Operating and Financial Review

We are Asia's leading communications group providing a wide spectrum of multimedia and infocomm technology (ICT) solutions, including voice, data and video services over fixed and wireless platforms.

Our main operations are in Singapore and Australia. SingTel has more than 130 years of operating experience and plays an integral part in Singapore's development as a major communications hub. 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 AIS (Thailand), Globe (the Philippines), PBTL (Bangladesh) and Telkomsel (Indonesia). We also have an investment in Airtel (India), which has significant presence in Africa and South Asia. We work closely with our associates to grow the business by leveraging our scale. Together, we served 468 million mobile customers as at 31 March 2013.

In this section, we provide a strategic review of the SingTel Group's operations and discuss our financial performance for the financial year ended 31 March 2013.

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REVENUE

S$11.63 billion

Group Consumer is a leading provider of next generation communication, infotainment and technology services across Asia Pacific and Africa. The unit comprises the SingTel Group's consumer-related functions including its operations in Singapore (SingTel) and Australia (Optus), as well as investments in emerging markets across the Philippines, Thailand, Indonesia and India.

After more than a decade of growth, voice and SMS services are fast approaching maturity. Customers are increasingly substituting these traditional services with internet-based applications. The result is an inevitable slowdown in revenue growth for voice and SMS services, offset against a pick-up in data usage.

At the same time, consumer and technology trends are rapidly evolving, presenting us with new business opportunities. High-tech mobile devices are driving consumers' appetite for a broader range of digital, entertainment and communication products and services. Increasingly, these digital services will be delivered through mobile devices over high-speed data networks, such as Long Term Evolution (LTE) or 4G.

A different operating environment requires a different business model to ensure continual profitable growth. To thrive in this new digital environment, Group Consumer is transforming from a traditional carrier focused on providing voice and SMS services into a service-oriented company, shaping the way customers receive and use content.

This year, we took bold steps to reposition our core business. Firstly, we are driving breakthroughs in customers' experience to simplify their interactions with us and meet consumers' growing demand for digital services. Secondly, we are implementing cost and yield management programmes to improve profitability. Finally, we are creating a platform to drive scale and efficiencies across the Group.

Driving Breakthroughs in Customer Experience

Our brands revolve around providing the best possible experience for our customers through simple products, efficient service delivery and support, as well as delivering consistent service across a range of channels and touch points.

During the year, we made significant improvements to our sales and distribution channels. In many countries, we are improving the retail experience for our customers. In Australia, we are implementing a new retail strategy that involves rationalising several third-party distribution partnerships. This is a major change for the brand, allowing us to fully focus on core Optus-branded activity, giving us more direct control over the customer experience.

As part of our drive to be a leader in customer experience, we are making it easier for customers to interact with us via online or mobile applications. Our My Optus and MySingTel apps give customers fast and easy access to their accounts. Usage of the My Optus app has grown almost three times in 12 months and is now the preferred point of contact for half of Optus' online customers. Similarly in Singapore, customers can access data roaming, data usage and mobile internet filter services via the MySingTel mobile app.

OPERATING AND FINANCIAL REVIEW
GROUP CONSUMER

Our regional mobile associates have also introduced and enhanced a range of online customer service tools and applications. In September 2012, Airtel introduced the My Airtel app, which allows customers in India to check their outstanding bills, recharge accounts, make payments and raise customer assistance tickets using their mobile devices. Globe introduced a quick-access self-service phone menu for customers on the go, while Telkomsel revamped its website with a Plan Recommender, making it easier for customers to choose mobile plans that suit their lifestyles.

In Thailand, we expanded our retail footprint with additional stores and a redesigned in-store experience incorporating new branding, improved layouts and upgraded provisioning, billing and customer care systems.

As consumers incorporate smartphone technologies into their daily lives, helping them to manage their bills is an increasingly important part of our customer service support. Our brands have stepped up their after-sales service, helping customers manage their accounts, understand their plans and manage their spend more effectively. SingTel customers can set usage thresholds via the MySingTel app, while Optus introduced SMS alerts for customers once they have used 50%, 85% and 100% of their data allowance in a billing cycle.

Anticipating and responding to consumer behaviours is a priority. We have a comprehensive data analytics programme that helps us better understand our customers' behaviours. Over time, this will provide customers with a better network experience through more intuitive network optimisation. Enriched customer data will also enable our brands to deliver compelling new products and services that meet our customers' interests and expectations.

Building Networks for Digital Services

Continuous network improvements which enhance coverage, improve quality and increase network capacity are vitally important both in terms of delivering a great experience for our customers and ensuring our businesses are positioned to capture value from growth opportunities in the digital era.

In Singapore, we expanded the reach and capacity of our indoor 3G coverage in the country's top 20 shopping centres and across 55 key residential locations. In 2012, we rolled out Singapore's first commercial 4G service, and by April 2013, we completed the delivery of islandwide, ultra high-speed mobile internet access for SingTel customers.

Optus, too, upgraded more than 4,000 3G sites to deliver faster data speeds and more consistent in-building coverage for customers. Throughout the year, Optus also switched on 4G services in major population centres including the mainland state capital cities of Sydney, Melbourne, Brisbane, Perth and Adelaide.

Our associates are undergoing similar network transformations in anticipation of the opportunities that will emerge in mobile data services. Over the past 12 months, Globe has invested more than US$700 million to modernise its network, rolling out over 10,000 km of fibre optic cable, increasing network capacity and accommodating the Philippines' growing demand for voice, SMS and data traffic.

SIGNIFICANT HIGHLIGHTS

- AIS opened eService Kiosk in Pitsanulok, enabling customers to transact 24 x 7
– April 2012

- Optus switched on its 1st 4G services
– April 2012

- Optus signed a joint venture Memorandum of Understanding with Vodafone Hutchinson Australia to expand its network
– May 2012

- Telkomsel celebrated its 17th anniversary
– May 2012

- SingTel launched Singapore's 1st commercial 4G service for smartphones
– June 2012

- Telkomsel introduced Seamless Mobile WiFi
– June 2012

- Globe completed the 1st phase of Cebu's Network Modernisation and Davao's Network Modernisation
– July 2012

- SingTel introduced Near Field Communication contactless payment services
– August 2012

- Airtel crossed the 200 million customer mark in India
  – August 2012

- Globe completed the rollout of new infrastructure in Northern and Eastern Metro Manila
  – August 2012

- AIS launched AIS Smart Table, becoming the 1st operator in Asia to provide advanced digital services
  – September 2012

- Globe launched commercial LTE services for mobile
  – September 2012

- Telkomsel opened its 24-hour Customer Care Control Centre
  – October 2012

- Airtel crossed the 60 million customer mark in 17 African countries
  – October 2012

- SingTel launched an accelerated 3G network upgrade programme
  – October 2012

- Optus introduced 4G prepaid plans
  – November 2012

- AIS subsidiary, Advanced Wireless Network Company Ltd, obtained a 3G licence for 2.1 GHz spectrum
  – December 2012

Telkomsel's 100 Broadband Cities programme delivered fast and reliable internet access to 100 Indonesian cities through the deployment of high capacity broadband infrastructure.

