



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 2012

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

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

For all pages, "@" denotes more than +/- 500%, "" denotes less than +/- S\$500,000 or A\$500,000
"***" denotes less than +/- 0.05%, and "nm" denotes not meaningful, unless otherwise indicated.*

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

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SECTION I : GROUP

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012**

- Operating revenue was stable at S\$4.57 billion.
- EBITDA (from Singapore and Australia) at S\$1.27 billion – up 1.4%.
- Associates' pre-tax contributions at S\$574 million – up 15%. In constant currency terms, pre-tax contributions grew 24% with strong operating performance from Telkomsel and AIS offsetting Airtel's weaker results.
- EBITDA and share of associates' pre-tax profits at S\$1.84 billion – up 5.3%.
- Underlying net profit stable at S\$886 million, impacted by higher depreciation charges and acquisitions.
- Free cash flow of S\$1.10 billion – higher by S\$187 million or 20%, with contribution of S\$400 million from Singapore, S\$358 million (A\$281 million) from Australia and S\$344 million from the associates.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012

- Operating revenue at S\$9.11 billion – down 1.2%.
- EBITDA stable at S\$2.51 billion.
- Associates' pre-tax contributions at S\$1.08 billion – up 7.4%.
- EBITDA and share of associates' pre-tax profits at S\$3.59 billion – up 1.4%.
- Net profit stable at S\$1.81 billion.
- Free cash flow stable at S\$1.83 billion, with contribution of S\$604 million from Singapore, S\$419 million (A\$331 million) from Australia and S\$805 million from the associates.

SECTION I : GROUP

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue	4,572	4,610	-0.8	9,105	9,215	-1.2
Operating expenses	(3,331)	(3,384)	-1.6	(6,647)	(6,737)	-1.3
EBITDA	1,267	1,249	1.4	2,509	2,534	-1.0
EBITDA margin	27.7%	27.1%		27.6%	27.5%	
Share of associates' pre-tax profits	574	498	15.2	1,080	1,006	7.4
- operating results	574	498	15.2	1,080	998	8.2
- exceptional item	-	-	-	-	7	nm
EBITDA and share of associates' pre-tax profits	1,840	1,747	5.3	3,589	3,539	1.4
Net exceptional (losses)/ gains	(26)	(4)	@	62	58	7.6
Underlying net profit	886	885	0.1	1,736	1,758	-1.3
Net profit	868	882	-1.6	1,813	1,798	0.9
Free cash flow	1,102	916	20.4	1,828	1,829	-0.1
Underlying earnings per share (S cents)	5.56	5.56	**	10.90	11.04	-1.3
Basic earnings per share (S cents)	5.45	5.53	-1.4	11.38	11.29	0.8

	As at		
	30 Sep	30 Jun	31 Mar
	2012 S\$ m	2012 S\$ m	2012 S\$ m
Total assets	39,414	40,247	40,418
Shareholders' funds	22,886	23,546	23,428
Net debt ⁽¹⁾	8,158	7,700	7,860
<i>Net debt gearing ratio</i> ⁽²⁾	26.3%	24.6%	25.1%
<i>Net debt to EBITDA and share of associates' pre-tax profits</i> ⁽³⁾	1.14X	1.10X	1.09X
<i>Interest cover:</i>			
- <i>EBITDA and share of associates' pre-tax profits/ net interest expense</i> ⁽⁴⁾	23.2X	23.1X	20.7X

Notes:

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

SECTION I : GROUP**GROUP SUMMARY INCOME STATEMENTS****For The Second Quarter And Half Year Ended 30 September 2012**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue	4,572	4,610	-0.8	9,105	9,215	-1.2
Operating expenses	(3,331)	(3,384)	-1.6	(6,647)	(6,737)	-1.3
	1,241	1,225	1.3	2,458	2,478	-0.8
Other income	26	24	7.0	51	55	-7.1
EBITDA	1,267	1,249	1.4	2,509	2,534	-1.0
- EBITDA margin	27.7%	27.1%		27.6%	27.5%	
Share of associates' pre-tax profits						
- operating results	574	498	15.2	1,080	998	8.2
- exceptional item	-	-	-	-	7	nm
	574	498	15.2	1,080	1,006	7.4
EBITDA and share of associates' pre-tax profits	1,840	1,747	5.3	3,589	3,539	1.4
Depreciation & amortisation	(535)	(494)	8.2	(1,053)	(996)	5.8
EBIT	1,305	1,253	4.2	2,536	2,544	-0.3
Net finance expense						
- net interest expense	(79)	(91)	-13.1	(155)	(178)	-13.0
- other finance (expense)/ income	(7)	19	nm	(2)	13	nm
	(86)	(72)	18.4	(157)	(165)	-5.1
Profit before exceptional items	1,220	1,181	3.3	2,379	2,378	**
Net exceptional (losses)/ gains	(26)	(4)	@	62	58	7.6
Profit before tax	1,194	1,177	1.4	2,441	2,436	0.2
Taxation						
- ordinary tax expense	(334)	(296)	12.6	(642)	(620)	3.6
- exceptional tax credit/ (expense)	8	-	nm	15	(18)	nm
	(326)	(296)	10.0	(627)	(638)	-1.7
Profit after tax	868	881	-1.5	1,814	1,798	0.9
Minority interests	*	1	nm	(1)	*	nm
Net profit	868	882	-1.6	1,813	1,798	0.9
Net profit	868	882	-1.6	1,813	1,798	0.9
Exclude:						
Exceptional items	26	4	@	(62)	(58)	7.6
Exceptional tax (credit)/ expense	(8)	-	nm	(15)	18	nm
Underlying net profit	886	885	0.1	1,736	1,758	-1.3

Notes:

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

SECTION I : GROUP

DIVISIONAL TOTALS

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue by division:						
Telco	1,287	1,233	4.4	2,573	2,466	4.3
IT and Engineering	385	368	4.6	773	692	11.7
Singapore	1,672	1,601	4.4	3,346	3,159	5.9
Optus	2,900	3,008	-3.6	5,759	6,056	-4.9
Group	4,572	4,610	-0.8	9,105	9,215	-1.2
EBITDA by division:						
Telco ⁽²⁾	478	471	1.5	944	967	-2.3
IT and Engineering	64	60	6.7	143	110	30.1
Singapore ⁽²⁾	541	530	2.1	1,087	1,077	1.0
Optus	725	719	0.9	1,422	1,457	-2.4
Group	1,267	1,249	1.4	2,509	2,534	-1.0
EBITDA margins by division:						
Telco ⁽²⁾	37.1%	38.2%		36.7%	39.2%	
IT and Engineering	16.5%	16.2%		18.5%	15.9%	
Singapore ⁽²⁾	32.4%	33.1%		32.5%	34.1%	
Optus	25.0%	23.9%		24.7%	24.1%	
Group	27.7%	27.1%		27.6%	27.5%	

Notes:

- (1) Effective this financial year, Singapore refers to the Group's operations but excludes Optus and the associates. It therefore includes the overseas operations of SingTel including Amobee Inc. acquired in April 2012.
- (2) Comparatives have been restated to include corporate costs, consistent with the current periods. Included results of Digital Life initiatives such as mobile advertising.

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

	Quarter	Half Year
	30 Sep	30 Sep
	2012 S\$ m	2012 S\$ m
Operating revenue by business segments:		
Group Consumer	2,864	5,701
Group Enterprise	1,611	3,225
Group Digital Life	97	179
Group	4,572	9,105

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DIVIDEND

On 12 November 2012, the Directors approved an interim dividend of 6.8 cents (H1 FY2012: 6.8 cents) per share totalling approximately S\$1.08 billion in respect of the current financial year ending 31 March 2013. This represents a 62% payout of the current half year earnings.

The financial statements for the half year ended, and as at, 30 September 2012 do not reflect this interim dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of 'Retained Earnings' in the quarter ending 31 December 2012.

In August 2012, SingTel paid a final dividend of 9.0 cents per share totalling S\$1.43 billion in respect of the previous financial year ended 31 March 2012.

REVIEW OF GROUP OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2012

The Group reported resilient performance across the Group for the second quarter ended 30 September 2012. EBITDA increased 1.4% from a year ago while operating revenue remained stable at S\$4.57 billion. Free cash flow was up 20% on positive working capital movements and lower tax payments. Compared to the same quarter last year, the Australian Dollar was stable against the Singapore Dollar.

In Singapore, operating revenue grew 4.4% contributed by NCS' strong growth of 11% from major projects. Excluding lower fibre rollout revenue with completion of the mass rollout in June 2012, operating revenue would have increased 5.7%. Mobile Communications rose 2.2% on robust customer gains but was partly offset by lower postpaid ARPU from decline in roaming. SingTel registered another quarter of market share gain, and the total mobile customer base grew by 54,000 in the quarter to 3.69 million, an increase of 5.8% from a year ago.

In Australia, Optus' revenue fell 4.2% amid industry slowdown. The decline reflected lower equipment sales, the mandated reduction in mobile termination rate from January 2012 and the service credits associated with the device repayment plans introduced in October 2011. Optus continued its postpaid customer growth with net additions of 132,000, including 60,000 customers from Vividwireless, which was acquired in end June 2012. In Business and Wholesale fixed, revenue was stable as higher ICT and managed services revenue offset lower voice and Data and IP revenues. Consumer and SMB fixed revenue fell 5.8% on lower broadband ARPU.

The Group's EBITDA grew 1.4% to S\$1.27 billion. EBITDA in Singapore rose 4.7%, excluding startup losses from Amobee and payments to NetLink Trust, with revenue growth partially offsetting higher mobile customer connection costs. Despite lower revenue, EBITDA in Australia was stable, reflecting Optus' increased focus on customer experience and yield management.

The Group and its regional mobile associates continued to register strong customer growth. As at 30 September 2012, the combined mobile customer base reached 468 million, up 11% from a year ago.

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The associates' pre-tax contributions grew by 15%, despite the weaker regional currencies, with the Indian Rupee falling significantly by 19% and Indonesian Rupiah declining 8% from the same quarter last year. Excluding currency translation impact, the associates' pre-tax contributions increased by a strong 24% from a year ago.

Telkomsel and AIS performed strongly with increases in revenue and EBITDA underpinned by robust customer and data growth amid stable market conditions. Globe's service revenue reached another quarterly high on sustained growth momentum in mobile and broadband. The results of Airtel's South Asia operations in this quarter were boosted by recognition of interconnect revenue and profit from a favorable outcome on an outstanding dispute in India. Operating revenue at South Asia increased 14% but EBITDA growth was lower at 3% impacted by higher operating costs. Operating revenue at Africa was up 6% and EBITDA increased 10%. Higher depreciation charges on continued investments in network and increased interest costs continued to drag down overall profits of Airtel.

The Group's EBIT rose 4.2% to S\$1.31 billion, after accounting for the 8.2% increase in depreciation and amortisation charges attributable mainly from the mobile network investments in Singapore and Australia, and higher intangibles from recent acquisitions, namely Amobee and Vividwireless, in line with the Group's transformation strategy.

Net finance expense increased 18% as the corresponding quarter last year had included dividend income from Far EastOne Telecommunications ("FET") which was divested in April 2012.

The exceptional loss this quarter comprised the Group's share of Globe's accelerated depreciation from its network and IT transformation programme.

The increase in tax expense resulted from lower deferred tax credit on inter-company interest expense on lower interest rate and share of associates' higher tax expense.

Net profit declined 1.6% to S\$868 million. Excluding the exceptional and other one-off items, underlying net profit was stable at S\$886 million. In constant currency terms, underlying net profit grew 2.9%.

The Group continued to maintain a healthy capital structure. As at 30 September 2012, net debt gearing ratio was stable at 26%.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for 76% (Q2 FY2012: 78%) of the Group's proportionate revenue and 77% (Q2 FY2012: 77%) of proportionate EBITDA.

For The Half Year Ended 30 September 2012

The Group recorded resilient performance amid adverse currency movements. Operating revenue for the half year declined 1.2% to S\$9.11 billion and would have been flat if the Australian Dollar has remained stable from a year ago.

EBITDA was stable at S\$2.51 billion. With higher associates' contributions partly offsetting increased depreciation and amortisation charges, net profit was stable at S\$1.81 billion.

SECTION I : GROUP

The Group's exceptional items for the half year mainly comprised a S\$119 million gain on the disposal of investment in FET (see Page 12 for details).

Excluding the exceptional and one-off items, underlying net profit declined 1.3% to S\$1.74 billion and would have been up 1.7% in constant currency terms.

The Group's free cash flow was stable at S\$1.83 billion. The higher cash flows from Singapore and increased dividends from the associates offset the lower cash flows from Australia.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2012 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2012 S\$ m	30 Jun 2012 S\$ m	
Operating revenue	4,572	4,533	0.9
Singapore	1,672	1,674	-0.1
Optus	2,900	2,859	1.4
Operating expenses	(3,331)	(3,316)	0.5
EBITDA	1,267	1,243	1.9
EBITDA margin	27.7%	27.4%	
Singapore	32.4%	32.6%	
Optus	25.0%	24.4%	
Share of associates' pre-tax profits	574	506	13.3
EBITDA and share of associates' pre-tax profits	1,840	1,749	5.2
Profit before exceptional items and tax	1,220	1,160	5.2
Underlying net profit	886	850	4.2
Net profit	868	945	-8.2
Free cash flow	1,102	725	52.0

The Group's EBITDA grew 1.9% from a quarter ago with increased EBITDA in Australia while EBITDA in Singapore was stable. Coupled with higher associates' earnings, underlying net profit rose 4.2% from the preceding quarter. The increase in free cash flow of 52% was attributed to the timing of payments including annual staff incentive as well as Optus' workforce restructuring costs in the preceding June quarter.

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OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Except for the revenue guidance, the Group affirms the outlook issued in May 2012.

In Australia, price competition and reduced mobile termination rates have led to negative mobile industry revenue growth. Optus is increasing its focus on customer experience and yield management while restructuring its business model to deliver greater efficiencies. Business model changes include optimising acquisition and retention costs, increasing staff productivity through workforce restructuring and rationalising distribution channels while investing in branded channels and its mobile network.

In the half year ended 30 September 2012, while operating revenue in Australia was lower by 4%, EBITDA declined 1.3% and market share was maintained. For the financial year ending 31 March 2013, EBITDA in Australia is expected to be stable, consistent with earlier guidance. However, operating revenue is expected to decline by mid-single digit level. Previously, revenue was expected to grow by low single digit level.

With the revised revenue outlook for Australia, the consolidated revenue of the Group is expected to decline by low single digit level and Group Consumer and Mobile Communications revenues are both expected to decline by mid-single digit levels. However, Group EBITDA is expected to be stable, consistent with earlier guidance.

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

SECTION I : GROUP

GROUP OPERATING REVENUE

By Products And Services	Quarter				YOY Chge %	Half Year		YOY Chge %
	30 Sep					30 Sep		
	2012		2012	2011		2012	2011	
	Singapore S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Mobile communications	487	1,517	2,004	2,035	-1.5	3,954	4,053	-2.4
Data and Internet	412	471	883	892	-1.1	1,756	1,777	-1.2
IT and Engineering	385	154	539	495	8.9	1,077	966	11.5
National telephone	85	353	438	465	-5.9	871	934	-6.7
Sale of equipment	80	261	341	369	-7.6	702	779	-9.9
International telephone	122	73	195	208	-6.4	394	416	-5.5
Satellite ⁽¹⁾	35	17	52	51	1.2	108	97	10.5
Pay television	31	24	55	50	10.7	103	98	5.0
Others ⁽²⁾	36	31	67	45	48.8	141	94	49.8
Total	1,672	2,900	4,572	4,610	-0.8	9,105	9,215	-1.2
Operating revenue			4,572	4,610	-0.8	9,105	9,215	-1.2
Associates' proportionate revenue ⁽³⁾			2,862	2,809	1.9	5,720	5,605	2.1
Group's proportionate revenue			7,434	7,419	0.2	14,825	14,820	**

Notes:

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

(2) Include advertising revenue from Amobee and miscellaneous fee income.

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

Operating Revenue Mix By Services	Quarter		Half Year	
	30 Sep		30 Sep	
	2012	2011	2012	2011
	Mix	Mix	Mix	Mix
Mobile communications	43.8%	44.1%	43.5%	43.9%
Data and Internet	19.3%	19.4%	19.3%	19.3%
IT and Engineering	11.8%	10.7%	11.8%	10.5%
National telephone	9.6%	10.1%	9.6%	10.1%
Sale of equipment	7.5%	8.0%	7.7%	8.4%
International telephone	4.2%	4.5%	4.3%	4.5%
Satellite	1.1%	1.1%	1.2%	1.1%
Pay television	1.2%	1.1%	1.1%	1.1%
Others	1.5%	1.0%	1.5%	1.1%
	100.0%	100.0%	100.0%	100.0%

Mobile Communications declined 1.5% year-on-year due mainly to lower revenue in Australia.

The Group's enlarged revenue, including the proportionate share of operating revenue from the associates, was stable at S\$7.43 billion.

