



## **Singapore Telecommunications Limited And Subsidiary Companies**

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2010**

*The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 31 December 2010 are unaudited.*

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

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

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

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**SECTION I : GROUP**

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**FINANCIAL HIGHLIGHTS****FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010**

- **Operating revenue at S\$4.70 billion – up 5.7%.**
- **Operational EBITDA at S\$1.28 billion – up 4.1%.**
- **Including net loss and related acquisition financing costs of Bharti Africa totalling S\$31 million, pre-tax contribution from associates at S\$519 million – down 12%.**
- **EBITDA at S\$1.80 billion – down 1.2%.**
- **Underlying net profit at S\$968 million – down 2.2%. Excluding the effects of Bharti Africa, underlying net profit was stable.**
- **Free cash flow of S\$991 million – up 71%, with S\$321 million from the Singapore business, S\$305 million (A\$236 million) from the Australia business and S\$365 million from the associates.**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2010**

- **Operating revenue at S\$13.43 billion – up 8.3%.**
- **Operational EBITDA at S\$3.73 billion – up 6.2%.**
- **Pre-tax contribution from associates at S\$1.63 billion – down 12%.**
- **EBITDA stable at S\$5.35 billion.**
- **Underlying net profit at S\$2.80 billion – down 2.9%. Excluding the effects of Bharti Africa, underlying net profit was stable.**
- **Free cash flow of S\$2.86 billion – up 28%.**

## SECTION I : GROUP

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Operating revenue	4,704	4,450	5.7	13,428	12,400	8.3
Operating expenses	(3,468)	(3,239)	7.1	(9,799)	(8,957)	9.4
Operational EBITDA	1,284	1,233	4.1	3,727	3,511	6.2
<i>Operational EBITDA margin</i>	<i>27.3%</i>	<i>27.7%</i>		<i>27.8%</i>	<i>28.3%</i>	
Share of associates' pre-tax profit	519	592	-12.4	1,627	1,845	-11.9
- ordinary operations	518	592	-12.5	1,636	1,845	-11.4
- exceptional items	1	-	nm	(9)	-	nm
EBITDA	1,803	1,825	-1.2	5,354	5,356	**
Exceptional items	30	*	nm	31	5	@
Underlying net profit	968	990	-2.2	2,802	2,887	-2.9
Net profit	998	991	0.8	2,834	2,892	-2.0
Free cash flow	991	580	70.8	2,864	2,246	27.5
Underlying earnings per share (S cents)	6.08	6.22	-2.3	17.60	18.14	-3.0
Basic earnings per share (S cents)	6.27	6.22	0.8	17.79	18.17	-2.1

	As at		
	31 Dec	30 Sep	31 Mar
	2010 S\$ m	2010 S\$ m	2010 S\$ m
Total assets	38,130	38,036	37,952
Shareholders' funds	23,405	23,689	23,493
Net debt <sup>(1)</sup>	5,851	5,968	6,311
<i>Net debt gearing ratio</i> <sup>(2)</sup>	<i>20.0%</i>	<i>20.1%</i>	<i>21.2%</i>
<i>Net debt to EBITDA</i> <sup>(3)</sup>	<i>0.82X</i>	<i>0.84X</i>	<i>0.87X</i>
<i>Interest cover:</i> <i>- EBITDA/ net interest expense</i> <sup>(4)</sup>	<i>21.6X</i>	<i>21.6X</i>	<i>23.5X</i>

**Notes:**

- (1) Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- (2) Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
- (3) Net debt to EBITDA is calculated on an annualised basis.
- (4) Net interest expense refers to interest expense less interest income.

## SECTION I : GROUP

## GROUP SUMMARY INCOME STATEMENTS

For The Third Quarter And Nine Months Ended 31 December 2010

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Operating revenue</b>	<b>4,704</b>	<b>4,450</b>	<b>5.7</b>	<b>13,428</b>	<b>12,400</b>	<b>8.3</b>
Operating expenses	(3,468)	(3,239)	7.1	(9,799)	(8,957)	9.4
	1,235	1,211	2.0	3,629	3,443	5.4
Other income	49	22	125.0	99	67	46.5
<b>Operational EBITDA</b>	<b>1,284</b>	<b>1,233</b>	<b>4.1</b>	<b>3,727</b>	<b>3,511</b>	<b>6.2</b>
<b>-EBITDA margin</b>	<b>27.3%</b>	<b>27.7%</b>		<b>27.8%</b>	<b>28.3%</b>	
Share of associates' pre-tax profit						
- ordinary operations	518	592	-12.5	1,636	1,845	-11.4
- exceptional items	1	-	nm	(9)	-	nm
	519	592	-12.4	1,627	1,845	-11.9
<b>EBITDA</b>	<b>1,803</b>	<b>1,825</b>	<b>-1.2</b>	<b>5,354</b>	<b>5,356</b>	<b>**</b>
Depreciation & amortisation	(503)	(485)	3.7	(1,469)	(1,391)	5.6
<b>EBIT</b>	<b>1,299</b>	<b>1,340</b>	<b>-3.0</b>	<b>3,885</b>	<b>3,965</b>	<b>-2.0</b>
Net finance expense						
- net interest expense	(83)	(77)	8.5	(248)	(215)	15.4
- other finance income/ (expense)	17	1	@	15	(13)	nm
	(66)	(75)	-12.4	(232)	(228)	2.1
<b>Profit before exceptional items</b>	<b>1,234</b>	<b>1,265</b>	<b>-2.5</b>	<b>3,653</b>	<b>3,738</b>	<b>-2.3</b>
Exceptional items	30	*	nm	31	5	@
<b>Profit before tax</b>	<b>1,263</b>	<b>1,265</b>	<b>-0.2</b>	<b>3,684</b>	<b>3,742</b>	<b>-1.6</b>
Taxation	(266)	(275)	-3.4	(853)	(851)	0.3
<b>Profit after tax</b>	<b>998</b>	<b>990</b>	<b>0.7</b>	<b>2,831</b>	<b>2,892</b>	<b>-2.1</b>
Minority interests	1	1	20.0	3	*	nm
<b>Net profit</b>	<b>998</b>	<b>991</b>	<b>0.8</b>	<b>2,834</b>	<b>2,892</b>	<b>-2.0</b>
<b>Net profit</b>	<b>998</b>	<b>991</b>	<b>0.8</b>	<b>2,834</b>	<b>2,892</b>	<b>-2.0</b>
<i>Exclude:</i>						
Exceptional items	(30)	*	nm	(31)	(5)	@
<b>Underlying net profit</b>	<b>968</b>	<b>990</b>	<b>-2.2</b>	<b>2,802</b>	<b>2,887</b>	<b>-2.9</b>
<i>(ex-Bharti Africa) <sup>(3)</sup></i>	<b>995</b>	<b>990</b>	<b>0.5</b>	<b>2,886</b>	<b>2,887</b>	<b>**</b>

**Notes:**

- (1) Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with FRS 1, **Presentation of Financial Statements**, please refer to "SGX Appendix 7.2 Announcement".
- (2) See **Appendix 1** for the summary income statements of the various businesses for the third quarter and nine months ended 31 December 2010.
- (3) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa. Bharti Africa was acquired by Bharti Airtel on 8 June 2010.

## SECTION I : GROUP

## DIVISIONAL TOTALS

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Operating revenue by division:</b>						
Singapore Telco	1,250	1,167	7.1	3,636	3,401	6.9
IT and Engineering	384	363	5.6	1,103	955	15.6
<b>Singapore Business</b>	<b>1,634</b>	<b>1,530</b>	<b>6.8</b>	<b>4,740</b>	<b>4,356</b>	<b>8.8</b>
<b>Optus</b>	<b>3,070</b>	<b>2,920</b>	<b>5.1</b>	<b>8,688</b>	<b>8,045</b>	<b>8.0</b>
<b>Group</b>	<b>4,704</b>	<b>4,450</b>	<b>5.7</b>	<b>13,428</b>	<b>12,400</b>	<b>8.3</b>
<b>Operational EBITDA by division:</b>						
Singapore Telco	527	518	1.8	1,518	1,581	-4.0
IT and Engineering	60	62	-3.2	184	133	38.5
<b>Singapore Business</b>	<b>587</b>	<b>580</b>	<b>1.2</b>	<b>1,702</b>	<b>1,714</b>	<b>-0.7</b>
<b>Optus</b>	<b>712</b>	<b>671</b>	<b>6.2</b>	<b>2,075</b>	<b>1,849</b>	<b>12.2</b>
<b>Group and Int'l business net corporate costs</b>	<b>(15)</b>	<b>(17)</b>	<b>-12.1</b>	<b>(49)</b>	<b>(52)</b>	<b>-5.2</b>
<b>Group</b>	<b>1,284</b>	<b>1,233</b>	<b>4.1</b>	<b>3,727</b>	<b>3,511</b>	<b>6.2</b>
<b>Operational EBITDA margins by division:</b>						
<i>Singapore Telco</i>	42.1%	44.3%		41.7%	46.5%	
<i>IT and Engineering</i>	15.7%	17.1%		16.7%	13.9%	
<b>Singapore Business</b>	<b>35.9%</b>	<b>37.9%</b>		<b>35.9%</b>	<b>39.3%</b>	
<b>Optus</b>	<b>23.2%</b>	<b>23.0%</b>		<b>23.9%</b>	<b>23.0%</b>	
<b>Group</b>	<b>27.3%</b>	<b>27.7%</b>		<b>27.8%</b>	<b>28.3%</b>	

## DIVIDEND

On 10 November 2010, the Directors approved an interim one-tier exempt ordinary dividend of 6.8 cents (FY2010: 6.2 cents) per share totalling approximately S\$1.08 billion in respect of the current financial year ending 31 March 2011.

The financial statements for the period ended, and as at, 31 December 2010 reflected this interim dividend. The dividend has been accounted for in the shareholders' equity as an appropriation of 'Retained Earnings', and the dividend payable has been included in 'Current Liabilities'. The interim dividend was paid in January 2011.

## SECTION I : GROUP

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### REVIEW OF GROUP OPERATING PERFORMANCE

#### For The Third Quarter Ended 31 December 2010

The Group's operating revenue grew 5.7% to S\$4.70 billion, reflecting continued robust mobile performance in Singapore and Australia.

In the third quarter, the Singapore Business delivered a healthy growth of 6.8% in operating revenue and maintained its leading market position with an enlarged customer base. Growth in revenue was broad-based across major segments. Mobile Communications recorded another quarter of double-digit growth, with revenue growing 11% year-on-year to S\$465 million. Postpaid net additions this quarter at 41,000, up from 39,000 a quarter ago, was the highest in two years. Postpaid ARPU for the quarter increased to S\$92, driven by the increased take-up of higher rate plans and higher roaming traffic.

Optus' revenue grew 3.6% in Australian Dollar terms, underpinned by continued mobile growth albeit in an increasingly competitive market. In the quarter, Optus added 150,000 postpaid customers, bringing total postpaid customer base to 4.62 million. The revenue growth this quarter was partly offset by the impact of lower ICT and Managed Services revenue. In Singapore Dollar terms, Optus' revenue rose 5.1%, lifted by the 2% strengthening of the Australian Dollar from a year ago.

The Group's operational EBITDA increased 4.1% to S\$1.28 billion. Optus' EBITDA rose 6.2%, with contribution from all business segments and careful cost management. SingTel's strategic investments in ICT and new multimedia services to deliver benefits in the long term had impacted short term earnings. With acquisition costs of mio TV content as well as the cessation of job credits from the Singapore Government, the Singapore Business' EBITDA grew 1.2% from a year ago.

The Group's share of associates' pre-tax profit declined 12% from a year ago. Underpinned by the economic recovery in Thailand coupled with strong execution, AIS' pre-tax contribution rose 31%. In India, Bharti's underlying EBITDA was strong and grew 7% despite keen competition. However, after including its loss in Africa as well as fair value losses on its foreign currency liabilities compared to gains in the same quarter last year, Bharti's ordinary pre-tax contribution declined 22%. Telkomsel recorded lower profits as it reduced tariffs and introduced attractive loyalty programmes to encourage recharge and counter intense competition. Price pressure continued in the Philippines. Globe acquired positive net additions of 1.1 million mobile customers this quarter but with higher operating expenses, its ordinary pre-tax contribution decreased 27% from a year ago.

With lower associates' contribution, the Group's EBITDA declined 1.2% to S\$1.80 billion.

The exceptional gains this quarter comprised a fair value gain recorded on the consideration payable for the acquisition of additional 1.5% effective equity interest in Bharti completed in November 2009 and a foreign exchange gain on revaluation of short-term intercompany loan payable recorded by SAI (a wholly-owned investment holding company). The gains were partially offset by the Group's share of Bharti's one-off brand launch cost of S\$30 million (see Page 10).

Net profit was stable at S\$998 million and underlying net profit decreased 2.2% to S\$968 million. Excluding the net loss and acquisition financing costs related to Bharti Africa which was acquired on 8 June 2010, underlying net profit was stable.

## SECTION I : GROUP

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Free cash flow generated in the quarter grew 71% year-on-year to S\$991 million. The increase resulted mainly from higher operating cash flow from the Singapore Business and higher dividends received from the associates.

The Group continued to maintain an optimal capital structure while retaining flexibility for further investments. As at 31 December 2010, net debt gearing ratio was at approximately 20.0%, comparable to a quarter ago.

The Group has successfully diversified its earnings base through its expansion and investments in key markets overseas. On a proportionate basis where the associates are consolidated line-by-line, operations outside Singapore accounted for 74% (Q3 FY2010: 74%) of the Group's proportionate revenue and 74% (Q3 FY2010: 73%) of the Group's proportionate EBITDA.

Across the Group including Bharti Africa's footprint, mobile customers grew 34% from a year ago, reaching 383 million as at end December 2010, in a footprint that covers more than 2 billion of the world's population.

### **For The Nine Months Ended 31 December 2010**

The Group's operating revenue for the nine months grew 8.3% to S\$13.43 billion, with strong mobile service revenue growth in both the Singapore and Australia businesses and further boosted by the strengthening of the Australian Dollar.

Operational EBITDA was up 6.2% to S\$3.73 billion, with 12% increase in Optus' EBITDA and stable EBITDA from the Singapore Business.

However, the Group's EBITDA was flat at S\$5.35 billion as the associates' pre-tax contribution declined 12% on lower earnings from Bharti, Telkomsel and Globe.

With increased depreciation and amortisation expenses, underlying net profit decreased 2.9% to S\$2.80 billion. Underlying net profit was flat if excluding the share of net loss and related acquisition financing and transaction costs for Bharti Africa.

The Group continued to generate steady free cash flows across its businesses. For the nine months ended 31 December 2010, overall free cash flows grew strongly at 28% to S\$2.86 billion.

**SECTION I : GROUP****SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 September 2010 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2010 S\$ m	30 Sep 2010 S\$ m	
<b>Operating revenue</b>	<b>4,704</b>	<b>4,436</b>	<b>6.0</b>
Singapore Business	1,634	1,586	3.0
Optus	3,070	2,850	7.7
Operating expenses	(3,468)	(3,273)	6.0
<b>Operational EBITDA</b>	<b>1,284</b>	<b>1,188</b>	<b>8.1</b>
<b>Operational EBITDA margin</b>	<b>27.3%</b>	<b>26.8%</b>	
Singapore Business	35.9%	33.1%	
Optus	23.2%	23.9%	
<b>Share of pre-tax profit of associates</b>	<b>519</b>	<b>567</b>	<b>-8.5</b>
- ordinary operations	518	567	-8.5
- exceptional items	1	-	nm
<b>Profit before exceptional items and tax</b>	<b>1,234</b>	<b>1,186</b>	<b>4.0</b>
<b>Underlying net profit</b>	<b>968</b>	<b>891</b>	<b>8.7</b>
<b>Net profit</b>	<b>998</b>	<b>892</b>	<b>11.9</b>
<b>Free cash flow</b>	<b>991</b>	<b>1,096</b>	<b>-9.5</b>

Operational EBITDA grew 8.1% reflecting continued strong growth in mobile and prudent cost management in the Singapore and Australia businesses.

The Group's share of pre-tax profit from the associates declined 8.5%, impacted mainly by lower operating profits from Bharti and Telkomsel.

The Group's underlying net profit grew 8.7% from a quarter ago, with lower net finance expense due to foreign exchange gains and lower associates' taxes.

**OUTLOOK FOR THE CURRENT FINANCIAL YEAR**

The guidance issued earlier with the results for the financial year ended 31 March 2010 as shown in **Appendix 5** is affirmed.

**SECTION I : GROUP****GROUP OPERATING REVENUE**

By Products And Services	Quarter				YOY Chge %	Nine Months		YOY Chge %
	31 Dec					31 Dec		
	2010		Restated 2010 2009			Restated 2010 2009		
	S'pore Business S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Mobile communications <sup>(1)</sup>	465	1,536	2,000	1,823	9.7	5,727	5,027	13.9
Data and Internet	401	482	883	855	3.2	2,585	2,461	5.1
IT and Engineering	384	118	502	504	-0.6	1,467	1,384	6.0
National telephone	95	392	487	489	-0.4	1,420	1,408	0.8
Sale of equipment	85	386	470	433	8.6	1,171	1,093	7.1
International telephone <sup>(1)</sup>	132	88	220	224	-2.0	646	672	-3.9
Pay television	21	26	47	38	22.7	137	113	21.4
Others <sup>(2)</sup>	53	43	96	83	15.6	277	243	14.0
<b>Total</b>	<b>1,634</b>	<b>3,070</b>	<b>4,704</b>	<b>4,450</b>	<b>5.7</b>	<b>13,428</b>	<b>12,400</b>	<b>8.3</b>
<b>Operating revenue</b>			4,704	4,450	5.7	13,428	12,400	8.3
Associates' proportionate revenue <sup>(3)</sup>			1,935	1,662	16.4	5,679	4,907	15.7
<b>Group's proportionate revenue</b>			<b>6,639</b>	<b>6,112</b>	<b>8.6</b>	<b>19,108</b>	<b>17,308</b>	<b>10.4</b>

**Notes:**

- (1) Prior period comparatives have been restated to reclassify certain revenue from "Mobile communications" to "International Telephone", consistent with the presentation in the current period.
- (2) Include revenues from maritime and land mobile, and lease of satellite transponders.
- (3) 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		Nine Months	
	31 Dec		31 Dec	
	Restated		Restated	
	2010	2009	2010	2009
	Mix	Mix	Mix	Mix
Mobile communications	42.5%	41.0%	42.6%	40.5%
Data and Internet	18.8%	19.2%	19.3%	19.8%
IT and Engineering	10.7%	11.3%	10.9%	11.2%
National telephone	10.3%	11.0%	10.6%	11.4%
Sale of equipment	10.0%	9.7%	8.7%	8.8%
International telephone	4.7%	5.0%	4.8%	5.4%
Pay television	1.0%	0.9%	1.0%	0.9%
Others	2.0%	1.9%	2.1%	2.0%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Mobile Communications continued its growth momentum across Singapore and Australia, comprising 43% of total revenue, up 1.5 percentage points from the same quarter a year ago.

The Group's enlarged revenue, including the proportionate share of operating revenue from the associates, grew strongly at 8.6% to S\$6.64 billion boosted by revenue contribution from Bharti Africa.