AIS has focused its network investments on doubling the number of 3G base stations and expanding coverage in Bangkok and 17 surrounding provinces. In December 2012, AIS subsidiary, Advanced Wireless Network Company Limited, obtained a 3G licence for the country's 2.1 GHz spectrum. This acquisition and future investment will enable AIS to take its 3G network nationwide over the next three years.

In Africa, Airtel completed the continent's largest network transformation programme, ensuring that its networks are ready for the next generation of high-speed data services. In India, Airtel's network now covers more than 465,000 towns and villages and reaches 86.7% of the Indian population. The 3G network, which extends to key cities, supports a host of digital services including mobile TV and high-speed internet to more than 6.4 million 3G data customers.

Capturing Growth from Mobile Data

Our businesses are transforming from traditional carriers of voice services into modern digital businesses. To capture the revenue opportunities driven by the proliferation of mobile devices and customers' increasing usage of data, we have introduced simplified mobile data price plans.

In both Singapore and Australia, we have reviewed our handset subsidies, implemented simplified and tiered price plans as well as streamlined bundle offers to improve the yield and profitability of data services and sustain continual network investments.

Driving Group Efficiencies

Last year, SingTel went through a significant reorganisation. Twelve months on, the new structure is helping us leverage our global scale by establishing shared procurement services, as well as combining networks and IT functions, and offering digital initiatives. We continue to explore opportunities for additional savings by including our regional mobile associates in joint procurement arrangements for items including handsets and network infrastructure.

As a Group, we have made good progress in strengthening our overall position in the markets we operate. As our associates move from voice to data-centric businesses, we are helping them by drawing on the rich experience of our operations in Singapore and Australia which began this transition more than five years ago.

Within Group Consumer, we are actively preparing for the changes which will impact and shape our business over the next five years. It is important to future-proof our business as consumer behaviours in a data-centric market continue to evolve. Our goal is to understand, anticipate and prepare for the kinds of technologies and services our customers will expect, and we will need to deliver in order to maximise profitability over the next decade.

GROUP DIGITAL L!FE

The evolution of the industry has opened up infinite opportunities in the digital space. Consumers now look to their mobile devices for immersive content, entertainment and commerce. Group Digital L!fe is positioned to capture these opportunities by developing services that create an amazing experience for every customer.

We are focused on building next generation growth engines and key digital solutions that deliver relevant, personalised and timely content and services. As an established telco, the SingTel Group has distinctive assets and expertise in the mobile business, such as our customer base of 468 million across Asia and Africa, deep customer knowledge, extensive customer touch points and payment mechanisms. Group Digital L!fe's strategy is to pursue target areas in the digital space where our assets give us an advantage over the competition and where we can deliver better value propositions.

To take full advantage of the SingTel Group's scale, we have also developed our strategy alongside our regional mobile associates, and are working closely with them to grow in the digital space.

Leading the Global Digital Advertising Industry

One area where our assets can help us win is in digital advertising and marketing. Mobile advertising and marketing is a fast-growing industry. As people become increasingly inseparable from their mobile devices, brands and advertisers are shifting their advertising spend into this space. According to eMarketer, the worldwide digital advertising spend surpassed US$100 billion in 2012.

In addition to television advertising on mio TV, SingTel offers online advertising on our web properties like inSing, HungryGoWhere and mio Stadium. We also offer digital agency services including search marketing to hundreds of small-medium enterprises (SMEs).

Through Amobee, we offer comprehensive mobile advertising solutions to brands around the globe. Leveraging the Group's advanced geo-location capabilities and data-rich inventory, Amobee delivers premium and targeted hyperlocal advertising opportunities across our extensive regional mobile footprint and is well positioned to lead and shape a global digital advertising revolution.

By acquiring Adjitsu, a US company specialising in 3D visualisation, Amobee strengthened its capabilities to produce interactive 3D mobile ads, to transform existing 2D advertisements into immersive campaigns.

Amobee is also tapping the scale of the SingTel Group and extending its reach in Asia. For example, it is partnering Globe, Optus, SingTel and Telkomsel to lead and shape mobile advertising in the region with its PULSE for Publishers platform. With targetable user data, advertisers and brands can achieve better results by reaching the right consumers at the right time in the right place with the right offer through these operators.

REVENUE

S$111 million

SIGNIFICANT HIGHLIGHTS

- Completed the acquisition of Amobee, the premium provider of mobile advertising solutions
  – April 2012
- SingTel acquired HungryGoWhere, Singapore's leading food review portal
  – May 2012
- Amobee acquired Adjitsu, a leading 3D mobile advertising business
  – May 2012
- SingTel launched NewsLoop, a groundbreaking e-Reader app
  – July 2012

- Optus acquired Eatability, Australia's leading restaurant directory and review website
– July 2012

- mio TV celebrated its 5th birthday, signing a landmark deal with Fox International Channels
– September 2012

- SingTel acquired social photo aggregation service, Pixable
– September 2012

- Amobee launched PULSE Create, a game changer in mobile advertising
– September 2012

- mio TV secured broadcast rights to Barclays Premier League until 2016
– October 2012

- Pixable made available on feature phones and in 10 new languages
– December 2012

- Amobee joined forces with SingTel, Optus, Globe and Telkomsel to bring big data to mobile advertising
– February 2013

- SingTel opened L!feLabs @ Israel
– March 2013

- mio TV added four award-winning channels, Nickelodeon, Nick Jr., Comedy Central Asia and MTV
– March 2013

Enhancing Lifestyles through Digital Solutions

Another cornerstone of Group Digital L!fe's growth strategy is to build digital solutions that help consumers in their daily lives as they live, work and play. We have deep local knowledge and hyperlocal content that differentiate and enable us to compete effectively in these areas.

We focus our efforts on local verticals with high user engagement. One such vertical is food. Customers now have access to the largest food and lifestyle information portal with our acquisition of HungryGoWhere, Singapore's most popular food website.

HungryGoWhere introduced an online reservations service where users can make bookings at over 300 restaurants. Together with more than 100,000 restaurant reviews, HungryGoWhere is the one-stop solution for customers' food needs, from restaurant reviews and discovery to promotions and reservations.

As the leading digital destination for food and culinary establishments in Singapore, we plan to extend this model to other markets. During the year, we expanded into Australia with the acquisition of Eatability, one of Australia's leading restaurant review sites.

Another key vertical is news. We introduced NewsLoop, a comprehensive e-Reader app for iOS devices. NewsLoop features the largest selection of Singapore news, blogs, lifestyle articles, photographs and videos from more than 230 local and international media sources. It is the first app catering specifically to the needs and interests of local readers and consistently ranks as one of the top five news apps in Singapore. Since its launch, NewsLoop has also expanded into the Australian and Indonesian markets.

Gaming is also an important and attractive segment. We have made investments in this space through strategic partnerships with expert industry players, including TheMobileGamer, a Singapore-based mobile social gaming platform targeted at feature phone users in the region.