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

	Quarter				YOY Chge %	Half Year		YOY Chge %
	30 Sep					30 Sep		
	2012		2012	2011		2012	2011	
	Singapore S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Selling & administrative	361	802	1,163	1,217	-4.5	2,339	2,433	-3.9
Traffic expenses	203	528	731	763	-4.2	1,461	1,526	-4.3
Cost of sales	278	462	740	740	**	1,470	1,485	-1.1
Staff costs	265	334	599	571	4.9	1,195	1,112	7.5
Repair & maintenance	34	52	86	84	2.6	168	167	0.7
Others	*	13	13	10	37.9	15	14	7.7
Total	1,141	2,190	3,331	3,384	-1.6	6,647	6,737	-1.3

As a percentage of operating revenue	Quarter		Half Year	
	30 Sep		30 Sep	
	2012	2011	2012	2011
Selling & administrative	25.4%	26.4%	25.7%	26.4%
Traffic expenses	16.0%	16.6%	16.1%	16.6%
Cost of sales	16.2%	16.0%	16.1%	16.1%
Staff costs	13.1%	12.4%	13.1%	12.1%
Repair & maintenance	1.9%	1.8%	1.8%	1.8%
Others	0.3%	0.2%	0.1%	0.2%
	72.9%	73.4%	73.0%	73.1%

Selling & administrative expenses, the largest expense category at 25% of operating revenue, declined 4.5% year-on-year on lower handset subsidies in Australia.

Traffic expenses decreased 4.2% from a year ago due mainly to lower interconnect costs in Australia from the mandated reduction in mobile termination rates.

Staff costs grew 4.9% year-on-year reflecting annual salary increments and no provision for incentive being recorded in Australia in the same quarter last year.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Net interest expense:						
- Interest income	3	8	-58.0	7	17	-57.3
- Interest expense	(88)	(100)	-12.1	(172)	(196)	-12.0
	(84)	(92)	-8.1	(165)	(179)	-7.6
- Net interest income from NetLink Trust ⁽¹⁾	5	1	@	10	1	@
	(79)	(91)	-13.1	(155)	(178)	-13.0
Other finance (expense)/ income:						
- Investment gain ⁽²⁾	2	16	-85.4	4	17	-76.2
- Net foreign exchange (loss)/ gain	(11)	6	nm	(7)	2	nm
- FRS 39 fair value adjustments ⁽³⁾	2	(3)	nm	2	(6)	nm
	(7)	19	nm	(2)	13	nm
Net finance expense	(86)	(72)	18.4	(157)	(165)	-5.1

Notes:

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

Net interest expense, before interest income from NetLink Trust, was 8.1% lower from the corresponding quarter mainly due to lower interest rates.

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

The investment gain in the quarter last year included dividend income from FET which was divested in April 2012.

Net foreign (non-trade) exchange loss arose mainly from revaluation of monetary assets and liabilities on a weaker US Dollar compared to a year ago.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Gain on sale of FET (available-for-sale investment)	-	-	-	119	-	nm
Net income from Optus' legal disputes	-	-	-	36	-	nm
Share of AIS' pre-tax profit (Jan-Mar 2011)	-	-	-	-	80	nm
Net foreign exchange (loss)/ gain on SAI loan	-	(4)	nm	-	1	nm
Dilution gain on associates	*	*	nm	*	1	nm
Provision for Optus' ex-gratia payment	-	-	-	(46)	(24)	96.6
Share of Globe's accelerated depreciation	(26)	-	nm	(40)	-	nm
Impairment of available-for-sale investments	-	-	-	(7)	-	nm
Group (pre-tax)	(26)	(4)	@	62	58	7.6
Exceptional tax credit/ (expense)						
- Tax credit on Optus' exceptional items	-	-	-	3	7	-54.9
- Share of Globe's tax credit on accelerated depreciation	8	-	nm	12	-	nm
- Share of AIS' tax expense (Jan-Mar 2011)	-	-	-	-	(25)	nm
Group exceptional taxes	8	-	nm	15	(18)	nm

Note:

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

The exceptional loss this quarter comprised the Group's share of Globe's accelerated depreciation of S\$26 million (post-tax: S\$18 million) from its network and IT transformation programme.

GROUP SUMMARY STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Sep	30 Jun	31 Mar
	2012 S\$ m	2012 S\$ m	2012 S\$ m
Current assets (excluding cash)	3,817	4,212	4,472
Cash and bank balances	883	1,382	1,346
Non-current assets	34,713	34,653	34,599
Total assets	39,414	40,247	40,418
Current liabilities	5,110	5,239	5,535
Non-current liabilities	11,394	11,440	11,434
Total liabilities	16,504	16,679	16,970
Net assets	22,910	23,567	23,448
Share capital	2,634	2,634	2,632
Reserves	20,252	20,912	20,795
Equity attributable to shareholders	22,886	23,546	23,428
Minority interest	24	21	20
	22,910	23,567	23,448

SECTION I : GROUP

The Group is in a sound financial position as at 30 September 2012. SingTel is rated Aa3 by Moody's and A+ by Standard & Poor's.

As at 30 September 2012, the shareholders' equity was S\$22.89 billion, a decrease of S\$660 million from a quarter ago with net profit for the quarter being offset by the payment of final dividend totalling S\$1.43 billion and a net translation loss of S\$92 million being recorded mainly from the weaker Indonesian Rupiah against the Singapore Dollar.

GROUP LIQUIDITY AND GEARING

	As at		
	30 Sep	30 Jun	31 Mar
	2012	2012	2012
	S\$ m	S\$ m	S\$ m
Gross debt			
Current debt	141	138	131
Non-current debt	8,436	8,581	8,663
Gross debt as reported in statement of financial position	8,577	8,719	8,794
Related net hedging liability ⁽¹⁾	465	363	413
	9,042	9,082	9,207
Less : Cash and bank balances	(883)	(1,382)	(1,346)
Net debt	8,158	7,700	7,860
Gross debt gearing ratio ⁽²⁾	28.3%	27.8%	28.2%
Net debt gearing ratio	26.3%	24.6%	25.1%

Notes:

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

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

Hedged gross debt decreased by S\$41 million to S\$9.04 billion from a quarter ago mainly due to translation impact of Optus' debt balances on a weaker Australian Dollar from a quarter ago and mark-to-market adjustments.

SECTION I : GROUP

GROUP CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Half Year		YOY
	30 Sep	30 Sep	30 Jun	30 Sep		
	2012	2011	2012	2012	2011	Chge %
	S\$ m	S\$ m	S\$ m	S\$ m	S\$ m	
Net cash inflow from operating activities						
Profit before tax	1,194	1,177	1,247	2,441	2,436	0.2
Non-cash items	76	83	(5)	71	95	-25.3
Operating cash flow before working capital changes	1,270	1,261	1,242	2,512	2,531	-0.7
Changes in operating assets and liabilities	123	52	(360)	(237)	(125)	90.1
	1,393	1,312	882	2,276	2,407	-5.4
Cash paid to employees under performance share plans	-	(1)	(3)	(3)	(1)	312.5
Tax paid on operating activities	(72)	(168)	(55)	(126)	(170)	-25.7
Operating cash flow before dividends from associates	1,322	1,143	825	2,146	2,236	-4.0
Dividends received from associates	368	222	520	888	686	29.4
Withholding tax paid on dividends received	(24)	(18)	(60)	(83)	(62)	34.1
	1,666	1,347	1,285	2,951	2,860	3.2
Net cash outflow for investing activities						
Net investment in associates	(6)	(567)	-	(6)	(575)	-99.0
Investment in available-for-sale investments	(11)	(9)	(21)	(32)	(48)	-33.1
Proceeds from disposal of available-for-sale investments	1	-	337	337	-	nm
Payment for purchase of property, plant and equipment	(564)	(432)	(560)	(1,124)	(1,031)	8.9
Advance payment for purchase of C2C submarine cable capacity	-	(10)	-	-	(10)	nm
Drawdown of prepaid C2C submarine cable capacity	-	-	-	-	11	nm
Proceeds from disposal of property, plant and equipment	2	571	5	8	573	-98.7
Payment for purchase of subsidiaries, net of cash acquired	(29)	-	(637)	(666)	-	nm
Withholding tax paid on interest received on inter-company loans	(11)	(7)	(21)	(31)	(8)	286.4
Payment for purchase of licences and other intangibles	(30)	(12)	(64)	(94)	(45)	110.3
Others (interest received, etc)	8	23	16	24	33	-28.0
	(641)	(444)	(943)	(1,584)	(1,100)	44.0
Net cash outflow for financing activities						
Final dividend paid to shareholders	(1,434)	(1,434)	-	(1,434)	(1,434)	**
Special dividend paid to shareholders	-	(1,594)	-	-	(1,594)	nm
Net increase/ (decrease) in borrowings	2	369	(196)	(194)	462	nm
Net interest paid on borrowings and swaps	(79)	(55)	(95)	(175)	(187)	-6.6
Proceeds from share issue	-	6	2	2	7	-73.5
Purchase of performance shares	(8)	(7)	(18)	(26)	(8)	208.3
Others	(1)	(26)	-	(1)	1	nm
	(1,521)	(2,740)	(307)	(1,828)	(2,754)	-33.6
Net (decrease)/ increase in cash and cash equivalents	(495)	(1,837)	35	(461)	(994)	-53.6
Exchange effects on cash and cash equivalents	(3)	(17)	1	(2)	(15)	-84.1
Group cash and cash equivalents at beginning	1,382	3,583	1,346	1,346	2,738	-50.8
Group cash and cash equivalents at end	883	1,729	1,382	883	1,729	-48.9
Group free cash flow (ex-associates' dividends)	758	712	265	1,023	1,205	-15.1
Group free cash flow	1,102	916	725	1,828	1,829	-0.1
Cash capex to operating revenue	12%	9%	12%	12%	11%	

SECTION I : GROUP

Net cash inflow from operating activities for the quarter amounted to S\$1.67 billion, up 24% from a year ago. Operating cash flow (before associates' dividend receipts) grew 16% to S\$1.32 billion mainly due to improved working capital and lower tax payments. Gross dividends from associates increased S\$147 million mainly from Telkomsel and AIS.

Compared to a quarter ago, overall operating cash flow increased 30% with payments of annual staff incentive and Optus' workforce restructuring costs in the preceding quarter.

Net cash outflow for investing activities was S\$641 million. Capital expenditure of S\$564 million, at 12% of operating revenue, was 31% higher than the same quarter last year mainly related to investments in mobile network including 4G in Singapore and Australia, milestone payments for the new Optus 10 satellite, as well as the fit-out of Data Centres in Singapore. In addition, a payment of S\$29 million was made for the acquisition of Pixable Inc. in the quarter.

With higher operating cash flow, the Group's free cash flow grew strongly at 20% to S\$1.10 billion from a year ago.

Net cash financing outflow of S\$1.52 billion mainly comprised the payment of final dividends totalling S\$1.43 billion and interest payments of S\$79 million.

Overall cash balance decreased S\$498 million from a quarter ago, with ending cash balance at S\$883 million as at end of September 2012.

SECTION II : SINGAPORE

SINGAPORE**MANAGEMENT DISCUSSION AND ANALYSIS**

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

FINANCIAL HIGHLIGHTS**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012**

- **Excluding fibre rollout revenue, operating revenue up 5.7%.**
- **EBITDA at S\$541 million – up 2.1%. Excluding Amobee's startup losses and payments to NetLink Trust, EBITDA would be up 4.7%.**
- **Net profit at S\$271 million – down 8.1%.**
- **Free cash flow of S\$400 million – higher by S\$107 million or 36%.**

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012

- **Operating revenue at S\$3.35 billion – up 5.9%.**
- **EBITDA at S\$1.09 billion – up 1.0%.**
- **Net profit at S\$663 million – up 14%, with exceptional gains.**
- **Free cash flow of S\$604 million – higher by S\$84 million or 16%.**

SECTION II : SINGAPORE

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue	1,672	1,601	4.4	3,346	3,159	5.9
(ex-fibre rollout)	1,648	1,559	5.7	3,267	3,070	6.4
Telco business	1,287	1,233	4.4	2,573	2,466	4.3
IT and Engineering business	385	368	4.6	773	692	11.7
Operating expenses ⁽²⁾	(1,141)	(1,080)	5.7	(2,279)	(2,104)	8.3
EBITDA ⁽²⁾	541	530	2.1	1,087	1,077	1.0
(ex-Amobee's losses & payments to NetLink Trust) ⁽³⁾	556	531	4.7	1,115	1,077	3.4
Telco business ⁽²⁾	478	471	1.5	944	967	-2.3
(ex-Amobee's losses & payments to NetLink Trust) ⁽³⁾	492	471	4.4	972	968	0.4
IT and Engineering business	64	60	6.7	143	110	30.1
EBITDA margin ⁽²⁾	32.4%	33.1%		32.5%	34.1%	
Telco business ⁽²⁾	37.1%	38.2%		36.7%	39.2%	
IT and Engineering business	16.5%	16.2%		18.5%	15.9%	
Net exceptional gain/ (loss)	*	(4)	nm	113	2	@
Underlying net profit	270	298	-9.3	550	580	-5.1
Net profit ⁽⁴⁾	271	294	-8.1	663	582	14.0
Free cash flow	400	293	36.3	604	520	16.2

Notes:

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

SECTION II : SINGAPORE**SINGAPORE SUMMARY INCOME STATEMENTS****For The Second Quarter And Half Year Ended 30 September 2012**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue	1,672	1,601	4.4	3,346	3,159	5.9
Operating expenses	(1,141)	(1,080)	5.7	(2,279)	(2,104)	8.3
	531	521	1.9	1,068	1,055	1.2
Other income	10	9	13.2	20	22	-10.9
EBITDA	541	530	2.1	1,087	1,077	1.0
- margin	32.4%	33.1%		32.5%	34.1%	
Depreciation & amortisation	(168)	(148)	13.2	(332)	(282)	17.8
EBIT	374	382	-2.3	755	795	-5.0
Net finance expense						
- net interest expense	(30)	(53)	-42.9	(60)	(103)	-41.8
- other finance (expense)/ income	(7)	19	nm	(2)	13	nm
	(37)	(34)	7.0	(62)	(90)	-31.3
Profit before exceptional items	337	348	-3.2	693	705	-1.6
Net exceptional gain/ (loss)	*	(4)	nm	113	2	@
Profit before tax	337	345	-2.1	806	706	14.1
Taxation	(66)	(51)	30.5	(142)	(125)	13.8
Profit after tax	271	294	-7.8	664	582	14.2
Minority interests	*	1	nm	(1)	*	nm
Net profit	271	294	-8.1	663	582	14.0
Net profit	271	294	-8.1	663	582	14.0
Exclude: Net exceptional (gain)/ loss	*	4	nm	(113)	(2)	@
Underlying net profit	270	298	-9.3	550	580	-5.1

SECTION II : SINGAPORE

REVIEW OF SINGAPORE OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2012

Singapore delivered broad-based revenue growth of 4.4%, and 5.7% if excluding fibre rollout revenue. EBITDA was up 2.1% and would have increased 4.7% on a comparable basis.

IT and Engineering revenue was up 4.6% to S\$385 million with strong growth from NCS partially offsetting lower fibre rollout revenue with completion of mass rollout in June 2012. NCS successfully completed the deployment of IT equipment to all schools under the Ministry of Education (MOE) project this quarter. With higher revenue from the MOE project and other contracts, NCS recorded a robust 11% increase in revenue. NCS' order book remained strong at S\$2.1 billion at end of September 2012.

In the mobile market, SingTel continued to gain market share with a leading overall share of 46.6% as at 30 September 2012. A total of 54,000 customers were added in the quarter, lifting total customer base by 5.8% to 3.69 million from a year ago. SingTel's attractive data roaming plans gained strong customer response but has expectedly resulted in lower 'Pay-As-U-Roam' traffic for voice and SMS. Consequently, Mobile Communications revenue grew 2.2% to S\$487 million.

Data and Internet revenue was up 3.3% with double-digit growth from Managed Services mitigating price declines in Local Leased Circuits. Fixed broadband revenue grew strongly by 11% fuelled by higher adoption of fibre-based services and increased mix of higher-tier plans. SingTel's fibre broadband continued its growth trajectory with a net gain of 31,000 customers in the quarter and leading share of approximately 58% in the fibre market.

SingTel continued to grow its digital presence with the acquisitions of Pixable, a leading personalised social photo aggregation service, and TheMobileGamer, a platform provider for mobile gaming software. SingTel's growing suite of multimedia solutions further enriched customers' digital lifestyle. 'NewsLoop' a news e-reader app for iPad and iPhone, has become Singapore's favourite news app since its launch in July 2012.

A significant milestone in mio TV was reached when SingTel added 40 new channels from FOX International Channels and now offers over 110 channels across a wide range of genres from the latest lifestyle, music, entertainment content to popular documentaries and news. SingTel also secured broadcast rights to the Barclays Premier League ("BPL") for another three seasons to 2016. With a strong content suite, revenue increased 24% to S\$31 million and the total mio TV customer base grew 56,000 or 17% from a year ago to 391,000.

EBITDA, excluding startup losses from Amobee and payments to NetLink Trust, grew 4.7%. The growth was underpinned by NCS' strong revenue growth partially offsetting higher mobile customer connection costs.