## SECTION I : GROUP

GROUP OPERATING EXPENSES  
(Before Depreciation And Amortisation)

	Quarter					YOY Chge %	Nine Months		YOY Chge %
	31 Dec						31 Dec		
	2010			2010	2009		2010	2009	
	S'pore Business S\$ m	Optus S\$ m	Corp S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Selling & administrative	313	962	6	1,281	1,115	14.8	3,554	3,074	15.6
Traffic expenses	214	540	-	753	714	5.5	2,169	2,027	7.0
Cost of sales	305	506	-	811	773	4.8	2,190	2,053	6.7
Staff costs	214	310	10	534	552	-3.2	1,633	1,567	4.2
Repair & maintenance	29	53	-	82	84	-3.0	241	238	1.3
Others	(4)	12	*	8	*	nm	12	(2)	nm
<b>Total</b>	<b>1,070</b>	<b>2,383</b>	<b>16</b>	<b>3,468</b>	<b>3,239</b>	<b>7.1</b>	<b>9,799</b>	<b>8,957</b>	<b>9.4</b>

As a percentage of operating revenue	Quarter		Nine Months	
	31 Dec		31 Dec	
	2010	2009	2010	2009
Selling & administrative	27.2%	25.1%	26.5%	24.8%
Traffic expenses	16.0%	16.0%	16.1%	16.3%
Cost of sales	17.2%	17.4%	16.3%	16.6%
Staff costs	11.4%	12.4%	12.2%	12.6%
Repair & maintenance	1.7%	1.9%	1.8%	1.9%
Others	0.2%	**	0.1%	**
	<b>73.7%</b>	<b>72.8%</b>	<b>73.0%</b>	<b>72.2%</b>

Selling & administrative expenses, the largest expense category at 27% of operating revenue, increased 15% year-on-year due to higher mobile selling costs from Optus and the translation effect from the stronger Australian Dollar, and increased mio TV content costs from the Singapore Business.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Net interest expense:</b>						
- Interest income	16	5	188.9	26	12	112.1
- Interest expense	(99)	(82)	20.4	(274)	(227)	20.7
	(83)	(77)	8.5	(248)	(215)	15.4
<b>Other finance income/ (expense):</b>						
- FRS 39 fair value adjustments <sup>(1)</sup>	7	(2)	nm	(4)	(16)	-74.2
- Investment gain <sup>(2)</sup>	2	2	-11.1	20	19	1.0
- Net foreign exchange gain/ (loss)	9	1	@	*	(17)	nm
	17	1	@	15	(13)	nm
<b>Net finance expense</b>	<b>(66)</b>	<b>(75)</b>	<b>-12.4</b>	<b>(232)</b>	<b>(228)</b>	<b>2.1</b>

**Notes:**

- (1) The fair value adjustments arose mainly from revaluation of hedging instruments at fair values under FRS 39, *Financial Instruments: Recognition and Measurement*.
- (2) Include dividend income and realised gains or losses on disposals of investments held for resale, if any.

Net interest expense increased 8.5% primarily due to higher interest expense reflecting Optus' financing strategy to extend the average maturity of its debt, with higher long-term borrowings partially offset by the repayment of short-term bank loans.

The increase in other finance income was mainly due to fair value gains recognised on mark-to-market of certain interest rate swaps.

**GROUP EXCEPTIONAL ITEMS <sup>(1)</sup>**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Fair value gain related to additional investment in Bharti	38	-	nm	38	-	nm
Foreign exchange gain on SAI loan	25	-	nm	25	-	nm
Share of Bharti's brand launch cost	(30)	-	nm	(30)	-	nm
Accrual of fine payment	(4)	-	nm	(4)	-	nm
Dilution gain on associates	1	*	nm	3	3	12.0
<b>Corporate</b>	30	*	nm	31	3	@
Gain on sale of available-for-sale investments	-	-	-	-	2	nm
<b>Singapore</b>	-	-	-	-	2	nm
<b>Group</b>	<b>30</b>	<b>*</b>	<b>nm</b>	<b>31</b>	<b>5</b>	<b>@</b>

**Note:**

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

## SECTION I : GROUP

During the quarter, the Group recorded a fair value gain of S\$38 million on the consideration payable for the acquisition of 1.5% effective equity interest in Bharti completed in November 2009 upon reassessment of the fair value of the liability as at 31 December 2010 with final settlement of the consideration in January 2011.

In addition, the Group recognised a foreign exchange gain, net of hedging, of S\$25 million on short-term intercompany loan payable recorded by SAI. The foreign exchange gain represented the difference between the Singapore Dollar-denominated loan and the loan amount recorded by SAI in Australian Dollar terms.

This quarter, Bharti successfully launched a new brand identity across its operations in 19 countries across Asia and Africa and the Group's post-tax share of this one-off brand launch cost was S\$30 million.

### GROUP SUMMARY STATEMENTS OF FINANCIAL POSITION

	As at		
	31 Dec	30 Sep	31 Mar
	2010	2010	2010
	S\$ m	S\$ m	S\$ m
Current assets (excluding cash)	3,801	3,907	3,531
Cash and bank balances	2,116	2,096	1,614
Non-current assets	32,212	32,033	32,807
<b>Total assets</b>	<b>38,130</b>	<b>38,036</b>	<b>37,952</b>
Current liabilities	9,152	4,999	6,835
Non-current liabilities	5,551	9,325	7,601
<b>Total liabilities</b>	<b>14,703</b>	<b>14,324</b>	<b>14,436</b>
<b>Net assets</b>	<b>23,427</b>	<b>23,712</b>	<b>23,516</b>
Share capital	2,622	2,621	2,616
Reserves	20,783	21,068	20,877
<b>Equity attributable to shareholders</b>	<b>23,405</b>	<b>23,689</b>	<b>23,493</b>
Minority interest	22	23	23
	<b>23,427</b>	<b>23,712</b>	<b>23,516</b>

The Group remained in a strong financial position as at 31 December 2010. SingTel is rated at Aa2 by Moody's and A+ by Standard & Poor's.

As at 31 December 2010, the shareholders' equity was S\$23.41 billion, a decrease of S\$284 million from a quarter ago after accounting for the interim dividend of S\$1.08 billion. The quarter's decline also included a net translation loss of S\$130 million arising from the Group's share of Bharti's currency translation loss on its Africa operations and the strengthening of the Singapore Dollar against the Indian Rupee and Indonesian Rupiah, partially offset by the stronger Australian Dollar against the Singapore Dollar.

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

	As at		
	31 Dec	30 Sep	31 Mar
	2010	2010	2010
	S\$ m	S\$ m	S\$ m
Gross debt			
Current debt	2,747	58	1,528
Non-current debt	3,828	7,072	5,351
Gross debt as reported in statement of financial position	<b>6,575</b>	<b>7,130</b>	<b>6,879</b>
Related net hedging liability <sup>(1)</sup>	1,392	933	1,045
	<b>7,967</b>	<b>8,063</b>	<b>7,924</b>
<b>Less</b> : Cash and bank balances	(2,116)	(2,096)	(1,614)
<b>Net debt</b>	<b>5,851</b>	<b>5,968</b>	<b>6,311</b>
<b>Gross debt gearing ratio</b> <sup>(2)</sup>	<b>25.3%</b>	<b>25.4%</b>	<b>25.2%</b>
<b>Net debt gearing ratio</b>	<b>20.0%</b>	<b>20.1%</b>	<b>21.2%</b>

**Notes:**

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

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

Gross debt (including hedging) decreased by S\$96 million to S\$7.97 billion from a quarter ago attributable to net repayment of borrowings of S\$235 million partially offset by increased hedging liability as a result of mark-to-market adjustments and higher translated Optus' debt balances on a stronger Australian Dollar.

## SECTION I : GROUP

## GROUP CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2010 S\$ m	2009 S\$ m	2010 S\$ m	2010 S\$ m	2009 S\$ m	
<b>Net cash inflow from operating activities</b>						
Profit before tax	1,263	1,265	1,187	3,684	3,742	-1.6
Non-cash items	18	(23)	11	56	(206)	nm
<b>Operating cashflow before working capital changes</b>	1,281	1,242	1,198	3,740	3,537	5.8
<b>Changes in operating assets and liabilities</b>	(76)	(159)	64	(244)	(408)	-40.4
	1,206	1,084	1,262	3,497	3,128	11.8
Cash paid to employees under performance share plans	-	-	(1)	(4)	(2)	81.8
Tax paid on operating activities, net of refund	(78)	(82)	(108)	(157)	(201)	-22.0
<b>Operating cashflow before dividends from associates</b>	1,128	1,002	1,153	3,336	2,925	14.0
Dividends received from associates	401	115	483	1,112	804	38.3
Withholding tax paid on dividends received	(36)	(14)	(46)	(102)	(78)	30.5
	1,493	1,103	1,591	4,347	3,651	19.0
<b>Net cash outflow for investing activities</b>						
Net investment in associates	(517)	(82)	-	(549)	(86)	@
Payment for purchase of property, plant and equipment	(502)	(522)	(495)	(1,483)	(1,405)	5.5
Advance payment for purchase of C2C submarine cable capacity	-	-	(28)	(28)	(29)	-4.1
Drawdown of prepaid C2C submarine cable capacity	11	26	-	29	59	-50.3
Proceeds from disposal of property, plant and equipment	18	*	3	22	16	36.1
Withholding tax paid on interest received on inter-company loans	(85)	(129)	(1)	(87)	(130)	-33.5
Payment for purchase of intangibles	(22)	(5)	*	(23)	(7)	205.4
Others ( <i>interest received, etc</i> )	18	7	21	48	43	13.1
	(1,079)	(705)	(500)	(2,070)	(1,540)	34.4
<b>Net cash (outflow)/ inflow for financing activities</b>						
Final dividend paid to SingTel shareholders	-	-	(1,274)	(1,274)	(1,097)	16.1
Net (decrease)/ increase in borrowings	(235)	109	524	93	(204)	nm
Settlement of swaps paid	-	-	-	(218)	-	nm
Net interest paid on borrowings and swaps	(147)	(117)	(33)	(303)	(271)	11.6
Net loan to minority shareholder	-	19	-	(25)	24	nm
Proceeds from share issue	*	4	*	6	8	-32.9
Purchase of performance shares	(2)	(5)	(15)	(39)	(60)	-34.1
Others	(1)	(1)	-	(1)	(1)	-
	(385)	8	(797)	(1,761)	(1,601)	10.0
<b>Net increase in cash &amp; cash equivalents</b>	29	406	294	516	510	1.1
Exchange effects on cash and cash equivalents	(9)	1	22	(14)	29	nm
<b>Group cash and cash equivalents at beginning</b>	2,095	1,208	1,780	1,614	1,076	50.0
<b>Group cash and cash equivalents at end</b>	2,116	1,615	2,095	2,116	1,615	31.0
<b>Group free cash flow (ex-associates' dividends)</b>	626	480	659	1,854	1,520	21.9
<b>Group free cash flow</b>	991	580	1,096	2,864	2,246	27.5
<b>Cash capex to operating revenue</b>	11%	12%	11%	11%	11%	

Net cash inflow from operating activities for the quarter grew 35% to S\$1.49 billion. Operating cash flow (before associates' dividend receipts) increased 13% to S\$1.13 billion, driven mainly by positive working capital movements from the Singapore Business. Gross dividends from associates increased S\$286 million from a year ago on receipt of a one-off special dividend from AIS and the second and final instalment dividend from Telkomsel for its 2009 financial year. Compared to a quarter ago, total operating cash flow declined 6.1% mainly due to seasonally higher working capital in Optus and lower dividends from the associates.

**SECTION I : GROUP**

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Net cash outflow for investing activities totalled S\$1.08 billion with capital expenditure of S\$502 million and net investment in associates of S\$517 million. S\$471 million of the net investment in associates was in respect of the scheduled payment milestone for the acquisition of additional 1.5% effective equity interest in Bharti completed in November 2009, and S\$40 million was in respect of the open market purchase of additional shares in Bharti. The withholding tax expense of S\$85 million arose from interest repayments on inter-company loans in the quarter.

Capital expenditure was lower by 3.9% year-on-year and represented 11% of operating revenue, 1 percentage point lower than a year ago.

Driven by strong operating cash flow and lower capital expenditure, the Group's free cash flow for the quarter grew 71% to S\$991 million from a year ago. Compared to the preceding quarter, free cash flow decreased 9.5% with the decline in operating cash flow.

Net cash outflow of S\$385 million for financing activities mainly comprised net repayment of borrowings totalling S\$235 million and interest payment of S\$147 million during the quarter.

Overall cash balance increased S\$21 million from a quarter ago, and ending cash balance was S\$2.12 billion as at 31 December 2010.

**SECTION II : SINGAPORE**

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**SINGAPORE****MANAGEMENT DISCUSSION AND ANALYSIS**

The equity accounted results of associates, as well as dividends from associates, are disclosed in **Section IV**.

**FINANCIAL HIGHLIGHTS****FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010**

- **Operating revenue at S\$1.63 billion – up 6.8%.**
- **Operational EBITDA at S\$587 million – up 1.2%.**
- **Operational EBITDA margin at 35.9%.**
- **Underlying net profit stable at S\$348 million.**
- **Free cash flow of S\$321 million – up 46%.**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2010**

- **Operating revenue at S\$4.74 billion – up 8.8%.**
- **Operational EBITDA stable at S\$1.70 billion.**
- **Operational EBITDA margin at 35.9%.**
- **Underlying net profit flat at S\$1.01 billion.**
- **Free cash flow of S\$875 million – up 14%.**

**SECTION II : SINGAPORE**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Operating revenue</b>						
<b>Singapore Business</b>	<b>1,634</b>	<b>1,530</b>	<b>6.8</b>	<b>4,740</b>	<b>4,356</b>	<b>8.8</b>
<i>Singapore Telco business</i>	1,250	1,167	7.1	3,636	3,401	6.9
<i>IT and Engineering business</i>	384	363	5.6	1,103	955	15.6
<i>Operating expenses</i>	(1,086)	(976)	11.3	(3,129)	(2,726)	14.8
<i>Singapore Business</i>	(1,070)	(959)	11.6	(3,079)	(2,674)	15.1
<i>Group and Int'l business corp costs</i>	(16)	(17)	-8.1	(50)	(52)	-4.0
<b>Operational EBITDA</b>						
<b>Singapore Business</b>	<b>587</b>	<b>580</b>	<b>1.2</b>	<b>1,702</b>	<b>1,714</b>	<b>-0.7</b>
<i>Singapore Telco business</i>	527	518	1.8	1,518	1,581	-4.0
<i>IT and Engineering business</i>	60	62	-3.2	184	133	38.5
<b>Operational EBITDA margin</b>						
<b>Singapore Business</b>	<b>35.9%</b>	<b>37.9%</b>		<b>35.9%</b>	<b>39.3%</b>	
<i>Singapore Telco business</i>	42.1%	44.3%		41.7%	46.5%	
<i>IT and Engineering business</i>	15.7%	17.1%		16.7%	13.9%	
<b>Underlying net profit <sup>(2)</sup></b>	<b>348</b>	<b>344</b>	<b>1.0</b>	<b>1,014</b>	<b>1,015</b>	<b>-0.1</b>
<b>Net profit <sup>(2)</sup></b>	<b>348</b>	<b>344</b>	<b>1.0</b>	<b>1,014</b>	<b>1,017</b>	<b>-0.4</b>
<b>Free cash flow</b>	<b>321</b>	<b>220</b>	<b>45.7</b>	<b>875</b>	<b>770</b>	<b>13.6</b>

**Notes:**

- (1) The figures in this section are after elimination of inter-company transactions and cash flows within the Group except for transactions and cash flows with Optus. Material inter-company transactions, cash flows and balances between Singapore and Optus are eliminated in the Group's financials under **Section I**.
- (2) Prior period comparatives have been restated to exclude the mark-to-market valuation of hedging instruments recognised directly at Group as disclosed in **Section I**.

**SECTION II : SINGAPORE****SINGAPORE SUMMARY INCOME STATEMENTS**  
**For The Third Quarter And Nine Months Ended 31 December 2010**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Singapore Business</b>						
Operating revenue	1,634	1,530	6.8	4,740	4,356	8.8
Operating expenses	(1,070)	(959)	11.6	(3,079)	(2,674)	15.1
	564	572	-1.3	1,661	1,681	-1.2
Other income	23	8	182.7	41	32	28.2
<b>Operational EBITDA</b>	<b>587</b>	<b>580</b>	<b>1.2</b>	<b>1,702</b>	<b>1,714</b>	<b>-0.7</b>
- EBITDA margin	35.9%	37.9%		35.9%	39.3%	
Group and Int'l business net corp costs	(15)	(17)	-12.1	(49)	(52)	-5.2
	572	562	1.7	1,653	1,662	-0.5
Depreciation & amortisation	(136)	(131)	3.8	(403)	(385)	4.8
<b>EBIT</b>	<b>436</b>	<b>432</b>	<b>1.0</b>	<b>1,250</b>	<b>1,277</b>	<b>-2.1</b>
Net finance expense						
- net interest expense	(48)	(51)	-7.2	(150)	(152)	-1.3
- other finance (expense)/ income	(3)	*	nm	2	*	nm
	(50)	(52)	-2.5	(147)	(151)	-2.7
<b>Profit before exceptional items</b>	<b>386</b>	<b>380</b>	<b>1.5</b>	<b>1,102</b>	<b>1,126</b>	<b>-2.1</b>
Exceptional items	-	-	-	-	2	nm
<b>Profit before tax</b>	<b>386</b>	<b>380</b>	<b>1.5</b>	<b>1,102</b>	<b>1,128</b>	<b>-2.3</b>
Taxation	(39)	(36)	6.6	(92)	(111)	-17.6
<b>Profit after tax</b>	<b>347</b>	<b>344</b>	<b>0.9</b>	<b>1,011</b>	<b>1,017</b>	<b>-0.6</b>
Minority interests	1	1	20.0	3	*	nm
<b>Net profit</b>	<b>348</b>	<b>344</b>	<b>1.0</b>	<b>1,014</b>	<b>1,017</b>	<b>-0.4</b>
<b>Net profit</b>	<b>348</b>	<b>344</b>	<b>1.0</b>	<b>1,014</b>	<b>1,017</b>	<b>-0.4</b>
Exclude:						
Exceptional items	-	-	-	-	(2)	nm
<b>Underlying net profit</b>	<b>348</b>	<b>344</b>	<b>1.0</b>	<b>1,014</b>	<b>1,015</b>	<b>-0.1</b>

## **SECTION II : SINGAPORE**

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### **REVIEW OF SINGAPORE OPERATING PERFORMANCE**

#### **For The Third Quarter Ended 31 December 2010**

In the third quarter, the Singapore Business delivered a healthy growth of 6.8% in operating revenue and maintained its leading market position with an enlarged customer base. Free cash flow amounted to S\$321 million, up 46% mainly on improved working capital.

SingTel continued to lead and shape the market in providing innovative products and solutions. In November 2010, SingTel was the first to launch Samsung Galaxy Tab in Singapore, offering customers PC-like web browsing for personal and business use. To complement the Galaxy Tab's rich multimedia capabilities, SingTel developed a range of innovative applications including Delite, an interactive e-magazine reader which allows customers to download and view a wide selection of popular magazines.

Revenue from the Singapore Telco business grew 7.1% to S\$1.25 billion on broad-based growth across major revenue streams. Mobile Communications recorded another quarter of double-digit growth, with revenue growing 11% year-on-year to S\$465 million. Postpaid net additions this quarter at 41,000, up from 39,000 a quarter ago, was the highest in two years. Postpaid ARPU for the quarter increased to S\$92, driven by the increased take-up of higher rate plans and higher roaming traffic.

IT and Engineering revenue grew 5.6% to S\$384 million reflecting higher fibre rollout revenue which rose to S\$72 million from S\$55 million a year ago. NCS' revenue grew 1.2% year-on-year and 3.2% from the preceding quarter with growth from its business solutions segment mitigating decline in overseas sales. NCS' order book remained strong at S\$1.9 billion as at end of December 2010.

SingTel's strategic investments in ICT and new multimedia services to deliver benefits in the long term had impacted short term earnings. With acquisition costs of mio TV content as well as the cessation of job credits from the Government, the Singapore Business' EBITDA grew only 1.2% year-on-year to S\$587 million. However, EBITDA was up 12% from a quarter ago, attributable to strong mobile performance coupled with lower acquisition and retention costs and further lifted by a S\$9 million gain on disposal of a property.

Net profit for the quarter was S\$348 million.

#### **For The Nine Months Ended 31 December 2010**

Operating revenue for the nine months was up 8.8% to S\$4.74 billion, with double-digit growth of 12% in Mobile Communications and 16% in IT and Engineering.

Operational EBITDA was stable at S\$1.70 billion with margin at 35.9%, reflecting acquisition costs of mio TV content and mobile customer connections.

Net profit was stable at S\$1.01 billion.

Free cash flow increased 14% to S\$875 million on positive movements in working capital.

**SECTION II : SINGAPORE****SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 September 2010 were as follows:

	Quarter		QOQ Chge %
	31 Dec	30 Sep	
	2010 S\$ m	2010 S\$ m	
<b>Operating revenue</b>			
<b>Singapore Business</b>	<b>1,634</b>	<b>1,586</b>	<b>3.0</b>
<i>Singapore Telco business</i>	1,250	1,212	3.2
<i>IT and Engineering business</i>	384	374	2.7
Operating expenses	(1,086)	(1,091)	-0.5
<i>Singapore Business</i>	(1,070)	(1,072)	-0.2
<i>Group and Int'l business corp costs</i>	(16)	(19)	-17.3
<b>Operational EBITDA</b>			
<b>Singapore Business</b>	<b>587</b>	<b>524</b>	<b>11.9</b>
<b>Profit before exceptional items and tax</b>	<b>386</b>	<b>324</b>	<b>19.2</b>
<b>Net profit</b>	<b>348</b>	<b>295</b>	<b>18.0</b>
<b>Free cash flow</b>	<b>321</b>	<b>224</b>	<b>43.3</b>

Operating revenue was up 3.0% with strong mobile performance further lifted by seasonally higher roaming traffic in the December quarter. Operating expenses were flat and EBITDA grew 12%. Free cash flow was higher by 43% on higher EBITDA and lower tax payments this quarter.

