



**Singapore Telecommunications Limited  
And Subsidiary Companies**

**MANAGEMENT DISCUSSION AND ANALYSIS OF  
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS  
AND CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS  
ENDED 31 DECEMBER 2006**

*The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 31 December 2006 are unaudited.*

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

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**SECTION I : GROUP**

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**FINANCIAL HIGHLIGHTS****FOR THE THIRD QUARTER ENDED 31 DECEMBER 2006**

- **Operating revenue was stable at S\$3.38 billion.**
- **SingTel's operating revenue rose 4.3% to S\$1.06 billion. Optus' operating revenue rose 3.1% in Australian Dollar but was flat in Singapore Dollar.**
- **Pre-tax profit from associates grew 17% to S\$506 million.**
- **The Group's net profit was up 13% to S\$994 million and the underlying net profit rose 9.6% to S\$850 million.**
- **Free cash flow of S\$476 million, with S\$334 million from the Singapore operations, S\$8 million from the associates and S\$134 million (A\$112 million) from the Australian operations.**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2006**

- **Operating revenue was stable at S\$9.82 billion.**
- **Pre-tax profit from associates grew 30% to S\$1.53 billion.**
- **The net profit was up 12% to S\$2.79 billion and the underlying net profit rose 13% to S\$2.59 billion.**
- **Post-tax profit from associates up 31% to S\$1.12 billion and accounted for 43% of underlying net profit, up from 37% a year ago.**
- **Free cash flow was stable at S\$1.88 billion.**

## SECTION I : GROUP

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Operating revenue</b>	3,376	3,363	0.4	9,823	9,879	-0.6
Operating expenses	(2,338)	(2,269)	3.0	(6,724)	(6,569)	2.4
<i>Operating expenses (ex-Cost of Sales)</i>	<i>(1,824)</i>	<i>(1,779)</i>	2.5	<i>(5,245)</i>	<i>(5,196)</i>	1.0
<b>Operational EBITDA</b>	1,056	1,117	-5.5	3,186	3,369	-5.4
<b>Operational EBITDA margin</b>	31.3%	33.2%		32.4%	34.1%	
<b>Share of associates' pre-tax profit</b>	506	432	17.1	1,530	1,180	29.7
- ordinary operations	506	432	17.1	1,511	1,179	28.2
- exceptional items	-	-	-	19	1	@
<b>EBITDA</b>	1,646	1,633	0.8	4,969	4,802	3.5
<b>Exceptional gains</b>	144	107	34.9	204	142	43.1
<b>Underlying net profit</b>	850	775	9.6	2,586	2,287	13.1
<b>Net profit</b>	994	882	12.6	2,789	2,482	12.4
<b>Free cash flow</b>	476	514	-7.4	1,875	1,862	0.7
- ex-associates' dividend	467	416	12.5	1,345	1,388	-3.1
<b>Underlying earnings per share (S cents)</b>	5.35	4.65	15.1	15.79	13.72	15.1
<b>Basic earnings per share (S cents)</b>	6.26	5.29	18.3	17.03	14.90	14.3

	As at		
	31 Dec	30 Sep	31 Mar
	2006 S\$ m	2006 S\$ m	2006 S\$ m
<b>Total assets</b>	32,484	31,572	33,606
<b>Shareholders' funds</b>	19,773	19,239	21,091
<b>Net debt<sup>(1)</sup></b>	6,292	7,116	5,006
<b>Net debt gearing ratio<sup>(2)</sup></b>	24.1%	27.0%	19.2%
<b>Net debt to EBITDA<sup>(3)</sup></b>	0.95X	1.08X	0.78X
<b>Interest cover:</b>			
- EBITDA/ net interest expense <sup>(4)</sup>	21.7X	24.4X	17.0X

**Notes:**

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

**SECTION I : GROUP****GROUP SUMMARY INCOME STATEMENTS (UNAUDITED)**  
**For The Third Quarter And Nine Months Ended 31 December 2006**

	Quarter				YOY Chge %	Nine Months		YOY Chge %
	31 Dec					31 Dec		
	2006 SingTel S\$ m	2006 Optus S\$ m	2006 Group S\$ m	2005 Group S\$ m		2006 Group S\$ m	2005 Group S\$ m	
<b>Operating revenue</b>	<b>1,063</b>	<b>2,312</b>	<b>3,376</b>	<b>3,363</b>	<b>0.4</b>	<b>9,823</b>	<b>9,879</b>	<b>-0.6</b>
Operating expenses	(613)	(1,725)	(2,338)	(2,269)	3.0	(6,724)	(6,569)	2.4
	450	587	1,037	1,094	-5.1	3,099	3,309	-6.3
Other income	4	15	19	24	-21.1	86	60	44.0
<b>Operational EBITDA</b>	<b>454</b>	<b>602</b>	<b>1,056</b>	<b>1,117</b>	<b>-5.5</b>	<b>3,186</b>	<b>3,369</b>	<b>-5.4</b>
<b>EBITDA margin</b>	<b>42.7%</b>	<b>26.0%</b>	<b>31.3%</b>	<b>33.2%</b>		<b>32.4%</b>	<b>34.1%</b>	
Compensation from IDA	84	-	84	84	-	253	253	-
Share of results of associates								
-ordinary operations	506	*	506	432	17.1	1,511	1,179	28.2
-exceptional items	-	-	-	-	-	19	1	@
	506	*	506	432	17.1	1,530	1,180	29.7
<b>EBITDA</b>	<b>1,044</b>	<b>602</b>	<b>1,646</b>	<b>1,633</b>	<b>0.8</b>	<b>4,969</b>	<b>4,802</b>	<b>3.5</b>
Depreciation & amortisation	(124)	(326)	(451)	(491)	-8.3	(1,393)	(1,487)	-6.3
<b>EBIT</b>	<b>920</b>	<b>276</b>	<b>1,196</b>	<b>1,142</b>	<b>4.7</b>	<b>3,576</b>	<b>3,315</b>	<b>7.9</b>
Net finance expense								
-net interest expense	(52)	(42)	(93)	(108)	-13.6	(229)	(319)	-28.0
-other finance (expense)/income	(12)	(3)	(15)	(15)	2.0	(25)	49	nm
	(64)	(45)	(109)	(123)	-11.7	(254)	(270)	-5.9
<b>Profit before EI</b>	<b>856</b>	<b>231</b>	<b>1,087</b>	<b>1,019</b>	<b>6.6</b>	<b>3,322</b>	<b>3,045</b>	<b>9.1</b>
Exceptional items	144	-	144	107	34.9	204	142	43.1
<b>Profit before tax</b>	<b>1,000</b>	<b>231</b>	<b>1,231</b>	<b>1,126</b>	<b>9.3</b>	<b>3,526</b>	<b>3,187</b>	<b>10.6</b>
Tax expense	(168)	(69)	(237)	(244)	-2.9	(736)	(708)	4.0
<b>Profit after tax</b>	<b>832</b>	<b>162</b>	<b>994</b>	<b>882</b>	<b>12.7</b>	<b>2,790</b>	<b>2,480</b>	<b>12.5</b>
Minority interests	*	-	*	*	nm	*	2	nm
<b>Net profit</b>	<b>832</b>	<b>162</b>	<b>994</b>	<b>882</b>	<b>12.6</b>	<b>2,789</b>	<b>2,482</b>	<b>12.4</b>
<b>Net profit</b>	<b>832</b>	<b>162</b>	<b>994</b>	<b>882</b>	<b>12.6</b>	<b>2,789</b>	<b>2,482</b>	<b>12.4</b>
<i>Exclude :</i>								
Exceptional items	(144)	-	(144)	(107)	34.9	(204)	(142)	43.1
Exchange difference <sup>(2)</sup>	-	-	-	-	-	-	(53)	nm
<b>Underlying net profit</b>	<b>688</b>	<b>162</b>	<b>850</b>	<b>775</b>	<b>9.6</b>	<b>2,586</b>	<b>2,287</b>	<b>13.1</b>