Engaging Consumers through a Tailor-made Content Experience

Group Digital L!fe is committed to engaging our customers with immersive and relevant content. Through innovations in our TV platform and mobile applications, we deliver a unique experience with content that is increasingly personal, social and mobile.

We continue to broaden the content suite for mio TV, our pay TV service in Singapore, delighting customers with new channels such as Fox International Channels, Nickelodeon, MTV and CCTV. In addition, our viewers enjoy a personalised and innovative audio-visual experience with mio TV Go, the mobile companion app for mio TV where viewers can effortlessly access the channel guide, read programme highlights and connect with Facebook friends on their favourite movies and TV series directly from their mobile devices.

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GROUP DIGITAL L!FE

We acquired Pixable in September 2012 to tap the rapidly growing sphere of social and digital interactions. Pixable enables users to interact with their photos in an intuitive, personal, social and mobile manner through predictive analytics and artificial intelligence. This intelligent photo aggregator application regularly appears on various best apps lists.

Enabling and Accelerating Innovation

As the digital space evolves at a relentless pace, it is important to stay ahead of the competition through continuous innovation and by tapping emerging opportunities quickly. Working with incubators, the angel investor community, start-ups and research institutes, we are constantly looking for interesting ideas and innovations.

L!feLabs is a global initiative set up to foster innovation through collaboration with strategic partners, renowned research institutes, developers and innovators. Headquartered in Singapore, L!feLabs has innovation and development centres in Silicon Valley, Boston and Tel Aviv. We support a comprehensive scope of activities, from incubation to commercialisation. One of L!feLabs' anchor projects is the development of an indoor positioning system, which is a network of devices used to wirelessly locate objects or people inside a building.

Via our corporate venture fund, SingTel Innov8 (Innov8), we invest in companies that strengthen our ability to differentiate and offer improved market execution. Innov8 works closely with innovators, developers, government agencies, research companies and capital providers to nurture the innovation ecosystem in Singapore and the region. It is also part of an alliance of early stage incubation programmes operated by SingTel Group members. Innov8 provides thought leadership, access to ideas and markets, and facilitates information exchange to start-ups and entrepreneurs. Through the Optus Innov8 Seed Program, we foster early stage Australian start-ups and provide support in the form of funding, mentoring and logistics.

Harnessing Customer Insights from Big Data

Analytics and big data are a pivotal part of Group Digital L!fe's strategy for future growth, as people and companies look for more targeted and relevant service offerings. Our continued investment in big data will enable us to provide our customers with customised and differentiated experiences, through deeper insights into their behaviours and preferences.

To help us achieve this, we have set up a L!ving Analytics team and are working with universities and research institutes to analyse personalisation, social data and user interaction. In line with this, we have set up Experience Centres in Singapore and Thailand to better understand the field of human-media interaction. The data collected will be used for the exploration, development and potential commercialisation of applications and services.

GROUP ENTERPRISE

REVENUE

S$6.44 billion

As Asia's infocomm technology (ICT) powerhouse with an extensive presence spanning 40 cities in 22 countries, Group Enterprise offers companies comprehensive and integrated ICT solutions, covering mobile, voice and data infrastructure, managed services, cloud computing, and IT services and professional consulting. By offering businesses with one-stop ICT services, we are freeing up their time to focus on their core operations.

With deep domain expertise in various industries, our global delivery model and extensive scale and reach, Group Enterprise is the preferred partner of SMEs, MNCs and governments. By working closely with industry practitioners and thought leaders, such as through our Customer Advisory Councils, we deliver tailor-made ICT solutions to meet our customers' needs. Our in-depth industry knowledge and strong working relationships also provide the platform for us to partner organisations for the transformation of industries, communities and cities.

Our Capabilities

Infrastructure

- Market Leader for International Dedicated Point-to-Point Services (IPLC + E-Line) in Asia Pacific (excluding Japan)[1]
- Market leader for International MPLS IP VPN Services in Asia Pacific (excluding Japan)[2]

Source:

[1] *IDC Topline: The Business Platform Choice: Delivering IT-Business Integration with IP VPN, sponsored by SingTel, April 2012*

[2] *IDC Topline: The Business Relevance of Dedicated Point-to-Point Services, Supporting the Competitive Enterprise, Sponsored by SingTel, April 2012*

Managed Services

- More than 4,000 Group Enterprise employees with ICT professional certification
- Won awards such as the IT Outsourcing & Managed Services award at the 2012 Computerworld Hong Kong Awards and Best Security-as-a-Service & Best Managed Services and IP Infrastructure Services at the inaugural Network World Asia Information Management Awards 2012

Cloud

- Achieved a significant win to deploy and maintain G-Cloud, a private cloud infrastructure for the whole Singapore government, redefining the delivery of eServices within the government and to the public
- Over 300,000 cloud users in Singapore
- Our SME online community, myBusiness, is largest in Singapore with 500,000 visits per month

IT

- Helping more than 30 cities with eGovernment consulting and implementation
- Deployed more than 100,000 sensing devices for surveillance and seamless response across Asia Pacific
- Generated more than 3 million analytics reports annually

Improving the Foundation of Our Services – Our Infrastructure

Our market leadership in Asia Pacific is backed by an extensive data infrastructure with 140 points of presence (POPs) worldwide, with more than 100 POPs in 60 Asian cities, giving our customers seamless end-to-end connectivity across continents and within the Asian region. It is thus important for us to continually deepen our coverage in developing countries and upgrade our networks and technologies to serve our customers better.

In the year, we introduced Automatically Switched Optical Network (ASON) and the Multi-Protocol Label Switching – Transport Profile (MPLS-TP) to improve our ConnectPlus suite of global connectivity services. Delivered over SingTel's network assets, these technologies enable customers to scale their global connections up to 10Gbps and ensure continuous uninterrupted data flow in the event of cable faults.

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GROUP ENTERPRISE

For our cloud services, we expanded our footprint across Asia Pacific with the introduction of our award-winning service, PowerON Compute, in Hong Kong. Our data centres in Singapore, Australia and Hong Kong provide customers with a greater choice of locations and the convenience of dealing with a single cloud provider for a range of services across different geographies.

Boosting Our Mobility Offerings

With an increasingly mobile workforce where workers use their own devices for work, businesses face the challenge of ensuring their employees stay connected and productive, while keeping corporate data secure. To help address these challenges, SingTel's suite of managed mobility services allows companies to secure data, manage apps, contain mobile costs and control their smart devices.

During the year, we introduced OneTouch, a mobile collaboration solution that integrates with enterprise backend databases, such as customer relationship management and marketing systems. With the necessary resources available anytime, anywhere, this solution allows sales staff to meet their customers on-site and engage in the entire sales process, leading to improved collaboration, agility and higher productivity.

With cross-border business travel becoming more common, SingTel also launched the Telecom Spend Manager (TSM), a one-stop service to help companies monitor, manage and control their mobile voice and data expenditure across multiple operators and countries. By providing companies with an overview of their regional mobile expenses, TSM helps companies plan and manage their communications budget more efficiently.

