requirements on structural separation under Singapore's Next Generation Nationwide Broadband Network. It is currently 100% owned by SingTel but equity accounted as an associate in the Group as SingTel does not control it.

broadband data subscription grew 44 per cent or 386,000 from a year ago to 1.26 million as at 31 March 2012. Mobile data services accounted for 42 per cent of blended ARPU, up from 39 per cent a year ago.

In the prepaid segment, total customer base grew 6.7 per cent or 102,000 to 1.63 million as at 31 March 2012, and ARPU improved 2.8 per cent from last year. The growth was led by strong take-up for 3G, data and value added services.

SingTel continued to grow its digital presence. With exciting new offerings and exclusive sports, revenue from mio TV surpassed the S\$100 million mark to reach S\$106 million, an increase of 34 per cent from last year. Total mio TV customer base rose 26 per cent or 76,000 to reach 368,000 as at end March 2012. As at 31 March 2012, SingTel maintained its lead in the domestic fibre market with a fibre broadband³ customer base of 76,000, up significantly from 14,000 a year ago.

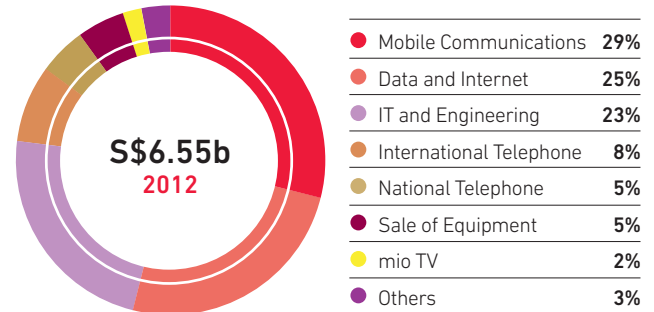
Data and Internet revenue was stable at S\$1.61 billion. Growth in Managed Services was offset by continued price erosion in International Leased Circuits and planned price adjustments in Local Leased Circuits with the nationwide fibre rollout. Fixed Broadband revenue rose 5.5 per cent on increased adoption of both fibre-based services and higher-tier plans.

IT&E revenue declined 2.6 per cent to S\$1.49 billion on lower fibre rollout revenue as OpenNet achieved home coverage of over 90 per cent as of end March 2012 with completion to 95 per cent expected by June 2012. NCS strengthened its leadership in the domestic IT market with revenue up 3.8 per cent to S\$1.32 billion.

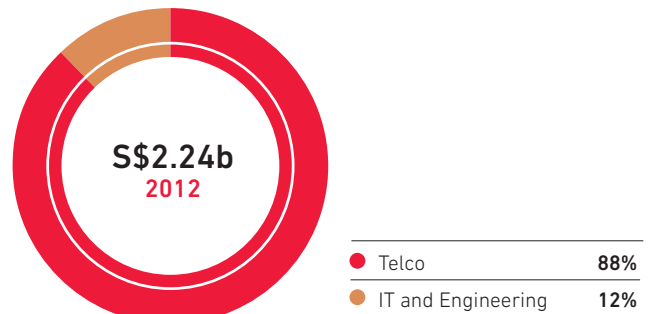
International Telephone revenue declined 1.9 per cent to S\$501 million on lower average collection rates partially offset by increased international call traffic.

Revenue from Fixed-line phone services decreased 6.1 per cent to S\$352 million, impacted by fixed-to-mobile substitution and competition. Sale of equipment revenue grew 13 per cent to S\$352 million with strong demand for smartphones and tablets.

REVENUE BY PRODUCTS AND SERVICES



EBITDA



Note:

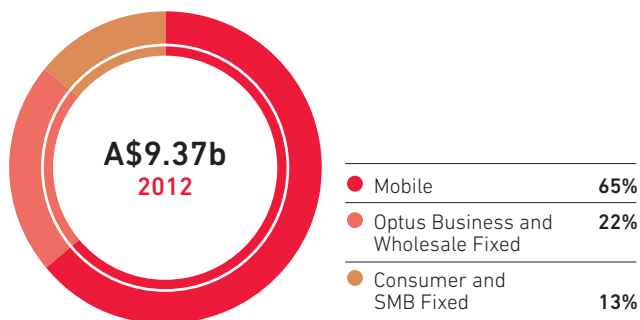
⁽³⁾ Residential and corporate subscriptions to broadband Internet services using optical fibre networks.