**Notes:**

- (1) Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with FRS 1 (revised 2004), **Presentation of Financial Statements**, please refer to "SGX Appendix 7.2 Announcement".
- (2) The exchange difference arose from the A\$ denominated short term loan to Optus, net of hedging, if any.

## SECTION I : GROUP

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### DIVIDEND

On 7 November 2006, the directors approved an interim ordinary dividend of 4.6 cents per share less tax at 20% amounting to S\$585 million in respect of the financial year ending 31 March 2007. No interim dividend was declared in the previous financial year.

The financial statements for the period ended, and as at, 31 December 2006 reflected this interim dividend. The dividend has been accounted for in the shareholders' equity as an appropriation of Retained Earnings, and the dividend payable has been included in current liabilities. The interim dividend was paid in January 2007.

### REVIEW OF GROUP OPERATING PERFORMANCE

#### For The Third Quarter Ended 31 December 2006

For the third quarter ended 31 December 2006, the Group reported a 13% increase in net profit to S\$994 million, and an 18% increase in earnings per share to 6.26 cents. This was up from S\$882 million, or earnings per share of 5.29 cents, in the same quarter last year. Excluding exceptional items, the underlying net profit was up 9.6% to S\$850 million, or underlying earnings per share of 5.35 cents, from S\$775 million, or underlying earnings per share of 4.65 cents.

The increase in profits was driven primarily by the overseas associates, which contributed S\$368 million (Q3 2005: S\$314 million) in post-tax profit, representing 43% of Group's underlying net profit, up from 41% a year ago. The Group has also benefited from lower depreciation and interest costs as the loss-making C2C was deconsolidated with effect from 1 January 2006 following the loss of control.

The Group's operating revenue was stable at S\$3.38 billion. Compared to the preceding quarter, however, it rose 3.0% attributable mainly to higher Mobile Communications and Data & Internet revenues.

Despite the cessation of C2C's capacity sales revenue from January 2006, SingTel's operating revenue increased 4.3% year-on-year. On a comparable basis, operating revenue was up 6.3%. Compared to a quarter ago, operating revenue rose 1.5%.

In Australia, Optus' operating revenue in Australian Dollar terms increased 3.1%, partly reflecting the contributions from Alphawest and Virgin Mobile which were acquired in November 2005 and January 2006 respectively. With a 4% depreciation of the Australian Dollar against the Singapore Dollar, operating revenue in Singapore Dollar terms was stable from a year ago. Compared to the preceding quarter, Optus' revenue grew 3.7% in Singapore Dollar terms and 3.2% in Australian Dollar terms.

With intensive selling and retention initiatives launched for the mobile business in Singapore, overall operating expenses were up 3.0%. Consequently, operational EBITDA fell 5.5% to S\$1.06 billion and the margin on sales fell 1.9 percentage points to 31.3% from 33.2% a year ago.

## SECTION I : GROUP

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The Group's share of pre-tax profit from associates was up 17% year-on-year to S\$506 million. Compared to a quarter ago, however, the associates' pre-tax contribution fell 4.5%. Bharti continued to record a strong profit on the back of strong subscriber growth. Telkomsel, however, recorded a lower profit against the preceding quarter due to higher operating expenses including depreciation.

The Group's EBITDA was stable at S\$1.65 billion, with Optus accounting for 37%, lower than the 40% in the same quarter last year.

In this quarter, the Group recorded an exceptional gain on disposal of land and building in the Central Business District (known as "Crosby House") of S\$144 million.

Free cash flow, excluding dividends received from associates, rose 13% or S\$52 million to S\$467 million.

On a proportionate basis, operations outside Singapore accounted for 76% (Q3 2005: 76%) of the Group's enlarged revenue and 71% (Q3 2005: 69%) of the enlarged EBITDA.

### **For The Nine Months Ended 31 December 2006**

The Group's operating revenue for the nine months ended 31 December 2006 amounted to S\$9.82 billion, stable compared to a year ago. Operational EBITDA margin was 32.4%, down 1.7 percentage points from 34.1% recorded a year ago.

Boosted by strong performance of the associates, particularly Telkomsel and Bharti, contributions from associates grew at a strong 30% to S\$1.53 billion.

Net profit grew 12% to S\$2.79 billion. After excluding the exceptional gains of S\$204 million arising mainly from disposal of land and buildings, the Group's underlying net profit was S\$2.59 billion, 13% from a year ago.

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

Results for the current quarter compared to the preceding quarter ended 30 September 2006 are as follows -

	Quarter		QOQ Chge %
	31 Dec	30 Sep	
	2006 S\$ m	2006 S\$ m	
<b>Operating revenue</b>	<b>3,376</b>	<b>3,277</b>	<b>3.0</b>
Operating expenses	(2,338)	(2,229)	4.9
<b>Operational EBITDA</b>	<b>1,056</b>	<b>1,090</b>	<b>-3.1</b>
<i>Operational EBITDA margin</i>	<i>31.3%</i>	<i>33.3%</i>	
<b>Share of pre-tax profit of associates</b>	<b>506</b>	<b>529</b>	<b>-4.5</b>
<b>Profit before exceptional items and tax</b>	<b>1,087</b>	<b>1,150</b>	<b>-5.5</b>
<b>Net profit</b>	<b>994</b>	<b>956</b>	<b>3.9</b>
<b>Underlying net profit</b>	<b>850</b>	<b>899</b>	<b>-5.5</b>
<b>Free cash flow</b>	<b>476</b>	<b>938</b>	<b>-49.3</b>
<i>- ex-associates' dividend</i>	<i>467</i>	<i>495</i>	<i>-5.6</i>

**OUTLOOK FOR THE CURRENT FINANCIAL YEAR**

The guidance issued earlier with the results for the financial year ended 31 March 2006 is affirmed. See Appendix 6 for highlights of the guidance.



