SingTel

# Singapore Telecommunications Limited And Subsidiary Companies

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2008

*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 year ended, and as at, 31 March 2008 are audited.*

*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.*

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

***Consistent with the preceding quarters, the comparative figures for the Group and SingTel have been restated to reflect mobile outbound roaming revenue on a gross basis so as to better reflect the commercial arrangements. The change does not have an impact on the net profit or cash flows of the Group and SingTel.***

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### FINANCIAL HIGHLIGHTS
### FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

- **Operating revenue up 11% to S$3.76 billion.**
- **Pre-tax profit from associates grew 19% to S$646 million.**
- **Underlying net profit (excluding IDA compensation) grew 9.2% to S$968 million and EPS was up 9.0% to 6.08 cents.**
- **IDA compensation income ceased to be recognised from 1 April 2007.**
- **Net profit up 11% to S$1.09 billion.**
- **Free cash flow was S$929 million -- with S$351 million from the Singapore operations, S$494 million (A$388 million) from the Australia operations and S$84 million from the associates.**
- **The stronger Australian Dollar lifted operating revenue and net profit by S$139 million and S$12 million respectively[1].**

### FOR THE YEAR ENDED 31 MARCH 2008

- **Operating revenue up 11% to S$14.84 billion.**
- **Pre-tax profit from associates grew 24% to S$2.56 billion. Excluding the additional quarter of Globe's profit of S$64 million last year, pre-tax profit from associates would be up 27%.**
- **Underlying net profit (excluding IDA compensation) increased 14% to S$3.68 billion.**
- **Net profit increased 4.8% to S$3.96 billion.**
- **Free cash flow up 28% to S$3.58 billion.**

[1] The impact was determined based on the average exchange rate of A$1: S$1.204 recorded for the quarter ended 31 March 2007. The average exchange rate for the current quarter ended 31 March 2008 was A$1: S$1.276.

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| | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar Restated 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar Restated 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue** | **3,758** | **3,384** | **11.0** | **14,844** | **13,377** | **11.0** |
| Operating expenses | (2,618) | (2,319) | 12.9 | (10,393) | (9,212) | **12.8** |
| *(ex- Cost of Sales)* | *(2,103)* | *(1,899)* | 10.8 | *(8,343)* | *(7,535)* | **10.7** |
| **Operational EBITDA** | **1,155** | **1,096** | **5.4** | **4,530** | **4,282** | **5.8** |
| ***Operational EBITDA margin*** | ***30.7%*** | ***32.4%*** | | ***30.5%*** | ***32.0%*** | |
| **Share of associates' pre-tax profit** | **646** | **543** | **19.0** | **2,559** | **2,073** | **23.5** |
| **- ordinary operations** | **646** | **561** | **15.1** | **2,591** | **2,072** | **25.0** |
| **- exceptional items** | **-** | **(19)** | **nm** | **(32)** | **1** | **nm** |
| **EBITDA** | **1,801** | **1,723** | **4.5** | **7,089** | **6,692** | **5.9** |
| *(ex- IDA compensation)* | *1,801* | *1,639* | *9.9* | *7,089* | *6,355* | *11.6* |
| **Exceptional items** | **150** | **(19)** | **nm** | **103** | **185** | **-44.2** |
| **Underlying net profit** | **968** | **971** | **-0.3** | **3,681** | **3,556** | **3.5** |
| *(ex- IDA compensation)* | *968* | *886* | *9.2* | *3,681* | *3,219* | *14.3* |
| **Net profit** | **1,093** | **989** | **10.5** | **3,960** | **3,779** | **4.8** |
| **Free cash flow** | **929** | **920** | **0.9** | **3,575** | **2,795** | **27.9** |
| **Underlying earnings per share (S cents)** | **6.08** | **6.11** | **-0.5** | **23.15** | **21.88** | **5.8** |
| *(ex- IDA compensation)* | *6.08* | *5.58* | 9.0 | *23.15* | *19.81* | *16.9* |
| **Basic earnings per share (S cents)** | **6.87** | **6.23** | **10.3** | **24.90** | **23.25** | **7.1** |

| | As at 31 Mar 2008 S$ m | As at 31 Dec 2007 S$ m | As at 31 Mar 2007 S$ m |
|---|---|---|---|
| **Total assets** | **34,714** | **33,865** | **32,659** |
| **Shareholders' funds** | **21,000** | **20,368** | **20,847** |
| **Net debt** (1) | **7,303** | **7,137** | **5,895** |
| ***Net debt gearing ratio*** (2) | ***25.8%*** | ***25.9%*** | ***22.0%*** |
| ***Net debt to EBITDA*** | ***1.03X*** | ***1.01X*** | ***0.88X*** |
| ***Interest cover:*** | | | |
| ***- EBITDA/ net interest expense*** (3) | ***20.7X*** | ***21.2X*** | ***21.3X*** |

**Notes:**

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

(2) Net debt gearing 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 interest expense refers to interest expense less interest income.

## SECTION I : GROUP

## GROUP SUMMARY INCOME STATEMENTS
### For The Fourth Quarter And Year Ended 31 March 2008

| | Quarter 31 Mar | | | | | Year 31 Mar | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 SingTel S$ m | 2008 Optus S$ m | 2008 Group S$ m | Restated 2007 Group S$ m | YOY Chge % | 2008 Group S$ m | Restated 2007 Group S$ m | YOY Chge % |
| **Operating revenue** | **1,290** | **2,469** | **3,758** | **3,384** | **11.0** | **14,844** | **13,377** | **11.0** |
| Operating expenses | (835) | (1,783) | (2,618) | (2,319) | 12.9 | (10,393) | (9,212) | 12.8 |
| | 455 | 685 | 1,140 | 1,065 | 7.0 | 4,452 | 4,165 | 6.9 |
| Other income | 14 | 1 | 15 | 31 | -50.5 | 78 | 117 | -33.0 |
| **Operational EBITDA** | **468.9** | **686** | **1,155** | **1,096** | **5.4** | **4,530** | **4,282** | **5.8** |
| ***EBITDA margin*** | ***36.4%*** | ***27.8%*** | ***30.7%*** | ***32.4%*** | | ***30.5%*** | ***32.0%*** | |
| Compensation from IDA | - | - | - | 84 | nm | - | 337 | nm |
| Share of results of associates | | | | | | | | |
| -ordinary operations | 646 | * | 646 | 561 | 15.1 | 2,591 | 2,072 | 25.0 |
| -exceptional items | - | - | - | (19) | nm | (32) | 1 | nm |
| | 646 | * | 646 | 543 | 19.0 | 2,559 | 2,073 | 23.5 |
| **EBITDA** | **1,115** | **686** | **1,801** | **1,723** | **4.5** | **7,089** | **6,692** | **5.9** |
| Depreciation & amortisation | (124) | (339) | (463) | (462) | 0.2 | (1,887) | (1,855) | 1.7 |
| **EBIT** | **991** | **348** | **1,338** | **1,261** | **6.1** | **5,202** | **4,837** | **7.6** |
| Net finance expense | | | | | | | | |
| -net interest expense | (60) | (34) | (93) | (85) | 9.9 | (343) | (314) | 9.2 |
| -other finance (expense)/ income | (17) | 4 | (13) | 5 | nm | 166 | (20) | nm |
| | (77) | (29) | (106) | (80) | 32.5 | (177) | (334) | -47.1 |
| **Profit before exceptional items** | **914** | **318** | **1,232** | **1,181** | **4.3** | **5,026** | **4,503** | **11.6** |
| Exceptional items | 150 | - | 150 | (19) | nm | 103 | 185 | -44.2 |
| **Profit before tax** | **1,065** | **318** | **1,383** | **1,162** | **19.0** | **5,129** | **4,688** | **9.4** |
| Tax expense | (182) | (108) | (290) | (173) | 67.7 | (1,168) | (909) | 28.6 |
| **Profit after tax** | **883** | **210** | **1,093** | **990** | **10.4** | **3,961** | **3,779** | **4.8** |
| Minority interests | * | - | * | * | - | (1) | (1) | - |
| **Net profit** | **883** | **210** | **1,093** | **989** | **10.5** | **3,960** | **3,779** | **4.8** |
| **Net profit** | **883** | **210** | **1,093** | **989** | **10.5** | **3,960** | **3,779** | **4.8** |
| *Exclude :* | | | | | | | | |
| Exceptional items | (150) | - | (150) | 19 | nm | (103) | (185) | -44.2 |
| Exceptional tax expense/ (credit) | 19 | - | 19 | (38) | nm | 19 | (38) | nm |
| Currency translation losses/ (gains) (2) | 7 | - | 7 | - | nm | (195) | - | nm |
| **Underlying net profit** | **757** | **210** | **968** | **971** | **-0.3** | **3,681** | **3,556** | **3.5** |
| ***Underlying net profit (ex-IDA compensation income)*** | ***757*** | ***210*** | ***968*** | ***886*** | ***9.2*** | ***3,681*** | ***3,219*** | ***14.3*** |

**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) The net currency translation gains, net of hedging, arose from the capital reduction exercises undertaken by SingTel Australia Investment Ltd and SingTel Taiwan Ltd, which are both wholly-owned subsidiaries of SingTel, during the current financial year ended 31 March 2008.

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## DIVISIONAL TOTALS

| | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar Restated 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar Restated 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue by division:** | | | | | | |
| Singapore Telco | 1,072 | 969 | 10.7 | 4,173 | 3,812 | 9.5 |
| IT (NCS) | 217 | 187 | 16.3 | 731 | 618 | 18.2 |
| **SingTel/ Singapore Business** | 1,290 | 1,156 | 11.6 | 4,904 | 4,430 | 10.7 |
| **Optus** | 2,469 | 2,229 | 10.8 | 9,940 | 8,947 | 11.1 |
| **Group** | **3,758** | **3,384** | **11.0** | **14,844** | **13,377** | **11.0** |
| **Operational EBITDA by division:** | | | | | | |
| Singapore Telco | 456 | 460 | -0.9 | 1,939 | 1,871 | 3.7 |
| IT (NCS) | 27 | 21 | 26.8 | 72 | 61 | 18.3 |
| Singapore Business | 482 | 481 | 0.3 | 2,011 | 1,931 | 4.1 |
| Optus | 686 | 631 | 8.8 | 2,564 | 2,380 | 7.7 |
| Group and International Business corporate costs (1) | (14) | (16) | -15.1 | (44) | (30) | 49.5 |
| **Group** | **1,155** | **1,096** | **5.4** | **4,530** | **4,282** | **5.8** |
| **Operational EBITDA margins by division:** | | | | | | |
| Singapore Telco | *42.5%* | *47.5%* | | *46.5%* | *49.1%* | |
| IT (NCS) | *12.2%* | *11.2%* | | *9.8%* | *9.8%* | |
| ***Singapore Business*** | ***37.4%*** | ***41.6%*** | | ***41.0%*** | ***43.6%*** | |
| **Optus** | ***27.8%*** | ***28.3%*** | | ***25.8%*** | ***26.6%*** | |
| **Group** | ***30.7%*** | ***32.4%*** | | ***30.5%*** | ***32.0%*** | |

**Note:**
(1) Amortisation of cost for Formula One TM title sponsorship, effective from this quarter, was included as part of corporate costs under Group.

For the quarter, the operational EBITDA margin for the Singapore Business was 37.4%, down 4.2 percentage points attributable mainly to higher mobile subscriber acquisition and retention costs as both cost per line and gross connections increased. With strong response to the targeted customer acquisition and retention activities launched ahead of full Mobile Number Portability in June 2008, a record 244,000 mobile subscribers were added in the quarter. Margins were also impacted by costs of key strategic initiatives such as content cost for mio TV. Consequently, margin in the Singapore Telco business was down 5.0 percentage points to 42.5%. Margin for the IT business, however, was up 1.0 percentage point to 12.2%.

The operational EBITDA margin for the Australian business was down 0.5 percentage point to 27.8%, after writing off certain Broadband Connect costs which were previously capitalised. Excluding these costs, the margin for the quarter would be stable at 28.2%.

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Consequently, the Group's operational EBITDA margin for the quarter declined 1.7 percentage points to 30.7% from 32.4% a year ago.

## DIVIDENDS

The directors have proposed a final one-tier exempt ordinary dividend of 6.9 cents per share (FY 06/07: 6.5 cents per share) totalling approximately S$1.10 billion in respect of the financial year ended 31 March 2008. Together with the interim dividend of 5.6 cents per share amounting to S$891 million paid in the current quarter, the total amount of dividends in respect of the financial year ended 31 March 2008 would be S$1.99 billion.

## REVIEW OF GROUP OPERATING PERFORMANCE

### For The Fourth Quarter Ended 31 March 2008

For the last quarter of this financial year, underlying net profit (excluding IDA compensation which ceased to be recognised with effect from 1 April 2007) was up 9.2% to S$968 million. This was driven largely by the associates whose post-tax profit contribution increased 21% or S$85 million. The associates accounted for 52% of the underlying net profit, up 5 percentage points from 47% a year ago.

In the quarter, Bharti diluted 7.11% of its equity interest in Bharti Infratel ("**Infratel**"), a subsidiary set up to manage and run Bharti's passive infrastructure assets. The injection of new equity by investors had resulted in an increase in Bharti's proportionate share of Infratel's net assets, giving rise to a dilution gain. The Group's share of this exceptional dilution gain amounted to S$153 million. Including this exceptional gain and other one-off items, net profit for the fourth quarter was up a strong 11% to S$1.09 billion.

The Group delivered double-digit revenue growth for the fourth consecutive quarter. Revenue was up 11% to S$3.76 billion on the back of robust revenue growth of 12% in the Singapore business and 11% in the Australian business (in Singapore Dollar terms). In Australian Dollar terms, Optus recorded a 4.5% increase in operating revenue while in Singapore Dollar terms, the growth was 11% due to a stronger Australian Dollar which has appreciated 6%. On a sequential basis, the Group's operating revenue was down slightly by 1.8% on lower revenue from Optus.

With strong revenue growth, operational EBITDA was up 5.4% to S$1.16 billion. Margin on operating revenue, however, was down 1.7 percentage points to 30.7% from a year earlier.

Boosted by the associates' robust contributions, the Group's EBITDA (excluding IDA compensation) increased 9.9% to S$1.80 billion.

Bharti and Telkomsel remained the top contributors with their pre-tax profit contributions up by 41% and 6.4% respectively from a year ago. In this quarter, pre-tax profit contribution from AIS rose steeply by 56% as it recognised net interconnection revenue for the first time. Overall, pre-tax profit contribution from the associates grew 19% to S$646 million.

In the quarter, free cash flow at S$929 million was stable compared to a year ago.

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Net debt gearing ratio of 25.8% was comparable to a quarter ago. Net debt was 1.0 time of EBITDA and the EBITDA interest cover was at 21 times.

On a proportionate basis where the subsidiaries and associates are consolidated line-by-line, operations outside Singapore accounted for 76% (Q4 FY2006/07: 75%) of the Group's enlarged revenue and 77% (Q4 FY2006/07: 72%) of the proportionate EBITDA.

### For The Year Ended 31 March 2008

The Group's results for the year ended 31 March 2008 have met the guidance given during the financial year.

Underlying net profit (excluding IDA compensation) increased a robust 14% to S$3.68 billion, boosted by higher share of profits from the associates. The Group's share of the associates' pre-tax and post-tax profits was up by 24% and 26% respectively. Excluding the additional quarter of Globe's profit last year, the associates' pre-tax and post-tax profit contributions were up 27% and 29% respectively from a year ago. The associates contributed 53% to the Group's underlying net profit, up 5 percentage points from a year ago.

With double-digit growth in operating revenue of 11%, operational EBITDA was up 5.8% to S$4.53 billion. Margin was 30.5%, down 1.5 percentage points as both the Singapore Business and Australian Business recorded lower margins from higher subscriber acquisition and retention activities, as well as costs incurred for strategic initiatives such as the launch of mio TV.

Net finance expense for the current year included realised net currency translation gain of S$195 million. This arose largely from capital reductions of subsidiary companies domiciled overseas. Excluding this gain, net finance expense was S$372 million, compared to S$334 million a year ago.

The Group's net profit rose 4.8% to S$3.96 billion after including S$153 million for the Group's share of Bharti's dilution gain of Infratel.

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## SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 December 2007 were as follows:

| | Quarter 31 Mar 2008 S$ m | Quarter 31 Dec 2007 S$ m | Chge % |
|---|---|---|---|
| **Operating revenue** | **3,758** | **3,825** | **-1.8** |
| SingTel | 1,290 | 1,246 | 3.5 |
| Optus | 2,469 | 2,579 | -4.3 |
| Operating expenses | (2,618) | (2,698) | -3.0 |
| **Operational EBITDA** | **1,155** | **1,136** | **1.7** |
| ***Operational EBITDA margin*** | ***30.7%*** | ***29.7%*** | |
| *SingTel* | *36.4%* | *38.7%* | |
| *Optus* | *27.8%* | *25.4%* | |
| **Share of pre-tax profit of associates** | **646** | **642** | **0.6** |
| **Profit before exceptional items and tax** | **1,232** | **1,321** | **-6.7** |
| **Net profit** | **1,093** | **952** | **14.8** |
| **Underlying net profit** | **968** | **931** | **3.9** |
| **Free cash flow** | **929** | **962** | **-3.5** |

## OUTLOOK FOR THE NEXT FINANCIAL YEAR ENDING 31 MARCH 2009

### Macro-economic environment

The global economic outlook has turned more cautious, reflecting uncertainties in the current financial markets and persistent inflationary pressures. These have moderated the growth forecasts for Singapore, Australia and the regional economies. The official 2008 GDP growth forecast for Singapore is 4-6%, compared to 7.7% recorded in 2007. The official GDP growth forecast for Australia is 2.8%, compared to 3.9% achieved in 2007. In countries where the regional mobile associates operate, 2008 GDP growth rates are expected to be at mid to high single-digit levels.

The Group will monitor these developments to manage risks and take advantage of any investment opportunity that may arise.

For the current financial year ended 31 March 2008, 76% of proportionate revenue and 75% of proportionate EBITDA of the Group came from outside Singapore.

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### Singapore

In the current financial year ended 31 March 2008, the Singapore Business successfully delivered on a number of key growth initiatives, such as the introduction of IPTV for its residential customers and enhanced regional connectivity for its corporate customers.

To reinforce its market leadership and support innovation in the Group, SingTel will continue to invest in new capabilities and infrastructure. These investments will incur costs in the short term before contributing to revenue and earnings.

Revenue is expected to grow at mid single-digit level, driven by growth in mobile and data revenues. Notwithstanding the commencement of Mobile Number Portability (MNP) on 13 June 2008, SingTel will build on the strong momentum achieved in the mobile market to deliver revenue growth. Contribution from mobile broadband services is expected to increase. Investments in IP infrastructure will also provide the impetus for further growth in the corporate segments.

EBITDA margin is expected to be approximately 40% while EBITDA will continue to grow.

Capital expenditure as a percentage of operating revenue is expected to rise to mid-teens level, mainly due to mobile capacity expansion and upgrade of SingTel's fixed line infrastructure. As a result of higher capital expenditure, free cash flow (excluding dividends from the associates) will be lower.

### Australia

In the current financial year, Optus grew its customer base and maintained its scale position in a highly-competitive mobile market. In fixed line, Optus successfully grew its on-net customers in both the consumer and business segments and lifted its EBITDA margin.

Optus continues to be focused on delivering sustainable revenue and profit growth. In the next financial year, operating revenue is expected to grow at single-digit level. This will be driven by mobile and wireless broadband services which leverage on the expansion of Optus' 3G HSPA network rollout to 98% population coverage. With its exit from unprofitable fixed line resale services, Optus' consumer fixed line revenue is expected to decline.

EBITDA and free cash flow are expected to grow, in line with higher revenue. Capital expenditure as a percentage of revenue will be at mid-teens level and includes mobile coverage and capacity expansion as well as Optus' D3 satellite.

### Associates

The Group expects earnings from the regional mobile associates to grow at double-digit level, albeit at a slower pace than the past two years. The slower rate of growth is primarily attributable to increased competition in the Indonesian mobile market and share of higher full year losses from Warid as it continues to expand its network.

Ordinary dividends from the regional mobile associates are expected to grow, in line with increased profits.

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### Group

The Group expects consolidated revenue and operational EBITDA from the Singapore and Australian operations to grow.

Effective tax rate for the Group is expected to increase due to a higher proportion of earnings from the regional mobile associates, which operate in countries with higher tax regimes.

The Group is committed to deliver double-digit underlying earnings growth over the medium term. The Group is committed to driving further efficiencies from its existing businesses and associates, as well as developing new revenue streams. Another key driver of growth is dependent on the Group's ability to increase its shareholdings in existing associates and make new acquisitions.

### Credit rating and dividend policy

SingTel's dividend payout ratio target ranges from 45% to 60% of underlying net profits.

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings.

### Strategic focus

In Singapore and Australia, the focus is on gaining market share, expanding our "share of wallet" from our customers and driving a lower cost base. Operations in Singapore and Australia will continue to optimise relevant partnerships and deploy next generation technologies to spearhead the introduction of content and other services for our customers.