OPERATING AND FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

AUSTRALIA BUSINESS	Financial Year Ended 31 March		Change (%)
	2012 (A\$ million)	2011 (A\$ million)	
Operating revenue by division			
Mobile	6,072	5,977	1.6
Fixed			
Business and Wholesale	2,029	1,967	3.1
Consumer and Small-Medium Business (SMB)	1,275	1,348	-5.4
Inter-divisional	(7)	(8)	-13.4
Total	9,368	9,284	0.9
EBITDA	2,357	2,334	1.0
EBITDA margin	25.2%	25.1%	

REVENUE BY BUSINESS DIVISION

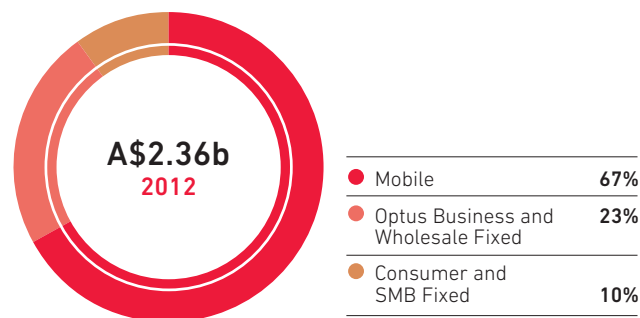


Optus, SingTel's largest subsidiary and Australia's number two telecommunications operator, delivered 0.9 per cent increase in operating revenue amid intense market competition. EBITDA was up 1.0 per cent mainly from lower customer acquisition costs, reflecting the lower level of subsidies due to the introduction of device repayment plans in October 2011.

Optus Mobile contributed 65 per cent to Optus' operating revenue and 67 per cent to Optus' EBITDA. Mobile service revenue was up 1.0 per cent and would have increased 2.7 per cent excluding the impact of the mandated reduction in mobile termination rates and the service credits associated with the new device repayment plans.

Optus continued its postpaid customer growth momentum with net additions of 424,000 in the year, underpinned by robust demand for smartphones and wireless broadband. Reflecting its success in penetrating the wireless broadband market, the number of wireless broadband customers reached 1.58 million, up from 1.28 million a year ago. Prepaid customer base was stable at 4.29 million as at 31 March 2012.

EBITDA BY BUSINESS DIVISION



Blended ARPU was A\$45, down A\$2 year-on-year due to increased mix of wireless broadband customers and higher value inclusions on selected plans. With increased data usage and higher penetration of wireless data products, SMS and other data revenue grew to 46 per cent (FY2011: 40 per cent) of ARPU while non-SMS data revenue increased to 22 per cent (FY2011: 18 per cent) of ARPU.

EBITDA grew 1.0 per cent to A\$1.58 billion from lower customer acquisition costs.

Business and Wholesale Fixed accounted for 22 per cent of Optus' operating revenue and 23 per cent of Optus' EBITDA. Revenue grew 3.1 per cent year-on-year to A\$2.03 billion. Total Business fixed revenue increased 2.2 per cent driven by ICT and managed

services growth from key contract wins, while Wholesale fixed revenue expanded 4.9 per cent on strong satellite growth.

EBITDA was stable at A\$546 million but would have increased 4.6 per cent excluding the write-back of a provision last year.

Consumer and Small-Medium Business Fixed contributed 13 per cent to Optus' operating revenue and 10 per cent of Optus' EBITDA. Consumer fixed on-net revenue declined 4.1 per cent as the growth in the on-net broadband customer base was offset by lower ARPU from increased broadband data allowances and lower telephony

usage. As Optus continued to exit fixed resale services, Consumer fixed off-net revenue decreased 37 per cent, resulting in an overall decline in Consumer fixed revenue of 5.4 per cent to A\$1.28 billion.

