



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2014

The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 30 September 2014 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 1 : GROUP

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014**

- Including first-time contributions from digital acquisitions, operating revenue grew 3.5% and EBITDA increased 2.7%.
- Excluding the acquisitions, operating revenue up 2.5% and EBITDA increased 3.3%.
- Post-tax contributions from the associates rose 23% on strong earnings growth at Airtel India.
- Underlying net profit grew strongly by 11%.
- Net profit up 19% boosted by S\$65 million of exceptional gain from dilution of equity interest in SingPost.
- Free cash flow was lower by S\$186 million or 20% to S\$732 million, due to higher cash taxes and capital expenditure this quarter.

FINANCIAL HIGHLIGHTS**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014**

- Operating revenue and EBITDA were stable.
- Underlying net profit grew 4.4% on strong associates' contributions.
- Net profit was stable as there were lower exceptional gains.
- In constant currency terms¹, EBITDA increased 1.5% and underlying net profit grew 9.4%. Net profit after exceptional items increased 4.0%.
- Free cash flow increased by S\$105 million or 5.8% to S\$1.92 billion on higher operating cash flows.

¹ Assuming constant exchange rates for the Australian Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding period ended 30 September 2013.

SECTION 1 : GROUP

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Operating revenue <i>(exclude acquisitions)</i>	4,309 4,268	4,163 4,163	3.5 2.5	8,457 8,416	8,456 8,456	** -0.5
EBITDA <i>(exclude acquisitions)</i>	1,334 1,341	1,298 1,298	2.7 3.3	2,588 2,596	2,594 2,594	-0.2 0.1
EBITDA margin	30.9%	31.2%		30.6%	30.7%	
Share of associates' pre-tax profits	644	519	24.2	1,266	1,096	15.5
EBITDA and share of associates' pre-tax profits	1,978	1,817	8.9	3,854	3,691	4.4
EBIT	1,433	1,290	11.0	2,776	2,624	5.8
<i>(exclude share of associates' pre-tax profits)</i>	789	772	2.2	1,510	1,528	-1.2
<i>(exclude acquisitions)</i>	807	772	4.6	1,529	1,528	**
Underlying net profit	979	884	10.8	1,860	1,781	4.4
Exceptional items (post-tax)	59	(13)	nm	13	101	-87.1
Net profit	1,038	870	19.3	1,873	1,881	-0.5
Free cash flow	732	919	-20.3	1,916	1,812	5.8
Underlying earnings per share (S cents)	6.14	5.54	10.8	11.67	11.18	4.4
Basic earnings per share (S cents)	6.51	5.46	19.2	11.75	11.81	-0.5

	As at		
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	30 Sep 2013 S\$ m
Total assets	40,219	39,013	38,647
Shareholders' funds ⁽¹⁾	23,901	24,645	22,926
Net debt ⁽²⁾	8,514	6,539	7,771
Net debt gearing ratio ⁽³⁾	26.2%	21.0%	25.3%
Net debt to EBITDA and share of associates' pre-tax profits ⁽⁴⁾	1.10X	0.87X	1.05X
Interest cover:			
- EBITDA and share of associates' pre-tax profits/ net interest expense ⁽⁵⁾	30.7X	29.9X	27.8X

Notes:

- (1) Shareholders' funds as at 30 September 2014 decreased from a quarter ago, due to the payment of final dividend totalling S\$1.59 billion in August 2014.
- (2) Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- (3) 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.
- (4) Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.
- (5) Net interest expense refers to interest expense less interest income.

SECTION 1 : GROUP**GROUP SUMMARY INCOME STATEMENTS**

For The Second Quarter And Half Year Ended 30 September 2014

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Operating revenue	4,309	4,163	3.5	8,457	8,456	**
Operating expenses	(3,011)	(2,886)	4.3	(5,933)	(5,918)	0.3
	1,298	1,277	1.6	2,524	2,538	-0.6
Other income	36	21	69.0	64	56	14.5
EBITDA	1,334	1,298	2.7	2,588	2,594	-0.2
- EBITDA margin	30.9%	31.2%		30.6%	30.7%	
Share of associates' pre-tax profits						
- operating results	655	519	26.3	1,277	1,090	17.2
- exceptional items	(11)	-	nm	(11)	7	nm
	644	519	24.2	1,266	1,096	15.5
EBITDA and share of associates' pre-tax profits	1,978	1,817	8.9	3,854	3,691	4.4
Depreciation	(491)	(486)	1.0	(980)	(983)	-0.3
Amortisation of intangibles	(54)	(41)	33.5	(98)	(83)	17.7
	(545)	(527)	3.5	(1,078)	(1,066)	1.1
EBIT	1,433	1,290	11.0	2,776	2,624	5.8
Net finance expense						
- net interest expense	(63)	(65)	-2.8	(125)	(133)	-5.6
- other finance income	19	9	106.5	30	29	5.2
	(44)	(55)	-21.0	(95)	(104)	-8.5
Profit before exceptional items and tax	1,389	1,235	12.5	2,681	2,520	6.4
Taxation	(409)	(350)	16.7	(818)	(736)	11.2
Profit after tax	980	885	10.8	1,863	1,784	4.4
Minority interests	(2)	(1)	15.4	(3)	(4)	-17.1
Underlying net profit	979	884	10.8	1,860	1,781	4.4
Exceptional items (post-tax)	59	(13)	nm	13	101	-87.1
Net profit	1,038	870	19.3	1,873	1,881	-0.5
Depreciation as % of operating revenue	11%	12%		12%	12%	

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".

SECTION 1 : GROUP

BUSINESS SEGMENTS

The Group is organised by three business segments, Group Consumer, Group Enterprise and Group Digital Life, to better serve the evolving needs of its customers and to capture growth opportunities globally.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the Group's investments mainly AIS in Thailand, Airtel in India, Africa and South Asia, Globe in the Philippines, PBTL in Bangladesh, and Telkomsel in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, residential pay TV, fixed broadband and voice, as well as equipment sales.

Group Enterprise comprises the business groups across Singapore and Australia and focuses on growing the Group's position in the enterprise markets. Key services include mobile, fixed voice and data, managed services, cloud computing, and IT services and professional consulting.

Group Digital Life focuses on using the latest internet technologies and assets of the Group operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It includes digital marketing, e-commerce, data analytics, mobile banking payment, concierge and hyper-local services.

Corporate comprises the costs of Group functions not allocated to the business segments.

The costs of shared and common infrastructure are allocated to the business segments using established methodologies. As a result of higher utilisation of shared infrastructure by mobile in Australia, certain costs had been reallocated between Consumer and Enterprise business segments with effect from 1 April 2014. For comparative purpose, the EBITDA and EBIT of the business segments for the prior periods had been restated to reflect the changes in cost allocation and other adjustments.

The Group's overall EBITDA and EBIT for the respective periods remained unchanged. See **Appendix 5** for the restated EBITDA and EBIT of the business segments for the respective quarters in FY 2014.

SECTION 1 : GROUP

The following table shows the operating performance of the three business segments in the current quarter and half year ended 30 September 2014:

	Quarter		YOY Chg %	Half Year		YOY Chg %
	30 Sep			30 Sep		
	2014 S\$ m	Restated 2013 S\$ m		2014 S\$ m	Restated 2013 S\$ m	
Operating revenue						
Group Consumer	2,630	2,574	2.2	5,175	5,277	-1.9
Group Enterprise	1,599	1,548	3.3	3,155	3,108	1.5
Core Business	4,230	4,122	2.6	8,330	8,385	-0.7
Group Digital Life	85	35	142.4	128	65	97.4
Corporate	(5)	7	nm	-	7	nm
Group	4,309	4,163	3.5	8,457	8,456	**
EBITDA						
Group Consumer	849	841	0.9	1,655	1,631	1.5
Group Enterprise	553	514	7.6	1,063	1,065	-0.1
Core Business	1,402	1,356	3.5	2,719	2,695	0.9
Group Digital Life	(50)	(40)	25.6	(95)	(72)	32.1
Corporate	(19)	(17)	8.1	(35)	(29)	21.7
Group	1,334	1,298	2.7	2,588	2,594	-0.2
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	481	481	0.1	920	896	2.7
Group Enterprise	402	360	11.8	761	757	0.6
Core Business	884	841	5.1	1,681	1,652	1.7
Group Digital Life	(77)	(51)	49.1	(135)	(95)	41.8
Corporate	(18)	(17)	4.6	(36)	(29)	21.5
Group	789	772	2.2	1,510	1,528	-1.2

DIVIDENDS

On 12 November 2014, the Directors approved an interim dividend of 6.8 cents (H1 FY2014: 6.8 cents) per share totalling approximately S\$1.08 billion in respect of the current financial year ending 31 March 2015. This represents a 58% payout of the current half year earnings.

The financial statements for the half year ended, and as at, 30 September 2014 do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of 'Retained Earnings' in the quarter ending 31 December 2014.

In August 2014, SingTel paid a final dividend of 10 cents per share totalling S\$1.59 billion in respect of the previous financial year ended 31 March 2014.

SECTION 1 : GROUP

REVIEW OF GROUP OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2014

The Group continued to strengthen its core businesses and progressed on its strategic initiatives. During the quarter, SingTel completed the acquisitions of Adconion and Kontera, transforming Amobee from mobile advertising to a one-stop multi-channel digital marketing technology company. Operating revenue grew 3.5% and included first-time contributions from the digital acquisitions. Excluding the acquisitions, operating revenue grew 2.5%.

Group Consumer contributed 61% (Q2 FY2014: 62%) and 64% (Q2 FY2014: 65%) to the Group's operating revenue and EBITDA respectively. Operating revenue grew 2.2% and EBITDA was stable. Singapore Consumer recorded revenue growth of 3.8% mainly from Consumer Home services and equipment sales, and EBITDA growth of 5.2%. Australia Consumer delivered revenue growth of 2.1%, a turnaround from the declines in earlier quarters. Mobile service revenue in Australia rose 1.3% on the back of customer and ARPU gains. EBITDA was stable but would have been up by 4.4% excluding the write-back of base station rentals in the same quarter last year.

Group Enterprise contributed 37% (Q2 FY2014: 37%) and 41% (Q2 FY2014: 40%) to the Group's operating revenue and EBITDA respectively. Operating revenue grew 3.3% with strong growth in ICT revenue across Singapore and Australia. EBITDA was up 7.6%. Adjusting for the write-back of S\$31 million recorded this quarter related to fibre rollout costs, EBITDA would have increased 1.6% with keen competition, price declines with the Next Gen NBN environment in Singapore and lower pricing with contract transition for a large government infrastructure and ICT project.

Under Group Digital Life, Kontera and Adconion were fully acquired by Amobee in July and August 2014 respectively. Operating revenue rose by 142% to S\$85 million. Ongoing start-up costs and investments in new businesses and initiatives resulted in negative EBITDA of S\$50 million. Excluding the digital acquisitions, negative EBITDA increased 7.0% to S\$43 million.

The Group and its regional mobile associates continued to record strong customer growth. The combined mobile customer base reached 532 million as at 30 September 2014, up 1.3% from a quarter ago.

The Group's share of associates' pre-tax profits increased 24% to S\$644 million with strong earnings growth from Airtel India. Excluding currency translation effect, the pre-tax contribution from the associates would have recorded an increase of 31%.

Net finance expense decreased 21% with the recognition of S\$17 million (Q2 FY2014: S\$9 million) dividend income from the Southern Cross consortium (see Page 14).

The higher Group's tax expense resulted mainly from share of Airtel's higher income taxes with higher profits in India as well as increased taxes in Africa.

The net exceptional gain of S\$59 million this quarter mainly comprised an exceptional gain of S\$65 million from the dilution of 2.2% of the Group's equity interest in SingPost following its equity placement to an investor (see Page 15).

SECTION 1 : GROUP

With the exceptional gain, net profit increased by 19% to S\$1.04 billion and in constant currency terms, would have been up by 22%. Underlying net profit grew strongly by 11% and in constant currency terms, would have been up 14%.

Free cash flow in the quarter was S\$732 million, lower by S\$186 million or 20% from the same quarter last year. Excluding associates' dividends, free cash flow amounted to S\$477 million, lower by S\$184 million due to higher cash taxes and capital expenditure.

The Group continued to maintain a healthy capital structure. As at 30 September 2014, net debt gearing ratio was at 26%, up from 21% a quarter ago, following net increase in borrowings of S\$2.02 billion in the quarter.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. Hence, the Group is exposed to currency movements. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for 76% (Q2 FY2014: 76%) of the Group's proportionate revenue and 73% (Q2 FY2014: 73%) of proportionate EBITDA.

For The Half Year Ended 30 September 2014

Operating revenue and EBITDA for the first half year were stable. If the Australian Dollar had remained constant from the corresponding half year, operating revenue and EBITDA would have increased by 1.7% and 1.5% respectively.

With higher associates' contributions, underlying net profit grew 4.4% to S\$1.86 billion. In constant currency terms, underlying net profit would have been up by 9.4%.

The Group's net exceptional gain of S\$13 million for the half year mainly comprised S\$65 million of gain on dilution of its equity interest in SingPost and S\$29 million of staff restructuring costs. In the corresponding period last year, an exceptional gain of S\$150 million was recognised from the dilution of equity interest in Airtel.

Including exceptional items, net profit was stable at S\$1.87 billion, and in constant currency terms would have increased 4.0%.

The Group's free cash flow grew 5.8% to S\$1.92 billion. Excluding associates' dividends, free cash flow was S\$979 million, an increase of 9.9% from higher operating cash flows.

SECTION 1 : GROUP**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	
Operating revenue	4,309	4,148	3.9
EBITDA	1,334	1,254	6.3
EBITDA margin	30.9%	30.2%	
Share of associates' pre-tax profits	644	622	3.6
EBITDA and share of associates' pre-tax profits	1,978	1,876	5.4
EBIT	1,433	1,344	6.7
Profit before exceptional items and tax	1,389	1,292	7.5
Underlying net profit	979	881	11.1
Exceptional items (post-tax)	59	(46)	nm
Net profit	1,038	835	24.4
Free cash flow	732	1,184	-38.1

The Australian Dollar and regional currencies were relatively stable compared to the preceding quarter.

Excluding the write-back of fibre rollout costs recorded this quarter, the Group's EBITDA rose 3.9% from the preceding quarter.

Underlying net profit grew 11% with lower withholding taxes from associates' dividends in the current quarter.

The lower free cash flow was mainly due to higher cash taxes and timing of dividend receipts from associates.

SECTION 1 : GROUP

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2015

The Group affirms the guidance previously issued in May 2014, whereby consolidated revenue and EBITDA of the Group, excluding acquisitions, will be stable.

The Group acquired Kontera and Adconion in the current quarter, consistent with its strategy to grow scale and capabilities in the fast-growing digital marketing space through the Amobee group.

The acquisitions are earnings dilutive in the current financial year with continued investments in growing the business, amortisation cost of acquired intangibles and staff retention expenses. In the next financial year, it is expected that the losses from the Amobee group will be mitigated by the benefits of integration and synergies.

The Group will also be launching new digital initiatives to enhance its core business and create new revenue streams, such as in data analytics.

Operating revenue for Group Digital Life for the current financial year is expected to exceed S\$300 million, of which approximately 75% will be from digital marketing services. Group Digital Life's negative EBITDA will increase to approximately S\$200-250 million with the impact of the strategic acquisitions and new business initiatives.

Please refer to **Appendix 7** for further details on the outlook for the current financial year.

SECTION 1 : GROUP

OPERATING REVENUE

By Products and Services	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Mobile communications	1,835	1,809	1.4	3,638	3,675	-1.0
Data and Internet	783	788	-0.7	1,556	1,606	-3.2
Managed services	445	413	7.9	870	805	8.1
Business solutions	157	131	20.2	287	261	9.8
Infocomm Technology ("ICT")	603	544	10.8	1,157	1,067	8.5
National telephone	349	378	-7.6	704	782	-10.0
Sale of equipment	333	283	17.9	614	595	3.1
International telephone	166	177	-6.3	332	357	-7.1
Pay television	80	60	32.7	160	119	34.6
Digital businesses ⁽¹⁾	80	34	134.1	119	63	90.1
Fibre rollout and maintenance	38	34	11.4	81	88	-8.6
Others	44	57	-23.4	97	105	-7.4
Total	4,309	4,163	3.5	8,457	8,456	**
Operating revenue	4,309	4,163	3.5	8,457	8,456	**
Associates' proportionate revenue ⁽²⁾	2,990	2,786	7.3	5,969	5,723	4.3
Group's proportionate revenue	7,300	6,949	5.0	14,426	14,180	1.7

Notes:

- (1) Comprise revenues mainly from digital marketing, e-commerce, concierge and hyper-local services. The comparatives have been restated to be consistent with the current periods.
- (2) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by SingTel's effective ownership interest.