In Australia, we improved our mobility line-up with Optus Mobile Device Security (MDS), which provides organisations with round-the-clock protection and allows IT managers to deploy security policies onto mobile devices via a centrally managed portal. We also introduced mobile consultancy services, to help customers optimise their mobile presence.

In the Machine-to-Machine (M2M) space, we joined an alliance of the global operators to create a seamless platform which will allow MNCs to incorporate M2M technology cost efficiently in the retail, healthcare, consumer electronics, transportation, automobile and energy industries.

Transforming Businesses in a Complex World

The explosive growth in ICT has changed the business world. To navigate today's volatile, and complex business environment, our customers are facing increasing pressure to enhance productivity, lower cost and drive greater agility in response to market movements.

We provide a seamless, consistent delivery experience to businesses, with our world-class delivery centres and award-winning delivery framework and methodologies. Our state-of-the-art infrastructure, sales and delivery presence in key business hubs around the world provide in-country support for businesses.

Our comprehensive suite of managed services, managed mobility services, cloud and IT services help enterprises be leaner and more efficient. By relying on SingTel, enterprises can better focus on their core competencies, while staying at the forefront of technology.

One initiative is the Solutions for an Urbanised Future (SURF), introduced in June 2012. SURF was created as part of our vision to transform and connect individuals, enterprises

SIGNIFICANT HIGHLIGHTS

- SingTel launched regional Electronic Bandwidth On-Demand to enable customers to scale up their bandwidth requirement conveniently at affordable rates
  – April 2012
- Optus launched Mobile Device Security and mobility consultancy services
  – May 2012
- SingTel launched Solutions for an Urbanised Future, which provides integrated solutions for governments and enterprises
  – June 2012
- SingTel and six mobile operators formed an alliance to collaborate on M2M initiatives
  – July 2012
- SingTel enhanced leased circuit and global connectivity services with launch of Automatically Switched Optical Network and Multi-Protocol Label Switching – Transport Profile respectively
  – August 2012
- SingTel showcased 200 innovations and ICT capabilities at i.luminate 2012 to more than 3,000 delegates
  – November 2012

- Optus introduced The Thinking Space to showcase latest research and innovations
  – December 2012

- SingTel and members of M2M alliance announced single worldwide SIM card trials on a web-based platform
  – February 2013

- Optus expanded M2M solutions portfolio for business and enterprise customers through collaboration with Jasper Wireless
  – February 2013

- Optus introduced Expan NEXTDC Hosting Services
  – February 2013

- SingTel won the contract for a pilot programme to form a consortium helping companies offer home-based work using ICT solutions
  – March 2013

and government services to build a sustainable city. SURF seamlessly integrates seven emerging technologies to help build integrated solutions for enterprises and smart cities, namely big data and analytics, security, identification and access, M2M, sensing technology, mobility, enterprise social networks, and cloud computing. These solutions, together with our deep domain experiences, will help our customers effectively increase engagement and better respond to their own constituents and customers, as we advance in today's highly connected world.

One of the initiatives is Singapore's Ministry of Education's Schools Standard ICT Operating Environment (SSOE) project, designed to enable a secured and efficient learning environment for students. We rolled out more than 120,000 computing devices to some 40,000 principals, teachers and education administrative staff, promoting greater and more effective use of ICT in teaching and learning. With SSOE, schools can look forward to faster internet access, enhanced security and full on-site support to meet the computing needs of teachers and students. We also piloted and developed iMTL, a web-based interactive portal to help students improve their mother tongue language skills. The pilot programme with 90 schools was completed successfully in March 2013, and we are rolling out the portal to all schools from upper primary to junior college level from 1 April 2013.

Our combined capabilities of infrastructure and managed services were also used to develop the MyTransport.SG mobile app and portal. It is a content-rich service that empowers commuters, motorists and cyclists in Singapore to make informed choices about their journey plans. The app was awarded the Visionary Award at the international Summit Emerging Media Awards 2012, the first in Asia Pacific, for its navigation features and the public value it provides, as well as the W3 Awards, for creative web and mobile excellence.

Leveraging the capabilities of our infrastructure and managed services, we provide the systems and connectivity necessary to synchronise and manage real-time content for digital displays in a multitude of industries. In the transportation industry, over 50 million commuters per year benefit from real-time digital displays managed by us. For an international financial institution, we implemented this end-to-end solution for their digital displays across their operations in Singapore, Hong Kong, Thailand, Malaysia and China.

Championing Thought Leadership

Beyond providing one-stop ICT solutions, Group Enterprise leads forums and platforms to share insights on new technologies and trends. In Australia, Vision 2012 in May presented research findings on how changes in economic and social trends will affect the future of businesses. At the forum, we also launched The Future of Business Report, which revealed the industries in Australia that are best prepared to embrace digital technology and strategies to respond to consumer expectations, boost productivity and drive revenue.

In Singapore, we showcased over 200 innovative ICT solutions for enterprises and governments at i.luminate 2012 in November. More than 3,000 business leaders and partners from 25 countries attended the event to learn about new technological trends such as mobility solutions and big data, as well as, emerging technologies for the workplace. In May, we also organised TechConnect to deliver insights on technologies related to the Internet of Things to our customers. The event had thought leaders and speakers share their thoughts on how technologies such as M2M communications, big data and complex event processing can enhance business responsiveness and deepen customer engagement.

OPERATING AND FINANCIAL REVIEW

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 March				
	2013	**2012**	**2011**	**2010**	**2009**
Income Statement (S$ million)					
Group operating revenue	**18,183**	18,825	18,071	16,871	14,934
SingTel	**6,732**	6,551	6,401	5,995	5,547
Optus	**11,451**	12,275	11,670	10,876	9,387
Optus (A$ million)	**8,934**	9,368	9,284	8,949	8,321
Group EBITDA	**5,200**	5,219	5,119	4,847	4,431
SingTel	**2,147**	2,128	2,183	2,224	2,110
Optus	**3,053**	3,091	2,937	2,623	2,321
Optus (A$ million)	**2,381**	2,357	2,334	2,153	2,067
Share of associates' pre-tax profits	**2,106**	2,005	2,141	2,410	2,051
Group EBITDA and share of associates' pre-tax profits	**7,306**	7,223	7,260	7,257	6,482
Group EBIT	**5,178**	5,222	5,291	5,379	4,750
Net profit after tax	**3,508**	3,989	3,825	3,907	3,448
Underlying net profit [1]	**3,611**	3,676	3,800	3,910	3,455
Cash Flow (S$ million)					
Group free cash flow [2]	**3,759**	3,462	4,038	3,406	3,245
Singapore	***1,491***	*1,170*	*1,436*	*1,290*	*1,231*
Associates' dividends (net of withholding tax)	***900***	*841*	*1,084*	*858*	*963*
SingTel	**2,392**	2,011	2,520	2,148	2,194
Optus	**1,367**	1,451	1,519	1,258	1,050
Optus (A$ million)	**1,068**	1,111	1,206	1,015	967
Capital expenditure	**2,059**	2,249	2,005	1,923	1,918
Balance Sheet (S$ million)					
Total assets	**39,984**	40,418	39,282	37,952	33,255
Shareholders' funds	**23,965**	23,428	24,328	23,493	20,476
Net debt	**7,477**	7,860	6,023	6,311	6,544
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	**77**	78	76	74	72
Return on invested capital (%) [3]	**11.8**	12.0	12.5	14.0	12.8
Return on equity (%)	**14.8**	16.7	16.0	17.8	16.6
Return on total assets (%)	**8.7**	10.0	9.9	11.0	10.2
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	**1.0**	1.1	0.8	0.9	1.0
EBITDA and share of associates' pre-tax profits to net interest expense (number of times)	**24.5**	20.7	21.8	23.5	19.9
Per Share Information (S cents)					
Earnings per share - basic	**22.02**	25.04	24.02	24.55	21.67
Earnings per share - underlying net profit [1]	**22.66**	23.07	23.86	24.56	21.71
Net assets per share	**150.42**	147.08	152.75	147.55	128.67
Dividend per share - ordinary	**16.8**	15.8	15.8	14.2	12.5
Dividend per share - special	**-**	-	10.0	-	-