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

	Quarter				YOY Chge %	Nine Months		YOY Chge %
	31 Dec					31 Dec		
	2006	2006	2006	2005		2006	2005	
	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Mobile communications	236	1,106	1,342	1,326	1.2	3,862	3,840	0.6
Data and Internet	326	364	690	639	8.0	1,964	1,894	3.7
National telephone	113	451	564	629	-10.4	1,709	1,904	-10.2
IT and engineering	150	97	248	224	10.6	741	628	18.0
Sale of equipment	59	182	240	247	-2.9	673	678	-0.8
International telephone	149	58	207	215	-3.5	615	684	-10.0
Cable television	-	37	37	37	-0.3	110	114	-3.3
Lease of satellite transponders	1	13	14	11	30.2	45	29	54.5
Others <sup>(1)</sup>	30	4	34	35	-1.4	106	110	-4.1
	<b>1,063</b>	<b>2,312</b>	<b>3,376</b>	<b>3,363</b>	<b>0.4</b>	<b>9,823</b>	<b>9,879</b>	<b>-0.6</b>
<b>Operating revenue</b>			<b>3,376</b>	<b>3,363</b>	<b>0.4</b>	<b>9,823</b>	<b>9,879</b>	<b>-0.6</b>
Associates' proportionate revenue <sup>(2)</sup>			1,283	1,091	17.6	3,860	3,067	25.9
<b>Enlarged revenue</b>			<b>4,659</b>	<b>4,454</b>	<b>4.6</b>	<b>13,684</b>	<b>12,946</b>	<b>5.7</b>

**Notes:**

- (1) Comprises revenue from maritime and land mobile, paging services and miscellaneous income.  
(2) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by SingTel's effective ownership interest.

Revenue Mix By Services	Quarter		Nine Months	
	31 Dec		31 Dec	
	2006	2005	2006	2005
	Mix	Mix	Mix	Mix
Mobile communications	39.8%	39.4%	39.3%	38.9%
Data and Internet	20.4%	19.0%	20.0%	19.2%
National telephone	16.7%	18.7%	17.4%	19.3%
IT and engineering	7.3%	6.7%	7.5%	6.4%
Sale of equipment	7.1%	7.4%	6.8%	6.9%
International telephone	6.1%	6.4%	6.3%	6.9%
Lease of satellite transponders	0.4%	0.3%	0.5%	0.3%
Others	2.1%	2.1%	2.2%	2.3%
	100.0%	100.0%	100.0%	100.0%

The Group's operating revenue was stable at S\$3.38 billion, with SingTel registering a growth of 4.3% and Optus (in Singapore Dollar terms) recording a slight decline of 1.3%. Operating revenue from Australia accounted for 69% of the Group's total operating revenue, down slightly from 70% a year ago.

**SECTION I : GROUP**

Mobile communications continued to be the largest revenue stream of the Group, contributing nearly 40% to the Group's operating revenue. National Telephone revenue fell 10% and was the third largest revenue stream at 17% of total operating revenue, down 2 percentage points from a year ago.

Including the proportionate share of operating revenue from associates, the Group's enlarged revenue increased 4.6% to S\$4.66 billion.

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

	Quarter				YOY Chge %	Nine Months		YOY Chge %
	31 Dec					31 Dec		
	2006	2006	2006	2005		2006	2005	
	SingTel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m		Group S\$ m	Group S\$ m	
Selling & administrative	172	503	675	634	6.4	1,911	1,847	3.4
Traffic expenses	124	537	661	667	-0.8	1,890	1,925	-1.8
Cost of sales	141	374	514	490	5.0	1,479	1,374	7.6
Staff costs	155	262	417	417	0.1	1,254	1,246	0.7
Repairs & maintenance	24	48	72	72	0.1	203	221	-7.8
Others	(3)	2	(2)	(11)	-83.0	(13)	(43)	-70.8
<b>Total</b>	<b>613</b>	<b>1,725</b>	<b>2,338</b>	<b>2,269</b>	<b>3.0</b>	<b>6,724</b>	<b>6,569</b>	<b>2.4</b>

As a percentage of operating revenue	Quarter		Nine Months	
	31 Dec		31 Dec	
	2006	2005	2006	2005
Selling & administrative	20.0%	18.9%	19.5%	18.7%
Traffic expenses	19.6%	19.8%	19.2%	19.5%
Cost of sales	15.2%	14.6%	15.1%	13.9%
Staff costs	12.4%	12.4%	12.8%	12.6%
Repairs & maintenance	2.1%	2.1%	2.1%	2.2%
Others	-0.1%	-0.3%	-0.1%	-0.4%
	<b>69.3%</b>	<b>67.5%</b>	<b>68.4%</b>	<b>66.5%</b>

The Group's operating expenses increased 3.0% to S\$2.34 billion attributable mainly to higher subscriber acquisition and retention costs in Singapore which resulted in Selling & Administrative expenses increasing by 6.4% to become the highest expense category in the quarter. Traffic expenses, the second largest expense category, were stable following a decline in interconnection rates in Australia.

Operating expenses as a percentage of operating revenue increased to 69% from 68% a year ago.

**SECTION I : GROUP****GROUP OPERATIONAL EBITDA MARGINS**

The operational EBITDA margins of the Group are summarised as follows -

	Quarter		Nine Months	
	31 Dec		31 Dec	
	2006	2005	2006	2005
<b>Group</b>	31.3%	33.2%	32.4%	34.1%
<b>SingTel</b>	42.7%	45.4%	46.3%	46.3%
<i>Telco businesses</i>	48.8%	51.2%	52.2%	52.6%
<i>IT business</i>	5.6%	8.9%	9.2%	9.7%
<b>Optus</b>	26.0%	27.9%	26.0%	28.6%
- excluding Alphawest and Virgin Mobile	27.0%	28.4%	27.1%	28.8%

The Group's operational EBITDA margin in the quarter fell 1.9 percentage points to 31.3% from 33.2% a year ago. SingTel's margin was down 2.7 percentage points to 42.7% due to higher Selling expenses. The margins in the IT business were affected by cost overruns in overseas projects. Optus' margin fell 1.9 percentage points to 26.0% attributable mainly to a decline in fixed line margins and the acquisition of Alphawest and Virgin Mobile businesses.