Operating Revenue Mix	Quarter		Half Year	
	30 Sep		30 Sep	
	2014 %	2013 %	2014 %	2013 %
Mobile communications	42.6	43.5	43.0	43.5
Data and Internet	18.2	18.9	18.4	19.0
<i>Managed services</i>	10.3	9.9	10.3	9.5
<i>Business solutions</i>	3.6	3.1	3.4	3.1
Infocomm Technology ("ICT")	14.0	13.1	13.7	12.6
National telephone	8.1	9.1	8.3	9.2
Sale of equipment	7.7	6.8	7.3	7.0
International telephone	3.8	4.2	3.9	4.2
Pay television	1.8	1.4	1.9	1.4
Digital businesses	1.9	0.8	1.4	0.7
Fibre rollout and maintenance	0.9	0.8	1.0	1.0
Others	1.0	1.4	1.1	1.2
Total	100.0	100.0	100.0	100.0

SECTION 1 : GROUP

Mobile Communications revenue grew 1.4% with robust data growth across Singapore and Australia mitigating the declines in voice, SMS and roaming. In Singapore, mobile revenue increased 1.3% while mobile service revenue in Australia grew 1.2% in Australian Dollar terms.

Revenues from ICT services, which comprised Managed Services and Business solutions, grew 11%. The increase in Managed Services was attributable to higher project related equipment and services revenue. Business Solutions revenue growth was mainly from application development projects and communication engineering services.

The increase in equipment sales was due to higher volume of handset sales.

Including the proportionate share of operating revenue from the associates, the Group's enlarged revenue grew 5.0% to S\$7.30 billion, underpinned by Airtel's strong revenue growth.

SECTION 1 : GROUP**OPERATING EXPENSES (Before Depreciation and Amortisation)**

	Quarter		YOY %	Half Year		YOY %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Selling & administrative	980	950	3.1	1,955	1,993	-1.9
Cost of sales	662	619	6.9	1,287	1,280	0.5
Traffic expenses	648	652	-0.7	1,286	1,307	-1.6
Staff costs	624	580	7.4	1,230	1,168	5.3
Repair & maintenance	90	81	10.1	168	165	1.8
Others	9	3	196.7	7	6	29.1
Total	3,011	2,886	4.3	5,933	5,918	0.3

As a percentage of operating revenue	Quarter		Half Year	
	30 Sep		30 Sep	
	2014 %	2013 %	2014 %	2013 %
Selling & administrative	22.7%	22.8%	23.1%	23.6%
Traffic expenses	15.0%	15.7%	15.2%	15.5%
Cost of sales	15.4%	14.9%	15.2%	15.1%
Staff costs	14.5%	13.9%	14.5%	13.8%
Repair & maintenance	2.1%	2.0%	2.0%	2.0%
Others	0.2%	0.1%	0.1%	0.1%
Total	69.9%	69.4%	70.1%	70.1%

Total operating expenses increased 4.3% from the same quarter last year.

Selling and administrative expenses, the largest expense category at 23% of operating revenue, grew 3.1%. Excluding the write-back of base station rentals in the corresponding quarter last year, expenses would have been stable.

Cost of sales grew 6.9% and would have increased 12% excluding the write-back this quarter related to fibre rollout costs. The increase was due to higher ICT revenue and equipment sales.

SECTION 1 : GROUP**STAFF COSTS**

	Quarter		YOY %	Half Year		YOY %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Staff costs						
Optus	310	299	3.5	626	616	1.7
Amobee (including Adconion & Kontera)	24	8	213.2	36	15	143.9
SingTel and other subsidiaries	290	274	6.0	568	537	5.6
Group	624	580	7.4	1,230	1,168	5.3

	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep		
				2014	2013	
Average number of staff						
Optus	9,091	9,043	8,635	9,067	8,603	5.4
Amobee	433	225	186	329	182	80.8
SingTel and other subsidiaries	13,510	12,935	13,015	13,223	12,932	2.3
Group	23,034	22,203	21,836	22,619	21,717	4.2
As at end of period						
Optus	9,125	9,015	8,683	9,125	8,683	5.1
Amobee	536	225	189	536	189	183.6
SingTel and other subsidiaries	13,582	13,153	12,935	13,582	12,935	5.0
Group	23,243	22,393	21,807	23,243	21,807	6.6

Staff costs grew 7.4% due to higher average headcount as well as annual salary increments.

As of 30 September 2014, Group headcount increased 1,436 or 6.6% from a year ago to 23,243. The increase was due to staff additions from acquisitions of Adconion and Kontera, additional IT capabilities to support ICT projects, and higher number of retail staff in Australia with the expansion of Optus owned stores.

SECTION 1 : GROUP**NET FINANCE EXPENSE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Net interest expense:						
- Interest income	4	4	13.2	9	7	29.0
- Interest expense	(72)	(74)	-1.8	(145)	(150)	-3.6
	(68)	(70)	-2.6	(136)	(143)	-5.2
- Net interest income from NetLink Trust ⁽¹⁾	5	5	**	10	10	**
	(63)	(65)	-2.8	(125)	(133)	-5.6
Other finance income:						
- Investment income ⁽²⁾	19	11	70.3	31	24	27.0
- Net foreign exchange gain/ (loss)	1	(2)	nm	*	(1)	nm
- Fair value adjustments ⁽³⁾	(1)	1	nm	*	5	nm
	19	9	106.5	30	29	5.2
Net finance expense	(44)	(55)	-21.0	(95)	(104)	-8.5

Notes:

- (1) Comprise interest earned on the unitholder's loan to NetLink Trust, net of the finance lease expenses on the exchange buildings leased from NetLink Trust.
- (2) Comprise mainly dividend income from other non-equity accounted investments.
- (3) Comprise mainly adjustments for hedging instruments measured at fair values at reporting date under FRS 39, *Financial Instruments: Recognition and Measurement*.

Interest income increased on higher interest rates while interest expense decreased mainly due to reduced average borrowings.

In the quarter, the Group received dividend income of S\$17 million (Q2 FY2014: S\$9 million) from the Southern Cross consortium.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Exceptional gains/ (losses)						
Dilution gain on SingPost	65	-	nm	65	-	nm
Dilution gain on Airtel	-	-	-	-	150	nm
Net (loss)/ gain on sale/liquidation of venture investments	(4)	6	nm	*	6	nm
Staff restructuring costs	*	(5)	nm	(29)	(6)	359.7
Impairment of venture investments	-	(5)	nm	-	(5)	nm
Share of Airtel's one-off items	-	-	-	(17)	-	nm
Share of Globe's accelerated depreciation	(3)	(10)	-72.8	(9)	(48)	-81.1
Others	1	*	nm	2	4	-54.1
Group net exceptional gains/ (losses) (post-tax)	59	(13)	nm	13	101	-87.1

Note:

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

On 31 July 2014, SingPost completed its equity placement to a new investor for approximately 10.32% stake in SingPost for a consideration of S\$313 million. This has resulted in an increase in SingPost's net assets as well as the dilution of the Group's equity interest in SingPost from 25.4% to 23.2%. Consequently, the Group recognised an exceptional gain of S\$65 million from the dilution of its equity interest in SingPost in the quarter.

SECTION 1 : GROUP**TAX EXPENSE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Income tax expense						
Optus	114	110	3.1	207	203	2.1
SingTel and other subsidiaries	48	45	7.8	98	94	4.2
Tax expense of SingTel and its subsidiaries (a)	162	155	4.5	305	297	2.8
Share of associates' tax expense (b)	210	164	28.0	416	349	19.3
Withholding taxes on associates' dividend income ⁽¹⁾	37	31	18.6	98	91	7.7
Total	409	350	16.7	818	736	11.2
Profit before exceptional items and tax	1,389	1,235	12.5	2,681	2,520	6.4
Exclude:						
Share of associates' pre-tax profits	(644)	(519)	24.2	(1,266)	(1,096)	15.5
Adjusted pre-tax profit (c)	745	717	4.0	1,415	1,424	-0.6
Effective tax rate of SingTel and subsidiaries (a)/(c)	21.7%	21.6%		21.6%	20.8%	
Share of associates' pre-tax profits (d)	644	519	24.2	1,266	1,096	15.5
Effective tax rate of associates (b)/(d)	32.6%	31.7%		32.8%	31.8%	

Note:

- (1) Withholding taxes are deducted at source when dividends are remitted by the overseas associates. For accounting purposes, the dividend income and related withholding taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.

The increase in the Group's tax expense was mainly due to share of Airtel's higher income taxes with higher profits in India as well as increased taxes in Africa.

SECTION 1 : GROUP**SUMMARY STATEMENTS OF FINANCIAL POSITION**

	As at		
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	30 Sep 2013 S\$ m
Current assets (excluding cash)	3,868	3,842	3,834
Cash and bank balances	524	649	861
Non-current assets	35,828	34,522	33,952
Total assets	40,219	39,013	38,647
Current liabilities	4,773	4,681	6,823
Non-current liabilities	11,518	9,662	8,877
Total liabilities	16,292	14,343	15,700
Net assets	23,928	24,670	22,947
Share capital	2,634	2,634	2,634
Retained earnings	26,645	27,201	25,683
Currency translation losses	(4,161)	(3,802)	(3,851)
Other reserves	(1,217)	(1,388)	(1,540)
Equity attributable to shareholders	23,901	24,645	22,926
Minority interest	27	25	21
	23,928	24,670	22,947

The Group is in a sound financial position as at 30 September 2014. SingTel is rated Aa3 by Moody's and A+ by Standard & Poor's.

As at 30 September 2014, the shareholders' equity was S\$23.90 billion after accounting for the payment of final dividend totalling S\$1.59 billion in August 2014. The currency translation losses increased by S\$359 million from a quarter ago, arising mainly from the impact of the weaker Australian Dollar against the Singapore Dollar on translation of net assets of Optus.

SECTION 1 : GROUP**LIQUIDITY AND GEARING**

	As at		
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	30 Sep 2013 S\$ m
Gross debt			
Current debt	193	37	2,034
Non-current debt	8,863	7,018	6,382
Gross debt as reported in statement of financial position	9,056	7,055	8,416
Related net hedging (asset)/ liability ⁽¹⁾	(18)	134	216
	9,038	7,188	8,632
Less : Cash and bank balances	(524)	(649)	(861)
Net debt	8,514	6,539	7,771
Gross debt gearing ratio ⁽²⁾	27.4%	22.6%	27.3%
Net debt gearing ratio	26.2%	21.0%	25.3%

Notes:

- (1) The net hedging asset/ liability relates to the fair values of cross currency and interest rate swaps.
- (2) Gross debt gearing ratio refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.

Hedged gross debt increased by S\$1.85 billion to S\$9.04 billion from a quarter ago, mainly due to S\$2.02 billion of net increase in borrowings, and mark-to-market movements. Net debt gearing increased to 26.2% from 21.0% a quarter ago.

SECTION 1 : GROUP**CASH FLOW AND CAPITAL EXPENDITURE**

	Quarter			Half Year		YOY Chge %
	30 Sep	30 Sep	30 Jun	30 Sep		
	2014	2013	2014	2014	2013	
	S\$ m	S\$ m	S\$ m	S\$ m	S\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	1,389	1,235	1,292	2,681	2,520	6.4
Non-cash items	(48)	70	(62)	(110)	79	nm
Operating cash flow before working capital changes	1,342	1,305	1,230	2,572	2,599	-1.1
Changes in operating assets and liabilities	5	24	(136)	(131)	(441)	-70.2
	1,346	1,330	1,094	2,440	2,159	13.0
Cash paid to employees under performance share plans	(1)	(1)	(1)	(1)	(5)	-71.4
Tax paid on operating activities	(286)	(228)	(46)	(332)	(275)	20.7
Operating cash flow before dividends from associates	1,059	1,101	1,048	2,107	1,879	12.1
Dividends received from associates	277	285	757	1,034	1,020	1.4
Withholding tax paid on dividends received	(22)	(27)	(75)	(97)	(99)	-2.2
	1,315	1,359	1,730	3,044	2,800	8.7
Net cash outflow for investing activities						
Payment for purchase of property, plant and equipment	(582)	(441)	(546)	(1,128)	(988)	14.1
Investment in associates	-	(385)	(1)	(1)	(385)	-99.9
Payment for purchase of spectrum	(746)	(18)	(80)	(825)	(180)	359.7
Payment for purchase of subsidiaries	(433)	(31)	(10)	(443)	(42)	@
Investment in venture investments	(8)	(38)	(11)	(19)	(45)	-57.6
Proceeds from disposal of venture investments	9	7	41	49	8	@
Proceeds from disposal of property, plant and equipment	3	1	1	4	6	-29.1
Withholding tax paid on interest received on inter-company loans	(16)	(18)	-	(16)	(18)	-6.3
Others	(14)	(16)	1	(13)	(25)	-45.5
	(1,787)	(937)	(605)	(2,392)	(1,668)	43.4
Net cash inflow/ (outflow) for financing activities						
Net increase/ (decrease) in borrowings	2,021	795	(981)	1,040	620	67.6
Net interest paid on borrowings and swaps	(61)	(68)	(97)	(158)	(159)	-0.6
Final dividend paid to shareholders	(1,594)	(1,594)	-	(1,594)	(1,594)	**
Purchase of performance shares	(14)	(5)	(21)	(35)	(25)	40.1
	352	(872)	(1,099)	(747)	(1,158)	-35.5
Net (decrease)/ increase in cash and cash equivalents	(121)	(450)	26	(95)	(26)	261.4
Exchange effects on cash and cash equivalents	(4)	(1)	1	(3)	(24)	-86.0
Group cash and cash equivalents at beginning	649	1,312	623	623	911	-31.7
Group cash and cash equivalents at end	524	861	649	524	861	-39.2
Singapore	314	384	354	669	601	11.3
Optus	162	277	148	310	290	7.1
Group free cash flow (before associates' dividends)	477	661	502	979	891	9.9
Dividends received from associates (net of withholding tax)	256	258	682	938	921	1.8
Group free cash flow	732	919	1,184	1,916	1,812	5.8
Optus free cash flow (in A\$)	138	239	126	265	266	-0.6
Cash capex to operating revenue	14%	11%	13%	13%	12%	

SECTION 1 : GROUP

Net cash inflow from operating activities for the quarter amounted to S\$1.32 billion, down 3.3% from the corresponding quarter last year mainly due to higher cash taxes in Singapore and Australia.

Compared to a quarter ago, overall operating cash flow decreased 24% mainly attributed to higher cash taxes as well as lower dividends received from associates.

Net cash outflow for investing activities was S\$1.79 billion. In the quarter, payments of S\$430 million were made for the acquisitions of Adconion and Kontera. Capital expenditure was S\$582 million, comprising S\$165 million for Singapore and S\$417 million (A\$361 million) for Australia. In Singapore, major capital investments in the quarter included S\$55 million for fixed and data infrastructure and S\$52 million for mobile networks. In Australia, capital investments in mobile networks and other core infrastructure were A\$200 million and A\$161 million respectively. Other investing cash flows included spectrum payments of S\$746 million (A\$652 million) for Optus' 700 MHz and 2500 MHz spectrum.

The Group's free cash flow declined 20% to S\$732 million with higher cash taxes and capital expenditure.

Net cash financing inflow of S\$352 million mainly comprised net increase in borrowings of S\$2.02 billion and the payment of final dividends totalling S\$1.59 billion in August 2014.