The regional associates will benefit from increased scale economies as market penetration of mobile and broadband services increase in the regional economies.

As a Group, SingTel continues to look for new investment opportunities to strengthen its position as Asia's leading telecommunications service provider. The Group also continues to explore opportunities in adjacent markets – Central Asia, the Middle East and Africa– and will continue to be financially disciplined in its evaluation of these opportunities.

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## GROUP OPERATING REVENUE

| By Products And Services | Quarter 31 Mar 2008 SingTel S$ m | Quarter 31 Mar 2008 Optus S$ m | Quarter 31 Mar 2008 Group S$ m | Quarter 31 Mar Restated 2007 Group S$ m | YOY Chge % | Year 31 Mar 2008 Group S$ m | Year 31 Mar Restated 2007 Group S$ m | YOY Chge % |
|---|---|---|---|---|---|---|---|---|
| Mobile communications | 339 | 1,179 | 1,518 | 1,360 | 11.6 | 5,976 | 5,392 | 10.8 |
| Data & Internet | 356 | 420 | 776 | 686 | 13.2 | 3,057 | 2,650 | 15.3 |
| National telephone | 103 | 431 | 534 | 566 | -5.8 | 2,267 | 2,275 | -0.3 |
| IT & engineering | 217 | 137 | 354 | 284 | 24.8 | 1,231 | 1,023 | 20.4 |
| Sale of equipment | 78 | 187 | 264 | 204 | 29.5 | 1,086 | 877 | 23.9 |
| International telephone | 156 | 39 | 194 | 199 | -2.2 | 787 | 813 | -3.3 |
| Others (1) | 41 | 76 | 117 | 85 | 38.0 | 440 | 347 | 26.8 |
| **Total** | **1,290** | **2,469** | **3,758** | **3,384** | **11.0** | **14,844** | **13,377** | **11.0** |
| **Operating revenue** | | | 3,758 | 3,384 | 11.0 | 14,844 | 13,377 | 11.0 |
| Associates proportionate revenue (2) | | | 1,733 | 1,508 | 14.9 | 6,343 | 5,369 | 18.1 |
| **Group's proportionate revenue** | | | **5,491** | **4,892** | **12.2** | **21,187** | **18,746** | **13.0** |

**Notes:**

(1) Comprise revenue from pay television, maritime and land mobile, lease of satellite transponders, paging services as well as other miscellaneous revenue.

(2) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by SingTel's effective ownership interest.

| Operating Revenue Mix By Services | Quarter 31 Mar 2008 Mix | Quarter 31 Mar 2007 Mix | Year 31 Mar 2008 Mix | Year 31 Mar 2007 Mix |
|---|---|---|---|---|
| Mobile communications | 40.4% | 40.2% | 40.3% | 40.3% |
| Data & Internet | 20.7% | 20.3% | 20.6% | 19.8% |
| National telephone | 14.2% | 16.7% | 15.3% | 17.0% |
| IT & engineering | 9.4% | 8.4% | 8.3% | 7.6% |
| Sale of equipment | 7.0% | 6.0% | 7.3% | 6.6% |
| International telephone | 5.2% | 5.9% | 5.3% | 6.1% |
| Others | 3.1% | 2.5% | 3.0% | 2.6% |
| | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

The Group's operating revenue was up 11% to S$3.76 billion, with SingTel and Optus (in Singapore Dollar terms) recording increases of 12% and 11% respectively. Operating revenue from Australia accounted for two-thirds of the Group's total operating revenue, comparable to a year ago.

Mobile Communications continued to be the largest revenue stream, contributing 40% to the Group's revenue. National Telephone revenue declined 5.8% and contributed 14% to total revenue, down 2.5 percentage points from the same quarter last year. This decline was attributable mainly to fixed to mobile substitution, as well as Optus' exit strategy for its fixed line resale business.

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Including the proportionate share of operating revenue from associates, the Group's enlarged revenue was up 12% to S$5.49 billion.

## GROUP OPERATING EXPENSES
## (Before Depreciation And Amortisation)

| | Quarter 31 Mar | | | | | Year 31 Mar | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 SingTel S$ m | 2008 Optus S$ m | 2008 Group S$ m | Restated 2007 Group S$ m | YOY Chge % | 2008 Group S$ m | Restated 2007 Group S$ m | YOY Chge % |
| Selling & administrative | 237 | 674 | 911 | 732 | 24.5 | 3,411 | 2,824 | 20.8 |
| Traffic expenses | 200 | 429 | 629 | 661 | -4.9 | 2,707 | 2,720 | -0.5 |
| Cost of sales | 193 | 322 | 515 | 420 | 22.5 | 2,050 | 1,677 | 22.2 |
| Staff costs | 187 | 312 | 499 | 428 | 16.6 | 1,944 | 1,723 | 12.8 |
| Repair & maintenance | 26 | 44 | 70 | 80 | -12.7 | 299 | 284 | 5.4 |
| Others | (9) | 2 | (6) | (3) | 134.6 | (17) | (15) | 13.2 |
| **Total** | **835** | **1,783** | **2,618** | **2,319** | **12.9** | **10,393** | **9,212** | **12.8** |

| As a percentage of operating revenue | Quarter 31 Mar 2008 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 |
|---|---|---|---|---|
| Selling & administrative | 24.2% | 21.6% | 23.0% | 21.1% |
| Traffic expenses | 16.7% | 19.5% | 18.2% | 20.3% |
| Cost of sales | 13.7% | 12.4% | 13.8% | 12.5% |
| Staff costs | 13.3% | 12.7% | 13.1% | 12.9% |
| Repair & maintenance | 1.9% | 2.4% | 2.0% | 2.1% |
| Others | -0.2% | -0.1% | -0.1% | -0.1% |
| | **69.7%** | **68.5%** | **70.0%** | **68.9%** |

The Group's operating expenses increased 13% to S$2.62 billion and constituted 70% of operating revenue, up 1.2 percentage points from the same quarter last year.

Selling & Administrative expenses, the largest expense category, grew 25% year-on-year and accounted for 24% of operating revenue, up 2.6 percentage points from a year ago. The increase was attributed mainly to higher mobile selling costs to support subscriber growth as well as costs related to key strategic initiatives.

## SECTION I : GROUP

## GROUP SUMMARY BALANCE SHEETS

| | As at | | |
|---|---|---|---|
| | 31 Mar 2008 S$ m | 31 Dec (1) 2007 S$ m | 31 Mar (1) 2007 S$ m |
| Current assets (excluding cash) | 2,678 | 2,616 | 2,894 |
| Cash and bank balances | 1,372 | 1,033 | 1,390 |
| Non-current assets | 30,664 | 30,215 | 28,374 |
| **Total assets** | **34,714** | **33,865** | **32,659** |
| Current liabilities | 5,756 | 5,635 | 3,636 |
| Non-current liabilities | 7,956 | 7,859 | 8,173 |
| **Total liabilities** | **13,712** | **13,494** | **11,809** |
| **Net assets** | **21,002** | **20,371** | **20,850** |
| Share capital | 2,594 | 2,591 | 2,562 |
| Reserves | 18,406 | 17,777 | 18,285 |
| **Share capital and reserves** | **21,000** | **20,368** | **20,847** |
| Minority interest | 3 | 3 | 3 |
| | **21,002** | **20,371** | **20,850** |

**Note:**
(1) The comparatives have been restated to be consistent with the presentation as at 31 March 2008.

## GROUP LIQUIDITY AND GEARING

| | As at | | |
|---|---|---|---|
| | 31 Mar 2008 S$ m | 31 Mar 2007 S$ m | 31 Dec 2007 S$ m |
| Gross debt | | | |
| Current debt | 1,875 | 197 | 1,489 |
| Non-current debt | 5,668 | 6,272 | 5,678 |
| Gross debt as reported in balance sheet | **7,543** | **6,468** | **7,167** |
| Related net hedging liability | 1,132 | 817 | 1,003 |
| | **8,675** | **7,285** | **8,171** |
| ***Less*** : Cash and bank balances | (1,372) | (1,390) | (1,033) |
| **Net debt** | **7,303** | **5,895** | **7,137** |
| ***Gross debt gearing ratio*** (1) | ***29.2%*** | ***25.9%*** | ***28.6%*** |
| ***Net debt gearing ratio*** | ***25.8%*** | ***22.0%*** | ***25.9%*** |
| ***Return On Invested Capital ("ROIC")*** (2) | ***18.9%*** | ***18.3%*** | ***nm*** |
| ***(ex-IDA compensation)*** | ***18.9%*** | ***16.9%*** | ***nm*** |

**Note:**
(1) Gross debt gearing refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.
(2) ROIC is the ratio of Earnings Before Interest and Tax (EBIT) to average net capitalisation.

## SECTION I : GROUP

Gross debt was up S$504 million from a quarter ago due to additional net bank borrowings of S$407 million and translation differences. Net debt rose by S$166 million after including cash balance, and net debt gearing ratio was stable at 25.8% compared to a quarter ago.

Excluding the IDA compensation income in the previous year, ROIC was up 2.0 percentage points to 18.9% for the year ended 31 March 2008.

## SECTION I : GROUP

## GROUP CASH FLOW AND CAPITAL EXPENDITURE

| | Quarter | | | Year | | YOY |
|---|---|---|---|---|---|---|
| | 31 Mar | 31 Mar | 31 Dec | 31 Mar | | Chge |
| | 2008 | 2007 | 2007 | 2008 | 2007 | |
| | S$ m | S$ m | S$ m | S$ m | S$ m | % |
| **Net cash inflow from operating activities** | | | | | | |
| **Profit before tax** | **1,383** | **1,162** | **1,224** | **5,129** | **4,688** | **9.4** |
| Non-cash items | (207) | (55) | (79) | (546) | (357) | 52.9 |
| **Operating cashflow before working capital changes** | 1,175 | 1,107 | 1,145 | 4,583 | 4,331 | 5.8 |
| **Changes in operating assets and liabilities** | 200 | 220 | (37) | 104 | (78) | nm |
| | 1,375 | 1,327 | 1,109 | 4,687 | 4,253 | 10.2 |
| Cash paid to employees under performance share plans | - | - | (2) | (12) | (6) | 112.7 |
| Tax paid on operating activities | (11) | (7) | (89) | (223) | (269) | -17.1 |
| **Operating cashflow before dividends from associates** | **1,364** | **1,320** | **1,018** | **4,452** | **3,979** | **11.9** |
| Dividends received from associates | 95 | 86 | 437 | 1,114 | 673 | 65.5 |
| Witholding tax paid on dividends received | (11) | (9) | (44) | (112) | (67) | 68.0 |
| | **1,448** | **1,396** | **1,411** | **5,454** | **4,585** | **19.0** |
| **Net cash outflow from investing activities** | | | | | | |
| Investment in associates | (21) | - | (9) | (1,189) | - | nm |
| Payment for purchases of property, plant and equipment | (519) | (476) | (449) | (1,879) | (1,790) | 5.0 |
| Advance payment for purchase of property, plant and equipment | - | - | - | (75) | - | nm |
| Proceeds from sale of property, plant and equipment | * | 4 | * | 1 | 305 | -99.7 |
| Net sale proceeds from trading investments | * | 100 | 100 | 331 | 520 | -36.4 |
| Proceeds from sale of associates | - | - | - | 88 | 87 | 1.3 |
| Proceeds from associates' capital reduction | - | - | 86 | 86 | - | nm |
| Repayment of loans to associates | - | 10 | 2 | 2 | 85 | -97.5 |
| Withholding tax paid on interest received by SAI from STAI | (73) | - | (36) | (178) | - | nm |
| Others *(interest received, etc)* | 68 | 31 | 9 | 65 | 135 | -51.8 |
| | **(544)** | **(330)** | **(296)** | **(2,748)** | **(658)** | 317.7 |
| **Net cash outflow from financing activities** | | | | | | |
| Final dividends paid to SingTel shareholders | - | - | - | (1,034) | (1,336) | -22.6 |
| Special dividends paid to SingTel shareholders | - | - | - | (1,511) | - | nm |
| Interim dividends paid to SingTel shareholders | (891) | (585) | - | (891) | (585) | 52.4 |
| Payment for share capital reduction | - | - | - | - | (2,272) | nm |
| Net increase/ (decrease) in borrowings | 407 | (593) | (797) | 1,166 | (624) | nm |
| Settlement of swap upon bond redemption | - | - | - | - | (88) | nm |
| Net interest paid on borrowings and swaps | (58) | (59) | (148) | (411) | (413) | -0.4 |
| Proceeds from share issue | 3 | 21 | 4 | 32 | 59 | -46.4 |
| Purchase of performance shares | (7) | (8) | (8) | (63) | (52) | 21.4 |
| Others | * | * | - | * | * | nm |
| | **(547)** | **(1,223)** | **(948)** | **(2,711)** | **(5,310)** | **-48.9** |
| **Net increase/ (decrease) in cash & cash equivalents** | **356** | **(158)** | **167** | **(6)** | **(1,383)** | **-99.6** |
| Exchange effects on cash and cash equivalents | (17) | 3 | (8) | (12) | 3 | nm |
| **Group cash and cash equivalents at beginning** | **1,033** | **1,544** | **874** | **1,390** | **2,770** | **-49.8** |
| **Group cash and cash equivalents at end** | **1,372** | **1,390** | **1,033** | **1,372** | **1,390** | **-1.3** |
| **Free cash flow (ex-associates' dividends)** | **845** | **844** | **569** | **2,573** | **2,189** | **17.6** |
| **Free cash flow** | **929** | **920** | **962** | **3,575** | **2,795** | **27.9** |
| ***Cash capex to operating revenue*** | ***14%*** | ***14%*** | ***12%*** | ***13%*** | ***13%*** | |

## SECTION I : GROUP

Operating cash flow for the quarter was up 3.7% or S$52 million to S$1.45 billion, in line with higher operational performance. Despite lower dividends received from the associates, operating cash flow this quarter was higher by 2.6% from the preceding quarter due mainly to lower tax paid as well as improved working capital movements.

Net cash outflow for investing activities in the quarter was S$544 million, mainly from S$519 million paid for capital expenditure. Capital expenditure as a percentage of operating revenue was 14%, similar to a year ago.

With higher operating cash flow offset by increased capital expenditure, free cash flow for the quarter was stable at S$929 million.

Net cash outflow for financing activities amounted to S$547 million. The amount comprised mainly S$891 million for payment of interim dividend in respect of the current financial year ended 31 March 2008. This was partially offset by net bank borrowings of S$407 million as part of the Group's total capital management.

Ending cash balance increased by S$339 million to S$1.37 billion from a quarter ago.

**SECTION II : SINGTEL**

# SINGTEL

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS
## FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

- **Operating revenue up 12% to S$1.29 billion.**
- **Operational EBITDA margin at 36.4% -- down 3.9 percentage points.**
- **Pre-tax profit from associates grew 19% to S$646 million.**
- **EBITDA (excluding IDA compensation) up 11% to S$1.12 billion.**
- **Underlying net profit (excluding IDA compensation) up 8.2% to S$757 million.**
- **Free cash flow stable at S$434 million.**

## FOR THE YEAR ENDED 31 MARCH 2008

- **Operating revenue up 11% to S$4.90 billion.**
- **Operational EBITDA margin at 40.1% -- down 2.8 percentage points.**
- **Pre-tax profit from associates grew 24% to S$2.56 billion.**
- **EBITDA (excluding IDA compensation) was 14% higher at S$4.53 billion.**
- **Underlying net profit (excluding IDA compensation) up 15% to S$2.97 billion.**
- **Free cash flow up 27% to S$2.42 billion.**

## SECTION II : SINGTEL

| | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar Restated 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar Restated 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue** | **1,290** | **1,156** | **11.6** | **4,904** | **4,430** | **10.7** |
| *Singapore Telco Business* | *1,072* | *969* | *10.7* | *4,173* | *3,812* | *9.5* |
| *IT Business* | *217* | *187* | *16.3* | *731* | *618* | *18.2* |
| *Operating expenses* | *(835)* | *(706)* | *18.3* | *(2,987)* | *(2,579)* | *15.8* |
| *(ex-Strategic initiatives)* | *(822)* | *(704)* | *16.7* | *(2,951)* | *(2,577)* | *14.5* |
| **Operational EBITDA** | **469** | **465** | **0.8** | **1,967** | **1,902** | **3.4** |
| *(ex-Strategic initiatives)* | *479* | *466* | *2.8* | *1,996* | *1,903* | *4.9* |
| ***Operational EBITDA margin*** | ***36.4%*** | ***40.3%*** | | ***40.1%*** | ***42.9%*** | |
| *(ex-Strategic initiatives)* | *37.2%* | *40.3%* | | *40.8%* | *43.0%* | |
| *Singapore Telco Business* | *42.5%* | *47.5%* | | *46.5%* | *49.1%* | |
| *IT Business* | *12.2%* | *11.2%* | | *9.8%* | *9.8%* | |
| ***Singapore Business*** | ***37.4%*** | ***41.6%*** | | ***41.0%*** | ***43.6%*** | |
| **Share of associates' pre-tax profit** | **646** | **543** | **19.1** | **2,559** | **2,064** | **24.0** |
| **- ordinary operations** | **646** | **561** | **15.1** | **2,591** | **2,080** | **24.6** |
| **- exceptional items** | **-** | **(19)** | **nm** | **(32)** | **(15)** | **110.5** |
| **EBITDA** | **1,115** | **1,092** | **2.1** | **4,526** | **4,303** | **5.2** |
| *(ex- IDA compensation)* | *1,115* | *1,008* | *10.6* | *4,526* | *3,966* | *14.1* |
| **Exceptional items** | **150** | **(19)** | **nm** | **103** | **186** | **-44.3** |
| **Underlying net profit** | **757** | **784** | **-3.4** | **2,974** | **2,926** | **1.6** |
| *(ex- IDA compensation)* | *757* | *700* | *8.2* | *2,974* | *2,589* | *14.9* |
| **Net profit** | **883** | **803** | **9.9** | **3,254** | **3,149** | **3.3** |
| **Free cash flow** | **434** | **439** | **-1.0** | **2,423** | **1,904** | **27.3** |

**Note:**

(1) SingTel figures as stated under Section II 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 SingTel and Optus are eliminated in the Group's financials under Section I.

## SECTION II : SINGTEL

## SINGTEL
## SUMMARY INCOME STATEMENTS
## For The Fourth Quarter And Year Ended 31 March 2008

| | Quarter 31 Mar | | YOY | Year 31 Mar | | YOY |
|---|---|---|---|---|---|---|
| | 2008 S$ m | Restated 2007 S$ m | Chge % | 2008 S$ m | Restated 2007 S$ m | Chge % |
| **Operating revenue** | **1,290** | **1,156** | **11.6** | **4,904** | **4,430** | **10.7** |
| Operating expenses | (835) | (706) | 18.3 | (2,987) | (2,579) | 15.8 |
| | 455 | 450 | 1.1 | 1,918 | 1,851 | 3.6 |
| Other income | 14 | 15 | -7.9 | 49 | 51 | -3.2 |
| **Operational EBITDA** | **469** | **465** | **0.8** | **1,967** | **1,902** | **3.4** |
| ***-EBITDA margin*** | ***36.4%*** | ***40.3%*** | | ***40.1%*** | ***42.9%*** | |
| Compensation from IDA | - | 84 | nm | - | 337 | nm |
| Share of results of associates | | | | | | |
| - ordinary operations | 646 | 561 | 15.1 | 2,591 | 2,015 | 28.6 |
| - ordinary operations of Globe's Mar '06 qtr | - | - | - | - | 64 | nm |
| - exceptional items | - | (19) | nm | (32) | (15) | 110.5 |
| | 646 | 543 | 19.1 | 2,559 | 2,064 | 24.0 |
| **EBITDA** | **1,115** | **1,092** | **2.1** | **4,526** | **4,303** | **5.2** |
| Depreciation & amortisation | (124) | (131) | -5.1 | (488) | (503) | -3.0 |
| **EBIT** | **991** | **961** | **3.1** | **4,038** | **3,800** | **6.3** |
| Net finance expense | | | | | | |
| - net interest expense | (60) | (53) | 12.4 | (219) | (171) | 27.7 |
| - other finance (expense)/ income | (17) | 6 | nm | 165 | (14) | nm |
| | (77) | (47) | 61.8 | (54) | (185) | -70.8 |
| **Profit before EI** | **914** | **914** | ** | **3,984** | **3,615** | **10.2** |
| Exceptional items ("**EI**") | 150 | (19) | nm | 103 | 186 | -44.3 |
| **Profit before tax** | **1,065** | **895** | **18.9** | **4,087** | **3,801** | **7.5** |
| Taxation | (182) | (92) | 98.4 | (833) | (651) | 27.9 |
| **Profit after tax** | **883** | **803** | **9.9** | **3,254** | **3,150** | **3.3** |
| Minority interests | * | * | - | (1) | (1) | - |
| **Net profit** | **883** | **803** | **9.9** | **3,254** | **3,149** | **3.3** |
| **Net profit** | **883** | **803** | **9.9** | **3,254** | **3,149** | **3.3** |
| *Exclude:* | | | | | | |
| Exceptional items | (150) | 19 | nm | (103) | (186) | -44.3 |
| Exceptional tax expense/ (credit) | 19 | (38) | nm | 19 | (38) | nm |
| Currency translation losses/ (gains) (1) | 7 | - | nm | (195) | - | nm |
| **Underlying net profit** | **757** | **784** | **-3.4** | **2,974** | **2,926** | **1.6** |
| **Underlying net profit (ex- IDA compensation)** | **757** | **700** | **8.2** | **2,974** | **2,589** | **14.9** |

**Note:**
(1) The net currency translation gains, net of hedging, arose from the capital reduction exercises undertaken by SingTel Australia Investment Ltd, and SingTel Taiwan Ltd, which are both wholly-owned subsidiaries of SingTel, during the current financial year ended 31 March 2008.