"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.

[3] Return on invested capital is defined as EBIT (post-tax) divided by average capital. Comparatives have been restated to be on a post-tax basis, consistent with the current year.

GROUP REVIEW

GROUP	Financial Year Ended 31 March 2013 (S$ million)	 2012 (S$ million)	Change (%)
Operating revenue	**18,183**	18,825	-3.4
(ex-digital business [1])	***18,072***	*18,767*	*-3.7*
EBITDA	**5,200**	5,219	-0.4
(ex-digital business)	***5,304***	*5,285*	*0.4*
EBITDA margin	**28.6%**	27.7%	
(ex-digital business)	***29.3%***	*28.2%*	
Share of associates' pre-tax profits	**2,106**	2,005	5.0
EBITDA and share of associates' pre-tax profits	**7,306**	7,223	1.1
EBIT	**5,178**	5,222	-0.8
(ex-digital business)	***5,324***	*5,302*	*0.4*
Exceptional items (pre-tax)	**(154)**	86	nm
Taxation			
- ordinary tax expense	**(1,267)**	(1,205)	5.2
- exceptional tax credit	**51**	227	-77.4
Net profit	**3,508**	3,989	-12.0
Basic earnings per share (S cents)	***22.0***	*25.0*	*-12.1*
Underlying net profit [2]	**3,611**	3,676	-1.8
(ex-digital business)	***3,731***	*3,750*	*-0.5*
Underlying earnings per share (S cents)	***22.7***	*23.1*	*-1.8*

"nm" denotes not meaningful.

In this section, "Optus" refers to SingTel Optus Pty Limited and its subsidiaries, and "Singapore" refers to the Group's operations excluding Optus and the associates. "Associate" refers to either an associate or a joint venture as defined under Singapore Financial Reporting Standards.

Notes:

(1) Digital business refers to all businesses under Group Digital L!fe segment and comprises mainly e-commerce, concierge and hyper-local services, and mobile advertising of Amobee Inc.

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

The Group delivered resilient earnings amid significant industry changes while it continued to invest in transformational initiatives to drive long-term growth. Overall EBITDA was stable at S$5.20 billion. Operating revenue was S$18.18 billion, down 3.4% due to lower revenue in Australia. In constant currency terms, operating revenue declined 2.1% but EBITDA grew 1.0% on strong cost management.

In Singapore, excluding fibre rollout revenue where mass rollout was completed in June 2012, operating revenue rose 3.8%. The increase was contributed by growth in mobile and infocomm technology (ICT) operations as well as digital services. Mobile Communications grew 2.9% on strong customer gains which offset the lower roaming and SMS interconnect revenues. Data and Internet revenue increased 2.5% underpinned by robust growth in Managed Services and fibre broadband. EBITDA was stable but would have increased 3.6% excluding the startup losses from digital businesses.

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In Australia, Optus continued to restructure its business to drive profitable growth as well as capitalise on mobile data opportunities. Though operating revenue declined 4.6%, EBITDA grew 1.0% reflecting Optus' yield focus. Mobile revenue declined 5.9% due to lower equipment sales, service credits associated with the device repayment plans introduced last year and further mandated reduction in mobile termination rates from 1 January 2013. Revenue from Business and Wholesale Fixed was stable as higher satellite and ICT and managed services revenues offset the lower voice and Data and IP revenues. In Consumer Fixed, lower on-net broadband average revenue per user (ARPU) has resulted in the on-net revenue declining by 4.8%. With the weaker Australian Dollar, Optus' translated revenue in Singapore Dollars decreased 6.7% from last year.

The associates' pre-tax contributions grew 5.0% to S$2.11 billion. Excluding the currency translation impact, the associates' pre-tax contributions increased strongly by 12% from last year.

Telkomsel and AIS delivered increases in revenue and EBITDA underpinned by strong data growth. Globe's service revenue grew on sustained growth in mobile and broadband while EBITDA was stable on higher subsidy and service costs. Despite the highly competitive market in India and the economic headwinds in Africa, Airtel's operating revenue grew 12% and EBITDA increased 5%. Overall earnings, however, declined due to higher depreciation and spectrum amortisation charges on mobile network expansion, and increased financing costs.

With higher depreciation and amortisation charges from continued mobile network investments and higher intangibles from recent acquisitions, the Group's EBIT was stable at S$5.18 billion.

The Group's exceptional items for the year included the divestment loss of Warid Pakistan of S$225 million, Optus' ex-gratia costs on its workforce restructuring of S$101 million, and the Group's share of Globe's accelerated depreciation of S$114 million from its network and IT transformation. Together with the net dividend income from Southern Cross of S$149 million and the divestment gain in Far EasTone Telecommunications Co., Ltd (FET) of S$119 million, the net exceptional losses for the year amounted to S$154 million. An exceptional tax credit of S$270 million was recognised last year on the value of assets transferred to an associate.

Net profit after exceptional items declined 12% to S$3.51 billion. Excluding exceptional items, underlying net profit decreased 1.8% to S$3.61 billion. Excluding startup losses from the digital businesses and currency translation impact, underlying net profit would have increased 2.6%.

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 76% and 77% of the Group's proportionate revenue and proportionate EBITDA respectively.