Overall cash balance decreased S\$125 million from a quarter ago, and the cash balance was S\$524 million at 30 September 2014.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the regional mobile associates in the emerging markets. Group Consumer showed strong earnings growth with the Australian Dollar stable against the Singapore Dollar this quarter. Comparatives have been restated where required (see page 4 of **Section 1**). The results of regional mobile associates are discussed in **Section 5**.

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014**

- Operating revenue at S\$2.63 billion – up 2.2%.
- EBITDA and EBIT were stable at S\$849 million and S\$481 million respectively.
- Excluding the write-back of base station rentals in September 2013 quarter, EBITDA and EBIT were up 4.1% and 5.8% respectively.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

- Operating revenue at S\$5.18 billion – down 1.9%.
- EBITDA at S\$1.66 billion – up 1.5%.
- EBIT at S\$920 million – up 2.7%.
- Excluding the write-back of base station rentals in September 2013 quarter, EBITDA and EBIT were up 3.2% and 5.7% respectively.

SECTION 2 : GROUP CONSUMER**GROUP CONSUMER SUMMARY INCOME STATEMENTS****For The Second Quarter And Half Year Ended 30 September 2014**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	Restated 2013 S\$ m		2014 S\$ m	Restated 2013 S\$ m	
Operating revenue	2,630	2,574	2.2	5,175	5,277	-1.9
Operating expenses	(1,810)	(1,749)	3.5	(3,570)	(3,682)	-3.0
	820	824	-0.5	1,605	1,595	0.6
Other income	29	17	68.8	51	36	42.8
EBITDA	849	841	0.9	1,655	1,631	1.5
- margin	32.3%	32.7%		32.0%	30.9%	
Depreciation & amortisation	(368)	(361)	2.0	(736)	(735)	0.1
EBIT	481	481	0.1	920	896	2.7

	Quarter		YOY Change %	Half Year		YOY Change %
	30 Sep			30 Sep		
	Restated			Restated		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Selling & administrative	703	697	0.8	1,426	1,508	-5.5
Traffic expenses	468	469	-0.1	925	950	-2.7
Cost of sales	328	292	12.1	598	625	-4.3
Staff costs	253	237	6.5	508	485	4.7
Repair & maintenance	50	48	4.1	98	100	-2.8
Others	8	6	52.7	17	13	26.0
Operating expenses	1,810	1,749	3.5	3,570	3,682	-3.0

Note:

(1) The above figures include the costs of International Group division which have responsibility over the regional mobile associates.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER OPERATING HIGHLIGHTS

For The Second Quarter Ended 30 September 2014

Australia Consumer contributed 78% to Group Consumer's operating revenue and EBITDA. The Australian Dollar was stable against the Singapore Dollar compared to the same quarter last year.

Operating revenue increased 2.2%, while both EBITDA and EBIT were stable. Adjusting for the write-back of S\$26 million for base station rentals in September 2013 quarter, EBITDA and EBIT were up 4.1% and 5.8% respectively.

Operating revenue for Singapore Consumer grew 3.8% with growth from mio TV and equipment sales. EBITDA and EBIT grew 5.2% and 6.0% respectively.

In Australia, operating revenue returned to year-on-year growth at 2.1% from growth in mobile service revenue and stronger equipment sales. Adjusting for the write-back of base station rentals, EBITDA and EBIT increased by 4.4% and 6.6% respectively.

For The Half Year Ended 30 September 2014

For the first half year, operating revenue declined by 1.9% due to the weaker Australian Dollar. In constant currency terms, operating revenue was stable.

EBITDA and EBIT grew 1.5% and 2.7% respectively with improved cost efficiencies. Adjusting for the write-back of base station rentals, EBITDA and EBIT were up 3.2% and 5.7% respectively.

SECTION 2 : GROUP CONSUMER**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	
Operating revenue	2,630	2,544	3.4
Operating expenses	(1,810)	(1,760)	2.8
EBITDA	849	806	5.3
- margin	32.3%	31.7%	
EBIT	481	439	9.7

EBITDA and EBIT rose 5.3% and 9.7% from the preceding quarter on improved performance in Australia.

SECTION 2 : GROUP CONSUMER**SINGAPORE CONSUMER SUMMARY INCOME STATEMENT****For The Second Quarter And Half Year Ended 30 September 2014**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Operating revenue	588	567	3.8	1,156	1,124	2.9
Operating expenses	(404)	(387)	4.3	(780)	(777)	0.4
Other income ⁽¹⁾	185	180	2.8	377	348	8.4
	5	*	nm	8	5	72.1
EBITDA	189	180	5.2	385	352	9.2
- margin	32.2%	31.7%		33.3%	31.3%	
EBIT	130	123	6.0	269	240	12.4

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Mobile communications	320	318	0.7	636	628	1.3
Sale of equipment	70	57	23.5	121	115	5.2
International telephone	52	57	-8.2	107	114	-6.0
Residential mio TV	52	35	47.4	105	67	55.3
Fixed broadband	51	53	-2.8	101	108	-5.9
National telephone	32	35	-8.4	64	70	-8.0
Others ⁽²⁾	10	12	-14.2	21	22	-3.2
Operating revenue	588	567	3.8	1,156	1,124	2.9
Selling & administrative	200	195	2.4	388	390	-0.5
Traffic expenses	77	80	-4.5	159	161	-0.8
Cost of sales	68	55	24.5	117	112	4.7
Staff costs	54	51	5.3	105	104	1.4
Repair & maintenance	11	11	-2.6	22	22	0.3
Others ⁽³⁾	(6)	(6)	5.6	(12)	(12)	3.6
Operating expenses	404	387	4.3	780	777	0.4

Notes:

(1) Include trade foreign exchange gain of S\$0.01 million compared to foreign exchange losses of S\$5 million in September 2013 quarter.

(2) Include inter-operator tariff discounts, and revenue from mobile network cabling works and projects.

(3) Include project costs recovery and other operating expenses.

SECTION 2 : GROUP CONSUMER

SINGAPORE CONSUMER OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2014

In this quarter, Singapore Consumer's EBITDA and EBIT grew 5.2% and 6.0% respectively, despite the impact of 2014 FIFA World Cup subsidy².

Operating revenue increased by 3.8% driven by growth in mio TV and equipment sales.

Mobile Communications revenue was stable. The strong growth in data revenue in both prepaid and postpaid was offset by lower voice, SMS and roaming revenues. Data usage continued to grow as more postpaid customers signed up for 4G data plans and prepaid customers took up data bundles. Prepaid mobile revenue grew on higher data usage by inbound travellers which mitigated the effects of tighter regulatory limits on prepaid SIM cards.

In the quarter, SingTel launched the new 'Combo 4G' price plans bundled with premium high speed WiFi which garnered more than 50,000 customers in the first month of launch. Customers on the Combo plans enjoy higher voice and SMS bundle, permanent waiver of 4G charges and seamless surfing experience at WiFi hotspots.

Consumer Home Services comprise residential mio TV, fixed broadband and voice. Home Services revenue increased by 11% on the back of a higher customer base and increased ARPU. Revenue from mio TV grew strongly by 47% as a result of subscriptions to 2014 FIFA World Cup, higher content upgrades and growth in the number of customers with bundled services. Fixed broadband revenue registered a year-on-year decline of 2.8% in a highly competitive Next Gen NBN environment but grew 2.4% from the June 2014 quarter as more customers upgraded to higher speed plans and switched from ADSL to fibre. In the quarter, SingTel launched the premium 'Unlimited Fibre' plan, with "zero throttling" policy, for customers who prefer to purchase their own equipment for D-I-Y home networking setup.

Equipment sales revenue increased by 24% on higher handset sales.

Overall operating expenses increased 4.3% mainly on higher cost of sales, which rose 25% consistent with higher equipment sales. Selling and administrative expenses were up 2.4% on increased customer acquisition costs and World Cup content and related expenses.

For The Half Year Ended 30 September 2014

Operating revenue for the first half year grew 2.9% to S\$1.16 billion while EBITDA and EBIT grew strongly by 9.2% and 12% respectively, despite the impact of 2014 FIFA World Cup subsidy.

² 2014 FIFA World Cup was from 12 June 2014 to 13 July 2014.

SECTION 2 : GROUP CONSUMER**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	
Operating revenue	588	568	3.6
Operating expenses	(404)	(376)	7.3
EBITDA	189	196	-3.3
- margin	32.2%	34.4%	
EBIT	130	139	-6.1

EBITDA declined 3.3% compared to the preceding quarter due mainly to increased selling costs on higher volume of mobile connections. EBIT declined 6.1% on higher depreciation and amortisation charges.

SECTION 2 : GROUP CONSUMER**AUSTRALIA CONSUMER SUMMARY INCOME STATEMENTS****For The Second Quarter And Half Year Ended 30 September 2014**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 A\$ m	Restated 2013 A\$ m		2014 A\$ m	Restated 2013 A\$ m	
Operating revenue	1,764	1,728	2.1	3,455	3,465	-0.3
Operating expenses	(1,210)	(1,169)	3.5	(2,390)	(2,414)	-1.0
	554	559	-0.8	1,065	1,050	1.4
Other income	21	14	46.8	35	25	41.4
EBITDA	575	573	0.4	1,100	1,075	2.3
- margin	32.6%	33.2%		31.8%	31.0%	
EBIT	308	312	-1.1	567	558	1.8

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 A\$ m	2013 A\$ m		2014 A\$ m	2013 A\$ m	
Incoming	233	234	-0.5	449	458	-2.0
Outgoing	890	874	1.8	1,763	1,748	0.9
Total Mobile Service ⁽¹⁾	1,123	1,108	1.3	2,211	2,205	0.3
Equipment	197	163	20.7	357	339	5.6
Total Mobile Revenue	1,319	1,271	3.8	2,569	2,544	1.0
Voice	131	143	-8.0	264	289	-8.6
Broadband	113	113	-0.2	225	228	-1.2
Pay TV	19	19	2.1	38	38	0.6
Mass Market Fixed On-net	263	275	-4.1	527	555	-5.0
Mass Market Fixed Off-net	15	6	147.1	25	12	111.1
Total Mass Market Fixed	278	281	-1.0	553	567	-2.5
Data & IP	60	58	3.1	122	115	6.4
Voice	34	35	-3.2	69	73	-5.4
Satellite	73	83	-12.0	143	166	-14.1
Total Wholesale Fixed	167	176	-5.2	334	354	-5.7
Operating revenue	1,764	1,728	2.1	3,455	3,465	-0.3

Note:

(1) Includes international incoming and outgoing revenue.

SECTION 2 : GROUP CONSUMER

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 A\$ m	Restated 2013 A\$ m		2014 A\$ m	Restated 2013 A\$ m	
Selling & administrative	433	432	0.4	889	929	-4.4
Traffic expenses	338	334	1.1	658	659	-0.1
Cost of sales	224	204	9.8	413	428	-3.3
Staff costs	168	157	6.9	340	312	8.9
Repair & maintenance	34	32	6.3	65	65	-0.6
Others	13	10	24.5	25	21	18.4
Operating expenses	1,210	1,169	3.5	2,390	2,414	-1.0

AUSTRALIA CONSUMER OPERATING PERFORMANCE**For The Second Quarter Ended 30 September 2014**

This quarter, Australia Consumer returned to year-on-year growth with both mobile service revenue and operating revenue growing 1.3% and 2.1% respectively. The mobile customer base excluding mobile broadband increased by 60,000 this quarter, while blended ARPU excluding mobile broadband increased 0.8%. Data revenues were up 7.0% year-on-year, with blended mobile ARPU increasing 2.5% to A\$42.

EBITDA was stable. Excluding the A\$22 million of write-back of base station rentals in the same quarter last year, EBITDA increased 4.4%.

Following the introduction of new 'My Plan' offers in the preceding quarters, strong trading momentum has been maintained through the iPhone 6 launch. This quarter also saw the launch of 'My Prepaid Daily' and 'My Prepaid Daily Plus' which offer customers the ability to pay only for the days when prepaid services are used.

The number of 4G mobile customers increased by 317,000 this quarter, resulting in the total 4G customer base increasing to 2.75 million at 30 September 2014, up from 2.43 million a quarter ago.

Continued focus on customer engagement and innovation has resulted in a 47% year-on-year reduction in the number of Telecommunications Industry Ombudsman (TIO) complaints during the twelve months ended June 2014, and an improvement in the market NPS³ score to +6 this quarter. Australia Consumer's average monthly postpaid churn continued to decline to 1.29% from 1.34% in the previous quarter.

Optus continued its mobile network investment, targeting 90% of 4G national population coverage by April 2015. As at 30 September 2014, Optus had expanded the 4G metro on-street population coverage to 83%, with 2,245 sites upgraded to 4G.

³ The Net Promoter Score ("NPS") is a widely used metric to measure customer experience by scoring the willingness of customers to recommend a brand following an interaction with the company.

SECTION 2 : GROUP CONSUMER

In Mass Market Fixed, higher off-net revenue from increased number of NBN customers was offset by a decline in on-net voice revenue on lower number of telephony customers.

Wholesale fixed revenue was down 5.2% compared to the same quarter last year as the increase in higher margin data and IP revenues was offset by the decline in lower margin satellite equipment sales and voice revenues.

Total operating expenses increased 3.5%. Selling and administrative expenses were stable but would have been lower by 4.5% if excluding the write-back of base station rentals in the same quarter last year. The decrease was mainly due to lower dealer commissions from lesser number of franchised stores, and lower bad debt expense. Cost of sales increased 9.8% with higher handset shipment volumes. Staff costs increased A\$11 million or 6.9% due to higher retail staff costs as the number of Optus owned stores increased from 57 a year ago to 159 as at 30 September 2014.

Overall EBITDA was stable year-on-year, and EBITDA margin reduced by 0.6 percentage point to 32.6%. EBIT declined A\$4 million or 1.1% on higher depreciation and amortisation charges from increased investment in the mobile network.

Australia's latest state-of-the-art satellite, Optus 10, was successfully launched into orbit this quarter. The Optus 10 satellite expanded Optus' satellite fleet capacity and provided in-orbit redundancy capability to support Optus' position as the leading provider of satellite services across Australia and New Zealand.

For The Half Year Ended 30 September 2014

For the first half year, operating revenue was stable, with EBITDA and EBIT up by 2.3% and 1.8% respectively. Operating expenses reduced 1.0% with lower selling and administrative expenses and cost of sales but offset by higher staff costs from the expansion of Optus owned stores.

SECTION 2 : GROUP CONSUMER**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2014 A\$ m	30 Jun 2014 A\$ m	
Operating revenue	1,764	1,691	4.3
Operating expenses	(1,210)	(1,180)	2.5
EBITDA	575	525	9.5
- margin	32.6%	31.1%	
EBIT	308	259	18.9

EBITDA and EBIT grew sequentially by 9.5% and 19% respectively due to higher mobile revenue, lower advertising and promotion expenses, and reduced bad debts.

AUSTRALIAN GOVERNMENT'S NBN PROJECT

On 12 December 2013, NBN Co released its report following a strategic review of the Australian Government's NBN project. NBN Co has recommended an optimised multi-technology mix model which would require the re-negotiation of a number of existing contracts. On 8 April 2014, the Government issued a new Statement of Expectations to NBN Co which endorsed the recommendation to transition to a multi-technology approach. The Hybrid Fibre-Coaxial (HFC) Subscriber Agreement (2012) continues to apply and Optus continues to operate under those terms having commenced migration of customers since 2013.

SECTION 3 : GROUP ENTERPRISE

GROUP ENTERPRISE**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Enterprise provides comprehensive and integrated ICT solutions to enterprise customers both in Singapore and Australia, covering mobile, fixed voice and data, managed services, cloud computing, and IT services and professional consulting. Comparatives have been restated (see page 4 of **Section 1**).

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014**

- Operating revenue at S\$1.60 billion – up 3.3%.
- EBITDA at S\$553 million – up 7.6%.
- EBIT at S\$402 million – up 12%.
- Excluding the write-back of fibre rollout costs of S\$31 million, EBITDA and EBIT were up 1.6% and 3.2% respectively.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

- Operating revenue at S\$3.16 billion – up 1.5%.
- EBITDA stable at S\$1.06 billion.
- EBIT stable at S\$761 million.
- Excluding the write-back of fibre rollout costs, EBITDA and EBIT were down by 3.1% and 3.5% respectively.