The increase in depreciation and amortisation charges of 13% was attributable to investments in mobile network and NCS' equipment for customer contracts, as well as amortisation of intangibles from acquisitions made in line with SingTel's transformation strategy.

SECTION II : SINGAPORE

Net finance expense increased 7.0% as the same quarter last year had included dividend income from Far EastOne Telecommunications Co. Ltd. ("FET") which was divested in April 2012.

The increase in tax expense resulted mainly from lower deferred tax credit on inter-company interest expense on lower interest rate.

With higher depreciation and amortisation charges as well as net finance and tax expenses, net profit for the quarter was down 8.1% to S\$271 million. Excluding exceptional items, underlying net profit declined 9.3% from a year ago.

Free cash flow generated in the quarter was S\$400 million, up S\$107 million or 36% from a year ago on favourable working capital movements with payments from OpenNet and lower tax payments.

For The Half Year Ended 30 September 2012

Operating revenue for the half year grew 5.9% to S\$3.35 billion, contributed by NCS' strong revenue growth of 15%.

EBITDA in Singapore grew 1.0% to S\$1.09 billion, a slower rate to revenue growth, as a result of investments in mobile customer connections and digital life initiatives, as well as payments to NetLink Trust which commenced in end September 2011.

The net exceptional gains in the current half year comprised a S\$119 million gain on the disposal of investment in FET and an impairment charge of S\$7 million on certain available-for-sale investments.

Net profit rose 14% to S\$663 million. Excluding the net exceptional gains, underlying net profit declined 5.1% to S\$550 million due mainly to higher depreciation and amortisation charges on a larger asset base.

Free cash flow for the half year was S\$604 million, an increase of S\$84 million or 16% driven by positive working capital movements and lower tax payments.

SECTION II : SINGAPORE

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2012 were as follows:

	Quarter		QOQ Chge %
	30 Sep	30 Jun	
	2012 S\$ m	2012 S\$ m	
Operating revenue	1,672	1,674	-0.1
<i>(ex-fibre rollout)</i>	<i>1,648</i>	<i>1,619</i>	<i>1.7</i>
<i>Telco business</i>	<i>1,287</i>	<i>1,286</i>	<i>0.1</i>
<i>IT and Engineering business</i>	<i>385</i>	<i>388</i>	<i>-0.7</i>
<i>Operating expenses</i>	<i>(1,141)</i>	<i>(1,138)</i>	<i>0.3</i>
EBITDA	541	546	-0.8
<i>Telco business</i>	<i>478</i>	<i>467</i>	<i>2.3</i>
<i>IT and Engineering business</i>	<i>64</i>	<i>79</i>	<i>-19.5</i>
Profit before exceptional items and tax	337	356	-5.4
Underlying net profit	270	280	-3.5
Net profit	271	393	-31.1
Free cash flow	400	204	95.7

Excluding fibre rollout revenue, operating revenue grew 1.7% with higher NCS' revenue partially offsetting lower equipment sales. EBITDA was stable, as higher Telco EBITDA from lower mobile customer connection costs was offset by lower IT and Engineering EBITDA. The increase in free cash flow was driven by seasonality in payments including annual staff incentive paid in the preceding June quarter and payments from OpenNet.

SECTION II : SINGAPORE**OPERATING REVENUE**

	Quarter				YOY Chge %	Half Year				YOY Chge %
	30 Sep					30 Sep				
	2012		2011			2012		2011		
	S\$ m	Mix %	S\$ m	Mix %		S\$ m	Mix %	S\$ m	Mix %	
Mobile communications	487	29	477	30	2.2	966	29	949	30	1.8
Data and Internet	412	25	398	25	3.3	820	25	796	25	3.0
IT and Engineering	385	23	368	23	4.6	773	23	692	22	11.7
International telephone	122	7	126	8	-3.6	248	7	253	8	-2.1
National telephone	85	5	90	6	-5.1	169	5	180	6	-6.1
Sale of equipment	80	5	71	4	12.2	165	5	148	5	11.3
Satellite ⁽¹⁾	35	2	32	2	10.8	72	2	59	2	21.1
mio TV	31	2	25	1	24.2	56	2	49	1	15.6
Others ⁽²⁾	36	2	14	1	149.7	77	2	32	1	142.3
Total	1,672	100	1,601	100	4.4	3,346	100	3,159	100	5.9

Notes:

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

(2) Include advertising revenue and miscellaneous fee income.

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

Sale of equipment revenue at S\$80 million was up 12% with robust demand for smartphones and tablets.

Other revenue in the quarter included advertising revenue of S\$18 million, mainly from Amobee which was acquired in April 2012.

SECTION II : SINGAPORE

Mobile Communications

	Quarter		YOY %	Half Year		YOY %
	30 Sep			30 Sep		
	2012	2011		2012	2011	
Cellular service ⁽¹⁾	487	477	2.2	966	949	1.8

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
Number of mobile subscribers (000s)						
Prepaid	1,676	1,646	1,615	1,676	1,615	3.8
Postpaid	2,016	1,992	1,873	2,016	1,873	7.6
Total	3,692	3,638	3,488	3,692	3,488	5.8
MOUs per subscriber per month ⁽²⁾						
Prepaid	339	339	342	338	345	-2.0
Postpaid ⁽³⁾	316	320	335	318	338	-5.9
Average revenue per subscriber per month ^{(2) (4)} (S\$ per month)						
Prepaid	15	15	14	15	14	3.5
Postpaid	80	80	85	80	86	-6.4
Blended	50	51	52	50	53	-4.2
Data services as % of ARPU						
- total data ⁽⁵⁾	41%	42%	41%	41%	41%	
- non-SMS data	20%	21%	19%	20%	19%	
Acquisition cost per postpaid subscriber (S\$)	289	301	300	296	297	-0.3
Postpaid external churn per month ⁽⁶⁾	0.9%	0.9%	0.9%	0.9%	0.8%	
Singapore mobile penetration rate ⁽⁷⁾	149%	151%	148%	149%	148%	
Singapore mobile subscribers (000s) ⁽⁷⁾	7,898	7,846	7,668	7,898	7,668	
Market share ⁽⁷⁾						
Prepaid	44.7%	44.2%	43.7%	44.7%	43.7%	
Postpaid	48.2%	48.3%	47.2%	48.2%	47.2%	
Overall	46.6%	46.4%	45.5%	46.6%	45.5%	

Notes:

- (1) Cellular service revenue is determined net of bill rebates and net of prepaid sales discount, and includes revenue earned from mio plans and mobile broadband. It excludes revenue earned from international calls classified under "International telephone" revenue.
- (2) Based on average subscribers, calculated as the simple average of opening and closing subscribers.
- (3) MOU of postpaid base excludes customers that have 'data only' SIM plans.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Includes revenue from SMS, *SEND, MMS and other data services.
- (6) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of the average subscribers.
- (7) Source: IDA. The market share data as at 30 September 2012 was based on Telco operators' published results. The other market statistics were based on IDA's latest available published statistics as of 31 August 2012.

SECTION II : SINGAPORE

Mobile Communications grew 2.2% from a year ago on strong customer gains but this was partly offset by lower postpaid ARPU from decline in roaming revenue. Compared to a quarter ago, revenue increased 1.6%.

SingTel gained a total of 54,000 mobile customers this quarter, bringing the half year net additions to 112,000. Total customer base reached 3.69 million, lifting SingTel's market share to 46.6%, up 0.2 percentage point from a quarter ago.

Despite the introduction of tiered data plans which other operators followed in September 2012, the number of postpaid customers grew 24,000 in the quarter.

More than 90% of new postpaid customers chose smartphones this quarter. Overall smartphone penetration reached more than 70% of the total postpaid base as at end of September 2012, up from over 60% a year ago. Total postpaid customer base grew 7.6% to 2.02 million, and SingTel continued to lead with a market share of 48.2%.

Postpaid ARPU was stable at S\$80 compared to the preceding quarter. Postpaid ARPU, however, declined by S\$5 or 6.0% from a year ago, and decreased 4.0% when excluding data-only SIMs. The declines were attributable to the substitution of 'Pay-As-U-Roam' voice and SMS with data roaming plans such as 'Bridge DataRoam'.

SingTel's strong suite of smart devices combined with compelling value propositions continued to drive mobile broadband growth. The total number of mobile broadband¹ customers grew 59,000 in the quarter to 1.40 million as at end of September 2012, up 32% from a year earlier. Mobile data revenue was at 41% of ARPU and the proportion of non-SMS data grew to 20% of ARPU, up 1 percentage point from a year ago.

In August 2012, SingTel extended its 4G service from smartphones to tablets, which provided users with an enhanced multimedia experience for bandwidth-rich applications such as videos, games, music and on-line content. To complement this, two 4G-compatible tablets – the Asus Transformer Pad and Samsung Galaxy Tab 8.9 (LTE), as well as new 'Prestige 75' plans were launched.

In the prepaid segment, SingTel registered a net gain of 30,000 customers in the quarter. ARPU grew 5.6% year-on-year, led by increased demand for mobile data and 3G offerings. Total prepaid customer base grew 3.8% from a year ago to 1.68 million, extending SingTel's lead with a share of 44.7%.

In the mobile commerce space, SingTel launched '*mRemit*', the first remittance service in Singapore which allows customers to remit funds to an overseas recipient's mobile wallet account.

Acquisition cost per postpaid customer declined 3.7% year-on-year and 4.0% from a quarter ago to S\$289, reflecting the change in the mix of smartphones and a higher proportion of data-only SIM customers.

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

SECTION II : SINGAPORE

Data and Internet

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Data services						
Managed Services ⁽¹⁾	119	102	16.4	232	201	15.3
International Leased Circuits	23	27	-16.4	46	56	-17.1
	142	129	9.4	278	257	8.2
Local Leased Circuits	104	110	-5.4	211	220	-4.2
Others ⁽²⁾	48	48	-	96	97	-1.4
	293	287	2.2	585	574	1.8
Internet related						
Fixed broadband ⁽³⁾	110	99	10.8	217	196	10.3
SingTel Internet Exchange ("STiX") ⁽⁴⁾	7	10	-32.7	15	21	-29.5
Others	2	2	-19.0	3	4	-20.9
	118	111	6.3	235	222	5.9
Total	412	398	3.3	820	796	3.0

Key Drivers - Internet related	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
Number of fixed broadband lines (000s) ⁽⁷⁾	549	548	541	549	541	1.5
Singapore fixed broadband penetration rate ^{(5) (7)}	107%	105%	104%	107%	104%	
Fixed broadband market share ^{(6) (7)}	44.6%	44.9%	45.1%	44.6%	45.1%	

Notes:

- (1) Include MEG@POP, Global Corporate IP, Facility Management and Managed Hosting Services.
- (2) Include mainly ISDN, VSAT, DTE/ DCE, digital video broadcasting.
- (3) Include revenues from Internet access under mio plans and fibre plans. Include residential broadband revenue of S\$57 million (Q2 FY2012: S\$50 million) and S\$111 million (H1 FY2012: S\$99 million) for the second quarter and half year ended 30 September 2012 respectively.
- (4) Include inter-company sales to Optus of S\$1 million (Q2 FY2012: S\$3 million) and S\$3 million (H1 FY2012: S\$5 million) for the second quarter and half year ended 30 September 2012 respectively.
- (5) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IDA).
- (6) Based on total SingTel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (7) The market share data as at 30 September 2012 was based on management's estimates. The market penetration rate was based on IDA's latest available published statistics as of 31 August 2012.

SECTION II : SINGAPORE

Data and Internet revenue increased 3.3% to S\$412 million.

Data revenue grew 2.2% from a year ago and was stable from the preceding quarter. Revenue from Managed Services rose 16% year-on-year and 5.0% from a quarter ago driven by growth in Data Centre and Hosting services. International Leased Circuits revenue declined 16% from a year ago and 2.6% from a quarter ago, with continued price erosion and migration to IP-based services. Local Leased Circuits revenue fell 5.4% year-on-year and 3.6% against the preceding quarter, as growth in Ethernet services was offset by planned price adjustments.

SingTel leads the ICT market with the launch of a next-generation information superhighway for its ConnectPlus suite of global connectivity services. Leveraging the latest network technologies, enterprises can enjoy seamless high-speed connections of up to 10 Gbps for IPLC and Ethernet services between business hubs in Asia, Europe and the United States.

As an endorsement of SingTel's strong customer focus and product excellence, SingTel once again won the '*Best Data Centre and Hosting Services Provider*', and the '*Best Managed Connectivity Services Provider*' awards in the Computerworld Singapore Readers Choice Awards 2012, as well as the '*IP Services Infrastructure and Managed Services*' award in the Network Asia Readers' Choice Awards 2012.

Fixed broadband delivered strong revenue growth of 11% from a year ago and 3.0% on a sequential quarter, led by the increased take-up of fibre-based services and higher-tier plans.

With sustained demand for integrated home bundles and high-speed fibre services, an additional 9,000 customers signed up for bundled plans² this quarter. This brought the total customer base to 328,000, an increase of 57,000 or 21% from a year ago.

Driven by fibre broadband take-up, the number of fixed broadband lines rose 1,000 in the quarter to 549,000, up 1.5% from a year earlier.

SingTel's distinctive suite of entertainment, lifestyle and productivity applications attracted a net total of 31,000 fibre broadband³ customers this quarter. Total fibre customer base grew steadily to 136,000, up from 37,000 a year earlier, strengthening SingTel's leading share of approximately 58% in the fibre market.

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

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

SECTION II : SINGAPORE

IT and Engineering

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Revenue from NCS ⁽¹⁾	360	326	10.6	694	603	15.0
Fibre rollout revenue ⁽²⁾	25	42	-41.1	80	89	-10.5
Total	385	368	4.6	773	692	11.7

NCS segment revenue (%)	Quarter			Half Year	
	30 Sep	30 Jun	30 Sep	30 Sep	
	2012	2012	2011	2012	2011
Geographical markets					
Singapore	89	88	87	88	87
Overseas	11	12	13	12	13
Total	100	100	100	100	100
Lines of business					
Infrastructure services ⁽³⁾	68	68	69	70	67
Business solutions ⁽⁴⁾	32	32	31	30	33
Total	100	100	100	100	100

Notes:

- (1) Generated by NCS and its subsidiaries. Include billings to Optus of approximately S\$18 million (Q2 FY 2012: S\$16 million) and S\$32 million (H1 FY2012: S\$31 million) for the second quarter and half year ended 30 September 2012 respectively.
- (2) This revenue is for the roll out of fibre on behalf of OpenNet under Singapore's Next Generation Nationwide Broadband Network (NGNBN) initiative.
- (3) Infrastructure services include the full suite of managed services, network and communication engineering services, and value-added reselling and services.
- (4) Business solutions include applications management services and outsourcing, system integration and business process outsourcing.

IT and Engineering revenue grew 4.6% from a year ago to S\$385 million but was stable from the preceding quarter due to lower fibre rollout revenue on completion of mass fibre rollout in June 2012.

In the quarter, NCS completed the deployment of IT equipment to all schools under the MOE ICT project. This 8-year project, which commenced in 2010, is to consolidate the provisioning and management of desktops, network and ICT support in the schools. Fuelled by higher revenue from the MOE project and other contracts, NCS' revenue rose 11% year-on-year and 8.2% from a quarter ago.

NCS' major customer wins this quarter included contracts with the government agencies to provide managed IT infrastructure services and to develop an aeronautical air-ground Radio Communications System. NCS' overseas wins included a contract to provide maintenance of the financial systems for a multinational company in China, and a contract to supply and install data network, IP telephony and IPTV systems for a tertiary institution in the Middle East.

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

	Quarter		Chge %	Half Year		Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
International (incl Malaysia) call revenue	102	106	-3.4	206	213	-3.1
Inpayments and net transit	20	21	-4.4	42	41	3.2
Total	122	126	-3.6	248	253	-2.1
International Telephone outpayments	(42)	(46)	-8.9	(86)	(91)	-5.2
Net	80	80	-0.5	162	163	-0.4
Margin %	66%	64%		65%	64%	

Key drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
International telephone outgoing minutes (m mins) (excl Malaysia)	830	819	821	1,649	1,606	2.7
Average IDD call collection rate - net basis (S\$/ min) (excl Malaysia)	0.105	0.108	0.110	0.106	0.113	-6.2

Note:

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

International Telephone revenue was S\$122 million, down 3.6% from a year ago and 3.7% from a quarter ago as a result of lower call revenue and inpayments.

Revenue from international call services declined 3.4% year-on-year and 1.7% against the preceding quarter mainly due to lower average collection rates.

Inpayments and net transit fell 4.4% from a year ago due to a combination of lower traffic volume and inpayment rates.

Outpayments for international calls correspondingly declined 8.9%, benefiting from lower international outpayment rates.