**SECTION II : SINGAPORE****OPERATING REVENUE**

	Quarter				YOY Chge %	Nine Months				YOY Chge %
	31 Dec					31 Dec				
	2010		Restated 2009			2010		Restated 2009		
	S\$ m	Mix %	S\$ m	Mix %		S\$ m	Mix %	S\$ m	Mix %	
Mobile communications <sup>(1)</sup>	465	28	419	27	11.0	1,334	28	1,193	27	11.8
Data and Internet	401	25	392	26	2.2	1,197	25	1,177	27	1.7
International telephone <sup>(1)</sup>	132	8	127	8	3.3	388	8	395	9	-1.8
National telephone	95	6	99	6	-4.1	284	6	298	7	-4.5
Sale of equipment	85	5	79	5	7.1	225	5	183	4	23.2
mio TV	21	1	4	**	404.8	56	1	10	**	440.4
Others <sup>(2)</sup>	53	3	47	3	12.1	152	3	145	3	4.5
Singapore Telco	1,250	77	1,167	76	7.1	3,636	77	3,401	78	6.9
IT and Engineering	384	24	363	24	5.6	1,103	23	955	22	15.6
<b>Total</b>	<b>1,634</b>	<b>100</b>	<b>1,530</b>	<b>100</b>	<b>6.8</b>	<b>4,740</b>	<b>100</b>	<b>4,356</b>	<b>100</b>	<b>8.8</b>

**Notes:**

- (1) Prior period comparatives have been restated to reclassify certain revenue from "International telephone" to "Mobile communications", consistent with the presentation in the current period.
- (2) Include revenues from maritime & land mobile revenue and lease of satellite transponders.

Mobile Communications remained the key contributor to revenue growth, comprising 28% of total revenue, 1 percentage point higher than the same quarter a year ago.

Sale of equipment revenue rose 7.1% year-on-year and 13% from a quarter ago with higher smartphone volumes.

## SECTION II : SINGAPORE

## Mobile Communications

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	Restated 2010	2009		Restated 2010	2009	
Cellular service <sup>(1) (2)</sup>	465	419	11.0	1,334	1,193	11.8

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
<b>Number of mobile subscribers (000s)</b>						
Prepaid	1,504	1,483	1,586	1,504	1,586	-5.2
Postpaid	1,725	1,684	1,595	1,725	1,595	8.2
<b>Total</b>	<b>3,229</b>	<b>3,167</b>	<b>3,181</b>	<b>3,229</b>	<b>3,181</b>	<b>1.5</b>
<b>MOUs per subscriber per month <sup>(3)</sup></b>						
Prepaid	357	355	318	345	315	9.5
Postpaid <sup>(4)</sup>	359	369	375	364	372	-2.3
<b>Average revenue per subscriber per month <sup>(3) (5)</sup> (S\$ per month)</b>						
Prepaid	14	14	14	14	14	4.4
Postpaid	92	88	89	89	86	4.0
<b>Blended</b>	<b>56</b>	<b>53</b>	<b>51</b>	<b>54</b>	<b>50</b>	<b>7.4</b>
<b>Data services as % of ARPU</b>						
- total data <sup>(6)</sup>	40%	38%	35%	38%	36%	
- non-SMS data	18%	16%	14%	16%	14%	
<b>Acquisition cost per postpaid subscriber (S\$)</b>	<b>342</b>	<b>371</b>	<b>387</b>	<b>360</b>	<b>342</b>	<b>5.3</b>
Postpaid external churn per month <sup>(7)</sup>	0.9%	1.1%	1.0%	1.0%	0.9%	
<b>Singapore mobile penetration rate <sup>(8)</sup></b>	<b>143%</b>	<b>141%</b>	<b>138%</b>	<b>143%</b>	<b>138%</b>	
<b>Singapore mobile subscribers (000s) <sup>(8)</sup></b>	<b>7,236</b>	<b>7,178</b>	<b>6,857</b>	<b>7,236</b>	<b>6,857</b>	
<b>Market share <sup>(8)</sup></b>						
Prepaid	42.5%	42.5%	46.5%	42.5%	46.5%	
Postpaid	45.7%	45.7%	46.3%	45.7%	46.3%	
<b>Overall</b>	<b>44.2%</b>	<b>44.1%</b>	<b>46.4%</b>	<b>44.2%</b>	<b>46.4%</b>	

**Notes:**

- (1) Prior period comparative has been restated to reclassify certain revenue from "International telephone", consistent with the presentation in the current period.
- (2) Cellular service revenue is determined net of bill rebates and net of prepaid sales discount, and includes revenue earned from mio plans and mobile broadband. 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) Postpaid MOU excludes customers that have 'data only' SIM plans.
- (5) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (6) Include revenue from SMS, \*SEND, MMS and other data services.

## SECTION II : SINGAPORE

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- (7) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of the average subscribers.
- (8) Source: IDA. The market share data and other statistics as at 31 December 2010 were based on IDA latest available published statistics as of 30 November 2010.

Mobile Communications revenue maintained its strong growth momentum, registering another quarter of double-digit growth at 11% to S\$465 million. The growth was driven mainly by continued postpaid customer acquisition and higher postpaid ARPU.

With its strong suite of smartphones and customised applications such as the award-winning AMPed social music service, SingTel continued to strengthen its foothold in the smartphone market. SingTel was the first in Singapore to launch the Samsung Galaxy Tab in November 2010, an exciting tablet in the emerging tablet device market, as well as the new Windows smartphones and Nokia N8.

SingTel gained 62,000 new mobile customers this quarter, up from 54,000 in the preceding quarter. Compared to a year ago, the total customer base grew 1.5% to 3.23 million as at 31 December 2010, maintaining SingTel's lead in the mobile market with an overall share of 44.2%.

In the postpaid segment, SingTel added 41,000 customers, a new quarterly high in two years. Its postpaid customer base grew 8.2% from a year ago to 1.73 million, representing a leading market share of 45.7%. Slightly over 80% of postpaid customers chose smartphones during the quarter, boosting overall smartphone penetration to half of the total postpaid base at end of December 2010.

Postpaid ARPU for the quarter was S\$92, up 3.2% from S\$89 in the same quarter a year ago. The increase reflected the increased take-up of higher rate plans as smartphones gained popularity as well as increased roaming traffic. The sequential quarter growth of 4.1% was mainly driven by higher roaming traffic. Excluding 'data only' SIMs, postpaid ARPU rose 5.4% from a year ago and 4.8% against the preceding quarter.

As at 31 December 2010, postpaid customers comprised 53% of SingTel's total mobile base, up 3 percentage points from a year ago. The increased postpaid mix and strong postpaid ARPU drove blended ARPU to S\$56, up from S\$51 a year ago.

In the prepaid segment, SingTel launched 3G SIM, Data VAS, Blackberry VAS and Yo! top-up card (value bundles targeted at the youth segment). These initiatives lifted prepaid customer base by 21,000 this quarter, up from 15,000 in the preceding quarter. Total prepaid customers reached 1.50 million, maintaining SingTel's leading prepaid market share at 42.5%.

SMS and other data revenue accounted for 40% of blended ARPU, up 2 percentage points from a quarter ago. The number of mobile broadband<sup>1</sup> customers increased 97,000 in the quarter to 767,000, up from 413,000 a year ago.

Acquisition cost per postpaid customer declined, reflecting efforts to optimise the level of handset subsidies for different customer segments.

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

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## Data and Internet

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Data services</b>						
Managed Services <sup>(1)</sup>	100	84	19.2	280	234	19.8
International Leased Circuits ("ILC")	30	43	-29.0	103	137	-24.6
	130	127	2.9	383	371	3.4
Local Leased Circuits <sup>(2)</sup>	111	114	-2.2	340	342	-0.4
Others <sup>(3)</sup>	49	45	8.7	146	140	3.8
	<b>290</b>	<b>285</b>	<b>1.8</b>	<b>869</b>	<b>853</b>	<b>1.9</b>
<b>Internet related</b>						
Fixed broadband <sup>(4)</sup>	96	90	6.3	282	270	4.5
SingTel Internet Exchange ("STiX") <sup>(5)</sup>	12	13	-6.3	37	41	-10.5
Narrowband and others	3	4	-27.9	10	14	-28.5
	<b>111</b>	<b>107</b>	<b>3.4</b>	<b>328</b>	<b>324</b>	<b>1.2</b>
<b>Total</b>	<b>401</b>	<b>392</b>	<b>2.2</b>	<b>1,197</b>	<b>1,177</b>	<b>1.7</b>

Key Drivers - Internet related	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
Number of fixed broadband lines (000s) <sup>(6) (9)</sup>	523	520	512	523	512	2.1
Singapore fixed broadband penetration rate <sup>(7) (9)</sup>	106%	99%	88%	106%	88%	
Fixed broadband market share <sup>(8) (9)</sup>	45.6%	45.6%	46.8%	45.6%	46.8%	

**Notes:**

- (1) Include MEG@POP, Global Corporate IP, Facility Management and Managed Hosting Services.
- (2) Include resale of overseas local leased circuits.
- (3) Include mainly ISDN, VSAT, DTE/ DCE, digital video broadcasting.
- (4) Include revenues from Internet access under mio plans and fibre plans.
- (5) Include inter-company sales to Optus of S\$4 million (Q3 FY2010: S\$4 million) and S\$12 million (YTD December 2009: S\$11 million) for the third quarter and nine months ended 31 December 2010 respectively.
- (6) Fixed broadband service comprises all ADSL and fibre lines, including SingNet retail fixed broadband lines but excluding leased lines and other fixed broadband access.
- (7) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IDA).
- (8) Based on total SingTel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (9) Comparatives for 31 December 2009 have been restated to be consistent with IDA's revised published statistics. The market share data as at 31 December 2010 was based on management's estimates while the penetration rate was based on IDA's latest available published statistics as of 30 November 2010.

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Data and Internet revenue totalled S\$401 million, up 2.2% from a year ago and was stable from a quarter ago.

Data revenue grew 1.8% year-on-year and was stable from the preceding quarter with continued strong growth in Managed Services partially offset by softer demand for International Leased Circuits (ILC).

Aggregate revenue from Managed Services and ILC rose 2.9% from a year ago, supported by growth in IP VPN and facility management, and rising demand for SingTel's comprehensive suite of fully managed ICT applications and cloud computing solutions.

Local Leased Circuits declined 2.2% from a year ago and 4.1% from the preceding quarter, as growth in Ethernet services was more than offset by price competition and the migration of the legacy Diginet services to IP-based services.

Notwithstanding the high broadband penetration, Fixed Broadband was up 6.3% year-on-year and 2.6% from the preceding quarter on increased take-up of higher-tier price plans.

Demand for SingTel's home bundles gained traction and contributed to the net increase of 3,000 fixed broadband lines in the quarter. Total fixed broadband lines, including from high-speed fibre services launched in the September 2010 quarter, grew 2.1% or 11,000 lines from a year ago to 523,000 lines.

With continued momentum in SingTel's bundling strategy, total customers on mio bundles<sup>2</sup> grew steadily by 13,000 in the quarter to 224,000, an increase of 33% from a year ago.

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<sup>2</sup> mio bundles comprised mio Plan (bundling of mobile, fixed broadband and fixed voice) and mio Home (bundling of mio TV, fixed broadband and fixed voice).

**SECTION II : SINGAPORE****IT and Engineering**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Revenue from NCS <sup>(1)</sup>	312	308	1.2	887	855	3.8
Fibre rollout revenue <sup>(2)</sup>	72	55	30.4	216	100	115.9
<b>Total</b>	<b>384</b>	<b>363</b>	<b>5.6</b>	<b>1,103</b>	<b>955</b>	<b>15.6</b>

NCS segment revenue (%)	Quarter			Nine Months	
	31 Dec	30 Sep	31 Dec	31 Dec	
	2010	2010	2009	2010	2009
Geographical markets					
Singapore	83	86	82	85	81
Overseas	17	14	18	15	19
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Lines of business					
Infrastructure services <sup>(3)</sup>	68	71	70	69	69
Business solutions <sup>(4)</sup>	32	29	30	31	31
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Notes:**

- (1) Generated by NCS and its subsidiaries. Included billings to Optus of approximately S\$18 million (Q3 FY 2010: S\$16 million) and S\$54 million (YTD December 2009: S\$57 million) for the third quarter and nine months ended 31 December 2010 respectively.
- (2) This revenue is for the roll out of fibre on behalf of OpenNet under Singapore's Next Generation National Broadband Network (NGNBN) initiative.
- (3) Infrastructure services include the full suite of managed services, network and communication engineering services, and value-added reselling and services.
- (4) Business solutions include applications management services and outsourcing, system integration and business process outsourcing.

IT and Engineering revenue grew 5.6% from a year ago to S\$384 million.

Fibre rollout revenue amounted to S\$72 million, up from S\$55 million in the same quarter last year, in line with the rollout schedule agreed with OpenNet.

Revenue from NCS increased 1.2% year-on-year and 3.2% from a quarter ago. The higher contribution from NCS' business solutions segment from growth in applications management, system integration and business process outsourcing services was partially offset by lower overseas sales.

During the quarter, NCS' major customer wins included the provision of IT support for schools, network integration project for a government department, and multi-year contract for the provision of infrastructure management outsourcing services for a hospital.

**SECTION II : SINGAPORE****International Telephone <sup>(1)</sup>**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	Restated			Restated		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
International (incl Malaysia) call revenue <sup>(2)</sup>	105	105	0.7	315	324	-2.7
Inpayments and net transit	26	23	15.4	73	71	2.5
<b>Total</b>	<b>132</b>	<b>127</b>	<b>3.3</b>	<b>388</b>	<b>395</b>	<b>-1.8</b>
International Telephone outpayments	(46)	(48)	-5.0	(145)	(147)	-0.8
<b>Net</b>	<b>86</b>	<b>79</b>	<b>8.3</b>	<b>243</b>	<b>249</b>	<b>-2.4</b>
<b>Margin %</b>	<b>65%</b>	<b>62%</b>		<b>63%</b>	<b>63%</b>	

Key drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
International telephone outgoing minutes (m mins) (excl Malaysia)	767	765	655	2,249	1,847	21.8
Average IDD call collection rate - net basis (S\$/ min) (excl Malaysia) <sup>(2)</sup>	0.117	0.117	0.137	0.120	0.149	-19.5

**Notes:**

- (1) International telephone services include international calling cards, IDD calls and facsimile services into and out of Singapore, other international call services, corporate voice, video and audio conferencing and wholesale voice services. It also includes international telephone revenue earned from calls made from mobile phones.
- (2) Prior period comparatives have been restated to reclassify certain revenue to "Mobile communications", consistent with the presentation in the current period.

International Telephone revenue grew 3.3% from a year ago on higher inpayments. Compared to the preceding quarter, revenue was stable.

Revenue from international call services stabilised as the decline in average collection rate was offset by increased international call traffic. Average collection rate fell 15% year-on-year, reflecting a higher proportion of "free IDD" on mobile as well as intense price competition.

The increase in inpayments and net transit this quarter was due to operators' adjustments on traffic settlement partially offset by the impact of a weaker US Dollar.

Outpayments for international calls declined 5.0% year-on-year with reversals of certain accruals no longer required this quarter.

**SECTION II : SINGAPORE****National Telephone**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Direct exchange lines ("DEL")						
- rental	42	42	0.2	124	127	-1.8
- traffic	16	19	-14.3	50	59	-14.8
Others <sup>(1)</sup>	58	61	-4.3	174	185	-5.9
	45	46	-1.5	136	135	0.6
Inter-company eliminations	103	107	-3.1	310	321	-3.2
	(9)	(8)	8.7	(26)	(23)	13.6
	<b>95</b>	<b>99</b>	<b>-4.1</b>	<b>284</b>	<b>298</b>	<b>-4.5</b>

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
<b>Fixed working lines (000s) <sup>(2)</sup></b>						
Residential	923	918	902	923	902	2.3
Business	769	767	762	769	762	0.9
<b>Total</b>	<b>1,692</b>	<b>1,685</b>	<b>1,664</b>	<b>1,692</b>	<b>1,664</b>	<b>1.7</b>
<b>Singapore fixed line penetration rate <sup>(3)</sup></b>	<b>39.4%</b>	<b>39.4%</b>	<b>38.0%</b>	<b>39.4%</b>	<b>38.0%</b>	
<b>Singapore fixed working lines (000s) <sup>(3)</sup></b>	<b>1,966</b>	<b>1,966</b>	<b>1,896</b>	<b>1,966</b>	<b>1,896</b>	
<b>Fixed Line market share <sup>(3)</sup></b>	<b>85.1%</b>	<b>85.7%</b>	<b>87.7%</b>	<b>85.1%</b>	<b>87.7%</b>	

**Notes:**

- (1) Include revenue from enhanced telephone services, payphones, DEL interconnect and call management services such as 1900/1800 call services, Telepoll and mio voice.
- (2) Fixed working lines refer to Direct Exchange Lines (DEL) and mio voice. Some lines are obtained for the connection of second set up box under mio bundles, where the revenue is recognised under Fixed Broadband or mio TV.
- (3) Source: IDA. The market share data as at 31 December 2010 was based on management's estimates while the other market statistics were based on IDA's latest available published statistics as of 30 September 2010.

Revenue from fixed line phone services continued to decline on fixed-to-mobile substitution. With declining usage, revenue fell 4.1% from a year ago. Compared to a quarter ago, revenue was stable.

The number of residential working lines rose 5,000 in the quarter, led by higher mio Home and mio TV subscriptions.

**SECTION II : SINGAPORE****mio TV**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m	2010 S\$ m	2009 S\$ m		
mio TV revenue	21	4	404.8	56	10	440.4

Key drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
Number of mio TV subscribers ('000s) <sup>(1)</sup>	264	245	155	264	155	70.3

**Note:**

(1) Comprise subscribers in the residential segment only.

Revenue from mio TV amounted to S\$21 million for the quarter, comparable to the preceding quarter. Driven by demand for sports content bundles, SingTel gained 19,000 mio TV customers in the quarter, bringing total customer base to 264,000 as at 31 December 2010.

During the quarter, mio TV's sports line-up was bolstered with the introduction of exciting new sports channels including All Sports Network, GOAL TV1 & 2 and Ten Cricket. In addition, mio TV was the first pay TV platform in Singapore to bring a 3D movie to home viewers when it screened 'Despicable Me' in 3D in December 2010.

SingTel continued to deliver innovative and great value content to customers with the introduction of 'Family Channel Pack' and four new variety content packs – Jingxuan Pack, Entertainment Pack, Astro Pack and Bharata Pack. The Family Channel Pack consists of 28 free channels covering kids content, lifestyle, variety and documentary, news, music, TV series and on-demand programming.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Selling & administrative	319	268	19.2	912	729	25.1
Cost of sales	305	268	13.6	846	678	24.8
Staff costs	224	208	7.7	666	632	5.3
Traffic expenses	214	211	1.1	635	623	2.0
Repair & maintenance	29	27	5.9	88	84	5.1
Others <sup>(1)</sup>	(4)	(6)	-34.4	(18)	(19)	-6.8
<b>Total</b>	<b>1,086</b>	<b>976</b>	<b>11.3</b>	<b>3,129</b>	<b>2,726</b>	<b>14.8</b>
Less: Group and Int'l business corp costs	(16)	(17)	-8.1	(50)	(52)	-4.0
<b>Singapore Business</b>	<b>1,070</b>	<b>959</b>	<b>11.6</b>	<b>3,079</b>	<b>2,674</b>	<b>15.1</b>

As a percentage of operating revenue	Quarter		Nine Months	
	31 Dec		31 Dec	
	2010	2009	2010	2009
Selling & administrative	19.5%	17.5%	19.2%	16.7%
Cost of sales	18.6%	17.5%	17.8%	15.6%
Staff costs	13.7%	13.6%	14.0%	14.5%
Traffic expenses	13.1%	13.8%	13.4%	14.3%
Repair & maintenance	1.8%	1.8%	1.9%	1.9%
Others	-0.3%	-0.4%	-0.4%	-0.4%
<b>Total</b>	<b>66.5%</b>	<b>63.8%</b>	<b>66.0%</b>	<b>62.6%</b>
<b>Singapore Business</b>	<b>65.5%</b>	<b>62.7%</b>	<b>65.0%</b>	<b>61.4%</b>

**Note:**

(1) Include government grants and recoveries of costs.