SECTION 3 : GROUP ENTERPRISE**GROUP ENTERPRISE SUMMARY INCOME STATEMENTS****For The Second Quarter And Half Year Ended 30 September 2014**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	Restated			Restated		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Operating revenue	1,599	1,548	3.3	3,155	3,108	1.5
Operating expenses	(1,052)	(1,037)	1.5	(2,103)	(2,061)	2.0
	547	511	7.1	1,051	1,047	0.4
Other income	6	3	103.4	12	18	-33.5
EBITDA	553	514	7.6	1,063	1,065	-0.1
- margin	34.6%	33.2%		33.7%	34.3%	
Depreciation & amortisation	(151)	(154)	-2.1	(302)	(308)	-1.9
EBIT	402	360	11.8	761	757	0.6

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	Restated			Restated		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Cost of sales	334	326	2.5	689	653	5.5
Staff costs	313	302	3.7	618	602	2.7
Selling & administrative	193	197	-2.2	383	394	-2.8
Traffic expenses	180	184	-2.0	361	357	1.0
Repairs, maintenance and other expenses/ recoveries	32	28	13.1	53	56	-4.5
Operating expenses	1,052	1,037	1.5	2,103	2,061	2.0

GROUP ENTERPRISE OPERATING HIGHLIGHTS**For the Second Quarter Ended 30 September 2014**

Singapore contributed 72% (Q2 FY2014: 71%) and 84% (Q2 FY 2014: 84%) to Group Enterprise's operating revenue and EBITDA respectively. The Australian Dollar was stable against the Singapore Dollar compared to the same quarter last year.

Operating revenue was up 3.3% with strong growth in ICT revenue from both Singapore and Australia. Singapore Enterprise revenue grew 4.9% and Australia Enterprise revenue was stable in Australian Dollar terms.

SECTION 3 : GROUP ENTERPRISE

Operating expenses grew 1.5%. In the quarter, an accrual of S\$31 million related to fibre rollout costs was written back. Excluding this write-back, operating expenses grew 4.4% from higher cost of sales and staff costs in line with related project revenue growth, partly offset by lower selling and traffic expenses. Selling expenses fell on lower handset subsidies while traffic expenses declined mainly due to lower outpayments and interconnect rates.

EBITDA and EBIT grew 7.6% and 12% respectively. Excluding the write-back, EBITDA was up 1.6% and EBIT increased 3.2%.

SingTel continued to invest in infrastructure to strengthen its market position. In August 2014, SingTel was part of the consortium of six global companies that jointly invested in a trans-pacific cable system called “FASTER”, which will connect Japan to the United States, addressing increasing traffic demand for broadband, mobile, applications, content and enterprise data exchange. The construction of the “FASTER” cable network is expected to be completed by the second quarter of 2016.

SingTel also participated in the construction of the SEA-ME-WE 5 which will connect 17 countries from Singapore to Europe (Italy and France). It will cover Indonesia, Malaysia, Thailand, Myanmar, Bangladesh, Sri Lanka, India, Pakistan, Oman, UAE, Yemen, Djibouti, Egypt and Saudi Arabia.

In the Managed ICT space, SingTel launched Managed WiFi as a Service and Managed Hybrid Network as a Service.

During the quarter, SingTel and Economic Development Board (EDB) entered into a partnership to invest S\$500 million over five years to build capabilities in Cyber Security, Safe & Smart Cities and Analytics, as well as to build an Asia-Pacific Cyber Security Competency Centre (ACE).

Additionally, SingTel formed two partnerships in the area of cyber security. The first was with Akamai Technologies to provide cloud-based Distributed Denial-of-Service (DDoS) mitigation services. The second was with FireEye Inc. to build new Advanced Security Operation Centres (ASOCs) in Singapore and Australia as well as to provide managed defence solutions.

In the quarter, SingTel won the ‘VSAT Service Provider of the Year’ award and was again recognised as one of Singapore’s strongest B2B brands at Business Superbrands 2014. SingTel’s state-of-the-art green data centres also won Gold and Silver for the PUB Water Efficient Building Award 2014.

SECTION 3 : GROUP ENTERPRISE

For the Half Year Ended 30 September 2014

For the half year, operating revenue grew 1.5% with stable EBITDA and EBIT. If the Australian Dollar was held constant against the Singapore Dollar, operating revenue grew 2.3% and further excluding the write-back for fibre rollout costs, EBITDA and EBIT declined by 2.5% and 3.2% respectively. The earnings reflected the keen competition in core carriage business, price declines with the Next Gen NBN environment in Singapore as well as pricing reduction with contract transition for a large government infrastructure and ICT project.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2014 S\$ m	30 Jun 2014 S\$ m	
Operating revenue	1,599	1,556	2.8
Operating expenses	(1,052)	(1,052)	**
EBITDA	553	510	8.5
- margin	34.6%	32.8%	
EBIT	402	359	12.2

Operating revenue grew 2.8% from increased ICT and core carriage business, partly offset by lower fibre rollout revenue. Excluding the write-back of S\$31 million, EBITDA and EBIT grew 2.5% and 3.6% respectively.

SECTION 3 : GROUP ENTERPRISE**SINGAPORE ENTERPRISE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014	2013		2014	2013	
	S\$ m	S\$ m		S\$ m	S\$ m	
Managed services ⁽¹⁾	286	262	9.2	574	506	13.4
Business solutions ⁽²⁾	157	131	20.2	287	261	9.8
ICT	443	393	12.9	861	768	12.1
Data and Internet ⁽³⁾	323	327	-1.2	641	649	-1.2
Mobile communications	202	198	2.2	405	394	2.7
International telephone	59	58	1.4	115	117	-2.1
National telephone	46	47	-2.6	91	93	-1.8
Fibre rollout and maintenance	38	34	11.4	81	88	-8.6
Miscellaneous ⁽⁴⁾	41	42	-2.2	85	81	5.3
Operating revenue	1,151	1,098	4.9	2,278	2,189	4.1
EBITDA	466	429	8.5	892	893	-0.1

Notes:

- (1) Include facility management, managed and network services, and value-added reselling and services.
(2) Include applications management services and outsourcing, system integration and business process outsourcing and communication engineering services.
(3) Include Local Leased Circuits (LLC), International Leased Circuits (ILC), Fixed Broadband, STiX and Satellite.
(4) Include sale of equipment and other miscellaneous revenue.

Operating revenue was up 4.9% at S\$1.15 billion driven mainly by growth in ICT.

Managed Services revenue grew by 9.2% with the continued on-boarding of Singapore government's agencies to the G-Cloud platform and higher project related equipment and services revenue, partly offset by pricing reduction with contract transition for a large government infrastructure and ICT project.

Business Solutions revenue grew strongly by 20% from application development projects and communication engineering services.

NCS continued to maintain a healthy order book of S\$2.2 billion as at 30 September 2014.

Data and Internet revenue declined 1.2% mainly due to lower satellite revenue on continued migration of legacy satellite products to IP-based satellite solutions and customer churn.

Mobile Communications grew 2.2% driven by continued growth in the mobile customer base. The increase in revenue from the higher proportion of customers on tiered data plans was partly offset by lower voice, SMS, VAS and roaming revenues.

Fibre rollout and maintenance revenue grew with increased revenue share and maintenance revenue from NetLink Trust, partially offset by lower build activity due to increased completion of the Next Gen NBN rollout.

SECTION 3 : GROUP ENTERPRISE

Other information:

On 21 November 2013, IDA approved the Consolidation Application submitted by OpenNet, CityNet, NetLink Trust and SingTel. In accordance to the Consolidation Application, the consolidation would happen in two phases. On 28 November 2013, CityNet, as Trustee-Manager of NetLink Trust, completed the acquisition of 100% of the issued and paid-up capital in OpenNet under Phase 1. In Phase 2, the assets and business of OpenNet were to be transferred and integrated into NetLink Trust. At the same time, SingTel was to relinquish its role as the Key Sub-Contractor of OpenNet and transfer its relevant personnel, skills and expertise into NetLink Trust. On 1 October 2014, Phase 2 of the Consolidation Application was completed.

Prior to the completion of Phase 2 of the Consolidation Application, SingTel received fees for the access and maintenance of ducts and manholes, in addition to fibre rollout revenue. The fees paid to SingTel in respect of the ducts and manholes comprised a fixed charge, as well as a variable charge. The variable charge only applies if OpenNet's revenue exceeded a certain threshold. With the completion of Phase 2, fibre rollout revenue, access revenue share and maintenance revenue payable by OpenNet to SingTel ceased with effect from 1 October 2014. At the SingTel Group consolidated level, the reduction in fibre rollout revenue, access revenue share and maintenance revenue will be mitigated by increased equity accounted profits from NetLink Trust.

AUSTRALIA ENTERPRISE

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014	2013		2014	2013	
	A\$ m	A\$ m		A\$ m	A\$ m	
ICT and Managed Services ⁽¹⁾	138	130	5.8	255	250	2.0
Data and IP	92	93	-1.2	183	193	-5.4
Voice	87	95	-8.3	176	188	-6.7
Mobile ⁽²⁾	70	69	1.3	141	136	3.8
Operating revenue ⁽³⁾	387	388	-0.1	754	767	-1.7
EBITDA	76	73	3.4	147	143	2.5

Notes:

(1) Includes Hosting reclassified from Data and IP

(2) Includes mobile service revenue and sale of equipment revenue.

(3) Excludes small and medium business segment which is reported under Australia Consumer.

ICT and Managed Services revenue grew by 5.8% on higher project services revenue and related hardware sales.

Data and IP revenue declined 1.2% from continued price competition and migration of legacy data services to IP network solutions.

SECTION 3 : GROUP ENTERPRISE

Voice revenue declined 8.3%, in line with industry trends, due to price erosions and declines in switched voice as businesses migrated to lower cost IP-based voice solutions.

Mobile revenue grew 1.3% in the quarter from higher equipment sales and value added services (corporate messaging and applications), partially offset by the decline in mobile termination rates and lower roaming tariffs.

During the quarter, Optus Business secured General Electric (GE) Australia and New Zealand as a new customer with Optus Business delivering whole of business telecommunications to GE's 6,000 employees across 180 sites in a five-year deal. Optus Business will also support GE's regional transformation agenda through ICT solutions including Contact Centre as a Service and Unified Communications as a Service.

SECTION 4 : GROUP DIGITAL LIFE

GROUP DIGITAL LIFE**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Digital Life focuses on using the latest Internet technologies and assets of the Group's operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It includes digital marketing, e-commerce, data analytics, mobile banking payment, concierge and hyper-local services. Comparatives have been restated (see **Appendix 5**).

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014**

- **Operating revenue at S\$85 million – up 142% with contributions from Adconion and Kontera.**
- **Negative EBITDA of S\$50 million, reflecting start-up costs and investment initiatives.**
- **Negative EBIT of S\$77 million, including amortisation of acquired intangibles.**

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

- **Operating revenue at S\$128 million – up 97%.**
- **Negative EBITDA of S\$95 million.**
- **Negative EBIT of S\$135 million.**

SECTION 4 : GROUP DIGITAL LIFE**GROUP DIGITAL LIFE SUMMARY INCOME STATEMENTS**
For The Second Quarter And Half Year Ended 30 September 2014

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	Restated 2013 S\$ m		2014 S\$ m	Restated 2013 S\$ m	
Digital ⁽¹⁾	86	30	190.5	120	51	135.2
Others ⁽²⁾	17	13	30.3	35	27	27.1
Operating revenue	103	43	141.0	155	79	97.6
Intercompany eliminations	(18)	(8)	134.6	(28)	(14)	98.6
Operating revenue	85	35	142.4	128	65	97.4
Operating expenses	(135)	(74)	81.7	(223)	(136)	64.5
	(50)	(39)	27.7	(96)	(71)	34.6
Other income	*	(1)	nm	1	(1)	nm
EBITDA	(50)	(40)	25.6	(95)	(72)	32.1
Depreciation	(6)	(5)	32.6	(11)	(8)	35.7
Amortisation of intangibles	(20)	(7)	195.7	(28)	(15)	93.8
	(27)	(12)	130.4	(40)	(23)	72.5
EBIT	(77)	(51)	49.1	(135)	(95)	41.8
<u>Excluding Adconion & Kontera</u>						
Operating revenue	44	35	24.9	87	65	33.9
EBITDA	(43)	(40)	7.0	(88)	(72)	21.8
EBIT	(58)	(51)	13.1	(116)	(95)	22.3

Notes:

(1) Mainly digital marketing (which includes digital advertising) revenue from Amobee group.

(2) Include revenues from e-commerce, mobile banking payment, concierge and hyper-local services, advertising revenue from TV and internet etc.

	Quarter		YOY	Half Year		YOY
	30 Sep			30 Sep		
	Restated			Restated		
	2014	2013		Chge	2014	
	S\$ m	S\$ m	%	S\$ m	S\$ m	%
Selling & administrative	85	43	97.9	140	72	94.0
Staff costs	45	28	59.3	77	57	35.6
Cost of sales	*	1	nm	1	3	-69.2
Others	5	3	96.3	6	4	34.9
Operating expenses	135	74	81.7	223	136	64.5

SECTION 4 : GROUP DIGITAL LIFE

GROUP DIGITAL LIFE OPERATING HIGHLIGHTS

For The Second Quarter Ended 30 September 2014

Group Digital Life achieved progress in the digital space in this quarter. With the acquisition of Kontera in July 2014 and Adconion in August 2014, operating revenue rose significantly by 142% to S\$85 million.

The losses for Group Digital Life reflected the start-up costs and investments in new businesses and initiatives. Excluding the results of Adconion and Kontera, negative EBITDA amounted to S\$43 million (Q2 FY2014: S\$40 million) and negative EBIT was S\$58 million (Q2 FY2014: S\$51 million). Other major new digital initiatives undertaken included feasibility work for regional video business, data analytics and mobile money services.

Amobee continues to deepen its reach and capabilities in the global digital marketing arena. By successfully integrating Adconion's cross channel digital marketing expertise and Kontera's unique digital marketing intelligence technology under its brand, Amobee is able to offer marketers the most effective way to reach, engage and retain customers on a global scale.

In the quarter, Amobee was recognised as a leader and shaper in the digital marketing arena. It won a number of top industry awards for its innovative 3D Ford F-150 campaign. These awards included 'Gold Award for Mobile Marketing Single Execution' and 'Members Choice Award' from MediaPost OMMA Awards, 'Best Mobile Creative' from 2014 Mobile Mafia Awards as well as 'W3 Award' for excellence in Mobile Advertising from the Academy of Interactive and Visual Arts.

Amobee also announced partnership with Twitter, which would enable advertisers to achieve superior and accurate audience targeting on the social media platform.

In the 2014 Singapore infocomm Technology Federation awards, 'Dash', an innovative mobile money service created by SingTel and Standard Chartered Bank, won Gold for Best Consumer Product.

Group Digital Life has entered into a collaboration with Singapore Economic Development Board (EDB) to nurture capabilities in data analytics. EDB will provide support to develop and train data analytics professionals over the next 5 years.

For The Half Year Ended 30 September 2014

Operating revenue for the first half year grew by 97% to S\$128 million, contributed mainly by the advertising business. Excluding the acquisitions, negative EBITDA and EBIT were at S\$88 million and S\$116 million respectively.

SECTION 4 : GROUP DIGITAL LIFE**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 June 2014 were as follows:

	Quarter		QOQ Chge %
	30 Sept 2014 S\$ m	Restated 30 Jun 2014 S\$ m	
Operating revenue (before intercompany eliminations)	103	52	97.7
Intercompany eliminations	(18)	(9)	100.0
Operating revenue	85	43	97.2
EBITDA	(50)	(45)	10.9
EBIT	(77)	(58)	31.7
<u>Excluding Adconion and Kontera</u>			
<i>Operating revenue (before intercompany eliminations)</i>	<i>62</i>	<i>52</i>	<i>19.0</i>
<i>Intercompany eliminations</i>	<i>(18)</i>	<i>(9)</i>	<i>100.0</i>
<i>Operating revenue</i>	<i>44</i>	<i>43</i>	<i>1.6</i>
<i>EBITDA</i>	<i>(43)</i>	<i>(45)</i>	<i>-5.5</i>
<i>EBIT</i>	<i>(58)</i>	<i>(58)</i>	<i>-0.2</i>

The higher losses compared to the preceding quarter reflected investments in new businesses and initiatives.