SECTION II : SINGAPORE

National Telephone

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Direct exchange lines ("DEL")						
- rental	40	42	-4.1	80	83	-4.0
- traffic	12	15	-15.2	25	29	-14.3
Others ⁽¹⁾	52	56	-7.0	105	113	-6.7
	42	43	-2.8	82	86	-5.2
Inter-company eliminations	94	99	-5.2	187	199	-6.0
	(9)	(9)	-5.4	(18)	(19)	-5.9
	85	90	-5.1	169	180	-6.1

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
Fixed working lines (000s) ⁽²⁾						
Residential	913	914	929	913	929	-1.7
Business	772	772	771	772	771	0.1
Total	1,685	1,686	1,700	1,685	1,700	-0.9
Singapore fixed line penetration rate ⁽³⁾	38.9%	38.9%	38.9%	38.9%	38.9%	
Singapore fixed working lines (000s) ⁽³⁾	2,017	2,017	2,017	2,017	2,017	
Fixed Line market share ⁽³⁾	83.6%	83.6%	84.3%	83.6%	84.3%	

Notes:

- (1) Include revenue from enhanced telephone services, payphones, DEL interconnect and call management services such as 1900/1800 call services, Telepoll and mio voice.
- (2) Fixed working lines refer to Direct Exchange Lines (DEL) and mio voice. Some lines are for connections of second set top box under mio bundles.
- (3) Source: IDA. The market statistics as at 30 September 2012 were based on management's estimates.

Fixed line phone services were impacted by fixed-to-mobile substitution, migration to lower-priced digital voice and competition. The number of residential lines declined by 1,000 in the quarter.

With increased churn and lower traffic, revenue fell 5.1% from a year ago. Compared to a quarter ago, revenue was stable.

SECTION II : SINGAPORE

mio TV

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
mio TV revenue	31	25	24.2	56	49	15.6

Key drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
Number of mio TV subscribers ('000s) ⁽¹⁾	391	380	335	391	335	16.7

Note:

(1) Include subscribers in the residential segment only.

Revenue from mio TV grew 24% year-on-year to S\$31 million. Compared to a quarter ago, revenue was up 4.7% excluding rebates given to sports customers in the preceding quarter.

SingTel gained 11,000 mio TV customers in the quarter, driven by triple play services and ethnic content packs bundled with exciting entertainment and sports channels. Total customer base reached 391,000 as at end September 2012, an increase of 56,000 or 17% from a year ago.

In the quarter, mio TV strengthened its content suite with top-rated channels such as National Geographic Channel, Star World, FOX Movies, Star Chinese Movies and Vijay from FOX International Channels, and added 'Astro Prima' Malay channel, 'fashiontv HD' and 'Discovery Kids'. SingTel also secured broadcast rights to the next three seasons of BPL commencing August 2013. Along with UEFA Champions League, UEFA Europa League, FA Cup, and other prominent football tournaments on the new sports channel 'mio Sports', football fans can enjoy the most comprehensive football experience on mio TV.

To further enhance customers' viewing experience, SingTel developed 'mio TV Go' app for iPad and iPhone which allows user content discovery and enables remote control of the mio TV set-top box, and 'mio TV Play' app that offers an extensive library of on-demand movies on Android tablets and Smart TV. SingTel also launched a new user-friendly channel numbering system to provide viewers easy access to over 110 channels on mio TV.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Selling & administrative	361	325	11.2	721	643	12.1
Cost of sales	278	274	1.2	556	518	7.4
Staff costs	265	251	5.7	524	485	8.1
Traffic expenses	203	206	-1.6	421	411	2.4
Repair & maintenance	34	30	14.8	67	59	12.8
Others ⁽¹⁾	*	(6)	nm	(10)	(12)	-18.0
Total	1,141	1,080	5.7	2,279	2,104	8.3

As a percentage of operating revenue	Quarter		Half Year	
	30 Sep		30 Sep	
	2012	2011	2012	2011
Selling & administrative	21.6%	20.3%	21.5%	20.4%
Cost of sales	16.6%	17.1%	16.6%	16.4%
Staff costs	15.9%	15.7%	15.7%	15.3%
Traffic expenses	12.1%	12.9%	12.6%	13.0%
Repair & maintenance	2.0%	1.9%	2.0%	1.9%
Others	**	-0.4%	-0.3%	-0.4%
Total	68.2%	67.4%	68.1%	66.6%

Note:

(1) Include government grants and recoveries of costs.

Cost of sales increased 1.2% year-on-year and was flat against the preceding quarter, associated with higher revenue from NCS partly offset by lower fibre rollout revenue from OpenNet.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Selling & administrative expenses	361	325	11.2	721	643	12.1

Selling & administrative expenses, the largest expense category at 22% of operating revenue, increased 11% from the same quarter last year. The increase was mainly attributable to higher mobile customer retention costs on strong customer recontracting activities, increased maintenance and service costs to support business growth, as well as the inclusion of Amobee's expenses.

Compared to the preceding quarter, expenses were stable.

Traffic Expenses

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
International Telephone outpayments	42	46	-8.9	86	91	-5.2
Mobile roaming outpayments	50	61	-17.2	110	121	-8.8
Total outpayments	92	107	-13.6	197	212	-7.3
Leases ⁽¹⁾	81	70	14.9	165	142	16.5
Interconnect	30	29	2.4	60	58	3.3
Traffic expenses	203	206	-1.6	421	411	2.4

Note:

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

See Page 28 for further information on International Telephone outpayments relative to inpayments.

Mobile roaming outpayments decreased 17% both from a year ago and a quarter ago, corresponding to lower roaming volumes as well as lower outpayment rates.

Lease expenses grew 15% from a year ago mainly on payments to NetLink Trust for the lease of ducts and manholes.

Interconnect expenses increased 2.4% year-on-year, a result of increased fibre interconnect costs paid to OpenNet from fibre broadband take-up.

SECTION II : SINGAPORE

Staff Costs

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Gross staff costs	265	246	7.8	518	475	9.1
Performance share cost ⁽¹⁾	2	8	-74.7	11	16	-32.7
Capitalisation of staff costs ⁽²⁾	267	254	5.2	528	490	7.7
	(2)	(3)	-32.3	(4)	(6)	-27.6
Total, net	265	251	5.7	524	485	8.1

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep		
	2012	2012	2011	2012	2011	
Singapore average number of staff	13,177	13,492	13,349	13,334	13,166	1.3
Revenue per staff (S\$'000) ⁽³⁾	127	124	120	251	240	4.6
As at end of period:						
Number of staff						
NCS	6,463	6,553	6,621	6,463	6,621	-2.4
SingTel and other subsidiaries ⁽⁴⁾	6,573	6,655	6,697	6,573	6,697	-1.9
Singapore	13,036	13,208	13,318	13,036	13,318	-2.1
Optus	9,069	9,178	9,815	9,069	9,815	-7.6
Total Group	22,105	22,386	23,133	22,105	23,133	-4.4

Notes:

- (1) Performance share expense for a share grant is amortised and recognised in income statement on a straight-line basis over the vesting period of 3 years from the date of the grant.
- (2) The amounts represent capitalisation of direct staff costs in property, plant and equipment and/ or inventories (work-in-progress) related to the fibre rollout contract with OpenNet.
- (3) Based on average employee numbers.
- (4) Include approximately 160 staff from acquisitions as of 30 September 2012.

The increase in staff costs was mainly attributable to annual salary increments and additional headcount from acquisitions. The performance share cost declined on lower fair values for cash-settled plans compared to the same quarter last year.

The ending headcount for Singapore was lower at 13,036, mainly due to the transfer of employment of some network staff to a managed service provider in June 2012.

With Optus' lower headcount following its workforce restructuring exercise, overall Group headcount fell 4.4% from a year ago to 22,105 as of 30 September 2012.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Depreciation of property, plant and equipment Amortisation	151	144	5.4	303	273	11.1
	16	5	256.5	29	9	211.8
	168	148	13.2	332	282	17.8
Depreciation as a percentage of operating revenue	9.0%	9.0%		9.1%	8.6%	

Depreciation charges increased 5.4% on a larger asset base mainly from investments in mobile network and NCS' capital expenditure in equipment for major customer contracts.

Amortisation expense increased S\$12 million due to the amortisation of acquired intangibles mainly Amobee.

Net Finance Expense

	Quarter		Chge %	Half Year		Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Net interest expense						
- Interest income	1	2	-55.6	2	4	-52.8
- Interest expense	(36)	(55)	-34.7	(72)	(107)	-33.0
	(35)	(54)	-34.0	(70)	(104)	-32.3
- Net interest income from NetLink Trust	5	1	@	10	1	@
	(30)	(53)	-42.9	(60)	(103)	-41.8
Other finance (expense)/ income						
- Investment gain ⁽¹⁾	2	16	-85.4	4	17	-76.2
- Net foreign exchange (loss)/ gain	(11)	6	nm	(8)	2	nm
- FRS 39 fair value adjustments ⁽²⁾	2	(3)	nm	2	(6)	nm
	(7)	19	nm	(2)	13	nm
Net finance expense	(37)	(34)	7.0	(62)	(90)	-31.3

Notes:

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

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

Interest income decreased S\$1 million on lower average cash balance, while interest expense declined 35% on both lower interest rate and average borrowings.

SECTION II : SINGAPORE

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

The investment gain was lower as the corresponding quarter last year had included dividend income from FET which was divested in April 2012.

Net foreign (non-trade) exchange loss arose mainly from revaluation of monetary assets and liabilities on a weaker US Dollar compared to a year ago.

Taxation

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012	2011		2012	2011	
	S\$ m	S\$ m		S\$ m	S\$ m	
Taxation ⁽¹⁾						
Current and deferred taxes (a)	55	59	-7.8	113	122	-7.4
Withholding taxes on dividend income from associates ⁽²⁾	28	23	21.6	77	67	15.0
Tax benefit of inter-company interest expense	(17)	(32)	-47.6	(48)	(64)	-25.2
Total	66	51	30.5	142	125	13.8
Effective tax rates based on :						
<i>Singapore reported profit before tax</i>				17.6%	17.7%	
Profit before tax				806	706	
<i>Exclude :</i>						
Net exceptional gain				(113)	(2)	
Net foreign exchange loss/ (gain) (non-trade)				8	(2)	
FRS 39 fair value adjustments				(2)	6	
Adjusted pre-tax profit (b)				699	709	
Effective tax rate (a)/ (b)				16.2%	17.3%	
Applicable statutory tax rate in the period				17.0%	17.0%	

Notes:

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

The increase in tax expense resulted from lower deferred tax credit relating to inter-company interest expense on lower interest rate, as well as higher withholding taxes on associates' dividends, partly offset by tax credit recognised in the current quarter on finalisation of the earlier years' tax assessments.

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

	Quarter			Half Year		YOY Chge %
	30 Sep	30 Sep	30 Jun	30 Sep		
	2012	2011	2012	2012	2011	
	S\$ m	S\$ m	S\$ m	S\$ m	S\$ m	
Net cash inflow from operating activities						
Profit before tax	337	345	469	806	706	14.1
Non-cash items	206	194	85	291	386	-24.7
Operating cash flow before working capital changes	543	539	554	1,097	1,093	0.4
Changes in operating assets and liabilities	131	11	(200)	(69)	(115)	-40.3
	674	549	355	1,028	978	5.2
Cash paid to employees under performance share plans	-	(1)	(3)	(3)	(1)	312.5
Tax paid on operating activities	(61)	(118)	(5)	(66)	(119)	-44.5
Operating cash flow	612	431	347	959	858	11.8
Net cash (outflow)/ inflow for investing activities						
Net loan to STAI from Optus ⁽¹⁾	108	635	207	315	643	-51.1
Withholding tax paid on interest received on inter-company loans	(11)	(7)	(21)	(31)	(8)	286.4
Payment for purchase of subsidiaries, net of cash acquired	(29)	-	(351)	(380)	-	nm
Payment for purchase of property, plant and equipment	(213)	(138)	(142)	(355)	(338)	5.0
Proceeds from disposal of available-for-sale investments	1	-	337	337	-	nm
Proceeds from disposal of property, plant and equipment	2	571	5	8	573	-98.7
Net investment in associates	(6)	(567)	-	(6)	(573)	-99.0
Investment in available-for-sale investments	(11)	(9)	(21)	(32)	(48)	-33.1
Others (dividends and interest received etc)	3	4	6	9	16	-44.0
	(156)	488	21	(135)	265	nm
Net cash outflow for financing activities						
Final dividend paid to shareholders	(1,434)	(1,434)	-	(1,434)	(1,434)	**
Special dividend paid to shareholders	-	(1,594)	-	-	(1,594)	nm
Net increase/ (decrease) in borrowings	468	365	(678)	(210)	459	nm
Net interest paid on borrowings and swaps	(29)	(8)	(47)	(76)	(102)	-25.7
Proceeds from share issue	-	6	2	2	7	-73.5
Purchase of performance shares	(8)	(7)	(9)	(17)	(7)	142.3
Others	(1)	*	-	(1)	*	nm
	(1,005)	(2,673)	(732)	(1,737)	(2,672)	-35.0
Net decrease in cash balance from Singapore	(549)	(1,754)	(365)	(913)	(1,549)	-41.0
Net decrease in cash balance from Singapore	(549)	(1,754)	(365)	(913)	(1,549)	-41.0
Dividends received from associates	368	222	520	888	686	29.4
Withholding tax paid	(24)	(18)	(60)	(83)	(62)	34.1
Net dividends received from associates	344	204	461	805	624	29.0
Net (decrease)/ increase in cash and cash equivalents	(204)	(1,550)	96	(108)	(925)	-88.3
SingTel cash and cash equivalents at beginning	904	2,821	804	804	2,202	-63.5
Exchange effects on cash and cash equivalents	(5)	1	4	(1)	(6)	-75.0
SingTel cash and cash equivalents at end	694	1,271	904	694	1,271	-45.4
Singapore free cash flow	400	293	204	604	520	16.2
Free cash flow from associates' dividends	344	204	461	805	624	29.0
Cash capex to operating revenue	13%	9%	9%	11%	11%	

Note:

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

SECTION II : SINGAPORE

Net cash generated from operating activities grew 42% from a year ago to S\$612 million, driven by favourable working capital movements and lower tax payments. As at 30 September 2012, the work-in-progress and receivable balances in respect of the fibre rollout contract with OpenNet totalled S\$91 million.

Compared to a quarter ago, operating cash flow increased 77% with positive movements in working capital which included payments from OpenNet this quarter and the payment of annual staff incentive in the preceding quarter.

Cash flows from investing activities included an inter-company loan of S\$108 million (A\$83 million) received by STAI from Optus, partly offset by payments for the acquisitions of Pixable (S\$29 million), and TheMobileGamer and SingTel Innov8's investments (S\$11 million).

Capital expenditure of S\$213 million, at 13% of operating revenue, increased 55% from a year ago. Major capital expenditure for the quarter mainly comprised S\$78 million for the fit-out of Data Centres, S\$70 million for international data and fixed network infrastructure, and S\$44 million for mobile network including the deployment of nationwide 4G network.

Free cash flow for the quarter rose 36% to S\$400 million, driven by the increased operating cash flow.

Net cash outflow for financing activities for the quarter amounted to S\$1.01 billion, comprising mainly the payment of final dividends to shareholders of S\$1.43 billion in August 2012 and interest payments of S\$31 million, partially offset by net increase in borrowings of S\$468 million.

Including net dividends received from associates of S\$344 million, overall cash balance as at 30 September 2012 was at S\$694 million.

SECTION III : OPTUS

SINGTEL OPTUS PTY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012

- Operating revenue at A\$2.24 billion – down 4.2%.
- EBITDA stable at A\$560 million.
- EBITDA margin at 25.0% - up 1.1 percentage points.
- Net profit at A\$164 million – down 10%.
- Free cash flow of A\$281 million - down 15%.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012

- Operating revenue at A\$4.48 billion – down 3.7%.
- EBITDA at A\$1.11 billion - down 1.3%.
- EBITDA margin at 24.7% - up 0.6 percentage point.
- Underlying net profit at A\$325 million – down 8.7%.
- Free cash flow of A\$331 million – down 38%.

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Operating revenue	2,239	2,337	-4.2	4,478	4,651	-3.7
EBITDA	560	559	0.1	1,105	1,119	-1.3
<i>EBITDA margin</i>	25.0%	23.9%		24.7%	24.1%	
EBIT	276	290	-4.8	545	572	-4.7
Underlying net profit	164	182	-10.0	325	356	-8.7
Net profit	164	182	-10.0	319	344	-7.2
Free cash flow	281	330	-15.1	331	534	-38.0

SECTION III : OPTUS**OPTUS SUMMARY INCOME STATEMENTS – Singapore GAAP
For The Second Quarter and Half Year Ended 30 September 2012**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Operating revenue	2,239	2,337	-4.2	4,478	4,651	-3.7
Operating expenses	(1,691)	(1,790)	-5.5	(3,397)	(3,557)	-4.5
	548	548	**	1,081	1,094	-1.2
Other income	12	12	2.6	25	25	-3.5
EBITDA - EBITDA margin	560 25.0%	559 23.9%	0.1	1,105 24.7%	1,119 24.1%	-1.3
Share of results of joint ventures	*	*	nm	*	*	nm
EBITDA and share of results of joint ventures	560	559	0.1	1,105	1,119	-1.3
Depreciation & amortisation	(284)	(269)	5.4	(561)	(548)	2.3
EBIT	276	290	-4.8	545	572	-4.7
Net finance expense	(38)	(30)	27.7	(74)	(58)	27.7
Profit before exceptional items	239	261	-8.5	471	514	-8.3
Exceptional items	-	-	-	(9)	(18)	-51.4
Profit before tax	239	261	-8.5	462	496	-6.8
Tax expense	(74)	(78)	-5.0	(143)	(152)	-6.0
Net profit after tax	164	182	-10.0	319	344	-7.2
Net profit	164	182	-10.0	319	344	-7.2
Exclude:						
Exceptional items	-	-	-	(9)	(18)	-51.4
Deferred tax on exceptional items	-	-	-	3	5	-51.9
Underlying net profit	164	182	-10.0	325	356	-8.7

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

SECTION III : OPTUS

**REVIEW OF OPTUS OPERATING PERFORMANCE
For The Second Quarter Ended 30 September 2012**

In a market where the reported mobile revenue growth is negative, Optus has increased its focus on its strategy to improve both customer experience and yield. For this quarter, Optus reported stable EBITDA despite operating revenue declining A\$98 million or 4.2%.