**GROUP SUMMARY BALANCE SHEETS**

	As at		
	31 Dec	30 Sep	31 Mar
	2006	2006	2006
	S\$ m	S\$ m	S\$ m
Current assets (excluding cash)	2,897	3,247	3,164
Cash and bank balances	1,544	746	2,770
Non-current assets	28,042	27,580	27,672
<b>Total assets</b>	<b>32,484</b>	<b>31,572</b>	<b>33,606</b>
Current liabilities	4,553	4,234	5,128
Non-current liabilities	8,155	8,097	7,385
<b>Total liabilities</b>	<b>12,708</b>	<b>12,330</b>	<b>12,513</b>
<b>Net assets</b>	<b>19,776</b>	<b>19,242</b>	<b>21,093</b>
Share capital	2,541	2,525	4,775
Reserves	17,232	16,714	16,316
<b>Share capital and reserves</b>	<b>19,773</b>	<b>19,239</b>	<b>21,091</b>
Minority interest	3	3	3
	<b>19,776</b>	<b>19,242</b>	<b>21,093</b>

Share capital fell significantly from S\$4.78 billion as at 31 March 2006, attributable mainly to the capital reduction exercise in September 2006.

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

	As at		
	31 Dec	30 Sep	31 Mar
	2006	2006	2006
	S\$ m	S\$ m	S\$ m
<b>Gross debt <sup>(1)</sup>:</b>			
Current debt	824	936	1,494
Non-current debt	6,330	6,519	5,907
Gross debt as reported in balance sheet	<b>7,154</b>	<b>7,455</b>	<b>7,401</b>
Related net hedging liability	683	407	376
	<b>7,837</b>	<b>7,862</b>	<b>7,777</b>
<b>Less</b> : cash and bank balances	(1,544)	(746)	(2,770)
<b>Net debt</b>	<b>6,292</b>	<b>7,116</b>	<b>5,006</b>
<b>Gross debt gearing ratio <sup>(2)</sup></b>	<b>28.4%</b>	<b>29.0%</b>	<b>26.9%</b>
<b>Net debt gearing ratio</b>	<b>24.1%</b>	<b>27.0%</b>	<b>19.2%</b>

**Notes:**

- (1) With effect from 1 April 2005, borrowings and related derivatives are revalued to market values at each balance sheet date in accordance with FRS 39.
- (2) Gross debt gearing refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.

The Group's gross debt (net of hedging) as at 31 December 2006 amounted to S\$7.84 billion, S\$25 million lower than a quarter ago due mainly to repayment of borrowings of S\$119 million in the quarter, with the balance movement due mainly to translation and fair value adjustments of bonds and related derivative instruments under FRS 39.

The net debt gearing was up 4.9 percentage points to 24.1% from 19.2% as at 31 March 2006 as net debt increased significantly by 26% due mainly to the reduction in cash balance following the payments for capital reduction of S\$2.27 billion and final dividend of S\$1.34 billion in the September quarter.

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

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2006 S\$ m	2005 S\$ m	2006 S\$ m	2006 S\$ m	2005 S\$ m	
<b>Net cash inflow from operating activities</b>						
Profit before tax	1,231	1,126	1,207	3,526	3,187	10.6
Non-cash items	(158)	(1)	(108)	(302)	198	nm
<b>Operating cashflow before working capital changes</b>	1,073	1,125	1,100	3,224	3,386	-4.8
<b>Changes in operating assets and liabilities</b>	31	(100)	(61)	(283)	(425)	-33.4
Cash paid to employees under performance share plans	*	-	*	(6)	-	nm
Tax paid on operating activities	(155)	(137)	(116)	(276)	(289)	-4.5
<b>Operating cashflow before dividends from associates</b>	950	888	922	2,659	2,672	-0.5
Dividends received from associates	8	108	492	587	523	12.2
Withholding tax paid on dividend received	*	(10)	(50)	(58)	(49)	16.6
	<b>958</b>	<b>986</b>	<b>1,364</b>	<b>3,189</b>	<b>3,146</b>	<b>1.4</b>
<b>Net cash inflow/(outflow) from investing activities</b>						
Payment for purchases of property, plant and equipment	(482)	(472)	(427)	(1,314)	(1,284)	2.4
Proceeds from disposal of property, plant and equipment	163	10	136	301	68	344.7
Payment for acquisition of subsidiaries	*	(36)	-	*	(37)	nm
Proceeds from sale of joint ventures	87	105	-	87	105	-17.6
Associates' loans repaid/ (Investments in associates)	75	54	-	75	(557)	nm
Net sale/(purchase) of trading investments	235	5	159	420	(50)	nm
Others (interest received, purchase of intangibles etc)	15	10	34	104	5	@
	<b>93</b>	<b>(325)</b>	<b>(98)</b>	<b>(328)</b>	<b>(1,750)</b>	<b>-81.3</b>
<b>Net cash outflow for financing activities</b>						
Payment for share capital reduction	-	-	(2,272)	(2,272)	-	nm
Net (decrease)/ increase in borrowings	(119)	(7)	169	(31)	(161)	-80.7
Settlement of swap upon bond redemption	-	-	(88)	(88)	-	nm
Net interest paid on borrowings and swaps	(145)	(135)	(73)	(353)	(356)	-0.6
Final dividends paid to SingTel shareholders	-	-	(1,336)	(1,336)	(1,734)	-22.9
Proceeds from share issue	16	8	15	38	87	-56.3
Purchase of performance shares	(2)	(5)	(14)	(44)	(16)	167.7
Other	-	-	-	-	(1)	nm
	<b>(250)</b>	<b>(140)</b>	<b>(3,598)</b>	<b>(4,087)</b>	<b>(2,181)</b>	<b>87.4</b>
<b>Net increase/ (decrease) in cash &amp; cash equivalents</b>	<b>801</b>	<b>522</b>	<b>(2,333)</b>	<b>(1,226)</b>	<b>(785)</b>	<b>56.1</b>
Exchange effects of cash and cash equivalents	(2)	(9)	*	*	(6)	nm
<b>Group cash and cash equivalents at beginning</b>	<b>745</b>	<b>1,999</b>	<b>3,079</b>	<b>2,770</b>	<b>3,303</b>	<b>-16.1</b>
<b>Group cash and cash equivalents at end</b>	<b>1,544</b>	<b>2,512</b>	<b>745</b>	<b>1,544</b>	<b>2,512</b>	<b>-38.5</b>
<b>Free cash flow (ex-associates' dividend)</b>	<b>467</b>	<b>416</b>	<b>495</b>	<b>1,345</b>	<b>1,388</b>	<b>-3.1</b>
<b>Free cash flow</b>	<b>476</b>	<b>514</b>	<b>938</b>	<b>1,875</b>	<b>1,862</b>	<b>0.7</b>
<b>Cash capex to operating revenue</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	

**SECTION I : GROUP**

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Operating cash flow for the third quarter fell 2.9% to S\$958 million due mainly to lower cash dividends from associates. Cash flow from core businesses, however, increased due to improved working capital.