In a highly competitive fixed broadband market, Optus registered a net gain of 18,000 on-net broadband customers in the year, bringing the total customer base to 978,000 as at 31 March 2012.

With lower traffic costs from lower mobile termination rates and yield management initiatives, EBITDA improved 1.3 per cent from last year.

ASSOCIATES	Financial Year Ended 31 March		Change (%)
	2012 (S\$ million)	2011 (S\$ million)	
Share of ordinary pre-tax profits			
Regional mobile associates			
Telkomsel	898	855	5.1
Airtel			
- India, Bangladesh and Sri Lanka (South Asia)	628	860	-27.0
- Africa	(76)	(84)	-9.2
AIS ⁽¹⁾	551	776	-29.0
Globe	350	276	26.9
Warid	187	192	-2.6
Pacific Bangladesh Telecom	(56)	(54)	2.8
	(28)	(16)	72.4
	1,902	2,028	-6.2
Other associates	110	122	-9.8
Group share of associates' ordinary pre-tax profits	2,013	2,150	-6.4
Group share of associates' exceptional items	(8)	(9)	-13.2
Group share of associates' pre-tax profits	2,005	2,141	-6.4
Share of post-tax profits			
Regional mobile associates			
Telkomsel	665	638	4.2
Airtel			
- India, Bangladesh and Sri Lanka (South Asia)	474	726	-34.7
- Africa	(117)	(122)	-3.9
AIS ⁽¹⁾	356	604	-41.0
Globe	249	191	30.7
Warid	131	138	-5.0
Pacific Bangladesh Telecom	(56)	(62)	-8.6
	(29)	(16)	76.1
	1,316	1,492	-11.8
Other associates	91	108	-16.0
Group share of associates' post-tax profits	1,407	1,601	-12.1

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

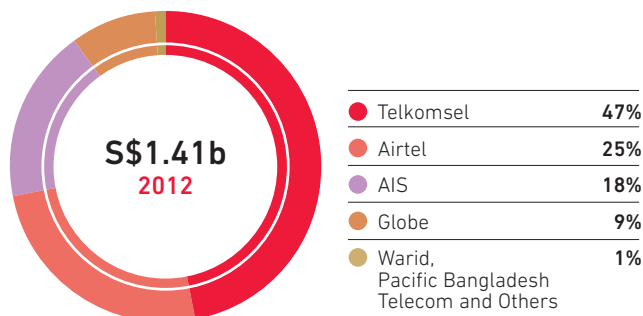
Note:

⁽¹⁾ Exclude the Group's share of AIS' results for the March 2011 quarter following the alignment of AIS' reporting period to the Group, recognised as exceptional items of the Group.

OPERATING AND FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

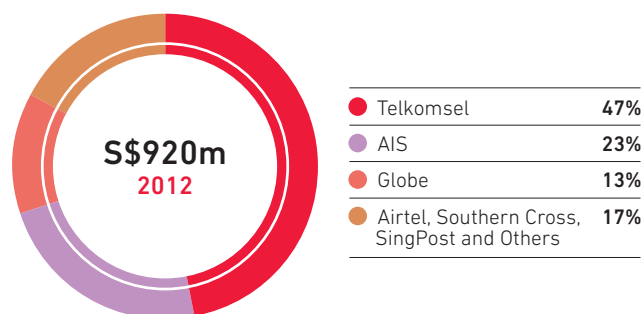
SHARE OF ASSOCIATES' POST-TAX PROFITS



year ago. Telkomsel registered 11 per cent growth in its customer base to 110 million as at 31 March 2012. The Group's combined mobile customer base reached 445 million in 26 countries, a growth of 11 per cent or 43 million from a year ago.