## SECTION II : SINGTEL

## REVIEW OF SINGTEL OPERATING PERFORMANCE

### For The Fourth Quarter Ended 31 March 2008

SingTel delivered double-digit revenue growth for the fourth consecutive quarter. Revenue was up 12% to S$1.29 billion. On a sequential basis, operating revenue was up 3.5% backed by strong growth in IT revenue.

SingTel continued to strengthen its leadership in key markets. Mobile Communications recorded the largest revenue increase of 15% to S$339 million despite intense competition. The impressive growth was achieved through improved ARPU and strong subscriber growth in both prepaid and postpaid markets. Buoyed by strong response to marketing activities launched in the quarter, SingTel added another record of 244,000 mobile subscribers. As at 31 March 2008, total mobile subscriber base was 2.57 million, up a strong 10% from a quarter ago. Market share was 43.4%, up 2.0 percentage points a quarter ago.

The demand for corporate data and broadband remained robust despite concerns on impact from the US economic downturn. Data & Internet, the largest revenue stream, increased 12% from a year ago and 1.5% from the preceding quarter. As at 31 March 2008, SingTel retained its leadership in the broadband Internet market with a market share of 54.3%.

NCS enjoyed strong growth both in Singapore and overseas. This was driven primarily by more systems integration projects and larger hardware deals. IT revenue was up 16% year-on-year, and an impressive 26% from a quarter ago, underpinned by strong sales in the government sector.

During the quarter, SingTel secured exclusive media rights to screen the UEFA Champions League and UEFA Cup for 2009-2012 across its mio TV, mobile and Internet platforms. SingTel will continue to acquire credible content as and when they are available. mio TV subscriber base increased by 17,000 to 44,000 customers as at 31 March 2008.

Operational EBITDA was stable at S$469 million despite a decline of 3.9 percentage points in operational EBITDA margin to 36.4% from 40.3% a year ago (see Section I - Page 4).

The lower margin was a result of an increase of 18% in operating expenses to S$835 million in the quarter. Selling & Administrative expenses were up 40% and accounted for slightly over half of the increase. The higher expense was due to increase in subscriber acquisition and retention costs arising from higher gross connections and cost per line, as well as mio TV content costs. SingTel also commenced amortisation of costs related to Formula One™ title sponsorship this quarter.

The associates continued to drive earnings growth for SingTel. Bharti and Telkomsel remained the top contributors this quarter while AIS' contribution in this quarter was boosted by recognition of net interconnection revenue. The overall share of pre-tax profit of the associates was up 19% to S$646 million. Consequently, EBITDA (excluding the IDA compensation) increased by 11% to S$1.12 billion.

This quarter's exceptional gain of S$150 million comprised mainly SingTel's share of Bharti's dilution gain of S$153 million following the issuance of new equity shares in March 2008 by Infratel, its subsidiary with the passive infrastructure assets (see Page 33).

## SECTION II : SINGTEL

Underlying net profit (excluding IDA compensation) grew 8.2% to S$757 million.

Free cash flow generated in the quarter was S$434 million, comparable to a year ago. It was 45% lower than the preceding quarter, attributable to both lower operating cash flow and higher capital expenditure in the quarter.

### For The Year Ended 31 March 2008

Operating revenue for the year ended 31 March 2008 increased 11% to S$4.90 billion, underpinned by strong growth in Mobile Communications, Data & Internet and IT.

With strong revenue growth, operational EBITDA was up 3.4% to S$1.97 billion. Margin, however, declined 2.8 percentage points to 40.1% primarily due to higher mobile selling costs as well as the launch and content costs associated with mio TV.

Pre-tax profit from the associates, excluding the additional quarter of Globe's contribution last year, grew a robust 28% to S$2.56 billion.

Net finance expense for the current year included exceptional net currency translation gains of S$195 million. This resulted largely from translation gains arising from the reduction of the Australian Dollar-denominated share capital of SingTel Australia Investment Ltd ("**SAI**"). Excluding this gain, net finance expense was S$249 million, higher than S$185 million a year earlier. The increase was due to lower interest income from declines in both the interest rates and average cash balances.

The net exceptional gain of S$103 million arose mainly from the share of Bharti's gain on dilution of Infratel, its subsidiary with the passive infrastructure assets.

Net profit was up 3.3% to S$3.25 billion. Excluding the exceptional gain and other one-off items, underlying net profit (excluding IDA compensation) was up 15% to S$2.97 billion.

Free cash flow for the year was S$2.42 billion, up 27% due mainly to higher dividend received from associates.

## SECTION II : SINGTEL

## SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 December 2007 are as follows:

| | Quarter 31 Mar 2008 S$ m | Quarter 31 Dec 2007 S$ m | QOQ Chge % |
|---|---|---|---|
| **Operating revenue** | **1,290** | **1,246** | **3.5** |
| *Singapore Telco Business* | *1,072* | *1,074* | *-0.2* |
| *IT Business* | *217* | *172* | *26.1* |
| Operating expenses | (835) | (774) | 7.8 |
| **Operational EBITDA** | **469** | **482** | **-2.7** |
| ***Operational EBITDA margin*** | ***36.4%*** | ***38.7%*** | |
| *Singapore Telco Business* | *42.5%* | *44.6%* | |
| *IT Business* | *12.2%* | *6.9%* | |
| ***Singapore Business*** | ***37.4%*** | ***39.4%*** | |
| **Share of pre-tax profit of associates** | **646** | **642** | **0.6** |
| **Profit before exceptional items and tax** | **914** | **1,050** | **-13.0** |
| **Net profit** | **883** | **768** | **14.9** |
| **Underlying net profit** | **757** | **747** | **1.3** |
| **Free cash flow** | **434** | **789** | **-44.9** |

## OPERATING REVENUE

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2008 Mix % | Quarter 31 Mar Restated 2007 S$ m | Quarter 31 Mar Restated 2007 Mix % | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2008 Mix % | Year 31 Mar Restated 2007 S$ m | Year 31 Mar Restated 2007 Mix % | YOY Chge % |
|---|---|---|---|---|---|---|---|---|---|---|
| Data & Internet | 356 | 28 | 320 | 28 | 11.5 | 1,385 | 28 | 1,255 | 28 | 10.3 |
| Mobile communications | 339 | 26 | 294 | 25 | 15.3 | 1,322 | 27 | 1,150 | 26 | 15.0 |
| IT & engineering | 217 | 17 | 187 | 16 | 16.3 | 731 | 15 | 618 | 14 | 18.2 |
| International telephone | 156 | 12 | 150 | 13 | 3.4 | 616 | 13 | 594 | 13 | 3.8 |
| National telephone | 103 | 8 | 111 | 10 | -7.6 | 425 | 9 | 455 | 10 | -6.6 |
| Sale of equipment | 78 | 6 | 65 | 6 | 18.5 | 272 | 6 | 235 | 5 | 15.9 |
| Others (1) | 41 | 3 | 28 | 2 | 45.8 | 154 | 3 | 124 | 3 | 24.1 |
| **Total** | **1,290** | **100** | **1,156** | **100** | **11.6** | **4,904** | **100** | **4,430** | **100** | **10.7** |

**Note:**

(1) Comprise revenue from mio TV, maritime & land mobile revenue, lease of satellite transponders, paging services as well as other miscellaneous revenue.

## SECTION II : SINGTEL

Data & Internet contributed 28% of total operating revenue, stable from a year ago. Mobile Communications, the second largest revenue stream, registered a robust growth of 15% and contributed 26% of total operating revenue, up 1 percentage point from a year ago. National Telephone revenue continued to decline and its contribution fell by 2 percentage points to 8% in the quarter.

### Data & Internet

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Data services** | | | | | | |
| Local leased circuits [1] | 106 | 96 | 10.2 | 415 | 372 | 11.3 |
| Managed services [2] | 54 | 50 | 8.4 | 220 | 197 | 11.7 |
| International leased circuits ("**ILC**") | 44 | 42 | 4.0 | 174 | 172 | 1.3 |
| Others [3] | 44 | 35 | 27.4 | 166 | 137 | 21.4 |
| | **248** | **223** | **11.3** | **974** | **878** | **11.0** |
| **Internet related** | | | | | | |
| Broadband [4] | 81 | 73 | 11.1 | 309 | 278 | 11.3 |
| One-off adjustment for revenue | - | - | - | - | 5 | nm |
| Broadband [4] | 81 | 73 | 11.1 | 309 | 283 | 9.3 |
| SingTel Internet Exchange ("**STiX**") [5] | 12 | 11 | 9.5 | 43 | 39 | 10.6 |
| Narrowband and others | 15 | 13 | 20.3 | 59 | 56 | 4.4 |
| | **108** | **96** | **12.1** | **410** | **377** | **8.7** |
| **Total** | **356** | **320** | **11.5** | **1,385** | **1,255** | **10.3** |

| Key Drivers - Internet related | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **Number of broadband lines (000s) [6]** | **490** | **471** | **421** | **490** | **421** | **16.4** |
| ***Singapore broadband penetration rate [7]*** | ***72.4%*** | ***70.1%*** | ***65.1%*** | ***72.4%*** | ***65.1%*** | |
| ***Broadband market share [8]*** | ***54.3%*** | ***53.9%*** | ***53.4%*** | ***54.3%*** | ***53.4%*** | |
| **Number of paying Internet dial up customers (000s)** | **38** | **42** | **55** | **38** | **55** | **-31.1** |

**Notes:**
(1) Include resale of overseas local leased circuits.
(2) Include ATM, Meg@POP, Global Corporate IP, Frame Relay, Facility Management and Managed Hosting Services.
(3) Include ISDN, VSAT, DTE/ DCE, digital video broadcasting etc.
(4) Include revenue from Internet access under mio plans.
(5) Include inter-company sales to Optus of S$4 million (Q4 FY2006/07: S$4 million) and S$14 million (YTD-March 2007: S$11 million) for the fourth quarter and financial year ended 31 March 2008 respectively.
(6) SingTel's broadband service comprises all ADSL lines, including SingNet retail broadband lines but excluding leased lines and other broadband access.
(7) Total estimated ADSL and cable lines divided by total number of households (Source: IDA).
(8) Based on total SingTel ADSL lines divided by total ADSL and cable lines in the population. Market share information based on IDA's published statistics.

## SECTION II : SINGTEL

Data & Internet revenue was up 12% to S$356 million in the quarter.

Data revenue increased 11% to S$248 million attributable to strong corporate data demand spurred by strong economic growth in Singapore and the region. Compared to the preceding quarter, Data revenue was flat.

Local Leased Circuits revenue, the largest Data revenue component at 43% of total Data revenue, grew 10% year-on-year on the back of higher sales of Diginet, Gigawave and MetroEthernet.

SingTel continued to deliver innovative Managed Services and solution bundles for its corporate customers. Managed Services, the second largest Data revenue component at 22%, was up 8.4%. The increase was driven by higher sales of Managed Hosting Services and Meg@POP.

International Leased Circuits revenue was up 4.0% year-on-year and 5.8% from the preceding quarter. It contributed 18% to total Data revenue, down slightly from 19% a year ago. While demand for bandwidth remained strong with sales volume increasing by more than 50% year-on-year, revenue was impacted by a decline in average selling prices.

Internet revenue grew 12% year-on-year and 4.3% from a quarter ago to S$108 million. Despite continued intense competition, Broadband revenue rose 11% from a year earlier to S$81 million on higher broadband subscriptions. Compared to the preceding quarter, it was up 4.4%.

As at 31 March 2008, the total number of broadband lines was 490,000 in a market with penetration of 72.4%. This was an increase of 16% or 69,000 lines from a year earlier and 4.1% or 19,000 lines from a quarter ago.

SingTel maintained its lead in broadband Internet with a market share of 54.3% as at 31 March 2008.

As at 31 March 2008, the number of mio Plan customers has increased to 67,000. This was up 21% or 12,000 from a quarter ago.

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### Mobile Communications

| SINGTEL | Quarter 31 Mar 2008 | Quarter 31 Mar Restated 2007 | YOY Chge % | Year 31 Mar 2008 | Year 31 Mar Restated 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| Cellular service [1] [2] | **339** | **294** | **15.3** | **1,322** | **1,150** | **15.0** |

| Key Drivers | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar Restated 2007 | Year 31 Mar 2008 | Year 31 Mar Restated 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **Number of Mobile subscribers (000s)** | | | | | | |
| Prepaid | 1,192 | 985 | 552 | 1,192 | 552 | 115.9 |
| Postpaid | 1,379 | 1,342 | 1,270 | 1,379 | 1,270 | 8.6 |
| **Total** | **2,571** | **2,327** | **1,822** | **2,571** | **1,822** | **41.1** |
| **MOUs per subscriber per month [3]** | | | | | | |
| Prepaid | 298 | 278 | 110 | 243 | 97 | 149.7 |
| Postpaid | 382 | 386 | 389 | 385 | 378 | 1.7 |
| **Average revenue per subscriber per month [3] [4] (S$ per month)** | | | | | | |
| Prepaid | 16 | 16 | 14 | 14 | 13 | 9.1 |
| Postpaid [1] | 88 | 93 | 86 | 90 | 87 | 3.7 |
| **Blended [1]** | **56** | **62** | **64** | **60** | **65** | **-8.4** |
| ***Data services as % of ARPU [1] [5]*** | ***33.1%*** | ***31.5%*** | ***28.0%*** | ***30.5%*** | ***25.4%*** | |
| **Acquisition cost per postpaid subscriber (S$)** | **313** | **304** | **223** | **278** | **246** | 13.0 |
| Postpaid external churn per month [6] | *0.8%* | *0.7%* | *0.8%* | *0.7%* | *0.8%* | |
| ***Singapore mobile penetration rate [7]*** | ***129.1%*** | ***122.5%*** | ***106.8%*** | ***129.1%*** | ***106.8%*** | |
| **Singapore mobile subscribers (000s) [7]** | ***5,924*** | ***5,619*** | ***4,789*** | ***5,924*** | ***4,789*** | 23.7 |
| ***Market share [7]*** | | | | | | |
| *Prepaid* | *41.7%* | *37.8%* | *28.9%* | *41.7%* | *28.9%* | |
| *Postpaid* | *44.9%* | *44.6%* | *44.1%* | *44.9%* | *44.1%* | |
| ***Overall*** | ***43.4%*** | ***41.4%*** | ***38.0%*** | ***43.4%*** | ***38.0%*** | |

**Notes**:

(1) Since 1 April 2007, the postpaid mobile roaming revenue, which is part of Mobile Communications, has been recorded on a gross basis instead of net of outpayments. Correspondingly, ARPU has been computed based on gross mobile roaming revenue. The comparatives for Mobile Communications and ARPU have been restated to be consistent with the presentation in the current period. The change does not have an impact on net profit of the Group or SingTel.

(2) Cellular service revenue is determined net of bill rebates and net of prepaid sales discount, and includes revenue earned from mio plans. It excludes revenue earned from international calls classified under "International Telephone" revenue, consistent with prior periods.

(3) Based on average subscribers, calculated as the simple average of opening and closing subscribers.

(4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.

(5) Include revenue from SMS, *SEND, MMS and other data services.

## SECTION II : SINGTEL

(6) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect (both voluntary and the Company's initiated churn) as a percentage of the average number of subscribers.
(7) Source: IDA.

Mobile Communications revenue achieved strong growth of 15% to S$339 million in the quarter on the back of record mobile net additions. Compared to a quarter ago, it was down slightly by 1.8% largely due to lower outbound roaming revenue as the December 2007 quarter benefited from seasonal peak travels.

Fuelled by strong growth in the prepaid segment, SingTel's total mobile subscriber base increased by a record 244,000 this quarter, up from the preceding quarter's record of 197,000.

SingTel continued to expand its market share in the foreign worker segment with compelling value propositions and an extensive sales distribution network. This resulted in net addition of 207,000 prepaid mobile subscribers in the quarter. As at 31 March 2008, its prepaid mobile subscriber base crossed the 1 million-mark to reach 1.19 million. This enabled SingTel to extend its leadership with a market share of 41.7% as at 31 March 2008, up from the 37.8% a quarter ago.

Prepaid ARPU was up 16% from a year ago due to steep growth in usage as a result of traffic stimulation from free international call price plans. Against the preceding quarter, prepaid ARPU was stable.

SingTel maintained its steady growth in the postpaid mobile segment as it added 37,000 subscribers in the quarter, the highest ever in recent years. SingTel remained the postpaid market leader with a market share of 44.9% as at 31 March 2008.

Demand for 3G mobile services continued to increase as SingTel added 110,000 3G mobile subscribers in the quarter, bringing its total 3G subscriber base to 859,000 as at 31 March 2008. This represented 62% of SingTel's total postpaid mobile base as at 31 March 2008, up 6 percentage points from a quarter ago.

Postpaid churn remained low at 0.8% in the quarter.

Compared to a quarter ago, postpaid ARPU was down 5.9%. This was partly due to roaming revenue falling off the seasonal peaks recorded in the preceding December quarter. ARPU was also impacted by a larger mix of customers signing up for multiple product plans which offer bigger bundle discounts. Postpaid ARPU was up 2.0% year-on-year, driven by increases in data and roaming revenues.

Blended ARPU declined to S$56 from S$64 a year ago as prepaid subscriber accounted for 46% of SingTel's total mobile subscriber base, up 16 percentage points from 30% a year ago.

Data services represented 33% of ARPU, up 2 percentage points from the preceding quarter and 5 percentage points from a year ago. This increase reflected SingTel's success in stimulating data demand and growing its non-voice revenue.

Acquisition cost per subscriber rose 3.0% from the preceding quarter. Compared to a year ago, it was up 40% to S$313 due to increased marketing efforts to up-sell 3G services and to acquire higher-value customers.

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### IT & Engineering ("IT")[1]

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| IT & Engineering | 217 | 187 | 16.3 | 731 | 618 | 18.2 |

**Note:**
(1) Generated mainly by NCS and its subsidiaries. Included billings to Optus of approximately S$19 million (Q4 FY2006/07: S$21 million) and S$87 million (YTD-March 2007: S$65 million) for the fourth quarter and financial year ended 31 March 2008 respectively.

IT revenue reached a record S$731 million for the year ended 31 March 2008, with growth in both local and overseas markets. The Singapore operations, which accounted for 73% of the total IT revenue, grew 10% on the back of a buoyant economy and higher IT spend in the government sector. Stronger growth was seen in systems and network integration projects as well as hardware sales. Overseas operations accounted for 27% of the total IT revenue, up from 22% a year ago.

Revenue for the quarter grew 16% to S$217 million, with higher contributions from systems and network integration projects. On a sequential basis, it was up a significant 26%, due to seasonally higher sales from the Singapore government sector. Overseas revenue accounted for 17% of total revenue for the quarter.

During the quarter, NCS continued to win a number of significant contracts both locally and overseas. In Singapore, it secured a major win with the Civil Aviation Authority of Singapore for the maintenance of the Flight Information Display System. Another significant win, which cemented NCS' leadership position in the healthcare sector, was the implementation and maintenance of data warehouse systems for health performance and public health for the Ministry of Health and the Health Promotion Board.

NCS also clinched some significant overseas contracts including application development of Housing integrated information Program (HiiP) for the Department of Human Services Victoria in Australia. Another win was securing a substantial intelligent building contract from the Shanghai Xin Tian Di Hotel, making this its first major intelligent building project in China.

## SECTION II : SINGTEL

### International Telephone [1]

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| International (incl Malaysia) call revenue | 125 | 120 | 4.6 | 493 | 475 | 3.8 |
| Inpayments and net transit | 31 | 31 | -1.3 | 123 | 118 | 3.8 |
| **Total** | **156** | **150** | **3.4** | **616** | **594** | **3.8** |
| International Telephone outpayments | **63** | **49** | **29.0** | **229** | **192** | **19.4** |
| **Net** | **93** | **102** | **-8.8** | **387** | **402** | **-3.7** |
| ***Margin %*** | ***60%*** | ***68%*** | | ***63%*** | ***68%*** | |

| Key drivers | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **International telephone outgoing minutes (m mins)(excl Malaysia)** | **532** | **463** | **323** | **1,771** | **1,156** | **53.2** |
| **Average IDD call collection rate - net basis (S$/ min) (excl Malaysia)** | **0.205** | **0.243** | **0.314** | **0.244** | **0.355** | **-31.3** |

**Note:**
(1) International telephone services include international calling cards, IDD calls and facsimile services into and out of Singapore, as well as 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 grew 3.4% from a year ago and 2.5% from a quarter ago to S$156 million.