SINGAPORE	Financial Year Ended 31 March 2013 (S$ million)	2012 (S$ million)	Change (%)
Operating revenue			
Mobile Communications [1]	**1,946**	1,890	2.9
Data and Internet	**1,648**	1,607	2.5
International Telephone	**482**	501	-4.0
Sale of Equipment	**353**	352	**
National Telephone	**334**	352	-5.1
mio TV	**125**	106	18.4
Others [2]	**229**	211	8.8
Telco	**5,117**	5,020	1.9
Revenue from NCS	**1,407**	1,315	7.0
Fibre rollout	**117**	178	-34.2
Information Technology and Engineering (IT&E)	**1,524**	1,493	2.1
Digital business [3]	**92**	38	142.3
Total Revenue	**6,732**	6,551	2.8
(excluding Fibre rollout)	***6,615***	*6,372*	*3.8*
EBITDA	**2,147**	2,128	0.9
(ex-digital business)	***2,231***	*2,152*	*3.6*
EBITDA margin	***31.9%***	*32.5%*	
(ex-digital business)	***33.6%***	*33.0%*	
EBIT	**1,481**	1,551	-4.5
(ex-digital business)	***1,602***	*1,587*	*0.9*

"**" denotes less than 0.05%.

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

Notes:

[1] With effect from this financial year, revenues from mobile digital services are classified under "Digital business". The comparative figure has been reclassified to be consistent with the current financial year.

[2] Comprise revenues from mobile satellite, lease of satellite transponders and other miscellaneous income.

[3] Digital business refers to all businesses under Singapore Digital L!fe and comprises mainly e-commerce, concierge and hyper-local services, and mobile advertising of Amobee Inc.

SingTel's core operations delivered strong performance with 3.6% increase in EBITDA.

Operating revenue in Singapore was up 2.8% to S$6.73 billion. Excluding fibre rollout revenue where mass rollout was completed in June 2012, operating revenue increased 3.8% underpinned by continued strength in mobile and ICT operations and growth from digital business. EBITDA was stable at S$2.15 billion, reflecting the investments in digital businesses, higher mobile customer connection costs as well as lease payments to NetLink Trust which commenced from September 2011. With higher depreciation from mobile network expansion and NCS' equipment investments, as well as amortisation of intangibles from the acquisitions of digital businesses, EBIT declined 4.5%.

Mobile Communications, the largest revenue stream, grew 2.9% to S$1.95 billion on strong customer growth which offset the lower postpaid ARPU. Total mobile customer base grew 6.3% or 226,000 to 3.81 million. SingTel registered strong market share gains, extending its lead by 1.3 percentage points with a mobile market share of 47.2% as at 31 March 2013.

Total postpaid customer base increased 7.6% or 148,000 from a year ago to 2.10 million as at 31 March 2013. Approximately 23% of the total postpaid base was on tiered data plans with 10% of these customers exceeding their data allowances. SingTel's 4G postpaid customer base reached 378,000 as at 31 March 2013. Postpaid ARPU fell S$5 to S$80 and, excluding "data only" SIMs,

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declined S$4 reflecting lower roaming and SMS interconnect revenues.

Mobile data services remained at 42% of blended ARPU. However, the proportion of non-SMS data grew to 22% of ARPU, up from 20%. Total number of customers on monthly mobile broadband data subscription plans grew strongly by 24% or 299,000 from a year ago to 1.55 million.

In the prepaid segment, ARPU increased 3.4% contributed by the strong demand for mobile data and 3G offerings. SingTel's prepaid customer base grew 4.8% or 78,000 from a year ago to 1.71 million.

Data and Internet revenue increased 2.5% to S$1.65 billion. Growth in Managed Services mitigated the impact of price declines in Local Leased Circuits. Driven by strong demand for fibre services and higher-tier plans, Fixed Broadband revenue grew a healthy 8.7% in a highly competitive market. SingTel's fibre broadband customer base grew to 192,000, up significantly from 76,000 a year ago, with a leading market share of approximately 59% as at 31 March 2013.

International Telephone revenue declined 4.0% to S$482 million on lower average collection rates partially offset by increased international call traffic.

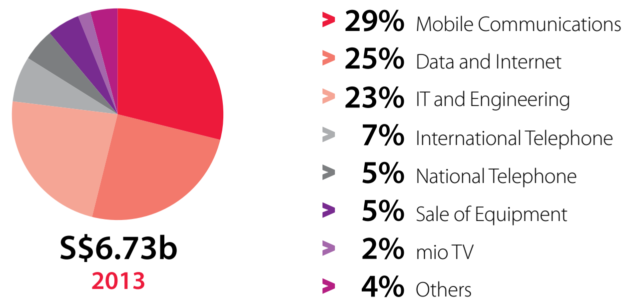
During the year, SingTel strengthened its content suite with the addition of FOX International Channels and Disney channels, and lifted mio TV revenue by a strong 18% to S$125 million. Total mio TV customer base reached 404,000 as at end of March 2013, an increase of 9.8% or 36,000 from a year ago.

Revenue from Consumer Home, comprising residential fixed broadband, voice and mio TV, increased 5.1% underpinned by SingTel's successful bundling strategy. A total of 347,000 customers were on triple/quadruple bundled plans as at 31 March 2013, up 14% from 305,000 a year ago.

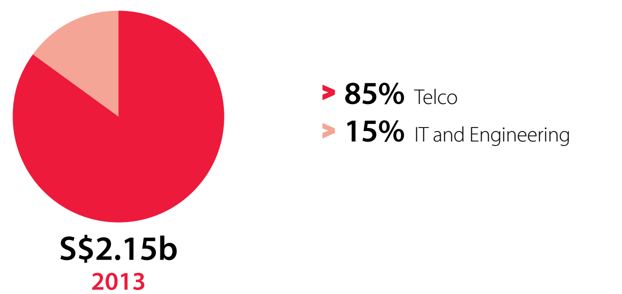
IT&E revenue grew 2.1% to S$1.52 billion with NCS' growth of 7.0% partially offsetting the lower fibre rollout revenue.

With SingTel's strategic acquisitions in the digital space, including Amobee Inc., a premium provider of mobile advertising solutions, HungryGoWhere.com, a restaurant review portal, and Pixable Inc., a social photo aggregation service provider, revenue from Digital business grew significantly to S$92 million from S$38 million last year.

REVENUE BY PRODUCTS AND SERVICES



EBITDA



AUSTRALIA	Financial Year Ended 31 March		
	2013 (A$ million)	2012 (A$ million)	Change (%)
Operating revenue by division			
Mobile	**5,711**	6,072	-5.9
Fixed			
Business and Wholesale	**2,013**	2,029	-0.8
Consumer and Small-Medium Business (SMB)	**1,210**	1,275	-5.1
Inter-divisional	**-**	(7)	nm
Total Revenue	**8,934**	9,368	-4.6
EBITDA by division			
Mobile	**1,584**	1,578	0.3
Fixed			
Business and Wholesale	**553**	546	1.4
Consumer and Small-Medium Business (SMB)	**244**	233	4.5
Total EBITDA	**2,381**	2,357	1.0
EBITDA margin	***26.7%***	*25.2%*	
EBIT	**1,241**	1,271	-2.3

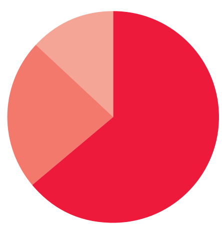
"nm" denotes not meaningful.
Numbers in above table may not exactly add due to rounding.