Net cash inflow from investing activities for the quarter was S\$93 million. Major sales proceeds included S\$235 million for trading investments, S\$163 million for property, plant and equipment (mainly land and buildings) and S\$87 million for sale of a joint venture, BSI.

The capital spending on property, plant and equipment for the quarter amounted to S\$482 million, up 2.1% mainly attributable to Optus' continuing expenditure on the new mobile and fixed line networks, D series satellites and purchase of cable capacity. The cash capital expenditure on operating revenue ratio of 14% was stable compared to a year ago and was up 1 percentage point from a quarter ago.

Free cash flow, excluding the dividend received from associates, rose 13% or S\$52 million to S\$467 million.

Net cash outflow for financing activities in the quarter amounted to S\$250 million, comprising mainly repayment of borrowings and interest of S\$119 million and S\$145 million respectively. In the preceding quarter, a total of S\$3.61 billion was paid for capital reduction and final dividend in respect of FY05/06.

Ending cash balance increased by S\$799 million to S\$1.54 billion from a quarter ago.

Please refer to Sections II and III for more information on cash flows.

## **SINGTEL**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **FINANCIAL HIGHLIGHTS**

##### **FOR THE THIRD QUARTER ENDED 31 DECEMBER 2006**

- **Operating revenue was up 4.3% to S\$1.06 billion.**
- **Operational EBITDA margin at 42.7%.**
- **Pre-tax profit from associates up 18% to S\$506 million.**
- **EBITDA increased 6.9% to S\$1.04 billion.**
- **Underlying net profit increased 19% to S\$688 million.**

##### **FOR THE NINE MONTHS ENDED 31 DECEMBER 2006**

- **Operating revenue was stable at S\$3.11 billion.**
- **Operational EBITDA margin at 46.3%.**
- **Pre-tax profit from associates up 30% to S\$1.52 billion.**
- **EBITDA increased 13% to S\$3.21 billion.**
- **Underlying net profit increased 25% to S\$2.14 billion.**

**SECTION II : SINGTEL**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m	2006 S\$ m	2005 S\$ m		
<b>Operating revenue</b>	<b>1,063</b>	<b>1,020</b>	<b>4.3</b>	<b>3,105</b>	<b>3,071</b>	<b>1.1</b>
Operating expenses	(613)	(570)	7.4	(1,704)	(1,685)	1.1
<i>Operating expenses (ex-Cost of Sales)</i>	<i>(472)</i>	<i>(440)</i>	<b>7.3</b>	<i>(1,323)</i>	<i>(1,292)</i>	<b>2.4</b>
<b>Operational EBITDA</b>	<b>454</b>	<b>463</b>	<b>-1.9</b>	<b>1,437</b>	<b>1,422</b>	<b>1.0</b>
<b>Operational EBITDA margin</b>	<b>42.7%</b>	<b>45.4%</b>		<b>46.3%</b>	<b>46.3%</b>	
<b>Share of associates' pre-tax profit</b>	<b>506</b>	<b>430</b>	<b>17.7</b>	<b>1,522</b>	<b>1,172</b>	<b>29.8</b>
- ordinary operations	506	430	17.7	1,472	1,171	25.7
- Globe's extra quarter	-	-	-	46	-	nm
- exceptional items	-	-	-	4	1	250.0
<b>EBITDA</b>	<b>1,044</b>	<b>977</b>	<b>6.9</b>	<b>3,211</b>	<b>2,847</b>	<b>12.8</b>
<b>Exceptional items</b>	<b>144</b>	<b>107</b>	<b>34.9</b>	<b>204</b>	<b>142</b>	<b>43.4</b>
<b>Underlying net profit</b>	<b>688</b>	<b>577</b>	<b>19.2</b>	<b>2,142</b>	<b>1,711</b>	<b>25.2</b>
<b>Net profit</b>	<b>832</b>	<b>684</b>	<b>21.7</b>	<b>2,346</b>	<b>1,906</b>	<b>23.1</b>
<b>Free cash flow</b>	<b>342</b>	<b>347</b>	<b>-1.6</b>	<b>1,465</b>	<b>1,203</b>	<b>21.8</b>
<i>- ex-associates' dividend</i>	<i>334</i>	<i>249</i>	<b>33.8</b>	<i>936</i>	<i>729</i>	<b>28.4</b>

**Note:**

- (1) SingTel figures as stated under Section II are after elimination of inter-company transactions and cash flows within the Group except for transactions and cash flows with Optus. Material inter-company transactions, cash flows and balances between SingTel and Optus are eliminated in the Group's financials under Section I.