Telkomsel accounted for 47 per cent of the Group's share of total post-tax profits from associates, up from 40 per cent last year. Operating revenue grew 8 per cent and EBITDA increased 7 per cent driven by strong data and customer growth amid stable market conditions in Indonesia. With a 4 per cent depreciation of the Indonesian Rupiah against Singapore Dollar, Telkomsel's post-tax contribution rose 4.2 per cent to S\$665 million. Telkomsel maintained its leading position in Indonesia with approximately 43.3 per cent of market share as at 31 March 2012.

CASH DIVIDENDS RECEIVED FROM ASSOCIATES ⁽¹⁾



Airtel contributed 25 per cent to the Group's share of associates' post-tax profits, 13 percentage points lower than a year ago. In South Asia, Airtel recorded revenue growth of 12 per cent and EBITDA increase of 7 per cent, on robust customer additions with rollout of 3G services. Airtel Africa posted strong double-digit revenue and EBITDA growth underpinned by network expansion and a growing customer base. However, overall earnings were impacted by 3G network depreciation, spectrum amortisation and interest costs in India, as well as higher fair value losses. Including higher taxes from a reduction in tax holiday benefits and the steep 11 per cent depreciation of the Indian Rupee against Singapore Dollar, overall post-tax contribution from Airtel declined 41 per cent to S\$356 million. Airtel continued to lead the India mobile market with a market share of 19.7 per cent as at 31 March 2012.

Note:

⁽¹⁾ Cash dividends received from overseas associates are before withholding and other related tax payments.

For the year ended 31 March 2012, the Group's share of the associates' pre-tax and post-tax profits declined 6.4 per cent and 12 per cent respectively, negatively impacted by weaker regional currencies and higher fair value losses. If the regional currencies had remained stable from a year ago, the pre-tax and post-tax contributions of the associates would have declined by 1.1 per cent and 7.4 per cent respectively.

The regional mobile associates continued their strong customer growth momentum. Airtel's total mobile customer base across 20 countries covering India, Bangladesh, Sri Lanka and across Africa, reached 241 million as at 31 March 2012, up 14 per cent from a

AIS, the leading mobile phone operator in Thailand, delivered strong operating results. Post-tax contribution surged 31 per cent to S\$249 million, underpinned by strong execution, robust data growth, lower depreciation and amortisation expenses as well as lower taxes from the reduction in Thai corporate tax rate from January 2012. AIS maintained its lead in the Thailand mobile market with approximately 44.7 per cent of market share.

Globe, the second largest mobile phone operator in the Philippines, registered service revenue growth of 9 per cent driven by customer gains in mobile and broadband. With higher marketing, subsidy and network costs, Globe's post-tax contribution declined 5 per cent to S\$131 million.

In Pakistan, Warid recorded improved EBITDA with higher revenue and lower marketing costs. Including depreciation and interest costs, the Group's share of Warid's net loss amounted to S\$56 million, down from S\$62 million last year.

CASH FLOW

GROUP	Financial Year Ended 31 March		Change (%)
	2012 (S\$ million)	2011 (S\$ million)	
Net cash inflow from operating activities	5,710	6,043	-5.5
Net cash outflow for investing activities	(2,809)	(2,759)	1.8
Net cash outflow for financing activities	(4,264)	(2,141)	99.2
Net (decrease)/increase in cash balance	(1,363)	1,143	nm
Exchange effects on cash balance	(29)	(18)	56.5
Cash balance at beginning of year	2,738	1,614	69.7
Cash balance at end of year	1,346	2,738	-50.8
Free cash flow			
Singapore	1,170	1,436	-18.5
Australia	1,451	1,519	-4.5
Australia (in A\$)	1,111	1,206	-7.8
Associates (net dividends after withholding tax)	841	1,084	-22.4
Group	3,462	4,038	-14.3
Cash capital expenditure as a percentage of operating revenue	12%	11%	

'nm' denotes not meaningful.