**Selling & administrative Expenses**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Selling &amp; administrative expenses</b>	<b>319</b>	<b>268</b>	<b>19.2</b>	<b>912</b>	<b>729</b>	<b>25.1</b>
<b>Singapore Business - Selling &amp; administrative expenses</b>	<b>313</b>	<b>261</b>	<b>19.9</b>	<b>895</b>	<b>709</b>	<b>26.2</b>

Selling & administrative expenses were the largest expense category at 19.5% of operating revenue, and accounted for 46% of the overall increase in operating expenses for the quarter. The increase was attributable to investments in mio TV content including BPL and ESPN Sports launched in the September 2010 quarter, and higher maintenance and customer service costs to support the growing multimedia customer base. Compared to the preceding quarter, expenses were lower by 5.8% attributed mainly to lower subscriber acquisition and retention cost per line and reduced marketing spend.

**SECTION II : SINGAPORE****Traffic Expenses**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
International Telephone outpayments	46	48	-5.0	145	147	-0.8
Mobile roaming outpayments	66	60	9.5	180	165	9.1
Total outpayments	112	108	3.0	326	312	4.5
Leases <sup>(1)</sup>	74	80	-6.6	230	245	-5.8
Interconnect	28	23	18.5	80	67	19.0
<b>Traffic expenses</b>	<b>214</b>	<b>211</b>	<b>1.1</b>	<b>635</b>	<b>623</b>	<b>2.0</b>
<b>Singapore Business - Traffic expenses</b>	<b>214</b>	<b>211</b>	<b>1.1</b>	<b>635</b>	<b>623</b>	<b>2.0</b>

**Note:**

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

See Page 26 for further information on International Telephone outpayments relative to inpayments.

Mobile roaming outpayments grew 9.5% from a year ago and 17% from the preceding quarter, consistent with higher mobile roaming traffic and associated revenue.

Lease expenses fell 6.6% year-on-year and 5.1% from a quarter ago as a result of reduction in lease circuit rates and satellite costs as well as the impact of a weaker US Dollar.

Interconnect expenses recorded increases of 19% from a year ago and 3.0% from a quarter ago with higher inter-operator SMS volume across a larger customer base.

**SECTION II : SINGAPORE****Staff Costs**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Gross staff costs	226	215	5.0	666	652	2.1
Performance share cost <sup>(1)</sup>	3	7	-52.9	15	20	-26.5
Capitalisation of staff costs <sup>(2)</sup>	229	222	3.2	681	672	1.2
	(5)	(5)	4.3	(13)	(13)	1.6
Job credits	224	217	3.2	668	660	1.2
	-	(9)	nm	(2)	(28)	-91.7
<b>Total, net</b>	<b>224</b>	<b>208</b>	<b>7.7</b>	<b>666</b>	<b>632</b>	<b>5.3</b>
<b>Singapore Business - Staff costs</b>	<b>214</b>	<b>197</b>	<b>8.7</b>	<b>633</b>	<b>600</b>	<b>5.5</b>

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
<b>Singapore average number of staff</b>	12,822	12,887	12,614	12,792	12,646	1.2
Revenue per staff (S\$'000) <sup>(3)</sup>	127	123	121	371	344	7.6
<b>As at end of period:</b>						
<b>Number of staff</b>						
NCS	6,053	5,988	5,916	6,053	5,916	2.3
SingTel and other subsidiaries	6,792	6,830	6,745	6,792	6,745	0.7
<b>Singapore</b>	<b>12,845</b>	<b>12,818</b>	<b>12,661</b>	<b>12,845</b>	<b>12,661</b>	<b>1.5</b>
<b>Optus</b>	<b>10,182</b>	<b>10,270</b>	<b>10,500</b>	<b>10,182</b>	<b>10,500</b>	<b>-3.0</b>
<b>Total Group</b>	<b>23,027</b>	<b>23,088</b>	<b>23,161</b>	<b>23,027</b>	<b>23,161</b>	<b>-0.6</b>

**Notes:**

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

Staff Costs, excluding job credits received last year, rose 3.2% year-on-year on average headcount growth of 1.6% and annual salary increments. The lower performance share cost resulted from the adjustment of certain provisions on cash-settled scheme in the quarter.

Overall headcount for Singapore increased 184 from a year ago to 12,845 as at end December 2010, reflecting additional hire at NCS to support new customer wins and the build-up of its offshore development resource base.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
Depreciation of property, plant and equipment	131	126	4.2	392	374	5.0
Amortisation	4	5	-6.7	11	11	-0.9
	<b>136</b>	<b>131</b>	<b>3.8</b>	<b>403</b>	<b>385</b>	<b>4.8</b>
<i>Depreciation as a percentage of operating revenue</i>	<i>8.0%</i>	<i>8.2%</i>		<i>8.3%</i>	<i>8.6%</i>	

The increase in depreciation expense was due to a larger asset base following additional investments in submarine cable, mobile and IPTV networks.

**Net Finance Expense**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	Restated 2010 S\$ m	Restated 2009 S\$ m		Restated 2010 S\$ m	Restated 2009 S\$ m	
<b>Net interest expense</b>						
- Interest income	4	2	160.0	6	3	72.7
- Interest expense	(52)	(53)	-2.5	(155)	(155)	0.3
	<b>(48)</b>	<b>(51)</b>	<b>-7.2</b>	<b>(150)</b>	<b>(152)</b>	<b>-1.3</b>
<b>Other finance (expense)/ income <sup>(1)</sup></b>						
- Investment gain <sup>(2)</sup>	2	2	-11.1	20	19	1.0
- Net foreign exchange loss	(4)	(2)	104.8	(17)	(19)	-9.8
	<b>(3)</b>	<b>*</b>	<b>nm</b>	<b>2</b>	<b>*</b>	<b>nm</b>
<b>Net finance expense</b>	<b>(50)</b>	<b>(52)</b>	<b>-2.5</b>	<b>(147)</b>	<b>(151)</b>	<b>-2.7</b>

**Notes:**

- (1) Prior period comparatives have been restated to exclude the mark-to-market valuation of hedging instruments recognised directly at Group which is disclosed in **Section I**.
- (2) Include dividend income and realised gains or losses on disposals of investments held for resale, if any.

Interest income was higher on higher average cash balance and increased interest rates.

Interest expense decreased 2.5% year-on-year due to decline in average borrowings partially offset by higher interest rates.

**SECTION II : SINGAPORE****Taxation**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m	2010 S\$ m	2009 S\$ m		
Taxation						
Current and deferred taxes (a)	70	68	4.0	184	200	-8.4
Tax benefit of inter-company interest expense	(32)	(31)	1.0	(92)	(89)	3.1
<b>Total</b>	<b>39</b>	<b>36</b>	<b>6.6</b>	<b>92</b>	<b>111</b>	<b>-17.6</b>
<b>Effective tax rates based on :</b>						
<b>Singapore reported profit before tax</b>				<b>8.3%</b>	<b>9.9%</b>	
Profit before tax				<b>1,102</b>	<b>1,128</b>	
<i>Exclude :</i>						
Exceptional items				-	(2)	
Net foreign exchange loss (non-trade)				17	19	
<b>Adjusted pre-tax profit (b)</b>				<b>1,120</b>	<b>1,145</b>	
Effective tax rate (a)/(b)				<b>16.4%</b>	<b>17.5%</b>	
Applicable statutory tax rate in the period				<b>17.0%</b>	<b>17.0%</b>	

The tax expense in the current period included the recognition of certain tax credits upon finalisation of tax assessments related to earlier years.

The deferred tax credit relating to intercompany interest expense benefited from the strengthening of the Australian Dollar this quarter.

## SECTION II : SINGAPORE

## SINGAPORE CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2010 S\$ m	2009 S\$ m	2010 S\$ m	2010 S\$ m	2009 S\$ m	
<b>Net cash inflow from operating activities</b>						
Profit before tax	386	380	324	1,102	1,128	-2.3
Non-cash items	181	189	189	558	554	0.7
<b>Operating cash flow before working capital changes</b>	567	570	513	1,660	1,682	-1.3
<b>Changes in operating assets and liabilities</b>	31	(97)	17	(112)	(263)	-57.2
	<b>598</b>	<b>473</b>	<b>530</b>	<b>1,548</b>	<b>1,419</b>	<b>9.0</b>
Cash paid to employees under performance share plans	-	-	(1)	(4)	(2)	81.8
Tax paid on operating activities	(78)	(82)	(108)	(156)	(201)	-22.1
<b>Operating cash flow</b>	<b>521</b>	<b>391</b>	<b>421</b>	<b>1,387</b>	<b>1,217</b>	<b>14.0</b>
<b>Net cash inflow/ (outflow) for investing activities</b>						
Net loan to STAI from Optus <sup>(1)</sup>	846	704	8	861	715	20.4
Withholding tax paid on interest received on inter-company loans	(85)	(129)	(1)	(87)	(130)	-33.5
Payment for purchase of property, plant and equipment	(200)	(171)	(197)	(513)	(447)	14.7
Advance payment for purchase of C2C submarine cable capacity	-	-	(28)	(28)	(29)	-4.1
Drawdown of prepaid C2C submarine cable capacity	11	26	-	29	59	-50.3
Proceeds on disposal of property, plant and equipment	18	*	3	22	16	36.1
Net investment in associates	(517)	(82)	-	(549)	(86)	@
Payment for purchase of intangibles	(22)	(5)	*	(23)	(7)	214.9
Others (dividends and interest received etc)	6	3	16	28	34	-17.8
	<b>57</b>	<b>347</b>	<b>(200)</b>	<b>(261)</b>	<b>124</b>	<b>nm</b>
<b>Net cash outflow for financing activities</b>						
Final dividend paid to shareholders	-	-	(1,274)	(1,274)	(1,097)	16.1
Net decrease in borrowings	(4)	(251)	(4)	(242)	(110)	119.3
Net interest paid on borrowings and swaps	(105)	(96)	(3)	(197)	(202)	-2.4
Net loan to minority shareholder	-	19	-	(25)	24	nm
Proceeds from share issue	*	4	*	6	8	-32.9
Purchase of performance shares	(2)	(5)	(15)	(27)	(48)	-43.6
Others	(1)	(1)	-	(1)	(1)	-
	<b>(111)</b>	<b>(331)</b>	<b>(1,294)</b>	<b>(1,759)</b>	<b>(1,425)</b>	<b>23.5</b>
<b>Net increase/ (decrease) in Singapore cash balance</b>	<b>467</b>	<b>407</b>	<b>(1,073)</b>	<b>(633)</b>	<b>(85)</b>	<b>@</b>
<b>Net increase/ (decrease) in Singapore cash balance</b>	<b>467</b>	<b>407</b>	<b>(1,073)</b>	<b>(633)</b>	<b>(85)</b>	<b>@</b>
Dividends received from associates	401	115	483	1,112	804	38.3
Withholding tax paid	(36)	(14)	(46)	(102)	(78)	30.5
<b>Net dividends received from associates</b>	<b>365</b>	<b>101</b>	<b>437</b>	<b>1,010</b>	<b>726</b>	<b>39.2</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>832</b>	<b>508</b>	<b>(636)</b>	<b>378</b>	<b>641</b>	<b>-41.1</b>
<b>SingTel cash and cash equivalents at beginning</b>	<b>943</b>	<b>837</b>	<b>1,590</b>	<b>1,416</b>	<b>725</b>	<b>95.3</b>
Exchange effects on cash and cash equivalents	(24)	(2)	(11)	(42)	(22)	90.5
<b>SingTel cash and cash equivalents at end</b>	<b>1,751</b>	<b>1,343</b>	<b>943</b>	<b>1,751</b>	<b>1,343</b>	<b>30.3</b>
<b>Singapore free cash flow</b>	<b>321</b>	<b>220</b>	<b>224</b>	<b>875</b>	<b>770</b>	<b>13.6</b>
<b>Free cash flow from associates' dividends</b>	<b>365</b>	<b>101</b>	<b>437</b>	<b>1,010</b>	<b>726</b>	<b>39.2</b>
<b>Cash capex to operating revenue</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	

**Note:**

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

## SECTION II : SINGAPORE

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Net cash generated from operating activities grew strongly by 33% from a year ago to S\$521 million primarily on improved working capital mainly from OpenNet fibre rollout activities. As at 31 December 2010, the work-in-progress and receivable balances in respect of the fibre rollout contract with OpenNet totalled S\$228 million.

Cash inflows from investing activities comprised mainly S\$846 million (A\$657 million) of inter-company loan received from Optus. Major investing cash outflows included net investment in associates of S\$517 million, of which S\$471 million related to the scheduled payment milestone for the acquisition of additional 1.5% effective equity interest in Bharti completed in November 2009 and S\$40 million in respect of the open market purchase of additional shares in Bharti. SingTel also paid S\$20 million for the purchase of the additional 3G spectrum in Singapore this quarter.

Capital expenditure rose 17% from a year ago to S\$200 million and represented 12% of operating revenue, up 1 percentage point from a year ago. Major capital expenditure this quarter included additional investments in core infrastructure, mobile and IPTV networks to support the growing customer base as well as progressive payments for the ST-2 satellite construction.

Driven by the strong operating cash flow, free cash flow grew 46% year-on-year to S\$321 million. Compared to the preceding quarter, free cash flow rose 43% on higher EBITDA and lower tax payments.

Net cash outflow for financing activities totalled S\$111 million mainly from interest payment of S\$105 million.

Including net dividends of S\$365 million received from the associates in the quarter, overall cash balance as at 31 December 2010 increased S\$808 million from a quarter ago to S\$1.75 billion.

## REGULATORY UPDATE

On 24 January 2011, the IDA issued its interim decision in relation to the spectrum framework for 4G mobile communication systems, allowing the deployment of 4G technologies in the 2.3GHz and 2.5GHz band when the bands are re-farmed and re-allocated, which could take place by 2012. The IDA also indicated that existing 900 MHz and 1800 MHz frequencies allocated to the mobile operators could be used for Long Term Evolution (“LTE”) as long as the mobile operators continue to provide public mobile voice telephony services.

On 31 January 2011, the IDA issued its decision in relation to the allocation of an additional 5 MHz lot of 1800 MHz frequency to existing mobile operators by way of auction, which could take place by March 2011. Consistent with the IDA’s interim decision in relation to the spectrum framework for 4G mobile communication systems, the mobile operator that is successful in the auction can use the additional 5 MHz lot of 1800 MHz frequency to deploy LTE and fixed wireless broadband as long as they continue to provide public mobile voice telephony services. The IDA has set the Reserve Price for the 5 MHz lot of 1800 MHz frequency at S\$400,000, and annual licence fees at 1% of the licensee’s annual gross turnover, annual spectrum management fees as well as other fees will also apply.

## SECTION III : OPTUS

## SINGTEL OPTUS PTY LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

## FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010

- Operating revenue at A\$2.38 billion – up 3.6%.
- Operational EBITDA at A\$553 million – up 4.5%.
- Operational EBITDA margin at 23.2%.
- Net profit at A\$169 million – up 2.2%.
- Free cash flow of A\$236 million – up 15%.

## FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

- Operating revenue at A\$6.96 billion – up 3.6%.
- Operational EBITDA at A\$1.66 billion – up 7.8%.
- Operational EBITDA margin at 23.9%.
- Net profit at A\$514 million – up 13%.
- Free cash flow of A\$785 million – up 28%.

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Operating revenue	2,384	2,302	3.6	6,962	6,718	3.6
Operational EBITDA	553	529	4.5	1,663	1,543	7.8
<i>Operational EBITDA margin</i>	<i>23.2%</i>	<i>23.0%</i>		<i>23.9%</i>	<i>23.0%</i>	
EBIT	267	249	7.3	808	701	15.3
Net profit	169	165	2.2	514	456	12.7
Free cash flow	236	205	15.1	785	616	27.5

**SECTION III : OPTUS****OPTUS SUMMARY INCOME STATEMENTS – Singapore GAAP  
For The Third Quarter and Nine Months Ended 31 December 2010**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
<b>Operating revenue</b>	<b>2,384</b>	<b>2,302</b>	<b>3.6</b>	<b>6,962</b>	<b>6,718</b>	<b>3.6</b>
Operating expenses	(1,851)	(1,784)	3.8	(5,345)	(5,204)	2.7
	533	518	2.9	1,617	1,514	6.9
Other income	19	11	82.2	45	29	54.8
<b>Operational EBITDA</b> <i>- EBITDA margin</i>	<b>553</b> <b>23.2%</b>	<b>529</b> <b>23.0%</b>	<b>4.5</b>	<b>1,663</b> <b>23.9%</b>	<b>1,543</b> <b>23.0%</b>	<b>7.8</b>
Share of results of joint ventures	*	*	nm	*	*	nm
<b>EBITDA</b>	<b>553</b>	<b>529</b>	<b>4.5</b>	<b>1,663</b>	<b>1,543</b>	<b>7.8</b>
Depreciation & amortisation	(286)	(280)	2.1	(854)	(842)	1.5
<b>EBIT</b>	<b>267</b>	<b>249</b>	<b>7.3</b>	<b>808</b>	<b>701</b>	<b>15.3</b>
Net finance expense	(27)	(11)	142.3	(75)	(46)	65.1
<b>Profit before tax</b>	<b>240</b>	<b>238</b>	<b>1.0</b>	<b>733</b>	<b>655</b>	<b>11.8</b>
Tax expense	(71)	(73)	-1.8	(219)	(199)	9.9
<b>Net profit after tax</b>	<b>169</b>	<b>165</b>	<b>2.2</b>	<b>514</b>	<b>456</b>	<b>12.7</b>

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

## SECTION III : OPTUS

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### REVIEW OF OPTUS OPERATING PERFORMANCE For The Third Quarter Ended 31 December 2010

Optus' operating revenue rose 3.6%, underpinned by continued Mobile revenue growth in spite of a highly competitive market. The growth this quarter was partly offset by the impact of lower ICT and Managed Services revenue from reduced hardware sales.

In Mobile, service revenue grew 6.8% year-on-year while EBITDA increased by 3.8%. Mobile growth was led by robust postpaid customer acquisitions and increased penetration of smartphones. Postpaid net additions this quarter was 150,000, and total postpaid subscribers reached 4.62 million strengthening Optus' market position. Higher acquisition and retention costs reduced Mobile EBITDA margin by 1 percentage point compared to the preceding quarter and same quarter last year.

Optus continued to differentiate itself in the market through launch of various innovative services, offering customers relevance and personalisation. During the quarter, Optus partnered with TrueLocal.com.au to exclusively offer small businesses a business listing and dedicated webpage to enable them to promote their businesses online.

As the official telecommunications provider for the Australian Open 2011, Optus has enhanced its mobile streaming service with the launch of a new TV and video application. Through this application, Optus will provide customers with free and exclusive access to live streaming of Australian Open 2011 match coverage, as well as the latest news, live scores, results and video highlights.

In Business and Wholesale fixed, growth in business voice and satellite was offset by lower ICT hardware sales, resulting in an overall revenue decline of 2.0%. Operational EBITDA grew 4.2% and EBITDA margin expanded 2 percentage points year-on-year as a result of higher on-net mix.

Optus demonstrated its commitment to support corporate customers through the launch of Optus Cloud Solutions, a suite of enterprise cloud computing services. These services provide businesses with a scalable and flexible approach to manage their IT resources while mitigating upfront costs in infrastructure. The initial service launched within Optus Cloud Solutions is a virtual private data centre solution that offers businesses access to virtualised computing and storage capacity on demand via a secure network connection.

In Consumer & SMB fixed, on-net revenue recorded growth of 1.1%. Excluding Pay TV, on-net revenue grew 4.1%. Underpinned by its on-net strategy, EBITDA rose 11% and EBITDA margin expanded to 17%, up 2 percentage points year-on-year. Total on-net broadband customers reached 946,000 as at 31 December 2010.

As a value-added service to the customers, Optus launched Premium Home Services, a comprehensive troubleshooting support service offering 24-hour unlimited premium support from specially-trained technicians as well as a one-click access to the Optus helpdesk. Optus also launched the innovative VidSpot service for its fixed customers, providing them with a single destination library of web video with an easy search function.

During the quarter, Optus expanded its retail presence with the signing of an exclusive mobile distribution agreement with Harvey Norman and increasing its Optus branded stores to 259.

## SECTION III : OPTUS

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Optus' leadership and excellence in customer experience were recognised with multiple awards from the Customer Service Institute of Australia this quarter. Optus also won the Telecommunications Service Provider of the Year in the 2010 Frost & Sullivan Australia Best Practices Awards.

Operational EBITDA grew 4.5% year-on-year to A\$553 million, driven by contribution from all segments and prudent cost management. EBITDA margin was higher at 23.2%, with continued focus on yield management and on-net strategy.