Optus, SingTel's largest subsidiary and Australia's number two telecommunications operator, was focused on sustainable profitability and improving customer experience while positioning itself to capitalise on mobile data revenue growth. EBITDA was up 1.0% and margin increased 1.5 percentage points despite operating revenue declining by 4.6%, reflecting Optus' focus on restructuring its cost base. With higher depreciation and amortisation charges from increased network investments and acquisition of Vividwireless and 2300MHz frequency spectrum in June 2012, EBIT declined 2.3%.

Optus Mobile contributed 64% to Optus' operating revenue and 67% to Optus' EBITDA. EBITDA was stable despite the decline of 5.9% in operating revenue. The lower operating revenue was due to decline in sales of equipment and lower service revenue as a result of the mandated reduction in mobile termination rates, lower breakage and roaming revenues as well as the service credits associated with the device repayment plans.

Optus continued its postpaid customer growth momentum with net additions of 306,000 in the year. Postpaid customers comprised 57% of the total base, up 2 percentage points from a year ago. Prepaid customer base reduced by 203,000 to 4.09 million, reflecting yield management initiatives. Optus grew the number of 4G mobile handsets on its network to 785,000 as at end of March 2013.

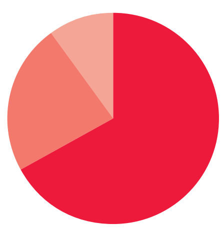
REVENUE BY DIVISION



- 64% Mobile
- 23% Optus Business and Wholesale Fixed
- 13% Consumer and SMB Fixed

A$8.93b
2013

EBITDA BY DIVISION



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

A$2.38b
2013

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Blended ARPU was A$42, down A$3 year-on-year, and would have declined A$1 if excluding the impact of the reduction in mobile termination rates and the service credits associated with the device repayment plans. SMS and other data revenue grew to 51% (FY2012: 46%) of ARPU while non-SMS data revenue increased to 27% (FY2012: 22%) of ARPU.

Business and Wholesale Fixed accounted for 23% of Optus' operating revenue and 23% of Optus' EBITDA. Revenue was stable at A$2.01 billion as Optus continued to exit unprofitable off-net services. The higher satellite and ICT and managed services revenues were offset by the lower voice and Data and IP revenues. EBITDA increased 1.4% to A$553 million.

Consumer and Small-Medium Business Fixed contributed 13% to Optus' operating revenue and 10% of Optus' EBITDA. Consumer fixed on-net revenue declined 4.8% due to lower ARPU from discounted bundled plans and increased broadband data allowances. As Optus continued to exit fixed resale services, Consumer fixed off-net revenue was down 33%, resulting in an overall decline in the Consumer fixed revenue of 5.1% to A$1.21 billion. In the highly competitive broadband market, Optus' total on-net broadband customer base grew by 2.2% to approximately 1 million as at 31 March 2013. EBITDA increased 4.5% on lower operating expenses.

	Financial Year Ended 31 March		
ASSOCIATES	**2013 (S$ million)**	**2012 (S$ million)**	**Change (%)**
Share of ordinary pre-tax profits			
Regional mobile associates			
Telkomsel	**1,004**	898	11.7
AIS	**438**	350	25.0
Airtel			
- India, Bangladesh and Sri Lanka (South Asia)	**495**	628	-21.1
- Africa	**(127)**	(76)	66.5
	369	551	-33.2
Globe	**210**	187	12.5
Warid Pakistan	**(18)**	(56)	-67.5
Pacific Bangladesh Telecom	**-**	(28)	nm
	2,002	1,902	5.2
Other associates	**104**	110	-5.4
Group share of associates' ordinary pre-tax profits	**2,106**	2,013	4.6
Group share of associates' exceptional items	**-**	(8)	nm
Group share of associates' pre-tax profits	**2,106**	2,005	5.0
Share of post-tax profits			
Regional mobile associates			
Telkomsel	**754**	665	13.3
AIS	**338**	249	35.9
Airtel			
- India, Bangladesh and Sri Lanka (South Asia)	**332**	474	-29.8
- Africa	**(164)**	(117)	39.8
	169	356	-52.7
Globe	**150**	131	15.0
Warid Pakistan	**(18)**	(56)	-67.4
Pacific Bangladesh Telecom	**-**	(29)	nm
	1,393	1,316	5.8
Other associates	**92**	91	1.2
Group share of associates' post-tax profits	**1,485**	1,407	5.5

"nm" denotes not meaningful.
Numbers in above table may not exactly add due to rounding.

The Group's share of the associates' pre-tax and post-tax profits grew 5.0% and 5.5% respectively amid weaker regional currencies, as the Indian Rupee and Indonesian Rupiah declined sharply by 15% and 9% respectively from a year ago. If the regional currencies had remained stable from a year ago, the pre-tax and post-tax contributions of the associates would have increased by 12% each.

The regional mobile associates continued their strong customer growth momentum. Telkomsel registered 9.8% increase in its customer base to 121 million as at 31 March 2013. Airtel's total mobile customer base covering India, Bangladesh, Sri Lanka and across Africa, reached 260 million as at 31 March 2013, up 7.8% from a year ago. Excluding Warid Pakistan which was divested in March 2013, the Group's combined mobile customer base reached 468 million in 25 countries, a growth of 8.5% or 37 million from a year ago.

Telkomsel accounted for 51% of the Group's share of associates' post-tax profits, up from 47% last year. Operating revenue grew 13% and EBITDA increased 10% underpinned by growth across voice, SMS and data. With lower depreciation and higher interest income, the Group's share of Telkomsel's post-tax profit grew a strong 23% in Indonesian Rupiah terms. In Singapore Dollar terms, Telkomsel's post-tax contribution increased 13% to S$754 million, reflecting the 9% decline in the Indonesian Rupiah against the Singapore Dollar. Telkomsel maintained its leading position in Indonesia with a market share of approximately 44% as at 31 March 2013.

AIS contributed 23% to the Group's share of associates' post-tax profits, 5 percentage points higher than last year. Post-tax contribution surged 36% to S$338 million, driven by robust growth in both voice and non-voice revenues, lower depreciation and amortisation charges as well as lower taxes from the reduction in Thai corporate tax rates. AIS maintained its lead in the Thailand mobile market with approximately 43.6% market share.

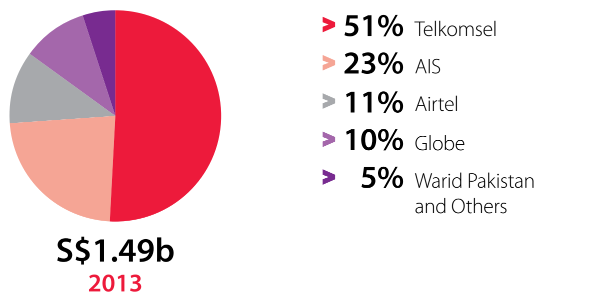
During the year, Airtel was impacted by adverse regulatory changes in India, as well as economic headwinds in Africa and increased market competition. Amid these challenges, Airtel's revenue grew 12% while EBITDA increased 5% on higher network costs and selling and administrative expenses. Net profit, however, declined 47% due to higher depreciation and spectrum amortisation charges on network investments, increased financing costs and higher income taxes. With the steep 15% depreciation of the Indian Rupee against the Singapore Dollar, overall post-tax contribution from Airtel declined 53% to S$169 million. Airtel continued to lead the India mobile market with a market share of approximately 21.7%.