**SECTION II : SINGTEL****SINGTEL****SUMMARY INCOME STATEMENTS (UNAUDITED)**

For The Third Quarter And Nine Months Ended 31 December 2006

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Operating revenue</b>	<b>1,063</b>	<b>1,020</b>	<b>4.3</b>	<b>3,105</b>	<b>3,071</b>	<b>1.1</b>
Operating expenses	(613)	(570)	7.4	(1,704)	(1,685)	1.1
	450	449	0.3	1,401	1,387	1.1
Other income	4	14	-72.5	35	36	-0.6
<b>Operational EBITDA</b>	<b>454</b>	<b>463</b>	<b>-1.9</b>	<b>1,437</b>	<b>1,422</b>	<b>1.0</b>
<b>-EBITDA margin</b>	<b>42.7%</b>	<b>45.4%</b>		<b>46.3%</b>	<b>46.3%</b>	
Compensation from IDA	84	84	-	253	253	-
Share of results of associates						
- ordinary operations	506	430	17.7	1,472	1,171	25.7
- ordinary operations of Globe's Jun qtr	-	-	-	46	-	nm
- exceptional items	-	-	-	4	1	250.0
	506	430	17.7	1,522	1,172	29.8
<b>EBITDA</b>	<b>1,044</b>	<b>977</b>	<b>6.9</b>	<b>3,211</b>	<b>2,847</b>	<b>12.8</b>
Depreciation & amortisation	(124)	(159)	-21.8	(372)	(490)	-24.0
<b>EBIT</b>	<b>920</b>	<b>818</b>	<b>12.5</b>	<b>2,839</b>	<b>2,357</b>	<b>20.4</b>
Net finance expense						
- net interest expense	(52)	(64)	-19.3	(118)	(178)	-33.6
- other finance (expense)/ income	(12)	(17)	-29.8	(19)	46	nm
	(64)	(81)	-21.6	(137)	(132)	3.8
<b>Profit before EI</b>	<b>856</b>	<b>737</b>	<b>16.2</b>	<b>2,702</b>	<b>2,225</b>	<b>21.4</b>
Exceptional items ("EI")	144	107	34.9	204	142	43.4
<b>Profit before tax</b>	<b>1,000</b>	<b>844</b>	<b>18.6</b>	<b>2,906</b>	<b>2,367</b>	<b>22.7</b>
Tax expense	(168)	(160)	5.1	(560)	(463)	20.8
<b>Profit after tax</b>	<b>832</b>	<b>683</b>	<b>21.7</b>	<b>2,346</b>	<b>1,904</b>	<b>23.2</b>
Minority interests	*	*	nm	*	2	nm
<b>Net profit</b>	<b>832</b>	<b>684</b>	<b>21.7</b>	<b>2,346</b>	<b>1,906</b>	<b>23.1</b>
<b>Net profit</b>	<b>832</b>	<b>684</b>	<b>21.7</b>	<b>2,346</b>	<b>1,906</b>	<b>23.1</b>
<i>Exclude:</i>						
Exceptional items	(144)	(107)	34.9	(204)	(142)	43.4
Exchange difference on loan to Optus	-	-	-	-	(53)	nm
<b>Underlying net profit</b>	<b>688</b>	<b>577</b>	<b>19.2</b>	<b>2,142</b>	<b>1,711</b>	<b>25.2</b>

**SECTION II : SINGTEL**

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**REVIEW OF SINGTEL OPERATING PERFORMANCE****For The Third Quarter Ended 31 December 2006**

For the third quarter ended 31 December 2006, operating revenue grew 4.3% to S\$1.06 billion as a result of higher Mobile Communications and Data and Internet revenues. On a sequential quarter basis, operating revenue was still up at 1.5%, notwithstanding the lower business activities in the festive quarter.

Mobile Communications rose 8.8% from a year ago and was up 2.3% against the preceding quarter. Data and Internet revenue grew 6.9% year-on-year despite the cessation of C2C's capacity revenue from 1 January 2006. Compared to the preceding quarter, Data and Internet revenue grew 4.1%. Revenues from International Telephone and IT were up 1.8% and 7.0% respectively from a year ago.

Operating expenses rose 7.4% to S\$613 million, with Selling & Administration expense accounting for half of the increase in the quarter. Significant acquisition and retention costs were incurred to acquire and retain mobile subscribers in the consumer sector.

Consequently, operational EBITDA margin for the quarter fell to 42.7% compared to 45.4% a year ago, and 48.7% a quarter ago (or 47.1% if the one-off receipt from a Business Cooperation project was excluded).

Contributions from associates continued to drive earnings growth for SingTel. In the quarter, the associates contributed S\$506 million in pre-tax profit, representing an increase of 18% from a year ago, and accounted for 59% of SingTel's profit before exceptional items and tax, up slightly from 58% a year ago.

With the deconsolidation of C2C, depreciation and interest expenses fell by 22% and 23% respectively.

Net profit after tax was S\$832 million. Excluding the exceptional gain of S\$144 million arising mainly from capital gains on disposal of land and buildings, underlying net profit grew 19% to S\$688 million.

Free cash flow generated from core businesses in the quarter amounted to S\$334 million, up 34% from a year ago.

**For The Nine Months Ended 31 December 2006**

Operating revenue for the nine months ended 31 December 2006 was stable at S\$3.11 billion and operational EBITDA was stable at S\$1.44 billion. Operational EBITDA margin was 46.3%, unchanged from the same period last year.

The associates' pre-tax contribution grew strongly by 30% to S\$1.52 billion, accounting for 56% of profit before tax and exceptionals, up 3 percentage points from 53% recorded a year ago. In the June 2006 quarter, SingTel accounted for an additional quarter of Globe's results of S\$46 million in order to align Globe's accounting period to that of the Group's for consolidation purpose. Excluding this alignment, the share of pre-tax profit from associates would be S\$1.48 billion, representing an increase of 26% from a year ago.

**SECTION II : SINGTEL**

The exceptional gain of S\$204 million comprised mainly capital gains on disposal of land and buildings.

Underlying net profit rose 25% to S\$2.14 billion.

**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 30 September 2006 are as follows -

	Quarter		QOQ Chge %
	31 Dec	30 Sep	
	2006 S\$ m	2006 S\$ m	
<b>Operating revenue</b>	<b>1,063</b>	<b>1,047</b>	<b>1.5</b>
Operating expenses	(613)	(560)	9.4
<b>Operational EBITDA</b>	<b>454</b>	<b>510</b>	<b>-11.0</b>
<i>Operational EBITDA margin</i>	<i>42.7%</i>	<i>48.7%</i>	
<i>- excluding one-off receipt from a Business Cooperation project (see page 29)</i>	<i>42.7%</i>	<i>47.1%</i>	
<b>Share of pre-tax profit of associates</b>	<b>506</b>	<b>513</b>	<b>-1.5</b>
<b>Profit before exceptional items and tax</b>	<b>856</b>	<b>939</b>	<b>-8.8</b>
<b>Net profit</b>	<b>832</b>	<b>801</b>	<b>3.8</b>
<b>Underlying net profit</b>	<b>688</b>	<b>744</b>	<b>-7.5</b>
<b>Free cash flow</b>	<b>342</b>	<b>727</b>	<b>-53.0</b>
<i>- ex-associates' dividend</i>	<i>334</i>	<i>285</i>	<i>17.1</i>

**SECTION II : SINGTEL****OPERATING REVENUE**

SINGTEL	Quarter				YOY Chge %	Nine Months				YOY Chge %
	31 Dec					31 Dec				
	2006		2005			2006		2005		
	S\$ m	Mix %	S\$ m	Mix %		S\$ m	Mix %	S\$ m	Mix %	
Data and Internet	326	31	305	30	6.9	936	30	912	30	2.6
Mobile communications	236	22	216	21	8.8	687	22	636	21	7.9
IT and engineering	150	14	141	14	7.0	434	14	452	15	-4.0
International telephone	149	14	147	14	1.8	443	14	451	15	-1.8
National telephone	113	11	120	12	-6.0	343	11	369	12	-6.9
Sale of equipment	59	6	60	6	-3.0	169	6	159	5	6.6
Others <sup>(1)</sup>	30	3	30	3	**	94	3	93	3	1.2
<b>Total</b>	<b>1,063</b>	<b>100</b>	<b>1,020</b>	<b>100</b>	<b>4.3</b>	<b>3,105</b>	<b>100</b>	<b>3,071</b>	<b>100</b>	<b>1.1</b>

**Note:**

(1) Comprises revenue from paging services, maritime & land mobile revenue, lease of satellite transponders and miscellaneous income.