SECTION 5: ASSOCIATES / JOINT VENTURES

FINANCIAL HIGHLIGHTS

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

- Associates' pre-tax and post-tax contributions grew strongly by 24% and 23% respectively on strong earnings growth from Airtel India.
- If the regional currencies were held constant from a year ago, the pre-tax and post-tax contributions from the associates would have increased by 31% and 30% respectively.
- The Group's combined mobile customer base⁴ was up 6.7 million or 1.3% in the quarter to 532 million.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

- Associates' pre-tax and post-tax contributions grew by 16% and 14% respectively.
- If the regional currencies had remained stable from a year ago, the pre-tax and post-tax contributions from the associates would have increased by 25% and 23% respectively.

⁴ Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Pre-tax profit contribution ⁽¹⁾	Equity Int %	Quarter		YOY Chge %	Half Year		YOY Chge %
		30 Sep			30 Sep		
		2014	2013		2014	2013	
		S\$ m	S\$ m		S\$ m	S\$ m	
Regional mobile associates							
Telkomsel	35.0						
- operating results		252	270	-6.6	480	528	-9.1
- fair value losses		(5)	(18)	-71.5	(10)	(20)	-49.0
		247	252	-1.9	469	507	-7.5
Bharti Telecom/ Bharti Airtel ("Airtel") ⁽²⁾⁽³⁾	32.4						
- operating results (India and South Asia) ⁽⁴⁾		233	162	43.8	462	329	40.3
- operating results (Africa)		39	29	32.6	65	60	9.4
- net finance costs		(54)	(81)	-33.3	(99)	(127)	-22.3
- fair value losses		(15)	(22)	-33.3	(35)	(61)	-42.3
		203	88	130.3	394	202	95.5
AIS	23.3						
- operating results		101	102	-0.1	198	216	-8.4
- fair value gains/ (losses)		1	*	nm	1	(2)	nm
		103	101	1.3	199	214	-7.0
Globe ⁽⁵⁾	47.2						
- operating results		79	58	35.5	161	131	22.2
- fair value (losses)/ gains		(2)	(1)	111.1	1	(4)	nm
		77	57	34.3	161	128	26.2
		629	498	26.2	1,223	1,050	16.5
Other SingTel associates							
Singapore Post	23.0	11	11	-2.7	24	23	0.9
NetLink Trust ⁽⁶⁾	100.0	7	(1)	nm	15	(2)	nm
Others		8	10	-23.8	15	18	-17.5
SingTel share of ordinary results (pre-tax)		655	519	26.3	1,277	1,090	17.2
Optus share of ordinary results (pre-tax)		*	*	nm	*	*	nm
Group share of ordinary results (pre-tax)		655	519	26.3	1,277	1,090	17.2
Exceptional item ("EI")							
Airtel - one-off items		(11)	-	nm	(11)	7	nm
Group share of EI		(11)	-	nm	(11)	7	nm
SingTel share of pre-tax profit ⁽³⁾⁽⁵⁾		644	519	24.2	1,266	1,096	15.5
Optus share of pre-tax profit		*	*	nm	*	*	nm
Group share of pre-tax profit ⁽³⁾⁽⁵⁾		644	519	24.2	1,266	1,096	15.5

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
SingTel share of associates' tax	(210)	(163)	28.8	(415)	(347)	19.5
Optus share of associates' tax	-	(1)	nm	(1)	(1)	-54.5
Group share of associates' tax (a)	(210)	(164)	28.0	(416)	(349)	19.3
Group share of pre-tax results (b)	644	519	24.2	1,266	1,096	15.5
Effective tax rate (a)/(b)	32.6%	31.7%		32.8%	31.8%	

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution	Quarter				YOY Chge %	Half Year				YOY Chge %
	30 Sep					30 Sep				
	2014		2013			2014		2013		
	S\$ m	% ⁽⁷⁾	S\$ m	% ⁽⁷⁾		S\$ m	% ⁽⁷⁾	S\$ m	% ⁽⁷⁾	
Regional mobile associates										
Telkomsel	186	19	189	21	-1.5	353	19	381	21	-7.3
Airtel ⁽²⁾⁽³⁾										
- ordinary results (India and South Asia) ⁽⁴⁾	154		53		188.2	301		127		138.3
- ordinary results (Africa)	(51)		(21)		145.1	(106)		(42)		150.0
- exceptional items	(11)		-		nm	(11)		(1)		@
	93	9	33	4	182.9	185	10	83	5	123.5
AIS	82	8	78	9	4.1	158	8	168	9	-6.1
Globe ⁽⁵⁾	53	5	39	4	33.5	111	6	88	5	26.9
	413	42	339	38	21.7	806	43	719	40	12.2
Other SingTel associates										
Singapore Post	9	1	9	1	-3.3	19	1	19	1	0.5
NetLink Trust ⁽⁶⁾	5	1	(1)	**	nm	12	1	(2)	**	nm
Others	7	1	8	1	-16.9	13	1	14	1	-1.5
SingTel share of post-tax profit ⁽³⁾⁽⁵⁾	434	44	355	40	22.1	851	46	749	42	13.6
Optus share of post-tax profit	*	**	(1)	**	nm	*	**	(1)	**	nm
Group share of post-tax profit ⁽³⁾⁽⁵⁾	434	44	354	40	22.5	851	46	748	42	13.7

Post-tax profit contribution (in constant currency) ⁽⁸⁾	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014	2013		2014	2013	
	S\$ m	S\$ m		S\$ m	S\$ m	
Regional mobile associates						
- operating results	683	539	26.6	1,370	1,137	20.5
- fair value losses	(21)	(41)	-48.5	(46)	(86)	-46.3
Other associates	662	498	32.8	1,324	1,050	26.0
	26	20	28.9	54	40	37.0
Group share of ordinary results	688	519	32.7	1,378	1,090	26.4
Group share of exceptional items	(11)	-	nm	(11)	7	nm
Group share of pre-tax profit	677	519	30.5	1,367	1,096	24.7
Group share of tax	(218)	(164)	32.6	(444)	(349)	27.3
Group share of post-tax profit	459	354	29.6	923	748	23.4

Notes:

- (1) The accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated for compliance with the Group's accounting policies.
- (2) The Group's equity interest in Airtel increased to 32.4% (31 March 2014: 32.38%) following Bharti Telecom Ltd's additional investment in Airtel in June 2014 quarter.
- (3) Share of results for the current period excluded the Group's share of Airtel's exceptional items which have been classified as exceptional items of the Group.
- (4) With effect from 1 April 2014, Airtel reported the results of India, Bangladesh and Sri Lanka as part of its "India and South Asia" segment. Comparatives have been restated accordingly.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

- (5) Share of results for the quarter and half year ended 30 September 2014 and 30 September 2013 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation which has been classified as an exceptional item of the Group.
- (6) NetLink Trust is 100% owned by SingTel and is equity accounted as an associate in the Group as SingTel does not control it. In November 2013, NetLink Trust acquired 100% of OpenNet Pte. Ltd.
- (7) Shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (8) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding periods ended 30 September 2013.

“*” denotes less than +/- S\$0.5 million and “***” denotes less than +/-0.05%.

The Group's share of associates' pre-tax profits grew 24% with strong earnings growth from Airtel India partially offset by the depreciation of the regional currencies, particularly the Indonesian Rupiah which declined 12%. Excluding currency translation effect, the pre-tax and post-tax contributions from the associates would have increased strongly by 31% and 30% respectively.

Airtel recorded the highest quarterly profit since March 2011 with increases in consolidated revenue of 7% and EBITDA of 12%. The increases were driven by Airtel India which reported strong data traffic growth, voice rate improvements and a higher customer base. Telkomsel recorded robust data growth and stable EBITDA. AIS recorded higher revenue and EBITDA partly offset by higher depreciation charges from its 3G network expansion. Globe registered higher EBITDA with continued growth in mobile and data services, and market share gains.

On a post-tax basis, the associates contributed 44% to the Group's underlying net profit, up 4 percentage points from the same quarter last year.

For the half year ended 30 September 2014, the Group's share of associates' pre-tax and post-tax profits grew 16% and 14% respectively. If the regional currencies had remained stable from a year ago, the pre-tax and post-tax contributions from the associates would have increased by 25% and 23% respectively.

PT Telekomunikasi Selular (“Telkomsel”)

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 83,300 radio base stations (of which 45% are 3G Node B) providing nationwide coverage. Telkomsel continued to expand its network with a focus to grow data and digital services. In the quarter, Telkomsel added approximately 3,800 radio base stations, of which 74% are 3G Node B.

Operating revenue increased 10% year-on-year driven by strong growth in data and digital services, and higher voice revenue. Data and digital services rose a robust 31% on higher data usage and continued strong uptake of smartphones. Voice revenue grew 7% amid stable market conditions.

With higher operation and maintenance costs from accelerated network deployment, EBITDA was stable. In the quarter, Telkomsel revised the useful lives of building and transmission to reflect the expected usage of the assets, which resulted in lower depreciation charges. Consequently, the Group's share of Telkomsel's pre-tax operating profit (before fair value adjustments) rose 4.9% in Indonesian Rupiah terms.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

With the 12% depreciation of the Indonesian Rupiah against the Singapore Dollar this quarter, the Group's overall share of Telkomsel's pre-tax profit declined 1.9%.

On a post-tax basis, Telkomsel's profit contribution for the quarter declined 1.5% to S\$186 million which constituted 19% (Q2 FY2014: 21%) of the Group's underlying net profit.

Compared to the preceding quarter, both revenue and EBITDA grew 6% from a higher customer base and increased usage.

Telkomsel gained 2.0 million mobile customers in the quarter, compared to 4.7 million in the preceding quarter. The total mobile customer base grew 11 million or 8.9% from a year ago to 139 million, including 64 million data customers at end of September 2014.

In June 2014, Telkomsel and Telkom entered into a Conditional Business Transfer Agreement to transfer the licence and customers from Telkom to Telkomsel for approximately US\$233 million. The licence is in respect of the 800 MHz frequency bandwidth which was previously used by Telkom's CDMA business, Flexi. The government has since approved the re-allocation of spectrum in the frequency range of 880-887.5 MHz.

Bharti Telecom Group ("Airtel")

Airtel is listed on the Indian Stock Exchanges - National Stock Exchange and the Bombay Stock Exchange. It is a leading integrated telecommunications company with operations in 20 countries across Asia and Africa, offering telecom services under wireless and fixed line technology, national and international long distance connectivity, digital TV and IPTV service and complete integrated telecom solutions to its enterprise customers. Airtel also owns tower infrastructure pertaining to telecom operations through its subsidiary and joint venture companies.

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

In India, Airtel continued to report improved operating metrics across all its business segments. Operating revenue grew by 12% with sustained strong momentum in mobile data, voice rate improvements and a higher customer base. Year-on-year, total minutes on its networks increased by 5% while voice realisation per minute was up 2%. Total data traffic rose strongly by 95% and ARPU increased by 3% lifted by increase in data customers and higher usage.

EBITDA was up by a robust 23% and margins expanded on revenue growth and improved operational efficiency.

'South Asia' comprised operations in Sri Lanka and Bangladesh. Operating revenue and EBITDA in South Asia declined by 14% and 59% respectively, primarily due to higher churn and lower usage.

The Group's share of pre-tax operating profit (before finance costs and fair value adjustments) from India and South Asia grew strongly by 42% in Indian Rupee terms. With a stable Indian Rupee against the Singapore Dollar, pre-tax operating profit contribution increased 44% to S\$233 million.

Despite a seasonally weaker quarter, both Airtel's revenue and EBITDA from its India and South Asia operations were stable compared to the preceding quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Airtel added 2.3 million mobile customers in India this quarter, compared to 3.9 million added in the preceding quarter. As at 30 September 2014, Airtel had 212 million mobile customers in India, an increase of 18 million or 9.5% from a year ago. Reflecting the improved quality of customer acquisitions, the average mobile monthly churn in India remained healthy at 3.1%.

In the quarter, Airtel completed the sale of 85 million shares in its subsidiary, Bharti Infratel Limited ("**Infratel**"), for a total consideration of INR 21,434 million. Consequently, Airtel's shareholding in Infratel was reduced from 79.36% to 74.86%.

Africa

As at end of September 2014, 'Airtel Money' service was available in all the 17 African countries that Airtel operated in, while 3G mobile services has been launched across 15 African countries.

Africa's operating revenue grew 6% in constant currency terms but the depreciation of the local currencies against US Dollar depressed the reported growth to 2% in US Dollar terms. The increase was driven by strong growth in mobile data and 'Airtel Money' services. Mobile data revenue grew 57% on higher usage and increased data penetration. EBITDA however declined 10% in US Dollar terms on higher network costs and increased sales and marketing expenses.

With lower depreciation charges, the Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value adjustments) amounted to S\$39 million in the quarter.

Compared to the preceding quarter, Airtel Africa's revenue and EBITDA declined 2% and 5% respectively in US Dollar terms.

Airtel Africa added 2.3 million mobile customers in the quarter compared to a net decline of 0.4 million mobile customers in the preceding quarter. As at 30 September 2014, the total customer base stood at 71 million, an increase of 5.0 million or 7.5% from a year ago.

On 30 August 2014, Airtel Networks Kenya Limited ("**Airtel Kenya**"), an indirect subsidiary of Airtel, signed a definitive agreement with Essar Telecommunications Kenya Limited ("**Essar**") to acquire Essar's over 2.7 million subscribers. As part of this transaction, the regulator has approved the synchronisation of Airtel Kenya's license with Essar to expire on 30 June 2024. This transaction is subject to regulatory approval and is expected to conclude by the fourth quarter of 2014.

In the quarter, Airtel, through its subsidiary Bharti Airtel International (Netherlands) B.V., entered into agreements with Eaton Towers Limited ("**Eaton**") to divest 3,500 telecom towers in six African countries. Airtel will have access to a dedicated portion of the towers from Eaton under long-term lease contracts. Completion is subject to condition precedents, including regulatory approvals.

Overall

In Singapore Dollar terms, with a stable Indian Rupee, the Group's share of overall ordinary pre-tax profit from Airtel grew 130% to S\$203 million after including the share of net finance costs of S\$54 million (Q2 FY2014: S\$81 million) and fair value losses of S\$15 million (Q2 FY2014: S\$22 million). The decline of 33% in net finance costs was primarily due to lower interest costs as well as unrealised mark-to-market gains on investments in the current quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

The share of Airtel's exceptional items of S\$11 million this quarter comprised mainly costs related to one-off disputes and post-acquisition integration and restructuring activities.

Consequently, post-tax profit contribution from Airtel grew by a steep 183% to S\$93 million and accounted for 9% of the Group's underlying net profit, 5 percentage points higher than a year ago.

Including mobile customers across operations in 20 countries covering India, Bangladesh, Sri Lanka and across Africa, Airtel's total mobile customer base across all geographies grew 23 million or 8.4% from a year ago to 291 million as at 30 September 2014.

Advanced Info Service ("AIS")

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

Service revenue (excluding interconnect revenue) grew 2% amid the slow economic recovery in Thailand. The increase was driven by mobile data growth with improved 3G network quality and higher smartphone penetration. EBITDA grew 7% with lower regulatory fees partially offset by higher 3G related costs. Notwithstanding the higher depreciation and amortisation charges from 3G network expansion, AIS pre-tax profit increased 4.5% in Thai Baht terms. In Singapore Dollar terms, the Group's share of AIS' pre-tax profit rose 1.3% to S\$103 million as the Thai Baht declined 3% against the Singapore Dollar this quarter.

Post-tax contribution rose 4.1% and comprised 8% (Q2 FY2014: 9%) of the Group's underlying net profit.

Against the preceding quarter, AIS' service revenue declined 1% while EBITDA grew 4% due to lower regulatory fees from the higher proportion of 3G service revenue and seasonally lower marketing expenses.