International telephone outgoing traffic (excluding Malaysia) grew a stellar 65% as traffic to "free IDD"[2] destinations such as Bangladesh and India continued to grow strongly. Compared to the preceding quarter, outgoing traffic was up by 15%.

With increased "free IDD" traffic volume, average collection rate declined by 35% year-on-year and 16% from the preceding quarter.

Margin for International Telephone was diluted to 60% for the quarter, as outpayments increased 29% from higher outgoing traffic.

[2] Prepaid mobile subscribers are charged based on local usage only. Revenue from prepaid mobile local usage is classified under Mobile Communications.

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### National Telephone

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Direct exchange lines ("**DEL**") | | | | | | |
| - rental | 43 | 45 | -5.6 | 175 | 183 | -4.3 |
| - traffic | 23 | 28 | -17.5 | 100 | 118 | -15.5 |
| | 65 | 73 | -10.1 | 275 | 301 | -8.7 |
| Others [1] | 43 | 42 | 1.7 | 169 | 168 | 0.7 |
| | 108 | 115 | -5.7 | 444 | 469 | -5.3 |
| Intercompany eliminations | (6) | (4) | 52.8 | (19) | (14) | 34.8 |
| | **103** | **111** | **-7.6** | **425** | **455** | **-6.6** |

| Key Drivers | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **Fixed working lines (000s) [2]** | | | | | | |
| Residential | 992 | 995 | 1,015 | 992 | 1,015 | -2.3 |
| Business | 769 | 767 | 759 | 769 | 759 | 1.3 |
| **Total** | **1,761** | **1,762** | **1,774** | **1,761** | **1,774** | **-0.7** |
| ***Singapore fixed line penetration rate [3]*** | ***40.6%*** | ***40.5%*** | ***41.3%*** | ***40.6%*** | ***41.3%*** | |
| ***Singapore fixed working lines (000s) [3]*** | **1,862** | **1,859** | **1,854** | **1,862** | **1,854** | **0.4** |
| ***Fixed Line market share [3]*** | ***94.6%*** | ***94.8%*** | ***95.7%*** | ***94.6%*** | ***95.7%*** | |

**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.
(3) Source: IDA.

National Telephone continued to be impacted by declines in both voice and dial-up usage with increasing broadband usage, mobile substitution and competition. Revenue fell 7.6% year-on-year to S$103 million. On a sequential basis, it was down 2.7%.

The number of fixed lines was slightly down from a quarter ago. The increase in business lines was partially offset by the continued decline in residential lines.

SingTel's market share remained stable at 94.6% as at 31 March 2008.

## SECTION II : SINGTEL

## OPERATING EXPENSES
## (Before Depreciation And Amortisation)

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar Restated 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar Restated 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Selling & Administrative | 237 | 169 | 40.3 | 761 | 620 | 22.7 |
| Traffic expenses | 200 | 179 | 11.9 | 784 | 695 | 12.8 |
| Cost of sales | 193 | 171 | 12.7 | 665 | 553 | 20.2 |
| Staff costs | 187 | 167 | 12.1 | 701 | 631 | 11.0 |
| Repair & maintenance | 26 | 25 | 2.8 | 99 | 97 | 2.1 |
| Others (1) | (9) | (6) | 54.5 | (23) | (17) | 33.3 |
| **Total** | **835** | **706** | **18.3** | **2,987** | **2,579** | **15.8** |
| *(ex-Strategic initiatives)* | *822* | *704* | *16.7* | *2,951* | *2,577* | *14.5* |

| As a percentage of operating revenue | Quarter 31 Mar 2008 | Quarter 31 Mar Restated 2007 | Year 31 Mar 2008 | Year 31 Mar Restated 2007 |
|---|---|---|---|---|
| Selling & Administrative | 18.4% | 14.6% | 15.5% | 14.0% |
| Traffic expenses | 15.5% | 15.4% | 16.0% | 15.7% |
| Cost of sales | 15.0% | 14.8% | 13.6% | 12.5% |
| Staff costs | 14.5% | 14.5% | 14.3% | 14.3% |
| Repair & maintenance | 2.0% | 2.2% | 2.0% | 2.2% |
| Others | -0.7% | -0.5% | -0.5% | -0.4% |
| **Total** | **64.7%** | **61.1%** | **60.9%** | **58.2%** |

**Note:**
(1) Included government grants and recoveries of costs.

Operating expenses grew 18% or S$129 million year-on-year. Excluding expenses related to strategic initiatives, the increase would be 17%.

Selling & Administrative expenses recorded the largest increase of 40% or S$68 million. This was the largest expense category at 18% of operating revenue, up 3.8 percentage points from year ago.

Cost of Sales which increased 13% or S$22 million, grew in line with the higher IT and Sale of Equipment revenues. It accounted for 15% of operating revenue, comparable to a year earlier.

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### Selling & Administrative Expenses

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Selling & Administrative | **237** | **169** | **40.3** | **761** | **620** | **22.7** |
| *(ex-Strategic initiatives)* | *226* | *168* | *35.1* | *731* | 618 | *18.2* |

Compared to the preceding quarter, Selling & Administrative expenses were up 16%, reflecting the higher mobile subscriber acquisition and retention costs as both cost per line and gross connections increased following strong response to the marketing activities launched ahead of the implementation of full Mobile Number Portability in June 2008.

In this quarter, SingTel commenced the amortisation of the Formula One™ title sponsorship cost on a straight-line basis.

Year-on-year, Selling & Administrative expenses increased 40%, attributed to higher mobile acquisition and retention costs from high net additions, mio TV content costs, Formula One™ related expenses as well as increased advertising and promotions to drive growth in the prepaid mobile business. In the same quarter last year, a write back of S$13 million was made for provision for doubtful debts no longer required.

### Traffic Expenses

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar Restated 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar Restated 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| International Telephone outpayments | 63 | 49 | 29.0 | 229 | 192 | 19.4 |
| Mobile roaming outpayments (1) | 60 | 56 | 5.7 | 249 | 226 | 10.2 |
| Total outpayments | 122 | 105 | 16.5 | 478 | 418 | 14.4 |
| Leases (2) | 60 | 59 | 1.9 | 240 | 223 | 7.6 |
| Interconnect | 18 | 15 | 19.3 | 66 | 54 | 21.3 |
| | **200** | **179** | **11.9** | **784** | **695** | **12.8** |

**Notes:**

(1) Mobile roaming outpayments were recognised as operating expenses with effect from 1 April 2007. In prior periods, the expenses were net against mobile roaming revenue under Mobile Communications.

(2) Leases comprise backhaul charges, Inmarsat satellite rental, cost of restoring cable breakages and leased circuit charges.

See Page 27 for an analysis of International Telephone outpayments relative to inpayments.

Outpayments for international calls were up 29% year-on-year, largely due to the higher volume of outgoing international call traffic. Compared to the preceding quarter, it was up 8.9%.

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Mobile roaming outpayments fell 11% on a sequential basis, as the preceding December quarter had more outbound roaming.

Lease expenses were up 1.9% year-on-year. The corresponding March 2007 quarter included S$5 million of lease charges for re-routing traffic affected by the Taiwan earthquake.

Interconnect expenses were up 19% from a year ago, on the back of a higher volume of inter-operator SMS.

### Staff Costs

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Gross staff costs | 181 | 160 | 13.6 | 678 | 595 | 13.8 |
| Performance share cost [1] | 7 | 10 | -28.4 | 32 | 35 | -9.7 |
| Retrenchment costs | 2 | * | nm | 2 | 14 | -82.6 |
| | 191 | 170 | 11.9 | 712 | 644 | 10.5 |
| Capitalisation of staff costs | (3) | (3) | 3.2 | (11) | (13) | -14.3 |
| **Total, net** | **187** | **167** | **12.1** | **701** | **631** | **11.0** |

| Key Drivers | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **SingTel average number of staff** | 10,249 | 9,963 | 9,566 | 9,895 | 9,506 | 4.1 |
| Revenue per staff (S$'000) [2] | 126 | 125 | 121 | 496 | 466 | 6.3 |
| **As at end of period:** | | | | | | |
| **Number of staff** | | | | | | |
| IT (NCS Group) | 3,718 | 3,558 | 3,225 | 3,718 | 3,225 | 15.3 |
| Telco (SingTel and subsidiary companies) | 6,634 | 6,504 | 6,310 | 6,634 | 6,310 | 5.1 |
| **SingTel** | **10,352** | **10,062** | **9,535** | **10,352** | **9,535** | **8.6** |
| **Optus** | 10,679 | 10,347 | 9,897 | 10,679 | 9,897 | 7.9 |
| **Total Group** | **21,031** | **20,409** | **19,432** | **21,031** | **19,432** | **8.2** |

**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) Based on average employee numbers.

The overall headcount for SingTel was up 8.6% or 817 from a year ago to 10,352 as at 31 March 2008. Compared to a quarter ago, it was up 2.9% or 290. The increase was mainly in IT business for its overseas expansion.

Net staff costs were up 12% in the quarter, primarily due to annual salary increments, higher provision for bonus, increased headcount as well as the impact of higher employers' Central Provident Fund (CPF) rates with effect from July 2007.

## SECTION II : SINGTEL

# OTHER INCOME STATEMENT ITEMS

## Depreciation And Amortisation

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Depreciation of property, plant and equipment | (123) | (129) | -4.2 | (483) | (496) | -2.6 |
| Amortisation | (1) | (2) | -65.0 | (5) | (7) | -32.4 |
| | **(124)** | **(131)** | **-5.1** | **(488)** | **(503)** | **-3.0** |
| ***Depreciation as a percentage of operating revenue*** | ***9.6%*** | ***11.1%*** | | ***9.8%*** | ***11.2%*** | |

Depreciation decreased 4.2% to S$123 million in the quarter. With lower depreciation and higher operating revenue, depreciation as a percentage of revenue fell to 9.6%.

## Net Finance Expense

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Net interest expense** | | | | | | |
| - Interest income | 3 | 12 | -73.8 | 35 | 87 | -59.8 |
| - Interest expense | (63) | (65) | -3.7 | (253) | (258) | -1.7 |
| | **(60)** | **(53)** | **12.4** | **(219)** | **(171)** | **27.7** |
| **Other finance (loss)/ income** | | | | | | |
| - FRS 39 fair value adjustments (1) | * | 1 | nm | 1 | 1 | 14.3 |
| - Investment gain (2) | * | 1 | nm | 1 | 5 | -77.4 |
| - Currency translation (losses)/ gains | (7) | - | nm | 195 | - | nm |
| - Foreign exchange (losses)/ gains (net) | (11) | 4 | nm | (33) | (20) | 66.7 |
| | **(17)** | **6** | **nm** | **165** | **(14)** | **nm** |
| **Net finance expense** | **(77)** | **(47)** | **61.8** | **(54)** | **(185)** | **-70.8** |

**Notes:**

(1) Adjustment arose from the revaluation of trading investments at fair values at balance sheet date under FRS 39, ***Financial Instruments: Recognition and Measurement***.

(2) Comprise mainly dividend income and realised gains or losses on disposals of investments held for resale.

Interest income fell significantly by 74% from a year ago as both interest rates and average cash balances were lower. The decline in average cash balances was due to the capital reduction exercise in the second half of the last financial year, as well as the payments of dividends and the acquisition of Warid Telecom in Pakistan in September 2007.

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In the quarter, an exceptional realised currency translation loss of S$7 million was recorded on the capital reduction of SingTel Taiwan Ltd. Together with the translation gains of S$202 million from SAI's capital reduction during the year, total exceptional net currency translation gain amounted to S$195 million for the year.

### Exceptional Items [(1)]

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Share of Bharti's exceptional gain on dilution of Infratel | 153 | - | nm | 153 | - | nm |
| Gains on disposal of Network i2i and Bharti Aquanet | - | - | - | 71 | - | nm |
| Exceptional gains on disposal of land and buildings | - | - | - | - | 209 | nm |
| Loss on disposal of NCIC | - | - | - | (99) | - | nm |
| Provision for impairment of non-current investment | - | - | - | (28) | (11) | 162.0 |
| Net gain on disposal of available-for-sale investments | - | * | nm | - | * | nm |
| Impairment of property, plant and equipment and intangible assets | (5) | (19) | -75.1 | (5) | (19) | -75.1 |
| Gain on dilution of associates | 2 | 1 | 90.0 | 10 | 6 | 70.7 |
| Others | * | * | nm | 1 | * | nm |
| **Total** | **150** | **(19)** | **nm** | **103** | **186** | **-44.3** |

**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 this quarter, SingTel recorded an exceptional gain of S$153 million from Bharti's dilution of 7.11% equity interest in Infratel, a subsidiary set up to manage and run the passive infrastructure assets of Bharti.

Infratel had received US$1.27 billion in March 2008 as consideration for issuance of 3,825 new shares as well as 3,025,575 fully and compulsory convertible, non-cumulative, unsecured and interest-free debentures in Infratel. Consequently, based on the equity injection, Bharti's equity interest in Infratel was diluted to 92.88 per cent as at 31 March 2008. This dilution resulted in an increase in Bharti's proportionate share of Infratel's net assets, in which Bharti has recognised as part of equity under U.S. GAAP and its accounting policy.

Consistent with Singapore FRS and past practice, SingTel has recognised its share of Bharti's dilution gain of S$153 million as an exceptional item in the income statement.

In April 2008, Infratel received US$75 million as consideration for 225 new shares and 177,975 convertible debentures. The dilution gain on the equity injection will be recorded in the next quarter ending 30 June 2008.

In the financial year ending 31 March 2010, SingTel expects to record further dilution gain when the debentures are mandatorily converted into equity shares in Infratel, based on Infratel's actual operating performance for the financial year ending 31 March 2009.

## SECTION II : SINGTEL

### Taxation

| SINGTEL | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Taxation | | | | | | |
| Withholding taxes on dividend income from associates [1] | | | | | | |
| - Telkomsel | - | - | - | 62 | 35 | 78.2 |
| - Globe | 12 | 9 | 26.1 | 36 | 17 | 107.5 |
| - AIS | 8 | 8 | -1.2 | 16 | 15 | 3.9 |
| | 20 | 17 | 13.2 | 114 | 68 | 68.5 |
| Current and deferred taxes **(a)** | 48 | 23 | 112.3 | 239 | 229 | 4.1 |
| Exceptional adjustment to deferred tax liability provided in prior years | - | (38) | nm | - | (38) | nm |
| Tax benefit of inter-company interest expense | (50) | (38) | 31.1 | (162) | (143) | 13.5 |
| | 18 | (36) | nm | 190 | 116 | 63.6 |
| Share of taxes of associates | | | | | | |
| - ordinary results **(b)** | 145 | 134 | 8.7 | 612 | 541 | 13.0 |
| - exceptional items | - | (6) | nm | - | (6) | nm |
| - Bharti's one-off tax adjustments | 19 | - | nm | 31 | - | nm |
| **Total** | **182** | **92** | **98.4** | **833** | **651** | **27.9** |
| **Effective tax rates based on :** | | | | | | |
| ***SingTel reported profits before tax (ex-Optus)*** | | | | ***20.4%*** | ***17.1%*** | |
| ***SingTel profits (ex-Optus and associates)*** | | | | | | |
| Profit before tax | | | | **4,087** | **3,801** | |
| *Exclude :* | | | | | | |
| Compensation from IDA | | | | - | (337) | |
| Share of associates' profits | | | | (2,559) | (2,064) | |
| Exceptional items | | | | (103) | (186) | |
| Currency translation gains | | | | (195) | - | |
| Foreign exchange losses (non-trade) | | | | 33 | 20 | |
| Adjusted pre-tax profits **(c)** | | | | **1,262** | **1,234** | |
| Effective tax rate **(a)/ (c)** | | | | ***18.9%*** | ***18.6%*** | |
| Applicable statutory tax rate in year | | | | ***18.0%*** | ***18.0%*** | |
| ***Share of associates' profits*** | | | | | | |
| Share of results from ordinary operations **(d)** | | | | 2,591 | 2,080 | |
| Effective tax rate **(b)/(d)** | | | | ***23.6%*** | ***26.0%*** | |

**Note:**

(1) 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.

In this quarter, SingTel recorded S$19 million as share of Bharti's one-off reversal of its deferred tax asset upon the demerger of its passive infrastructure assets to Infratel. This arose as the tax holidays previously enjoyed by Bharti as a telecom licensee were not available to Infratel.

## SECTION II : SINGTEL

The tax expense in the corresponding March 2007 quarter included S$60 million of tax savings from the 2% reduction in the Singapore corporate tax rate to 18%. S$38 million was recorded as an exceptional tax credit as it was an adjustment for deferred tax liability in respect of prior years.

Deferred tax credit on the current quarter's interest expense provided by STAI on its loan from SAI was S$50 million, up 31% due to higher interest rates. The inter-company income/ expenses and loans were eliminated at Group.

The effective tax rate for the associates was lower at 23.6%. This was largely due to the increased profit contribution from Bharti which has a lower effective tax rate.

## SECTION II : SINGTEL

## SINGTEL CASH FLOW AND CAPITAL EXPENDITURE

| | Quarter | | | Year | | YOY |
|---|---|---|---|---|---|---|
| | 31 Mar | 31 Mar | 31 Dec | 31 Mar | | Chge |
| | 2008 | 2007 | 2007 | 2008 | 2007 | |
| | S$ m | S$ m | S$ m | S$ m | S$ m | % |
| **Net cash inflow from operating activities** | | | | | | |
| **Profit before tax** | **1,065** | **895** | **953** | **4,087** | **3,801** | **7.5** |
| Non-cash items | (588) | (422) | (464) | (2,088) | (1,862) | 12.2 |
| **Operating cash flow before working capital changes** | 477 | 473 | 490 | 1,999 | 1,939 | 3.1 |
| **Changes in operating assets and liabilities** | 52 | 88 | 87 | 89 | 8 | @ |
| | **528** | **561** | **576** | **2,088** | **1,948** | **7.2** |
| Cash paid to employees under performance share plans | - | - | (2) | (12) | (6) | 112.7 |
| Tax paid on operating acitivites | (11) | (7) | (89) | (223) | (269) | -17.1 |
| **Operating cash flow before dividends from associates** | **517** | **554** | **486** | **1,854** | **1,673** | **10.8** |
| Dividends received from associates | 95 | 86 | 437 | 1,114 | 673 | 65.5 |
| Withholding tax paid on dividends received | (11) | (9) | (44) | (112) | (67) | 68.0 |
| | **601** | **630** | **879** | **2,855** | **2,279** | **25.3** |
| **Net cash inflow/ (outflow) from investing activities** | | | | | | |
| Loan from Optus to STAI [(1)] | 728 | - | 352 | 1,615 | - | nm |
| Witholding tax paid on interest received by SAI from STAI | (73) | - | (36) | (178) | - | nm |
| Payment for purchases of property, plant and equipment | (167) | (192) | (91) | (432) | (375) | 15.1 |
| Advance payment for purchase of property, plant and equipment | - | - | - | (75) | - | nm |
| Investment in associates | (21) | - | (6) | (1,186) | - | nm |
| Proceeds from sale of property, plant and equipment | * | 4 | * | 1 | 305 | -99.7 |
| Proceeds from sale of associates | - | - | - | 88 | 87 | 1.3 |
| Proceeds from associates' capital reduction | - | - | 86 | 86 | - | nm |
| Repayment of loans to associates | - | 10 | 2 | 2 | 85 | -97.5 |
| Net sale proceeds from trading investments | * | 100 | 100 | 331 | 520 | -36.4 |
| Others *(dividends and interest received etc)* | 63 | 16 | 5 | 50 | 103 | -51.5 |
| | **531** | **(62)** | **414** | **302** | **724** | **-58.3** |
| **Net cash outflow from financing activities** | | | | | | |
| Final dividends paid to shareholders | - | - | - | (1,034) | (1,336) | -22.6 |
| Special dividends paid to shareholders | - | - | - | (1,511) | - | nm |
| Interim dividends paid to shareholders | (891) | (585) | - | (891) | (585) | 52.4 |
| Payment for share capital reduction | - | - | - | - | (2,272) | nm |
| Net increase/ (decrease) in borrowings | 140 | * | (997) | 588 | 102 | 474.7 |
| Settlement of swap upon bond redemption | - | - | - | - | (88) | nm |
| Proceeds from share issue upon exercise of share options | 3 | 21 | 4 | 32 | 59 | -46.4 |
| Net interest paid on borrowings and swaps | (20) | (19) | (111) | (258) | (236) | 9.1 |
| Purchase of performance shares | (7) | (8) | (8) | (50) | (40) | 25.3 |
| Others | * | * | - | * | * | nm |
| | **(776)** | **(590)** | **(1,110)** | **(3,124)** | **(4,396)** | **-28.9** |
| **Net increase/ (decrease) in cash and cash equivalents** | **356** | **(21)** | **183** | **33** | **(1,393)** | **nm** |
| **Cash and cash equivalents at beginning** | **907** | **1,250** | **726** | **1,230** | **2,631** | **-53.2** |
| Exchange effects on cash and cash equivalents | (13) | 1 | (2) | (13) | (8) | 51.8 |
| **Cash and cash equivalents at end** | **1,250** | **1,230** | **907** | **1,250** | **1,230** | **1.6** |
| **Free cash flow** | **434** | **439** | **789** | **2,423** | **1,904** | **27.3** |
| **Free cash flow (excluding dividends from associates)** | **351** | **362** | **395** | **1,422** | **1,298** | **9.5** |
| ***Cash capex to operating revenue*** | ***12.9%*** | ***16.6%*** | ***7.3%*** | ***8.8%*** | ***8.5%*** | |

**Note:**

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

## SECTION II : SINGTEL

Operating cash flow for the quarter declined 4.7% to S$601 million, attributable mainly to working capital movements. Compared to a quarter ago, it was lower as SingTel received more dividends from the associates in the preceding December quarter.