The lower revenue was attributed to various factors. Mobile incoming revenue fell A\$46 million from the mandated reduction in the mobile termination rate from 9 cents to 6 cents per minute from 1 January 2012. Equipment sales decreased A\$30 million from lower shipment volumes as device subsidies were reduced. The introduction of service credits associated with the device repayment plans also reduced revenue by A\$25 million.

The lower revenues have not impacted EBITDA materially as the mandated reduction in mobile termination rate reduced traffic costs, the equipment sales delivered lower margins and the service credits under the device repayment plans were offset by deferral of device subsidy cost related to these plans in the quarter.

Optus is restructuring its business model to deliver greater efficiencies, including optimising acquisition and retention costs, increasing staff productivity through workforce restructuring and rationalising distribution channels while investing in branded channels and its core mobile network.

EBITDA margin improved by 1.1 percentage points to 25.0% due to lower selling expenses and tight cost management. Subscriber acquisition costs declined 22% compared to the last corresponding quarter mainly from lower device subsidies.

Focus on customer experience is reflected in Optus' continued mobile network investment with the launch of 4G services in Sydney, Melbourne, Perth and the Hunter Valley region. Optus is one of only two carriers offering a 4G service with coverage extending to Brisbane and the Gold Coast in November 2012. 3G network performance is being enhanced, particularly in in-building coverage with over 3,000 sites having been upgraded under the U900 spectrum migration program.

Optus' commitment to providing its customers with local content services was demonstrated in the acquisition of Eatability, one of Australia's leading restaurant and review websites. Such acquisition, coupled with leveraging the Group's investment in digital services, provides Optus with the opportunity to deliver value added services to its customers.

In Business and Wholesale fixed, revenue was stable compared to the same quarter last year as higher ICT and managed services revenue offset lower voice and Data and IP revenue. EBITDA and EBITDA margin remained stable.

In the Consumer fixed business, the number of on-net broadband customers increased 8,000 from a quarter ago to reach the 1 million mark. However, lower ARPU from bundled discount plans had resulted in on-net revenue declining 5.2%. EBITDA was lower by A\$4 million year-on-year and EBITDA margin declined to 17% from lower on net ARPU and higher selling costs.

This quarter, Optus expanded its Optus TV offering with the addition of 18 new channels across the entertainment, news, sports and lifestyle genres, thus continuing to give Australians a compelling low cost pay TV alternative.

Optus' overall EBITDA remained stable year-on-year.

SECTION III : OPTUS

EBIT declined 4.8% to A\$276 million on higher depreciation and amortisation charges from increased investments in the mobile network and amortisation charges for the Vividwireless spectrum acquired in the preceding quarter.

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

Net profit for the quarter declined 10% to A\$164 million on higher net finance expense and depreciation and amortisation charges.

Free cash flow generated in the quarter was A\$281million, down A\$49 million from the same quarter last year, mainly due to higher capital expenditure.

In October 2012, Optus continued to restructure its workforce to improve customer experience, centralise functions and leverage the scale of Group's investments in digital capabilities. This has resulted in headcount being further reduced by about 350. The ex-gratia charges of approximately A\$30 million will be included in the December 2012 quarter results.

For The Half Year Ended 30 September 2012

For the half year under review, Optus' operating revenue was down 3.7%. The lower revenue reflected lower equipment sales, the mandated reduction in the mobile termination rates from 1 January 2012 and the service credits associated with the device repayment plans introduced from October 2011.

EBITDA decreased 1.3% as the lower revenue was partly moderated by declines in selling and administrative expenses, traffic expenses and cost of sales.

Underlying net profit was down 8.7% on higher net finance expense and depreciation and amortisation charges.

SECTION III : OPTUS

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2012 were as follows:

	Quarter		QOQ Chge %
	30 Sep	30 Jun	
	2012 A\$ m	2012 A\$ m	
Operating revenue	2,239	2,239	**
Operating expenses	(1,691)	(1,706)	-0.9
EBITDA	560	545	2.7
EBITDA margin	25.0%	24.4%	
<i>Mobile</i>	26%	25%	
<i>Business & Wholesale fixed</i>	25%	26%	
<i>Consumer & SMB fixed</i>	17%	21%	
Profit before exceptional items and tax	239	233	2.6
Underlying net profit	164	161	1.9
Free cash flow	281	50	460.1

Operating revenue was stable compared to the preceding quarter while EBITDA improved 2.7% or A\$15 million on lower selling and administrative costs.

Underlying net profit was up 1.9% on higher EBITDA partly offset by higher depreciation and amortisation expense and net finance costs.

Free cash flow was higher due to annual staff incentive and workforce restructuring payments in the June quarter. Capital expenditure in the September quarter was lower than the preceding quarter.

SECTION III : OPTUS

DIVISIONAL TOTALS

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Operating revenue by division:						
Mobile	1,432	1,509	-5.1	2,861	3,001	-4.7
Optus Business Fixed	325	322	0.7	651	649	0.2
Optus Wholesale Fixed	180	187	-3.5	356	356	-0.1
Consumer and SMB Fixed	302	321	-5.8	610	648	-5.8
Less inter-divisional revenue ⁽¹⁾	-	(2)	nm	-	(4)	nm
Total	2,239	2,337	-4.2	4,478	4,651	-3.7
EBITDA by division:						
Mobile	379	374	1.3	730	745	-2.1
Optus Business & Wholesale Fixed	129	129	-0.2	259	260	-0.3
Consumer and SMB Fixed	52	56	-7.5	116	114	1.7
Total	560	559	0.1	1,105	1,119	-1.3
EBITDA margins by division:						
Mobile	26%	25%		26%	25%	
Optus Business & Wholesale Fixed	25%	25%		26%	26%	
Consumer and SMB Fixed	17%	18%		19%	18%	
Total	25.0%	23.9%		24.7%	24.1%	

Note:

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

In the quarter, mobile revenue comprised 64% of total revenue, down 1 percentage point compared to the same quarter last year. EBITDA was stable in Optus Business and Wholesale Fixed, while growth in Mobile EBITDA was offset by lower Consumer and SMB Fixed EBITDA from higher selling and administrative costs.

SECTION III : OPTUS

OPTUS MOBILE DIVISION

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Mobile communications revenue ⁽¹⁾						
Outgoing service revenue	974	990	-1.7	1,938	1,963	-1.3
Incoming service revenue	258	288	-10.7	507	554	-8.5
Service revenue	1,231	1,279	-3.7	2,445	2,517	-2.8
Equipment	201	231	-13.1	416	484	-14.0
Total Mobile revenue	1,432	1,509	-5.1	2,861	3,001	-4.7
EBITDA ⁽²⁾	379	374	1.3	730	745	-2.1
- EBITDA margin	26%	25%		26%	25%	

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep	30 Sep	
	2012	2012	2011	2012	2011	
Number of mobile subscribers (000s)						
Prepaid	4,127	4,227	4,225	4,127	4,225	-2.3
Postpaid ⁽³⁾	5,417	5,285	5,002	5,417	5,002	8.3
Total	9,544	9,512	9,227	9,544	9,227	3.4
Mobile penetration rate ⁽⁴⁾	ND	133%	ND	ND	ND	
MOUs per subscriber per month ⁽⁵⁾						
Prepaid	108	102	95	105	88	19.2
Postpaid	231	229	232	230	231	-0.5
ARPU per month (A\$) ⁽⁶⁾						
Prepaid	23	21	23	22	23	-2.7
Postpaid	59	60	67	59	66	-10.3
Blended	43	43	47	43	46	-6.8
Data revenue as a % of service revenue						
- total data	51%	50%	46%	50%	45%	
- non-SMS data	26%	25%	21%	26%	21%	
Market share - total ⁽⁴⁾	ND	31.5%	ND	ND	ND	
Retail postpaid churn rate per month ⁽⁷⁾	1.6%	1.7%	1.6%	1.6%	1.7%	
% users through wholesale ⁽⁸⁾	15%	14%	12%	15%	12%	
Acquisition cost per subscriber	A\$163	A\$178	A\$208	A\$170	A\$214	

Notes:

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

SECTION III : OPTUS

In a market where mobile service revenue growth is negative, Optus' mobile service revenue fell 3.7%.

The lower service revenue was due to the mandated decline in mobile termination rates and service credits associated with the device repayment plans introduced from October 2011. Excluding the impact of service credits associated with the device repayment plans, outgoing mobile service revenue grew 0.9% year-on-year.

Despite lower revenue, EBITDA and EBITDA margin increased from reduced traffic and selling expenses.

Acquisition cost per subscriber declined 22% from the corresponding quarter last year to A\$163 as a result of lower device subsidies, particularly in postpaid.

Postpaid customer growth continued with net additions of 132,000 this quarter, of which 60,000 was from the acquisition of Vividwireless customers. Postpaid customers comprised 56% of the total base, up 3 percentage points from a year ago.

Yield management initiatives, including reducing prepaid device subsidies, and higher churn from previous quarters' connections resulted in the prepaid customer base declining by 100,000.

Incoming service revenue declined 11% year-on-year driven by lower mobile termination rates.

Blended ARPU was stable at A\$43 compared to the preceding quarter. Blended ARPU declined by A\$4 compared to the same quarter last year reflecting lower mobile termination rates and service credits associated with device repayment plans. Excluding the impact of the decline in mobile termination rates and service credits, blended ARPU declined by 2.3%.

SMS and other data revenue was at 51% of ARPU with increased data usage and higher penetration of wireless data products, up from 50% in the preceding quarter and 46% a year ago. The proportion of non-SMS data revenue (including premium content SMS) was at 26% of ARPU, compared to 25% in the preceding quarter and 21% a year ago.

The sustained demand for smartphones and competitive cap plans continued to increase the penetration of capped plans into the base. A total of 96%⁴ of new and recontracted postpaid customers chose capped plans this quarter. Approximately 74% of the total Optus postpaid mobile base were on capped plans as at 30 September 2012, up from 71% a year ago.

Optus continued to make significant investments to enhance the coverage, quality and performance of the Open Network⁵. Optus launched LTE in Sydney, Melbourne, Perth and Hunter Valley and has upgraded over 3,000 sites since the commencement of the U900 spectrum migration program in September 2011.

⁴ These cap penetration metrics exclude customers on Optus' capped plans offered through Optus wholesale service providers. Including these customers, the percentage of total Optus postpaid customers on capped plans as at 30 September 2012 was 84% (June 2012: 83%), with 93% of total new and recontracted customers choosing capped plans in this quarter (June 2012: 89%).

⁵ This refers to Optus' mobile network which encompasses the 3G dual band, 3G single band and 2G mobile networks as well as the recently launched 4G network.

SECTION III : OPTUS

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

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

SECTION III : OPTUS

OPTUS BUSINESS & WHOLESALE FIXED DIVISIONS

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012	2011		2012	2011	
	A\$ m	A\$ m		A\$ m	A\$ m	
Business revenue						
Voice	97	105	-7.3	195	205	-5.0
Data and IP	109	119	-8.5	220	235	-6.4
ICT and Managed Services	118	98	20.7	236	209	12.6
Total Business fixed revenue	325	322	0.7	651	649	0.2
Wholesale revenue						
Domestic Voice	30	32	-4.1	60	62	-2.6
International Voice	4	4	-9.3	8	8	5.1
Data and IP	60	66	-9.3	118	128	-8.2
Satellite	86	85	1.4	170	158	7.1
Total Wholesale fixed revenue	180	187	-3.5	356	356	-0.1
Total Business & Wholesale fixed revenue	505	509	-0.8	1,007	1,006	0.1
EBITDA ⁽¹⁾	129	129	-0.2	259	260	-0.3
- EBITDA margin	25%	25%		26%	26%	

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep	30 Sep	
	2012	2012	2011	2012	2011	
Business voice minutes (m min)	1,293	1,272	1,364	2,565	2,644	-3.0
Wholesale domestic voice minutes (m min)	1,043	1,025	890	2,068	1,779	16.2
As at end of period:						
Buildings connected ⁽²⁾	17,984	17,961	17,861	17,984	17,861	0.7

Notes:

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

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

Total Business fixed revenue was stable as ICT and managed service revenue grew 21% driven by product sales, offset by lower voice and Data and IP revenues mainly reflecting the impact of competition and the decline in legacy data products.

Wholesale fixed revenue declined 3.5%. Total voice and satellite revenues were stable as the NBN Interim Satellite Service contract reached its first anniversary. Data and IP declined by 9.3% driven by price competition and the exit of unprofitable off-net services.

SECTION III : OPTUS

OPTUS CONSUMER AND SMB FIXED DIVISION

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
On-net						
Voice	123	130	-5.2	246	262	-6.3
Broadband	108	115	-6.5	221	234	-5.6
Pay TV	20	19	2.6	39	38	1.8
Consumer Fixed on-net	251	264	-5.2	506	534	-5.4
Off-net						
Voice	6	8	-33.7	12	18	-32.6
Broadband	2	3	-29.0	4	7	-33.8
Dial-up	0	1	-42.9	1	1	-35.7
Consumer Fixed off-net	8	12	-32.2	17	26	-33.1
Consumer Fixed revenue	259	276	-6.4	523	560	-6.7
SMB						
Voice	31	31	0.6	62	61	2.0
Data and IP	12	14	-8.9	25	27	-5.9
SMB fixed revenue	43	44	-2.5	87	88	-0.5
Total Consumer & SMB fixed revenue	302	321	-5.8	610	648	-5.8
EBITDA ⁽¹⁾	52	56	-7.5	116	114	1.7
- EBITDA margin	17%	18%		19%	18%	

Key Drivers	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep	30 Sep	
	2012	2012	2011	2012	2011	
On-net ARPU (A\$) ⁽²⁾						
Voice	50	49	51	49	51	-4.1
Broadband	45	47	48	46	49	-5.7
Telephony customers ('000)						
HFC ⁽³⁾	498	498	501	498	501	-0.5
ULL ⁽⁴⁾	526	522	516	526	516	2.1
On-net	1,024	1,019	1,016	1,024	1,016	0.8
Resale	34	37	46	34	46	-26.1
Long distance only	6	7	8	6	8	-23.2
Off-net	40	44	54	40	54	-25.5
HFC bundling rate ⁽⁵⁾	91%	90%	88%	91%	88%	
HFC penetration	36%	36%	36%	36%	36%	
Internet customers (000s)						
On-net						
HFC broadband	437	433	427	437	427	2.3
ULL broadband ⁽⁴⁾	534	528	513	534	513	4.0
Business grade broadband ⁽⁶⁾	31	31	32	31	32	-3.7
	1,001	993	972	1,001	972	3.0
Off-net						
Broadband	18	20	28	18	28	-33.6
Broadband subtotal	1,020	1,013	1,000	1,020	1,000	2.0
Dial-up	15	21	24	15	24	-40.3
Total Internet customers	1,034	1,034	1,024	1,034	1,024	1.0

SECTION III : OPTUS

Notes:

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

The fixed broadband market remained highly competitive. On-net broadband customers increased 3.0% and reached 1 million customers as at 30 September 2012, However Consumer fixed on-net revenue declined by 5.2% as growth in on-net broadband customers was offset by lower ARPU from increased takeup of bundled discount plans. In October 2012, price increases were implemented and a new range of simplified fixed broadband and phone plans were launched, with revised pricing and improved profitability.

As at 30 September 2012, Optus had 526,000 ULL customers, up 4,000 from a quarter ago and 10,000 from a year ago.

As Optus continued to exit fixed resale services, Consumer off-net revenue declined 32% and contributed to an overall decline of 6.4% for Consumer fixed revenue. This quarter, on-net revenue comprised 97% of overall Consumer fixed revenue, up from 96% a year ago.

