



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2012

The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 30 June 2012 are unaudited.

Numbers in all tables may not exactly add due to rounding.

For all pages, "@" denotes more than +/- 500%, "" denotes less than +/- S\$500,000 or A\$500,000 and "***" denotes less than +/- 0.05%, unless otherwise indicated.*

For all tables, a negative sign for year-on-year change denotes a decrease in operating revenue, expense, gain or loss.

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SECTION I : GROUP

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

- Operating revenue and EBITDA declined by 1.6% and 3.2% respectively, impacted by 3% depreciation in Australian Dollar. In constant currency terms, operating revenue was stable and EBITDA declined 1.5%.
- Associates' pre-tax contributions stable at S\$506 million. In constant regional currency terms, pre-tax contributions grew 5.6% with strong operating performance from Telkomsel and AIS partially offsetting Airtel's weaker results.
- EBITDA and share of associates' pre-tax profits at S\$1.75 billion – down 2.4%.
- Net profit at S\$945 million – up 3.2%, with exceptional gains.
- Free cash flow of S\$725 million – down S\$188 million or 21%, with contribution of S\$204 million from the Singapore business, S\$60 million (A\$50 million) from the Australia business and S\$461 million from the associates.

SECTION I : GROUP

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Operating revenue	4,533	4,605	-1.6
Operating expenses	(3,316)	(3,352)	-1.1
EBITDA	1,243	1,284	-3.2
EBITDA margin	27.4%	27.9%	
Share of associates' pre-tax profits	506	508	-0.3
- operating results	506	500	1.2
- exceptional items	-	7	nm
EBITDA and share of associates' pre-tax profits	1,749	1,792	-2.4
Net exceptional gains	88	61	43.1
Underlying net profit	850	873	-2.6
Net profit	945	916	3.2
Free cash flow	725	913	-20.6
Underlying earnings per share (S cents)	5.34	5.48	-2.6
Basic earnings per share (S cents)	5.93	5.75	3.1

	As at		
	30 Jun 2012 S\$ m	31 Mar 2012 S\$ m	30 Jun 2011 S\$ m
Total assets	40,247	40,418	40,003
Shareholders' funds	23,546	23,428	25,190
Net debt ⁽¹⁾	7,700	7,860	5,322
<i>Net debt gearing ratio</i> ⁽²⁾	<i>24.6%</i>	<i>25.1%</i>	<i>17.4%</i>
<i>Net debt to EBITDA and share of associates' pre-tax profits</i> ⁽³⁾	<i>1.10X</i>	<i>1.09X</i>	<i>0.75X</i>
<i>Interest cover:</i>			
- <i>EBITDA and share of associates' pre-tax profits/ net interest expense</i> ⁽⁴⁾	<i>23.1X</i>	<i>20.7X</i>	<i>20.6X</i>

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) Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.
- (4) Net interest expense refers to interest expense less interest income.

SECTION I : GROUP**GROUP SUMMARY INCOME STATEMENTS**

For The First Quarter Ended 30 June 2012

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Operating revenue	4,533	4,605	-1.6
Operating expenses	(3,316)	(3,352)	-1.1
	1,217	1,253	-2.9
Other income	26	31	-18.0
EBITDA	1,243	1,284	-3.2
- EBITDA margin	27.4%	27.9%	
Share of associates' pre-tax profits			
- operating results	506	500	1.2
- exceptional items	-	7	nm
	506	508	-0.3
EBITDA and share of associates' pre-tax profits	1,749	1,792	-2.4
Depreciation & amortisation	(518)	(501)	3.4
EBIT	1,231	1,291	-4.6
Net finance expense			
- net interest expense	(76)	(87)	-13.0
- other finance income/ (expense)	5	(6)	nm
	(71)	(93)	-23.5
Profit before exceptional items	1,160	1,198	-3.2
Net exceptional gains	88	61	43.1
Profit before tax	1,247	1,259	-0.9
Taxation			
- ordinary tax expense	(309)	(324)	-4.7
- exceptional tax credit/ (expense)	8	(18)	nm
	(301)	(342)	-11.9
Profit after tax	946	917	3.2
Minority interests	(1)	(1)	-22.2
Net profit	945	916	3.2
Net profit	945	916	3.2
<i>Exclude :</i>			
Net exceptional gains	(88)	(61)	43.1
Exceptional tax (credit)/ expense	(8)	18	nm
Underlying net profit	850	873	-2.6

Notes:

- (1) Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with FRS 1, **Presentation of Financial Statements**, please refer to "SGX Appendix 7.2 Announcement".
- (2) See **Appendix 1** for the summary income statements of the various businesses for the first quarter ended 30 June 2012.

SECTION I : GROUP

DIVISIONAL TOTALS

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Operating revenue by division:			
Telco	1,286	1,233	4.3
IT and Engineering	388	324	19.7
Singapore	1,674	1,557	7.5
Optus	2,859	3,048	-6.2
Group	4,533	4,605	-1.6
EBITDA by division:			
Telco ⁽²⁾	467	496	-6.0
IT and Engineering	79	50	57.9
Singapore ⁽²⁾	546	547	-0.1
Optus	697	738	-5.6
Group	1,243	1,284	-3.2
EBITDA margins by division:			
Telco ⁽²⁾	36.3%	40.2%	
IT and Engineering	20.4%	15.5%	
Singapore ⁽²⁾	32.6%	35.1%	
Optus	24.4%	24.2%	
Group	27.4%	27.9%	

Notes:

- (1) Effective this quarter, Singapore refers to the Group's operations but excludes Optus and the associates. It therefore includes the overseas operations of SingTel including Amobee Inc. acquired in April 2012.
- (2) Comparatives have been restated to include corporate costs, consistent with the current period.

From 1 April 2012, the Group is organised by three business segments, Group Consumer, Group ICT and Group Digital Life, to better serve the evolving needs of its customers and to exploit growth opportunities globally. The following table shows the operating revenue of the three business segments.

	Quarter
	30 Jun
	2012 S\$ m
Operating revenue by business segments:	
Group Consumer	2,837
Group ICT	1,614
Group Digital Life	82
Group	4,533

SECTION I : GROUP

REVIEW OF GROUP OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2012

Operating revenue and EBITDA were impacted by the 3% depreciation in the Australian Dollar against Singapore Dollar. Operating revenue fell 1.6% to S\$4.53 billion while EBITDA declined 3.2%. In constant currency terms, operating revenue was stable and EBITDA declined 1.5%.

In Singapore, revenue rose a healthy 7.5% underpinned by NCS' strong growth of 20% from major projects. Mobile Communications revenue grew 1.5% on strong customer growth but this was partially offset by lower postpaid ARPU. Total mobile customer base grew by 58,000 in the quarter to 3.64 million, up 6.5% from a year ago. SingTel achieved another quarter of market share gains in both prepaid and postpaid. Postpaid net additions this quarter was 45,000, up from 30,000 in the preceding quarter driven by smartphone connections and data SIMs take-up for integrated mobile broadband bundles.

In Australia, Optus' revenue declined 3.2% due to the mandated reduction in mobile termination rates from 9 cents per minute to 6 cents from January 2012, lower equipment sales as well as the recognition of service credits associated with the device repayment plans introduced from October 2011. Optus continued its postpaid customer growth with 88,000 net additions in the quarter, and total mobile customer base reached 9.51 million as at 30 June 2012. In Business and Wholesale fixed, revenue grew 1.0% from satellite, ICT and managed services. Revenue from Consumer and SMB fixed declined 5.8% due to lower broadband ARPU. With the weaker Australian Dollar in the quarter, Optus' translated revenue in Singapore Dollars decreased 6.2%.

The Group's EBITDA declined 3.2% to S\$1.24 billion. EBITDA in Australia declined 2.6% and was down 5.6% in Singapore Dollar terms. EBITDA in Singapore, excluding payments to NetLink Trust, grew 1.6% with revenue growth from NCS partially offsetting higher mobile customer connection costs.

The Group and its regional mobile associates continued to register strong customer growth. As at 30 June 2012, the combined mobile customer base reached 462 million, up 11% from a year ago.

The associates' contributions were adversely impacted by the weakening of the major regional currencies this quarter. In particular, Indian Rupee fell significantly by 18% and Indonesian Rupiah declined 6% from the same quarter last year. Excluding the currency translation impact, the associates' pre-tax contributions increased by 5.6%.

Telkomsel and AIS recorded robust operating performance underpinned by strong customer and data growth amid stable market conditions. Globe's service revenue rose to a quarterly record high on sustained growth across both mobile and broadband segments. As at 30 June 2012, Airtel's mobile subscriber base across all geographies reached the 250 million milestone. In India, with increased aggression, Airtel recorded net mobile customer additions of 6 million and voice traffic of 239 billion minutes in the quarter, leading the market. In Africa, Airtel gained market share and registered double-digit EBITDA growth driven by an expanded customer base. Earnings in South Asia, however, were adversely impacted by regulatory restrictions on sales of combo packs in India, higher network related costs, selling expenses as well as depreciation and amortisation charges.

SECTION I : GROUP

The Group's EBIT fell 4.6% due to higher depreciation on a larger asset base mainly from NCS' capital expenditure in equipment for customer contracts and ST-2 satellite commissioned in August 2011 as well as amortisation of the acquired intangibles from Amobee included this quarter.

Net finance expense decreased 24% due to lower interest expense as well as interest income received on the unitholder's loan to NetLink Trust which commenced from September 2011.

The net exceptional gains this quarter mainly comprised a S\$119 million gain on the disposal of investment in Far EasTone Telecommunications Co. Ltd. (FET), a net income of S\$36 million from Optus' legal disputes, and a S\$46 million ex-gratia charge from Optus' workforce restructuring exercise (see Page 11 for details).

Net profit increased 3.2% to S\$945 million. Excluding the exceptional and other one-off items, underlying net profit decreased by 2.6% to S\$850 million. Further excluding currency movements, underlying net profit would have been stable.

Free cash flow was S\$725 million, 21% lower than a year ago due mainly to lower free cash flow from Australia on payments for income taxes and workforce restructuring costs and working capital movements.

The Group continued to maintain a healthy capital structure. As at 30 June 2012, net debt gearing ratio was at approximately 25%, comparable to a quarter ago.

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% (Q1 FY2012: 78%) of the Group's proportionate revenue and 76% (Q1 FY2012: 77%) of proportionate EBITDA.

SECTION I : GROUP**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2012 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2012 S\$ m	31 Mar 2012 S\$ m	
Operating revenue	4,533	4,780	-5.2
Singapore	1,674	1,717	-2.5
Optus	2,859	3,063	-6.7
Operating expenses	(3,316)	(3,368)	-1.5
EBITDA	1,243	1,430	-13.1
EBITDA margin	27.4%	29.9%	
Singapore	32.6%	30.7%	
Optus	24.4%	29.5%	
Share of associates' pre-tax profits	506	524	-3.3
EBITDA and share of associates' pre-tax profits	1,749	1,953	-10.5
Profit before exceptional items and tax	1,160	1,353	-14.3
Underlying net profit	850	1,023	-16.9
Net profit	945	1,289	-26.7
Free cash flow	725	999	-27.4

The Group's EBITDA declined 13% from the preceding quarter. The lower EBITDA in Singapore was mainly due to seasonally lower revenue from NCS. EBITDA in Australia fell on lower equipment sales and ICT and managed services revenue as well as higher customer acquisition and retention costs. With lower EBITDA and associates' earnings and higher depreciation and amortisation charges, underlying net profit declined 17% from a quarter ago. Free cash flow was 27% lower due to the timing of payments including annual staff incentive as well as Optus' workforce restructuring costs.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The guidance issued earlier with the results for the financial year ended 31 March 2012 is affirmed.

Please refer to **Appendix 5** for further details on the outlook for the current financial year.

SECTION I : GROUP**GROUP OPERATING REVENUE**

By Products And Services	Quarter				YOY Chge %
	30 Jun				
	2012	2012	2012	2011	
	Singapore S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Mobile communications	479	1,471	1,950	2,018	-3.4
Data and Internet	408	465	873	885	-1.3
IT and Engineering	388	150	538	471	14.2
National telephone	84	350	434	469	-7.5
Sale of equipment	85	276	361	411	-12.1
International telephone	126	73	199	209	-4.6
Satellite ⁽¹⁾	38	19	57	47	20.6
Pay television	25	23	48	49	-0.8
Others ⁽²⁾	41	32	73	48	51.5
Total	1,674	2,859	4,533	4,605	-1.6
Operating revenue			4,533	4,605	-1.6
Associates' proportionate revenue ⁽³⁾			2,858	2,796	2.2
Group's proportionate revenue			7,391	7,401	-0.1

Notes:

- (1) Comprise revenues from mobile satellite services and lease of satellite transponders.
(2) Include advertising revenue and miscellaneous fee income.
(3) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by SingTel's effective ownership interest.

	Quarter	
	30 Jun	
	2012	2011
	Mix	Mix
Operating Revenue Mix By Services		
Mobile communications	43.0%	43.8%
Data and Internet	19.3%	19.2%
IT and Engineering	11.9%	10.2%
National telephone	9.5%	10.2%
Sale of equipment	8.0%	8.9%
International telephone	4.4%	4.5%
Satellite	1.3%	1.0%
Pay television	1.1%	1.1%
Others	1.5%	1.1%
	100.0%	100.0%

The Group's enlarged revenue, including the proportionate share of operating revenue from the associates, was stable at S\$7.39 billion.

SECTION I : GROUP**OPERATING EXPENSES
(Before Depreciation and Amortisation)**

	Quarter				YOY Chge %
	30 Jun				
	2012		2012	2011	
	Singapore S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Selling & administrative	360	816	1,176	1,215	-3.2
Traffic expenses	218	512	730	763	-4.3
Cost of sales	278	452	730	746	-2.1
Staff costs	259	337	596	541	10.2
Repair and maintenance	33	49	82	83	-1.3
Others	(10)	13	2	5	-53.2
Total	1,138	2,179	3,316	3,352	-1.1

As a percentage of operating revenue	Quarter	
	30 Jun	
	2012	2011
Selling & administrative	25.9%	26.4%
Traffic expenses	16.1%	16.6%
Cost of sales	16.1%	16.2%
Staff costs	13.2%	11.7%
Repair and maintenance	1.8%	1.8%
Others	0.1%	0.1%
	73.2%	72.8%

Selling & administrative expenses, the largest expense category at 26% of operating revenue, declined 3.2% year-on-year mainly attributed to lower customer acquisition costs in Australia and translation impact from a weaker Australian Dollar.

Traffic expenses decreased 4.3% from a year ago due to lower interconnect costs in Australia with the mandated reduction in mobile termination rates from January 2012.

Staff costs increased 10%, reflecting annual salary increments and due to no incentive provision recorded in Australia for the corresponding quarter last year.