Net finance expense was up A\$16 million year-on-year primarily due to higher interest expense and lower gains from revaluation of foreign exchange contracts. The increased interest expense was a result of Optus' financing strategy to extend the average maturity of its debt, with higher long-term borrowings partially offset by the repayment of short-term bank facilities. The bank facilities remain available to Optus.

Net profit for the quarter grew 2.2% to A\$169 million.

Free cash flow generated in the quarter was A\$236 million, up 15% year-on-year with higher EBITDA and lower capital expenditure.

### For The Nine Months Ended 31 December 2010

For the nine months under review, Optus' operating revenue was up 3.6% to A\$6.96 billion, supported by Mobile service revenue growth of 9.1%.

Operational EBITDA grew 7.8% or A\$120 million to A\$1.66 billion with EBITDA margin at 23.9%, up 0.9 percentage point from a year ago. Prudent cost management combined with Optus' sustained revenue growth continued to improve overall EBITDA margin.

Net profit increased by 13% to A\$514 million.

### National Broadband Network (NBN) Update

A key part of the Government's regulatory reform package associated with the NBN relates to the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010. The Bill received parliamentary approval in December 2010 and is a key step to addressing issues which have impacted competition in the Australian telecommunications industry over the last 20 years. The Bill sets the regulatory framework for a level-playing field and improvement in the level of competition in the fixed line market. The Government also released the NBN business case in December 2010.

**SECTION III : OPTUS****SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 September 2010 were as follows:

	Quarter		QOQ Chge %
	31 Dec	30 Sep	
	2010 A\$ m	2010 A\$ m	
<b>Operating revenue</b>	<b>2,384</b>	<b>2,322</b>	<b>2.7</b>
Operating expenses	(1,851)	(1,778)	4.1
<b>Operational EBITDA</b>	<b>553</b>	<b>556</b>	<b>-0.6</b>
<b>Operational EBITDA margin</b>	<b>23.2%</b>	<b>23.9%</b>	
<i>Mobile</i>	24%	25%	
<i>Business &amp; wholesale fixed</i>	26%	26%	
<i>Consumer &amp; SMB fixed</i>	17%	17%	
<b>Profit before tax</b>	<b>240</b>	<b>250</b>	<b>-3.9</b>
<b>Net profit</b>	<b>169</b>	<b>175</b>	<b>-3.6</b>
<b>Free cash flow</b>	<b>236</b>	<b>354</b>	<b>-33.2</b>

Operating revenue grew 2.7% mainly due to higher Mobile revenue partly offset by lower Consumer & SMB fixed revenue.

Operational EBITDA was stable, while EBITDA margin was slightly lower at 23.2% from increased mobile subscriber acquisition and retention costs.

The lower free cash flow compared to the preceding quarter was mainly driven by seasonal working capital movements.

## SECTION III : OPTUS

## DIVISIONAL TOTALS

	Quarter		YoY Chge %	Nine Months		YoY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
<b>Operating revenue by division:</b>						
Mobile	1,561	1,459	6.9	4,482	4,175	7.4
Optus Business Fixed	317	330	-4.0	961	1,008	-4.7
Optus Wholesale Fixed	173	170	1.8	507	505	0.3
Consumer and SMB Fixed	336	346	-2.9	1,018	1,038	-1.9
Less inter-divisional revenue <sup>(1)</sup>	(2)	(3)	-25.9	(6)	(8)	-24.1
<b>Total</b>	<b>2,384</b>	<b>2,302</b>	<b>3.6</b>	<b>6,962</b>	<b>6,718</b>	<b>3.6</b>
<b>Operational EBITDA by division:</b>						
Mobile	371	358	3.8	1,114	1,037	7.4
Optus Business & Wholesale Fixed	126	121	4.2	379	354	7.2
Consumer and SMB Fixed	56	51	11.0	170	152	12.0
<b>Total</b>	<b>553</b>	<b>529</b>	<b>4.5</b>	<b>1,663</b>	<b>1,543</b>	<b>7.8</b>
<b>Operational EBITDA margins by division:</b>						
Mobile	24%	25%		25%	25%	
Optus Business & Wholesale Fixed	26%	24%		26%	23%	
Consumer and SMB Fixed	17%	15%		17%	15%	
<b>Total</b>	<b>23.2%</b>	<b>23.0%</b>		<b>23.9%</b>	<b>23.0%</b>	

**Note:**

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

In the quarter, mobile revenue was the key contributor to revenue growth, comprising 65% of total revenue, 2 percentage points higher than the same quarter last year. EBITDA growth was registered across all segments, while margins expanded in the fixed segments driven by on-net yield and cost management.

## SECTION III : OPTUS

## OPTUS MOBILE DIVISION

	Quarter		YoY Chge %	Nine Months		YoY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
<b>Mobile communications revenue</b> <sup>(1)</sup>						
Outgoing service revenue	1,005	957	5.0	3,008	2,775	8.4
Incoming service revenue	256	224	14.6	719	642	12.0
Service revenue	1,261	1,181	6.8	3,728	3,417	9.1
Equipment	299	279	7.4	755	758	-0.4
<b>Total Mobile revenue</b>	<b>1,561</b>	<b>1,459</b>	<b>6.9</b>	<b>4,482</b>	<b>4,175</b>	<b>7.4</b>
<b>Operational EBITDA</b> <sup>(2)</sup>	<b>371</b>	<b>358</b>	<b>3.8</b>	<b>1,114</b>	<b>1,037</b>	<b>7.4</b>
<b>- EBITDA margin</b>	<b>24%</b>	<b>25%</b>		<b>25%</b>	<b>25%</b>	

Key Drivers	Quarter			Nine Months		YoY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2010	2010	2009	2010	2009	
<b>Number of mobile subscribers (000s)</b>						
Prepaid	4,342	4,404	4,201	4,342	4,201	3.4
Postpaid <sup>(3)</sup>	4,622	4,473	4,043	4,622	4,043	14.3
<b>Total</b>	<b>8,965</b>	<b>8,877</b>	<b>8,244</b>	<b>8,965</b>	<b>8,244</b>	<b>8.7</b>
<b>Mobile penetration rate</b> <sup>(4)</sup>	<b>ND</b>	<b>ND</b>	<b>116%</b>	<b>ND</b>	<b>116%</b>	
<b>MOUs per subscriber per month</b> <sup>(5)</sup>						
Prepaid	70	74	81	74	81	-9.3
Postpaid	240	228	223	229	214	7.1
<b>ARPU per month (A\$)</b> <sup>(6)</sup>						
Prepaid	25	26	27	26	28	-8.6
Postpaid	69	70	70	69	69	0.3
<b>Blended</b>	<b>47</b>	<b>48</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>-</b>
<b>Data revenue as a % of service revenue</b>						
- total data	40%	40%	36%	40%	35%	
- non-SMS data	17%	18%	14%	18%	12%	
<b>Market share - total</b> <sup>(4)</sup>	<b>ND</b>	<b>ND</b>	<b>32.2%</b>	<b>ND</b>	<b>32.2%</b>	
<b>Retail postpaid churn rate per month</b> <sup>(7)</sup>	<b>1.7%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>1.6%</b>	
<b>% users through wholesale</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>	<b>10%</b>	<b>8%</b>	
<b>Acquisition cost per subscriber</b>	<b>A\$254</b>	<b>A\$214</b>	<b>A\$211</b>	<b>A\$223</b>	<b>A\$213</b>	

**Notes:**

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

## SECTION III : OPTUS

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The Mobile business delivered another quarter of growth in an increasing competitive market, with total revenue rising 6.9% to A\$1.56 billion. Service revenue and equipment revenue grew 6.8% and 7.4% respectively.

Optus added 88,000 new mobile customers in the quarter, bringing nine months net additions to 468,000. Postpaid customer growth continued with strong net additions of 150,000 this quarter resulting in a postpaid customer base of 4.62 million as at 31 December 2010, up 14% from a year ago. Postpaid customers now comprised 52% of the total base, up 3 percentage points from a year ago. Prepaid additions were impacted by increased '*International Calls for Less*'<sup>3</sup> customer churn rate which was above that of the average prepaid base. This resulted in a net decline of 62,000 in the prepaid customer base from a quarter ago.

The number of 3G subscribers<sup>4</sup> increased to 4.84 million, a 6.5% increase from a quarter ago. This included a base of 1.19 million wireless broadband<sup>5</sup> subscribers, an increase of approximately 92,000 subscribers since a quarter ago.

Incoming service revenue continued to grow strongly at 15% this quarter supported by subscriber growth, increased inbound roaming and SMS. Termination rates remained steady at 9 cents per minute.

Reflecting a higher mix of wireless broadband customers in the base, blended ARPU declined slightly from A\$48 to A\$47. Excluding wireless broadband, postpaid ARPU grew 1.7% year-on-year. Prepaid ARPU was impacted by the increased mix of '*International Calls for Less*' customers within the base.

SMS and other data revenue was at 40% of ARPU, up from 36% a year ago with increased data usage and higher penetration of wireless data products. The proportion of non-SMS data revenue (including premium content SMS) grew to 17% of ARPU in the current quarter, compared to 14% a year ago. The slight decline from 18% in the preceding quarter was due to increased take-up on selected plans which included free access to popular social networking sites.

Optus strengthened its foothold in the smartphone and tablet market, launching two Android-powered tablet devices in the lead-up to Christmas with the Samsung Galaxy Tab tablet available on postpaid plans and Optus My Tab tablet as a competitive prepaid offer. The sustained demand for smartphones and refreshed cap plans continued to increase the penetration of capped plans into the base. A total of 92%<sup>6</sup> of new and recontracted postpaid customers chose capped plans this quarter. Approximately 69% of the total Optus postpaid mobile base were on capped plans as at 31 December 2010, up from 61% a year ago<sup>7</sup>.

Acquisition cost per subscriber was 19% higher compared to the preceding quarter and 20% higher than a year ago, reflecting an increased mix of smartphones and the first full quarter of iPhone 4 availability.

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<sup>3</sup> '*International Calls for Less*' plan was launched in November 2009, offering attractive rates for international calls.

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

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

<sup>6</sup> These cap penetration metrics exclude customers on Optus' capped plans offered through Optus wholesale service providers. Including these customers, the percentage of total Optus postpaid customers on capped plans as at 31 December 2010 was 76% (September 2010: 72%), with 86% of total new and recontracted customers choosing capped plans in this quarter (September 2010: 85%).

<sup>7</sup> All calculations for capped plans include customers with voice plans only.

**SECTION III : OPTUS**

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Operational EBITDA increased by A\$13 million or 3.8%. EBITDA margin declined slightly to 24%, impacted by higher customer acquisition and retention costs due to strong postpaid customer acquisitions and increased smartphone mix.

Optus continued to invest significantly in expanding its mobile network – The Open Network<sup>8</sup>. During 2010, over 600 mobile sites were built to enhance depth and coverage in metropolitan areas and to bring 3G coverage to a number of communities in rural and regional Australia.

As at 31 December 2010, the Open Network has reached 97 per cent of the population for both voice and data coverage. With this significant investment, Optus is the only carrier capable of challenging the incumbent telco's network on both coverage and speed.

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<sup>8</sup> Optus' mobile network, which encompasses the 3G dual band, 3G single band and 2G mobile networks.

## SECTION III : OPTUS

## OPTUS BUSINESS &amp; WHOLESALE FIXED DIVISIONS

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 December			31 December		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
<b>Business revenue</b>						
Voice	104	97	7.3	311	290	7.3
Data and IP	121	122	-0.7	358	360	-0.4
ICT and Managed Services	92	111	-17.4	292	359	-18.7
<b>Total Business fixed revenue</b>	<b>317</b>	<b>330</b>	<b>-4.0</b>	<b>961</b>	<b>1,008</b>	<b>-4.7</b>
<b>Wholesale revenue</b>						
Domestic Voice	32	34	-4.2	94	103	-8.2
International Voice	4	5	-13.0	14	18	-19.8
Data and IP	65	64	1.7	191	192	-0.7
Satellite	71	67	5.9	207	192	7.8
<b>Total Wholesale fixed revenue</b>	<b>173</b>	<b>170</b>	<b>1.8</b>	<b>507</b>	<b>505</b>	<b>0.3</b>
<b>Total Business &amp; Wholesale fixed revenue</b>	<b>490</b>	<b>500</b>	<b>-2.0</b>	<b>1,468</b>	<b>1,513</b>	<b>-3.0</b>
<b>Operational EBITDA <sup>(1)</sup></b>	<b>126</b>	<b>121</b>	<b>4.2</b>	<b>379</b>	<b>354</b>	<b>7.2</b>
<b>- EBITDA margin</b>	<b>26%</b>	<b>24%</b>		<b>26%</b>	<b>23%</b>	

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec	31 Dec	
	2010	2010	2009	2010	2009	
Business voice minutes (m min)	1,223	1,288	1,179	3,753	3,604	4.1
Wholesale domestic voice minutes (m min)	986	857	873	2,679	2,648	1.2
<b>As at end of period:</b>						
Buildings connected <sup>(2)</sup>	17,609	17,571	17,321	17,609	17,321	1.7

**Notes:**

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

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

Total Business and Wholesale fixed revenue declined 2.0% year-on-year, with growth in Optus Business fixed voice and wholesale satellite offset by lower ICT and Managed services revenue.

Optus Business fixed voice traffic continued to grow, driving revenue growth of 7.3% to A\$104 million. Data & IP revenue declined 0.7% as strong growth in Evolve™ services was offset by the exit of legacy data products. The decline in ICT and Managed services revenue was mainly due to a reduction in low-margin hardware sales.

Total Wholesale fixed revenue increased 1.8% year-on-year with strong satellite growth partly offset by lower voice revenue. Satellite revenue grew 5.9% due to increased transponder sales from D3 satellite. Domestic voice revenue continued to be impacted by the impending deregulation of access pricing in nominated exchanges, while international voice revenue reflected declining rates for international inpayment traffic. Data & IP returned to growth this quarter due to increased demand for internet bandwidth and access.

**SECTION III : OPTUS**

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Operational EBITDA for the combined division grew 4.2%, up A\$5 million. EBITDA margin expanded 2 percentage points to 26%, boosted by Optus' on-net strategy and careful cost management.

## SECTION III : OPTUS

## OPTUS CONSUMER AND SMB FIXED DIVISION

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
<b>On-net</b>						
Voice	137	134	2.5	408	395	3.4
Broadband	117	110	6.2	354	320	10.4
Pay TV	20	27	-25.8	65	86	-24.7
<b>Consumer Fixed on-net</b>	<b>274</b>	<b>271</b>	<b>1.1</b>	<b>827</b>	<b>801</b>	<b>3.2</b>
<b>Off-net</b>						
Voice	12	21	-43.3	39	68	-42.5
Broadband	5	8	-41.3	16	27	-39.6
Dial-up	1	2	-44.4	4	6	-42.9
<b>Consumer Fixed off-net</b>	<b>18</b>	<b>31</b>	<b>-42.9</b>	<b>59</b>	<b>102</b>	<b>-41.9</b>
<b>Consumer Fixed revenue</b>	<b>292</b>	<b>302</b>	<b>-3.3</b>	<b>886</b>	<b>903</b>	<b>-1.9</b>
<b>SMB</b>						
Voice	31	32	-4.0	94	100	-5.7
Data and IP	13	12	11.9	38	35	8.5
<b>SMB fixed revenue</b>	<b>44</b>	<b>44</b>	<b>0.2</b>	<b>132</b>	<b>135</b>	<b>-2.0</b>
<b>Total Consumer &amp; SMB fixed revenue</b>	<b>336</b>	<b>346</b>	<b>-2.9</b>	<b>1,018</b>	<b>1,038</b>	<b>-1.9</b>
<b>Operational EBITDA <sup>(1)</sup></b>	<b>56</b>	<b>51</b>	<b>11.0</b>	<b>170</b>	<b>152</b>	<b>12.0</b>
<b>- EBITDA margin</b>	<b>17%</b>	<b>15%</b>		<b>17%</b>	<b>15%</b>	

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec	31 Dec	
	2010	2010	2009	2010	2009	
<b>On-net ARPU (A\$) <sup>(2)</sup></b>						
Voice	54	53	53	53	53	1.3
Broadband	50	52	48	51	47	7.2
<b>Telephony customers ('000)</b>						
HFC <sup>(3)</sup>	504	507	520	504	520	-3.1
ULL <sup>(4)</sup>	503	497	486	503	486	3.5
<b>On-net</b>	<b>1,007</b>	<b>1,003</b>	<b>1,006</b>	<b>1,007</b>	<b>1,006</b>	<b>0.1</b>
Resale	61	67	90	61	90	-32.6
Long distance only	10	11	14	10	14	-29.3
<b>Off-net</b>	<b>71</b>	<b>78</b>	<b>104</b>	<b>71</b>	<b>104</b>	<b>-32.1</b>
<i>HFC bundling rate <sup>(5)</sup></i>	<i>87%</i>	<i>86%</i>	<i>86%</i>	<i>87%</i>	<i>86%</i>	
<i>HFC penetration</i>	<i>36%</i>	<i>36%</i>	<i>37%</i>	<i>36%</i>	<i>37%</i>	
<b>Internet customers (000s)</b>						
<b>On-net</b>						
HFC broadband	423	424	427	423	427	-0.9
ULL broadband <sup>(4)</sup>	491	480	455	491	455	7.9
Business grade broadband <sup>(6)</sup>	32	32	31	32	31	4.6
<b>Off-net</b>	<b>946</b>	<b>935</b>	<b>913</b>	<b>946</b>	<b>913</b>	<b>3.7</b>
<b>Broadband subtotal</b>	<b>987</b>	<b>981</b>	<b>980</b>	<b>987</b>	<b>980</b>	<b>0.7</b>
Dial-up	25	25	36	25	36	-31.7
<b>Total Internet customers</b>	<b>1,011</b>	<b>1,006</b>	<b>1,016</b>	<b>1,011</b>	<b>1,016</b>	<b>-0.4</b>

**SECTION III : OPTUS**

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**Notes:**

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

In Consumer fixed, total on-net revenue growth of 1.1% was driven by continued customer growth in ULL and increase in broadband ARPU year-on-year. Excluding Pay TV, total on-net revenue grew 4.1%. As at 31 December 2010, Optus has 503,000 ULL customers, up 6,000 from a quarter ago and up 17,000 from a year ago.

Continuing demand for Optus' market-leading Fusion plans and a range of new broadband offers with generous data inclusions delivered on-net broadband revenue growth of 6.2% while the number of on-net customers increased 3.7% to 946,000 and accounted for 96% of the total broadband customer base as at 31 December 2010.

Consistent with its strategy of focusing on on-net subscriber growth, Optus continued to exit the unprofitable resale services. Accordingly, Consumer off-net revenue declined 43% and contributed to an overall decline of 3.3% for Consumer fixed revenue. This quarter, on-net revenue contributed 94% to overall Consumer fixed revenue, up from 90% a year ago.

SMB fixed revenue was stable with lower off-net revenue mitigated by strong demand for on-net voice and data services.

Optus' on-net strategy increased operational EBITDA year-on-year by 11% to A\$56 million, with margin expansion of 2 percentage points to 17%. The increase was driven by improved on-net revenue mix and yield management initiatives.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Interconnect	363	336	8.0	1,048	982	6.7
Outpayments & other leases	56	60	-5.9	181	191	-4.8
Traffic expenses	419	396	5.9	1,229	1,173	4.8
Selling & administrative	747	669	11.7	2,117	1,959	8.0
Cost of sales	393	398	-1.3	1,076	1,147	-6.2
Staff costs	281	304	-7.6	885	881	0.5
Repair & maintenance and others	56	57	-2.3	164	163	0.5
Capitalisation of costs <sup>(1)</sup>	(45)	(40)	13.2	(127)	(120)	5.5
<b>Total</b>	<b>1,851</b>	<b>1,784</b>	<b>3.8</b>	<b>5,345</b>	<b>5,204</b>	<b>2.7</b>
<b>As a percentage of operating revenue</b>						
Traffic expenses	18%	17%		18%	17%	
Selling & administrative	31%	29%		30%	29%	
Cost of sales	16%	17%		15%	17%	
Staff costs	12%	13%		13%	13%	
Repair & maintenance and others	2%	2%		2%	2%	
Capitalisation of costs <sup>(1)</sup>	-2%	-2%		-2%	-2%	
	<b>78%</b>	<b>77%</b>		<b>77%</b>	<b>77%</b>	

	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec	31 Dec	
	2010	2010	2009	2010	2009	
<b>Staff statistics</b>						
Number of employees, at end of period	10,182	10,270	10,500	10,182	10,500	-3.0
Average number of employees	10,233	10,306	10,525	10,296	10,506	-2.0
Revenue per employee (A\$'000) <sup>(2)</sup>	233	225	219	676	639	5.8

**Notes:**

(1) Capitalisation relates primarily to staff costs.