During the quarter, AIS added 0.9 million mobile customers, compared to 0.5 million in the preceding quarter. The total customer base grew 4.7 million or 12% from a year ago to 44 million. AIS gained 4.3 million 3G customers in the quarter, bringing the total number of 3G customers to 39 million or 88% of its total mobile customer base as at 30 September 2014.

Digital Phone Company Limited ("**DPC**"), a subsidiary of AIS, operates a 1800 MHz GSM network under a Build-Transfer-Operate (BTO) agreement with CAT Telecom Public Company Limited which expired on 15 September 2013. The National Broadcasting and Telecommunications Commission has since announced a temporary measure requiring DPC to continue providing service to its subscribers until the 1800 MHz spectrum auction takes place.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Globe Telecom, Inc (“Globe”)

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

Globe's service revenue grew 10% driven by a higher mobile customer base and strong take-up of data services. Operating expenses increased 7% on higher staff costs as well as higher subsidy and marketing expenses, to drive customer acquisitions and transformation initiatives. Consequently, Globe's EBITDA rose 14%. With lower depreciation charges, Globe's pre-tax profit (before exceptional items) rose 36% from a year ago in Philippine Peso terms.

Globe's ordinary pre-tax profit contribution increased 34% year-on-year to S\$77 million. This contribution excluded Globe's accelerated depreciation charges related to its network modernisation and IT transformation programs. The Group's share of the post-tax charge of S\$3 million (Q2 FY2014: S\$10 million) has been classified as an exceptional item of the Group.

On a post-tax basis, Globe contributed S\$53 million or 5% (Q2 FY2014: 4%) to the Group's underlying net profit.

Against the preceding quarter, Globe's service revenue rose 2% while EBITDA grew 4%.

Globe added 136,000 mobile customers in the quarter, compared to 2.0 million in the preceding quarter. As at 30 September 2014, its mobile customer base expanded to 43 million, up 6.3 million or 17% from a year ago.

In August 2014, Globe issued 20 million Series “A” Non-Voting Perpetual Preferred shares for PHP10 billion (S\$283 million). The proceeds will largely be used for the expansion of Globe's LTE rollout to meet growing demand for bandwidth.

NetLink Trust

The higher share of profits of NetLink Trust reflected the enlarged NetLink Trust following its acquisition of 100% equity interest in OpenNet in November 2013 (see page 37).

SECTION 5 : 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 Chg %	Half Year		YOY Chg %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Group operating revenue						
Optus	2,494	2,461	1.3	4,903	5,081	-3.5
Singapore subsidiaries	1,664	1,604	3.7	3,296	3,189	3.3
Other overseas subsidiaries (including Amobee)	152	98	55.2	258	186	38.3
	1,816	1,702	6.7	3,554	3,376	5.3
	4,309	4,163	3.5	8,457	8,456	**
Proportionate share of operating revenue of associates						
Regional mobile associates	2,843	2,676	6.2	5,677	5,508	3.1
Singapore associates	128	93	37.3	254	182	39.9
Other overseas associates	20	17	14.7	38	34	10.6
	2,990	2,786	7.3	5,969	5,723	4.3
Enlarged revenue	7,300	6,949	5.0	14,426	14,180	1.7
% of overseas revenue to enlarged revenue	76%	76%		75%	76%	

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

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 S\$ m	2013 S\$ m		2014 S\$ m	2013 S\$ m	
Group EBITDA						
Optus	755	748	0.8	1,453	1,457	-0.3
Singapore subsidiaries	656	619	6.0	1,289	1,248	3.3
Other overseas subsidiaries	(77)	(69)	11.4	(153)	(110)	39.3
	579	550	5.3	1,136	1,137	-0.2
	1,334	1,298	2.7	2,588	2,594	-0.2
Proportionate share of associates' EBITDA ⁽¹⁾						
Regional mobile associates	1,173	1,093	7.4	2,319	2,236	3.7
Singapore associates	38	29	32.0	79	59	34.8
Other overseas associates	17	14	15.4	25	27	-9.1
	1,228	1,136	8.1	2,423	2,322	4.4
Total proportionate EBITDA	2,562	2,435	5.2	5,011	4,916	1.9
Overseas proportionate EBITDA as a % to total proportionate EBITDA	73%	73%		73%	73%	
Contributions to total proportionate EBITDA						
Regional mobile associates	46%	45%		46%	45%	
Australia	29%	31%		29%	30%	
Singapore	27%	27%		27%	27%	
Others	-2%	-2%		-3%	-2%	
	100%	100%		100%	100%	

Note:

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

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 73% to proportionate EBITDA, similar to a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Jun 2014	30 Sep 2013
SingTel	4,068	4,013	3,931	4,068	4,013	3,931
Optus	9,403	9,407	9,495	9,403	9,407	9,495
	13,471	13,420	13,426	13,471	13,420	13,426
Regional Mobile Associates						
Airtel						
- India	211,752	209,411	193,457	68,608	67,849	62,564
- Africa	71,367	69,086	66,378	23,123	22,384	21,466
- South Asia	7,678	8,650	8,342	2,487	2,803	2,698
	290,797	287,147	268,177	94,218	93,036	86,728
Telkomsel	139,348	137,372	127,904	48,772	48,080	44,766
AIS	43,795	42,878	39,125	10,213	9,999	9,124
Globe	42,854	42,718	36,517	20,227	20,171	17,258
	516,794	510,115	471,723	173,430	171,286	157,876
PBTL	1,416	1,416	1,330	637	637	599
	518,210	511,531	473,053	174,067	171,923	158,475
Group	531,681	524,951	486,479	187,538	185,343	171,901

Note:

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

The Group's combined mobile customer base was 532 million as at 30 September 2014, up 6.7 million or 1.3% from a quarter ago, and 45 million or 9.3% from a year ago. On a proportionate share basis, the increase was 1.2% to 188 million from a quarter ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS RECEIVED FROM ASSOCIATES / JOINT VENTURES ⁽¹⁾

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014	2013		2014	2013	
	S\$ m	S\$ m		S\$ m	S\$ m	
Regional mobile associates						
Telkomsel ⁽²⁾						
- final dividend FY 2013 / FY 2012	-	-	-	595	589	0.9
AIS ⁽³⁾						
- interim dividend FY 2014 / FY 2013	162	181	-10.7	162	181	-10.7
- final dividend FY 2013 / FY 2012	-	-	-	152	144	5.3
	162	181	-10.7	314	325	-3.6
Globe ⁽⁴⁾						
- first quarterly dividend FY 2013	34	-	nm	34	-	nm
- semi-annual dividend FY 2012	-	61	nm	-	61	nm
	34	61	-44.9	34	61	-44.9
Airtel ⁽⁵⁾						
- interim dividend FY 2015	20	-	nm	20	-	nm
- final dividend FY 2014 / FY 2013	22	12	90.6	22	12	90.6
	43	12	263.2	43	12	263.2
	238	254	-6.3	984	987	-0.3
Other associates						
Southern Cross/ PCHL ⁽⁶⁾	17	11	53.6	27	11	142.9
SingPost	19	19	**	19	19	**
Others	4	1	233.3	4	3	37.5
Total	277	285	-2.5	1,034	1,020	1.4

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 90% on net profit for its 2013 financial year (FY 2012: 85%).
- (3) AIS declared a full year dividend of 100% on net profit for its 2013 financial year (FY 2012: 93%). Dividends will be paid twice a year, with an interim dividend distributed from the first half operating results and final dividend distributed from the second half operating results. The Group received its share of the interim dividend for 2014 financial year in September 2014.
- (4) Globe's dividend policy is to pay ordinary dividends of 75% to 90% of prior year's core net income, payable semi-annually in March and September of each year. Globe declared a full year dividend of 86% of core net income for its 2013 financial year (FY 2012: 86%). The Group received its share of the first semi-annual dividend of S\$67 million in March 2014. Effective from the second half of its 2014 financial year, Globe will pay dividends on a quarterly basis. The Group received its share of the first quarterly dividend in September 2014. Globe will pay its second quarterly dividend of Peso 18.75 per common share in December 2014. The Group's share of this dividend is Peso 1.17 billion (~S\$34 million).
- (5) Airtel does not have a fixed dividend policy. The Group received its share of the final dividend for 2014 financial year and an interim dividend for 2015 financial year from its direct stake of 15.01% in September 2014.
- (6) Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited (PCHL), part of the Southern Cross consortium, do not have fixed dividend policies.

The total dividends received from the associates for the quarter decreased 2.5% to S\$277 million with lower dividends from AIS and Globe partly offset by higher dividends from Airtel. Globe paid dividends on a quarterly basis instead of semi-annually basis with effect from this quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Globe	PBTL
SingTel's investment:					
Year of initial investment	2000	2001	1999	1993	2005
Effective shareholding (%)	32.4%	35.0%	23.3%	47.2%	45.0%
Investment to date	S\$2.69 bil	S\$1.93 bil	S\$1.20 bil	S\$1.02 bil	S\$238 mil
Closing market share price ⁽²⁾	INR 404.3	NA	THB 225 ⁽³⁾	PHP 1,623	NA
Market capitalisation					
- Total	S\$33.42 bil	NA	S\$26.13 bil	S\$6.15 bil	NA
- SingTel holding	S\$10.83 bil	NA	S\$6.09 bil	S\$2.91 bil	NA
Operational Performance :					
Mobile penetration rate ⁽⁴⁾	74%	117%	146%	113%	72%
Market share, 30 Sep 2014 ⁽⁴⁾	22.8%	47.3%	46.1%	38.3%	1.1%
Market share, 30 Jun 2014 ⁽⁵⁾	22.9%	46.4%	45.6%	38.3%	1.2%
Market position ⁽⁴⁾⁽⁶⁾	#1	#1	#1	#2	#6
Mobile customers ('000)					
- Aggregate	290,797	139,348	43,795	42,854	1,416
- Proportionate	94,218	48,772	10,213	20,227	637
Growth in mobile customers (%) ⁽⁷⁾	8.4%	8.9%	12%	17%	6.5%
Credit ratings					
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Baa3/BB+	Baa1/BBB+	Baa3/BBB	Ba3/BB-
- Company (Moody's/ S&P's)	Baa3/BBB-	Baa1/BBB-	NA/A-	NA	NA

Notes:

- (1) Mobile penetration rate, market share and market position pertain to India market only.
- (2) Based on closing market price on 30 September 2014, in local currency.
- (3) Based on local market price quoted on the Stock Exchange of Thailand.
- (4) Based on actual data or latest data available as of 30 September 2014.
- (5) Based on actual data.
- (6) Based on number of mobile customers.
- (7) Compared against 30 September 2013 and based on aggregate mobile customers.

NA Denotes not applicable.

Please refer to **Appendix 6** for the currency rate movements of the major associates.

SECTION 6 : PRODUCT INFORMATION

SINGAPORE MOBILE (PRODUCT VIEW)

	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
Mobile Communications revenue (S\$'M) ⁽¹⁾	523	518	516	1,041	1,022	1.8
Number of mobile subscribers (000s)						
Prepaid	1,830	1,794	1,766	1,830	1,766	3.6
Postpaid	2,238	2,219	2,165	2,238	2,165	3.4
Total	4,068	4,013	3,931	4,068	3,931	3.5
4G postpaid mobile subscribers (000s)	1,481	1,278	694	1,481	694	113.4
Mobile broadband subscribers (000s) ⁽²⁾	1,929	1,857	1,706	1,929	1,706	13.1
MOUs per subscriber per month ⁽³⁾						
Prepaid	317	318	333	317	332	-4.7
Postpaid ⁽⁴⁾	274	273	299	274	298	-8.2
Average revenue per subscriber per month ^{(3) (5)} (S\$ per month)						
Prepaid	17	17	16	17	16	7.0
Postpaid	75	76	79	75	78	-4.1
Blended	49	49	50	49	50	-2.6
Data services as % of ARPU						
- total data ⁽⁶⁾	47%	45%	42%	46%	42%	
- non-SMS data	35%	33%	27%	34%	26%	
Tiered data plans						
- new tiered data plans as % of postpaid base ⁽⁷⁾	57%	54%	37%	57%	37%	
- % of new tiered data plans exceeding data bundles	19%	18%	13%	19%	13%	
Acquisition cost per postpaid subscriber (S\$)	217	211	204	214	239	-10.5
Postpaid external churn per month ⁽⁸⁾	0.8%	0.8%	0.8%	0.8%	0.9%	
Singapore mobile penetration rate ⁽⁹⁾	152%	154%	155%	152%	155%	
Market share ⁽⁹⁾						
Prepaid	52.1%	48.5%	45.3%	52.1%	45.3%	
Postpaid	48.2%	48.1%	48.8%	48.2%	48.8%	
Overall	49.9%	48.3%	47.1%	49.9%	47.1%	

Notes:

- (1) This comprises cellular service revenue in Singapore only and 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.
- (2) Mobile customers who registered for the monthly mobile broadband data subscription plans, including data packs attached to voice services.
- (3) Based on average subscribers, calculated as the simple average of opening and closing subscribers.
- (4) MOU of postpaid base 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) Includes revenue from SMS, *SEND, MMS and other data services.

SECTION 6 : PRODUCT INFORMATION

- (7) If excluding data-only SIMs, approximately 68% of postpaid customers are on tiered plans. Of these customers, 19% have exceeded their data bundles.
- (8) 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.
- (9) The market share data as at 30 September 2014 was based on Telco operators' published results. The other market statistics were based on IDA's latest available published statistics as of 31 August 2014.

AUSTRALIA MOBILE (PRODUCT VIEW)

	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
Optus' mobile revenue (A\$'M) ⁽¹⁾	1,393	1,323	1,343	2,717	2,686	1.1
Optus' mobile service revenue (A\$'M)	1,182	1,147	1,168	2,329	2,324	0.2
Number of mobile subscribers (000s)						
Prepaid Handset	3,639	3,629	3,589	3,639	3,589	1.4
Postpaid Handset	4,511	4,456	4,446	4,511	4,446	1.5
Mobile Broadband ⁽³⁾	1,253	1,322	1,460	1,253	1,460	-14.2
Total	9,403	9,407	9,495	9,403	9,495	-1.0
4G mobile subscribers (000s) ⁽²⁾	2,747	2,430	1,377	2,747	1,377	99.5
Mobile penetration rate ⁽⁴⁾	ND	132%	ND	ND	ND	
MOUs per subscriber per month ⁽⁵⁾						
Prepaid	130	125	121	127	118	7.6
Postpaid	213	206	220	213	219	-2.7
ARPU per month (A\$) ⁽⁶⁾						
Prepaid Handset	27	26	25	26	24	10.5
Postpaid Handset	60	59	61	59	61	-3.4
Mobile Broadband ⁽³⁾	21	20	19	21	19	7.1
Blended	42	41	41	41	41	1.6
Data revenue as a % of service revenue						
- total data	66%	66%	62%	66%	62%	
- non-SMS data	41%	42%	36%	42%	36%	
Tiered data plans						
- postpaid base on tiered data plans ⁽⁷⁾	55%	41%	-	32%	-	
- tiered data plan customers exceeding data bundles	34%	33%	-	31%	-	
Market share - total ⁽⁴⁾	ND	29.5%	ND	ND	ND	
Retail postpaid churn rate per month ⁽⁸⁾	1.3%	1.4%	1.3%	1.3%	1.5%	
Acquisition cost per subscriber (A\$)						
Prepaid	8	9	25	9	18	-52.9
Postpaid	202	206	224	204	225	-9.4
Blended	106	105	115	105	118	-11.3

Notes:

- (1) This comprises mobile service revenue (both outgoing and incoming) and sales of equipment in Australia, covering Australia Consumer as well as Australia Enterprise.
- (2) Defined as 4G handsets on the Optus network.
- (3) Defined as data-only SIMs incurring a monthly subscription fee, and include both prepaid and postpaid.
- (4) Penetration and subscriber market share are estimated by Optus based on published data.