Excluding contribution from C2C's capacity sales in the last corresponding quarter, operating revenue grew 6.3% to S\$1.06 billion. The increases in Mobile Communications, Data and IT revenues were offset by the decline in other streams of revenue. International Telephone revenue was up marginally by 1.8%.

Data and Mobile Communications contributed 31% and 22% to total operating revenue respectively, up 1 percentage point each from a year ago. IT and International Telephone contributed 14% each to the Group's revenue, unchanged from a year ago.

**SECTION II : SINGTEL****Data and Internet**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Data services</b>						
Local leased circuits <sup>(1)</sup>	93	92	1.7	277	275	0.7
Managed services <sup>(2)</sup>	51	46	12.5	146	123	18.7
International leased circuits ("ILC")	43	41	4.4	130	130	-0.3
Others <sup>(3)</sup>	36	28	30.1	102	85	20.1
	<b>223</b>	<b>206</b>	<b>8.5</b>	<b>655</b>	<b>613</b>	<b>6.8</b>
<b>Internet related</b>						
Broadband	73	58	26.4	205	169	21.1
One-off adjustment for revenue	5	-	nm	5	-	nm
Broadband	78	58	35.1	210	169	24.0
SingTel Internet Exchange ("STiX") <sup>(4)</sup>	9	8	19.0	28	23	21.2
Narrowband and others	16	14	10.5	44	45	-2.2
	<b>103</b>	<b>80</b>	<b>29.1</b>	<b>281</b>	<b>237</b>	<b>18.8</b>
<b>Data and Internet related</b>	<b>326</b>	<b>286</b>	<b>14.2</b>	<b>936</b>	<b>850</b>	<b>10.1</b>
<b>Capacity sales revenue of C2C</b>	-	20	nm	-	63	nm
<b>Total</b>	<b>326</b>	<b>305</b>	<b>6.9</b>	<b>936</b>	<b>912</b>	<b>2.6</b>

Key Drivers - Internet related	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>Number of broadband lines (000s) <sup>(5)</sup></b>	405	391	336	405	336	20.7
<b>Singapore broadband penetration rate <sup>(6)</sup></b>	63%	59%	52%	63%	52%	
<b>Broadband market share <sup>(7)</sup></b>	53.2%	54.7%	53.3%	53.2%	53.3%	
<b>Number of paying Internet dial up customers (000s)</b>	60	65	84	60	84	-29.0

**Notes:**

(1) Include resale of overseas local leased circuits.

(2) Include ATM, MEG@POP, Global Corporate IP, Frame Relay, Facility Management and Managed Hosting Services.

(3) Include VSAT, DTE/ DCE, digital video broadcasting etc.

(4) Include inter-company sales to Optus of S\$3 million (Q3 2005: S\$2 million) and S\$8 million (YTD-Dec 2005: S\$6 million) for the third quarter and nine months ended 31 December 2006 respectively.

(5) SingTel's broadband service comprises all ADSL lines, including SingNet retail broadband lines but excluding leased lines and other broadband access.

(6) Total estimated ADSL and cable lines divided by total number of households (Source: IDA).

(7) Based on total SingTel ADSL lines divided by total ADSL and cable lines in the population. Market share information based on IDA's published statistics.

## SECTION II : SINGTEL

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Overall Data and Internet revenue for the quarter amounted to S\$326 million, registering increases of 6.9% from a year ago and 4.1% from a quarter ago. On a comparable basis, if C2C's capacity sales revenue is excluded, the revenue grew at a higher rate of 14% from a year ago.

Data revenue for the quarter amounted to S\$223 million, 8.5% higher compared to the same quarter last year but was stable against the preceding quarter.

Local leased circuit revenue, the largest component at 42% (Q3 2005: 44%) of Data services, was stable year-on-year as well as against the preceding quarter.

Managed services grew 13% and was the next largest component at 23% (Q3 2005: 22%) of Data services. The increase was attributable mainly to higher sales of Global Corporate IP services.

ILC revenue, the third largest component at 19% (Q3 2005: 20%) of Data services, grew by 4.4% year-on-year. While demand for bandwidth continued to be robust, with sales volume increasing by nearly 40% from a year ago, average prices continued to fall in the quarter. Against the preceding quarter, ILC revenue fell 5.5% due to lower prices.

Boosted by higher Broadband revenue, Internet revenue for the quarter grew 29% to S\$103 million. Against the preceding quarter, Internet revenue was up 12%.

In the quarter, Broadband revenue rose 35% year-on-year to S\$78 million, 14% higher than the preceding quarter. Excluding the one-off revenue adjustment of S\$5 million, Broadband revenue grew by 26% from a year ago and 7% from a quarter ago.

As at 31 December 2006, the number of broadband lines increased 4% or 14,000 lines to 405,000 lines from 391,000 lines a quarter ago. Compared to a year ago, the increase was 69,000 or 21%.

Despite intense market competition, SingTel retained its market leadership for broadband in Singapore. Market share in the broadband Internet market, however, fell to 53.2% as at 31 December 2006 from 54.7% a quarter ago.

In January 2007, SingTel was awarded a nationwide license from Media Development Authority of Singapore to provide commercial IPTV services. Consumers can look forward to more and newer forms of diverse programming content as more players enter the market to provide IPTV services to meet the different needs of both mass and niche audiences.