EBITDA declined 7.5% reflecting the lower on-net revenue and higher selling costs.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 AS m	2011 AS m		2012 AS m	2011 AS m	
Interconnect	366	376	-2.9	720	751	-4.1
Outpayments & other leases	42	57	-25.3	89	106	-16.3
Traffic expenses	408	433	-5.8	809	857	-5.6
Selling & administrative	619	693	-10.7	1,258	1,374	-8.4
Cost of sales	357	361	-1.3	711	743	-4.3
Staff costs	303	288	5.2	605	556	8.8
Repair & maintenance and others	54	59	-8.0	108	113	-5.2
Capitalisation of costs ⁽¹⁾	(50)	(45)	11.8	(92)	(86)	8.1
Total	1,691	1,790	-5.5	3,397	3,557	-4.5
As a percentage of operating revenue						
Traffic expenses	18%	19%		18%	18%	
Selling & administrative	28%	30%		28%	30%	
Cost of sales	16%	15%		16%	16%	
Staff costs	14%	12%		14%	12%	
Repair & maintenance and others	2%	3%		2%	2%	
Capitalisation of costs ⁽¹⁾	-2%	-2%		-2%	-2%	
	76%	77%		76%	76%	

	Quarter			Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep	30 Sep	30 Sep	
	2012	2012	2011	2012	2011	
Staff statistics						
Number of employees, at end of period	9,069	9,178	9,815	9,069	9,815	-7.6
Average number of employees	9,086	9,504	9,949	9,311	10,020	-7.1
Revenue per employee (A\$'000) ⁽²⁾	246	236	235	481	464	3.6

Notes:

(1) Capitalisation relates primarily to staff costs.

(2) Based on average employee numbers.

Total operating expenses decreased by 5.5% year-on-year, mainly driven by lower traffic expenses and selling and administrative expenses partially offset by higher staff costs.

Traffic expenses declined 5.8% due to lower interconnect costs from the mandated decline in mobile voice termination rates and a decline in outpayment costs.

Selling and administrative expenses declined 11% from lower handset subsidies.

Staff costs increased 5.2% - as there was no provision for incentive accruals in the same quarter last year.

SECTION III : OPTUS**OTHER INCOME**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Sublease income	10	10	2.0	21	20	4.5
Foreign exchange (losses)/gains	(1)	(4)	-79.1	(2)	(4)	-60.5
Other	3	6	-56.7	5	10	-44.8
Total	12	12	2.6	25	25	-3.5

Other income was largely consistent with the same quarter last year

OTHER INCOME STATEMENT ITEMS**Depreciation and Amortisation**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Depreciation of property, plant and equipment	261	248	5.5	518	506	2.5
Amortisation	22	21	4.2	42	42	0.7
	284	269	5.4	561	548	2.3
<i>Depreciation as a percentage of operating revenue</i>	12%	11%		12%	11%	

Depreciation and amortisation charges increased against the same quarter last year driven by the increased investment in the Mobile network and amortisation charges for the Vividwireless spectrum acquired in the preceding quarter.

Net Finance Expense

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012	2011		2012	2011	
	A\$ m	A\$ m		A\$ m	A\$ m	
Interest expense	42	34	24.4	82	66	23.8
Interest capitalised	(3)	(1)	312.5	(6)	(1)	@
	39	33	17.5	76	65	16.5
Interest income	(2)	(5)	-60.0	(4)	(10)	-59.0
Net interest expense	37	28	31.2	72	55	31.0
Other finance costs						
Unwinding of discounts, incl adjs	1	1	-38.5	2	3	-34.5
Revaluation loss of forex contracts	-	-	-	-	*	nm
Total	38	30	27.7	74	58	27.7

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

SECTION III : OPTUS**Taxation**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Optus' Australian income tax expense	74	78	-5.0	146	156	-6.8
Share of joint venture income tax expense	-	*	nm	-	1	nm
Exceptional Item	-	-	-	(3)	(5)	-51.9
	74	78	-5.0	143	152	-6.0

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

CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Half Year		YOY Chge %
	30 Sep	30 Sep	30 Jun	30 Sep		
	2012	2011	2012	2012	2011	
	A\$ m	A\$ m	A\$ m	A\$ m	A\$ m	
Net cash inflow from operating activities						
Profit before tax	239	261	224	462	496	-6.8
Non-cash items	323	301	314	637	610	4.5
Operating cash flow before working capital changes	561	562	538	1,100	1,106	-0.6
Changes in operating assets and liabilities	(2)	36	(122)	(125)	(2)	@
Tax paid	(8)	(39)	(38)	(46)	(39)	19.7
	551	559	377	929	1,065	-12.8
Net cash outflow from investing activities						
Purchases of property, plant and equipment	(271)	(229)	(327)	(598)	(532)	12.5
Purchase of subsidiary, net of cash received	-	-	(224)	(224)	-	nm
Loan to STAI	(83)	(50)	(162)	(245)	(50)	389.4
Others	(20)	(2)	(42)	(62)	(21)	189.3
	(373)	(280)	(756)	(1,129)	(603)	87.2
Net cash (outflow)/ inflow from financing activities						
Net (decrease)/increase in bank borrowings	(360)	-	380	20	-	nm
Repayment to STAI	-	(432)	-	-	(432)	nm
Purchase of SingTel shares	-	-	(7)	(7)	(1)	@
Settlement on behalf of STAI	-	(4)	-	-	(11)	nm
Finance lease payments (exclude interest)	(2)	(2)	(2)	(3)	(3)	14.3
Net interest paid on borrowings and swaps	(39)	(36)	(38)	(77)	(65)	18.0
Others	-	(20)	*	-	-	-
	(401)	(494)	334	(67)	(511)	-87.0
Net decrease in cash and cash equivalents	(222)	(215)	(44)	(267)	(49)	443.2
Cash and cash equivalents at beginning	370	578	415	415	412	0.7
Cash and cash equivalents at end	148	363	370	148	363	-59.2
Free cash flow	281	330	50	331	534	-38.0
Cash capital expenditure to operating revenue	12%	10%	15%	13%	11%	

In the quarter, operating cash flow amounted to A\$551 million, A\$8 million lower than the same quarter last year.

SECTION III : OPTUS

Cash capital expenditure represented 12% of operating revenue, up from 10% in the same quarter last year reflecting mobile and satellite investments during the quarter.

With higher capital expenditure, free cash flow declined A\$49 million or 14.8% compared to the last corresponding quarter.

Capital expenditure by division

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 A\$ m	2011 A\$ m		2012 A\$ m	2011 A\$ m	
Mobile	155	130	19.7	323	299	8.0
Business & Wholesale fixed	75	33	126.1	144	79	82.1
Consumer & SMB fixed	6	17	-63.5	29	33	-11.5
Other	35	49	-29.3	101	120	-15.7
Total	271	229	18.5	598	532	12.5

During the quarter, Optus maintained its investment commitment to deliver quality mobile network coverage and performance in Australia, investing 57% of total capital expenditure on mobile. Mobile capital expenditure was largely incurred on the U900 upgrade and LTE programs in order to increase speed, capacity and coverage of the Open Network to support the growing demand for voice and data services.

In Optus Business and Wholesale fixed division, capital expenditure increased due to milestone payments for the new Optus 10 satellite.

In the Consumer and SMB fixed division, capital expenditure is lower than in the comparative quarter primarily due to lower customer connections.

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

SECTION IV: ASSOCIATES / JOINT VENTURES

FINANCIAL HIGHLIGHTS

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012

- 15% growth in associates' pre-tax contributions despite steep depreciation of Indian Rupee and Indonesian Rupiah.
- Strong operating performance from Telkomsel and AIS offset Airtel's weaker results.
- Warid ceased to be equity accounted from 1 July 2012 upon its reclassification as "Asset Held for Sale".
- On a post-tax basis, earnings from associates up 14% at S\$403 million and contributed 45% to the Group's underlying net profit, 5 percentage points higher than a year ago.
- If the regional currencies were held constant from a year ago, pre-tax contributions and post-tax contributions from the associates would have increased 24% and 22% respectively.
- The Group's combined mobile customer base⁶ was up 1.3% or 6.1 million in the quarter to 468 million. On a proportionate share basis, the increase was 1.3% from a quarter ago to 165 million. Year-on-year, the mobile customer base was up 11% or 44.4 million.

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012

- Group's share of ordinary pre-tax profits up 8.2% to S\$1.08 billion.
- Post-tax profit contributions from associates up 7.5% at S\$767 million.
- If the regional currencies had remained stable from the corresponding period, ordinary pre-tax contributions would have been up 16% while post-tax contributions would have grown 14%.

⁶ Combined mobile customer base here refers to the total number of mobile customers in SingTel, Optus and the regional mobile associates.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Pre-tax profit contribution	Equity Int %	Quarter 30 Sep		YOY Chge %	Half Year 30 Sep		YOY Chge %
		2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Regional mobile associates							
Telkomsel	35.0						
- operating results		273	238	14.4	519	447	16.2
- fair value losses		(2)	(5)	-68.0	(7)	(4)	102.8
		271	233	16.1	512	443	15.5
Bharti Telecom / Bharti Airtel ("Airtel")	32.3						
- operating results (India, Bangladesh and Sri Lanka - "South Asia")		148	191	-22.4	278	395	-29.8
- operating results (Africa)		35	37	-3.3	63	62	2.6
- financing costs		(73)	(76)	-4.2	(147)	(136)	8.3
- fair value (losses) / gains		(2)	(21)	-91.3	10	(36)	nm
		109	131	-16.9	204	285	-28.5
AIS	23.3	106	78	36.0	213	155	37.0
Globe ⁽²⁾	47.3						
- operating results		63	51	24.2	121	102	18.6
- fair value gains / (losses)		1	(2)	nm	2	(4)	nm
		63	48	30.6	123	98	25.7
PBTL ⁽³⁾	45.0						
- operating results		-	(6)	nm	-	(10)	nm
- fair value losses		-	*	nm	-	(1)	nm
		-	(6)	nm	-	(11)	nm
Warid ⁽⁴⁾	30.0						
- operating results		-	(12)	nm	(12)	(23)	-50.2
- fair value losses		-	(2)	nm	(7)	(3)	124.1
		-	(14)	nm	(18)	(26)	-30.9
		549	471	16.6	1,033	943	9.5
Other SingTel associates							
Singapore Post	25.6	10	10	5.1	22	22	1.4
Southern Cross	40.0	11	12	-6.1	20	22	-9.6
Others		3	6	-42.9	5	11	-54.4
SingTel share of ordinary results (pre-tax)		574	498	15.2	1,080	998	8.2
Optus share of ordinary results (pre-tax)		*	*	nm	*	*	nm
Group share of ordinary results (pre-tax)		574	498	15.2	1,080	998	8.2
Exceptional item ("EI")							
PBTL - write back of selling expenses and other provisions no longer required		-	-	-	-	7	nm
Group share of EI		-	-	-	-	7	nm
SingTel share of pre-tax profit ⁽²⁾		574	498	15.2	1,080	1,006	7.4
Optus share of pre-tax profit		*	*	nm	*	*	nm
Group share of pre-tax profit ⁽²⁾		574	498	15.2	1,080	1,006	7.4

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) Share of results for the half year and second quarter ended 30 September 2012 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation program which has been classified as an exceptional item of the Group.
- (3) The Group cease to equity account for the losses of PBTL from 1 April 2012 as PBTL's carrying value was nil as at 31 March 2012.
- (4) The Group reclassified from 1 July 2012 its 30% equity interest in Warid as "Asset Held for Sale" upon a plan approved by the Board, and equity accounting has ceased from the date of reclassification.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution	Quarter 30 Sep				YOY Chge %	Half Year 30 Sep				YOY Chge %
	2012		2011			2012		2011		
	S\$ m	% ⁽¹⁾	S\$ m	% ⁽¹⁾		S\$ m	% ⁽¹⁾	S\$ m	% ⁽¹⁾	
Regional mobile associates										
Telkomsel	203	23	174	20	16.4	384	22	331	19	15.9
Airtel										
- ordinary results (South Asia)	92		126		-26.6	201		260		-22.9
- ordinary results (Africa)	(39)		(37)		7.4	(90)		(64)		41.6
- exceptional item	-		-		-	-		(5)		nm
	53	6	89	10	-40.7	110	6	192	11	-42.5
AIS	82	9	53	6	52.8	164	9	107	6	53.6
Globe ⁽²⁾	44	5	34	4	31.1	86	5	68	4	26.6
PBTL ⁽³⁾										
- ordinary results	-		(6)		nm	-		(12)		nm
- exceptional item	-		-		-	-		7		nm
	-	-	(6)	(1)	nm	-	-	(4)	**	nm
Warid ⁽⁴⁾	-	-	(15)	(2)	nm	(18)	(1)	(27)	(2)	-32.0
	382	43	330	37	15.7	726	42	667	38	8.9
Other SingTel associates	21	2	23	3	-8.2	41	2	48	3	-14.5
SingTel share of post-tax profit ⁽²⁾	403	45	353	40	14.1	767	44	715	41	7.3
Optus share of post-tax profit	*	**	*	**	nm	*	**	(2)	**	nm
Group share of post-tax profit ⁽²⁾	403	45	353	40	14.1	767	44	713	41	7.5

Notes:

- (1) The above table shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (2) Share of results for the half year and second quarter ended 30 September 2012 excluded the Group's share of Globe's accelerated depreciation arising from its network modernisation and IT transformation program which has been classified as an exceptional item of the Group.
- (3) The Group cease to equity account for the losses of PBTL from 1 April 2012 as PBTL's carrying value was nil as at 31 March 2012.
- (4) The Group reclassified from 1 July 2012 its 30% equity interest in Warid as "Asset Held for Sale" upon a plan approved by the Board, and equity accounting has ceased from the date of reclassification.

	Quarter 30 Sep		YOY Chge %	Half Year 30 Sep		YOY Chge %
	2012	2011		2012	2011	
	S\$ m	S\$ m		S\$ m	S\$ m	
SingTel share of associates' tax	(171)	(145)	17.8	(313)	(291)	7.7
Optus share of associates' tax	-	-	-	-	(2)	nm
Group share of associates' tax (a)	(171)	(145)	17.8	(313)	(292)	7.1
Group share of pre-tax results (b)	574	498	15.2	1,080	1,006	7.4
Effective tax rate (a)/(b)	29.8%	29.1%		29.0%	29.1%	

The Group's share of associates' pre-tax profits grew 15% despite unfavourable foreign exchange movements compared to the same quarter last year. In particular, Indian Rupee fell significantly by 19% and Indonesian Rupiah declined 8% from the same quarter last year. Excluding the currency translation impact, the associates' pre-tax contributions increased by 24%.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Telkomsel and AIS performed strongly with increases in revenue and EBITDA underpinned by robust customer and data growth amid stable market conditions. Globe's service revenue reached another quarterly high on sustained growth momentum in mobile and broadband.

The results of Airtel's South Asia operations in this quarter were boosted by the recognition of interconnect revenue and profit from a favorable outcome on an outstanding dispute in India. Operating revenue at South Asia increased 14% but EBITDA growth was lower at 3% impacted by higher operating costs. Operating revenue at Africa was up 6% and EBITDA increased 10%. Higher depreciation charges on continued investments in network and increased interest costs at both South Asia and Africa continued to drag down the overall profits of Airtel.

Warid has been reclassified as "Asset Held for Sale" from 1 July 2012, upon a plan approved by the Board, and equity accounting has ceased from that date.

On a post-tax basis, the associates overall contributed 45% to the Group's underlying net profit, up 5 percentage points from a year ago.

For the half year ended 30 September 2012, the Group's share of associates' ordinary pre-tax profits was up 8.2% while share of post-tax profits increased 7.5%. If the regional currencies had remained stable from a year ago, the ordinary pre-tax contributions of the associates would have increased 16% while overall post-tax contributions would have grown 14%.

PT Telekomunikasi Selular ("Telkomsel")

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 51,000 radio base stations (including 3G Node B) providing nationwide coverage.

Operating revenue for the current quarter was up a robust 13% year-on-year with growth across voice, SMS and data in a stable operating environment. The revenue increase was also boosted by higher interconnect SMS revenue following the implementation of SMS interconnect regime in June 2012. Operating expenses increased 15% on higher cost of services and interconnect costs. EBITDA grew 11%. With lower depreciation and lower financing costs on reduced borrowings, the Group's share of Telkomsel's pre-tax operating profit (before fair value adjustments) grew a strong 24% in Indonesian Rupiah terms.

After including the Group's share of fair value losses of S\$2 million (Q2 FY2012: S\$5 million) and with the significant 8% depreciation of the Indonesian Rupiah against the Singapore Dollar, the Group's overall share of Telkomsel's pre-tax profit was up 16%.

On a post-tax basis, Telkomsel's contribution for the quarter rose 16% to S\$203 million and comprised 23% of the Group's underlying net profit compared to 20% a year ago.

Compared to the preceding quarter, EBITDA grew 13% underpinned by 10% revenue growth on higher customer base and increased usage of voice, SMS and data during Lebaran.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Telkomsel recorded net additions of 4.2 million mobile customers this quarter, compared to 7.4 million in the preceding quarter on promotional activities. Its market share was approximately 45.9% as at 30 September 2012, up 0.8 percentage point from a quarter ago. Total mobile customer base reached 121 million, up 17% or 17.3 million from a year ago.

Telkomsel continued to expand its network, adding approximately 3,700 radio base stations in the quarter, compared to 2,400 in the preceding quarter.