Cash flow from investing activities was S$531 million in the quarter, including S$728 million (A$572 million) of inter-company loan received by STAI (the immediate holding company of Optus) from Optus. The withholding tax payment of S$73 million in the quarter arose from a payment of interest expense on inter-company loans by STAI to SAI[3].

Capital expenditure for the quarter amounted to S$167 million and was at 13% of operating revenue. This represented a decline of 3.7 percentage points from a year earlier as capital expenditure declined while operating revenue increased. For the year ended 31 March 2008, however, capital expenditure was at 8.8% of operating revenue, stable compared to 8.5% for last year.

Free cash flow for the quarter was S$434 million, comparable to a year ago. It was 45% lower than the preceding quarter due to lower operating cash flow resulting from lower dividend received from the associates.

Net cash outflow for financing activities was S$776 million, comprising mainly S$891 million for payment of interim dividend in respect of current financial year, partly offset by net bank borrowings of S$140 million.

Overall cash and cash equivalents increased by S$343 million from a quarter ago, resulting in an ending cash balance of S$1.25 billion.

[3] SAI and STAI are consolidated under SingTel's financials.

**SECTION III : OPTUS**

## SINGTEL OPTUS PTY LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS
### FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

- **Operating revenue up 4.5%.**
- **Operational EBITDA up 4.2% -- excluding one-off Broadband Connect costs.**
- **Operational EBITDA margin stable at 28.2% -- excluding Broadband Connect costs.**
- **Underlying net profit of A$165 million -- up 6.6%.**
- **Free cash flow of A$388 million -- down 3.0%.**

### FOR THE YEAR ENDED 31 MARCH 2008

- **Operating revenue up 3.8%.**
- **Operational EBITDA up 1.4% -- excluding Broadband Connect costs.**
- **Operational EBITDA margin at 26.0% -- down 0.6 percentage point.**
- **Underlying net profit of A$552 million -- up 4.6% (excluding impact of exceptional items).**
- **Free cash flow of A$903 million -- up 22%.**

| | Quarter 31 Mar | | YOY | Year 31 Mar | | YOY |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | Chge % | 2008 A$ m | 2007 A$ m | Chge % |
| Operating revenue | 1,935 | 1,851 | 4.5 | 7,760 | 7,475 | 3.8 |
| Operational EBITDA | 538 | 524 | 2.7 | 2,002 | 1,988 | 0.7 |
| *- excluding Broadband Connect* | *546* | *524* | 4.2 | *2,015* | *1,988* | *1.4* |
| *Operational EBITDA margin* | *27.8%* | *28.3%* | | *25.8%* | *26.6%* | |
| *- excluding Broadband Connect* | *28.2%* | *28.3%* | | *26.0%* | *26.6%* | |
| EBIT | 272 | 249 | 9.4 | 910 | 865 | 5.2 |
| Underlying net profit | 165 | 155 | 6.6 | 552 | 528 | 4.6 |
| Net profit | 165 | 155 | 6.6 | 552 | 804 | -31.3 |
| Free cash flow | 388 | 400 | -3.0 | 903 | 742 | 21.7 |

## SECTION III : OPTUS

### OPTUS SUMMARY INCOME STATEMENTS – Singapore GAAP
### For The Fourth Quarter And Year Ended 31 March 2008

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue** | **1,935** | **1,851** | **4.5** | **7,760** | **7,475** | **3.8** |
| Operating expenses | (1,398) | (1,340) | 4.3 | (5,781) | (5,543) | 4.3 |
| | 537 | 511 | 5.1 | 1,980 | 1,932 | 2.5 |
| Other income | 1 | 13 | -93.8 | 23 | 56 | -59.1 |
| **Operational EBITDA** | **538** | **524** | **2.7** | **2,002** | **1,988** | **0.7** |
| ***- EBITDA margin*** | ***27.8%*** | ***28.3%*** | | ***25.8%*** | ***26.6%*** | |
| **Share of results of joint ventures** | | | | | | |
| - ordinary operations | * | * | nm | * | (6) | nm |
| - exceptional items | - | - | - | - | 13 | nm |
| | * | * | nm | * | 7 | nm |
| **EBITDA** | **538** | **524** | **2.7** | **2,002** | **1,995** | **0.4** |
| Depreciation & amortisation | (265) | (275) | -3.5 | (1,092) | (1,130) | -3.3 |
| **EBIT** | **272** | **249** | **9.4** | **910** | **865** | **5.2** |
| Net finance expense | (23) | (27) | -15.1 | (96) | (123) | -22.1 |
| **Profit before exceptional items** | **249** | **222** | **12.4** | **814** | **742** | **9.7** |
| Exceptional items | - | - | - | - | 276 | nm |
| **Profit before tax** | **249** | **222** | **12.4** | **814** | **1,018** | **-20.0** |
| Tax expense | (85) | (67) | 26.0 | (262) | (214) | 22.2 |
| **Net profit after tax** | **165** | **155** | **6.6** | **552** | **804** | **-31.3** |
| **Net profit** | **165** | **155** | **6.6** | **552** | **804** | **-31.3** |
| *Exclude:* | | | | | | |
| Exceptional items | - | - | - | - | (276) | nm |
| **Underlying net profit** | **165** | **155** | **6.6** | **552** | **528** | **4.6** |

Optus Mobile results have been disclosed as a division, consistent with general industry practice. Optus fixed line revenues have been presented in accordance with the organisational structure by customer segments.

## SECTION III : OPTUS

### REVIEW OF OPTUS OPERATING PERFORMANCE
**For The Fourth Quarter Ended 31 March 2008**

In the fourth quarter, Optus delivered an increase in operating revenue of 4.5% and maintained its market position through continued innovative promotion of its wireless products and targeted customer acquisition activities.

Revenue growth was achieved despite the ACCC's mandated reduction in mobile termination rates by 25% from 12 cents per minute to 9 cents from 1 July 2007 as well as Optus' decision to exit unprofitable Consumer fixed line resale market.

In Mobile, Optus continued to build scale. 135,000 new mobile subscribers were added in the quarter of which 87,000 were in postpaid. For the full year ended 31 March 2008, Optus added a total of 400,000 mobile customers, including 231,000 postpaid net additions.

During the quarter, Optus maintained momentum in its range of competitively priced Wireless Broadband products targeted at consumers, small businesses and corporates. Optus also continued to aggressively promote its Mobile cap product offerings.

Mobile EBITDA margin improved to 35%, up 3 percentage points against the preceding quarter, a strong margin performance despite increased customer net additions, and consequently higher acquisition costs, this quarter.

During March, Optus announced an enhanced strategic alliance with Google Inc. whereby Google will power Optus' web search on its myZOO desktop internet portal. This is in addition to Google already providing a search function to Optus customers via their mobile phone. Optus customers will also enjoy faster and easy access to YouTube™ via their mobile phone.

In the Consumer Fixed business, Unbundled Local Loop (ULL) growth continued, with total ULL subscriber base reaching 317,000 as at 31 March 2008, up 52,000 subscribers from a quarter ago.

The increase in ULL subscriber base contributed to 55,000 on-net broadband adds in the quarter. The overall number of broadband subscribers grew 14,000 to 907,000 with on-net growth offset by declines in the resale base with Optus' exit from fixed resale business.

EBITDA this quarter continued to expand with the resale exit combined with yield management initiatives, as well as the benefit of a A$4 million retroactive adjustment with ULL access pricing accrued at A$14.30 per line.

In September 2007, OPEL Networks Pty Limited ("**OPEL**"), a 50 per cent subsidiary of Optus, was awarded A$958 million in funding by the Australian Government to extend high-speed broadband services to rural and regional Australia. On 1 April 2008, the Australian Government advised Optus that it had terminated its contract with OPEL and effectively cancelled the A$958 million funding programme for Broadband Connect. However, Optus had incurred operating costs and capital expenditure on behalf of OPEL directly in respect of this programme, of which A$13 million has been expensed in the year, including A$8 million in this quarter which reduced the EBITDA margin from 28.2% to 27.8%. The Segment EBITDA analyses have accordingly excluded the impact of the write off of Broadband Connect costs.

## SECTION III : OPTUS

Excluding the impact of Broadband Connect costs, Operational EBITDA grew by 4.2% or A$22 million year-on-year, amidst a highly competitive mobile market and a 25% decrease in mandated mobile termination rates. Margin was stable at 28.2%.

Free cash flow amounted to A$388 million, down 3.0% with higher capital expenditure payments offsetting improved operating cashflows. Net profit for the quarter grew 6.6% or A$10 million to A$165 million.

### For The Year Ended 31 March 2008

For the year under review, Optus recorded a 3.8% increase in operating revenue to A$7.76 billion.

The full year results included A$13 million of costs written off that were related to the OPEL programme which reduced the EBITDA margin by 0.2 percentage points from 26.0% to 25.8%. The impact of OPEL costs have been excluded from Segment EBITDA analysis.

Underlying Operational EBITDA grew 1.4% to A$2.02 billion with margin at 26.0%.

The exceptional item of A$276 million last year comprised mainly an accounting gain on sale by Optus of its interest in Southern Cross Cables Holdings Limited (part of the Southern Cross Cable Consortium) to a subsidiary of SingTel.

Underlying net profit increased by 4.6% to A$552 million.

## SECTION III : OPTUS

## SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 December 2007 were as follows:

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Dec 2007 A$ m | QOQ Chge % |
|---|---|---|---|
| **Operating revenue** | **1,935** | **1,995** | **-3.0** |
| Operating expenses - *excluding Broadband Connect* | (1,396) | (1,484) | -5.9 |
| **Operational EBITDA *- excluding Broadband Connect*** | **546** | **509** | **7.3** |
| ***Operational EBITDA margin*** | ***28.2%*** | ***25.5%*** | |
| *Mobile* | *35%* | *32%* | |
| *Business & wholesale fixed* [(1)] | *24%* | *22%* | |
| *Consumer & SMB fixed* | *15%* | *12%* | |
| **Profit before exceptional items and tax** | **249** | **210** | **18.8** |
| **Underlying net profit** | **165** | **143** | **15.5** |
| **Free cash flow** | **388** | **134** | **188.3** |

**Note:**

(1) Business and wholesale fixed margins exclude the impact of Broadband Connect. Prior period results have been restated accordingly.

Operating revenues were lower by 3.0% due mainly to seasonality factors in mobile and mobile equipment revenues.

Operational EBITDA increased this quarter by 7.3% or A$37 million, and margin was 2.7 percentage points higher, with gains across all segments.

The higher free cash flow was driven by improved EBITDA and strong working capital management.

## SECTION III : OPTUS

## DIVISIONAL TOTALS

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue by division:** | | | | | | |
| Mobile | 1,088 | 1,022 | 6.5 | 4,355 | 4,177 | 4.3 |
| Optus Business Fixed | 316 | 281 | 12.1 | 1,243 | 1,134 | 9.6 |
| Optus Wholesale Fixed | 162 | 153 | 6.1 | 629 | 601 | 4.6 |
| Consumer and SMB Fixed | 373 | 402 | -7.2 | 1,553 | 1,599 | -2.8 |
| Less inter-divisional revenue (1) | (4) | (7) | -45.5 | (20) | (36) | -43.0 |
| **Total** | **1,935** | **1,851** | **4.5** | **7,760** | **7,475** | **3.8** |
| **Operational EBITDA by division:** | | | | | | |
| Mobile | 378 | 396 | -4.6 | 1,432 | 1,531 | -6.5 |
| Optus Business & Wholesale Fixed (2) | 113 | 96 | 18.5 | 421 | 341 | 23.5 |
| Consumer and SMB Fixed | 55 | 32 | 70.8 | 163 | 116 | 39.9 |
| **Total *- excluding Broadband Connect*** | **546** | **524** | **4.2** | **2,015** | **1,988** | **1.4** |
| ***Operational EBITDA margins by division:*** | | | | | | |
| Mobile | *35%* | *39%* | | *33%* | *37%* | |
| Optus Business & Wholesale Fixed (2) | *24%* | *22%* | | *22%* | *20%* | |
| Consumer and SMB Fixed | *15%* | *8%* | | *10%* | *7%* | |
| ***Total - excluding Broadband Connect*** | ***28.2%*** | ***28.3%*** | | ***26.0%*** | ***26.6%*** | |

**Note:**
(1) Inter-divisional revenue represents mobile termination revenue for fixed to mobile calls originating with Consumer and SMB fixed, and Optus Business fixed and preselected customers.
(2) Business and wholesale fixed EBITDA and margin excludes the impact of Broadband Connect costs.

In the quarter, the Mobile division contributed 56% to total revenue, consistent with the same quarter last year. Its contribution to operational EBITDA decreased to 69% from 76% a year ago, a result of higher customer acquisition costs associated with the growth in customer numbers, combined with the positive impact of EBITDA growth in Fixed business from volume growth and higher on-net mix.

## SECTION III : OPTUS

# OPTUS MOBILE DIVISION

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Mobile communications revenue** [1] | | | | | | |
| Outgoing service revenue | 754 | 702 | 7.4 | 2,975 | 2,781 | 7.0 |
| Incoming service revenue | 189 | 206 | -8.5 | 748 | 866 | -13.6 |
| Service revenue | 942 | 908 | 3.8 | 3,723 | 3,647 | 2.1 |
| Equipment | 146 | 114 | 27.9 | 633 | 530 | 19.4 |
| **Total Mobile revenue** | **1,088** | **1,022** | **6.5** | **4,355** | **4,177** | **4.3** |
| **Operational EBITDA** [2] | **378** | **396** | **-4.6** | **1,432** | **1,531** | **-6.5** |
| ***- EBITDA margin*** | ***35%*** | ***39%*** | | ***33%*** | ***37%*** | |

| **Key Drivers** | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **Number of mobile subscribers (000s)** | | | | | | |
| Prepaid | 3,966 | 3,918 | 3,797 | 3,966 | 3,797 | 4.5 |
| Postpaid [3] | 3,171 | 3,084 | 2,940 | 3,171 | 2,940 | 7.8 |
| **Total** | **7,137** | **7,002** | **6,737** | **7,137** | **6,737** | 5.9 |
| ***Mobile penetration rate*** [4] | ***ND*** | ***100%*** | ***99%*** | ***ND*** | ***99%*** | |
| **MOUs per subscriber per month** [5] | | | | | | |
| Prepaid | 79 | 80 | 71 | 76 | 66 | 15.2 |
| Postpaid | 163 | 173 | 158 | 168 | 163 | 3.0 |
| **ARPU per month (A$)** [5] | | | | | | |
| Prepaid | 26 | 26 | 25 | 26 | 24 | 6.2 |
| Postpaid | 67 | 70 | 71 | 69 | 73 | -6.4 |
| **Blended** | **44** | **46** | **45** | **45** | **46** | -2.8 |
| ***Data revenue as a % of service revenue*** [6] | | | | | | |
| - total data | ***29%*** | ***29%*** | ***26%*** | ***28%*** | ***24%*** | |
| - non-SMS data | ***6.0%*** | ***5.2%*** | ***4.2%*** | ***5.1%*** | ***3.5%*** | |
| ***Market share - total*** [7] | ***ND*** | ***32.1%*** | ***32.7%*** | ***ND*** | ***32.7%*** | |
| ***Retail postpaid churn rate per month*** [8] | ***1.7%*** | ***1.6%*** | ***1.6%*** | ***1.6%*** | ***1.6%*** | |
| ***% users through wholesale*** | ***5%*** | ***6%*** | ***5%*** | ***5%*** | ***5%*** | |
| **Acquisition cost per subscriber** | **A$145** | **A$143** | **A$116** | **A$153** | **A$134** | |

**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 is measured as total mobile market, as estimated by Optus, divided by Australia's total population.
(5) Based on average customers, calculated as the simple average of opening and closing customers. MOU includes outgoing minutes only. ARPU excludes equipment revenue.

## SECTION III : OPTUS

(6) In the quarter ended 30 September 2007, Optus refined its revenue allocation methodology between voice and data products, taking into account discounts inherent in capped plans. The disclosure of non-SMS data as a percentage of service revenue has been presented on this allocation basis.
(7) Market size and market share figures as of 31 December 2007 are based on carriers' public disclosure of customer numbers.
(8) Churn calculation includes Optus, Virgin Mobile and other Optus subsidiaries' subscribers but excludes customers transferring from postpaid to prepaid.

Operating revenue for Mobile Division grew 6.5% to A$1.09 billion.

Outgoing service revenue increased by 7.4% in the current quarter with growth in both prepaid and postpaid market segments.

Total net additions for the March quarter were 135,000. Postpaid customer growth continued with strong net additions of 87,000. The number of 3G subscribers[4] increased to 1,401,000, a 21% increase compared to a quarter ago.

Incoming service revenue however decreased by 8.5% mainly from lower termination rates mandated by the ACCC. The average inbound mobile termination rates fell 25% from a year ago, reflecting the reduction in the ACCC's mandated termination rates from 12 cents per minute a year ago to 9 cents from 1 July 2007. Subscriber growth, strong voice and SMS terminating traffic partly mitigated the impact from the sharp decline in rates.

Equipment revenue increased by 28%, driven by higher sales volumes in both prepaid and postpaid segments.

Acquisition cost per subscriber was stable compared to the preceding quarter, but 25% higher than a year ago driven by continuing aggressive and targeted postpaid acquisition activity.

SMS and other data revenue at 29% of ARPU, was up from 26% a year ago with stimulation of SMS and increased take up of wireless broadband. The proportion of non-SMS data revenue (including premium SMS) grew to 6.0% of ARPU in the current quarter, compared to 4.2% a year ago.

Optus continued to lead in the prepaid market and in the quarter launched on-line prepaid recharge which saw successful take up.

Capped plans are offered by Optus to its retail customers in the small business and consumer segments. A total of 50%[5] of new and recontracted postpaid customers chose capped plans this quarter. Approximately 36% of the total Optus postpaid mobile base were on capped plans as at 31 March 2008, 2 percentage points higher than a quarter ago and up from 26% a year ago.

The lower postpaid ARPU in the March quarter was due to seasonally lower usage and increased sales of lower priced plans targeted at certain segments. The ARPU decline compared to the same quarter last year was also caused by the 25% mandated reduction in mobile termination rates.

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

[5] 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 of 31 March 2008 was 39% (31 December 2007: 37%), with 55% of total new and recontracted customers choosing capped plans in this quarter (December 2007 quarter: 61%).

## SECTION III : OPTUS

Operational EBITDA decreased by 4.6% mainly due to lower mobile termination rates. EBITDA margin was 35%, down from 39% a year ago, which primarily reflected acquisition and retention costs associated with postpaid customer growth.

Optus continued with the expansion of its 3G HSPA mobile network, enhancing the quality and speed of mobile services across the country with its rollout of 3G coverage to 96% of the Australian population by December 2008. As at 31 March 2008 the 3G network provided coverage to 68% of the population.

On 7 May 2008, Optus announced it would embark on an investment program to expand its nationwide mobile network beyond 96% population coverage to reach 98%. 750 new mobile base station sites will be added, extending Optus' mobile network coverage by 400,000 square kilometres with the planned build targeted for completion by December 2009. This build program will cost A$315 million. With this significant investment, Optus will be the only carrier capable of challenging the incumbent telco's network on both coverage and speed.

## SECTION III : OPTUS

### OPTUS BUSINESS & WHOLESALE FIXED DIVISIONS

| | Quarter 31 Mar | | YOY | Year 31 Mar | | YOY |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | Chge % | 2008 A$ m | 2007 A$ m | Chge % |
| **Business revenue** | | | | | | |
| Voice | 107 | 109 | -2.5 | 434 | 427 | 1.6 |
| Data and IP | 110 | 102 | 8.4 | 454 | 408 | 11.3 |
| ICT and Managed Services | 99 | 70 | 40.1 | 355 | 299 | 18.7 |
| **Total Business fixed revenue** | **316** | **281** | **12.1** | **1,243** | **1,134** | **9.6** |
| **Wholesale revenue** | | | | | | |
| Voice | 34 | 35 | -4.5 | 150 | 164 | -8.6 |
| Data and IP | 62 | 51 | 22.4 | 229 | 193 | 18.7 |
| Satellite | 67 | 67 | 0.2 | 249 | 243 | 2.6 |
| **Total Wholesale fixed revenue** | **162** | **153** | **6.1** | **629** | **601** | **4.6** |
| **Total Business & Wholesale fixed revenue** | **477** | **434** | **10.0** | **1,872** | **1,735** | **7.9** |
| **Operational EBITDA** (1), (2) | **113** | **96** | **18.5** | **421** | **341** | **23.5** |
| ***- EBITDA margin*** | ***24%*** | ***22%*** | | ***22%*** | ***20%*** | |

| **Key Drivers** | Quarter 31 Mar | 31 Dec | 31 Mar | Year 31 Mar | | YOY Chge |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2007 | 2008 | 2007 | % |
| Business voice minutes (m min) | 1,368 | 1,334 | 1,348 | 5,476 | 5,501 | -0.5 |
| Wholesale domestic voice minutes (m min) | 421 | 483 | 350 | 1,698 | 1,340 | 26.7 |
| **As at end of period:** | | | | | | |
| Buildings connected (3) | 16,553 | 16,448 | 15,801 | 16,553 | 15,801 | 4.8 |

**Notes:**

(1) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
(2) Business and wholesale fixed EBITDA and margin excludes the impact of Broadband Connect costs.
(3) Directly connected buildings include all connections via all access media - fibre, DSL, fixed wireless, satellite and leases.