Globe, the second largest mobile phone operator in the Philippines, recorded service revenue growth of 6% on sustained growth across both mobile and broadband in a competitive market. EBITDA, however, was stable on higher subsidy and service costs. With lower net interest expense and a stronger Philippine Peso relative to the Singapore Dollar, Globe's post-tax contribution grew 15% to S$150 million. This contribution excluded Globe's accelerated depreciation charges related to its network modernisation and IT transformation programmes. The Group's share of this exceptional charge has been classified as an exceptional item of the Group.

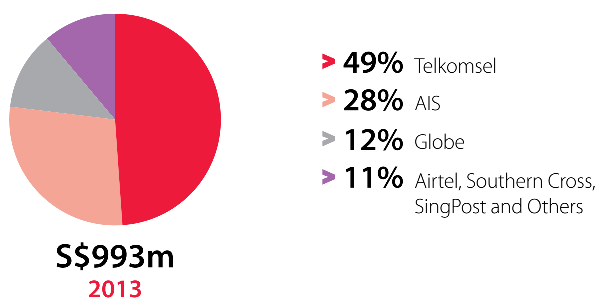
SingTel ceased to equity account for Warid Pakistan from 1 July 2012 upon its reclassification as an "Asset Held For Sale". Warid Pakistan was disposed in March 2013.

Pacific Bangladesh Telecom's carrying value was nil as at 31 March 2012 and SingTel ceased to equity account for its results from 1 April 2012.

SHARE OF ASSOCIATES' POST-TAX PROFITS



CASH DIVIDENDS RECEIVED FROM ASSOCIATES [1]



Note:

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

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CASH FLOW

GROUP	Financial Year Ended 31 March 2013 (S$ million)	2012 (S$ million)	Change (%)
Net cash inflow from operating activities	**5,818**	5,710	1.9
Net cash outflow for investing activities	**(2,557)**	(2,809)	-9.0
Net cash outflow for financing activities	**(3,702)**	(4,264)	-13.2
Net decrease in cash balance	**(442)**	(1,363)	-67.6
Exchange effects on cash balance	**6**	(29)	nm
Cash balance at beginning of year	**1,346**	2,738	-50.8
Cash balance at end of year	**911**	1,346	-32.3
Free cash flow			
Singapore	**1,491**	1,170	27.4
Australia	**1,367**	1,451	-5.8
Australia (in A$)	***1,068***	*1,111*	*-3.9*
Associates (net dividends after withholding tax)	**900**	841	7.1
Group	**3,759**	3,462	8.6
Cash capital expenditure as a percentage of operating revenue	***11%***	*12%*	

"nm" denotes not meaningful.

Operating Activities

The Group's net cash inflow from operating activities for the year was S$5.82 billion, up 1.9% or S$107 million. Increased dividends from associates and lower tax payments partially offset the higher working capital in Australia.

Investing Activities

The investing cash outflow was S$2.56 billion. During the year, payments of S$698 million were made for acquisitions of subsidiaries, namely Amobee Inc., Vividwireless Group and Pixable Inc. This was partly offset by S$337 million from the sale of a stake in FET and the initial sale proceeds of S$87 million from the divestment of Warid Pakistan. Capital expenditure totalled S$2.06 billion, and represented 11% of the Group's operating revenue, 1 percentage point lower than last year. Major capital expenditure for the year included investments in satellites as well as fixed and mobile networks including 4G deployment in Singapore and Australia.

Financing Activities

Net cash outflow of S$3.70 billion for financing activities comprised mainly the payment of S$1.43 billion for final dividends in respect of the previous financial year ended 31 March 2012, and S$1.08 billion for interim dividends in respect of the current financial year. Other major financing cash outflows included S$805 million for the net repayment of borrowings and S$343 million for interest payments.

Free Cash Flow

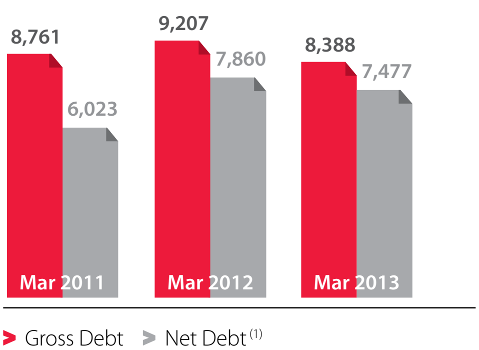
The Group generated strong free cash flows at S$3.76 billion, higher by 8.6% or S$297 million from last year. Free cash flow from Singapore grew 27% due to higher operating cash flow from favourable movements in working capital and lower tax payments, as well as lower capital expenditure. Free cash flow from Australia declined 3.9% to A$1.07 billion as a result of higher working capital reflecting higher receivables from increased accrued handset repayments, partly offset by lower tax payments and capital spend.

CAPITAL MANAGEMENT

GROUP	2013	2012	2011
	Financial Year Ended 31 March		
Gross debt (S$ m)	**8,388**	9,207	8,761
Net debt [(1)] (S$ m)	**7,477**	7,860	6,023
Net debt gearing ratio [(2)] (%)	**23.8**	25.1	19.8
Net debt to EBITDA and share of associates' pre-tax profits (number of times)	**1.0**	1.1	0.8
Interest cover [(3)] (number of times)	**24.5**	20.7	21.8
Average maturity of borrowings (years)	**6.8**	7.3	6.5

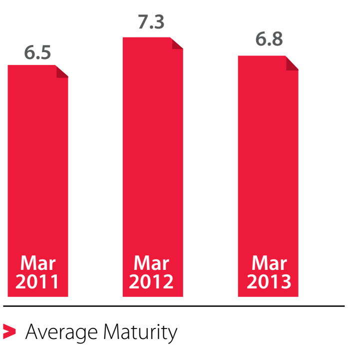
GROUP DEBT

(S$ m)



AVERAGE MATURITY OF BORROWINGS

(Years)



During the year, the Group's gross debt decreased mainly due to net repayment of borrowings of S$805 million. As at 31 March 2013, net debt gearing ratio was 23.8%.

The Group has one of the strongest credit ratings among telecommunications companies in Asia. SingTel is currently rated Aa3 by Moody's and A+ by Standard & Poor's. The Group continued to maintain a healthy capital structure.

SingTel revised its policy to increase the dividend payout ratio to between 60% to 75% of underlying net profit, from the previous payout ratio of 55% to 70%. The Group remains committed to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility to pursue growth.

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 and share of associates' pre-tax profits to net interest expense, where net interest expense is interest expense less interest income.