In September 2012, following the dispute between Telkomsel and PT Prima Jaya Informatika (“PT Prima”), the Jakarta Commercial Court at the Central Jakarta District Court accepted the bankruptcy petition against Telkomsel as filed by PT Prima. Telkomsel has taken the necessary actions and legal remedy to challenge the District Court’s decision by filing an appeal to the Supreme Court on 21 September 2012. Notwithstanding the bankruptcy status, the Supervisory Judge has allowed Telkomsel to continue its business activities as Telkomsel is a healthy company with sufficient resources to fulfil its obligations. The appeal to the Supreme Court is still in process.

Bharti Telecom Group (“Airtel”)

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

India, Bangladesh and Sri Lanka (“South Asia”)

Airtel launched 4G services in Pune in October 2012, following the launches in Kolkata and Bengaluru.

The results of South Asia’s operations in the current quarter have included the operating revenue (INR 5.86 billion) and net profit (INR 2.39 billion) relating to prior periods arising from a favourable outcome from Telecom Dispute Settlement Appellate Tribunal (TDSAT) on an outstanding dispute in India pertaining to interconnect agreements.

Operating revenue (including the above interconnect revenue) was up 14% from a year ago, mainly driven by the growth in mobile voice traffic of 8% in India while revenue per minute declined slightly. EBITDA grew a lower 3% due to higher network related costs and access charges. With higher depreciation and amortisation charges from investments in 3G and LTE, the Group’s share of the pre-tax operating profit (before finance costs and fair value adjustments) was down 8% year-on-year in Indian Rupee terms.

The pre-tax operating profit contribution was down 22% from a year ago to S\$148 million as the Indian Rupee weakened by a significant 19% against the Singapore Dollar.

Compared to the preceding quarter, revenue was up 5% and EBITDA improved 8%. In India, voice traffic fell 2% reflecting the weak seasonal demand in September quarter and the contraction in the overall subscriber base.

SECTION IV : ASSOCIATES/ JOINT VENTURES

In India, the overall industry mobile customer base declined for the first time this quarter as the operators tightened their customer acquisition practices. Airtel's mobile customer base in India correspondingly reduced by 1.4 million this quarter compared to 6.0 million of additions in the preceding quarter. As at 30 September 2012, mobile customer base in India stood at 186 million of which 5.4 million were 3G customers.

Africa

Airtel offers mobile services in 17 countries across Africa. At end of September 2012, Airtel had launched 3G mobile service across 11 countries and 'Airtel Money' service in 15 African countries.

Economic headwinds continued to prevail in many African countries. The telecom markets saw intense competitive activities with aggressive pricing by market leaders as well as enhanced participation by newer players. Airtel Africa, however, continued to register sustained and steady growth with its focus on network and distribution expansion, as well as affordable pricing.

In US Dollar terms, operating revenue increased 6% year-on-year and would have increased 13% if the local African currencies were held steady against the US Dollar. The higher revenue was driven by a robust 32% increase in mobile voice traffic as Airtel successfully stimulated traffic growth through promotions and affordable services, partially offset by a 19% decline in revenue per minute on lower tariffs.

EBITDA was up 10% to US\$298 million while depreciation and amortisation charges rose 15% on an expanded network. Consequently, the Group's share of pre-tax operating profit amounted to S\$35 million, compared to S\$37 million in the last corresponding quarter.

Africa operations recorded positive free cash flow of US\$88 million, reflecting sustained positive cash generation for the fourth quarter.

Compared to the preceding quarter, operating revenue was up 3% on strong 20% growth in mobile voice traffic while revenue per minute declined 15%, demonstrating positive elasticity. EBITDA improved 8% on lower access charges and network operations costs.

Mobile customer base grew 2.8 million in the current quarter to reach 58.7 million as at 30 September 2012, an increase of 21% or 10.2 million from a year ago. At end of October 2012, Airtel Africa reached the 60 million customer milestone, after adding 10 million customers across its operations in 17 African countries in less than 12 months of having crossed 50 million customers.

Overall

After including S\$73 million of finance costs (Q2 FY2012: S\$76 million) and S\$2 million of fair value losses (Q2 FY2012: S\$21 million), the Group's share of overall pre-tax profit contribution from Airtel in the quarter amounted to S\$109 million, down 17% from a year ago.

The tax expense of Airtel in the quarter included INR657 million (SingTel's equity share: S\$5 million) of dividend distribution tax in respect of dividend received from Indus Tower Ltd, its 42% owned joint venture, for which no tax credit is available to Airtel. Together with continued losses in loss-making subsidiaries where tax credits are yet to be recognised, SingTel's share of income tax of Airtel increased 33%.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Consequently, the post-tax profit contribution from Airtel decreased a steep 41% to S\$53 million and accounted for 6% of the Group's underlying net profit, 4 percentage points lower 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 increased 11% or 24.8 million from a year ago to 252 million as at 30 September 2012.

Airtel provides tower infrastructure services through a subsidiary, Bharti Infratel and Indus Towers, a joint venture in which Bharti Infratel has a 42% equity interest. On a consolidated basis, Bharti Infratel is one of the largest tower infrastructure providers in India. On 14 September 2012, Bharti Infratel filed documents with the Securities and Exchange Board of India in relation to its proposed initial public offering of equity shares.

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) grew 10% with growth in both voice and non-voice revenues. Non-voice revenue in particular registered stellar growth of 32% as mobile data users and usage continued to rise driven by more affordable smart devices and growing social networking demand. EBITDA rose 8% after including higher network operating expenses on capacity and 3G network expansion as well as increased revenue sharing expenses. AIS' pre-tax contribution surged 39% year-on-year in Thai Baht terms after accounting for lower depreciation and amortisation charges and finance costs. In Singapore Dollar terms, the Group's share of AIS' pre-tax profit was up 36% to S\$106 million, reflecting the 2% decline in Thai Baht against the Singapore Dollar.

With lower corporate tax rate in Thailand with effect from January 2012, post-tax contributions rose a higher 53% and contributed 9% to the Group's underlying net profit, from 6% a year ago.

Against the preceding quarter, AIS' service revenue (excluding interconnection) and EBITDA were stable.

In the September 2012 quarter, AIS added 516,000 mobile customers, compared to 671,000 in the preceding quarter. Year-on-year, AIS' customer base grew 7.8% or 2.6 million to 35.3 million. As at 30 September 2012, AIS' continued to lead the market with market share of approximately 44.8%.

On 18 October 2012, the National Broadcasting and Telecommunication Commission (NBTC) officially announced that Advanced Wireless Network Company Limited (AWN), a subsidiary of AIS, was a winning bidder in the 2.1GHz auction, with first right to select frequency bands. The spectrum bidding price was THB 14,625 million for 15MHz bandwidth of 2.1GHz with 15 years license validity. AWN is now required to fulfil the terms and conditions set by the NBTC before officially being awarded the license to operate 2.1GHz.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Globe Telecom, Inc (“Globe”)

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

Globe's ordinary pre-tax profit contribution grew 31% year-on-year to S\$63 million after 3% strengthening of the Peso against the Singapore Dollar. This contribution excluded Globe's accelerated depreciation charges related to its network modernisation and IT transformation programs. The Group's share of this exceptional charge of S\$26 million (S\$18 million post-tax) has been classified as exceptional item of the Group.

In Philippine Peso terms, service revenue grew 7% from a year ago despite the aggressive competition from the incumbent. Mobile revenue increased 6% on continued strong take-up for voice and browsing services. Broadband revenue was up a robust 18% fuelled by sustained expansion in customer base, particularly from internet-on-the-go service offerings.

Operating expenses increased 6% on higher marketing and subsidy expenses as well as increased service costs partially offset by lower interconnect charges resulting from mandated reduction in SMS access charges implemented in November 2011. Globe's EBITDA was up 6%.

With lower depreciation and net interest expenses, pre-tax operating profit (before exceptional items and fair value adjustments) grew 19% from a year ago.

The Group's share of fair value gain amounted to S\$1 million, compared to S\$2 million of fair value losses in the same quarter last year.

Against the preceding quarter, operating revenue was stable and EBITDA improved 5% on lower marketing and subsidy expenses.

On a post-tax basis, Globe contributed S\$44 million or 5% to the Group's underlying net profit, up 1 percentage point from a year ago.

Globe added 329,000 mobile customers in the current quarter, from 702,000 in the preceding quarter. As at 30 September 2012, its mobile customer base was 32.1 million, up 10% or 2.9 million from a year ago.

Warid Telecom (Private) Limited (“Warid”)

On 1 July 2012, the Group's 30% equity interest in Warid has been reclassified as “Asset Held for Sale” upon a plan approved by the Board, and equity accounting has ceased from the date of reclassification. The cumulative currency translation loss of S\$366 million in respect of the translation of Warid's carrying value remained in the ‘Currency Translation Reserve’ within equity, and would be transferred to the income statement only upon the disposal of the investment in Warid.

Warid is currently in discussions with its lenders in relation to a proposed restructuring of its loan facilities. As at 30 September 2012, the outstanding principal amounted to approximately US\$871 million and was secured by a floating charge on Warid's assets. In addition, US\$90 million of these loan facilities was guaranteed by SingTel and US\$512 million was secured by guarantees of the other shareholder group of Warid. SingTel received a guarantee call of US\$30.3 million which has not been met as restructuring discussions between Warid, its shareholders and the lenders are on-going.

SECTION IV : ASSOCIATES/ JOINT VENTURES

PROFORMA INFORMATION

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

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

Proportionate operating revenue	Quarter 30 Sep		YOY Chge %	Half Year 30 Sep		YOY Chge %
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Group operating revenue						
SingTel	1,672	1,601	4.4	3,346	3,159	5.9
Optus	2,900	3,008	-3.6	5,759	6,056	-4.9
	4,572	4,610	-0.8	9,105	9,215	-1.2
Proportionate share of operating revenue of associates						
Regional mobile associates	2,755	2,714	1.5	5,507	5,418	1.6
Singapore associates	76	62	23.9	152	120	26.2
Other overseas associates	31	33	-5.7	61	66	-7.7
	2,862	2,809	1.9	5,720	5,605	2.1
Enlarged revenue	7,434	7,419	0.2	14,825	14,820	**
% of overseas revenue to enlarged revenue	76%	78%		76%	78%	

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

SECTION IV : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter 30 Sep		YOY Chge %	Half Year 30 Sep		YOY Chge %
	2012	2011		2012	2011	
	S\$ m	S\$ m		S\$ m	S\$ m	
Group EBITDA						
SingTel	541	530	2.1	1,087	1,077	1.0
Optus	725	719	0.9	1,422	1,457	-2.4
	1,267	1,249	1.4	2,509	2,534	-1.0
Proportionate share of associates' EBITDA ⁽¹⁾						
Regional mobile associates	1,122	1,123	-0.2	2,198	2,232	-1.5
Singapore associates	25	18	38.8	52	39	31.4
Other overseas associates	29	28	3.9	47	54	-12.4
	1,176	1,170	0.6	2,296	2,325	-1.2
Total proportionate EBITDA	2,443	2,419	1.0	4,806	4,858	-1.1
Overseas proportionate EBITDA as a % to total proportionate EBITDA	77%	77%		76%	77%	
Contributions to total proportionate EBITDA						
Regional mobile associates	46%	46%		46%	46%	
Australia	30%	30%		30%	30%	
Singapore	23%	23%		24%	23%	
Others	1%	1%		1%	1%	
	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 77% to proportionate EBITDA, stable from a year ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	30 Sep 2012	30 Jun 2012	30 Sep 2011	30 Sep 2012	30 Jun 2012	30 Sep 2011
SingTel	3,692	3,638	3,488	3,692	3,638	3,488
Optus	9,544	9,512	9,227	9,544	9,512	9,227
	13,236	13,150	12,715	13,236	13,150	12,715
Regional Mobile Associates						
Airtel						
- South Asia	193,158	194,183	178,606	62,429	62,760	57,618
- Africa	58,667	55,855	48,437	18,961	18,052	15,626
	251,825	250,038	227,044	81,390	80,812	73,244
Telkomsel	121,477	117,235	104,149	42,517	41,032	36,452
AIS	35,324	34,808	32,764	8,238	8,117	6,969
Globe	32,055	31,726	29,118	15,168	15,013	13,782
Warid	12,646	13,500	16,334	3,794	4,050	4,900
PBTL	1,680	1,700	1,763	756	765	793
	455,007	449,007	411,172	151,863	149,789	136,140
Group	468,243	462,157	423,887	165,099	162,939	148,855

Note:

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

As at 30 September 2012, the Group's combined mobile customer base was 468 million, up 1.3% or 6.1 million from a quarter ago, and 11% or 44.4 million from a year ago. On a proportionate share basis, the increase was 1.3% to 165 million mobile customers from a quarter ago.

SECTION IV : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS RECEIVED FROM ASSOCIATES / JOINT VENTURES ⁽¹⁾

	Quarter 30 Sep		YOY Chge %	Half Year 30 Sep		YOY Chge %
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Regional mobile associates						
Telkomsel ⁽²⁾						
- final dividend FY 2011 / FY 2010	96	-	nm	485	353	37.5
AIS ⁽³⁾						
- interim dividend FY 2012 / FY 2011	163	106	53.6	163	106	53.6
- final dividend FY 2011 / FY 2010	-	-	-	118	102	15.6
	163	106	53.6	281	208	34.9
Globe ⁽⁴⁾						
- second dividend FY 2011 / FY 2010	60	55	8.3	60	55	8.3
Airtel ⁽⁵⁾						
- final dividend FY 2012 / FY 2011	13	16	-15.2	13	16	-15.2
	332	177	87.3	839	632	32.8
Other associates						
Southern Cross ⁽⁶⁾	10	15	-36.4	23	23	-0.9
SingPost	19	19	-	19	19	-
Others	8	11	-24.5	8	13	-38.5
Total	368	222	66.1	888	686	29.4

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 80% on net profit for its financial year 2011 (FY 2010: 70%).
- (3) AIS dividend policy is to pay dividend of at least 100% of net profit. Dividends will be paid twice a year, with an interim dividend distributed from the first half operating results and annual dividend distributed from the second half operating results. The Group received its share of the interim dividend in respect of AIS' 2012 financial year in September 2012.
- (4) Globe's dividend policy is to pay ordinary dividend of 75% to 90% of prior year's core net profit, payable semi-annually in March and September of each year. Globe declared a full year dividend of 86% of net profit for its 2011 financial year (FY 2010: 84%). The Group received its share of the first semi-annual dividend of S\$60 million in March 2012 and second semi-annual dividend of S\$60 million in September 2012.
- (5) Airtel does not have a fixed dividend policy.
- (6) Southern Cross does not have a fixed dividend policy.

The total dividends received from the associates for the quarter increased 66% to S\$368 million, mainly due to timing differences in Telkomsel's dividend payment schedule and higher dividends from AIS on higher profits.

SECTION IV : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Globe	PBTL	Warid
SingTel's investment:						
Year of initial investment	2000	2001	1999	1993	2005	2007
Effective shareholding (%)	32.3%	35.0%	23.3%	47.3%	45.0%	30.0%
Investment to date	S\$2.31 bil	S\$1.93 bil	S\$1.20 bil	S\$1.02 bil	S\$238 mil	S\$1.31 bil
Closing market share price ⁽²⁾	INR 264.85	NA	THB 214 ⁽⁷⁾ THB 213 ⁽⁸⁾	PHP 1,140	NA	NA
Market capitalisation						
- Total	S\$22.76bil	NA	S\$25.33bil	S\$4.65bil	NA	NA
- SingTel holding	S\$7.35bil	NA	S\$5.91bil	S\$2.2bil	NA	NA
Operational Performance :						
Mobile penetration rate ⁽³⁾	74%	105%	123%	104%	59%	69%
Market share, 30 Sep 2012 ⁽³⁾	20.5%	45.9%	44.8%	31.8%	1.7%	10.4%
Market share, 30 Jun 2012 ⁽⁴⁾	20.1%	45.1%	44.8%	32.0%	1.8%	11.2%
Market position ^{(3) (5)}	#1	#1	#1	#2	#5	#5
Mobile customers ('000)						
- Aggregate	251,825	121,477	35,324	32,055	1,680	12,646
- Proportionate	81,390	42,517	8,238	15,168	756	3,794
Growth in mobile customers (%) ⁽⁶⁾	11%	17%	7.8%	10%	-4.7%	-23%
Credit ratings						
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Baa3/BB+	Baa1/BBB+	Ba2/BB+	Ba3/BB-	Caa1/B-
- Company (Moody's/ S&P's)	NA/BB+	Baa1/BBB-	NA/A-	NA	NA	NA

Notes:

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

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

SECTION V : GLOSSARY

“ACCC”	Australian Competition And Consumer Commission.
“ARPU”	Average revenue per user.
“Associate”	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard.
“DEL”	Direct exchange lines, which are telephone lines connected directly to a telephone switch.
“EI”	Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period.
“EBIT”	Earnings before interest and tax.
“EBITDA”	Earnings before interest, tax, depreciation and amortisation, namely the aggregate of operating revenue and other income less operating expenses of the Singapore and Australia operations, and excludes the share of pre-tax results of associates.
“EBITDA margin”	Ratio of EBITDA over operating revenue.
“EPS”	Earnings per share.
“FRS”	Financial Reporting Standard.
“Free Cash Flow”	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
“GDP”	Gross Domestic Product.
“HFC”	Hybrid fibre coaxial cable, a system that has the potential to deliver voice, video and data via fibre optic cable for long haul transmission and via coaxial cable for short haul transmission.
“ICT”	Infocomm Technology.
“IP”	Internet Protocol.
“IP VPN”	Internet Protocol Virtual Private Network.
“MMS”	Multimedia messaging service.
“MOU”	Minutes of use per subscriber.
“NA”	Not applicable.
“ND”	Not disclosed.
“NetLink Trust”	NetLink Trust, a business trust established as part of IDA's effective open access requirements under Singapore's Next Generation Nationwide Broadband Network, is currently 100% owned by SingTel. NetLink Trust is equity accounted as an associate in the Group as SingTel does not control it.
“NCS”	NCS Pte Ltd, SingTel's wholly-owned subsidiary, and its subsidiaries.
“NM”	Not meaningful.
“OpenNet”	OpenNet Pte Ltd, the Netco for Singapore's Next Generation Nationwide Broadband Network, which SingTel has a 30% equity interest.
“Optus”	SingTel Optus Pty Limited, SingTel's wholly-owned subsidiary, and its subsidiaries.
“SAI”	SingTel Australia Investment Ltd, SingTel's wholly-owned subsidiary, which has 100% equity interest in Singapore Telecom Australia Investments Pty Limited (“STAI”).
“STAI”	Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus.
“SMB”	Small and medium sized business.
“SMS”	Short message service.
“Singapore”	Effective 1 April 2012, the term refers to the Group's operations but excludes Optus and the associates. Therefore, this includes the overseas operations of SingTel including Amobee Inc.
“SME”	Refers to small-medium businesses.
“ULL”	Unbundled Local Loop.
“Underlying net profit”	Defined as net profit before exceptional items and exchange differences on capital reductions of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.