SECTION I : GROUP**GROUP NET FINANCE EXPENSE**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Net interest expense:			
- Interest income	4	9	-56.7
- Interest expense	(85)	(96)	-11.9
	(81)	(87)	-7.2
- Net interest income from NetLink Trust	5	-	nm
	(76)	(87)	-13.0
Other finance income/ (expense):			
- Investment gain ⁽¹⁾	2	1	70.0
- Net foreign exchange gain/ (loss)	3	(4)	nm
- FRS 39 fair value adjustments ⁽²⁾	*	(3)	nm
	5	(6)	nm
Net finance expense	(71)	(93)	-23.5

Notes:

(1) Comprise mainly dividend income from available-for-sale investments.

(2) Comprise mainly adjustments for hedging instruments measured at fair values at reporting date under FRS 39, *Financial Instruments: Recognition and Measurement*.

Net interest expense, before interest income from NetLink Trust, was 7.2% lower from the last corresponding quarter mainly due to lower interest rates.

The net interest income of S\$5 million from NetLink Trust comprised the interest earned on the unitholder's loan to NetLink Trust partially offset by finance lease expenses on the exchange buildings leased from NetLink Trust.

SECTION I : GROUP**GROUP EXCEPTIONAL ITEMS ⁽¹⁾**

	Quarter		YOY Chge %
	30 June		
	2012 S\$m	2011 S\$m	
Gain on sale of FET (available-for-sale investment)	119	-	nm
Net income from Optus' legal disputes	36	-	nm
Share of AIS' pre-tax profit (Jan-Mar 2011)	-	80	nm
Net foreign exchange gain on SAI loan	-	4	nm
Dilution gain on associates	*	1	nm
Provision for Optus' ex-gratia payment	(46)	(24)	96.6
Share of Globe's accelerated depreciation	(15)	-	nm
Impairment of available-for-sale investments	(7)	-	nm
Group (pre-tax)	88	61	43.1
Exceptional tax credit/ (expense)			
- Tax credit on Optus' exceptional items	3	7	-54.9
- Share of AIS' tax expense (Jan-Mar 2011)	-	(25)	nm
- Share of Globe's tax credit on accelerated depreciation	4	-	nm
Group exceptional taxes	8	(18)	nm

Note:

(1) Exceptional items are material non-recurring items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.

In the current quarter, the Group recognised a gain of S\$119 million from the disposal of FET, a 3.98% available-for-sale investment.

Optus recorded a net income of S\$36 million from legal disputes, and a S\$46 million charge from its workforce restructuring exercise.

Other exceptional items comprised the Group's share of Globe's accelerated depreciation of S\$15 million from its network and IT transformation programme, and an impairment charge of S\$7 million on certain available-for-sale investments held by SingTel Innov8.

SECTION I : GROUP**GROUP SUMMARY STATEMENTS OF FINANCIAL POSITION**

	As at		
	30 Jun	31 Mar	30 Jun
	2012	2012	2011
	S\$ m	S\$ m	S\$ m
Current assets (excluding cash)	4,212	4,472	3,815
Cash and bank balances	1,382	1,346	3,583
Non-current assets	34,653	34,599	32,605
Total assets	40,247	40,418	40,003
Current liabilities	5,239	5,535	8,254
Non-current liabilities	11,440	11,434	6,536
Total liabilities	16,679	16,970	14,789
Net assets	23,567	23,448	25,213
Share capital	2,634	2,632	2,624
Reserves	20,912	20,795	22,566
Equity attributable to shareholders	23,546	23,428	25,190
Minority interest	21	20	23
	23,567	23,448	25,213

The Group is in a sound financial position as at 30 June 2012. SingTel is rated Aa2 by Moody's and A+ by Standard & Poor's.

As at 30 June 2012, the shareholders' equity was S\$23.55 billion, an increase of S\$119 million from a quarter ago as the quarter's net profit was partially offset by a net translation loss of S\$632 million with the strengthening of the Singapore Dollar mainly against the Australian Dollar and Indian Rupee from a year ago, and the Group's share of Airtel's currency translation loss.

SECTION I : GROUP**GROUP LIQUIDITY AND GEARING**

	As at		
	30 Jun	31 Mar	30 Jun
	2012	2012	2011
	S\$ m	S\$ m	S\$ m
Gross debt			
Current debt	138	131	2,622
Non-current debt	8,581	8,663	4,691
Gross debt as reported in statement of financial position	8,719	8,794	7,313
Related net hedging liability ⁽¹⁾	363	413	1,592
	9,082	9,207	8,905
Less : Cash and bank balances	(1,382)	(1,346)	(3,583)
Net debt	7,700	7,860	5,322
Gross debt gearing ratio ⁽²⁾	27.8%	28.2%	26.1%
Net debt gearing ratio	24.6%	25.1%	17.4%

Notes:

(1) The net hedging liability arose from mark-to-market of cross currency and interest rate swaps.

(2) Gross debt gearing ratio refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.

Hedged gross debt decreased by S\$125 million to S\$9.08 billion from a quarter ago mainly due to net repayment of borrowings and mark-to-market adjustments.

SECTION I : GROUP

GROUP CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			YOY chge %
	30 Jun	30 Jun	31 Mar	
	2012	2011	2012	
	S\$ m	S\$ m	S\$ m	
Net cash inflow from operating activities				
Profit before tax	1,247	1,259	1,349	-0.9
Non-cash items	(5)	12	88	nm
Operating cash flow before working capital changes	1,242	1,271	1,436	-2.2
Changes in operating assets and liabilities	(360)	(176)	177	104.4
	882	1,095	1,613	-19.4
Cash paid to employees under performance share plans	(3)	*	-	nm
Tax paid on operating activities	(55)	(1)	(76)	@
Operating cash flow before dividends from associates	825	1,093	1,537	-24.6
Dividends received from associates	520	465	138	12.0
Withholding tax paid on dividends received	(60)	(44)	(9)	34.5
	1,285	1,513	1,665	-15.1
Net cash outflow for investing activities				
Payment for purchase of property, plant and equipment	(560)	(600)	(667)	-6.7
Drawdown of prepaid C2C submarine cable capacity	-	11	-	nm
Proceeds from disposal of property, plant and equipment	5	2	7	152.4
Payment for purchase of subsidiaries, net of cash acquired	(637)	-	-	nm
Payment for purchase of licences and other intangibles	(64)	(33)	(26)	93.1
Net investment in associates	-	(8)	(3)	nm
Proceeds from disposal of available-for-sale investments	337	-	-	nm
Investment in available-for-sale investments	(21)	(38)	(30)	-46.2
Others (<i>interest received etc</i>)	(5)	9	8	nm
	(943)	(657)	(710)	43.7
Net cash outflow for financing activities				
Net (decrease)/ increase in borrowings	(196)	93	49	nm
Net interest paid on borrowings and swaps	(95)	(132)	(78)	-28.0
Interim dividends paid to shareholders	-	-	(1,084)	-
Proceeds from share issue	2	1	1	38.5
Purchase of performance shares	(18)	(2)	(6)	@
Others	-	26	5	nm
	(307)	(14)	(1,112)	@
Net increase/ (decrease) in cash and cash equivalents	35	843	(157)	-95.9
Exchange effects on cash and cash equivalents	1	2	(16)	-63.2
Group cash and cash equivalents at beginning	1,346	2,738	1,520	-50.8
Group cash and cash equivalents at end	1,382	3,583	1,346	-61.4
Group free cash flow (ex-associates' dividends)	265	493	870	-46.3
Group free cash flow	725	913	999	-20.6
Cash capex to operating revenue	12%	13%	14%	

SECTION I : GROUP

Net cash inflow from operating activities for the quarter amounted to S\$1.29 billion, down 15% from a year ago. Operating cash flow (before associates' dividend receipts) declined 25% to S\$825 million mainly due to payments for income taxes and workforce restructuring costs in Australia and working capital movements. Gross dividends from associates increased S\$56 million mainly from Telkomsel.

Compared to a quarter ago, overall operating cash flow decreased 23% due mainly to payment of annual staff incentive and Optus' workforce restructuring costs in the quarter.

Net cash outflow for investing activities was S\$943 million. Total payments of S\$637 million, net of cash acquired, were made for the acquisitions of Amobee (S\$339 million), Vividwireless (S\$286 million) and HungryGoWhere (S\$12 million) in the quarter. This was partially offset by proceeds of S\$337 million from the sale of FET investment.

Capital expenditure of S\$560 million, at 12% of operating revenue, was 6.7% lower from the same quarter last year with the completion of Singapore's ST-2 satellite.

The Group's free cash flow was S\$725 million, 21% lower attributed to lower operating cash flow.

Net cash financing outflow of S\$307 million arose from net repayment of borrowings of S\$196 million and interest payments of S\$95 million.

Overall cash balance increased S\$35 million from a quarter ago, with ending cash balance at S\$1.38 billion as at end of June 2012.

SECTION II : SINGAPORE

SINGAPORE**MANAGEMENT DISCUSSION AND ANALYSIS**

Effective this quarter, Singapore refers to the Group's operations but excludes Optus and the associates which are disclosed in **Section III** and **Section IV** respectively. This section therefore includes the overseas operations of SingTel including Amobee Inc. acquired in April 2012.

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

- **Operating revenue at S\$1.67 billion – up 7.5%.**
- **EBITDA stable at S\$546 million. Excluding payments to NetLink Trust, EBITDA would be up 1.6%.**
- **Underlying net profit stable at S\$280 million.**
- **Free cash flow of S\$204 million – lower by S\$23 million or 9.9%.**

SECTION II : SINGAPORE

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Operating revenue	1,674	1,557	7.5
<i>Telco business</i>	1,286	1,233	4.3
<i>IT and Engineering business</i>	388	324	19.7
Operating expenses ⁽²⁾	(1,138)	(1,024)	11.1
EBITDA ⁽²⁾	546	547	-0.1
<i>(ex-payments to NetLink Trust) ⁽³⁾</i>	555	547	1.6
<i>Telco business ⁽²⁾</i>	467	496	-6.0
<i>(ex-payments to NetLink Trust) ⁽³⁾</i>	476	496	-4.1
<i>IT and Engineering business</i>	79	50	57.9
EBITDA margin ⁽²⁾	32.6%	35.1%	
<i>Telco business ⁽²⁾</i>	36.3%	40.2%	
<i>IT and Engineering business</i>	20.4%	15.5%	
Net exceptional gains	113	5	@
Underlying net profit	280	282	-0.7
Net profit ⁽⁴⁾	393	287	36.7
Free cash flow	204	227	-9.9

Notes:

- (1) The figures in this section are after elimination of inter-company transactions and cash flows within the Group except for transactions and cash flows with Optus. Material inter-company transactions, cash flows and balances between Singapore and Optus are eliminated in the Group's financials under **Section I**.
- (2) Comparatives have been restated to include corporate costs, consistent with the current period.
- (3) Excludes lease payments to NetLink Trust.
- (4) Comparatives have been restated to include certain exceptional items and withholding taxes on dividend income from associates, consistent with the current period.

SECTION II : SINGAPORE**SINGAPORE SUMMARY INCOME STATEMENTS**
For The First Quarter Ended 30 June 2012

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Operating revenue	1,674	1,557	7.5
Operating expenses	(1,138)	(1,024)	11.1
	537	534	0.6
Other income	9	13	-27.7
EBITDA	546	547	-0.1
- margin	32.6%	35.1%	
Depreciation & amortisation	(164)	(134)	22.8
EBIT	382	413	-7.5
Net finance expense			
- net interest expense	(30)	(50)	-40.6
- other finance income/ (expense)	5	(6)	nm
	(25)	(56)	-54.8
Profit before exceptional items	356	357	-0.1
Net exceptional gains	113	5	@
Profit before tax	469	362	29.6
Taxation	(76)	(74)	2.3
Profit after tax	393	288	36.6
Minority interests	(1)	(1)	-22.2
Net profit	393	287	36.7
Net profit	393	287	36.7
Exclude :			
Net exceptional gains	(113)	(5)	@
Underlying net profit	280	282	-0.7

SECTION II : SINGAPORE

REVIEW OF SINGAPORE OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2012

Operating revenue grew 7.5% to S\$1.67 billion led by strong revenue growth from NCS. EBITDA before payments to NetLink Trust rose 1.6% from a year ago.

IT and Engineering revenue increased by 20% to S\$388 million, with higher revenues from both NCS and fibre rollout. NCS continued to lead the domestic IT market with 20% growth fuelled by the Ministry of Education (MOE) project and other contracts. Its order book remained strong at S\$2.1 billion. Fibre rollout revenue was up 17% to S\$55 million for the quarter with the final recognition of project revenue related to the mass fibre rollout.

Total mobile customer base grew 6.5% from a year ago to 3.64 million. SingTel achieved market share gains in both prepaid and postpaid with a leading mobile market share of 46.4% as at 30 June 2012. Postpaid net additions were 45,000 this quarter, up from 30,000 in the preceding quarter, driven by smartphone connections and data SIMs take-up from integrated mobile broadband bundles. In response to changing trends, efforts to encourage take-up of data roaming plans have led to lower roaming traffic for voice and SMS services. As a result, Mobile Communications revenue increased 1.5% to S\$479 million.

Data and Internet revenue grew 2.6% to S\$408 million as growth in Managed Services mitigated the price erosion in International Leased Circuits and the planned price adjustments for Local Leased Circuits. Fixed Broadband revenue rose a healthy 9.8% with increased adoption of fibre-based services and higher tier plans. SingTel gained 29,000 fibre broadband customers in the quarter, up from 21,000 in the preceding quarter.

Revenue from mio TV grew 6.4% to S\$25 million. During the quarter, mio TV rebates totalling S\$5 million were given to customers who subscribed to sports packages. Excluding this rebate, the increase would be 28% to S\$30 million. The number of mio TV customers increased 12,000 in the quarter, bringing the total customer base to 380,000 as at 30 June 2012.

SingTel continued to expand its digital presence. Amobee Inc., a premium provider of mobile advertising, was acquired and consolidated as a subsidiary from April 2012. *inSing.com*, SingTel's local lifestyle website, was voted 'Digital Lifestyle Site' for the second year. Together with *HungryGoWhere*, a leading restaurant review portal in Singapore which was acquired in June 2012, the two sites combined will reshape culinary experiences by providing customers the most comprehensive food listing and a one-stop site for restaurant reviews, deals and reservations.

Excluding payments to NetLink Trust, Telco's EBITDA declined 4.1% which reflected higher mobile customer acquisition and retention volume on strong customer connections and recontracts. The steep increase of 58% in IT and Engineering's EBITDA was driven mainly by NCS' strong revenue growth. Overall EBITDA in Singapore, before payments to NetLink Trust, rose 1.6% to S\$555 million.

The increase in depreciation and amortisation of 23% was attributed to a larger asset base mainly from NCS' capital expenditure in equipment for customer contracts and ST-2 satellite commissioned in August 2011 as well as acquired intangibles from Amobee included from this quarter.

SECTION II : SINGAPORE

Net finance expense decreased 55% due to the combined effect of lower interest expense and interest income received on the unitholder's loan to NetLink Trust which commenced from September 2011.

The net exceptional gains this quarter comprised a S\$119 million gain on the disposal of investment in Far EastOne Telecommunications Co. Ltd., and an impairment charge of S\$7 million on certain available-for-sale investments held by SingTel Innov8.