(2) Based on average employee numbers.

Operating expenses increased by 3.8% year-on-year, mainly from higher Traffic and Selling & Administrative expenses, partly offset by lower Cost of Sales and Staff costs. Excluding selling expenses, operating expenses declined 1.0%.

Traffic expenses grew 5.9% in line with higher mobile traffic, partly offset by decline in outpayment costs and lower off-net fixed line traffic as a result of Optus' continued on-net focus.

Selling & Administrative expenses grew 12% due to increased customer acquisition and retention costs with a higher mix of smartphones.

Cost of Sales was down 1.3% mainly attributable to lower ICT hardware sales.

Staff costs declined by 7.6% reflecting lower headcount and a write-back of accruals no longer required.

**SECTION III : OPTUS****OTHER INCOME**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Sublease income	15	8	72.6	34	24	37.9
Foreign exchange gains/(losses)	1	(4)	nm	(1)	(15)	-96.1
Other	4	6	-35.5	12	20	-39.3
<b>Total</b>	<b>19</b>	<b>11</b>	<b>82.2</b>	<b>45</b>	<b>29</b>	<b>54.8</b>

Other income grew A\$8 million year-on-year mainly due to higher sublease income from co-located mobile base stations. In addition, foreign exchange gains were recorded this quarter compared to foreign exchange losses in the same quarter last year.

**OTHER INCOME STATEMENT ITEMS****Depreciation and Amortisation**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Depreciation and amortisation expense	286	280	2.1	854	842	1.5
<i>As a percentage of operating revenue</i>	<i>12%</i>	<i>12%</i>		<i>12%</i>	<i>13%</i>	

Depreciation and amortisation expense was largely consistent with the same quarter last year.

**Net Finance Expense**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Interest expense	33	22	53.2	87	62	40.5
Interest capitalised	-	(1)	nm	-	(6)	nm
Interest income	33	21	59.8	87	56	55.5
Net interest expense	(9)	(3)	193.5	(16)	(8)	117.1
	<b>24</b>	<b>18</b>	<b>36.5</b>	<b>71</b>	<b>48</b>	<b>45.9</b>
<b>Other finance costs</b>						
Unwinding of discounts, incl adjs	3	1	100.0	5	4	34.3
Revaluation gains on FX contracts	*	(8)	nm	*	(6)	nm
<b>Total</b>	<b>27</b>	<b>11</b>	<b>142.3</b>	<b>75</b>	<b>46</b>	<b>65.1</b>

Net finance expense increased A\$16 million primarily due to higher interest expense and lower gains from revaluation of foreign exchange contracts. The increased interest expense was a result of Optus' financing strategy to extend the average maturity of its debt, with higher long-term borrowings partially offset by the repayment of short-term bank facilities.

**SECTION III : OPTUS****Taxation**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Optus' Australian income tax expense	71	73	-1.8	218	199	9.3
Share of joint venture income tax expense	-	*	-	1	*	nm
	<b>71</b>	<b>73</b>	<b>-1.8</b>	<b>219</b>	<b>199</b>	<b>9.9</b>

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

**CASH FLOW AND CAPITAL EXPENDITURE**

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2010 A\$ m	2009 A\$ m	2010 A\$ m	2010 A\$ m	2009 A\$ m	
<b>Net cash inflow from operating activities</b>						
Profit before tax	240	238	250	733	655	11.8
Non-cash items	314	293	308	934	892	4.7
Operating cashflow before working capital changes	555	531	558	1,667	1,547	7.7
Changes in operating assets and liabilities	(84)	(49)	39	(104)	(130)	-19.9
<b>Net cash inflow from operating activities</b>	<b>471</b>	<b>482</b>	<b>597</b>	<b>1,563</b>	<b>1,418</b>	<b>10.3</b>
<b>Net cash outflow from investing activities</b>						
Purchases of property, plant and equipment	(234)	(277)	(243)	(778)	(802)	-3.0
Loan to STAI	(650)	(555)	-	(650)	(555)	17.2
Others	9	3	4	17	8	117.5
	<b>(875)</b>	<b>(829)</b>	<b>(238)</b>	<b>(1,411)</b>	<b>(1,349)</b>	<b>4.6</b>
<b>Net cash (outflow)/inflow from financing activities</b>						
Net (decrease)/increase in bank borrowings	(178)	285	417	89	(106)	nm
Purchase of SingTel shares	-	-	-	(10)	(11)	-4.6
Settlement on behalf of STAI	(7)	(5)	(7)	(19)	(5)	276.0
Finance lease payments (excl interest)	(3)	-	0	(3)	-	nm
Net interest paid on borrowings and swaps	(33)	(16)	(25)	(85)	(66)	29.4
	<b>(220)</b>	<b>264</b>	<b>386</b>	<b>(28)</b>	<b>(188)</b>	<b>-85.3</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(625)</b>	<b>(82)</b>	<b>745</b>	<b>125</b>	<b>(119)</b>	<b>nm</b>
Cash and cash equivalents at beginning	904	298	159	154	335	-53.9
Cash and cash equivalents at end	<b>279</b>	<b>216</b>	<b>904</b>	<b>279</b>	<b>216</b>	<b>29.1</b>
<b>Free cash flow</b>	<b>236</b>	<b>205</b>	<b>354</b>	<b>785</b>	<b>616</b>	<b>27.5</b>
<b>Cash capital expenditure to operating revenue</b>	<b>10%</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>	

In the quarter, operating cash flow amounted to A\$471 million, A\$11 million lower than the same quarter last year driven by seasonal working capital movements, partly offset by higher EBITDA.

Cash capital expenditure was A\$43 million lower than the same quarter last year due to phasing of projects and represented 10% of operating revenue, largely consistent with prior quarters.

Free cash flow rose 15% to A\$236 million.

**SECTION III : OPTUS****Capital expenditure by division**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 A\$ m	2009 A\$ m		2010 A\$ m	2009 A\$ m	
Mobile	134	149	-9.7	447	407	9.8
Business & Wholesale fixed	37	47	-21.7	118	167	-29.2
Consumer & SMB fixed	15	25	-38.4	56	67	-15.5
Other	48	56	-15.0	156	161	-3.0
<b>Total</b>	<b>234</b>	<b>277</b>	<b>-15.5</b>	<b>778</b>	<b>802</b>	<b>-3.0</b>

During the quarter, Optus maintained its investment commitment to deliver quality mobile network coverage to Australia, spending 57% of total capital expenditure on Mobile. Mobile capital expenditure was largely incurred to increase speed, capacity and coverage of the Open Network to support the growing demand for voice and wireless broadband services.

In Optus Business and Wholesale fixed division, capital expenditure of A\$37 million was mainly invested in the expansion of Customer Access, IP and core networks, as well as strategic transformation initiatives.

In Consumer and SMB fixed division, the capital expenditure of A\$15 million primarily represented costs of new customer connections.

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

**SECTION IV: ASSOCIATES/ JOINT VENTURES**

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**FINANCIAL HIGHLIGHTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010**

- Earnings were impacted by Bharti Africa's net loss, as well as fair value losses compared to gains a year ago.
- Pre-tax contributions from associates declined 12% on lower operating results from Bharti, Telkomsel and Globe.
- On a post-tax basis, earnings from associates were down 13% to S\$398 million and contributed 41% to the Group's underlying net profit.
- The Group's combined mobile customer base<sup>9</sup> was up 4.1% or 14.9 million in the quarter to 383 million. Compared to a year ago, the mobile customer base was up 34% or 98.1 million. On a proportionate share basis to the Group, the increase was 4.0% from a quarter ago to 135 million.

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2010**

- The Group's share of pre-tax profits down 12% to S\$1.63 billion.
- Post-tax contributions from associates down 14% to S\$1.23 billion.
- Excluding Bharti Africa, which was acquired in June 2010, post-tax contributions were down 8.4% to S\$1.31 billion.

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<sup>9</sup> Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

	Equity Int %	Quarter		YOY Chge %	Nine Months		YOY Chge %
		31 Dec			31 Dec		
		2010 S\$ m	2009 S\$ m	2010 S\$ m	2009 S\$ m	2010 S\$ m	2009 S\$ m
<b>Regional mobile associates</b>							
Bharti Telecom / Bharti Airtel <sup>(2)(3)</sup> <i>India, Bangladesh and Sri Lanka</i>	32.2						
- operating results		214	221	-3.3	660	712	-7.2
- fair value gains <sup>(4)</sup>		1	14	-92.8	3	31	-89.6
		215	235	-8.6	664	743	-10.7
<i>Africa</i>							
- operating results		7	-	nm	1	-	nm
- acquisition financing costs		(22)	-	nm	(47)	-	nm
- fair value losses <sup>(4)</sup>		(15)	-	nm	(15)	-	nm
		(31)	-	nm	(61)	-	nm
Bharti Group		184	235	-21.7	603	743	-18.8
<b>Telkomsel</b>	35.0						
- operating results		216	235	-8.0	665	715	-6.9
- fair value (losses)/gains <sup>(4)</sup>		(2)	3	nm	*	21	nm
		214	238	-9.9	665	735	-9.5
<b>AIS <sup>(5)</sup></b>	21.3	68	52	31.3	203	162	25.1
<b>Globe Telecom</b>	47.3						
- operating results		40	52	-22.8	130	170	-23.4
- fair value (losses)/gains <sup>(4)</sup>		*	2	nm	3	5	-36.7
		40	54	-26.6	133	175	-23.8
<b>Pacific Bangladesh Telecom Ltd ("PBTL")</b>	45.0						
- operating results		(3)	(3)	-	(12)	(10)	14.7
- fair value losses <sup>(4)</sup>		(1)	*	nm	(1)	*	nm
		(4)	(4)	14.3	(13)	(10)	24.3
<b>Warid</b>	30.0						
- operating results		(15)	(14)	2.1	(40)	(46)	-12.3
- fair value gains/(losses) <sup>(4)</sup>		*	(1)	nm	(2)	(4)	-45.2
		(14)	(15)	-7.8	(42)	(50)	-15.0
		<b>488</b>	<b>560</b>	<b>-12.8</b>	<b>1,549</b>	<b>1,755</b>	<b>-11.7</b>
<b>Other SingTel associates</b>							
Singapore Post	25.6	14	14	1.5	39	38	0.8
Southern Cross	40.0	12	11	8.2	30	35	-14.9
Others		5	8	-43.2	19	17	6.3
<b>SingTel share of ordinary results (pre-tax)</b>		<b>518</b>	<b>592</b>	<b>-12.5</b>	<b>1,636</b>	<b>1,845</b>	<b>-11.4</b>
<b>Optus share of ordinary results (pre-tax)</b>		<b>*</b>	<b>*</b>	<b>nm</b>	<b>*</b>	<b>*</b>	<b>nm</b>
<b>Group share of ordinary results (pre-tax)</b>		<b>518</b>	<b>592</b>	<b>-12.5</b>	<b>1,636</b>	<b>1,845</b>	<b>-11.4</b>
<b>Exceptional items ("EI")</b>							
Globe - adjustment for prepaid load credits		8	-	nm	8	-	nm
Warid - adjustment to prior periods' depreciation and finance charges		(7)	-	nm	(7)	-	nm
Bharti - acquisition transaction costs		-	-	-	(10)	-	nm
<b>Group share of EI</b>		<b>1</b>	<b>-</b>	<b>nm</b>	<b>(9)</b>	<b>-</b>	<b>nm</b>
<b>SingTel share of pre-tax profit <sup>(2)</sup></b>		<b>519</b>	<b>592</b>	<b>-12.4</b>	<b>1,627</b>	<b>1,845</b>	<b>-11.9</b>
<b>Optus share of pre-tax profit</b>		<b>*</b>	<b>*</b>	<b>nm</b>	<b>*</b>	<b>*</b>	<b>nm</b>
<b>Group share of pre-tax profit <sup>(2)</sup></b>		<b>519</b>	<b>592</b>	<b>-12.4</b>	<b>1,627</b>	<b>1,845</b>	<b>-11.9</b>
<b>Group share of pre-tax profit (ex-Bharti Africa) <sup>(2)(6)</sup></b>		<b>549</b>	<b>592</b>	<b>-7.3</b>	<b>1,696</b>	<b>1,845</b>	<b>-8.1</b>

## SECTION IV : ASSOCIATES/ JOINT VENTURES

**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) Share of results for the quarter and nine months ended 31 December 2010 exclude the Group's share of Bharti's one-time brand launch cost which has been classified as exceptional item of the Group.
- (3) As at 31 December 2010, the Group's shareholding in Bharti was 32.16%, up from 32.04% a quarter ago.
- (4) Fair value gains or losses arose from mark-to-market valuation of foreign currency liabilities, net of related hedging, if any.
- (5) AIS' financial year end is December. The Group equity accounted for its share of AIS' results based on the financials for the period ended 30 September 2010. One-off transactions between 1 October 2010 and 31 December 2010 which are material are also accounted by the Group in the current quarter.
- (6) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa.

	Quarter				YOY Chge %	Nine Months				YOY Chge %
	31 Dec					31 Dec				
	2010		2009			2010		2009		
	S\$ m	% <sup>(1)</sup>	S\$ m	% <sup>(1)</sup>		S\$ m	% <sup>(1)</sup>	S\$ m	% <sup>(1)</sup>	
<b>Post-tax profit contribution</b>										
Bharti Telecom / Bharti Airtel <sup>(2)</sup>										
- ordinary results (India, Bangladesh and Sri Lanka)	183		205		-10.6	561		646		-13.2
- ordinary results and acquisition financing cost (Africa)	(32)		-		nm	(80)		-		nm
- exceptional item	5		-		nm	(5)		-		nm
	156	16	205	21	-23.8	476	17	646	22	-26.4
Telkomsel	161	17	171	17	-5.9	496	18	529	18	-6.3
AIS	48	5	36	4	32.3	141	5	112	4	26.0
Globe Telecom										
- ordinary results	27		38		-27.9	92		122		-24.9
- exceptional item	5		-		nm	5		-		nm
	33	3	38	4	-13.8	97	4	122	4	-20.6
PBTL	(4)	**	(4)	**	14.3	(13)	(1)	(10)	**	24.3
Wairid										
- ordinary results	(14)		(15)		-7.8	(42)		(50)		-14.3
- exceptional item	(7)		-		nm	(7)		-		nm
	(21)	(2)	(15)	(2)	37.7	(49)	(2)	(50)	(2)	-0.2
<b>Regional mobile associates</b>	<b>372</b>	<b>38</b>	<b>430</b>	<b>43</b>	<b>-13.7</b>	<b>1,148</b>	<b>41</b>	<b>1,350</b>	<b>47</b>	<b>-14.9</b>
Other SingTel associates	27	3	29	3	-7.9	78	3	78	3	-0.3
<b>SingTel share of post-tax profit <sup>(2)</sup></b>	<b>398</b>	<b>41</b>	<b>460</b>	<b>46</b>	<b>-13.3</b>	<b>1,226</b>	<b>44</b>	<b>1,428</b>	<b>49</b>	<b>-14.1</b>
<b>Optus share of post-tax profit</b>	<b>*</b>	<b>**</b>	<b>*</b>	<b>**</b>	<b>nm</b>	<b>(2)</b>	<b>**</b>	<b>1</b>	<b>**</b>	<b>nm</b>
<b>Group share of post-tax profit <sup>(2)</sup></b>	<b>398</b>	<b>41</b>	<b>460</b>	<b>46</b>	<b>-13.3</b>	<b>1,225</b>	<b>44</b>	<b>1,429</b>	<b>49</b>	<b>-14.3</b>
<b>Group share of post-tax profit (ex-Bharti Africa) <sup>(2) (3)</sup></b>	<b>425</b>	<b>43</b>	<b>460</b>	<b>46</b>	<b>-7.4</b>	<b>1,309</b>	<b>45</b>	<b>1,429</b>	<b>49</b>	<b>-8.4</b>

**Notes:**

- (1) The above table shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (2) Share of results for the quarter and nine months ended 31 December 2010 exclude the Group's share of Bharti's one-time brand launch cost which has been classified as exceptional item of the Group (see page 10).
- (3) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
SingTel share of associates' tax	(120)	(133)	-9.5	(400)	(417)	-4.0
Optus share of associates' tax	-	-	-	(2)	1	nm
<b>Group share of associates' tax (a)</b>	<b>(120)</b>	<b>(133)</b>	<b>-9.5</b>	<b>(402)</b>	<b>(417)</b>	<b>-3.5</b>
<b>Group share of pre-tax results (b)</b>	<b>519</b>	<b>592</b>	<b>-12.4</b>	<b>1,627</b>	<b>1,845</b>	<b>-11.9</b>
<b>Effective tax rate (a)/(b)</b>	<b>23.2%</b>	<b>22.4%</b>		<b>24.7%</b>	<b>22.6%</b>	
<b>Effective tax rate (ex-Bharti Africa)</b>	<b>22.6%</b>	<b>22.4%</b>		<b>22.8%</b>	<b>22.6%</b>	

The Group's share of pre-tax profits from the associates fell 12%. Underpinned by the economic recovery in Thailand coupled with strong execution, AIS' pre-tax contribution rose 31%. In India, Bharti's underlying EBITDA was strong and grew 7% despite keen competition. However, after including net loss in Africa, Bharti's ordinary pre-tax contribution to the Group declined 22%. Telkomsel recorded lower profits as it reduced tariffs and introduced attractive loyalty programmes to encourage recharge and counter intense competition. Price pressure continued in the Philippines. Globe acquired positive net additions of 1.1 million mobile customers this quarter but with higher operating expenses, its ordinary pre-tax contribution decreased 27% from a year ago.

Overall post-tax contributions declined 13% and contributed 41% to the Group's underlying net profit, 5 percentage points lower than a year ago. Excluding the net loss and related acquisition financing costs of Bharti Africa, the Group's share of pre-tax and post-tax profits from the associates declined 7.3% and 7.4% respectively.

For the nine months ended 31 December 2010, the Group's share of the associates' pre-tax and post-tax profits declined 12% and 14% respectively. If the regional currencies had remained stable from a year ago, the pre-tax and post-tax profit contributions of the associates would have declined by 13% and 16% respectively.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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### ***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 22 licenced circles. Bharti is the largest mobile phone operator in India with 20.3% market share of the total wireless customer base.

In this quarter, Bharti achieved a key milestone with the successful launch of a new brand identity across its operations in 19 countries across Asia and Africa. The Group’s share of this one-off brand launch cost of S\$30 million has been classified as an exceptional item of the Group (see Page 10).

### **India, Bangladesh and Sri Lanka**

In India, though the mobile tariff war had subsided, competition continued to be stiff, especially in the lower end voice segment. The new operators continued to expand their operations, targeting on urban low end churn to gain customers.

Despite the competitive market conditions, Bharti recorded a healthy 14% growth in operating revenue on strong mobile traffic recovery and a slowing rate of decline in revenue per minute.

Despite the startup losses in Bangladesh and Sri Lanka, EBITDA (excluding brand launch cost) grew 7% and pre-tax operating profit contribution was stable in Indian Rupee terms from a year ago.

In Singapore Dollar terms, the Group’s share of the pre-tax operating profit was down 3.3% at S\$214 million with the Indian Rupee being 3% weaker against the Singapore Dollar.

### **Africa**

Since its acquisition of the Africa operations completed on 8 June 2010, Bharti has been investing in sustainable differentiators such as network, customer service, innovation, information systems and people. These investments are expected to deliver significant cost saving synergies in the mid term post completion of the restructurings. In this quarter, it successfully launched its airtel brand across all 16 Africa countries.

During the quarter, the African market has shown a healthy elasticity in usage. Compared to the preceding quarter, minutes of use per customer grew 7% and this has helped to offset the decline in average revenue per minute, resulting in stable ARPU. In the current quarter, Bharti Africa reported operating revenue of US\$911 million, up 9% from the preceding September quarter.

Bharti Africa recorded an operating profit (before fair value adjustments and acquisition financing costs) this quarter. The Group’s share of the pre-tax operating profit amounted to S\$7 million, compared to S\$6 million of pre-tax operating losses in the preceding quarter. Overall pre-tax losses amounted to S\$31 million (Q2 FY 2011: S\$18 million), after including S\$22 million (Q2 FY 2011: S\$19 million) of related acquisition financing cost and S\$15 million of fair value losses (Q2 FY 2011: S\$7 million of fair value gains).

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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### **Bharti Group**

Consequently on an overall basis, pre-tax contribution from Bharti was down 22% year-on-year at S\$184 million.