Total Business and Wholesale fixed revenue grew 10%, driven by the robust 12% growth in Optus Business fixed revenue. Optus Business continued to focus on its key strategies of growing IP-VPN, expanding ICT and Managed Services business and successfully managing legacy products.

Optus Business fixed voice revenue declined by 2.5% caused mainly by the impact of fewer business days in the current quarter.

Business Data & IP revenue increased by 8.4% in the fourth quarter, underpinned by continuing success in migrating customers to IP-VPN and strong growth in Ethernet and Uecomm services.

ICT and Managed Services revenue increased by 40% as Optus and its subsidiary, Alphawest supported their corporate customers in delivering converged business applications.

## SECTION III : OPTUS

Optus continued to win major corporate and government deals including the renewal of St George Bank, The Department of Immigration and Citizenship, and the Australian Bureau of Statistics.

Total Wholesale fixed revenue grew 6.1% year-on-year. Wholesale Data and IP revenues grew 22% as strong demand for Internet bandwidth and access continued. Voice revenues declined by 4.5% as increased domestic usage and new customer wins were offset by lower international inpayment revenue, but correspondingly with lower outpayment costs for international traffic.

Satellite revenue was stable reflecting the high utilisation of current satellite capacity. Optus is on track to launch its third D-series satellite in 2009.

Operational EBITDA for the combined division again grew strongly this quarter by 19% to A$113 million. EBITDA margin increased 2 percentage points to 24%, with higher margin Data and IP products and other on-net revenue streams.

## SECTION III : OPTUS

## OPTUS CONSUMER AND SMB FIXED DIVISION

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **On-net** | | | | | | |
| Voice | 122 | 101 | 21.4 | 454 | 392 | 15.9 |
| Broadband | 76 | 51 | 48.4 | 259 | 185 | 40.1 |
| Pay TV | 37 | 30 | 25.7 | 140 | 121 | 15.1 |
| **Consumer Fixed on-net** | **235** | **181** | **29.7** | **853** | **698** | **22.2** |
| **Off-net** | | | | | | |
| Voice | 58 | 121 | -51.8 | 339 | 510 | -33.5 |
| Broadband | 22 | 35 | -37.8 | 116 | 128 | -9.1 |
| Dial-up | 6 | 9 | -35.2 | 28 | 44 | -35.6 |
| **Consumer Fixed off-net** | **86** | **165** | **-48.0** | **484** | **682** | **-29.1** |
| **Consumer Fixed revenue** | **321** | **346** | **-7.3** | **1,337** | **1,380** | **-3.1** |
| **SMB** | | | | | | |
| Voice | 42 | 47 | -10.4 | 178 | 189 | -5.6 |
| Data and IP | 10 | 9 | 17.6 | 38 | 30 | 27.5 |
| **SMB fixed revenue** | **52** | **56** | **-6.3** | **217** | **219** | **-1.1** |
| **Total Consumer & SMB fixed revenue** | **373** | **402** | **-7.2** | **1,553** | **1,599** | **-2.8** |
| **Operational EBITDA (1)** | **55** | **32** | **70.8** | **163** | **116** | **39.9** |
| ***- EBITDA margin*** | ***15%*** | ***8%*** | | ***10%*** | ***7%*** | |

| **Key Drivers** | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **On-net ARPU (A$) (2)** | | | | | | |
| Voice | 56 | 59 | 63 | 59 | 63 | -7.3 |
| Broadband | 40 | 41 | 44 | 41 | 44 | -7.1 |
| **Telephony customers ('000)** | | | | | | |
| HFC | 534 | 534 | 510 | 534 | 510 | 4.7 |
| ULL (3) | 317 | 265 | 93 | 317 | 93 | 240.4 |
| **On-net** | **851** | **799** | **603** | **851** | **603** | **41.1** |
| Resale | 322 | 421 | 599 | 322 | 599 | -46.2 |
| Long distance only | 43 | 45 | 50 | 43 | 50 | -14.1 |
| **Off-net** | **365** | **466** | **649** | **365** | **649** | **-43.7** |
| *HFC bundling rate (4)* | *80%* | *78%* | *78%* | *80%* | *78%* | |
| ***HFC penetration*** | ***38%*** | ***38%*** | ***36%*** | ***38%*** | ***36%*** | |
| **Internet customers (000s)** | | | | | | |
| ***On-net*** | | | | | | |
| HFC broadband | 412 | 405 | 351 | 412 | 351 | 17.3 |
| ULL broadband (3) | 267 | 219 | 60 | 267 | 60 | 343.4 |
| Business grade broadband (5) | 26 | 26 | 23 | 26 | 23 | 13.8 |
| | 705 | 650 | 434 | 705 | 434 | 62.3 |
| ***Off-net*** | | | | | | |
| Broadband | 202 | 243 | 347 | 202 | 347 | -42.0 |
| **Broadband subtotal** | **907** | **893** | **781** | **907** | **781** | **16.0** |
| Dial-up | 181 | 205 | 266 | 181 | 266 | -32.1 |
| **Total Internet customers** | **1,088** | **1,098** | **1,047** | **1,088** | **1,047** | **3.8** |

## 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) Include wholesale ULL subscribers.
(4) 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).
(5) Revenue associated with the business grade retail broadband customers is included within Optus Business fixed segment.

This quarter, Optus saw continued ULL growth, with 317,000 subscribers provisioned with services on ULL, up from 265,000 a quarter ago. As at 31 March 2008, there were 357 ULL exchanges completed. The ULL build will include a total of 366 exchanges with a coverage footprint of 2.9 million premises.

Consumer fixed on-net revenue grew by 30%. Consistent with its strategy of focusing on on-net subscriber growth, Optus continued to exit unprofitable resale services. Accordingly, off-net revenue declined by 48% and contributed to an overall revenue decrease of 7.2%. The proportion of on-net revenue in Consumer fixed is now at 73%, up from 52% a year ago.

SMB fixed revenue declined 6.3% with growth from on-net internet services offset by declining off-net voice revenue.

Broadband revenue grew strongly by 14% albeit in a market with an increasing mix of lower-priced broadband plans. On-net broadband customers increased 62% to 705,000 and accounted for 78% of the total broadband customer base. Broadband customers (including business grade customers) totalled 907,000, an increase of 126,000 or 16% from a year ago.

EBITDA grew A$23 million from the last corresponding quarter, with margin expansion of 7 percentage points to 15%. The increase was driven by both higher on-net revenue mix and yield management initiatives. The March quarter also included the benefit of a A$4 million retroactive adjustment related to ULL access pricing.

## SECTION III : OPTUS

## OPTUS OPERATING EXPENSES
## (Before Depreciation and Amortisation)

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Interconnect | 285 | 350 | -18.5 | 1,272 | 1,456 | -12.6 |
| Outpayments & other leases | 51 | 51 | 0.6 | 229 | 237 | -3.0 |
| Traffic expenses | 336 | 401 | -16.1 | 1,502 | 1,693 | -11.3 |
| Selling & administrative | 528 | 468 | 13.0 | 2,068 | 1,841 | 12.3 |
| Staff costs | 281 | 246 | 14.1 | 1,094 | 1,020 | 7.2 |
| Cost of sales | 252 | 207 | 22.0 | 1,080 | 940 | 15.0 |
| Repair & maintenance and others | 42 | 53 | -21.2 | 185 | 181 | 2.0 |
| Capitalisation of costs (1) | (42) | (35) | 21.9 | (147) | (131) | 12.4 |
| **Total** | **1,397** | **1,340** | **4.3** | **5,781** | **5,543** | **4.3** |
| **As a percentage of operating revenue** | | | | | | |
| Traffic expenses | 17% | 22% | | 19% | 23% | |
| Selling & administrative | 27% | 25% | | 27% | 25% | |
| Staff costs | 15% | 13% | | 14% | 14% | |
| Cost of sales | 13% | 11% | | 14% | 13% | |
| Repair & maintenance and others | 2% | 3% | | 2% | 2% | |
| Capitalisation of costs (1) | -2% | -2% | | -2% | -2% | |
| | **72%** | **72%** | | **74%** | **74%** | |

| | Quarter 31 Mar 2008 | Quarter 31 Dec 2007 | Quarter 31 Mar 2007 | Year 31 Mar 2008 | Year 31 Mar 2007 | YOY Chge % |
|---|---|---|---|---|---|---|
| **Staff statistics** | | | | | | |
| Number of employees, at end of period | 10,679 | 10,347 | 9,897 | 10,679 | 9,897 | 7.9 |
| Average number of employees | 10,575 | 10,330 | 9,900 | 10,219 | 9,973 | 2.5 |
| Revenue per employee (A$'000) (2) | 183 | 193 | 187 | 759 | 750 | 1.3 |

**Notes:**

(1) Capitalisation relates primarily to staff costs.
(2) Based on average employee numbers.
(3) In the quarter ended 30 June 2007, Optus aligned the presentation of the labour costs of its ICT and Managed Services division, which were previously disclosed under Cost of Sales. In addition, Pay TV programming costs and Mobile spectrum licence fees were reclassified from Cost of Sales to Selling & Administrative expenses. Comparatives have been restated accordingly.

Operating expenses increased by 4.3% in the current quarter, with increases in Cost of Sales, Staff costs and Selling & administrative expenses partly mitigated by lower Traffic expenses.

Traffic expenses fell by 16%. This was primarily due to the shift to more on-net fixed line traffic including ULL and lower mobile termination rates, offset by an increase in mobile traffic.

## SECTION III : OPTUS

Selling & Administrative expenses were up 13%. The increase was due mainly to higher mobile acquisition and retention costs and mobile content costs. On a full year comparison, mobile subscriber acquisition costs per customer increased by 25% and postpaid customer base grew 7.8%.

Total staff costs increased by 14%, with annual salary increments and headcount growth to support new products, customer acquisition and service activities, ICT revenues, and network build activities. Headcount as at 31 March 2008 increased by 7.9% from a year ago.

Cost of Sales increased by 22% in line with the higher mobile equipment revenue and ICT revenue.

## OTHER INCOME

| | Quarter 31 Mar | | YOY | Year 31 Mar | | YOY |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | Chge % | 2008 A$ m | 2007 A$ m | Chge % |
| Sublease income | 10 | 6 | 54.7 | 30 | 23 | 29.7 |
| Foreign exchange (losses)/ gains | (6) | * | nm | (14) | 5 | nm |
| OPEL capital expenditure write off | (7) | - | nm | (7) | - | nm |
| Other | 5 | 7 | -31.8 | 14 | 28 | -47.3 |
| **Total** | **1** | **13** | **-93.8** | **23** | **56** | **-59.1** |

Other income is impacted by foreign exchange movements and the write-off of costs related to OPEL's Broadband Connect capital expenditure of A$7 million. The remaining A$1 million of Broadband Connect costs incurred in the quarter are classified under operating expenses.

## SHARE OF RESULTS OF JOINT VENTURES

| | Quarter 31 Mar | | YOY | Year 31 Mar | | YOY |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | Chge % | 2008 A$ m | 2007 A$ m | Chge % |
| **Share of ordinary profit/(loss)** | | | | | | |
| Southern Cross Cable Consortium | - | - | nm | - | (6) | nm |
| Bridge Mobile Alliance | * | * | nm | * | * | nm |
| | * | * | **nm** | **-** | **(6)** | **nm** |
| **Share of exceptional item** | | | | | | |
| Pacific Carriage Holdings Limited | - | - | nm | - | 13 | nm |
| **Total** | * | * | **nm** | * | **7** | **nm** |

In the quarter ended 30 June 2006, Optus sold its interest in Southern Cross Cables Holdings Limited (part of the Southern Cross Cable Consortium) to a subsidiary of SingTel, recording an exceptional accounting gain of A$276 million.

Optus continues to hold a 39.99% interest in Pacific Carriage Holdings Limited, a US-based legal entity of the Southern Cross Cable Consortium.

## SECTION III : OPTUS

## OTHER INCOME STATEMENT ITEMS

### Depreciation and Amortisation

| | Quarter 31 Mar | | YOY Chge | Year 31 Mar | | YOY Chge |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | % | 2008 A$ m | 2007 A$ m | % |
| Depreciation and amortisation expense | 265 | 275 | -3.5 | 1,092 | 1,130 | -3.3 |
| ***As a percentage of operating revenue*** | ***14%*** | ***15%*** | | ***14%*** | ***15%*** | |

Depreciation and amortisation expense was consistent with the corresponding quarter and asset movements, including asset retirements.

### Net Finance Expense

| | Quarter 31 Mar | | YOY Chge | Year 31 Mar | | YOY Chge |
|---|---|---|---|---|---|---|
| | 2008 A$ m | 2007 A$ m | % | 2008 A$ m | 2007 A$ m | % |
| Interest expense to others | 30 | 32 | -4.4 | 121 | 145 | -16.6 |
| Interest capitalised | (1) | (2) | -30.0 | (10) | (14) | -27.7 |
| | 29 | 30 | -2.7 | 111 | 131 | -15.3 |
| Interest income from SingTel | - | (2) | nm | - | (6) | nm |
| Interest income from others | (4) | (9) | -59.1 | (12) | (17) | -31.4 |
| | (4) | (11) | -66.4 | (12) | (23) | -48.0 |
| Net interest expense | **25** | **19** | **32.8** | **99** | **108** | **-8.5** |
| **Other finance costs** | | | | | | |
| Unwinding of discounts, incl adjs | 1 | 5 | nm | (2) | 10 | nm |
| Revaluation (loss)/gain of FX contracts | (3) | 3 | nm | (2) | 5 | nm |
| **Total** | **23** | **27** | **-15.1** | **96** | **123** | **-22.1** |

Net interest expense grew 33% to A$25 million primarily due to higher interest receipts in the last corresponding quarter.

## SECTION III : OPTUS

### Taxation

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Optus' Australian income tax expense | 85 | 67 | 25.9 | 260 | 214 | 21.1 |
| Share of joint venture income tax expense | - | - | nm | 2 | - | nm |
| | **85** | **67** | **26.0** | **262** | **214** | **22.2** |

The income tax expense reflected primarily the Australian statutory tax rate of 30% together with variations between accounting and taxable income. The effective tax rate of 34% for the quarter is higher than 30% as it included an additional A$13 million in tax expense relating to under-provision in prior periods.

## SECTION III : OPTUS

## CASH FLOW AND CAPITAL EXPENDITURE

| | Quarter | | | Year | | YOY |
|---|---|---|---|---|---|---|
| | 31 Mar | 31 Mar | 31 Dec | 31 Mar | | Chge |
| | 2008 | 2007 | 2007 | 2008 | 2007 | % |
| | A$ m | A$ m | A$ m | A$ m | A$ m | |
| **Net cash inflow from operating activities** | | | | | | |
| Profit before tax | **249** | **222** | **210** | **814** | **1,018** | **-20.0** |
| Non cash items | 298 | 303 | 298 | 1,204 | 974 | 23.6 |
| Operating cashflow before working capital changes | 548 | 525 | 508 | 2,018 | 1,992 | 1.3 |
| Changes in operating assets and liabilities | 116 | 111 | (95) | 15 | (69) | nm |
| Tax paid | * | * | * | * | * | nm |
| **Net cash inflow from operating activities** | **664** | **636** | **412** | **2,033** | **1,923** | **5.7** |
| **Net cash outflow from investing activities** | | | | | | |
| Purchases of property, plant and equipment | (276) | (236) | (278) | (1,130) | (1,181) | -4.3 |
| Loan to STAI | (572) | - | (276) | (1,278) | - | nm |
| Others | 4 | 12 | 1 | 9 | 27 | -66.9 |
| | **(845)** | **(224)** | **(553)** | **(2,399)** | **(1,154)** | **107.9** |
| **Net cash outflow from financing activities** | | | | | | |
| Net increase/(decrease) in bank borrowings | 209 | (491) | 157 | 461 | (602) | nm |
| Purchase of SingTel shares | (0) | - | - | (10) | (10) | - |
| Net interest paid on borrowings and swaps | (30) | (33) | (30) | (120) | (147) | -18.7 |
| | **178** | **(524)** | **127** | **332** | **(759)** | **nm** |
| **Net change in cash and cash equivalents** | **(3)** | **(112)** | **(14)** | **(34)** | **10** | **nm** |
| Cash and cash equivalents at beginning | 99 | 243 | 113 | 131 | 121 | 8.5 |
| Cash and cash equivalents at end | **97** | **131** | **99** | **97** | **131** | **-26.1** |
| **Free cash flow** | **388** | **400** | **134** | **903** | **742** | **21.7** |
| ***Cash capital expenditure to operating revenue*** | ***14%*** | ***13%*** | ***14%*** | ***15%*** | ***16%*** | |

In the quarter, operating cash flow amounted to A$664 million, A$28 million higher than the same quarter last year with higher EBITDA and positive working capital movements.

The investing cash outflow comprised mainly capital expenditure of A$276 million and a loan of A$572 million to Optus' immediate holding company, STAI.

Cash capital expenditure level was 17% higher year-on-year due to phasing of project payments, and at 14% of operating revenue this quarter.

Cash capital expenditure for the full year is at 15% to operating revenue. For the year ended 31 March 2008, free cash flow increased by a strong 22%, reflecting positive trends in operating activities.

## SECTION III : OPTUS

### Capital expenditure by division

| | Quarter 31 Mar 2008 A$ m | Quarter 31 Mar 2007 A$ m | YOY Chge % | Year 31 Mar 2008 A$ m | Year 31 Mar 2007 A$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| Mobile | 95 | 65 | 47.1 | 302 | 300 | 0.7 |
| Business & wholesale | 86 | 85 | 1.1 | 406 | 371 | 9.6 |
| Consumer & multimedia | 29 | 32 | -7.3 | 129 | 157 | -18.2 |
| Other | 65 | 54 | 20.6 | 292 | 353 | -17.1 |
| **Total** | **276** | **236** | **17.1** | **1,130** | **1,181** | **-4.3** |

In the quarter, capital expenditure for the Mobile division was A$95 million or 34% of Optus' total capital expenditure. Of this amount, A$60 million was for the expansion of Optus' 3G and HSPA network.

The capital expenditure of A$86 million for the Optus Business and Wholesale fixed division was largely for the D-Series satellites as well as Customer Access and Transmission networks.

In Consumer and SMB fixed division, the capital expenditure of A$29 million primarily represented costs of ULL network investment and customer connections.

The other capital expenditure this quarter related mainly to investment in customer care IT systems (A$17 million), and purchase of additional Southern Cross Cable capacity (A$16 million).

Total capital investment in the new customer care and IT billing systems ("**Reitz Project**") was A$81 million during the year with an aggregate capital spend of A$160 million incurred since commencement of the programme. The programme is tracking well to planned delivery dates and customer migration to the new Reitz platform for the Consumer and SMB segments is currently in progress.