Net profit for the quarter was S\$393 million. Excluding the net exceptional gains, underlying net profit was stable at S\$280 million.

Free cash flow generated in the quarter was S\$204 million, down S\$23 million or 9.9% with higher receivable balance from OpenNet for the fibre rollout.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2012 are as follows:

	Quarter		QOQ Chge %
	30 Jun 2012 S\$ m	31 Mar 2012 S\$ m	
Operating revenue	1,674	1,717	-2.5
<i>Telco business</i>	1,286	1,277	0.7
<i>IT and Engineering business</i>	388	440	-11.9
Operating expenses	(1,138)	(1,188)	-4.2
EBITDA	546	528	3.5
<i>Telco business</i>	467	433	7.9
<i>IT and Engineering business</i>	79	95	-16.6
Profit before exceptional items and tax	356	340	4.9
Underlying net profit	280	298	-6.1
Net profit	393	564	-30.4
Free cash flow	204	377	-45.9

Operating revenue declined 2.5% from the preceding quarter due to seasonally lower revenue from NCS. With lower operating expenses of 4.2% mainly from cost of sales and administrative expenses, EBITDA grew 3.5% from a quarter ago. Free cash flow decreased 46% primarily due to seasonality in payments including annual staff incentive payments during the June quarter.

SECTION II : SINGAPORE**OPERATING REVENUE**

	Quarter 30 Jun				YOY Chge %
	2012		2011		
	S\$ m	Mix %	S\$ m	Mix %	
Mobile communications	479	29	472	30	1.5
Data and Internet	408	24	398	26	2.6
IT and Engineering	388	23	324	21	19.7
International telephone	126	8	127	8	-0.6
Sale of equipment	85	5	77	5	10.4
National telephone	84	5	90	6	-7.0
mio TV	25	1	23	2	6.4
Satellite ⁽¹⁾	38	2	29	2	32.3
Others ⁽²⁾	41	2	17	1	143.1
Total	1,674	100	1,557	100	7.5

Notes:

(1) Comprise revenues from mobile satellite services and lease of satellite transponders.

(2) Include advertising revenue and miscellaneous fee income.

Mobile Communications continued to be the largest revenue stream and comprised 29% of total revenue.

Sale of equipment revenue at S\$85 million was up 10% with robust demand for smartphones and tablets.

Satellite revenue rose 32% with higher contribution from ST-2 satellite launched in May 2011.

Other revenue in the quarter included advertising revenue of S\$10 million, mainly from Amobee.

SECTION II : SINGAPORE**Mobile Communications**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Cellular service ⁽¹⁾	479	472	1.5

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Number of mobile subscribers (000s)				
Prepaid	1,646	1,633	1,584	3.9
Postpaid	1,992	1,947	1,833	8.7
Total	3,638	3,580	3,417	6.5
MOUs per subscriber per month ⁽²⁾				
Prepaid	339	338	346	-2.1
Postpaid ⁽³⁾	320	323	341	-6.2
Average revenue per subscriber per month ^{(2) (4)} (S\$ per month)				
Prepaid	15	15	14	2.8
Postpaid	80	82	87	-8.0
Blended	51	51	53	-5.4
Data services as % of ARPU				
- total data ⁽⁵⁾	42%	42%	41%	
- non-SMS data	21%	20%	19%	
Acquisition cost per postpaid subscriber (S\$)	301	291	294	2.4
Postpaid external churn per month ⁽⁶⁾	0.9%	0.9%	0.8%	
Singapore mobile penetration rate ⁽⁷⁾	151%	149%	149%	
Singapore mobile subscribers ('000s) ⁽⁷⁾	7,846	7,794	7,537	
Market share ⁽⁷⁾				
Prepaid	44.2%	43.8%	43.7%	
Postpaid	48.3%	47.9%	46.9%	
Overall	46.4%	45.9%	45.3%	

Notes:

- (1) Cellular service revenue is determined net of bill rebates and net of prepaid sales discount, and includes mobile revenue earned from mio plans and mobile broadband. It excludes revenue earned from international calls classified under "International Telephone" revenue.
- (2) Based on average subscribers, calculated as the simple average of opening and closing subscribers.
- (3) MOU of postpaid base excludes customers that have 'data only' SIM plans.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Includes revenue from SMS, *SEND, MMS and other data services.
- (6) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of the average subscribers.
- (7) Source: IDA. The market share data as at 30 June 2012 was based on Telco operators' published results. The other market statistics were based on IDA's latest available published statistics as of 30 June 2012.

SECTION II : SINGAPORE

Mobile Communications revenue increased 1.5% year-on-year to S\$479 million with strong customer growth but partially offset by lower postpaid ARPU. Compared to the preceding quarter, revenue was stable.

A total of 58,000 mobile customers were added in the quarter, up from 31,000 in the preceding quarter. This brought the total customer base to 3.64 million as at 30 June 2012. SingTel extended its lead with an overall market share of 46.4%.

SingTel expanded its smartphone suite with the launch of Samsung Galaxy III in the quarter. With strong smartphone connections and data SIMs take-up for integrated mobile broadband bundles, postpaid net additions this quarter were 45,000, up from 30,000 a quarter ago. More than 80% of new postpaid customers chose smartphones this quarter, with overall smartphone penetration at more than 70% of the total postpaid base as at end of June 2012. Total postpaid customer base grew 8.7% to 1.99 million, strengthening SingTel's market share at 48.3%. Postpaid ARPU declined 8.0% year-on-year to S\$80 and was down 1.6% from the preceding quarter. Excluding 'data only SIMs', the postpaid ARPU decreased 5.8% year-on-year due to lower roaming traffic and higher take-up of discounted bundled services.

SingTel's strong suite of smartphones and tablets combined with customised applications continued to drive growth in mobile broadband. Total number of mobile broadband¹ customers grew 87,000, up from 81,000 in the preceding quarter, to 1.34 million as at 30 June 2012. Mobile data services accounted for 42% of blended ARPU, up 1 percentage point from a year ago.

In the quarter, SingTel launched Singapore's first 4G services for consumers, providing mobile Internet access at five times faster than existing 3G-based smartphone services. To ensure delivery of consistent and high-quality mobile broadband customer experience, SingTel introduced tiered price plans for mobile data.

In the prepaid segment, SingTel gained 13,000 customers in the quarter, up from 1,000 in the preceding quarter, and ARPU improved 2.8% from a year ago. The growth was fuelled by robust take-up of 3G offerings and data services. Total prepaid customer base rose 3.9% to 1.65 million, maintaining SingTel's lead with a share of 44.2%.

Acquisition cost per postpaid customer increased 2.4% year-on-year and 3.4% from a quarter ago to S\$301 with higher mix of smartphones and tablets.

¹ Refer to mobile customers who registered for the monthly mobile broadband data subscription plans, including data packs attached to voice services.

SECTION II : SINGAPORE

Data and Internet

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Data services			
Managed services ⁽¹⁾	113	99	14.1
International leased circuits	24	29	-17.8
	137	128	7.0
Local leased circuits	108	111	-3.0
Others ⁽²⁾	48	49	-2.8
	292	288	1.5
Internet related			
Fixed broadband ⁽³⁾	107	97	9.8
SingTel Internet Exchange ("STiX") ⁽⁴⁾	8	11	-26.6
Others	2	2	-22.7
	116	110	5.5
Total	408	398	2.6

Key Drivers - Internet related	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Number of fixed broadband lines (000s) ⁽⁷⁾	548	545	537	2.0
Singapore fixed broadband penetration rate ^{(5) (7)}	104%	104%	104%	
Fixed broadband market share ^{(6) (7)}	45.0%	45.2%	44.9%	

Notes:

- (1) Include MEG@POP, Global Corporate IP, Facility Management and Managed Hosting Services.
- (2) Include mainly ISDN, VSAT, DTE/ DCE, and digital video broadcasting.
- (3) Include revenues from Internet access under mio plans and fibre plans.
- (4) Include inter-company sales to Optus of S\$2 million (Q1 FY2012: S\$3 million) for the first quarter ended 30 June 2012.
- (5) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IDA).
- (6) Based on total SingTel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (7) The market share data as at 30 June 2012 was based on management's estimates. The market penetration rate was based on IDA's latest available published statistics as of 31 May 2012.
- (8) As at 30 June 2012, SingTel owns 1,475,738 km of access fibre network and 787,131 km of junction fibre network, up 4% and 1% from 31 March 2012 respectively.

SECTION II : SINGAPORE

Data and Internet revenue increased 2.6% year-on-year and 1.4% from a quarter ago to S\$408 million.

Data revenue grew 1.5% from a year ago and 1.1% from the preceding quarter. Revenue from Managed Services rose 14% year-on-year and 2.4% from a quarter ago with growth in Facility Management from higher Data Centre occupancy as well as one-off project billings in the quarter. International Leased Circuits revenue declined 18% from a year ago with continued price erosion and migration to IP-based services. Revenue from Local Leased Circuits fell 3.0% year-on-year as growth from Ethernet services was offset by planned price adjustments.

SingTel achieved significant wins in cloud computing including a five-year contract to provide and maintain G-Cloud, a private cloud infrastructure for the Singapore government. The G-Cloud will deliver benefits of cloud computing which redefine the government sector's delivery of e-services both internally and to the public with increased efficiency and at lower operating costs.

SingTel's award-winning cloud computing service 'PowerON Compute' was recently launched in Hong Kong as part of a federated cloud network linking data centres in Singapore, Australia and Hong Kong. This pan-Asia coverage will 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.

Fixed Broadband delivered revenue growth of 9.8% year-on-year and 2.4% from a quarter ago underpinned by strong adoption of fibre-based services and increased mix of higher-tier plans.

With sustained demand for integrated home bundles and high-speed fibre-based services, a total of 14,000 customers subscribed to bundled plans² this quarter. Total customer base reached 319,000, an increase of 64,000 or 25% from a year earlier.

Driven by growth in fibre broadband, the number of total fixed broadband lines increased 3,000 in the quarter to 548,000, up 11,000 or 2.0% from a year ago.

SingTel's distinctive suite of entertainment, lifestyle and productivity applications attracted a net total of 29,000 fibre broadband³ customers in the quarter, up from 21,000 in the preceding quarter. Total customer base reached 105,000 as at 30 June 2012, strengthening SingTel's leading share of more than 60% in the domestic fibre market.

² Bundled plans comprise mio Plan (bundling of mobile, fixed broadband and fixed voice), mio Home and exPlore Home (bundling of mio TV, fixed broadband and fixed voice).

³ Refer to residential and corporate subscriptions to broadband Internet services using optical fibre networks.

SECTION II : SINGAPORE

IT and Engineering

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Revenue from NCS ⁽¹⁾	333	277	20.2
Fibre rollout revenue ⁽²⁾	55	47	17.1
Total	388	324	19.7

NCS segment revenue (%)	Quarter		
	30 Jun	31 Mar	30 Jun
	2012	2012	2011
Geographical Markets			
Singapore	88	89	88
Overseas	12	11	12
Total	100	100	100
Lines of Business			
Infrastructure services ⁽³⁾	68	71	65
Business solutions ⁽⁴⁾	32	29	35
Total	100	100	100

Notes:

- (1) Generated by NCS and its subsidiaries. Include billings to Optus of approximately S\$14 million (Q1 FY2012: S\$15 million) for the first quarter ended 30 June 2012.
- (2) This revenue is for the roll out of fibre on behalf of OpenNet under Singapore's Next Generation Nationwide Broadband Network (NGNBN) initiative.
- (3) Infrastructure services include the full suite of managed services, network and communication engineering services, and value-added reselling and services.
- (4) Business solutions include applications management services and outsourcing, system integration and business process outsourcing.

IT and Engineering revenue grew 20% to S\$388 million from a year ago.

Fibre rollout revenue was S\$55 million for the quarter with final recognition of project revenue related to mass fibre rollout.

Revenue from NCS rose 20% year-on-year driven by the MOE project and other contracts. On a sequential quarter, revenue decreased 16% from the seasonally higher March quarter.

NCS' major customer wins this quarter included a contract to provide the application, and ICT infrastructure maintenance and support services for a government agency, a campus network implementation for a local tertiary institution as well as a contract in China to be the prime solution provider to set up the data centre including the provision of equipment and software.

SECTION II : SINGAPORE**International Telephone ⁽¹⁾**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
International (incl Malaysia) call revenue	104	107	-2.8
Inpayments and net transit	23	20	10.8
Total	126	127	-0.6
International Telephone outpayments	(44)	(45)	-1.3
Net	82	82	-0.2
Margin %	65%	65%	

Key drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
International telephone outgoing minutes (m mins) (excl Malaysia)	819	760	785	4.4
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.108	0.115	0.117	-7.7

Note:

(1) International telephone services include international calling cards, IDD calls and facsimile services into and out of Singapore, other international call services, corporate voice, video and audio conferencing and wholesale voice services. It also includes international telephone revenue earned from calls made from mobile phones.

International Telephone revenue was flat at S\$126 million with higher inpayments offsetting the lower call revenue. Compared to a quarter ago, revenue increased 1.4% on seasonally higher call revenue and inpayments.

Revenue from international call services declined 2.8% year-on-year on lower average collection rates. Compared to the preceding quarter, international call revenue grew 1.7% on higher usage.

Inpayments and net transit grew 11% from a year ago mainly due to higher inpayment rates.

Outpayments for international calls decreased 1.3% year-on-year, a result of lower outpayment rates.

SECTION II : SINGAPORE

National Telephone

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Direct exchange line (DEL)			
- rental	40	42	-3.8
- traffic	13	15	-13.5
	53	57	-6.4
Others ⁽¹⁾	40	43	-7.6
	93	100	-6.9
Inter-company eliminations	(9)	(10)	-6.3
	84	90	-7.0

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Fixed working lines (000s) ⁽²⁾				
Residential	914	919	934	-2.1
Business	772	772	770	0.3
Total	1,686	1,691	1,704	-1.1
<i>Singapore fixed line penetration rate ⁽³⁾</i>	38.9%	38.9%	40.3%	
<i>Singapore fixed working lines ('000s) ⁽³⁾</i>	2,017	2,018	2,008	
<i>Fixed line market share ⁽³⁾</i>	83.6%	83.8%	84.9%	

Notes:

- (1) Include revenue from enhanced telephone services, payphones, DEL interconnect and call management services such as 1900/1800 call services, Telepoll and mio Voice.
- (2) Fixed working lines refer to Direct Exchange Lines (DEL) and mio voice. Some lines are for connections of second set top box under mio bundles, where the revenue is recognised under 'Fixed Broadband' or 'mio TV'.
- (3) Source: IDA. Based on IDA's latest available published statistics as of 30 June 2012.

Fixed line phone services were impacted by fixed-to-mobile substitution, migration to lower-priced digital voice and competition. The number of residential lines declined by 5,000 in the quarter.

With increased churn and lower traffic, revenue fell 7.0% from a year ago and 1.9% from a quarter ago.