SECTION 6 : PRODUCT INFORMATION

- (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. it 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) Defined as a percentage of Consumer Branded customers which excludes Virgin Mobile and Wholesale customers.
- (8) Churn calculation includes subscriber churn from Optus, Virgin Mobile and other Optus subsidiaries' subscribers but excludes customers transferring from postpaid to prepaid.

mio TV (PRODUCT VIEW)

	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
mio TV revenue (S\$'M) ⁽¹⁾	63	63	41	126	79	58.7
Average revenue per customer per month (S\$ per month) ⁽¹⁾	41	41	29	41	28	49.1
Number of residential TV customers (000s)	419	418	414	419	414	1.2

Note:

- (1) Excluding 2014 FIFA World Cup revenue, mio TV revenue would be S\$53 million for the current quarter and S\$106 million for the half year ended 30 September 2014. ARPU would be S\$38 for both the current quarter and half year ended 30 September 2014.

SINGAPORE CONSUMER HOME

	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
Singapore Consumer home revenue (S\$'M) ^{(1) (3)}	134	133	121	267	241	11.0
Average revenue per household per month (S\$ per month) ^{(2) (3)}	61	61	54	61	54	12.4
Number of customers on bundled plans (000s) ⁽⁴⁾	371	370	359	371	359	3.3

Notes:

- (1) This comprises fixed broadband, fixed voice and mio TV in the residential segment only and does not include mobile.
- (2) Based on average number of households, calculated as the simple average of opening and closing number of households.
- (3) Excluding 2014 FIFA World Cup revenue, Consumer Home revenue would be S\$129 million for the current quarter and S\$256 million for the half year ended 30 September 2014. ARPU would be S\$59 for both the current quarter and half year ended 30 September 2014.
- (4) Total residential customers who subscribe to bundled plans which comprise mio Plan (bundling of mobile, fixed broadband and fixed voice), mio Home and Fibre Entertainment Bundle (bundling of fixed broadband, fixed voice and mio TV).

SECTION 6 : PRODUCT INFORMATION

OTHER PRODUCTS

Singapore	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
Internet						
Number of fixed broadband lines (000s) ⁽¹⁾	582	579	564	582	564	3.2
Singapore fixed broadband penetration rate ⁽²⁾	105%	105%	104%	105%	104%	
Fixed broadband market share ^{(3) (4)}	43.2%	43.3%	43.8%	43.2%	43.8%	
Number of fibre broadband lines (000s)	369	347	258	369	258	43.0
Fibre broadband market share ⁽⁴⁾	57%	57%	57%	57%	57%	
International Telephone						
International telephone outgoing minutes (m mins) (excl Malaysia)	886	876	886	1,762	1,759	0.2
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.095	0.095	0.096	0.095	0.098	-3.1
National Telephone						
Fixed working lines (000s) ⁽⁵⁾						
Residential	858	865	887	858	887	-3.3
Business	742	746	763	742	763	-2.8
Total	1,600	1,611	1,650	1,600	1,650	-3.0
Singapore fixed line penetration rate ⁽⁶⁾	36.5%	36.5%	36.6%	36.5%	36.6%	
Singapore fixed working lines ('000s) ⁽⁶⁾	1,972	1,972	1,978	1,972	1,978	
Fixed line market share ⁽⁶⁾	81.1%	81.7%	83.4%	81.1%	83.4%	

Notes:

- (1) Include ADSL and fibre lines.
- (2) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IDA). The market penetration rate as at 30 September 2014 was based on IDA's latest available published statistics as of 31 August 2014.
- (3) Based on total SingTel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (4) The market share data as at 30 September 2014 was based on management's estimates.
- (5) Fixed working lines refer to Direct Exchange Lines (DEL) and mio voice. Some lines are for connections of second set top box under mio bundles.
- (6) The market share data as at 30 September 2014 was based on management's estimates. The other market statistics as at 30 September 2014 were based on IDA's latest available published statistics as of 30 June 2014.

SECTION 6 : PRODUCT INFORMATION

Australia	Quarter			Half Year		YOY Chge %
	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	
Enterprise Fixed						
Business voice minutes (m min)	1,315	1,253	1,287	2,568	2,551	0.7
Buildings connected at the end of the period ⁽¹⁾	18,194	18,166	18,083	18,194	18,083	0.6
Wholesale Fixed						
Wholesale domestic voice minutes (m min)	955	989	1,084	1,944	2,142	-9.2
Mass Market Fixed						
On-net ARPU (A\$) ⁽²⁾						
Voice	48	48	49	48	50	-4.1
Broadband	44	44	44	45	44	2.0
Telephony customers ('000)						
HFC ⁽³⁾	466	466	476	466	476	-2.1
ULL ⁽⁴⁾	491	493	503	491	503	-2.4
On-net	957	959	979	957	979	-2.2
Resale	20	22	26	20	26	-24.7
Long distance only	5	5	6	5	6	-19.1
Off-net	24	26	32	24	32	-23.8
<i>HFC bundling rate ⁽⁵⁾</i>	92%	92%	92%	92%	92%	
HFC penetration	33%	33%	34%	33%	34%	
Internet customers (000s)						
On-net						
HFC broadband	422	419	424	422	424	-0.6
ULL broadband ⁽⁴⁾	534	534	526	534	526	1.6
Business grade broadband	28	29	29	28	29	-3.4
	984	982	979	984	979	0.5
Off-net						
Broadband	9	9	12	9	12	-28.6
Broadband subtotal	993	991	992	993	992	0.1
Dial-up	10	10	11	10	11	-6.1
Total Internet customers	1,003	1,002	1,003	1,003	1,003	0.1

Notes:

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

SECTION 7 : GLOSSARY

"ACCC"	Australian Competition And Consumer Commission.
"ADSL"	Asymmetric digital subscriber line.
"ARPU"	Average revenue per user.
"Associate"	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard.
"DEL"	Direct exchange lines, which are telephone lines connected directly to a telephone switch.
"Digital business"	Refers to all businesses under Group Digital Life segment.
"EI"	Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period.
"EBIT"	Earnings before interest and tax.
"EBITDA"	Earnings before interest, tax, depreciation and amortisation, namely the aggregate of operating revenue and other income less operating expenses of the Singapore and Australia operations, and excludes the share of pre-tax results of associates.
"EBITDA margin"	Ratio of EBITDA over operating revenue.
"EPS"	Earnings per share.
"FRS"	Financial Reporting Standard.
"Free Cash Flow"	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
"ICT"	Infocomm Technology.
"IDA"	Infocomm Development Authority of Singapore.
"IP VPN"	Internet Protocol Virtual Private Network.
"MMS"	Multimedia messaging service.
"MOU"	Minutes of use per subscriber.
"NA"	Not applicable.
"ND"	Not disclosed.
"NetLink Trust"	NetLink Trust, a business trust established as part of IDA's effective open access requirements under Singapore's NextGen NBN, is currently 100% owned by SingTel. NetLink Trust is equity accounted as an associate in the Group as SingTel does not control it. NetLink Trust now owns 100% of OpenNet Pte. Ltd., the Netco for Singapore's NextGen NBN.
"Next Gen NBN"	Next Generation Nationwide Broadband Network in Singapore.
"NM"	Not meaningful.
"Optus"	SingTel Optus Pty Limited, SingTel's wholly-owned subsidiary, and its subsidiaries.
"SAI"	SingTel Australia Investment Ltd, SingTel's wholly-owned subsidiary, which has 100% equity interest in Singapore Telecom Australia Investments Pty Limited (" STAI ").
"STAI"	Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus.
"SMS"	Short message service.
"Singapore"	The term refers to the Group's operations but excludes Optus and the associates. Therefore, this includes the overseas operations of SingTel including Amobee, Inc.
"Underlying net profit"	Defined as net profit before exceptional items.

GROUP SUMMARY INCOME STATEMENTS
For The Second Quarter Ended 30 September 2014

	Quarter							YOY Chge %	
	30 Sep								
	2014			2014		2014			2013
	Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		
Operating revenue	1,816	-	-	1,816	2,494	4,309	4,163	3.5	
Operating expenses	(1,247)	-	-	(1,247)	(1,764)	(3,011)	(2,886)	4.3	
Other income	569	-	-	569	730	1,298	1,277	1.6	
	11	-	-	11	25	36	21	69.0	
EBITDA	579	-	-	579	755	1,334	1,298	2.7	
- EBITDA margin	31.9%	-	-	31.9%	30.3%	30.9%	31.2%		
Share of associates' pre-tax profits									
Regional mobile associates	-	629	-	629	-	629	498	26.2	
Other associates	-	26	-	26	*	26	20	28.9	
- ordinary operations	-	655	-	655	*	655	519	26.3	
- exceptional items	-	(11)	-	(11)	-	(11)	-	nm	
	-	644	-	644	*	644	519	24.2	
EBITDA and share of associates' pre-tax profits	579	644	-	1,223	755	1,978	1,817	8.9	
Depreciation & amortisation	(190)	-	-	(190)	(355)	(545)	(527)	3.5	
EBIT	389	644	-	1,033	400	1,433	1,290	11.0	
Net finance expense									
- net interest expense	(25)	-	-	(25)	(38)	(63)	(65)	-2.8	
- other finance income	2	-	-	2	17	19	9	106.5	
	(23)	-	-	(23)	(21)	(44)	(55)	-21.0	
Profit before EI and tax	366	644	-	1,010	379	1,389	1,235	12.5	
Taxation									
- current and deferred taxes	(48)	-	-	(48)	(114)	(162)	(155)	4.5	
- share of taxes of associates	-	(210)	-	(210)	-	(210)	(164)	28.0	
- withholding taxes ⁽¹⁾	-	-	(37)	(37)	-	(37)	(31)	18.6	
	(48)	(210)	(37)	(295)	(114)	(409)	(350)	16.7	
Profit after tax	318	434	(37)	715	266	980	885	10.8	
Minority interests	(2)	-	-	(2)	-	(2)	(1)	15.4	
Underlying net profit	316	434	(37)	713	266	979	884	10.8	
Exceptional items ("EI") (post-tax)	(4)	(3)	66	59	-	59	(13)	nm	
Net profit	312	431	29	773	266	1,038	870	19.3	

Note:

- (1) These are withholding taxes deducted at source when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.

GROUP SUMMARY INCOME STATEMENTS
For The Half Year Ended 30 September 2014

	Half Year							YOY Chge %
	30 Sep							
	2014			2014		2014	2013	
	Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Operating revenue	3,554	-	-	3,554	4,903	8,457	8,456	**
Operating expenses	(2,439)	-	-	(2,439)	(3,494)	(5,933)	(5,918)	0.3
	1,115	-	-	1,115	1,409	2,524	2,538	-0.6
Other income	21	-	-	21	43	64	56	14.5
EBITDA	1,136	-	-	1,136	1,453	2,588	2,594	-0.2
- EBITDA margin	32.0%	-	-	32.0%	29.6%	30.6%	30.7%	
Share of associates' pre-tax profits								
Regional mobile associates	-	1,223	-	1,223	-	1,223	1,050	16.5
Other associates	-	54	-	54	*	54	40	37.0
- ordinary operations	-	1,277	-	1,277	*	1,277	1,090	17.2
- exceptional items	-	(11)	-	(11)	-	(11)	7	nm
	-	1,266	-	1,266	*	1,266	1,096	15.5
EBITDA and share of associates' pre-tax profits	1,136	1,266	-	2,402	1,453	3,854	3,691	4.4
Depreciation & amortisation	(365)	-	-	(365)	(712)	(1,078)	(1,066)	1.1
EBIT	770	1,266	-	2,036	740	2,776	2,624	5.8
Net finance expense								
- net interest expense	(50)	-	-	(50)	(76)	(125)	(133)	-5.6
- other finance income	2	-	-	2	28	30	29	5.2
	(47)	-	-	(47)	(48)	(95)	(104)	-8.5
Profit before EI and tax	723	1,266	-	1,989	692	2,681	2,520	6.4
Taxation								
- current and deferred taxes	(98)	-	-	(98)	(207)	(305)	(297)	2.8
- share of taxes of associates	-	(415)	-	(415)	(1)	(416)	(349)	19.3
- withholding taxes ⁽¹⁾	-	-	(98)	(98)	-	(98)	(91)	7.7
	(98)	(415)	(98)	(611)	(208)	(818)	(736)	11.2
Profit after tax	625	851	(98)	1,378	485	1,863	1,784	4.4
Minority interests	(3)	-	-	(3)	-	(3)	(4)	-17.1
Underlying net profit	622	851	(98)	1,375	485	1,860	1,781	4.4
EI (post-tax)	(1)	(26)	67	40	(27)	13	101	-87.1
Net profit	621	825	(31)	1,416	457	1,873	1,881	-0.5

Note:

- (1) These are withholding taxes deducted at source when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.

GROUP SUMMARY INCOME STATEMENTS

For The Second Quarter And Half Year Ended 30 September 2014

	Quarter	YOY		Half Year	YOY	
	30 Sep	Change	Change in constant currency ⁽¹⁾	30 Sep	Change	Change in constant currency ⁽¹⁾
	2014			2014		
	S\$ m	%	%	S\$ m	%	%
Operating revenue	4,309	3.5	3.7	8,457	**	1.7
Operating expenses	(3,011)	4.3	4.6	(5,933)	0.3	2.0
	1,298	1.6	1.8	2,524	-0.6	1.1
Other income	36	69.0	71.9	64	14.5	17.7
EBITDA	1,334	2.7	3.0	2,588	-0.2	1.5
-EBITDA margin	30.9%			30.6%		
Share of associates' pre-tax profits						
- Telkomsel	247	-1.9	10.1	469	-7.5	6.7
- Airtel	203	130.3	121.6	394	95.5	99.7
- AIS	103	1.3	4.5	199	-7.0	-1.5
- Globe	77	34.3	36.4	161	26.2	30.6
Regional mobile associates	629	26.2	32.8	1,223	16.5	26.0
Other associates	26	28.9	28.9	54	37.0	37.0
- ordinary operations	655	26.3	32.7	1,277	17.2	26.4
- exceptional items	(11)	nm	nm	(11)	nm	nm
	644	24.2	30.5	1,266	15.5	24.7
EBITDA and share of associates' pre-tax profits	1,978	8.9	10.8	3,854	4.4	8.4
Depreciation & amortisation	(545)	3.5	3.7	(1,078)	1.1	3.2
EBIT	1,433	11.0	13.7	2,776	5.8	10.5
Net finance expense	(44)	-21.0	-21.2	(95)	-8.5	-7.3
Profit before EI and tax	1,389	12.5	15.3	2,681	6.4	11.2
Taxation	(409)	16.7	18.9	(818)	11.2	15.8
Profit after tax	980	10.8	13.9	1,863	4.4	9.3
Minority interests	(2)	15.4	15.4	(3)	-17.1	-17.1
Underlying net profit	979	10.8	13.9	1,860	4.4	9.4
EI (post-tax)	59	nm	nm	13	-87.1	-90.6
Net profit	1,038	19.3	22.4	1,873	-0.5	4.0

Note:

(1) Assuming constant exchange rates for the Australian Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding periods ended 30 September 2013.

BUSINESS SEGMENTS

For The Second Quarter and Half Year Ended 30 September 2014

	Quarter	YOY		Half Year	YOY	
	30 Sep	Change	Change in constant currency ⁽¹⁾	30 Sep	Change	Change in constant currency ⁽¹⁾
	2014			2014		
	S\$ m	%	%	S\$ m	%	%
Operating revenue						
Group Consumer	2,630	2.2	2.5	5,175	-1.9	0.3
Group Enterprise	1,599	3.3	3.4	3,155	1.5	2.3
Core Business	4,230	2.6	2.8	8,330	-0.7	1.1
Group Digital Life	85	142.4	142.4	128	97.4	97.7
Corporate	(5)	nm	nm	-	nm	nm
Group	4,309	3.5	3.7	8,457	**	1.7
EBITDA						
Group Consumer	849	0.9	1.3	1,655	1.5	3.9
Group Enterprise	553	7.6	7.7	1,063	-0.1	0.4
Core Business	1,402	3.5	3.7	2,719	0.9	2.5
Group Digital Life	(50)	25.6	25.6	(95)	32.1	32.1
Corporate	(19)	8.1	8.1	(35)	21.7	21.7
Group	1,334	2.7	3.0	2,588	-0.2	1.5
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	481	0.1	0.5	920	2.7	4.9
Group Enterprise	402	11.8	11.8	761	0.6	0.9
Core Business	884	5.1	5.4	1,681	1.7	3.1
Group Digital Life	(77)	49.1	49.3	(135)	41.8	41.9
Corporate	(18)	4.6	4.6	(36)	21.5	21.5
Group	789	2.2	2.4	1,510	-1.2	0.3

Note:

(1) Assuming constant exchange rates for the Australian Dollar from the corresponding periods ended 30 September 2013.