## SECTION IV: ASSOCIATES/ JOINT VENTURES

### FINANCIAL HIGHLIGHTS
### FOR THE FOURTH QUARTER ENDED 31 MARCH 2008

- **Pre-tax ordinary profit contributions from associates up 15% to S$646 million. Including exceptional items, pre-tax profit contributions increased 19% to S$646 million.**

- **On a post-tax basis, earnings from associates rose 21% to S$500 million and contributed 52% to the Group's underlying net profit (ex-IDA compensation).**

- **The Group's combined mobile subscriber base[6] grew by 14 million in the quarter. Year-on-year, including Warid's 14 million subscribers, the subscriber base was up 50% or 62 million to 185 million. On a proportionate share basis, the increase was 7.6% to 66 million subscribers from a quarter ago.**

### FOR THE YEAR ENDED 31 MARCH 2008

- **Group's share of pre-tax profit up 24% to S$2.56 billion.**

- **Post-tax profit contributions from associates grew 26% to S$1.93 billion.**

[6] Combined mobile subscriber base here refers to the total number of mobile subscribers in SingTel, Optus and the regional mobile associates.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

| | Equity Int % | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|---|
| **Regional mobile associates** | | | | | | | |
| Telkomsel | 35.0 | 274 | 258 | 6.4 | 1,153 | 994 | 16.0 |
| Bharti Telecom / Bharti Airtel [6] | 30.4 | | | | | | |
| *- operating results* | | 236 | 156 | 51.4 | 831 | 489 | 69.8 |
| *- fair value adjustments on financial items* | | (14) | 2 | nm | 10 | 20 | -50.8 |
| | | 222 | 157 | 41.2 | 840 | 509 | 65.1 |
| Globe | 44.5 | | | | | | |
| *- operating results* | | 83 | 77 | 7.7 | 305 | 233 | 30.8 |
| *- fair value adjustments on financial items* | | (2) | (4) | -54.5 | 12 | 11 | 7.1 |
| *- additional quarter operating results (Jan-Mar 2006)* | | - | - | - | - | 64 | nm |
| | | 81 | 73 | 11.4 | 317 | 309 | 2.7 |
| AIS [2] | 21.4 | | | | | | |
| *- operating results* | | 56 | 49 | 15.6 | 233 | 231 | 0.9 |
| *- net interconnection revenue* | | 20 | - | nm | 20 | - | nm |
| | | 76 | 49 | 55.7 | 253 | 231 | 9.4 |
| PBTL | 45.0 | (5) | (4) | 9.1 | (23) | (39) | -39.4 |
| Warid [3] | 30.0 | (19) | - | nm | (31) | - | nm |
| | | **630** | **532** | **18.3** | **2,508** | **2,003** | **25.2** |
| **Other SingTel associates** | | | | | | | |
| Singapore Post [4] | 25.7 | 9 | 11 | -16.2 | 46 | 44 | 4.3 |
| New Century InfoComm ("NCIC") [5] | - | - | 3 | nm | 4 | (8) | nm |
| Others | | 7 | 15 | -53.0 | 34 | 41 | -16.2 |
| **SingTel share of ordinary results (pre-tax)** | | **646** | **561** | **15.1** | **2,591** | **2,080** | **24.6** |
| **Optus share of ordinary results (pre-tax)** | | ***** | **-** | **nm** | ***** | **(7)** | **nm** |
| **Group share of ordinary results (pre-tax)** | | **646** | **561** | **15.1** | **2,591** | **2,072** | **25.0** |
| **Exceptional items ("EI")** | | | | | | | |
| PBTL - accrual for compensation payment to regulator | | - | - | - | (14) | - | nm |
| Telkomsel - accrual for withholding tax for prior periods | | - | - | - | (7) | - | nm |
| Southern Cross - impairment charge and other adjustments | 40.0 | - | - | - | (11) | - | nm |
| Globe Telecom - bond redemption | | - | (19) | nm | - | (19) | nm |
| NCIC - reversal of impairment on investment | | - | - | - | - | 4 | nm |
| **SingTel share of EI** | | **-** | **(19)** | **nm** | **(32)** | **(15)** | **110.5** |
| **Optus share of EI - Pacific Carriage Holdings** | | **-** | **-** | **-** | **-** | **16** | **nm** |
| **Group share of EI** | | **-** | **(19)** | **nm** | **(32)** | **1** | **nm** |
| **Group share of pre-tax profit [6]** | | **646** | **543** | **19.0** | **2,559** | **2,073** | **23.5** |
| *(ex-Globe's additional quarter)* | | *646* | *543* | *19.0* | *2,559* | *2,009* | *27.4* |
| **Group share of pre-tax profit [6]** | | **646** | **543** | **19.0** | **2,559** | **2,073** | **23.5** |
| **Share of Bharti's dilution gain on Infratel** | | **153** | **-** | **nm** | **153** | **-** | **nm** |
| **Total share of pre-tax profit [7]** | | **799** | **543** | **47.3** | **2,712** | **2,073** | **30.9** |

**Notes:**

(1) The accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated to ensure compliance with the Group's accounting policies.

(2) This associate has December financial year end and the Group equity accounted for its share of results of this company based on the audited financials for the year ended 31 December 2007. One-off transactions between 1 January 2008 and 31 March 2008 which are material are also accounted by the Group in the current quarter.

(3) In September 2007, the Group purchased an equity interest of 30% in Warid and commenced equity accounting of Warid's results from the December 2007 quarter.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

(4) The Group's equity interest in SingPost was diluted to 25.67% as at 31 March 2008 from 25.75% a year earlier following the exercise of some SingPost employee stock options.
(5) The Group disposed its 24.5% equity interest in NCIC in exchange for an equity interest of 3.98% in Far EasTone Telecoms Co. Ltd ("**FET**") in December 2007 quarter. FET is accounted for as an "Available-For-Sale" investment, where results are not equity accounted for but dividends are recognised as income when approved and declared.
(6) Exclude the share of Bharti's exceptional dilution gain on Infratel of S$153 million.
(7) This represents the Group's share of the total reported pre-tax profit of the associates.

| | Quarter | | | | YOY | Year | | | | YOY |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31 Mar | | | | Chge | 31 Mar | | | | Chge |
| | 2008 | | 2007 | | | 2008 | | 2007 | | |
| | S$ m | % [1] | S$ m | % [1] | % | S$ m | % [1] | S$ m | % [1] | % |
| **Post-tax profit contribution** | | | | | | | | | | |
| Telkomsel | | | | | | | | | | |
| - ordinary results | 186 | | 180 | | 3.3 | 810 | | 687 | | 17.8 |
| - exceptional item | - | | - | | - | (7) | | - | | nm |
| | 186 | 19.3 | 180 | 20.4 | 3.3 | 803 | 21.8 | 687 | 21.4 | 16.8 |
| Bharti Telecom/ Bharti Airtel [2] | | | | | | | | | | |
| - ordinary results | 218 | | 143 | | 52.1 | 765 | | 448 | | 70.7 |
| - one-off tax adjustment | - | | - | | - | (12) | | - | | nm |
| | 218 | 22.5 | 143 | 16.2 | 52.1 | 753 | 20.5 | 448 | 13.9 | 67.9 |
| Globe | | | | | | | | | | |
| - ordinary results | 52 | | 48 | | 8.4 | 209 | | 162 | | 29.3 |
| - exceptional item | - | | (12) | | nm | - | | (12) | | nm |
| - additional quarter results (Jan-Mar 2006) | - | | - | | - | - | | 44 | | nm |
| | 52 | 5.3 | 35 | 4.0 | 46.6 | 209 | 5.7 | 194 | 6.0 | 8.1 |
| AIS | 53 | 5.5 | 34 | 3.9 | 55.6 | 176 | 4.8 | 161 | 5.0 | 9.6 |
| PBTL | | | | | | | | | | |
| - ordinary results | (5) | | (4) | | 16.7 | (24) | | (28) | | -15.5 |
| - exceptional item | - | | - | | - | (14) | | - | | nm |
| | (5) | (0.5) | (4) | (0.5) | 16.7 | (38) | (1.0) | (28) | (0.9) | 36.0 |
| Warid | (19) | (2.0) | - | - | nm | (32) | (0.9) | - | - | nm |
| **Regional mobile associates** | **485** | **50.2** | **389** | **43.9** | **24.8** | **1,872** | **50.9** | **1,462** | **45.4** | **28.0** |
| Others | 15 | 1.6 | 26 | 3.0 | -42.7 | 60 | 1.6 | 75 | 2.3 | -20.3 |
| **Post -tax contribution[2]** | **500** | **51.7** | **415** | **46.8** | **20.5** | **1,932** | **52.5** | **1,538** | **47.8** | **25.6** |
| *(ex- Globe's additional quarter)* | *500* | *51.7* | *415* | *46.8* | *20.5* | *1,932* | *52.5* | *1,494* | *47.0* | *29.3* |
| **Post-tax contribution [2]** | **500** | | **415** | | **20.5** | **1,932** | | **1,538** | | **25.6** |
| **Share of Bharti's dilution gain on Infratel** | **153** | | **-** | | **nm** | **153** | | **-** | | **nm** |
| **Share of Bharti's deferred tax expense** | **(19)** | | **-** | | **nm** | **(19)** | | **-** | | **nm** |
| **Total post-tax contribution [3]** | **635** | **N.A.** | **415** | **N.A.** | **52.9** | **2,067** | **N.A.** | **1,538** | **N.A.** | **34.4** |

**Note:**
(1) This denotes the post-tax profit contribution of the associate to the Group's underlying net profit (excluding IDA compensation).
(2) Exclude the share of Bharti's exceptional dilution gain on Infratel of S$153 million and share of Bharti's exceptional tax expense of S$19 million on reversal of deferred tax asset upon transfer of passive infrastructural assets to Infratel. If both exceptional items are included, Bharti accounted for 32% (Q4 FY06/07: 15%) and 22% (FY 06/07: 12%) of reported net profit for the quarter and year ended 31 March 2008 respectively.
(3) This represents the Group's share of the total reported net profit of the associates.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

The Group's share of the overall pre-tax profit from associates[7] was up 19% or S$103 million to S$646 million in the quarter, largely driven by Bharti, AIS and Globe. On a similar basis, the post-tax profit contribution from associates grew 21% to S$500 million and accounted for 52% of the Group's underlying net profit, up 5 percentage points from 47% a year ago.

For the year ended 31 March 2008, the Group's share of the associates' pre-tax profit grew 24%. Excluding Globe's additional quarter of pre-tax contribution of S$64 million and post-tax contribution of S$44 million last year, the Group's share of the pre-tax and post-tax profits of the associates would be higher by 27% or S$550 million, and 29% or S$438 million respectively.

### *Bharti Telecom Group ("Bharti")*

Bharti is India's leading private sector provider of telecommunications services, offering mobile, fixed line, long distance, broadband and enterprise services. It 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 23 licenced circles. Bharti is the largest mobile phone operator in India with a market share of 23.8% in the total wireless market and 32.2% in the GSM market.

In the quarter, Bharti's post-tax profit accounted for 23% of the Group's underlying net profit, up 6 percentage points from 16% a year ago. After including the Group's share of Bharti's exceptional dilution gain on Infratel, as well as the reversal of deferred tax asset on demerger of Infratel, Bharti accounted for 32% of the Group's reported net profit, up a significant 18 percentage points from 15% a year ago.

Bharti's operating revenue was up a steep 45%, boosted by strong subscriber growth and 7% increase in Minutes of Use (MOU) arising mainly from tariff reductions.

Consequently, the Group's share of Bharti's pre-tax operating profit was up 51% to S$236 million for the quarter ended 31 March 2008. With fair value losses on financial liabilities and derivatives compared to a gain a year earlier, pre-tax profit for the quarter grew 41% to S$222 million. In the quarter, the Group benefited from a 2% appreciation of the Indian Rupee against the Singapore Dollar.

Compared to the preceding quarter, the Group's share of Bharti's operating profit from its core business was up 12%. After including the fair value losses recorded in the current quarter, overall profit contribution grew 5.6%.

Bharti continued to increase its subscriber base at an accelerating rate. In the quarter, Bharti added 6.8 million mobile subscribers, higher than the preceding quarter's 6.3 million. This represents an increase of 12% from a quarter ago. As at 31 March 2008, Bharti had 62.0 million of mobile subscribers and 2.3 million of fixed line subscribers.

[7] Excluding the share of S$153 million on Bharti's exceptional gain on dilution of Infratel.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

### *PT Telekomunikasi Selular (“Telkomsel”)*

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 21,000 radio base stations providing extensive nationwide coverage.

In this quarter, the post-tax contribution from Telkomsel was up 3.3% year-on-year to S$186 million, accounting for 19% of the Group’s underlying net profit, down 1 percentage point from a year ago.

Telkomsel’s pre-tax profit for the quarter ended 31 March 2008 increased 18% year-on-year in Indonesian Rupiah terms on the back of improved operational performance and a higher subscriber base. In Singapore Dollar terms, the Group’s share of pre-tax profit contribution rose by 6.4% to S$274 million as the Rupiah depreciated 11% against the Singapore Dollar in the quarter.

Compared to the preceding quarter, however, the share of pre-tax profit declined 7.5% in Rupiah terms and 11% in Singapore Dollar terms as the Rupiah depreciated by 3%. This was despite Telkomsel continuing to add subscribers at a robust rate. Revenue was down 5% due to lower tariffs from increased market competition in Indonesia.

In the quarter, 3.4 million mobile subscribers were added, similar to the number added in the preceding quarter. The total subscriber base of 51.3 million as at 31 March 2008 represented an increase of 32% or 12.4 million from a year ago. Telkomsel remains the market leader in the Indonesia cellular market, with a market share of 51%, down 1 percentage point from a quarter ago.

To sustain its leading position, Telkomsel continued to deliver value to its customers through attractive promotions such as free SMS, value added services, free usage and handset bundling.

To maintain its leadership in coverage and quality, Telkomsel continued to roll out its network, deploying close to 900 radio base stations in the quarter. As at 31 March 2008, Telkomsel’s 3G service is available in 98 cities across Indonesia, an increase of 10 cities from a quarter ago.

During the quarter, Telkomsel launched innovative services such as m-comics and SMS chatbox. The former allows customers to read comics over their mobile phones and the latter enables them to send text and multimedia files in real-time.

### *Globe Telecom, Inc (“Globe”)*

Globe is one of the largest mobile communications services providers in the Philippines and is listed on the Philippine Stock Exchange.

Excluding the exceptional bond redemption cost of S$19 million in the last corresponding quarter, Globe’s pre-tax profit for the quarter ended 31 March 2008 was up 1.9% year-on-year in Peso terms. In Singapore Dollar terms, the increase was 11% to S$81 million as the Peso strengthened by 9% against the Singapore Dollar.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

In the Philippines, inflationary pressures had affected the levels of prepaid top-ups. Despite lower operating revenue, Globe's overall pre-tax profit was stable from a quarter ago, due to lower operating expenses, depreciation and appreciation of the Peso by 2% against the Singapore dollar.

On a post-tax basis, Globe contributed 5% to the Group's underlying net profit, up from 4% a year ago.

In the quarter, Globe added 1.0 million net mobile subscribers, slightly lower than 1.1 million added in the preceding quarter. Its total subscriber base was up 26% from 16.9 million a year ago to 21.3 million as at 31 March 2008.

### *Advanced Info Service ("AIS")*

AIS is the largest mobile communications operator in Thailand. As at 31 March 2008, it was the third largest listed company on the Stock Exchange of Thailand in terms of market capitalisation.

In compliance with the National Telecommunications Commission's interconnection regulation, AIS recorded a first-time net interconnection revenue of THB2.5 billion in its December 2007 quarter, which was equity accounted by SingTel in the current quarter. The amount recorded included net interconnection revenues for past quarters which were not accounted for previously. The Group's pre-tax and post-tax share of the net interconnection revenue (after revenue share and applicable stamp duty) amounted to approximately S$20 million and S$14 million respectively.

Excluding the net interconnection revenues, AIS' pre-tax profit contribution for the quarter ended 31 December 2007 was up 14% in Thai Baht terms. Operating revenue grew by 4.5% mainly attributable to improved pricing from new subscriptions and higher international call revenue. Operating expenses were stable. In Singapore Dollar terms, the pre-tax profit contribution (excluding net interconnection revenue) was up 16% to S$56 million.

Compared to the preceding quarter, AIS' pre-tax profit contribution (excluding net interconnection revenue) grew 2.0% mainly from higher service revenue.

On a post-tax basis, with additional profit from the recognition of the net interconnection revenue, AIS' contribution to the Group's underlying net profit rose to 6%, up from 4% a year ago.

AIS continued to drive aggressive subscriber acquisitions in the low penetrated areas. It expanded its total subscriber base by 3.6% or 0.9 million from a quarter ago to 25.1 million as at 31 March 2008. The increase was slightly lower than 1.0 million added in the preceding December quarter. AIS remained the market leader with approximately 46% market share.

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### *Warid Telecom (Private) Limited ("Warid")*

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

The Group acquired a 30% equity interest in Warid in September 2007 and commenced equity accounting of its results from the preceding December 2007 quarter.

As Warid is aggressively expanding its networks and incurring significant rollout costs, it reported a net loss after including depreciation expenses and financing costs though its EBITDA was positive.

The share of pre-tax losses from Warid amounted to S$19 million for the quarter ended 31 March 2008, S$7 million higher than the preceding quarter due mainly to an increase in depreciation charges following adoption of a shorter useful life for certain infrastructural assets, in line with the accounting policies of SingTel.

The mobile market in Pakistan continued to grow rapidly. As at 31 March 2008, Warid's total mobile subscriber base rose to 14.4 million, up 9.0% or 1.2 million from a quarter ago.

### *Pacific Bangladesh Telecom Limited ("PBTL")*

PBTL is the only CDMA operator in Bangladesh.

The share of pre-tax losses increased 9.1% year-on-year to S$5 million. This was mainly attributed to lower operating revenue resulting from price competition though subscriber acquisition cost per subscriber has declined following lower handset prices. In addition, in the same quarter last year, there were exchange gains arising from its USD-denominated borrowings which were not repeated this quarter.

As at 31 March 2008, PBTL's total mobile subscriber base reached 1.6 million, an increase of 149,000 or 11% from a quarter ago.

## 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 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Group operating revenue** | | | | | | |
| SingTel | 1,290 | 1,156 | 11.6 | 4,904 | 4,430 | 10.7 |
| Optus | 2,469 | 2,229 | 10.8 | 9,940 | 8,947 | 11.1 |
| | **3,758** | **3,384** | **11.0** | **14,844** | **13,377** | **11.0** |
| **Proportionate share of operating revenue** | | | | | | |
| Globe's additional quarter | - | - | - | - | 204 | nm |
| Other overseas associates | 1,651 | 1,386 | 19.1 | 5,976 | 4,739 | 26.1 |
| Regional mobile associates | 1,651 | 1,386 | 19.1 | 5,976 | 4,943 | 20.9 |
| Singapore associates | 55 | 52 | 6.0 | 213 | 196 | 8.7 |
| Other overseas associates | 27 | 70 | -62.1 | 154 | 229 | -32.7 |
| | **1,733** | **1,508** | **14.9** | **6,343** | **5,369** | **18.1** |
| **Enlarged revenue** | **5,491** | **4,892** | **12.2** | **21,187** | **18,746** | **13.0** |
| *(ex - Globe's additional quarter)* | *5,491* | *4,892* | *12.2* | *21,187* | *18,542* | *14.3* |
| ***% of overseas rev to enlarged revenue*** | ***76%*** | ***75%*** | | ***76%*** | ***75%*** | |
| *(ex - Globe's additional quarter)* | *76%* | *75%* | | *76%* | *75%* | |

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

## SECTION IV : ASSOCIATES/ JOINT VENTURES

| Proportionate EBITDA [1] | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Group operational EBITDA** | | | | | | |
| SingTel | 469 | 465 | 0.8 | 1,967 | 1,902 | 3.4 |
| Optus | 686 | 631 | 8.8 | 2,564 | 2,380 | 7.7 |
| | **1,155** | **1,096** | **5.4** | **4,530** | **4,282** | **5.8** |
| **Proportionate share of EBITDA** | | | | | | |
| Globe's additional quarter | - | - | - | - | 132 | nm |
| Other overseas associates | 945 | 775 | 21.9 | 3,617 | 2,842 | 27.3 |
| Regional mobile associates | 945 | 775 | 21.9 | 3,617 | 2,973 | 21.6 |
| Singapore associates | 18 | 22 | -20.2 | 89 | 84 | 5.0 |
| Other overseas associates | 21 | 29 | -28.1 | 81 | 104 | -22.1 |
| | **984** | **827** | **19.0** | **3,786** | **3,162** | **19.8** |
| **Compensation from IDA** | **-** | **84** | **nm** | **-** | **337** | **nm** |
| **Total proportionate EBITDA** | **2,139** | **2,007** | **6.6** | **8,317** | **7,781** | **6.9** |
| *(ex-IDA compensation)* | *2,139* | *1,923* | *11.3* | *8,317* | *7,444* | *11.7* |
| ***Overseas EBITDA as a % to total EBITDA*** | ***77%*** | ***72%*** | | ***75%*** | ***70%*** | |
| *(ex-IDA compensation)* | ***77%*** | ***75%*** | | ***75%*** | ***73%*** | |
| **Contributions to total proportionate EBITDA** [2] | | | | | | |
| Regional mobile associates | *44%* | *40%* | | *43%* | *40%* | |
| Australia | *32%* | *33%* | | *31%* | *32%* | |
| Singapore | *23%* | *25%* | | *25%* | *27%* | |
| Others | *1%* | *2%* | | *1%* | *1%* | |
| | ***100%*** | ***100%*** | | ***100%*** | ***100%*** | |

**Notes:**

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

(2) Based on total proportionate EBITDA (excluding IDA compensation).