SECTION II : SINGAPORE**mio TV**

		Quarter		YOY Chge %	
		30 Jun			
		2012 S\$ m	2011 S\$ m		
mio TV		25	23	6.4	
Key drivers	Quarter			YOY Chge %	
	30 Jun	31 Mar	30 Jun		
	2012	2012	2011		
Number of mio TV subscribers ('000s) ⁽¹⁾		380	368	313	21.4

Note:

(1) Include subscribers in the residential segment only.

Revenue from mio TV of S\$25 million this quarter included the effect of S\$5 million of rebates given to customers who subscribed to sports packages. Excluding this rebate, mio TV revenue would have increased 28% to S\$30 million.

SingTel gained 12,000 mio TV customers this quarter, driven by multi-play bundling of services and demand for ethnic content packs bundled with exciting entertainment and exclusive sports channels. Total customer base reached 380,000 as at 30 June 2012, an increase of 67,000 or 21% from a year ago.

mio TV expanded the range of ethnic programming with the launch of Tamil packs 'Kondattam Pack' and 'Inbam Pack' featuring top-rated Hindi channels - Sun TV and Adithya TV. mio TV continued to refresh its video-on-demand services with the latest blockbusters and ethnic titles within one month of local release. In July 2012, SingTel provided live coverage on mio TV for the London 2012 Olympic Games across 15 channels with 11 channels in HD.

SECTION II : SINGAPORE**OPERATING EXPENSES
(Before Depreciation And Amortisation)**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Selling & administrative	360	318	13.0
Cost of sales	278	243	14.3
Staff costs	259	234	10.8
Traffic expenses	218	205	6.4
Repair & maintenance	33	30	10.8
Others ⁽¹⁾	(10)	(6)	66.1
Total	1,138	1,024	11.1

As a percentage of operating revenue	Quarter	
	30 Jun	
	2012	2011
Selling & administrative	21.5%	20.4%
Cost of sales	16.6%	15.6%
Staff costs	15.5%	15.0%
Traffic expenses	13.0%	13.2%
Repair & maintenance	2.0%	1.9%
Others	-0.6%	-0.4%
Total	68.0%	65.7%

Note:

(1) Include government grants and recoveries of costs.

Cost of sales increased 14% year-on-year corresponding to higher revenue from NCS and Sale of equipment. It declined 12% from a quarter ago with seasonally lower revenue from NCS.

SECTION II : SINGAPORE**Selling & administrative Expenses**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Selling & administrative expenses	360	318	13.0

Selling & administrative expenses, the largest expense category at 22% of operating revenue, increased 13% year-on-year. The increase was mainly attributable to higher acquisition and retention costs in both mobile and fibre broadband from strong customer connections and recontracts, as well as higher utility costs from increased tariffs.

Compared to a quarter ago, expenses declined 1.4% mainly due to transaction fees recorded in the preceding quarter related to the acquisition of Amobee.

Traffic Expenses

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
International Telephone outpayments	44	45	-1.3
Mobile roaming outpayments	60	61	-0.5
Total outpayments	104	105	-0.9
Leases ⁽¹⁾	84	71	18.1
Interconnect	30	29	4.2
Traffic expenses	218	205	6.4

Note:

(1) Leases comprise backhaul charges, Inmarsat satellite rental, cost of restoring cable breakages, leased circuit charges, and lease of ducts and manholes from NetLink Trust.

See Page 27 for further information on International Telephone outpayments relative to inpayments.

Mobile roaming outpayments were stable year-on-year but declined 3.1% from a quarter ago with lower roaming volumes.

Lease expenses increased 18% from a year ago mainly on payments to NetLink Trust for the lease of ducts and manholes.

Interconnect expenses rose 4.2% year-on-year, a result of increased fibre interconnect costs paid to OpenNet from fibre broadband take-up.

SECTION II : SINGAPORE**Staff Costs**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Gross staff costs	252	228	10.5
Performance share costs ⁽¹⁾	9	8	8.7
Capitalisation of staff costs ⁽²⁾	261 (2)	236 (3)	10.4 -22.2
Total, net	259	234	10.8

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Singapore average number of staff	13,492	13,563	12,983	3.9
Revenue per staff (S\$'000) ⁽³⁾	124	127	120	3.4
As at end of period:				
Number of staff				
NCS group	6,553	6,604	6,335	3.4
SingTel and other subsidiaries ⁽⁴⁾	6,655	6,919	6,729	-1.1
Singapore	13,208	13,523	13,064	1.1
Optus	9,178	9,653	10,064	-8.8
Total Group	22,386	23,176	23,128	-3.2

Notes:

- (1) Performance share expense for a share grant is amortised and recognised in the income statement on a straight-line basis over the vesting period of 3 years from the date of the grant.
- (2) The amounts represent capitalisation of direct staff costs in property, plant and equipment and/or inventories (work-in-progress) related to the fibre rollout contract with OpenNet.
- (3) Based on average employee numbers.
- (4) Included approximately 160 staff from new acquisitions in this quarter.

The increase in staff costs was attributable to average headcount growth and annual salary increments.

The ending headcount for Singapore was 13,208, a net increase of 144 from a year ago mainly due to staff added from new acquisitions and NCS' additional hires to support customer contracts. This was partly offset by the transfer of approximately 500 staff to an outsourced contractor with effect from June 2012.

Overall Group headcount fell 3.2% from a year ago to 22,386 as of 30 June 2012 following Optus' workforce restructuring exercise.

SECTION II : SINGAPORE**OTHER INCOME STATEMENT ITEMS****Depreciation And Amortisation**

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Depreciation of property, plant and equipment	152	129	17.5
Amortisation	13	5	168.1
Total	164	134	22.8
<i>Depreciation as a percentage of operating revenue</i>	9.1%	8.3%	

Depreciation increased 18% on a larger asset base mainly from NCS' capital expenditure in equipment for major customer contracts and ST-2 satellite commissioned in August 2011.

Amortisation expense increased S\$8 million due to the amortisation of acquired intangibles from Amobee included this quarter.

Net Finance Expense

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Net interest expense			
- Interest income	1	2	-50.0
- Interest expense	(36)	(52)	-31.3
	(35)	(50)	-30.6
- Net interest income from NetLink Trust	5	-	nm
	(30)	(50)	-40.6
Other finance income/ (expense)			
- Investment gain ⁽¹⁾	2	1	70.0
- Net foreign exchange gain/ (loss)	3	(4)	nm
- FRS 39 fair value adjustments ⁽²⁾	*	(3)	nm
	5	(6)	nm
Net finance expense	(25)	(56)	-54.8

Notes:

(1) Comprise mainly dividend income from available-for-sale investments.

(2) Comprise mainly adjustments for hedging instruments measured at fair values at reporting date under FRS 39, *Financial Instruments: Recognition and Measurement*.

Interest income decreased S\$1 million year-on-year on lower average cash balance while interest expense declined 31% mainly on lower interest rates.

SECTION II : SINGAPORE

Net interest income from NetLink Trust of S\$5 million comprised interest earned on the unitholder's loan to NetLink Trust partly offset by finance lease costs paid to NetLink for the lease of exchange buildings.

Net foreign (non-trade) exchange gain arose from revaluation of monetary assets and liabilities with a stronger US Dollar compared to a year ago.

Taxation

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Taxation ⁽¹⁾			
Current and deferred taxes (a)	59	63	-7.0
Withholding taxes on dividend income from associates ⁽²⁾	49	44	11.5
Tax benefit of inter-company interest expense	(32)	(33)	-3.4
Total	76	74	2.3
Effective tax rates based on :			
<i>Singapore reported profit before tax</i>	16.1%	20.4%	
Profit before tax	469	362	
<i>Exclude :</i>			
Exceptional items	(113)	(5)	
Net foreign exchange (gain)/ loss (non-trade)	(3)	4	
FRS 39 fair value adjustments	*	3	
Adjusted pre-tax profit (b)	354	364	
Effective tax rate (a)/(b)	16.6%	17.3%	
Applicable statutory tax rate in the quarter	17.0%	17.0%	

Notes:

- (1) Comparatives have been restated to include withholding taxes on dividend income from associates, consistent with the current period.
- (2) Withholding taxes are deducted at source when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section IV**.

The increase in tax expense resulted from higher withholding taxes on higher dividend income from Telkomsel partially offset by tax refunds recognised on finalisation of the earlier years' tax assessments.

SECTION II : SINGAPORE**SINGAPORE CASH FLOW AND CAPITAL EXPENDITURE**

	Quarter			YOY Chge %
	30 Jun	30 Jun	31 Mar	
	2012 S\$ m	2011 S\$ m	2012 S\$ m	
Net cash inflow from operating activities				
Profit before tax	469	362	336	29.6
Non-cash items	85	192	196	-55.6
Operating cash flow before working capital changes	554	554	532	-
Changes in operating assets and liabilities	(200)	(126)	118	59.0
	355	429	650	-17.3
Cash paid to employees under performance share plans	(3)	*	-	nm
Tax paid on operating activities	(5)	(1)	(22)	250.0
Operating cash flow	347	427	628	-18.8
Net cash inflow/ (outflow) for investing activities				
Net loan to STAI from Optus ⁽¹⁾	207	9	-	@
Withholding tax paid on interest received on inter-company loans	(21)	(1)	-	@
Payment for purchase of subsidiaries, net of cash acquired	(351)	-	-	nm
Payment for purchase of property, plant and equipment	(142)	(201)	(251)	-29.0
Drawdown of prepaid C2C submarine cable capacity	-	11	-	nm
Proceeds from disposal of available-for-sale investment	337	-	-	nm
Proceeds from disposal of property, plant and equipment	5	2	7	152.4
Net investment in associates	-	(6)	(1)	nm
Investment in available-for-sale investments	(21)	(38)	(30)	-46.2
Others (dividends and interest received etc)	6	1	(6)	@
	21	(223)	(281)	nm
Net cash (outflow)/ inflow for financing activities				
Net (decrease)/ increase in borrowings	(678)	94	518	nm
Net interest paid on borrowings and swaps	(47)	(94)	(23)	-50.4
Interim dividends paid to shareholders	-	-	(1,084)	-
Proceeds from share issue	2	1	1	38.5
Purchase of performance shares	(9)	(1)	(6)	@
Others	-	-	5	-
	(732)	1	(588)	nm
Net (decrease)/ increase in cash balance from Singapore	(365)	205	(241)	nm
Net (decrease)/ increase in cash balance from Singapore	(365)	205	(241)	nm
Dividends received from associates	520	465	138	12.0
Withholding tax paid	(60)	(44)	(9)	34.5
Net dividends received from associates	461	420	129	9.6
Net increase/ (decrease) in cash and cash equivalents	96	625	(113)	-84.6
SingTel cash and cash equivalents at beginning	804	2,202	929	-63.5
Exchange effects on cash and cash equivalents	4	(6)	(12)	nm
SingTel cash and cash equivalents at end	904	2,821	804	-68.0
Singapore free cash flow	204	227	377	-9.9
Free cash flow from associates' dividends	461	420	129	9.6
Cash capex to operating revenue	9%	13%	15%	

Note:

(1) This inter-company loan was eliminated at the Group level.

SECTION II : SINGAPORE

Net cash generated from operating activities decreased 19% from a year ago to S\$347 million mainly attributed to negative working capital movements including higher receivables from OpenNet for the fibre rollout. As at 30 June 2012, the work-in-progress and receivable balances in respect of the fibre rollout contract with OpenNet totalled S\$161 million. Compared to a quarter ago, operating cash flow fell 45% with seasonality in payments including annual staff incentive.

Cash flows from investing activities amounted to S\$21 million for the quarter. Proceeds of S\$337 million were received from the sale of FET investment, and an inter-company loan of S\$207 million was received by STAI from Optus in the quarter. These were partially offset by total payments (net of cash acquired) of S\$351 million for the acquisitions of Amobee (S\$339 million) and HungryGoWhere (S\$12 million), as well as S\$21 million for SingTel Innov8's investments.

Capital expenditure of S\$142 million, at 9% of operating revenue, declined with the completion of ST-2 satellite. Major capital expenditure for the quarter mainly comprised S\$66 million for international data and fixed network infrastructure, S\$43 million for mobile network enhancements and S\$12 million for Data Centre upgrades, to support customer growth.

Free cash flow for the quarter was S\$204 million, 9.9% lower than a year ago attributed to lower operating cash flow.

Net cash outflow for financing activities for the quarter was S\$732 million attributable to repayment of net borrowings of S\$678 million and interest payments of S\$47 million.

Including associates' net dividends of S\$461 million, overall cash balance as at 30 June 2012 was at S\$904 million.

SECTION III : OPTUS

SINGTEL OPTUS PTY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2012

- Operating revenue at A\$2.24 billion – down 3.2%.
- EBITDA at A\$545 million – down 2.6%.
- EBITDA margin stable at 24.4%.
- Underlying net profit at A\$161 million – down 7.4%.
- Free cash flow of A\$50 million – down 75%.

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Operating revenue	2,239	2,313	-3.2
EBITDA	545	560	-2.6
<i>EBITDA margin</i>	24.4%	24.2%	
EBIT	268	281	-4.6
Underlying net profit	161	174	-7.4
Net profit	155	161	-3.9
Free cash flow	50	203	-75.3

SECTION III : OPTUS**OPTUS SUMMARY INCOME STATEMENTS – Singapore GAAP
For The First Quarter Ended 30 June 2012**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Operating revenue	2,239	2,313	-3.2
Operating expenses	(1,706)	(1,767)	-3.4
	533	546	-2.5
Other income	13	14	-8.7
EBITDA	545	560	-2.6
- EBITDA margin	24.4%	24.2%	
Share of results of joint ventures	*	*	nm
EBITDA and share of results of joint ventures	545	560	-2.6
Depreciation & amortisation	(277)	(279)	-0.6
EBIT	268	281	-4.6
Net finance expense	(36)	(28)	27.8
Profit before exceptional items	233	253	-8.2
Exceptional items ⁽¹⁾	(9)	(18)	-51.4
Profit before tax	224	235	-4.9
Tax expense	(69)	(74)	-7.0
Net profit after tax	155	161	-3.9
Net profit	155	161	-3.9
Exclude:			
Exceptional items ⁽¹⁾	(9)	(18)	-51.4
Deferred tax on exceptional items	3	5	-51.9
Underlying net profit	161	174	-7.4

Note:

(1) Exceptional items relate to one-off A\$37 million of ex-gratia charges from the workforce restructuring exercise, offset by net income of A\$28 million from legal disputes.

Optus Mobile results have been disclosed as a division, consistent with general industry practice. Optus fixed line revenue have been presented by customer segments.

SECTION III : OPTUS

**REVIEW OF OPTUS OPERATING PERFORMANCE
For The First Quarter Ended 30 June 2012**

Optus reported stable EBITDA margin of 24.4% amidst a 3.2% decline in operating revenue. The lower revenue reflected lower equipment sales, the mandated reduction in the mobile termination rates from 9c per minute to 6c from 1 January 2012 and service credits associated with the device repayment plans introduced from October 2011. With lower operating revenue, EBITDA fell 2.6%.