Bharti contributed 16% to the Group's underlying net profit, down 5 percentage points from 21% a year ago

In this quarter, Bharti added 9.2 million mobile customers in India, up significantly from 6.7 million in the preceding quarter. With a total mobile customer base of 152 million in India as at 31 December 2010, Bharti's market share was 20.3%. Bharti's mobile customers in Africa increased by 2.0 million during the quarter. Including mobile customers across operations in 19 countries covering India, Bangladesh, Sri Lanka and across Africa, Bharti's total mobile customer base across all geographies reached 200 million as at 31 December 2010, an increase of 11.9 million from a quarter ago.

### ***PT Telekomunikasi Selular ("Telkomsel")***

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 36,000 radio base stations (including 3G Node B) providing nationwide coverage.

In the third quarter, Telkomsel recorded a 4% decline in operating revenue amid heightened market competition as many aggressive price promotions were launched. Telkomsel lowered its tariffs and introduced attractive loyalty programmes to encourage recharge and respond to competition. However, with the overall low tariff environment, usage growth was not able to offset the tariff dilutive effects.

Operating expenses, including a one-time write back of network expenses, was flat from a year ago. EBITDA declined 7% and the Group's share of Telkomsel's pre-tax operating profit (before fair value adjustments) declined 6.7% in Indonesian Rupiah terms.

Including fair value losses (compared to fair value gains in the corresponding quarter), the Group's overall share of Telkomsel's pre-tax profit in Singapore Dollar terms were lower by 9.9%.

On a post-tax basis, Telkomsel's contribution for the quarter declined 5.9% to S\$161 million, constituting 17% of the Group's underlying net profit.

Compared to the preceding quarter, in Indonesian Rupiah terms, Telkomsel's EBITDA and operating profit were both flat.

Telkomsel added 874,000 mobile customers during the quarter. Total mobile customer base stood at 94.0 million, representing 12.4 million or 15% growth from a year ago. Telkomsel's market share was approximately 45.8% as at 31 December 2010, down 1.6 percentage points from a quarter ago, with the impact from competition.

Telkomsel continued to invest in and strengthen its network coverage, deploying 1,200 radio base stations in the quarter, compared to 1,300 installed in the preceding quarter.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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### **Advanced Info Service (“AIS”)**

AIS is the largest mobile communications operator in Thailand.

With strong execution, AIS' pre-tax contribution for its third quarter ended 30 September 2010 rose a robust 27% year-on-year in Thai Baht terms on the back of a robust Thai economy. Service revenue (excluding interconnection) grew 9% primarily on higher data revenue. Data revenue was up 27% as the number of internet SIM users increased four-fold, driven by higher adoption of smartphones and data cards. EBITDA grew 11% on revenue growth and continued cost management. In Singapore Dollar terms, the Group's share of AIS' pre-tax profit was up 31% to S\$68 million with the Thai Baht strengthening 4% against the Singapore Dollar.

Despite the September quarter being seasonally weaker, AIS' pre-tax contribution was up 1.4% in Thai Baht terms against the June quarter, reflecting the success of its marketing campaigns on prepaid top-up and on-top packages to stimulate voice usage.

AIS' post-tax profit contributed 5% to the Group's underlying net profit, up 1 percentage point from 4% a year ago.

In the December quarter, AIS added 699,000 mobile customers, up from 494,000 in the preceding quarter. Year-on-year, AIS' customer base grew 2.4 million or 8.4% to 31.2 million. As at 31 December 2010, AIS continued to lead the market with approximately 44.5% market share.

### **Globe Telecom, Inc (“Globe”)**

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

In Philippine Peso terms, the pre-tax operating profit contribution from Globe declined 23% year-on-year. Service revenue increased 4% after excluding an exceptional one-time credit for prepaid load credits that have either expired or have already been used up. Mobile revenue was impacted by the popularity of lower margin bulk and unlimited voice and SMS offerings. However, growth momentum for broadband remained strong, with revenue up 55%. Operating expenses increased 20% attributable to higher marketing and promotion cost as well as increased outsourced services and network related costs. Consequently, underlying EBITDA was down 8%.

Including the fair value adjustments, overall ordinary pre-tax contribution amounted to S\$40 million, down 27%.

Compared to the preceding quarter, excluding the one-time adjustment for prepaid load credits, Globe's revenue grew 7% and the Group's share of Globe's pre-tax operating profit was stable.

On a post-tax basis, Globe contributed 3% to the Group's underlying net profit.

Globe added 1.1 million mobile customers in the current quarter, up from 781,000 in the preceding quarter. As at 31 December 2010, its mobile customer base was 26.5 million, up 14% or 3.2 million from a year ago and all Globe brands registered positive net additions.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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### *Pacific Bangladesh Telecom Limited (“PBTL”)*

PBTL is the only CDMA operator in Bangladesh and offers Evolution Data Only (**EVDO**) data services in key metro cities.

The Group’s share of PBTL’s operating losses amounted to S\$3 million, flat against a year ago. Including fair value adjustments, overall losses increased to S\$4 million.

As at 31 December 2010, PBTL’s total mobile customer base was 1.8 million, 138,000 or 7.1% lower than a year ago due to a change in regulatory definition of active customer base.

### *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.

Operating revenue grew 12% while operating expenses increased 5%. Including fair value adjustments and the 10% depreciation of the Pakistani Rupee against the Singapore Dollar, the Group’s share of pre-tax ordinary losses fell 7.8% to S\$14 million.

In the current quarter, the Group recorded its share of Warid’s adjustment for depreciation and finance expenses related to prior period. The Group’s share of this exceptional item amounted to S\$7 million.

Warid’s total mobile customer base stood at 17.5 million as at 31 December 2010, with an increase of 352,000 customers or 2.1% from a quarter ago.

Warid is currently in discussions with its lenders in relation to a proposed restructuring of its loan facilities. As at 31 December 2010, the outstanding principal under such loan facilities amounted to approximately US\$754 million, and was secured by a floating charge on Warid’s assets. In addition, US\$90 million of the loan facilities was guaranteed by SingTel and US\$512 million was secured by guarantees of the other shareholder group of Warid. Discussions are ongoing with certain existing lenders of Warid to defer certain principal loan repayments. Warid has also been served a winding-up petition by Huawei International Pte. Limited seeking payment of an outstanding payable of approximately US\$140 million. Both parties are working towards an amicable settlement of the matter.

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

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

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

Proportionate operating revenue	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m	2010 S\$ m	2009 S\$ m		
<b>Group operating revenue</b>						
Singapore Business	1,634	1,530	6.8	4,740	4,356	8.8
Optus	3,070	2,920	5.1	8,688	8,045	8.0
	<b>4,704</b>	<b>4,450</b>	<b>5.7</b>	<b>13,428</b>	<b>12,400</b>	<b>8.3</b>
<b>Proportionate share of operating revenue of associates</b>						
Regional mobile associates	1,838	1,566	17.3	5,397	4,629	16.6
Singapore associates	64	63	1.3	184	176	4.4
Other overseas associates	34	33	1.2	98	102	-3.5
	<b>1,935</b>	<b>1,662</b>	<b>16.4</b>	<b>5,679</b>	<b>4,907</b>	<b>15.7</b>
<b>Enlarged revenue</b>	<b>6,639</b>	<b>6,112</b>	<b>8.6</b>	<b>19,108</b>	<b>17,308</b>	<b>10.4</b>
<b>% of overseas revenue to enlarged revenue</b>	<b>74%</b>	<b>74%</b>		<b>74%</b>	<b>74%</b>	

In the quarter, overseas revenue contributed 74% to the Group's enlarged revenue, stable from a year ago.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA <sup>(1)</sup>	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Group operational EBITDA</b>						
Singapore Business	587	580	1.2	1,702	1,714	-0.7
Optus	712	671	6.2	2,075	1,849	12.2
Group and Int'l business net corporate costs	(15)	(17)	-12.1	(49)	(52)	-5.2
	<b>1,284</b>	<b>1,233</b>	<b>4.1</b>	<b>3,727</b>	<b>3,511</b>	<b>6.2</b>
<b>Proportionate share of EBITDA of associates</b>						
Regional mobile associates	923	912	1.3	2,805	2,760	1.6
Singapore associates	24	24	0.9	68	66	3.8
Other overseas associates	29	28	2.1	82	83	-1.5
	<b>976</b>	<b>964</b>	<b>1.3</b>	<b>2,954</b>	<b>2,909</b>	<b>1.6</b>
<b>Total proportionate EBITDA</b>	<b>2,260</b>	<b>2,197</b>	<b>2.9</b>	<b>6,682</b>	<b>6,419</b>	<b>4.1</b>
<b>Overseas EBITDA as a % to total EBITDA</b>	<b>74%</b>	<b>73%</b>		<b>74%</b>	<b>73%</b>	
<b>Contributions to total proportionate EBITDA</b>						
Regional mobile associates	41%	42%		42%	43%	
Australia	32%	31%		31%	29%	
Singapore	26%	27%		26%	27%	
Others	1%	1%		1%	1%	
	<b>100%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>	

**Note:**

(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.

Through its investments in key markets overseas, the Group has diversified its earnings base. Overseas operations contributed 74% to proportionate EBITDA, up 1 percentage point from a year ago.

Number of mobile customers (000s)	Total Number			Proportionate Share <sup>(1)</sup>		
	31 Dec	30 Sep	31 Dec	31 Dec	30 Sep	31 Dec
	2010	2010	2009	2010	2010	2009
SingTel	3,229	3,167	3,181	3,229	3,167	3,181
Optus	8,965	8,877	8,244	8,965	8,877	8,244
	<b>12,194</b>	<b>12,044</b>	<b>11,425</b>	<b>12,194</b>	<b>12,044</b>	<b>11,425</b>
<b>Regional Mobile Associates</b>						
Bharti						
- India, Bangladesh and Sri Lanka <sup>(2)</sup>	157,485	147,626	118,864	50,647	47,300	37,126
- Africa	42,124	40,082	-	13,547	12,842	-
Telkomsel	199,610	187,708	118,864	64,194	60,142	37,126
AIS	94,010	93,136	81,643	32,904	32,598	28,575
Globe	31,201	30,502	28,773	6,643	6,497	6,134
Warid	26,471	25,403	23,245	12,529	12,023	11,004
PBTL	17,517	17,165	18,847	5,255	5,149	5,654
	1,811	1,908	1,949	815	859	877
	<b>370,620</b>	<b>355,822</b>	<b>273,321</b>	<b>122,340</b>	<b>117,268</b>	<b>89,370</b>
<b>Group</b>	<b>382,814</b>	<b>367,866</b>	<b>284,746</b>	<b>134,534</b>	<b>129,312</b>	<b>100,795</b>

**Notes:**

- (1) Proportionate share of mobile customers represents the number of mobile customers of an associate multiplied by the Group's effective percentage ownership in the venture at the respective dates.
- (2) Comparatives for 31 December 2009 exclude Bharti's Bangladesh and Sri Lanka customers.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

The Group's footprint now covers more than 2 billion population across Asia and Africa. As at end December the Group served 383 million mobile customers in 25 countries, 4.1% or 14.9 million more than a quarter ago. Year-on-year, the total customer base was up 34% or 98.1 million. On a proportionate share basis, the increase was 4.0% to 135 million customers from a quarter ago.

### CASH DIVIDENDS RECEIVED FROM ASSOCIATES / JOINT VENTURES <sup>(1)</sup>

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Regional mobile associates</b>						
Telkomsel <sup>(2)</sup>						
- final dividend FY 2009 / FY 2008	215	-	nm	480	392	22.6
Globe <sup>(3)</sup>						
- second dividend FY 2009 / FY 2008	-	-	-	74	60	24.3
- special dividend FY 2009	-	92	nm	-	92	nm
	-	92	nm	74	152	-51.1
AIS <sup>(4)</sup>						
- special dividend FY 2010	164	-	nm	164	-	nm
- special dividend FY 2009	-	-	-	134	-	nm
- interim dividend FY 2010 / FY 2009	-	-	-	80	80	-0.4
- final dividend FY 2009 / FY 2008	-	-	-	89	89	-0.2
	164	-	nm	466	169	175.9
Bharti <sup>(5)</sup>						
- final dividend FY 2010 / FY 2009	-	-	-	17	18	-2.3
	<b>379</b>	<b>92</b>	<b>311.5</b>	<b>1,037</b>	<b>730</b>	<b>42.2</b>
<b>Other associates</b>						
Southern Cross <sup>(6)</sup>	8	7	15.3	35	33	4.2
SingPost	6	6	-	25	25	-
Others	8	10	-15.8	15	16	-5.5
<b>Total</b>	<b>401</b>	<b>115</b>	<b>249.1</b>	<b>1,112</b>	<b>804</b>	<b>38.3</b>

#### Notes:

- (1) The cash dividends received from overseas associates as stated here are before related tax payments.
- (2) Telkomsel declared a full year dividend of 70% on net profit for its 2009 financial year (FY 2008: 80%). The Group's share of the final dividend is approximately S\$480 million, of which S\$265 million and S\$215 million was received in July 2010 and October 2010 respectively.
- (3) With effect from 2010, Globe's dividend policy is to pay ordinary dividend of 75% to 90% of prior year's net profit, payable semi-annually in March and September of each year. Globe declared a full year dividend of 84% of net profit for its 2009 financial year (FY 2008: 75%). The Group received its share of the first semi-annual dividend of S\$76 million in March 2010 and second semi-annual dividend of S\$74 million in September 2010. Globe will pay its first semi-annual dividend of Peso 31 per share in March 2011. The Group's share of this dividend is approximately Peso 1.94 billion (S\$56 million).
- (4) On 4 November 2010, AIS announced a revised dividend policy to pay dividend of at least 100% of net profit. Dividends will be paid twice a year, with an interim dividend distributed from the first half operating results and annual dividend distributed from the second half operating results. On the same day, AIS declared a special dividend. The Group received its share of the special dividend in the December 2010 quarter.
- (5) Bharti does not have a fixed dividend policy.
- (6) Southern Cross does not have a fixed dividend policy.

During the quarter, SingTel received a one-off special dividend of S\$164 million from AIS and the second and final installment dividend of S\$215 million from Telkomsel in respect of the financial year ended 31 December 2009.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

## KEY OPERATIONAL DATA

	Bharti <sup>(1)</sup>	Telkomsel	AIS	Globe	PBTL	Warid
<b>SingTel's investment:</b>						
Year of initial investment	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>1993</b>	<b>2005</b>	<b>2007</b>
Effective shareholding (%)	32.2%	35.0%	21.3%	47.3%	45.0%	30.0%
Investment to date	S\$2.28 bil	S\$1.93 bil	S\$870 mil	S\$1.02 bil	S\$238 mil	S\$1.31 bil
Closing market share price <sup>(2)</sup>	INR 358.4	NA	THB 85.0 <sup>(7)</sup> THB 84.25 <sup>(8)</sup>	PHP 800	NA	NA
Market capitalisation						
- Total	S\$39.03 bil	NA	S\$10.74 bil	S\$3.17 bil	NA	NA
- SingTel holding	S\$12.55 bil	NA	S\$2.28 bil	S\$1.50 bil	NA	NA
<b>Operational Performance :</b>						
Mobile penetration rate <sup>(3)</sup>	63%	86%	111%	91%	41%	61%
Market share, 31 Dec 2010 <sup>(3)</sup>	20.3%	45.8%	44.5%	NAV	2.6%	17.1%
Market share, 30 Sep 2010 <sup>(4)</sup>	20.8%	47.4%	44.3%	30.0%	2.9%	17.1%
Market position <sup>(3) (5)</sup>	#1	#1	#1	#2	#5	#4
Mobile customers ('000)						
- Aggregate	199,610	94,010	31,201	26,471	1,811	17,517
- Proportionate	64,195	32,904	6,643	12,529	815	5,255
Growth in mobile customers (%) <sup>(6)</sup>	68%	15%	8.4%	14%	-7.1%	-7.1%
Credit ratings						
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Ba2/BB	Baa1/BBB+	Ba3/BB	Ba3/BB-	B3/B-
- Company (Moody's/ S&P's)	NA/BB+	Baa2/BBB-	NA/A-	NA	NA	NA

**Notes:**

- (1) Mobile penetration rate, market share and market position pertain to India market only.  
(2) Based on closing market price on 31 December 2010, in local currency.  
(3) Based on actual or estimated data available as at 31 December 2010. Mobile penetration rate for Philippines is as at 30 September 2010, which is the latest available data.  
(4) Based on actual data a quarter ago.  
(5) Based on number of mobile customers.  
(6) Compared against 31 December 2009 and based on aggregate mobile customers.  
(7) Based on local market price quoted on the Stock Exchange of Thailand.  
(8) Based on foreign market price quoted on the Stock Exchange of Thailand.  
NAV denotes not available.

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

## SECTION V : GLOSSARY

“ACCC”	Australian Competition And Consumer Commission.
“ARPU”	Average revenue per user.
“Associate”	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 and included share of pre-tax results of the associates.
“EPS”	Earnings per share.
“FRS”	Financial Reporting Standard.
“Free Cash Flow”	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
“HFC”	Hybrid fibre coaxial cable, a system that has the potential to deliver voice, video and data via fibre optic cable for long haul transmission and via coaxial cable for short haul transmission.
“ICT”	Infocomm Technology.
“IP”	Internet Protocol.
“IP VPN”	Internet Protocol Virtual Private Network.
“MMS”	Multimedia messaging service.
“MOU”	Minutes of use per subscriber.
“NA”	Not applicable.
“ND”	Not disclosed.
“NCS”	NCS Pte Ltd, SingTel’s wholly-owned subsidiary, and its subsidiaries.
“NM”	Not meaningful.
“OpenNet”	OpenNet Pte Ltd, the Netco for Singapore’s Next Generation National Broadband Network, which SingTel has a 30% equity interest.
“Optus”	SingTel Optus Pty Limited, SingTel’s wholly-owned subsidiary, and its subsidiaries.
“Operational EBITDA”	EBITDA (see above) before the share of pre-tax results of the associates.
“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 sized business.
“SMS”	Short message service.
“Singapore”	Unless expressly stated, the term refers to SingTel Group excluding Optus and the associates.
“Singapore Business”	Comprised both the Singapore Telco and IT businesses.
“SME”	Refers to small-medium businesses.
“ULL”	Unbundled Local Loop.
“Underlying net profit”	Defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.

**GROUP SUMMARY INCOME STATEMENTS**  
For The Third Quarter Ended 31 December 2010

	Quarter							YOY Chge %
	31 Dec							
	2010			2010		2010	2009	
	SingTel Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
<b>Operating revenue</b>	1,634	-	-	1,634	3,070	4,704	4,450	5.7
Operating expenses	(1,070)	-	(16)	(1,086)	(2,383)	(3,468)	(3,239)	7.1
Other income	564	-	(16)	548	687	1,235	1,211	2.0
	23	-	1	24	25	49	22	125.0
<b>Operational EBITDA</b>	<b>587</b>	-	<b>(15)</b>	<b>572</b>	<b>712</b>	<b>1,284</b>	<b>1,233</b>	<b>4.1</b>
<b>- EBITDA margin</b>	<b>35.9%</b>	-	<b>nm</b>	<b>35.0%</b>	<b>23.2%</b>	<b>27.3%</b>	<b>27.7%</b>	
Grp & Int'l business net corp costs	(15)	-	15	-	-	-	-	-
<b>Share of results of associates</b>								
Regional mobile associates	-	488	-	488	-	488	560	-12.8
Other associates	-	30	-	30	*	30	33	-7.4
- ordinary operations	-	518	-	518	*	518	592	-12.5
- exceptional items	-	1	-	1	-	1	-	nm
	-	<b>519</b>	-	<b>519</b>	<b>*</b>	<b>519</b>	<b>592</b>	<b>-12.4</b>
<b>EBITDA</b>	<b>572</b>	<b>519</b>	-	<b>1,090</b>	<b>712</b>	<b>1,803</b>	<b>1,825</b>	<b>-1.2</b>
Depreciation & amortisation	(136)	-	-	(136)	(368)	(503)	(485)	3.7
<b>EBIT</b>	<b>436</b>	<b>519</b>	-	<b>955</b>	<b>345</b>	<b>1,299</b>	<b>1,340</b>	<b>-3.0</b>
Net finance expense								
- net interest expense	(48)	-	(1)	(49)	(35)	(83)	(77)	8.5
- other finance income/ (expense)	(3)	-	20	17	*	17	1	@
	(50)	-	19	(31)	(35)	(66)	(75)	-12.4
<b>Profit before exceptional items</b>	<b>386</b>	<b>519</b>	<b>19</b>	<b>924</b>	<b>310</b>	<b>1,234</b>	<b>1,265</b>	<b>-2.5</b>
Exceptional items	-	-	30	30	-	30	*	nm
<b>Profit before tax</b>	<b>386</b>	<b>519</b>	<b>49</b>	<b>953</b>	<b>310</b>	<b>1,263</b>	<b>1,265</b>	<b>-0.2</b>
Taxation								
- current and deferred taxes	(39)	-	-	(39)	(92)	(131)	(128)	1.9
- share of taxes of associates	-	(120)	-	(120)	-	(120)	(133)	-9.5
- withholding and other taxes <sup>(1)</sup>	-	-	(15)	(15)	-	(15)	(14)	6.5
	(39)	(120)	(15)	(174)	(92)	(266)	(275)	-3.4
<b>Profit after tax</b>	<b>347</b>	<b>398</b>	<b>34</b>	<b>780</b>	<b>218</b>	<b>998</b>	<b>990</b>	<b>0.7</b>
Minority interests	1	-	-	1	-	1	1	20.0
<b>Net profit</b>	<b>348</b>	<b>398</b>	<b>34</b>	<b>780</b>	<b>218</b>	<b>998</b>	<b>991</b>	<b>0.8</b>
<b>Net profit</b>	<b>348</b>	<b>398</b>	<b>34</b>	<b>780</b>	<b>218</b>	<b>998</b>	<b>991</b>	<b>0.8</b>
Exclude :								
Exceptional items	-	-	(30)	(30)	-	(30)	*	nm
<b>Underlying net profit</b>	<b>348</b>	<b>398</b>	<b>4</b>	<b>750</b>	<b>218</b>	<b>968</b>	<b>990</b>	<b>-2.2</b>
(ex-Bharti Africa) <sup>(2)</sup>	348	425	4	777	218	995	990	0.5

**Notes:**

- (1) This comprised withholding taxes deducted at source or dividend distribution taxes paid by certain associates when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding and other 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**.
- (2) Excluding the share of net loss and acquisition financing costs of Bharti Africa. Bharti Africa was acquired by Bharti Airtel on 8 June 2010.