Operating Activities

The Group's net cash inflow from operating activities for the year was S\$5.71 billion, down 5.5 per cent or S\$333 million due mainly to lower dividends received from the associates as well as payments of tax in Australia from this financial year. Last year, the Group received special dividends from AIS which was not repeated this year.

Investing Activities

The investing cash outflow was S\$2.81 billion. During the year, payment of S\$332 million was made for the acquisition of an additional 2.05 per cent equity interest in AIS. Capital expenditure totalled S\$2.25 billion and represented 12 per cent of the Group's operating revenue, 1 percentage point higher than a year ago. Major capital expenditure for the year included the expansion and enhancement of mobile networks in Singapore and Australia to support customer and data growth, investments in satellites and core infrastructure, as well as NCS' investments in equipment for major customer contracts.

Financing Activities

Net cash outflow of S\$4.26 billion for financing activities arose mainly from the payment of S\$3.03 billion of final and special dividends in respect of the previous financial year ended 31 March 2011, and S\$1.08 billion for interim dividends in respect of the current financial year. Other major financing cash outflows included S\$922 million for settlement of swaps on repayment of bonds as well as S\$415 million for interest payments. These outflows were partially offset by S\$1.19 billion of cash inflow from net borrowings during the year.

Free Cash Flow

The Group's free cash flow fell 14 per cent to S\$3.46 billion. Free cash flow from Singapore declined 19 per cent from a year ago due to lower operating cash flow partly from negative working capital movements on the fibre rollout and higher capital expenditure. Free cash flow from Australia fell 7.8 per cent to A\$1.11 billion but would have increased 1.9 per cent if excluding tax payments this year due to favourable working capital movements partially offset by higher capital expenditure.

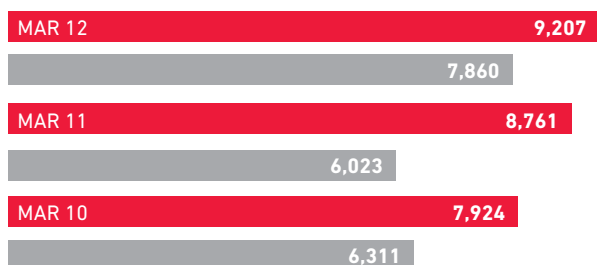
OPERATING AND FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT

GROUP	Financial Year Ended 31 March		
	2012	2011	2010
Gross debt (S\$ m)	9,207	8,761	7,924
Net debt ⁽¹⁾ (S\$ m)	7,860	6,023	6,311
Net debt gearing ratio ⁽²⁾ (%)	25.1	19.8	21.2
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	1.1	0.8	0.9
Interest cover ⁽³⁾ (number of times)	20.7	21.8	23.5
Average maturity of borrowings (years)	7.3	6.5	4.7

GROUP DEBT (\$ m)



● Gross Debt ● Net Debt ⁽¹⁾

AVERAGE MATURITY OF BORROWINGS (Years)



● Average Maturity

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 capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
- ⁽³⁾ Interest cover refers to the ratio of EBITDA and share of associates' pre-tax profits to net interest expense, where net interest expense is interest expense less interest income.

During the year, the Group issued new bonds and extended its debt maturity. Net debt increased, reflecting lower cash balances after the payment of special dividends in the prior year.

The Group has one of the strongest credit ratings among telecommunications companies in Asia. SingTel is currently rated Aa2 by Moody's and A+ by Standard & Poor's.

SingTel's dividend payout ratio ranges from 55 per cent to 70 per cent of underlying net profit. The Group will continue to review at least on a three-year basis its cash needs for operations and growth, with a view to returning surplus cash to shareholders. This is consistent with the Group's commitment to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility.

KEY OPERATING COMPANIES



|| 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.

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 ⁽¹⁾ ||

ADVANCED INFO SERVICE
PUBLIC COMPANY LIMITED

23%

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%

This chart is accurate as of 31 March 2012.

The list of significant subsidiaries, associates and joint ventures is disclosed on pages 185 to 194 in Note 47 to the Financial Statements.

Note:

⁽¹⁾Effective ownership