In Mobile, operating revenue was down 4.2%, and excluding the impact of device repayment plans, outgoing mobile service revenue grew 1.7%. Optus continued its postpaid customer growth momentum with net additions of 88,000. EBITDA margin was stable on lower traffic costs and reduced selling expenses.

To profitably grow its business, Optus has restructured its workforce and cost base including a headcount reduction of 475 in the quarter. It has also lowered device subsidies and subscriber acquisition costs declined 19% compared to the last corresponding quarter.

Optus continues to make investments to enhance the competitiveness of its mobile network. Network investments included:

- The U900 spectrum migration program, upgrading over 1000 sites to improve 3G coverage across major capital cities including Sydney, Melbourne, Darwin and Perth.
- Launch of 4G mobile broadband services to business customers in Sydney and Perth, following successful trials in Newcastle.
- An approximate 20% increase in mobile sites across the Optus network by the extension of site sharing arrangement with Vodafone Hutchison Australia. The extended joint venture will deliver improvement in 3G coverage and acceleration of provision of 4G services across an increased footprint.
- Acquisition of the Vividwireless Group, which provided access to 98MHz of spectrum in the 2.3GHz band across key population areas, significantly increasing Optus' 4G capacity to cater for provision of faster 4G services.

In Business and Wholesale fixed, overall revenue increased by 1.0% from satellite, ICT and managed services. EBITDA was stable compared to the same period last year.

Reinforcing Optus leadership in Satellite, Optus announced a five-year contract with the NSW Education Department to deliver an enhanced satellite service to improve the distance learning experience for the state's remote students. Sky Racing also signed with Optus a new long term contract for the delivery of Satellite broadcast distribution services.

In Consumer fixed business, the lower ARPU from increased broadband data inclusions and lower telephony usage resulted in on-net revenue decline of 5.6%. EBITDA however grew 11% and EBITDA margin improved 3 percentage points due mainly to lower traffic costs from the mandated reduction in mobile termination rates. On-net broadband customers totalled 993,000 as at 30 June 2012, up 15,000 from a quarter ago.

On 20 July 2012, ACCC's final approval was obtained on the agreement between Optus and NBN Co for the migration of Optus' HFC customers to the NBN with corresponding progressive payments from 2014 by NBN Co to Optus. Optus estimates the total value of the agreement is approximately A\$800 million on a post-tax, net present value basis assuming all existing customers are migrated.

EBIT declined 4.6% to A\$268 million with the lower EBITDA.

SECTION III : OPTUS

Net finance expense was up by A\$8 million reflecting higher borrowings partially offset by lower interest rates.

Net profit for the quarter declined 3.9%. Net profit included the impact of exceptional items totalling A\$9 million relating to the net effect of:

- one-off A\$37 million of ex-gratia charges from the workforce restructuring exercise, offset by
- net income of A\$28 million from legal disputes.

Free cash flow generated in the quarter was A\$50 million, down A\$153 million from the same quarter last year, mainly due to tax payments of A\$38 million (Q1 FY 2012: Nil), workforce restructuring payments (Q1 FY 2012: Nil) and higher capital expenditure.

SECTION III : OPTUS**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2012 were as follows:

	Quarter		QOQ Chge %
	30 Jun	31 Mar	
	2012 A\$ m	2012 A\$ m	
Operating revenue	2,239	2,296	-2.5
Operating expenses	(1,706)	(1,634)	4.4
EBITDA	545	676	-19.4
EBITDA margin	24.4%	29.5%	
<i>Mobile</i>	25%	31%	
<i>Business & wholesale fixed</i>	26%	30%	
<i>Consumer & SMB fixed</i>	21%	20%	
Profit before exceptional items and tax	233	367	-36.6
Underlying net profit	161	267	-39.6
Free cash flow	50	370	-86.5

Operating revenue was lower due to decline in equipment sales, lower ICT and managed service revenues.

EBITDA was seasonally lower, declining 19% against the preceding quarter. This was in part due to higher subscriber acquisition and retention costs.

Free cash flow reflected seasonally lower EBITDA, higher capital expenditure, the timing of payments including annual staff incentive, and exceptional payments for workforce restructuring.

SECTION III : OPTUS**DIVISIONAL TOTALS**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Operating revenue by division:			
Mobile	1,430	1,492	-4.2
Optus Business Fixed	326	327	-0.4
Optus Wholesale Fixed	176	169	3.7
Consumer and SMB Fixed	308	327	-5.8
Less inter-divisional revenue ⁽¹⁾	-	(2)	nm
Total	2,239	2,313	-3.2
EBITDA by division:			
Mobile	351	371	-5.5
Optus Business & Wholesale Fixed	131	131	-0.2
Consumer and SMB Fixed	64	58	10.5
Total	545	560	-2.6
EBITDA margins by division:			
Mobile	25%	25%	
Optus Business & Wholesale Fixed	26%	26%	
Consumer and SMB Fixed	21%	18%	
Total	24.4%	24.2%	

Note:

(1) Inter-divisional revenue represents mobile termination revenue for fixed to mobile calls originating from Optus customers.

In the quarter, mobile revenue comprised 64% of total revenue, down 1 percentage point compared to the same quarter last year. EBITDA margins were stable in Mobile and Optus Business & Wholesale Fixed. EBITDA grew and EBITDA margin expanded in Consumer and SMB Fixed due to lower traffic costs.

SECTION III : OPTUS

OPTUS MOBILE DIVISION

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Mobile communications revenue ⁽¹⁾			
Outgoing service revenue	965	973	-0.9
Incoming service revenue	249	265	-6.1
Service revenue	1,214	1,238	-2.0
Equipment	216	253	-14.8
Total Mobile revenue	1,430	1,492	-4.2
EBITDA ⁽²⁾	351	371	-5.5
- EBITDA margin	25%	25%	

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Number of mobile subscribers (000s)				
Prepaid	4,227	4,292	4,210	0.4
Postpaid ⁽³⁾	5,285	5,197	4,886	8.2
Total	9,512	9,489	9,096	4.6
Mobile penetration rate ⁽⁴⁾	ND	ND	126%	
MOUs per subscriber per month ⁽⁵⁾				
Prepaid	102	99	83	24.0
Postpaid	229	228	230	-0.5
ARPU per month (A\$) ⁽⁶⁾				
Prepaid	21	21	22	-4.9
Postpaid	60	62	66	-8.8
Blended	43	43	45	-6.2
Data revenue as a % of service revenue				
- total data	50%	49%	44%	
- non-SMS data	25%	24%	20%	
Market share - total ⁽⁴⁾	ND	ND	31.8%	
Retail postpaid churn rate per month ⁽⁷⁾	1.7%	1.6%	1.8%	
% users through wholesale	14%	13%	11%	
Acquisition cost per subscriber	A\$178	A\$134	A\$220	

Notes:

- (1) Includes international outgoing and international incoming revenue.
- (2) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
- (3) Includes bundled telephony and broadband products delivered over the 3G network.
- (4) Penetration and subscriber market share are estimated by Optus based on published data.
- (5) Based on average customers, calculated as the simple average of opening and closing customers. MOU includes outgoing minutes only. This calculation is based on customers with voice plan only – i.e excludes customers with only wireless broadband.
- (6) Based on average customers, calculated as the simple average of opening and closing customers. Excludes equipment revenue.
- (7) Churn calculation includes subscriber churn from Optus, Virgin Mobile and other Optus subsidiaries' subscribers but excludes customers transferring from postpaid to prepaid.

SECTION III : OPTUS

Mobile service revenue declined 2.0% due to the impact of the mandated decline in mobile termination rates and service credits associated with the device repayment plans introduced from October 2011.

Excluding the impact of service credits associated with the device repayment plans, outgoing mobile service revenue increased 1.7% year-on-year.

Despite lower revenue, EBITDA margin was stable on lower traffic costs and reduced selling expenses.

Acquisition cost per subscriber declined 19% from last corresponding quarter to A\$178 as a result of lower device subsidies, particularly in Postpaid. Acquisition cost per subscriber increased 33% from the preceding quarter due to a lower mix of device repayment plan connections.

Postpaid customer growth continued with net additions of 88,000 this quarter. Postpaid customers comprised 56% of the total base, up 2 percentage points from a year ago.

Yield management initiatives, including reducing prepaid device subsidies resulted in the prepaid customer base declining by 65,000.

The number of 3G subscribers⁴ increased to 6.82 million, a 2.9% increase from a quarter ago. This included a base of 1.57 million wireless broadband⁵ subscribers.

Incoming service revenue declined 6.0% year-on-year driven by lower mobile termination rates.

Blended ARPU was stable at A\$43 compared to the preceding quarter. Blended ARPU declined by A\$2 compared to the same quarter last year reflecting lower mobile termination rates and service credits associated with device repayment plans. Excluding the impact of the decline in mobile termination rates and service credits, blended ARPU declined by 0.9%.

SMS and other data revenue was at 50% of ARPU with increased data usage and higher penetration of wireless data products, up from 49% in the preceding quarter and 44% a year ago. The proportion of non-SMS data revenue (including premium content SMS) grew to 25% of ARPU, compared to 20% a year ago.

The sustained demand for smartphones and cap plans continued to increase the penetration of capped plans into the base. A total of 94%⁶ of new and recontracted postpaid customers chose capped plans this quarter. Approximately 73% of the total Optus postpaid mobile base were on capped plans as at 30 June 2012, up from 71% a year ago.

⁴ 3G subscribers are defined as subscribers who i) own a 3G device and ii) are provisioned with 3G Data Services access.

⁵ Wireless broadband subscribers are defined as subscribers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.

⁶ These cap penetration metrics exclude customers on Optus' capped plans offered through Optus wholesale service providers. Including these customers, the percentage of total Optus postpaid customers on capped plans as at 30 June 2012 was 83% (March 2012: 81%), with 89% of total new and recontracted customers choosing capped plans in this quarter (March 2012: 89%).

SECTION III : OPTUS

Optus continued to make significant investments to enhance the coverage, quality and performance of the Open Network⁷. Optus launched LTE in Sydney and Perth and has upgraded over 1000 sites since the commencement of the U900 spectrum migration program in September 2011.

The LTE roll-out and the U900 spectrum migration programs are lifting network capacity and providing customers with greater depth of signals in more places, including better indoor coverage. This ensures that Optus remains ahead of the rising demand for mobile data.

To date, the Open Network has reached 97 per cent of the population for both voice and data coverage while expansion continues. With the continuing significant investment, Optus is the only carrier capable of challenging the incumbent telco's network on both coverage and speed.

⁷ This refers to Optus' mobile network which encompasses the 3G dual band, 3G single band and 2G mobile networks as well as the recently launched 4G network.

SECTION III : OPTUS

OPTUS BUSINESS & WHOLESALE FIXED DIVISIONS

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Business revenue			
Voice	98	100	-2.6
Data and IP	111	116	-4.2
ICT and Managed Services	117	111	5.5
Total Business fixed revenue	326	327	-0.4
Wholesale revenue			
Domestic Voice	30	30	-1.0
International Voice	4	4	25.7
Data and IP	58	63	-7.0
Satellite	83	73	13.9
Total Wholesale fixed revenue	176	169	3.7
Total Business & Wholesale fixed revenue	502	497	1.0
EBITDA ⁽¹⁾	131	131	-0.2
- EBITDA margin	26%	26%	

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Business voice minutes (m min)	1,272	1,290	1,279	-0.6
Wholesale domestic voice minutes (m min)	1,025	1,059	890	15.2
As at end of period:				
Buildings connected ⁽²⁾	17,961	17,932	17,850	0.6

Notes:

(1) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.

(2) Directly connected buildings include all connections via all access media - fibre, DSL, fixed wireless, satellite and leases.

Total Business fixed revenue was stable as ICT and managed service revenue grew 5.5% driven by product sales, offset by lower voice and Data and IP revenues mainly reflecting the decline in legacy data products.

Wholesale fixed revenue grew 3.7%. Total voice revenue was stable. Data and IP declined by 7.0%, driven by price competition and the exit of unprofitable off-net services. Satellite revenue rose 14% as a result of the NBN Interim Satellite Service contract.

SECTION III : OPTUS

OPTUS CONSUMER AND SMB FIXED DIVISION

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
On-net			
Voice	123	132	-7.3
Broadband	113	118	-4.6
Pay TV	19	19	1.0
Consumer Fixed on-net	255	270	-5.6
Off-net			
Voice	6	9	-32.3
Broadband	2	4	-38.9
Dial-up	0	1	-37.5
Consumer Fixed off-net	9	14	-34.3
Consumer Fixed revenue	264	284	-6.9
SMB			
Voice	31	30	3.4
Data and IP	13	13	-3.0
SMB fixed revenue	44	43	1.4
Total Consumer & SMB fixed revenue	308	327	-5.8
EBITDA ⁽¹⁾	64	58	10.5
- EBITDA margin	21%	18%	

Key Drivers	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
On-net ARPU (A\$) ⁽²⁾				
Voice	49	50	52	-4.8
Broadband	47	47	49	-4.7
Telephony customers ('000)				
HFC ⁽³⁾	498	496	503	-1.1
ULL ⁽⁴⁾	522	519	512	2.0
On-net	1,019	1,014	1,015	0.5
Resale	37	39	50	-26.7
Long distance only	7	7	9	-18.4
Off-net	44	47	59	-25.7
HFC bundling rate ⁽⁵⁾	90%	89%	87%	
HFC penetration	36%	35%	36%	
Internet customers (000s)				
On-net				
HFC broadband	433	429	426	1.7
ULL broadband ⁽⁴⁾	528	517	506	4.2
Business grade broadband ⁽⁶⁾	31	32	32	-3.4
	993	978	965	2.9
Off-net				
Broadband	20	22	31	-35.7
Broadband subtotal	1,013	1,000	996	1.7
Dial-up	21	21	24	-12.8
Total Internet customers	1,034	1,021	1,021	1.3

SECTION III : OPTUS

Notes:

- (1) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
- (2) Per month, based on average HFC and ULL customers.
- (3) Includes all customers who take local telephony over the HFC network, and customers who take one or more of pay TV or cable internet services over the HFC network.
- (4) Include wholesale ULL subscribers.
- (5) Based on customers who are receiving a "bundled benefit" from taking a package of products (local telephony plus at least one of broadband, dial-up internet or pay TV).
- (6) Revenue associated with the business grade retail broadband customers is included within Optus Business fixed segment.

The fixed broadband market remains highly competitive. Consumer fixed on-net revenue declined by 5.6% as growth in on-net broadband customers was offset by lower ARPU from increased broadband data allowances and lower telephony usage.

EBITDA grew 11% due to lower traffic expenses from lower mobile termination rates. Consequently, EBITDA margin improved by 3 percentage points to 21%.

As at 30 June 2012, Optus had 528,000 ULL customers, up 22,000 from a year ago and 11,000 from a quarter ago. On-net broadband customers increased 2.9% to 993,000 and accounted for 98% of the total broadband customer base as at 30 June 2012, up from 97% a year ago.