**GROUP SUMMARY INCOME STATEMENTS**  
For The Nine Months Ended 31 December 2010

	Nine Months							YOY Chg %
	31 Dec							
	2010			2010		2010	2009	
	Singapore S\$ m	SingTel Asso/JV S\$ m	Corp S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
<b>Operating revenue</b>	4,740	-	-	4,740	8,688	13,428	12,400	8.3
Operating expenses	(3,079)	-	(50)	(3,129)	(6,670)	(9,799)	(8,957)	9.4
Other income	1,661	-	(50)	1,611	2,018	3,629	3,443	5.4
	41	-	1	42	57	99	67	46.5
<b>Operational EBITDA</b>	<b>1,702</b>	-	<b>(49)</b>	<b>1,653</b>	<b>2,075</b>	<b>3,727</b>	<b>3,511</b>	<b>6.2</b>
- <i>EBITDA margin</i>	<b>35.9%</b>	-	<b>nm</b>	<b>34.9%</b>	<b>23.9%</b>	<b>27.8%</b>	<b>28.3%</b>	
Grp & Int'l business net corp costs	(49)	-	49	-	-	-	-	-
<b>Share of results of associates</b>								
<i>Regional mobile associates</i>	-	1,549	-	1,549	-	1,549	1,755	-11.7
<i>Other associates</i>	-	87	-	87	*	87	91	-4.2
- ordinary operations	-	1,636	-	1,636	*	1,636	1,845	-11.4
- exceptional items	-	(9)	-	(9)	-	(9)	-	nm
	-	<b>1,627</b>	-	<b>1,627</b>	*	<b>1,627</b>	<b>1,845</b>	<b>-11.9</b>
<b>EBITDA</b>	<b>1,653</b>	<b>1,627</b>	-	<b>3,279</b>	<b>2,075</b>	<b>5,354</b>	<b>5,356</b>	<b>**</b>
Depreciation & amortisation	(403)	-	-	(403)	(1,066)	(1,469)	(1,391)	5.6
<b>EBIT</b>	<b>1,250</b>	<b>1,627</b>	-	<b>2,876</b>	<b>1,009</b>	<b>3,885</b>	<b>3,965</b>	<b>-2.0</b>
Net finance expense								
- net interest expense	(150)	-	(4)	(154)	(94)	(248)	(215)	15.4
- other finance (expense)/ income	2	-	13	15	*	15	(13)	nm
	(147)	-	9	(138)	(94)	(232)	(228)	2.1
<b>Profit before exceptional items</b>	<b>1,102</b>	<b>1,627</b>	<b>9</b>	<b>2,738</b>	<b>915</b>	<b>3,653</b>	<b>3,738</b>	<b>-2.3</b>
Exceptional items	-	-	31	31	-	31	5	@
<b>Profit before tax</b>	<b>1,102</b>	<b>1,627</b>	<b>40</b>	<b>2,769</b>	<b>915</b>	<b>3,684</b>	<b>3,742</b>	<b>-1.6</b>
Taxation								
- current and deferred taxes	(92)	-	-	(92)	(272)	(363)	(352)	3.3
- share of taxes of associates	-	(400)	-	(400)	(2)	(402)	(417)	-3.5
- withholding and other taxes	-	-	(88)	(88)	-	(88)	(82)	7.2
	(92)	(400)	(88)	(580)	(273)	(853)	(851)	0.3
<b>Profit after tax</b>	<b>1,011</b>	<b>1,226</b>	<b>(48)</b>	<b>2,189</b>	<b>642</b>	<b>2,831</b>	<b>2,892</b>	<b>-2.1</b>
Minority interests	3	-	-	3	-	3	*	nm
<b>Net profit</b>	<b>1,014</b>	<b>1,226</b>	<b>(48)</b>	<b>2,192</b>	<b>642</b>	<b>2,834</b>	<b>2,892</b>	<b>-2.0</b>
<b>Net profit</b>	<b>1,014</b>	<b>1,226</b>	<b>(48)</b>	<b>2,192</b>	<b>642</b>	<b>2,834</b>	<b>2,892</b>	<b>-2.0</b>
Exclude :								
Exceptional items	-	-	(31)	(31)	-	(31)	(5)	@
<b>Underlying net profit</b>	<b>1,014</b>	<b>1,226</b>	<b>(79)</b>	<b>2,161</b>	<b>642</b>	<b>2,802</b>	<b>2,887</b>	<b>-2.9</b>
( <i>ex-Bharti Africa</i> ) <sup>(1)</sup>	1,014	1,310	(79)	2,245	642	2,886	2,887	**

**Note:**

(1) Excluding the share of net loss, acquisition financing and transaction costs of Bharti Africa.

	Quarter	YOY		Nine Months	YOY	
	31 Dec	Change	Change in constant currency <sup>(1)</sup>	31 Dec	Change	Change in constant currency <sup>(1)</sup>
	2010			2010		
	S\$ m	%	%	S\$ m	%	%
<b>Operating revenue</b>	<b>4,704</b>	<b>5.7</b>	<b>4.7</b>	<b>13,428</b>	<b>8.3</b>	<b>5.5</b>
Operating expenses	(3,468)	7.1	6.0	(9,799)	9.4	6.4
	1,235	2.0	1.1	3,629	5.4	3.0
Other income	49	125.0	123.1	99	46.5	43.2
<b>Operational EBITDA</b>	<b>1,284</b>	<b>4.1</b>	<b>3.2</b>	<b>3,727</b>	<b>6.2</b>	<b>3.8</b>
<b>-EBITDA margin</b>	<b>27.3%</b>			<b>27.8%</b>		
<b>Share of results of associates</b>						
- Bharti						
India, Bangladesh, Sri Lanka	215	-8.6	-5.6	664	-10.7	-9.4
Africa	(31)	nm	nm	(61)	nm	nm
Bharti group	184	-21.7	-18.7	603	-18.8	-17.7
- Telkomsel	214	-9.9	-8.7	665	-9.5	-13.2
- AIS	68	31.3	26.8	203	25.1	22.5
- Globe	40	-26.6	-26.9	133	-23.8	-23.7
- PBTL	(4)	14.3	25.3	(13)	24.3	33.0
- Warid	(14)	-7.8	1.4	(42)	-15.0	-6.6
Regional mobile associates	488	-12.8	-11.9	1,549	-11.7	-13.3
Other associates	30	-7.4	-7.4	87	-4.2	-4.2
- ordinary operation	518	-12.5	-11.6	1,636	-11.4	-12.8
- exceptional item	1	nm	nm	(9)	nm	nm
	<b>519</b>	<b>-12.4</b>	<b>-11.5</b>	<b>1,627</b>	<b>-11.9</b>	<b>-13.3</b>
<b>EBITDA</b>	<b>1,803</b>	<b>-1.2</b>	<b>-1.6</b>	<b>5,354</b>	<b>**</b>	<b>-2.1</b>
Depreciation & amortisation	(503)	3.7	2.6	(1,469)	5.6	2.4
<b>EBIT</b>	<b>1,299</b>	<b>-3.0</b>	<b>-3.1</b>	<b>3,885</b>	<b>-2.0</b>	<b>-3.7</b>
Net finance expense	(66)	-12.4	-12.8	(232)	2.1	0.4
<b>Profit before exceptional items</b>	<b>1,234</b>	<b>-2.5</b>	<b>-2.5</b>	<b>3,653</b>	<b>-2.3</b>	<b>-4.0</b>
Exceptional items	30	nm	nm	31	@	@
<b>Profit before tax</b>	<b>1,263</b>	<b>-0.2</b>	<b>-0.2</b>	<b>3,684</b>	<b>-1.6</b>	<b>-3.3</b>
Taxation	(266)	-3.4	-3.5	(853)	0.3	-1.6
<b>Profit after tax</b>	<b>998</b>	<b>0.7</b>	<b>0.8</b>	<b>2,831</b>	<b>-2.1</b>	<b>-3.7</b>
Minority interests	1	20.0	20.0	3	nm	nm
<b>Net profit</b>	<b>998</b>	<b>0.8</b>	<b>0.8</b>	<b>2,834</b>	<b>-2.0</b>	<b>-3.7</b>
<b>Net profit</b>	<b>998</b>	<b>0.8</b>	<b>0.8</b>	<b>2,834</b>	<b>-2.0</b>	<b>-3.7</b>
Exclude:						
Exceptional items	(30)	nm	nm	(31)	@	@
<b>Underlying net profit</b>	<b>968</b>	<b>-2.2</b>	<b>-2.2</b>	<b>2,802</b>	<b>-2.9</b>	<b>-4.6</b>
(ex-Bharti Africa)	995	0.5	0.5	2,886	**	-1.7

**Note:**

(1) Assuming constant exchange rates for the Australian Dollar and/ or regional currencies (Bangladesh Taka, Indian Rupee, Indonesian Rupiah, Pakistani Rupee, Philippine Peso and Thai Baht) from the corresponding periods ended 31 December 2009.

## GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	31 Dec 2010 (Unaudited) S\$ million	30 Sep 2010 (Unaudited) S\$ million	31 Mar 2010 (Audited) S\$ million
<b>Current assets</b>			
Cash and cash equivalents	2,116	2,096	1,614
Trade and other receivables	3,273	3,516	3,172
Derivative financial instruments	98	18	13
Inventories	430	373	346
	<b>5,917</b>	<b>6,003</b>	<b>5,144</b>
<b>Non-current assets</b>			
Property, plant and equipment	10,748	10,492	10,750
Intangible assets	10,249	10,183	10,200
Associated companies	192	214	279
Joint venture companies	9,791	9,839	10,133
Available-for-sale investments	288	283	256
Derivative financial instruments	-	126	176
Deferred tax assets	828	767	890
Other non-current receivables	117	129	124
	<b>32,212</b>	<b>32,033</b>	<b>32,807</b>
<b>Total assets</b>	<b>38,130</b>	<b>38,036</b>	<b>37,952</b>
<b>Current liabilities</b>			
Trade and other payables	3,955	4,499	4,668
Current tax liabilities	363	370	339
Interim dividend payable	1,084	-	-
Borrowings (unsecured)	2,701	15	1,513
Borrowings (secured)	46	43	15
Derivative financial instruments	1,003	73	300
	<b>9,152</b>	<b>4,999</b>	<b>6,835</b>
<b>Non-current liabilities</b>			
Borrowings (unsecured)	3,804	7,053	5,328
Borrowings (secured)	23	20	23
Advance billings	680	671	629
Deferred income	25	25	29
Derivative financial instruments	525	1,065	941
Deferred tax liabilities	305	302	295
Other non-current liabilities	189	189	356
	<b>5,551</b>	<b>9,325</b>	<b>7,601</b>
<b>Total liabilities</b>	<b>14,703</b>	<b>14,324</b>	<b>14,436</b>
<b>Net assets</b>	<b>23,427</b>	<b>23,712</b>	<b>23,516</b>
<b>Share capital and reserves</b>			
Share capital	2,622	2,621	2,616
Reserves	20,783	21,068	20,877
<b>Equity attributable to shareholders of the Company</b>	<b>23,405</b>	<b>23,689</b>	<b>23,493</b>
Minority interests	22	23	23
<b>Total equity</b>	<b>23,427</b>	<b>23,712</b>	<b>23,516</b>

**CURRENCY RISK MANAGEMENT & OTHER MATTERS**

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

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

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

Debt Currency Mix	As at		
	31 Dec	30 Sep	31 Mar
	2010	2010	2010
SGD	57%	56%	60%
AUD	43%	44%	40%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

**CREDIT RATINGS**

As at 31 Dec 2010	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 <sup>(1)</sup> for:							
Operating revenue							
<u>SGD</u>							
FY10/11	1.2276	1.2272	1.2875	☒	1.2274	☒	☒
FY09/10	1.1213	1.1998	1.2681	1.2686	1.1608	1.2683	1.2153
Change (last corresponding period)	9.5%	2.3%	1.5%	☒	5.7%	☒	☒
Underlying net profit							
<u>SGD</u>							
FY10/11	1.2257	1.2298	1.2892	☒	1.2278	☒	☒
FY09/10	1.1298	1.2057	1.2677	1.2688	1.1695	1.2683	1.2258
Change (last corresponding period)	8.5%	2.0%	1.7%	☒	5.0%	☒	☒

**Note:**

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

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
<b>Rupiah</b>							
FY10/11	6,536	6,623	6,897	☒	6,580	☒	☒
FY09/10	7,143	6,944	6,803	6,579	7,042	6,699	6,881
Change (last corresponding period)	-8.5%	-4.6%	1.4%	☒	-6.6%	☒	☒
<b>Baht</b>							
FY10/11	23.3	23.3	23.0	☒	23.3	☒	☒
FY09/10	23.6	23.6	23.9	23.4	23.6	23.6	23.6
Change (last corresponding period)	-1.3%	-1.3%	-3.8%	☒	-1.3%	☒	☒
<b>Peso</b>							
FY10/11	32.7	33.3	33.4	☒	33.0	☒	☒
FY09/10	32.5	33.4	33.6	32.8	32.9	33.2	33.0
Change (last corresponding period)	0.6%	-0.3%	-0.6%	☒	0.3%	☒	☒
<b>Indian Rupee</b>							
FY10/11	32.8	34.2	34.5	☒	33.5	☒	☒
FY09/10	33.1	33.7	33.4	32.7	33.4	33.0	33.2
Change (last corresponding period)	-0.9%	1.5%	3.3%	☒	0.3%	☒	☒
<b>Taka</b>							
FY10/11	49.8	51.3	54.1	☒	50.3	☒	☒
FY09/10	46.9	48.1	49.5	49.3	47.4	49.7	48.5
Change (last corresponding period)	6.2%	6.7%	9.3%	☒	6.1%	☒	☒
<b>Pakistani Rupee</b>							
FY10/11	60.6	63.3	65.8	☒	61.8	☒	☒
FY09/10	54.9	57.5	59.9	60.2	56.4	60.0	58.1
Change (last corresponding period)	10.4%	10.1%	9.8%	☒	9.6%	☒	☒

**OPTUS FINANCIALS IN SINGAPORE DOLLARS**

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	2009 S\$ m		2010 S\$ m	2009 S\$ m	
<b>Operating revenue</b>	<b>3,070</b>	<b>2,920</b>	<b>5.1</b>	<b>8,688</b>	<b>8,045</b>	<b>8.0</b>
Operating expenses	(2,383)	(2,263)	5.3	(6,670)	(6,231)	7.1
Other income	25	14	84.6	57	35	61.7
<b>Operational EBITDA - EBITDA margin</b>	<b>712 23.2%</b>	<b>671 23.0%</b>	<b>6.2</b>	<b>2,075 23.9%</b>	<b>1,849 23.0%</b>	<b>12.2</b>
Share of results of joint ventures	*	*	nm	*	*	nm
<b>EBITDA</b>	<b>712</b>	<b>671</b>	<b>6.2</b>	<b>2,075</b>	<b>1,849</b>	<b>12.2</b>
Depreciation & amortisation	(368)	(355)	3.7	(1,066)	(1,006)	5.9
<b>EBIT</b>	<b>345</b>	<b>316</b>	<b>9.1</b>	<b>1,009</b>	<b>843</b>	<b>19.7</b>
Net finance expense	(35)	(14)	146.4	(94)	(53)	78.2
<b>Profit before tax</b>	<b>310</b>	<b>302</b>	<b>2.7</b>	<b>915</b>	<b>790</b>	<b>15.8</b>
Taxation	(92)	(92)	0.0	(273)	(240)	13.9
<b>Net profit</b>	<b>218</b>	<b>210</b>	<b>3.9</b>	<b>642</b>	<b>550</b>	<b>16.7</b>

**Note:**

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

**OPTUS FINANCIALS IN SINGAPORE DOLLARS**

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2010 S\$ m	Restated 2009 S\$ m		2010 S\$ m	Restated 2009 S\$ m	
Mobile communications	1,536	1,405	9.3	4,393	3,834	14.6
Data & Internet	482	463	4.1	1,388	1,284	8.1
National telephone	392	390	**	1,135	1,110	2.3
Sale of equipment	386	354	8.9	946	911	3.8
IT & Engineering	118	141	-16.5	364	430	-15.3
International telephone	88	97	-9.0	257	276	-6.9
Others	69	70	-1.6	206	200	2.8
<b>Total</b>	<b>3,070</b>	<b>2,920</b>	<b>5.1</b>	<b>8,688</b>	<b>8,045</b>	<b>8.0</b>

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

	As at		
	31 Dec 2010 S\$ m	30 Sep 2010 S\$ m	31 Mar 2010 S\$ m
<b>Property, plant and equipment (net)</b>	<b>7,803</b>	<b>7,598</b>	<b>7,849</b>
Gross debt			
Current debt	31	36	578
Non-current debt	1,986	2,324	1,169
Gross debt as reported in statement of financial position	2,017	2,360	1,746
Related net hedging liability	260	41	317
	2,277	2,401	2,064
<b>Less: Cash and bank balances</b>	<b>(365)</b>	<b>(1,152)</b>	<b>(198)</b>
<b>Net debt</b>	<b>1,912</b>	<b>1,249</b>	<b>1,866</b>
	<b>A\$ m</b>	<b>A\$ m</b>	<b>A\$ m</b>
<b>Property, plant and equipment (net)</b>	<b>5,964</b>	<b>5,961</b>	<b>6,118</b>
Gross debt			
Current debt	24	28	450
Non-current debt	1,518	1,823	911
Gross debt as reported in statement of financial position	1,542	1,852	1,361
Related net hedging liability	199	32	247
	1,741	1,884	1,608
<b>Less: Cash and bank balances</b>	<b>(279)</b>	<b>(904)</b>	<b>(154)</b>
<b>Net debt</b>	<b>1,462</b>	<b>980</b>	<b>1,454</b>

## OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2011

### Singapore

- Operating revenue to grow at mid single-digit level.
- EBITDA to decline within low to mid single-digit range.
- EBITDA margin to decline to around 35%.
- Capital expenditure to be approximately S\$830 million.
- Free cash flow (excluding dividends from associates) to be in the range of S\$1.1 billion.

### Australia

- Operating revenue and EBITDA to grow at mid single-digit levels.
- Capital expenditure to be approximately A\$1.2 billion.
- Free cash flow to be above A\$1.0 billion.

### Associates/ Joint Ventures

- Bharti's earnings would be diluted by acquisition financing costs for Zain (now known as Bharti Africa) and the investment in 3G spectrum.
- Telkomsel's operating revenue to grow at single-digit level. EBITDA margin to decline slightly.
- Ordinary dividends from regional mobile associates to be higher.

### Group

- Consolidated operating revenue and operational EBITDA of the Group would be impacted by exchange rate movements of the Australian Dollar.
- Earnings contributions from the regional mobile associates would be impacted by the exchange rate movements of the regional currencies when translated to Singapore Dollar.