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Sep 2014 (Unaudited) S\$ million	30 Jun 2014 (Unaudited) S\$ million	30 Sep 2013 (Unaudited) S\$ million
Current assets			
Cash and cash equivalents	524	649	861
Trade and other receivables	3,604	3,599	3,613
Inventories	243	242	219
Derivative financial instruments	21	1	2
	4,392	4,491	4,695
Non-current assets			
Property, plant and equipment	10,679	10,980	10,745
Intangible assets	11,993	10,741	10,776
Associates	254	178	206
Loan to an associate	1,331	1,331	1,331
Joint ventures	9,772	9,576	9,291
Available-for-sale investments	333	302	271
Deferred tax assets	775	839	884
Derivative financial instruments	374	288	246
Other non-current receivables	319	287	202
	35,828	34,522	33,952
Total assets	40,219	39,013	38,647
Current liabilities			
Trade and other payables	3,644	3,517	3,699
Advance billings	617	630	645
Current tax liabilities	259	432	383
Borrowings (unsecured)	130	-	1,994
Borrowings (secured)	63	37	40
Derivative financial instruments	3	8	5
Net deferred gain ⁽¹⁾	58	58	58
	4,773	4,681	6,823
Non-current liabilities			
Borrowings (unsecured)	8,687	6,843	6,192
Borrowings (secured)	176	175	190
Derivative financial instruments	352	419	456
Advance billings	285	294	323
Deferred income	6	7	9
Net deferred gain ⁽¹⁾	1,138	1,146	1,183
Deferred tax liabilities	559	470	336
Other non-current liabilities	316	308	188
	11,518	9,662	8,877
Total liabilities	16,292	14,343	15,700
Net assets	23,928	24,670	22,947
Share capital and reserves			
Share capital	2,634	2,634	2,634
Reserves	21,267	22,011	20,292
Equity attributable to shareholders of the Company	23,901	24,645	22,926
Non-controlling interests	27	25	21
Total equity	23,928	24,670	22,947

Note:

(1) This relates to deferred gain on transfer of certain assets and business to NetLink Trust.

SINGAPORE CASH FLOW AND CAPITAL EXPENDITURE

For The Second Quarter And Half Year Ended 30 September 2014

	Quarter			Half Year		YOY Chge %
	30 Sep 2014 S\$ m	30 Sep 2013 S\$ m	30 Jun 2014 S\$ m	30 Sep 2014 S\$ m 2013 S\$ m		
Net cash inflow from operating activities						
Profit before exceptional items and tax	366	348	357	723	744	-2.9
Non-cash items	219	210	210	429	398	7.6
Operating cash flow before working capital changes	585	558	567	1,151	1,142	0.8
Changes in operating assets and liabilities	(32)	9	(39)	(71)	(119)	-40.6
	553	567	528	1,081	1,024	5.6
Cash paid to employees under performance share plans	(1)	(1)	(1)	(1)	(5)	-71.4
Tax paid on operating activities	(73)	(42)	2	(71)	(58)	21.5
Operating cash flow	479	524	529	1,009	961	5.0
Net cash outflow for investing activities						
Net loan to STAI from Optus ⁽¹⁾	166	176	-	166	176	-5.7
Withholding tax paid on interest received on inter-company loans	(16)	(18)	-	(16)	(18)	-6.3
Payment for purchase of subsidiaries, net of cash acquired	(433)	(31)	(10)	(443)	(42)	@
Payment for purchase of property, plant and equipment	(165)	(140)	(175)	(340)	(360)	-5.5
Investment in venture investments	(8)	(38)	(11)	(19)	(45)	-57.6
Proceeds from disposal of venture investments	9	7	41	49	8	@
Proceeds from disposal of property, plant and equipment	3	1	1	4	6	-29.1
Investment in associates	-	(384)	-	-	(384)	nm
Payment for purchase of spectrum	-	(15)	-	-	(15)	nm
Others	(6)	(3)	12	7	9	-25.8
	(451)	(445)	(143)	(593)	(665)	-10.8
Net cash outflow for financing activities						
Net increase/ (decrease) in borrowings	1,317	793	(955)	362	386	-6.4
Net interest paid on borrowings and swaps	(28)	(27)	(43)	(71)	(70)	1.7
Final dividends paid to shareholders	(1,594)	(1,594)	-	(1,594)	(1,594)	**
Purchase of performance shares	(13)	(5)	(7)	(20)	(14)	42.0
	(318)	(833)	(1,004)	(1,323)	(1,291)	2.4
Net decrease in cash balance from Singapore	(290)	(753)	(618)	(907)	(996)	-8.9
Net decrease in cash balance from Singapore	(290)	(753)	(618)	(907)	(996)	-8.9
Dividends received from associates	260	285	747	1,007	1,020	-1.3
Withholding tax paid	(22)	(27)	(75)	(97)	(99)	-2.2
Net dividends received from associates	239	258	672	910	921	-1.2
Net (decrease)/ increase in cash and cash equivalents	(51)	(495)	54	3	(75)	nm
SingTel cash and cash equivalents at beginning	471	1,137	418	418	716	-41.6
Exchange effects on cash and cash equivalents	1	(1)	(1)	-	(1)	nm
SingTel cash and cash equivalents at end	421	640	471	421	640	-34.2
Singapore free cash flow	314	384	354	669	601	11.3
Free cash flow from associates' dividends	239	258	672	910	921	-1.2
Cash capex to operating revenue	9%	8%	10%	10%	11%	

Note:

(1) The inter-company amounts are eliminated at the Group level.

OPTUS CASH FLOW AND CAPITAL EXPENDITURE

For The Second Quarter And Half Year Ended 30 September 2014

	Quarter			Half Year		YOY Chge %
	30 Sep 2014 A\$ m	30 Sep 2013 A\$ m	30 Jun 2014 A\$ m	30 Sep 2014 A\$ m 2013 A\$ m		
Net cash inflow from operating activities						
Profit before exceptional items and tax	328	317	268	596	559	6.6
Non-cash items	326	326	299	625	658	-4.9
Operating cashflow before working capital changes	654	643	567	1,221	1,217	0.4
Changes in operating assets and liabilities	31	13	(83)	(51)	(246)	-79.1
Tax paid	(186)	(159)	(41)	(227)	(183)	24.3
Operating cash flow	499	498	444	943	788	19.7
Net cash outflow from investing activities						
Payment for purchase of property, plant and equipment	(361)	(259)	(317)	(678)	(522)	30.0
Loan to STAI ⁽¹⁾	(143)	(149)	-	(143)	(149)	-4.0
Payment for purchase of spectrum	(652)	(3)	(68)	(720)	(139)	419.2
Others	(7)	(11)	(10)	(17)	(28)	-38.8
	(1,163)	(422)	(396)	(1,558)	(838)	86.1
Net cash inflow/ (outflow) from financing activities						
Net increase/ (decrease) in bank borrowings	620	*	(20)	600	175	242.9
Net interest paid on borrowings and swaps	(29)	(36)	(46)	(75)	(75)	**
Purchase of SingTel shares	(1)	-	(13)	(13)	(10)	38.3
Finance lease payments (exclude interest)	(2)	(2)	(2)	(3)	(3)	**
	589	(37)	(80)	509	87	482.6
Net (decrease)/ increase in cash balance from Optus	(75)	38	(32)	(107)	38	nm
Dividend received from associates	15	-	8	23	-	nm
Net (decrease)/ increase in cash and cash equivalents	(60)	38	(24)	(83)	38	nm
Optus cash and cash equivalents at beginning	152	150	175	175	151	16.4
Optus cash and cash equivalents at end	92	189	152	92	189	-51.2
Optus free cash flow	138	239	126	265	266	-0.6
Free cash flow from associates' dividend	15	-	8	23	-	nm
Cash capex to operating revenue	17%	12%	15%	16%	12%	

Note:

(1) The inter-company amounts are eliminated at the Group level.

OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2014 A\$ m	2013 A\$ m		2014 A\$ m	2013 A\$ m	
Operating revenue	2,155	2,119	1.7	4,216	4,239	-0.5
Operating expenses	(1,524)	(1,489)	2.4	(3,004)	(3,050)	-1.5
Other income	22	15	46.5	37	27	37.6
EBITDA - margin	652 30.3%	644 30.4%	1.2	1,249 29.6%	1,217 28.7%	2.7
Share of results of joint ventures	*	*	nm	*	*	nm
EBITDA and share of results of joint ventures	652	644	1.2	1,249	1,217	2.7
Depreciation & amortisation	(306)	(302)	1.5	(612)	(599)	2.2
EBIT	345	342	0.9	637	618	3.1
Net finance expense	(18)	(25)	-29.6	(41)	(58)	-30.0
Profit before exceptional items and tax	328	317	3.3	596	559	6.6
Taxation	(98)	(96)	2.4	(179)	(171)	4.7
Underlying net profit	230	221	3.7	417	388	7.4
Exceptional items (post-tax)	-	(4)	nm	(24)	(4)	@
Net profit	230	218	5.4	394	385	2.3

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

	As at		
	30 Sep 2014 A\$ m	30 Jun 2014 A\$ m	30 Sep 2013 A\$ m
Property, plant and equipment (net)	6,523	6,429	6,264
Gross debt			
Current debt	4	5	556
Non-current debt	2,909	2,238	1,804
Gross debt as reported in the statement of financial position	2,913	2,243	2,360
Related net hedging (asset)/ liability	(78)	(8)	11
	2,835	2,236	2,371
Less: Cash and bank balances	(92)	(152)	(189)
Net debt	2,743	2,084	2,182

BUSINESS SEGMENTS INFORMATION FOR FY 2014

The business segments for FY 2014 are restated as follows (see Page 4 of **Section 1**):

	Quarter			Quarter			Quarter			Quarter			Half Year		
	30 Jun			30 Sep			31 Dec			31 Mar			30 Sep		
	Restated 2013 S\$ m	Change S\$ m	Change %	Restated 2013 S\$ m	Change S\$ m	Change %	Restated 2013 S\$ m	Change S\$ m	Change %	Restated 2014 S\$ m	Change S\$ m	Change %	Restated 2013 S\$ m	Change S\$ m	Change %
Revenue															
Group Consumer	2,703	-	-	2,574	-	-	2,668	-	-	2,466	-	-	5,277	-	-
Group Enterprise	1,560	-	-	1,548	-	-	1,548	-	-	1,613	-	-	3,108	-	-
Group Digital Life	30	-	-	35	7	19.2	40	8	20.2	39	10	25.6	65	7	10.4
Corporate	-	-	-	7	(7)	nm	8	(8)	nm	10	(10)	nm	7	(7)	nm
Group	4,293	-	-	4,163	-	-	4,263	-	-	4,128	-	-	8,456	-	-
EBITDA															
Group Consumer	789	(19)	-2.3	841	(16)	-1.9	792	(14)	-1.7	861	(14)	-1.6	1,631	(35)	-2.1
Group Enterprise	551	19	3.4	514	16	3.1	526	14	2.6	503	14	2.7	1,065	35	3.3
Group Digital Life	(32)	-	-	(40)	-	-	(42)	-	-	(55)	-	-	(72)	-	-
Corporate	(12)	-	-	(17)	-	-	(11)	-	-	(12)	-	-	(29)	-	-
Group	1,296	-	-	1,298	-	-	1,264	-	-	1,297	-	-	2,594	-	-
EBIT (exclude share of associates' pre-tax profits)															
Group Consumer	415	(36)	-8.6	481	(30)	-6.1	426	(30)	-6.9	497	(28)	-5.7	896	(65)	-7.3
Group Enterprise	397	36	8.9	360	30	8.2	373	30	7.9	345	28	8.2	757	65	8.6
Group Digital Life	(44)	-	-	(51)	-	-	(56)	-	-	(67)	-	-	(95)	-	-
Corporate	(12)	-	-	(17)	-	-	(12)	-	-	(12)	-	-	(29)	-	-
Group	756	-	-	772	-	-	731	-	-	764	-	-	1,528	-	-

CURRENCY RISK MANAGEMENT & OTHER MATTERS

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

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

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

Debt Currency Mix	As at		
	30 Sep 2014	30 Jun 2014	30 Sep 2013
SGD	64%	63%	67%
AUD	36%	37%	33%
Total	100%	100%	100%

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

CREDIT RATINGS

As at 30 Sep 2014	SingTel	Optus
Standard & Poor's	A+ (stable)	A (stable)
Moody's Investors Service	Aa3 (stable)	A1 (stable)

MAJOR CURRENCY AVERAGE EXCHANGE RATES

1 Australian Dollar buys:	Q1	Q2	Q3	Q4	H1	Full Year
Derived weighted average exchange rate ⁽¹⁾ for:						
Operating revenue						
<u>SGD</u>						
FY2015	1.1688	1.1574			1.1630	
FY2014	1.2355	1.1615	1.1587	1.1383	1.1985	1.1737
Change (last corresponding period)	-5.4%	-0.4%			-3.0%	
Underlying net profit						
<u>SGD</u>						
FY2015	1.1686	1.1563			1.1618	
FY2014	1.2389	1.1625	1.1544	1.1407	1.1954	1.1696
Change (last corresponding period)	-5.7%	-0.5%			-2.8%	

Note:

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

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	H1	Full Year
<u>Rupiah</u>						
FY2015	9,259	9,434			9,352	
FY2014	7,813	8,403	9,259	9,346	8,106	8,655
Change (last corresponding period)	18.5%	12.3%			15.4%	
<u>Indian Rupee</u>						
FY2015	47.8	48.3			48.1	
FY2014	44.6	48.8	49.5	48.5	47.1	48.2
Change (last corresponding period)	7.2%	-1.0%			2.1%	
<u>Baht</u>						
FY2015	25.9	25.6			25.8	
FY2014	23.9	24.8	25.4	25.7	24.3	24.9
Change (last corresponding period)	8.4%	3.2%			6.2%	
<u>Peso</u>						
FY2015	35.2	35.0			35.1	
FY2014	33.4	34.5	34.8	35.3	33.9	34.5
Change (last corresponding period)	5.4%	1.4%			3.5%	

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2015

- **Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar and regional currencies.** The Group's outlook for the current financial year is based on the following average exchange rates during FY 2014:

Australian Dollar	AUD 1: SGD 1.1737
Indonesian Rupiah	SGD 1: IDR 8,655
Indian Rupee	SGD 1: INR 48.2
Thailand Baht	SGD 1: THB 24.9
Philippine Peso	SGD 1: PHP 34.5

- **Revenue from Core Business (comprises Group Consumer and Group Enterprise) to be stable and EBITDA to increase by low single digit level.**
- **Mobile Communications revenue from Singapore to increase by mid single digit level.**
- **Mobile service revenue from Australia to decrease by low single digit level.**
- **Group ICT revenue (comprises Managed Services and Business Solutions) to increase by low single digit level.**
- **Revenue from Group Digital Life to exceed S\$300 million and negative EBITDA to increase to approximately S\$200-S\$250 million.**
- **Consolidated revenue and EBITDA of the Group, excluding acquisitions, to be stable.**
- **Capital expenditure for the Group is expected to approximate S\$2.3 billion, comprising approximately S\$900 million for Singapore and the balance for Australia. This reflects the Group's continued strategic investments in mobile network, particularly in Australia, and expected increased spend in customer care and management systems.**
- **Spectrum payments to be approximately S\$900 million, mainly for Optus' 4G spectrum in the 700 MHz range. Consequently, amortisation costs would be higher.**
- **Group free cash flow (excluding spectrum payments and dividends from associates) to be stable.**
- **Ordinary dividends from regional mobile associates are expected to be approximately S\$1.0 billion.**