GROUP SUMMARY INCOME STATEMENTS
For The Second Quarter Ended 30 September 2012

	Quarter						YOY Chge %
	30 Sep						
	2012		2012		2012	2011	
	Singapore S\$ m	Asso/JV S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Operating revenue	1,672	-	1,672	2,900	4,572	4,610	-0.8
Operating expenses	(1,141)	-	(1,141)	(2,190)	(3,331)	(3,384)	-1.6
Other income	531	-	531	710	1,241	1,225	1.3
	10	-	10	16	26	24	7.0
EBITDA	541	-	541	725	1,267	1,249	1.4
- EBITDA margin	32.4%	-	32.4%	25.0%	27.7%	27.1%	
Share of associates' pre-tax profits							
Regional mobile associates	-	549	549	-	549	471	16.6
Other associates	-	24	24	*	24	27	-9.6
	-	574	574	*	574	498	15.2
EBITDA and share of associates' pre-tax profits	541	574	1,115	725	1,840	1,747	5.3
Depreciation & amortisation	(168)	-	(168)	(367)	(535)	(494)	8.2
EBIT	374	574	947	358	1,305	1,253	4.2
Net finance expense							
- net interest expense	(30)	-	(30)	(49)	(79)	(91)	-13.1
- other finance (expense)/ income	(7)	-	(7)	-	(7)	19	nm
	(37)	-	(37)	(49)	(86)	(72)	18.4
Profit before EI	337	574	911	309	1,220	1,181	3.3
Exceptional items ("EI")	*	(26)	(26)	-	(26)	(4)	@
Profit before tax	337	548	885	309	1,194	1,177	1.4
Taxation							
- current and deferred taxes	(38)	-	(38)	(96)	(135)	(128)	5.0
- tax credit on EI	-	8	8	-	8	-	nm
- share of taxes of associates	-	(171)	(171)	-	(171)	(145)	17.8
- withholding taxes ⁽¹⁾	(28)	-	(28)	-	(28)	(23)	21.6
	(66)	(163)	(230)	(96)	(326)	(296)	10.0
Profit after tax	271	385	655	213	868	881	-1.5
Minority interests	*	-	*	-	*	1	nm
Net profit	271	385	655	213	868	882	-1.6
Net profit	271	385	655	213	868	882	-1.6
Exclude :							
Exceptional items	*	26	26	-	26	4	@
Tax credit on EI	-	(8)	(8)	-	(8)	-	nm
Underlying net profit	270	403	673	213	886	885	0.1

Notes:

(1) These are withholding taxes deducted at source when dividends are remitted by the overseas associates.

(2) As at 30 September 2012, SingTel has over 4,000 mobile base stations in Singapore and owned 1,504,834 km of access fibre network and 796,077 km of junction fibre network, up 6% and 2% from 31 March 2012 respectively.

GROUP SUMMARY INCOME STATEMENTS
For The Half Year Ended 30 September 2012

	Half Year						YOY Chge %
	30 Sep						
	2012		2012		2012	2011	
	Singapore S\$ m	Asso/JV S\$ m	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Operating revenue	3,346	-	3,346	5,759	9,105	9,215	-1.2
Operating expenses	(2,279)	-	(2,279)	(4,368)	(6,647)	(6,737)	-1.3
Other income	1,068	-	1,068	1,390	2,458	2,478	-0.8
	20	-	20	32	51	55	-7.1
EBITDA	1,087	-	1,087	1,422	2,509	2,534	-1.0
- EBITDA margin	32.5%	-	32.5%	24.7%	27.6%	27.5%	
Share of associates' pre-tax profits							
Regional mobile associates	-	1,033	1,033	-	1,033	943	9.5
Other associates	-	47	47	*	47	55	-14.5
- ordinary operations	-	1,080	1,080	*	1,080	998	8.2
- exceptional item	-	-	-	-	-	7	nm
	-	1,080	1,080	*	1,080	1,006	7.4
EBITDA and share of associates' pre-tax profits	1,087	1,080	2,167	1,422	3,589	3,539	1.4
Depreciation & amortisation	(332)	-	(332)	(721)	(1,053)	(996)	5.8
EBIT	755	1,080	1,835	701	2,536	2,544	-0.3
Net finance expense							
- net interest expense	(60)	-	(60)	(95)	(155)	(178)	-13.0
- other finance (expense)/ income	(2)	-	(2)	*	(2)	13	nm
	(62)	-	(62)	(95)	(157)	(165)	-5.1
Profit before EI	693	1,080	1,773	606	2,379	2,378	**
Exceptional items ("EI")	113	(40)	73	(10)	62	58	7.6
Profit before tax	806	1,040	1,846	596	2,441	2,436	0.2
Taxation							
- current and deferred taxes	(65)	-	(65)	(188)	(253)	(261)	-3.3
- tax credit/ (expense) on EI	-	12	12	3	15	(18)	nm
- share of taxes of associates	-	(313)	(313)	-	(313)	(292)	7.1
- withholding taxes	(77)	-	(77)	-	(77)	(67)	15.0
	(142)	(301)	(443)	(184)	(627)	(638)	-1.7
Profit after tax	664	739	1,403	411	1,814	1,798	0.9
Minority interests	(1)	-	(1)	-	(1)	*	nm
Net profit	663	739	1,402	411	1,813	1,798	0.9
Net profit	663	739	1,402	411	1,813	1,798	0.9
Exclude :							
Exceptional items	(113)	40	(73)	10	(62)	(58)	7.6
Tax (credit)/ expense on EI	-	(12)	(12)	(3)	(15)	18	nm
Underlying net profit	550	767	1,317	419	1,736	1,758	-1.3

	Quarter	YOY		Half Year	YOY	
	30 Sep	Change	Change in constant currency ⁽¹⁾	30 Sep	Change	Change in constant currency ⁽¹⁾
	2012			2012		
	S\$ m			S\$ m		
Operating revenue	4,572	-0.8	-1.2	9,105	-1.2	-0.4
Operating expenses	(3,331)	-1.6	-1.9	(6,647)	-1.3	-0.5
	1,241	1.3	0.8	2,458	-0.8	-0.2
Other income	26	7.0	6.6	51	-7.1	-4.5
EBITDA	1,267	1.4	0.9	2,509	-1.0	-0.3
-EBITDA margin	27.7%			27.6%		
Share of associates' pre-tax profits						
- Airtel	109	-16.9	-1.4	204	-28.5	-15.1
- Telkomsel	271	16.1	25.9	512	15.5	23.8
- AIS	106	36.0	39.0	213	37.0	39.4
- Globe	63	30.6	25.4	123	25.7	21.5
- PBTl	-	nm	nm	-	nm	nm
- Warid	-	nm	nm	(18)	-30.9	-27.3
Regional mobile associates	549	16.6	25.8	1,033	9.5	17.2
Other associates	24	-9.6	-9.6	47	-14.5	-14.5
- ordinary operations	574	15.2	23.8	1,080	8.2	15.5
- exceptional item	-	-	-	-	nm	nm
	574	15.2	23.8	1,080	7.4	14.6
EBITDA and share of associates' pre-tax profits	1,840	5.3	7.4	3,589	1.4	4.0
Depreciation & amortisation	(535)	8.2	7.7	(1,053)	5.8	6.7
EBIT	1,305	4.2	7.3	2,536	-0.3	2.9
Net finance expense	(86)	18.4	17.8	(157)	-5.1	-4.5
Profit before exceptional items	1,220	3.3	6.7	2,379	**	3.4
Exceptional items	(26)	@	@	62	7.6	5.9
Profit before tax	1,194	1.4	4.8	2,441	0.2	3.5
Taxation	(326)	10.0	15.1	(627)	-1.7	2.6
Profit after tax	868	-1.5	1.4	1,814	0.9	3.7
Minority interests	*	nm	nm	(1)	nm	nm
Net profit	868	-1.6	1.3	1,813	0.9	3.7
Net profit	868	-1.6	1.3	1,813	0.9	3.7
Exclude:						
Exceptional items	26	@	@	(62)	7.6	5.9
Tax credit on exceptional items	(8)	nm	nm	(15)	nm	nm
Underlying net profit	886	0.1	2.9	1,736	-1.3	1.7

Note:

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

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Sep 2012	30 Jun 2012	31 Mar 2012
	(Unaudited)	(Unaudited)	(Audited)
	S\$ million	S\$ million	S\$ million
Current assets			
Cash and cash equivalents	883	1,382	1,346
Trade and other receivables	3,560	3,973	3,927
Asset held for sale	38	-	334
Derivative financial instruments	-	6	3
Inventories	219	233	208
	4,700	5,594	5,819
Non-current assets			
Property, plant and equipment	11,517	11,519	11,580
Intangible assets	10,910	10,933	10,174
Associates	176	177	212
Joint ventures	9,391	9,296	9,968
Available-for-sale investments	181	166	149
Derivative financial instruments	125	157	98
Deferred tax assets	955	940	963
Other non-current receivables	128	135	130
Loan to an associate	1,331	1,331	1,325
	34,713	34,653	34,599
Total assets	39,414	40,247	40,418
Current liabilities			
Trade and other payables	4,560	4,681	5,053
Current tax liabilities	335	348	299
Borrowings (unsecured)	100	106	106
Borrowings (secured)	41	33	25
Derivative financial instruments	16	15	23
Deferred gain	58	58	29
	5,110	5,239	5,535
Non-current liabilities			
Borrowings (unsecured)	8,218	8,376	8,470
Borrowings (secured)	218	205	192
Deferred income	742	749	746
Deferred gain	1,043	1,014	1,061
Derivative financial instruments	591	519	508
Deferred tax liabilities	346	330	244
Other non-current liabilities	237	248	214
	11,394	11,440	11,434
Total liabilities	16,504	16,679	16,970
Net assets	22,910	23,567	23,448
Share capital and reserves			
Share capital	2,634	2,634	2,632
Reserves	20,252	20,912	20,795
Equity attributable to shareholders of the Company	22,886	23,546	23,428
Minority interests	24	21	20
Total equity	22,910	23,567	23,448

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	30 Jun	30 Sep
	2012	2012	2011
SGD	65%	59%	64%
AUD	35%	41%	36%
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 2012	SingTel	Optus
Standard & Poor's	A+ (stable)	A (stable)
Moody's Investors Service	Aa3 (stable)	Aa3 (negative)

MAJOR CURRENCY AVERAGE EXCHANGE RATES

1 Australian Dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
Derived weighted average exchange rate ⁽¹⁾ for:							
Operating revenue							
<u>SGD</u>							
FY2013	1.2768	1.2953			1.2860		
FY2012	1.3176	1.2870	1.3033	1.3339	1.3022	1.3182	1.3103
Change (last corresponding period)	-3.1%	0.6%			-1.2%		
Underlying net profit							
<u>SGD</u>							
FY2013	1.2773	1.2954			1.2864		
FY2012	1.3163	1.2833	1.3048	1.3322	1.2994	1.3213	1.3115
Change (last corresponding period)	-3.0%	0.9%			-1.0%		

Note:

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

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
<u>Rupiah</u>							
FY2013	7,353	7,634			7,501		
FY2012	6,944	7,042	6,993	7,194	6,997	7,093	7,046
Change (last corresponding period)	5.9%	8.4%			7.2%		
<u>Indian Rupee</u>							
FY2013	42.7	44.2			43.6		
FY2012	36.1	37.3	39.5	39.7	36.7	39.6	38.1
Change (last corresponding period)	18.3%	18.5%			18.8%		
<u>Baht</u>							
FY2013	24.8	25.1			24.9		
FY2012	24.4	24.6	24.1	24.5	24.5	24.3	24.4
Change (last corresponding period)	1.6%	2.0%			1.6%		
<u>Peso</u>							
FY2013	33.8	33.6			33.7		
FY2012	34.8	34.8	33.8	34.0	34.8	33.9	34.4
Change (last corresponding period)	-2.9%	-3.4%			-3.2%		
<u>Pakistani Rupee</u>							
FY2013	73.0	NA			NA		
FY2012	69.0	70.9	68.0	71.9	69.9	70.0	69.9
Change (last corresponding period)	5.8%	nm			nm		

"NA" denotes not applicable.

"nm" denotes not meaningful.

OPTUS FINANCIALS IN SINGAPORE DOLLARS

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Operating revenue	2,900	3,008	-3.6	5,759	6,056	-4.9
Operating expenses	(2,190)	(2,305)	-5.0	(4,368)	(4,633)	-5.7
Other income	16	15	3.3	32	33	-4.5
EBITDA - EBITDA margin	725 25.0%	719 23.9%	0.9	1,422 24.7%	1,457 24.1%	-2.4
Share of results of joint ventures	*	*	nm	*	*	nm
EBITDA and share of results of joint ventures	725	719	0.9	1,422	1,457	-2.4
Depreciation & amortisation	(367)	(346)	6.1	(721)	(714)	1.1
EBIT	358	373	-3.9	701	743	-5.7
Net finance expense	(49)	(38)	28.6	(95)	(75)	26.2
Profit before exceptional items	309	335	-7.6	606	668	-9.3
Exceptional items	-	-	-	(10)	(24)	-55.7
Profit before tax	309	335	-7.6	596	645	-7.6
Taxation	(96)	(101)	-4.1	(184)	(198)	-6.8
Net profit	213	234	-9.2	411	447	-7.9
Net profit	213	234	-9.2	411	447	-7.9
Exclude:						
Exceptional items	-	-	-	10	24	-55.7
Tax on exceptional items	-	-	-	(3)	(7)	-54.9
Underlying net profit	213	234	-9.2	419	463	-9.6

Note:

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

OPTUS FINANCIALS IN SINGAPORE DOLLARS

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2012 S\$ m	2011 S\$ m		2012 S\$ m	2011 S\$ m	
Mobile communications	1,517	1,558	-2.7	2,988	3,104	-3.7
Data and Internet	471	494	-4.6	936	981	-4.5
National telephone	353	376	-6.1	702	754	-6.9
Sale of equipment	261	298	-12.3	537	631	-14.9
IT and Engineering	154	127	21.3	304	273	11.0
International telephone	73	82	-10.8	146	163	-10.7
Pay television	24	25	-3.3	47	50	-5.4
Satellite	17	20	-14.4	36	38	-6.0
Others	31	31	1.6	63	62	2.1
Total	2,900	3,008	-3.6	5,759	6,056	-4.9

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

	As at		
	30 Sep 2012 S\$ m	30 Jun 2012 S\$ m	31 Mar 2012 S\$ m
Property, plant and equipment (net)	8,184	8,204	8,173
Gross debt			
Current debt	8	8	8
Non-current debt	2,782	3,287	2,840
Gross debt as reported in the statement of financial position	2,790	3,295	2,848
Related net hedging liability	326	299	249
	3,116	3,594	3,098
Less: Cash and bank balances	(189)	(478)	(543)
Net debt	2,927	3,116	2,555
	A\$ m	A\$ m	A\$ m
Property, plant and equipment (net)	6,397	6,351	6,247
Gross debt			
Current debt	6	6	6
Non-current debt	2,175	2,545	2,171
Gross debt as reported in the statement of financial position	2,181	2,551	2,177
Related net hedging liability	254	231	191
	2,435	2,782	2,368
Less: Cash and bank balances	(148)	(370)	(415)
Net debt	2,287	2,412	1,953

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2013

- **Consolidated revenue and EBITDA would be impacted by material exchange rate movements in the Australian Dollar and regional currencies.** The Group's outlook for the current financial year has incorporated these exchange rates, first presented in May 2012 as part of the Group's outlook:

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

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