As Optus continued to exit fixed resale services, Consumer off-net revenue declined 34% and contributed to an overall decline of 6.9% for Consumer fixed revenue. This quarter, on-net revenue contributed 97% of overall Consumer fixed revenue, up from 95% a year ago.

SECTION III : OPTUS**OPTUS OPERATING EXPENSES
(Before Depreciation and Amortisation)**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Interconnect	355	374	-5.3
Outpayments & other leases	46	49	-6.3
Traffic expenses	401	424	-5.4
Selling & administrative	639	681	-6.1
Cost of sales	354	381	-7.1
Staff costs	301	268	12.5
Repair & maintenance and others	53	54	-2.2
Capitalisation of costs ⁽¹⁾	(42)	(41)	4.0
Total	1,706	1,767	-3.4
As a percentage of operating revenue			
Traffic expenses	18%	18%	
Selling & administrative	29%	29%	
Cost of sales	16%	16%	
Staff costs	13%	12%	
Repair & maintenance and others	2%	2%	
Capitalisation of costs ⁽¹⁾	-2%	-2%	
	76%	76%	

	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2012	2012	2011	
Staff statistics				
Number of employees, at end of period	9,178	9,653	10,064	-8.8
Average number of employees	9,504	9,699	10,102	-5.9
Revenue per employee (A\$'000) ⁽²⁾	236	237	229	2.9

Notes:

(1) Capitalisation relates primarily to staff costs.

(2) Based on average employee numbers.

Total operating expenses decreased by 3.4% year-on-year, mainly driven by lower traffic expenses, selling and administrative expenses and cost of sales partially offset by higher staff costs.

Traffic expenses declined 5.4% due to lower interconnect costs from the mandated decline in mobile voice termination rates.

Selling and administrative expenses declined 6.1% from lower handset subsidies.

Cost of sales was down 7.1% driven by lower equipment sales as well as mobile equipment costs.

Staff costs increased 13% - as there was no provision for incentive accruals in the same quarter last year.

SECTION III : OPTUS**OTHER INCOME**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Sublease income	11	10	5.9
Foreign exchange losses	(1)	*	@
Other	3	4	-25.0
Total	13	14	-8.7

Other income was largely consistent with the same quarter last year.

OTHER INCOME STATEMENT ITEMS**Depreciation and Amortisation**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Depreciation and amortisation expense	277	279	-0.6
<i>As a percentage of operating revenue</i>	<i>12%</i>	<i>12%</i>	

Depreciation and amortisation expense was largely stable.

Net Finance Expense

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Interest expense	40	32	23.1
Interest capitalised	(2)	-	nm
	37	32	15.6
Interest income	(2)	(5)	-58.2
Net interest expense	35	27	30.8
Other finance costs			
Unwinding of discounts, incl adjs	1	2	-26.7
Revaluation (gain)/loss of FX contracts	-	*	nm
Total	36	28	27.8

Net finance expense was up by A\$8 million year-on-year reflecting higher borrowings partially offset by lower interest rates. Interest capitalised relates to the investment in the ongoing construction of the Optus10 satellite.

SECTION III : OPTUS**Taxation**

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Optus' Australian income tax expense	71	78	-8.7
Share of joint venture income tax expense	-	1	nm
Exceptional item	(3)	(5)	-51.9
	69	74	-7.0

The income tax expense reflected primarily the Australian statutory tax rate of 30% together with variations between accounting and taxable income.

CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			YOY Chge %
	30 Jun	30 Jun	31 Mar	
	2012 A\$ m	2011 A\$ m	2012 A\$ m	
Net cash inflow from operating activities				
Profit before tax	224	235	367	-4.9
Non-cash items	314	309	311	1.8
Operating cashflow before working capital changes	538	544	678	-1.1
Changes in operating assets and liabilities	(122)	(38)	44	223.8
Tax paid	(38)	*	(40)	nm
Net cash inflow from operating activities	377	506	682	-25.4
Net cash outflow from investing activities				
Purchases of property, plant and equipment	(327)	(303)	(312)	8.1
Purchase of subsidiary, net of cash acquired	(224)	-	-	nm
Loan to STAI	(162)	-	-	nm
Others	(42)	(20)	(10)	115.3
	(756)	(323)	(322)	134.3
Net cash outflow from financing activities				
Net increase/ (decrease) in bank borrowings	380	-	(350)	nm
Purchase of SingTel shares	(7)	(1)	-	@
Settlement on behalf of STAI	-	(6)	-	nm
Finance lease payments (excl interest)	(2)	(1)	(2)	45.5
Net interest paid on borrowings and swaps	(38)	(29)	(41)	30.9
Others	-	20	-	nm
	334	(17)	(393)	nm
Net (decrease)/increase in cash and cash equivalents	(44)	166	(33)	nm
Cash and cash equivalents at beginning	415	412	447	0.7
Cash and cash equivalents at end	370	578	415	-36.0
Free cash flow	50	203	370	-75.3
Cash capital expenditure to operating revenue	15%	13%	14%	

SECTION III : OPTUS

Free cash flow generated in the quarter was A\$50 million. Excluding tax payments of A\$38 million (Q1 FY 2012: Nil), free cash flow was A\$88 million, down from A\$203 million in the same quarter last year due mainly to workforce restructure payments (Q1 FY 2012: Nil) and higher capital expenditure.

Cash capital expenditure represented 15% of operating revenue, 2% higher than the same quarter last year mainly relating to the investments in the Optus10 satellite.

Capital expenditure by division

	Quarter		YOY Chge %
	30 June		
	2012 A\$ m	2011 A\$ m	
Mobile	168	169	-0.9
Business & Wholesale fixed	70	46	51.3
Consumer & SMB fixed	23	16	40.6
Other	66	71	-6.2
Total	327	303	8.0

During the quarter, Optus maintained its investment commitment to deliver quality mobile network coverage and performance in Australia, investing 51% of total capital expenditure on mobile. Mobile capital expenditure was largely incurred on the U900 upgrade and LTE programs in order to increase speed, capacity and coverage of the Open Network to support the growing demand for voice and data services.

In Optus Business and Wholesale fixed division, capital expenditure increased from milestone payments for the new Optus10 satellite.

In Consumer and SMB fixed division, capital expenditure of A\$23 million primarily represented costs of new customer connections and new product development.

Other capital expenditure was incurred to upgrade core IT systems, facilities, network infrastructure, and the acquisition of additional Southern Cross capacity.

SECTION IV: ASSOCIATES / JOINT VENTURES

FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER ENDED 30 JUNE 2012

- Steep depreciation of Indian Rupee and Indonesian Rupiah significantly impacted reported earnings from Airtel and Telkomsel.
- Strong operating performance from Telkomsel and AIS partly offset Airtel's weaker results.
- If the regional currencies were held constant from a year ago, ordinary pre-tax contributions from the associates would have been up 7.2%.
- On a post-tax basis, earnings from associates up 1.1% at S\$364 million and contributed 43% to the Group's underlying net profit, 2 percentage points higher than a year ago.
- If the regional currencies had remained stable from a year ago, post-tax contributions would have increased 6.6%.
- The Group's combined mobile customer base⁸ was up 3.8% or 16.7 million in the quarter to 462 million. On a proportionate share basis, the increase was 3.6% from a quarter ago to 163 million. Year-on-year, the mobile customer base was up 11% or 46.1 million.

⁸ Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Pre-tax profit contribution	Equity Int %	Quarter		YOY Chge %
		30 Jun		
		2012 S\$ m	2011 S\$ m	
Regional mobile associates				
Bharti Telecom / Bharti Airtel ("Airtel")	32.3			
- operating results (India, Bangladesh and Sri Lanka - "South Asia")		129	204	-36.7
- operating results (Africa)		28	25	11.2
- financing costs		(75)	(60)	24.1
- fair value gains / (losses)		12	(16)	nm
		95	154	-38.4
Telkomsel	35.0			
- operating results		247	209	18.2
- fair value (losses) / gains		(6)	1	nm
		241	210	14.7
AIS	23.3	107	77	38.1
Globe ⁽²⁾	47.3			
- operating results		58	51	13.1
- fair value gains / (losses)		2	(2)	nm
		60	49	20.9
PBTL ⁽³⁾	45.0			
- operating results		-	(5)	nm
- fair value losses		-	(1)	nm
		-	(6)	nm
Warid	30.0			
- operating results		(12)	(11)	5.5
- fair value losses		(7)	(1)	490.9
		(18)	(12)	49.6
		483	472	2.4
Other SingTel associates				
Singapore Post	25.6	12	12	-1.6
Southern Cross	40.0	9	10	-13.6
Others		2	6	-65.5
SingTel share of ordinary results (pre-tax)		506	500	1.2
Optus share of ordinary results (pre-tax)		*	*	nm
Group share of ordinary results (pre-tax)		506	500	1.2
Exceptional item ("EI")				
PBTL - write back of selling expenses and other provisions no longer required		-	7	nm
Group share of EI		-	7	nm
SingTel share of pre-tax profit ⁽²⁾		506	508	-0.3
Optus share of pre-tax profit		*	*	nm
Group share of pre-tax profit ⁽²⁾		506	508	-0.3

Notes:

- (1) The accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated for compliance with the Group's accounting policies.
- (2) Share of results for the quarter ended 30 June 2012 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation program which has been classified as an exceptional item of the Group.
- (3) The Group cease to equity account for the losses of PBTL from 1 April 2012 as PBTL's carrying value was nil as at 31 March 2012.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution	Quarter				YOY Chge %
	30 Jun				
	2012		2011		
	S\$ m	% ⁽¹⁾	S\$ m	% ⁽¹⁾	
Regional mobile associates					
Airtel					
- ordinary results (South Asia)	108		135		-19.5
- ordinary results (Africa)	(51)		(27)		88.1
- exceptional item	-		(5)		nm
	58	7	103	12	-44.1
Telkomsel	181	21	157	18	15.2
AIS	82	10	53	6	54.3
Globe ⁽²⁾	42	5	34	4	22.2
PBTL ⁽³⁾					
- ordinary results	-		(6)		nm
- exceptional item	-		7		nm
	-	-	2	**	nm
Warid	(18)	(2)	(12)	(1)	50.0
	344	40	337	39	2.2
Other SingTel associates	20	2	25	3	-20.2
SingTel share of post-tax profit ⁽²⁾	364	43	362	41	0.6
Optus share of post-tax profit	*	**	(2)	**	nm
Group share of post-tax profit ⁽²⁾	364	43	360	41	1.1

Notes:

- (1) The above table shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (2) Share of results for the quarter ended 30 June 2012 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation program which has been classified as an exceptional item of the Group.
- (3) The Group cease to equity account for the losses of PBTL from 1 April 2012 as PBTL's carrying value was nil as at 31 March 2012.

** denotes less than +/- 0.5%.

	Quarter		YOY Chge %
	30 Jun		
	2012	2011	
	S\$ m	S\$ m	
SingTel share of associates' tax	(142)	(146)	-2.4
Optus share of associates' tax	-	(2)	nm
Group share of associates' tax (a)	(142)	(147)	-3.5
Group share of pre-tax results (b)	506	508	-0.3
Effective tax rate (a)/(b)	28.1%	29.0%	

SECTION IV : ASSOCIATES/ JOINT VENTURES

The associates' contributions were adversely impacted by the depreciation of the major regional currencies this quarter. In particular, Indian Rupee fell significantly by 18% and Indonesian Rupiah declined 6% from the same quarter last year. Excluding the currency translation impact, the associates' pre-tax contributions increased by 5.6%.

Telkomsel and AIS recorded robust operating performance underpinned by strong customer and data growth amid stable market conditions. Globe's service revenue rose to a quarterly record high on sustained growth across both mobile and broadband segments. As at 30 June 2012, Airtel's mobile subscriber base across all geographies reached the 250 million milestone. In India, with increased aggression, Airtel recorded net mobile customer additions of 6 million and voice traffic of 239 billion minutes in the quarter, leading the market. In Africa, Airtel gained market share and registered double-digit EBITDA growth driven by an expanded customer base. Earnings in South Asia, however, were adversely impacted by regulatory restrictions on sales of combo packs in India, higher network related costs, selling expenses as well as depreciation and amortisation charges.

On a post-tax basis, the associates contributed 43% to the Group's underlying net profit, up 2 percentage points from a year ago.

Bharti Telecom Group ("Airtel")

Airtel is listed on the National Stock Exchange and the Stock Exchange, Mumbai and is the first private telecom operator with an 'all India' presence offering mobile services in all 22 licenced circles. Airtel is also a leading integrated telecommunications company with operations in 20 countries across Asia and Africa.

India, Bangladesh and Sri Lanka ("South Asia")

Airtel launched 4G services in India's IT hub – Bengaluru in May 2012, following the inaugural launch in Kolkata in April. With the acquisition of a 49% stake in Qualcomm India's BWA entity, Airtel will eventually roll out 4G networks in Delhi, Mumbai, Haryana and Kerala to expand its footprint across India.

In this quarter, Airtel was adversely impacted by regulatory guidelines around processing fees which restricted the sales of combo packs offering bundled service propositions as well as the service tax hike from 10.3% to 12.36% in India. Amidst these headwinds, revenue in South Asia increased 9% from a year ago. In India, Airtel recorded net mobile customer additions of 6 million and voice traffic of 239 billion minutes in the quarter, leading the market. However, EBITDA declined 5% due to higher network related costs on planned accelerated investments as well as higher selling expenses resulting from increased market participation to grow customer base. With higher depreciation and amortisation, the Group's share of the pre-tax operating profit (before finance costs and fair value adjustments) was down 25% year-on-year in Indian Rupee terms.

The pre-tax operating profit contribution was down 37% from a year ago to S\$129 million as the Indian Rupee weakened by a significant 18% against the Singapore Dollar.

Compared to the preceding quarter, revenue was up 2% but EBITDA declined 8%.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Africa

By end of June 2012, Airtel had launched 3G across 7 countries and airtel money service in 12 African countries.

In US Dollar terms, operating revenue increased 9% year-on-year to US\$1.07 billion on robust 21% increase in mobile customer base partially offset by 10% decline in ARPU. If the local African currencies were held steady against US Dollar, operating revenue would have increased a strong 17%. EBITDA was up 12% to US\$275 million while depreciation and amortisation expense rose 9% on an expanded network. The Group's share of pre-tax operating profit amounted to S\$28 million, compared to S\$25 million in the last corresponding quarter.

Compared to the preceding quarter, operating revenue was stable and would have increased 1.2% if the local currencies were held constant against US Dollar. EBITDA declined 8% on investments in network expansion, 3G rollout and the step up of marketing campaigns including airtel money.

Mobile customer base grew 2.7 million in the current quarter ago to reach 55.9 million as at 30 June 2012, an increase of 21% or 9.5 million from a year ago.

Overall

After including S\$75 million of finance costs (Q1 FY2012: S\$60 million) and S\$12 million of fair value gains (Q1 FY2012: S\$16 million of fair value losses), the Group's share of overall pre-tax profit contribution from Airtel in the quarter amounted to S\$95 million, down 38% from a year ago.