Through its investments in key markets overseas, the Group has diversified its earning base. Overseas operations contributed 77% to proportionate EBITDA, up 5 percentage points from 72% a year ago. The regional mobile associates contributed 44% to proportionate EBITDA, an increase of 4 percentage points from 40% a year ago.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

| Proportionate share of mobile subscribers [1] | Total Number | | | Prorata Number | | |
|---|---|---|---|---|---|---|
| | 31 Mar 2008 | 31 Dec 2007 | 31 Mar 2007 | 31 Mar 2008 | 31 Dec 2007 | 31 Mar 2007 |
| **(In 000s)** | | | | | | |
| SingTel Mobile | 2,571 | 2,327 | 1,822 | 2,571 | 2,327 | 1,822 |
| Optus | 7,137 | 7,002 | 6,737 | 7,137 | 7,002 | 6,737 |
| | **9,708** | **9,329** | **8,559** | **9,708** | **9,329** | **8,559** |
| **Regional Mobile Associates** | | | | | | |
| - Bharti | 61,985 | 55,163 | 37,141 | 18,504 | 16,480 | 11,144 |
| - Telkomsel | 51,335 | 47,890 | 38,903 | 17,967 | 16,762 | 13,616 |
| - AIS | 25,087 | 24,225 | 21,089 | 5,358 | 5,178 | 4,513 |
| - Globe | 21,274 | 20,318 | 16,923 | 9,460 | 9,035 | 7,536 |
| - Warid | 14,395 | 13,206 | - | 4,318 | 3,962 | - |
| - PBTL | 1,557 | 1,408 | 1,177 | 701 | 634 | 530 |
| | **175,633** | **162,210** | **115,233** | **56,308** | **52,051** | **37,339** |
| **Group** | **185,341** | **171,539** | **123,792** | **66,016** | **61,380** | **45,898** |
| *(excluding Warid)* | *170,946* | *158,333* | *123,792* | *61,698* | *57,418* | *45,898* |

**Note:**

(1) Proportionate share of mobile subscribers represents the number of mobile subscribers of an associate multiplied by SingTel's effective percentage ownership in the venture at the respective dates.

Bharti, the largest regional mobile associate in terms of the number of mobile subscribers, continued to grow its subscriber base aggressively in the quarter.

The Group's combined mobile subscriber base rose 14 million or 8.0% to 185 million as at 31 March 2008 from a quarter ago. Year-on-year, including Warid's 14 million subscribers, the total subscriber base was up 62 million or 50%. On a proportionate share basis, the increase was 7.6% to 66 million subscribers from a quarter ago.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

## CASH DIVIDENDS RECEIVED FROM ASSOCIATES/ JOINT VENTURES [1]

| Cash dividends from associates | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Regional mobile associates** | | | | | | |
| Telkomsel [2] | | | | | | |
| - interim dividend FY2007 | - | - | - | 54 | - | nm |
| - final dividend FY2006 / FY2005 | - | - | - | 550 | 343 | 60.5 |
| | - | - | - | 604 | 343 | 76.2 |
| AIS [3] | | | | | | |
| - interim dividend FY2007 / FY2006 | - | - | - | 85 | 79 | 6.8 |
| - final dividend FY2006 / FY2005 | - | - | - | 94 | 87 | 7.9 |
| | - | - | - | 179 | 167 | 7.4 |
| Globe [4] | | | | | | |
| - special dividend FY2007 | - | - | - | 98 | - | nm |
| - first dividend FY2007 / FY2006 | 76 | 62 | 23.3 | 76 | 62 | 23.3 |
| - second dividend FY2006 / FY2005 | - | - | - | 65 | 54 | 20.0 |
| | 76 | 62 | 23.3 | 239 | 116 | 106.6 |
| | **76** | **62** | 23.3 | **1,021** | **625** | **63.5** |
| **Other associates** | | | | | | |
| Southern Cross [5] | 10 | 15 | -37.5 | 49 | 15 | 223.7 |
| SingPost | 6 | 6 | - | 31 | 27 | 13.6 |
| Others | 3 | 3 | 20.0 | 12 | 6 | 116.1 |
| **Total** | **95** | **86** | 10.7 | **1,114** | **673** | **65.5** |

**Notes:**

(1) The cash dividends received from overseas associates as stated here are before withholding tax payments.

(2) Telkomsel declared a full year dividend of 85% on net profit for its 2006 financial year. SingTel's share of this dividend amounted to S$550 million. Telkomsel paid an interim dividend for its 2007 financial year in the December 2007 quarter, in which SingTel's share amounted to S$54 million.

(3) AIS' intended dividend policy is to pay dividend of not less than 40% of its consolidated net profit, provided that there is no default of principal or interest payment on its debentures. The dividend payout ratio will also depend on AIS' cash flow and investment requirements and it shall not exceed its retained earnings. AIS declared a full year dividend of 114% on net profit for its 2007 financial year (2006 financial year: 115%). The interim dividend was paid in September 2007 and the final dividend is expected to be paid in May 2008. SingTel's share of the final dividend is approximately S$90 million.

(4) Globe's ordinary dividend payout ratio is approximately 75% of the prior year's net profit, payable semi-annually in March and September of each year. Globe also paid a special dividend in the December 2007 quarter. Its first semi-annual dividend for 2007 financial year was paid in March 2008.

(5) Southern Cross does not have a fixed dividend policy. An amount of S$28 million was paid in April 2008. This will be recorded in the next quarter ending 30 June 2008.

For the financial year ended 31 March 2008, total dividends received amounted to S$1.11 billion, up 66% from a year earlier due mainly to increased dividends from Telkomsel and Globe.

In the current quarter, the Group received higher dividends from Globe in line with its increased profits for its 2007 financial year.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

### KEY OPERATIONAL DATA

| | Telkomsel | Bharti | Globe | AIS | PBTL | Warid |
|---|---|---|---|---|---|---|
| **SingTel's investment:** | | | | | | |
| Year of initial investment | **2001** | **2000** | **1993** | **1999** | **2005** | **2007** |
| Effective shareholding (%) | 35.0% | 30.44% | 44.47% | 21.36% | 45.0% | 30.0% |
| Investment to date | S$1.93 bil | S$1.55 bil | S$882 mil | S$870 mil | S$223 mil | S$1.17 bil |
| Closing market share price (1) | NA | INR 826.3 | PHP 1,505.0 | THB 100.0 (6)<br>THB 100.0 (7) | NA | NA |
| Market capitalisation | | | | | | |
| - Total | NA | S$54.19 bil | S$6.59 bil | S$12.98 bil | NA | NA |
| - SingTel holding | NA | S$16.50 bil | S$2.93 bil | S$2.77 bil | NA | NA |
| **Operational Performance :** | | | | | | |
| Mobile penetration rate (2) | 42% | 23% | 62% | 86% | 25% | 52% |
| Market share, 31 Mar 2008 (2) | 51.0% | 23.8% | 37.7% | 46.2% | 4.0% | 17.4% |
| Market share , 31 Dec 2007 (3) | 52.0% | 23.6% | 37.6% | 46.4% | 4.1% | 17.2% |
| Market position (2) (4) | #1 | #1 | #2 | #1 | #5 | #4 |
| Mobile subs ('000) | | | | | | |
| - Aggregate | 51,335 | 61,985 | 21,274 | 25,087 | 1,557 | 14,395 |
| - Proportionate | 17,967 | 18,504 | 9,460 | 5,358 | 701 | 4,318 |
| Growth in mobile subs (%) (5) | 32% | 67% | 26% | 19% | 32% | 61% |
| Credit ratings | | | | | | |
| - Sovereign (Moody's/ S&P's) | Ba3/BB- | Baa3/BBB- | B1/BB- | Baa1/BBB+ | NA | B1/B+ |
| - Company (Moody's/ S&P's) | NA/BB+ | NA/BBB- | Ba2/BB+ | NA/A- | NA | NA |

**Notes:**

(1) Based on closing market price on 31 March 2008, in local currency.

(2) Based on actual or estimated data available as at 31 March 2008, except for Globe, which is based on actual data as at 31 December 2007.

(3) Based on actual or estimated data a quarter ago. AIS' market share as at 31 December 2007 was subsequently revised to 45.7%.

(4) Based on number of mobile subscribers.

(5) Compared against 31 March 2007 and based on aggregate mobile subscribers.

(6) Based on local market price quoted on the Stock Exchange of Thailand.

(7) Based on foreign market price quoted on the Stock Exchange of Thailand.

Please refer to **Appendix 2** for the currency rate movements of the major associates.

## SECTION V : GLOSSARY

| | |
|---|---|
| **“ACCC”** | Australian Competition And Consumer Commission. |
| **“ARPU”** | Average revenue per user. |
| **“Associate”** | An associated 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. |
| **“EPS”** | Earnings per share. |
| **“Elders”** | Elders Telecommunications Infrastructure Pty Ltd. |
| **“FRS”** | Financial Reporting Standard. |
| **“Free Cash Flow”** | Free cash flow refers to cash flow from operating activities less cash capital expenditure. |
| **“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”** | Information and communication technology. |
| **“IP”** | Internet protocol. |
| **“MMS”** | Multimedia messaging service. |
| **“MOU”** | Minutes of use. |
| **“NA”** | Not applicable. |
| **‘ND”** | Not disclosed. |
| **“NCS”** | NCS Pte Ltd, SingTel’s wholly-owned subsidiary, and its subsidiary companies. |
| **“NM”** | Not meaningful. |
| **“Optus”** | SingTel Optus Pty Limited, SingTel’s wholly-owned subsidiary, and its subsidiary companies. |
| **‘Operational EBITDA”** | EBITDA (see above) before the share of pre-tax results of the associates and compensation from IDA. |
| **“Operational EBITDA margin”** | Ratio of operational EBITDA over operating revenue. |
| **“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 business. |
| **“SMS”** | Short message service. |
| **“SingTel”** | Unless expressly stated, the term refers to SingTel Group excluding Optus. |
| **“Singapore Business”** | Comprised both the Singapore Telco and IT businesses. |
| **“ULL”** | Unbundled Local Loop. |
| **“Underlying net profit”** | Defined as net profit before exceptional items and exchange differences on inter-company loans to Optus, capital reductions of foreign-denominated subsidiaries, net of hedging, as well as very significant exceptional items of associates. |

## CONSOLIDATED BALANCE SHEETS

| | As at | | |
|---|---|---|---|
| | 31 Mar 2008 (Audited) S$ million | 31 Dec 2007 (Unaudited) S$ million | 31 Mar 2007 (Audited) S$ million |
| **Current assets** | | | |
| Cash and cash equivalents | 1,372 | 1,033 | 1,390 |
| Derivative financial instruments | 3 | - | - |
| Trading investments | 11 | 11 | 342 |
| Trade and other receivables | 2,541 | 2,417 | 2,459 |
| Inventories | 124 | 189 | 93 |
| | **4,050** | **3,650** | **4,284** |
| **Non-current assets** | | | |
| Property, plant and equipment (net) | 10,124 | 9,844 | 9,730 |
| Intangible assets | 10,057 | 10,073 | 10,091 |
| Associated companies | 1,087 | 1,172 | 94 |
| Joint venture companies | 7,453 | 7,236 | 7,078 |
| Available-for-sale investments | 353 | 338 | 42 |
| Derivative financial instruments | 358 | 265 | 192 |
| Deferred tax assets | 1,083 | 1,072 | 1,048 |
| Other non-current receivables | 150 | 216 | 100 |
| | **30,664** | **30,215** | **28,374** |
| **Total assets** | **34,714** | **33,865** | **32,659** |
| **Current liabilities** | | | |
| Trade and other payables | 3,360 | 2,767 | 3,067 |
| Provision | 13 | 12 | 11 |
| Derivative financial instruments | 163 | 143 | 18 |
| Current tax liabilities | 346 | 333 | 343 |
| Interim dividend payable | - | 892 | - |
| Borrowings (unsecured) | 1,874 | 1,489 | 196 |
| Borrowings (secured) | * | 1 | 1 |
| | **5,756** | **5,635** | **3,636** |
| **Non-current liabilities** | | | |
| Borrowings (unsecured) | 5,668 | 5,678 | 6,271 |
| Borrowings (secured) | - | - | * |
| Derivative financial instruments | 1,334 | 1,131 | 1,009 |
| Deferred tax liabilities | 330 | 306 | 315 |
| Deferred income | 40 | 40 | 16 |
| Advance billings | 396 | 517 | 361 |
| Other non-current liabilities | 189 | 188 | 200 |
| | **7,956** | **7,859** | **8,173** |
| **Total liabilities** | **13,712** | **13,494** | **11,809** |
| **Net assets** | **21,002** | **20,371** | **20,850** |
| **Share capital and reserves** | | | |
| Share capital | 2,594 | 2,591 | 2,562 |
| Reserves | 18,406 | 17,777 | 18,285 |
| **Interests of shareholders of the Company** | 21,000 | 20,368 | 20,847 |
| Minority interests | 3 | 3 | 3 |
| **Total equity** | **21,002** | **20,371** | **20,850** |

Certain comparatives have been reclassified to conform with the presentation as at 31 March 2008.

## CURRENCY RISK MANAGEMENT & OTHER MATTERS

The Group maintains a policy of hedging all 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.

| | As at | | |
|---|---|---|---|
| **Debt Currency Mix** | **31 Mar 2008** | **31 Dec 2007** | **31 Mar 2007** |
| SGD | 61% | 62% | 63% |
| AUD | 39% | 38% | 37% |
| **Total** | **100%** | **100%** | **100%** |

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

## CREDIT RATINGS

| As at 31 Mar 2008 | 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 | | | | | | | |
| SGD | | | | | | | |
| FY07/08 | 1.2681 | 1.2863 | 1.2926 | 1.2760 | 1.2773 | 1.2844 | 1.2809 |
| FY06/07 | 1.1864 | 1.1954 | 1.2011 | 1.2042 | 1.1909 | 1.2026 | 1.1968 |
| *Change (last corresponding period)* | ***6.9%*** | ***7.6%*** | ***7.6%*** | ***6.0%*** | ***7.2%*** | ***6.8%*** | ***7.0%*** |
| Underlying net profit | | | | | | | |
| SGD | | | | | | | |
| FY07/08 | 1.2662 | 1.2852 | 1.2894 | 1.2761 | 1.2757 | 1.2823 | 1.2794 |
| FY06/07 | 1.1880 | 1.1948 | 1.2019 | 1.2045 | 1.1914 | 1.2033 | 1.1981 |
| *Change (last corresponding period)* | ***6.6%*** | ***7.6%*** | ***7.3%*** | ***5.9%*** | ***7.1%*** | ***6.6%*** | ***6.8%*** |

**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 |
|---|---|---|---|---|---|---|---|
| **Rupiah** | | | | | | | |
| FY07/08 | 5,882 | 6,098 | 6,369 | 6,579 | 5,987 | 6,459 | 6,227 |
| FY06/07 | 5,747 | 5,780 | 5,848 | 5,952 | 5,755 | 5,900 | 5,829 |
| *Change (last corresponding period)* | ***2.3%*** | ***5.5%*** | ***8.9%*** | ***10.5%*** | ***4.0%*** | ***9.5%*** | ***6.8%*** |
| **Baht** | | | | | | | |
| FY07/08 | 21.4 | 20.7 | 21.4 | 22.0 | 21.0 | 21.7 | 21.4 |
| FY06/07 | 24.0 | 23.9 | 23.4 | 22.3 | 23.9 | 22.9 | 23.5 |
| *Change (last corresponding period)* | ***-10.8%*** | ***-13.4%*** | ***-8.5%*** | ***-1.3%*** | ***-12.1%*** | ***-5.2%*** | ***-8.9%*** |
| **Peso** | | | | | | | |
| FY07/08 | 30.8 | 30.3 | 29.6 | 29.0 | 30.6 | 29.3 | 29.9 |
| FY06/07 | 32.9 | 32.5 | 31.9 | 31.7 | 32.8 | 31.9 | 32.4 |
| *Change (last corresponding period)* | ***-6.4%*** | ***-6.8%*** | ***-7.2%*** | ***-8.5%*** | ***-6.7%*** | ***-8.1%*** | ***-7.8%*** |
| **Indian Rupee** | | | | | | | |
| FY07/08 | 27.0 | 26.7 | 27.2 | 28.2 | 26.8 | 27.7 | 27.3 |
| FY06/07 | 28.7 | 29.3 | 28.8 | 28.8 | 29.0 | 28.8 | 28.9 |
| *Change (last corresponding period)* | ***-5.9%*** | ***-8.9%*** | ***-5.6%*** | ***-2.1%*** | ***-7.6%*** | ***-3.8%*** | ***-5.5%*** |
| **Taka** | | | | | | | |
| FY07/08 | 45.2 | 45.2 | 47.2 | 48.5 | 45.2 | 47.6 | 46.8 |
| FY06/07 | 43.9 | 43.9 | 44.1 | 45.2 | 43.9 | 44.3 | 44.1 |
| *Change (last corresponding period)* | ***3.0%*** | ***3.0%*** | ***7.0%*** | ***7.3%*** | ***3.0%*** | ***7.4%*** | ***6.1%*** |
| **Pakistan Rupee** | | | | | | | |
| FY07/08 | | | 41.8 | 44.4 | NA | 42.8 | 42.8 |

## OPTUS FINANCIALS IN SINGAPORE DOLLARS

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

| | Quarter 31 Mar 2008 S$ m | Quarter 31 Mar 2007 S$ m | YOY Chge % | Year 31 Mar 2008 S$ m | Year 31 Mar 2007 S$ m | YOY Chge % |
|---|---|---|---|---|---|---|
| **Operating revenue** | **2,469** | **2,229** | **10.8** | **9,940** | **8,947** | **11.1** |
| Operating expenses | (1,783) | (1,613) | 10.6 | (7,406) | (6,633) | 11.7 |
| Other income | 1 | 15 | -92.8 | 29 | 66 | -55.8 |
| **Operational EBITDA** | **686** | **631** | **8.8** | **2,564** | **2,380** | **7.7** |
| ***- EBITDA margin*** | ***27.8%*** | ***28.3%*** | | ***25.8%*** | ***26.6%*** | |
| Share of results of joint ventures | | | | | | |
| -ordinary operations | * | - | nm | * | (7) | nm |
| -exceptional items | - | - | - | - | 16 | nm |
| **EBITDA** | **686** | **631** | **8.8** | **2,564** | **2,389** | **7.3** |
| Depreciation & amortisation | (339) | (331) | 2.3 | (1,399) | (1,352) | 3.5 |
| **EBIT** | **348** | **300** | **15.9** | **1,164** | **1,037** | **12.3** |
| Net finance expense | (29) | (33) | -10.1 | (123) | (147) | -16.6 |
| **Profit before exceptional items** | **318** | **267** | **19.0** | **1,042** | **890** | **17.1** |
| Exceptional items | - | - | - | - | 326 | nm |
| **Profit before tax** | **318** | **267** | **19.0** | **1,042** | **1,215** | **-14.3** |
| Taxation | (108) | (81) | 32.9 | (335) | (257) | 30.2 |
| **Net profit** | **210** | **186** | **13.0** | **707** | **958** | **-26.2** |
| **Net profit** | **210** | **186** | **13.0** | **707** | **958** | **-26.2** |
| *Exclude :* | | | | | | |
| Exceptional items | - | - | - | - | (326) | nm |
| **Underlying net profit** | **210** | **186** | **13.0** | **707** | **633** | **11.7** |

**Note:**
The monthly Income statement of Optus was translated from 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 2**.

## OPTUS FINANCIALS IN SINGAPORE DOLLARS

The Optus' contribution to the Group operating revenue by product in Singapore dollars –

| | Quarter 31 Mar | | YOY Chge | Year 31 Mar | | YOY Chge |
|---|---|---|---|---|---|---|
| | 2008 S$ m | 2007 S$ m | % | 2008 S$ m | 2007 S$ m | % |
| Mobile communications | 1,179 | 1,066 | 10.6 | 4,654 | 4,242 | 9.7 |
| National telephone | 431 | 455 | -5.3 | 1,843 | 1,821 | 1.2 |
| Data & Internet | 420 | 366 | 14.6 | 1,672 | 1,395 | 19.9 |
| Sale of equipment | 187 | 139 | 34.7 | 815 | 642 | 26.9 |
| IT & engineering | 137 | 97 | 41.0 | 500 | 404 | 23.7 |
| International telephone | 39 | 48 | -19.8 | 171 | 220 | -22.4 |
| Others | 76 | 57 | 34.2 | 286 | 223 | 28.3 |
| **Total** | **2,469** | **2,229** | **10.8** | **9,940** | **8,947** | **11.1** |

The Optus' contributions to certain Group balance sheet items -

| | As at | | |
|---|---|---|---|
| | 31 Mar 2008 S$ m | 31 Dec 2007 S$ m | 31 Mar 2007 S$ m |
| **Property, plant and equipment (net)** | **7,531** | **7,425** | **7,199** |
| Gross debt | | | |
| Current debt | 797 | 534 | 195 |
| Non-current debt | 1,127 | 1,164 | 1,224 |
| Gross debt as reported in balance sheet | 1,924 | 1,698 | 1,419 |
| Related net hedging liability | 381 | 352 | 273 |
| | 2,305 | 2,049 | 1,691 |
| **Less:** cash and bank balances | (122) | (126) | (160) |
| **Net debt** | **2,184** | **1,923** | **1,531** |
| | **A$ m** | **A$ m** | **A$ m** |
| **Property, plant and equipment (net)** | **5,966** | **5,845** | **5,881** |
| Gross debt | | | |
| Current debt | 632 | 420 | 159 |
| Non-current debt | 893 | 916 | 1,000 |
| Gross debt as reported in balance sheet | 1,524 | 1,336 | 1,159 |
| Related net hedging liability | 302 | 277 | 223 |
| | 1,827 | 1,613 | 1,382 |
| **Less:** cash and bank balances | (97) | (99) | (131) |
| **Net debt** | **1,730** | **1,514** | **1,251** |