Post-tax profit contribution from Airtel, including tax expense associated with the profitable operating companies within Airtel Africa Group, decreased 44% to S\$58 million and accounted for 7% of the Group's underlying net profit, 5 percentage points lower than a year ago.

Airtel added 6.0 million mobile customers in India this quarter compared to 5.6 million in the preceding quarter. With a mobile customer base of 187 million in India as at 30 June 2012, Airtel's subscriber market share was 20.1%. Including mobile customers across operations in 20 countries covering India, Bangladesh, Sri Lanka and across Africa, Airtel's total mobile customer base across all geographies reached the 250 million milestone as at 30 June 2012, an increase of 13% or 28.8 million from a year ago.

PT Telekomunikasi Selular ("Telkomsel")

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 47,000 radio base stations (including 3G Node B) providing nationwide coverage.

Operating revenue for the current quarter was up a robust 10% year-on-year with growth across voice, SMS and data amid a stable operating environment. Revenue was also boosted by the implementation of SMS interconnect regime from June 2012. Operating expenses increased 15% on higher cost of services and operation and maintenance costs. Consequently, EBITDA grew 7%. With lower depreciation and lower financing costs with reduced borrowings, the Group's share of Telkomsel's pre-tax operating profit (before fair value adjustments) grew a strong 25% in Indonesian Rupiah terms.

SECTION IV : ASSOCIATES/ JOINT VENTURES

After including the Group's share of fair value losses of S\$6 million compared to S\$1 million gains in the corresponding period, and with the 6% depreciation of the Indonesian Rupiah against the Singapore Dollar, the Group's overall share of Telkomsel's pre-tax profit was up 15%.

On a post-tax basis, Telkomsel's contribution for the quarter rose 15% to S\$181 million and comprised 21% of the Group's underlying net profit compared to 18% a year ago.

Compared to the preceding quarter, EBITDA increased 4% on 7% growth in operating revenue due to higher customer base and increased interconnection revenue.

Telkomsel recorded strong net additions of 7.4 million mobile customers this quarter, from 2.9 million in the preceding quarter. Its market share was approximately 45.1% as at 30 June 2012, up 1.8 percentage points from a quarter ago. Total mobile customer base reached 117 million, up 15% or 14.9 million from a year ago.

Telkomsel continued to expand its network, adding around 2,400 radio base stations in the quarter, compared to 2,200 in the preceding quarter.

Advanced Info Service ("AIS")

AIS is the largest mobile communications operator in Thailand and is listed on the Stock Exchange of Thailand.

EBITDA rose 8% on 12% increase in service revenue with growth in both voice and non-voice revenues. Non-voice revenue in particular registered stellar growth of 35% as demand for mobile data continued to rise on increased use of smart devices and social networking platforms. With lower depreciation and amortisation charges, AIS' pre-tax contribution surged 40% year-on-year in Thai Baht terms. In Singapore Dollar terms, the Group's share of AIS' pre-tax profit was up 38% to S\$107 million, reflecting the 2% decline in Thai Baht against the Singapore Dollar.

With lower corporate tax rate in Thailand with effect from January 2012, post-tax contributions rose a higher 54% and contributed 10% to the Group's underlying net profit, from 6% a year ago.

Despite the June quarter being the seasonally softer quarter, AIS' service revenue (excluding interconnection) was stable against the preceding quarter as increasing data demand mitigated softening voice revenue. EBITDA, however, declined by 4% with higher marketing and network expenses.

In the June 2012 quarter, AIS added 671,000 mobile customers, compared to 678,000 in the preceding quarter. Year-on-year, AIS' customer base grew 7.2% or 2.3 million to 34.8 million. As at 30 June 2012, AIS' continued to lead the market with market share of approximately 44.8%.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Globe Telecom, Inc (“Globe”)

Globe is the second largest mobile communications service provider in the Philippines and is listed on the Philippine Stock Exchange.

Globe's ordinary pre-tax profit contribution grew 21% year-on-year to S\$60 million after 3% strengthening of the Peso against the Singapore Dollar. This contribution excluded Globe's accelerated depreciation charges related to its network modernisation and IT transformation programs. The Group's share of this exceptional charge of S\$15 million (S\$10 million post-tax) has been classified as exceptional item of the Group.

In the current quarter, Globe's service revenue rose to a quarterly record high on sustained growth across both mobile and broadband segments. In Philippine Peso terms, service revenue grew 6% amidst a challenging and competitive landscape. Despite high penetration rates, intensifying competition and customers' continued preference for value offerings, mobile revenue increased 6% on continued strong take-up for voice and browsing services. Broadband revenue was up a robust 12% fuelled by sustained expansion in customer base, particularly from internet-on-the-go service offerings.

Operating expenses increased 8% on higher marketing and subsidy expenses as well as increased service costs. Consequently, Globe's EBITDA was stable.

With lower depreciation and net interest expenses, pre-tax operating profit (before exceptional items and fair value adjustments) grew 10% from a year ago.

The Group's share of fair value gain amounted to S\$2 million, compared to S\$2 million of fair value loss in the same quarter last year.

Against the preceding quarter, operating revenue was up 1% and EBITDA improved 4%.

On a post-tax basis, Globe contributed S\$42 million or 5% to the Group's underlying net profit, up 1 percentage point from a year ago.

Globe added 702,000 mobile customers in the current quarter, from 984,000 in the preceding quarter. As at 30 June 2012, its mobile customer base was 31.7 million, up 12% or 3.3 million from a year ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Warid Telecom (Private) Limited (“Warid”)

Warid launched its services in Pakistan in May 2005 and has a 15-year licence to operate GSM-mobile services in Pakistan, Azad Jammu and Kashmir, and the Northern areas.

In the quarter, EBITDA rose 8% on 12% increase in operating revenue. With higher interest expenses on increased borrowings, pre-tax operating losses were 11% higher against the same quarter last year. After including the higher fair value losses and the 6% depreciation of the Pakistani Rupee, the Group's share of overall pre-tax losses of Warid increased 50%.

Against the preceding quarter, the Group's share of pre-tax operating losses from Warid reduced by 9.4% or S\$1 million.

Warid's total mobile customer base stood at 13.5 million as at 30 June 2012, 6.2% or 897,000 lower than a quarter ago.

Warid is currently in discussions with its lenders in relation to a proposed restructuring of its loan facilities. As at 30 June 2012, the outstanding principal amounted to approximately US\$742 million, net of hedging and was secured by a floating charge on Warid's assets. In addition, US\$90 million of these loan facilities was guaranteed by SingTel and US\$512 million was secured by guarantees of the other shareholder group of Warid. SingTel received a guarantee call of US\$30.3 million which has not been met as restructuring discussions between Warid, its shareholders and the lenders are on-going.

SECTION IV : ASSOCIATES/ JOINT VENTURES**PROFORMA INFORMATION**

The following tables show unaudited proforma proportionate financial information which has been derived from the Income Statements of the Group prepared on a statutory basis.

Proportionate presentation is not required by Singapore GAAP and is not intended to replace the financial statements prepared in accordance with Singapore GAAP. However, since the associates are not consolidated on a line by line basis, proportionate information is provided as supplemental data to facilitate a better appreciation of the relative contribution from the Group's operations in Australia, Singapore and other regional markets.

Proportionate operating revenue	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Group operating revenue			
SingTel	1,674	1,557	7.5
Optus	2,859	3,048	-6.2
	4,533	4,605	-1.6
Proportionate share of operating revenue of associates			
Regional mobile associates	2,752	2,704	1.8
Singapore associates	76	59	28.7
Other overseas associates	30	33	-9.8
	2,858	2,796	2.2
Enlarged revenue	7,391	7,401	-0.1
% of overseas revenue to enlarged revenue	76%	78%	

In the quarter, overseas revenue contributed 76% to the Group's enlarged revenue against 78% a year ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %
	30 Jun		
	2012	2011	
	S\$ m	S\$ m	
Group EBITDA			
SingTel	546	547	-0.1
Optus	697	738	-5.6
	1,243	1,284	-3.2
Proportionate share of associates' EBITDA ⁽¹⁾			
Regional mobile associates	1,076	1,108	-2.9
Singapore associates	26	21	24.9
Other overseas associates	18	26	-29.9
	1,120	1,155	-3.0
Total proportionate EBITDA	2,363	2,439	-3.1
Overseas proportionate EBITDA as a % to total proportionate EBITDA	76%	77%	
Contributions to total proportionate EBITDA			
Regional mobile associates	46%	45%	
Australia	29%	30%	
Singapore	24%	23%	
Others	1%	1%	
	100%	100%	

Note:

(1) Proportionate share of associates' EBITDA represents the Group's effective interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 76% to proportionate EBITDA, down 1 percentage point from a year ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	30 Jun	31 Mar	30 Jun	30 Jun	31 Mar	30 Jun
	2012	2012	2011	2012	2012	2011
SingTel	3,638	3,580	3,417	3,638	3,580	3,417
Optus	9,512	9,489	9,096	9,512	9,489	9,096
	13,150	13,069	12,513	13,150	13,069	12,513
Regional Mobile Associates						
Airtel						
- South Asia	194,183	188,008	174,941	62,760	60,764	56,418
- Africa	55,855	53,140	46,306	18,052	17,175	14,934
	250,038	241,148	221,247	80,812	77,939	71,352
Telkomsel	117,235	109,881	102,291	41,032	38,458	35,802
AIS	34,808	34,138	32,485	8,117	7,961	6,909
Globe	31,726	31,025	28,434	15,013	14,681	13,458
Warid	13,500	14,397	17,388	4,050	4,319	5,216
PBTL	1,700	1,786	1,731	765	804	779
	449,007	432,375	403,576	149,789	144,162	133,516
Group	462,157	445,444	416,089	162,939	157,231	146,029

Note:

- (1) Proportionate share of mobile customers represents the total number of mobile customers of an associate multiplied by the Group's effective percentage ownership in the associate at the respective dates.

As at 30 June 2012, the Group's combined mobile customer base was 462 million, up 3.8% or 16.7 million from a quarter ago, and 11% or 46.1 million from a year ago. On a proportionate share basis, the increase was 3.6% to 163 million mobile customers from a quarter ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS RECEIVED FROM ASSOCIATES / JOINT VENTURES ⁽¹⁾

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Regional mobile associates			
Telkomsel ⁽²⁾			
- final dividend FY 2011 / FY 2010	389	353	10.4
AIS ⁽³⁾			
- final dividend FY 2011 / FY 2010	118	102	15.6
Other associates			
Southern Cross ⁽⁶⁾	13	7	73.0
Others	-	2	nm
Total	520	465	12.0

Notes:

- (1) The cash dividends received from overseas associates as stated here are before related tax payments.
- (2) Telkomsel declared a full year dividend of 80% on net profit for its financial year 2011 (FY 2010: 70%). The Group's share of the dividend is approximately S\$485 million, of which S\$389 million had been received in the current quarter and S\$96 million is expected to be received in the September 2012 quarter.
- (3) AIS dividend policy is to pay dividend of at least 100% of net profit. Dividends will be paid twice a year, with an interim dividend distributed from the first half operating results and annual dividend distributed from the second half operating results. On 28 March 2012, AIS declared a final dividend of Baht 4.26 per share for its 2011 financial year. The Group received its share of this dividend of S\$118 million in April 2012. AIS will pay its interim dividend of Baht 5.90 per share in September 2012. The Group's share of this dividend is approximately Baht 4.09 billion (S\$163 million).
- (4) Globe's dividend policy is to pay ordinary dividend of 75% to 90% of prior year's core net profit, payable semi-annually in March and September of each year. Globe declared a full year dividend of 86% of net profit for its 2011 financial year (FY 2010: 84%). The Group received its share of the first semi-annual dividend of S\$60 million in March 2012. Globe will pay its second semi-annual dividend of Peso 32.5 per common share in September 2012. The Group's share of this dividend is approximately Peso 2.04 billion (S\$60 million).
- (5) Airtel does not have a fixed dividend policy.
- (6) Southern Cross does not have a fixed dividend policy.

The total dividends received from the associates for the quarter was up 12% to S\$520 million, mainly from Telkomsel's higher payout.

SECTION IV : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Globe	PBTL	Warid
SingTel's investment:						
Year of initial investment	2000	2001	1999	1993	2005	2007
Effective shareholding (%)	32.3%	35.0%	23.3%	47.3%	45.0%	30.0%
Investment to date	S\$2.31 bil	S\$1.93 bil	S\$1.20 bil	S\$1.02 bil	S\$238 mil	S\$1.31 bil
Closing market share price ⁽²⁾	INR 305	NA	THB 184.5 ⁽⁷⁾ THB 185 ⁽⁸⁾	PHP 1,115	NA	NA
Market capitalisation						
- Total	S\$26.41 bil	NA	S\$21.95 bil	S\$4.44 bil	NA	NA
- SingTel holding	S\$8.54 bil	NA	S\$5.12 bil	S\$2.10 bil	NA	NA
Operational Performance :						
Mobile penetration rate ⁽³⁾	77%	105%	121%	102%	57%	69%
Market share, 30 Jun 2012 ⁽³⁾	20.1%	45.1%	44.8%	32.0%	1.8%	11.2%
Market share, 31 Mar 2012 ⁽⁴⁾	19.7%	43.3%	44.5%	31.9%	2.0%	12.2%
Market position ^{(3) (5)}	#1	#1	#1	#2	#5	#5
Mobile customers ('000)						
- Aggregate	250,038	117,235	34,808	31,726	1,700	13,500
- Proportionate	80,812	41,032	8,117	15,013	765	4,050
Growth in mobile customers (%) ⁽⁶⁾	13%	15%	7.2%	12%	-1.8%	-22%
Credit ratings						
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Baa3/BB+	Baa1/BBB+	Ba2/BB+	Ba3/BB-	Caa1/B-
- Company (Moody's/ S&P's)	NA/BB+	Baa1/BBB-	NA/A-	NA	NA	NA

Notes:

- (1) Mobile penetration rate, market share and market position pertain to India market only.
(2) Based on closing market price on 30 June 2012, in local currency.
(3) Based on actual or estimated data available as at 30 June 2012.
(4) Based on actual data a quarter ago.
(5) Based on number of mobile customers.
(6) Compared against 30 June 2011 and based on aggregate mobile customers.
(7) Based on local market price quoted on the Stock Exchange of Thailand.
(8) Based on foreign market price quoted on the Stock Exchange of Thailand.
NA Denotes not applicable.

Please refer to **Appendix 3** for the currency rate movements of the major associates.

SECTION V : GLOSSARY

“ACCC”	Australian Competition And Consumer Commission.
“ARPU”	Average revenue per user.
“Associate”	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard.
“DEL”	Direct exchange lines, which are telephone lines connected directly to a telephone switch.
“EI”	Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period.
“EBIT”	Earnings before interest and tax.
“EBITDA”	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.
“EBITDA margin”	Ratio of EBITDA over operating revenue.
“EPS”	Earnings per share.
“FRS”	Financial Reporting Standard.
“Free Cash Flow”	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
“GDP”	Gross Domestic Product.
“HFC”	Hybrid fibre coaxial cable, a system that has the potential to deliver voice, video and data via fibre optic cable for long haul transmission and via coaxial cable for short haul transmission.
“ICT”	Infocomm Technology.
“IP”	Internet Protocol.
“IP VPN”	Internet Protocol Virtual Private Network.
“MMS”	Multimedia messaging service.
“MOU”	Minutes of use per subscriber.
“NA”	Not applicable.
“ND”	Not disclosed.
“NetLink Trust”	NetLink Trust, a business trust established as part of IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network, is currently 100% owned by SingTel. NetLink Trust is equity accounted as an associate in the Group as SingTel does not control it.
“NCS”	NCS Pte Ltd, SingTel's wholly-owned subsidiary, and its subsidiaries.
“NM”	Not meaningful.
“OpenNet”	OpenNet Pte Ltd, the Netco for Singapore's Next Generation National Broadband Network, which SingTel has a 30% equity interest.
“Optus”	SingTel Optus Pty Limited, SingTel's wholly-owned subsidiary, and its subsidiaries.
“SAI”	SingTel Australia Investment Ltd, SingTel's wholly-owned subsidiary, which has 100% equity interest in Singapore Telecom Australia Investments Pty Limited (“STAI”).
“STAI”	Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus.
“SMB”	Small and medium sized business.
“SMS”	Short message service.
“Singapore”	Effective this quarter, the term refers to the Group's operations but excludes Optus and the associates. Therefore, this includes the overseas operations of SingTel including Amobee Inc.
“SME”	Refers to small-medium businesses.
“ULL”	Unbundled Local Loop.
“Underlying net profit”	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.

GROUP SUMMARY INCOME STATEMENTS
For The First Quarter Ended 30 June 2012

	Quarter 30 Jun						YOY Chge %
	2012		2012		2012	2011	
	Singapore S\$ m	Asso/JV S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Operating revenue	1,674	-	1,674	2,859	4,533	4,605	-1.6
Operating expenses	(1,138)	-	(1,138)	(2,179)	(3,316)	(3,352)	-1.1
Other income	537	-	537	681	1,217	1,253	-2.9
	9	-	9	16	26	31	-18.0
EBITDA	546	-	546	697	1,243	1,284	-3.2
- EBITDA margin	32.6%	-	32.6%	24.4%	27.4%	27.9%	
Share of associates' pre-tax profits							
Regional mobile associates	-	483	483	-	483	472	2.4
Other associates	-	23	23	*	23	28	-19.1
- ordinary operations	-	506	506	*	506	500	1.2
- exceptional items	-	-	-	-	-	7	nm
	-	506	506	*	506	508	-0.3
EBITDA and share of associates' pre-tax profits	546	506	1,052	697	1,749	1,792	-2.4
Depreciation & amortisation	(164)	-	(164)	(354)	(518)	(501)	3.4
EBIT	382	506	888	343	1,231	1,291	-4.6
Net finance expense							
- net interest expense	(30)	-	(30)	(46)	(76)	(87)	-13.0
- other finance income/ (expense)	5	-	5	*	5	(6)	nm
	(25)	-	(25)	(46)	(71)	(93)	-23.5
Profit before EI	356	506	863	297	1,160	1,198	-3.2
Exceptional items ("EI")	113	(15)	98	(10)	88	61	43.1
Profit before tax	469	492	961	287	1,247	1,259	-0.9
Taxation							
- current and deferred taxes	(27)	-	(27)	(91)	(118)	(133)	-11.3
- tax credit/ (expense) on EI	-	4	4	3	8	(18)	nm
- share of taxes of associates	-	(142)	(142)	-	(142)	(147)	-3.5
- withholding taxes ⁽¹⁾	(49)	-	(49)	-	(49)	(44)	11.5
	(76)	(138)	(213)	(88)	(301)	(342)	-11.9
Profit after tax	393	354	747	199	946	917	3.2
Minority interests	(1)	-	(1)	-	(1)	(1)	-22.2
Net profit	393	354	747	199	945	916	3.2
Net profit	393	354	747	199	945	916	3.2
Exclude :							
Exceptional items	(113)	15	(98)	10	(88)	(61)	43.1
Tax (credit)/ expense on EI	-	(4)	(4)	(3)	(8)	18	nm
Underlying net profit	280	364	644	206	850	873	-2.6

Note:

- (1) These are withholding taxes deducted at source when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section IV**.

	Quarter	YOY	
	30 Jun	Change	Change in constant currency ¹
	2012		
	S\$ m	%	%
Operating revenue	4,533	-1.6	0.4
Operating expenses	(3,316)	-1.1	1.0
	1,217	-2.9	-1.2
Other income	26	-18.0	-13.2
EBITDA	1,243	-3.2	-1.5
-EBITDA margin	27.4%		
Share of associates' pre-tax profits			
- Airtel	95	-38.4	-27.1
- Telkomsel	241	14.7	21.4
- AIS	107	38.1	39.8
- Globe	60	20.9	17.5
- Warid	(18)	49.6	58.2
Regional mobile associates	483	2.4	8.7
Other associates	23	-19.1	-19.1
- ordinary operations	506	1.2	7.2
- exceptional items	-	nm	nm
	506	-0.3	5.6
EBITDA and share of associates' pre-tax profits	1,749	-2.4	0.5
Depreciation & amortisation	(518)	3.4	5.6
EBIT	1,231	-4.6	-1.4
Net finance expense	(71)	-23.5	-21.9
Profit before exceptional items	1,160	-3.2	0.1
Exceptional items	88	43.1	41.4
Profit before tax	1,247	-0.9	2.2
Taxation	(301)	-11.9	-8.2
Profit after tax	946	3.2	6.0
Minority interests	(1)	-22.2	-22.2
Net profit	945	3.2	6.0
Net profit	945	3.2	6.0
Exclude:			
Exceptional items	(88)	43.1	41.4
Tax on exceptional items	(8)	nm	nm
Underlying net profit	850	-2.6	0.5

Note:

- (1) Assuming constant exchange rates for the Australian Dollar and/or regional currencies (Bangladesh Taka, Indian Rupee, Indonesian Rupiah, Pakistani Rupee, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2011.

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Jun 2012	31 Mar 2012	30 Jun 2011
	(Unaudited)	(Audited)	(Unaudited)
	S\$ million	S\$ million	S\$ million
Current assets			
Cash and cash equivalents	1,382	1,346	3,583
Trade and other receivables	3,973	3,927	3,444
Asset held for sale	-	334	-
Derivative financial instruments	6	3	43
Inventories	233	208	328
	5,594	5,819	7,398
Non-current assets			
Property, plant and equipment	11,519	11,580	11,121
Intangible assets	10,933	10,174	10,221
Associates	177	212	256
Joint ventures	9,296	9,968	9,793
Available-for-sale investments	166	149	357
Derivative financial instruments	157	98	15
Deferred tax assets	940	963	721
Other non-current receivables	135	130	123
Loan to an associate	1,331	1,325	-
	34,653	34,599	32,605
Total assets	40,247	40,418	40,003
Current liabilities			
Trade and other payables	4,681	5,053	4,102
Current tax liabilities	348	299	458
Borrowings (unsecured)	106	106	2,599
Borrowings (secured)	33	25	23
Derivative financial instruments	15	23	1,072
Deferred gain	58	29	-
	5,239	5,535	8,254
Non-current liabilities			
Borrowings (unsecured)	8,376	8,470	4,643
Borrowings (secured)	205	192	48
Advance billings	733	728	696
Deferred income	16	17	22
Deferred gain	1,014	1,061	-
Derivative financial instruments	519	508	632
Deferred tax liabilities	330	244	303
Other non-current liabilities	248	214	193
	11,440	11,434	6,536
Total liabilities	16,679	16,970	14,789
Net assets	23,567	23,448	25,213
Share capital and reserves			
Share capital	2,634	2,632	2,624
Reserves	20,912	20,795	22,566
Equity attributable to shareholders of the Company	23,546	23,428	25,190
Minority interests	21	20	23
Total equity	23,567	23,448	25,213

CURRENCY RISK MANAGEMENT & OTHER MATTERS

The Group maintains a policy of hedging all known foreign currency exposures related to commercial commitments or transactions. These commitments or transactions include payment of operating expenses, traffic settlement, capital expenditure, interest and debt. Translation risks of foreign currency EBITDA and net investments are not hedged unless specifically approved by the Board.

Financial instruments such as foreign currency forward contracts and cross currency swaps are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes. All hedging transactions are reviewed regularly.

To minimise the adverse impact of foreign exchange movements on the Group's financial position, the Group determines the appropriate debt currency mix by matching it to the currency mix of the Group's underlying cash flows.

Debt Currency Mix	As at		
	30 Jun	31 Mar	30 Jun
	2012	2012	2011
SGD	59%	65%	61%
AUD	41%	35%	39%
Total	100%	100%	100%

The debt currency mix is constantly being reviewed and aligned with the Group's cash flows.

CREDIT RATINGS

As at 30 Jun 2012	SingTel	Optus
Standard & Poor's	A+ (stable)	A+ (stable)
Moody's Investors Service	Aa2 (stable)	Aa3 (stable)

MAJOR CURRENCY AVERAGE EXCHANGE RATES

1 Australian Dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
Derived weighted average exchange rate ⁽¹⁾ for:							
Operating revenue							
<u>SGD</u>							
FY2013	1.2768						
FY2012	1.3176	1.2870	1.3033	1.3339	1.3022	1.3182	1.3103
<i>Change (last corresponding period)</i>	-3.1%						
Underlying net profit							
<u>SGD</u>							
FY2013	1.2773						
FY2012	1.3163	1.2833	1.3048	1.3322	1.2994	1.3213	1.3115
<i>Change (last corresponding period)</i>	-3.0%						

Note:

(1) The monthly income statement of Optus is translated from Australian Dollar to Singapore Dollar based on the average exchange rate for the month. These rates represent the derived weighted average exchange rates for the Australian Dollar for the period to date.

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
<u>Rupiah</u>							
FY2013	7,353						
FY2012	6,944	7,042	6,993	7,194	6,997	7,093	7,046
Change (last corresponding period)	5.9%						
<u>Indian Rupee</u>							
FY2013	42.7						
FY2012	36.1	37.3	39.5	39.7	36.7	39.6	38.1
Change (last corresponding period)	18.3%						
<u>Baht</u>							
FY2013	24.8						
FY2012	24.4	24.6	24.1	24.5	24.5	24.3	24.4
Change (last corresponding period)	1.6%						
<u>Peso</u>							
FY2013	33.8						
FY2012	34.8	34.8	33.8	34.0	34.8	33.9	34.4
Change (last corresponding period)	-2.9%						
<u>Pakistani Rupee</u>							
FY2013	73.0						
FY2012	69.0	70.9	68.0	71.9	69.9	70.0	69.9
Change (last corresponding period)	5.8%						

OPTUS FINANCIALS IN SINGAPORE DOLLARS

Optus' contribution to the Group summary income statements (in Singapore Dollars) –

	Quarter		YOY Chge %
	30 June		
	2012 S\$ m	2011 S\$ m	
Operating revenue	2,859	3,048	-6.2
Operating expenses	(2,179)	(2,328)	-6.4
Other income	16	18	-11.0
EBITDA	697	738	-5.6
- EBITDA margin	24.4%	24.2%	
Share of results of joint ventures	*	*	nm
EBITDA and share of results of joint ventures	697	738	-5.6
Depreciation & amortisation	(354)	(367)	-3.7
EBIT	343	370	-7.4
Net finance expense	(46)	(37)	23.8
Profit before exceptional items	297	333	-10.9
Exceptional items	(10)	(24)	-55.7
Profit before tax	287	310	-7.5
Taxation	(88)	(97)	-9.7
Net profit	199	213	-6.5
Net profit	199	213	-6.5
Exclude:			
Exceptional items	10	24	-55.7
Deferred tax on exceptional items	(3)	(7)	-54.9
Underlying net profit	206	229	-10.0

Note:

The monthly income statement of Optus was translated from the Australian Dollar to Singapore Dollar based on the average exchange rate for the month. The derived weighted average exchange rates on translation of Optus income statement is shown in **Appendix 3**.

OPTUS FINANCIALS IN SINGAPORE DOLLARS

Optus' contribution to the Group operating revenue in Singapore Dollars –

	Quarter		YOY Chge %
	30 Jun		
	2012 S\$ m	2011 S\$ m	
Mobile communications	1,471	1,546	-4.8
Data and Internet	465	487	-4.4
National telephone	350	379	-7.6
Sale of equipment	276	334	-17.2
IT and engineering	150	147	2.1
International telephone	73	81	-10.7
Pay television	23	25	-7.5
Satellite	19	19	2.7
Others	32	31	2.6
Total	2,859	3,048	-6.2

Optus' contribution to certain Group items in the statements of financial position were –

	As at		
	30 Jun	31 Mar	30 Jun
	2012 S\$ m	2012 S\$ m	2011 S\$ m
Property, plant and equipment (net)	8,204	8,173	7,949
Gross debt			
Current debt	8	8	3
Non-current debt	3,287	2,840	2,025
Gross debt as reported in the statement of financial position	3,295	2,848	2,028
Related net hedging (asset)/ liability	299	249	301
	3,594	3,098	2,328
Less: Cash and bank balances	(478)	(543)	(762)
Net debt	3,116	2,555	1,566
	A\$ m	A\$ m	A\$ m
Property, plant and equipment (net)	6,351	6,247	6,029
Gross debt			
Current debt	6	6	2
Non-current debt	2,545	2,171	1,536
Gross debt as reported in the statement of financial position	2,551	2,177	1,538
Related net hedging (asset)/ liability	231	191	228
	2,782	2,368	1,766
Less: Cash and bank balances	(370)	(415)	(578)
Net debt	2,412	1,953	1,188

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2013

- **Consolidated revenue and EBITDA would be impacted by material exchange rate movements in the Australian Dollar and regional currencies.** The Group's outlook for the current financial year has incorporated these market forward exchange rates:

Australian Dollar	AUD 1	:	SGD 1.3068
Indonesian Rupiah	SGD 1	:	IDR 7,380
Indian Rupee	SGD 1	:	INR 40.8
Thailand Baht	SGD 1	:	THB 25.1
Philippine Peso	SGD 1	:	PHP 34.3

- **Consolidated revenue to grow at low single digit level and EBITDA to be stable.**
- **Revenues for Singapore and Australia to grow at low single digit levels while EBITDA remains stable for both operations.**
- **Revenues from Group Consumer and Group ICT to grow at low single digit levels.**
- **Revenue from Mobile Communications, which extends across Group Consumer and Group ICT, to grow at low single digit level.**
- **Group free cash flow (excluding dividends from associates) to be around S\$2.6 billion, with higher capital expenditure.**
- **Capital expenditure in Singapore to be around S\$950 million. Excluding spectrum payments, capital expenditure in Australia to be approximately A\$1.1 billion.**
- **Ordinary dividends from regional mobile associates to grow.**