**SECTION II : SINGTEL****Mobile Communications**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Cellular service <sup>(1)</sup>	236	216	8.8	687	636	7.9

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>Number of Mobile subscribers (000s)</b>						
Prepaid	518	475	444	518	444	16.5
Postpaid	1,248	1,225	1,175	1,248	1,175	6.2
<b>Total</b>	<b>1,766</b>	<b>1,700</b>	<b>1,620</b>	<b>1,766</b>	<b>1,620</b>	<b>9.0</b>
<b>MOUs per subscriber per month <sup>(2)</sup></b>						
Prepaid	107	103	65	94	52	81.8
Postpaid	385	380	370	376	364	3.4
<b>Average revenue per subscriber per month <sup>(2)</sup> (S\$ per month)</b>						
Prepaid <sup>(3)</sup>	14	15	12	13	12	12.7
Postpaid <sup>(4)</sup>	73	72	71	72	71	1.4
<b>Blended</b>	<b>56</b>	<b>57</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0.9</b>
<b>Data services as % of ARPU <sup>(5)</sup></b>	<b>27%</b>	<b>26%</b>	<b>23%</b>	<b>26%</b>	<b>22%</b>	
<b>Acquisition cost per postpaid subscriber</b>	<b>310</b>	<b>215</b>	<b>214</b>	<b>255</b>	<b>193</b>	<b>32.1</b>
Postpaid external churn per month <sup>(6)</sup>	0.8%	0.9%	0.9%	0.8%	1.0%	
<b>Singapore mobile penetration rate <sup>(7)</sup></b>	<b>103%</b>	<b>102%</b>	<b>98%</b>	<b>103%</b>	<b>98%</b>	
<b>Singapore mobile subscribers (000s) <sup>(8)</sup></b>	<b>4,627</b>	<b>4,416</b>	<b>4,257</b>	<b>4,627</b>	<b>4,257</b>	<b>8.7</b>
<b>Market share</b>						
Prepaid	28.9%	29.5%	29.3%	28.9%	29.3%	
Postpaid	44.1%	43.7%	42.9%	44.1%	42.9%	
<b>Overall</b>	<b>38.2%</b>	<b>38.5%</b>	<b>38.4%</b>	<b>38.2%</b>	<b>38.0%</b>	

**Notes:**

- (1) Cellular service revenue excludes revenue earned from international calls classified under "International Telephone" revenue, consistent with prior periods. Bill rebates are charged against mobile communications revenue.
- (2) Based on average subscribers, calculated as the simple average of opening and closing subscribers.
- (3) Prepaid ARPU includes revenue earned from international telephone calls, and is computed net of sales discounts on prepaid cards.
- (4) Postpaid ARPU includes revenue earned from international telephone calls and is computed net of international outpayments for outbound roaming traffic.
- (5) Include revenue from SMS, \*SEND, MMS and other data services.
- (6) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect (both voluntary and the Company's initiated churn) as a percentage of the average subscribers.

**SECTION II : SINGTEL**

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(7) The penetration rate as at 30 September 2006 was based on previously published figures by IDA, not updated with subsequent changes in population base.

(8) Source: IDA.

Mobile communications revenue grew 8.8% on a year-on-year basis and was up 2.3% from a quarter ago.

The total number of mobile subscribers grew 66,000 in the quarter, with the prepaid subscriber base increasing by 43,000 and postpaid subscriber base up by 23,000. During the quarter, SingTel added two new destinations, India and Bangladesh to its prepaid mobile "Free IDD" offerings, as well as improved its "Hot \$100" promotion whereby subscribers pay S\$28 and get S\$100 of call value.

As at 31 December 2006, the number of 3G subscribers reached 367,000, representing a strong increase of more than six times from a year ago and 42% from a quarter ago. The strong growth in the current quarter was attributed mainly to the increased affordability of 3G handsets as aggressive handset subsidies were offered during the festive promotion period.

Postpaid ARPU increased by 1.4% from a quarter ago due to higher usage. However, prepaid ARPU declined 6.0% due to lower tariffs, resulting in blended ARPU declining to S\$56 from S\$57 a quarter ago.

Data services continued to grow steadily, reaching 27% of ARPU.

The postpaid churn remained low at 0.8% in the quarter. Acquisition cost per subscriber increased to S\$310, up from a quarter ago and the same quarter last year, due mainly to heavy subsidies for 3G handsets in order to drive market share amidst intensifying competition.

To date, SingTel has invested approximately S\$165 million on its 3G network rollout and S\$98 million on the licence fee.



**SECTION II : SINGTEL****IT and Engineering (“IT&E”) <sup>(1)</sup>**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m	2006 S\$ m	2005 S\$ m		
IT & Engineering	150	141	7.0	434	452	-4.0

**Note:**

(1) Generated mainly by NCS and its subsidiaries. Included billings to Optus of approximately S\$19 million (Q3 2005: S\$10 million) and S\$44 million (YTD Dec 2005: S\$36 million) for the third quarter and nine months ended 31 December 2006 respectively.

This quarter saw continued structural change in the Singapore IT services sector. The market has seen an aggregation in demand for IT services, particularly in the public sector. This has resulted in fewer but larger projects, causing revenue streams to become more volatile and “lumpy”.

Revenue from IT&E grew 7.0% to S\$150 million driven largely by increases in product resale and systems integration/application development revenues. Compared to the preceding quarter, revenue was up slightly by 1.8%.

In the quarter, NCS secured a number of major contracts with the Singapore Government. On the overseas front, NCS continued to win key contracts with the Hong Kong government, including various contracts for application development services worth approximately S\$4 million. Another notable win was an application turnkey project worth about S\$5 million in Maldives.

For the nine months ended 31 December 2006, IT&E revenue was largely stable year-on-year after excluding the impact of IPACS, a subsidiary in China which was closed in January 2006.

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

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m	2006 S\$ m	2005 S\$ m		
International (incl Malaysia) call revenue	120	113	6.5	356	351	1.3
Inpayments and net transit	29	34	-14.0	87	100	-12.4
<b>Total</b>	<b>149</b>	<b>147</b>	<b>1.8</b>	<b>443</b>	<b>451</b>	<b>-1.8</b>
Outpayments (see page 28)	(52)	(50)	5.4	(143)	(151)	-5.3
<b>Net</b>	<b>97</b>	<b>97</b>	<b>**</b>	<b>300</b>	<b>300</b>	<b>**</b>
<b>Margin %</b>	<b>65%</b>	<b>66%</b>		<b>68%</b>	<b>67%</b>	

Key drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
International telephone outgoing traffic (m mins)(excl Malaysia)	291	278	231	833	676	23.1
Average IDD call collection rate - net basis (S\$/ min) (excl Malaysia) <sup>(2)</sup>	0.356	0.370	0.422	0.371	0.446	-16.8

**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 stable in this quarter, with the increase in call revenue offset by the declines in inpayments and net transit revenue. International call revenue was up 6.5% year-on-year as a result of a 26% rise in international telephone outgoing traffic partially offset by a fall of 16% in call collection rates due mainly to change in product mix.

International Telephone revenue was stable compared to the preceding four quarters.

Year-on-year, margins fell slightly from 66% to 65%.

**SECTION II : SINGTEL****National Telephone**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Direct exchange lines ("DEL")						
- rental	46	47	-1.5	138	141	-2.1
- traffic	30	34	-12.5	90	103	-12.4
Others <sup>(1)</sup>	76	81	-6.1	228	244	-6.4
	41	43	-4.6	125	135	-7.0
Intercompany eliminations	117	124	-5.6	354	379	-6.6
	(4)	(3)	8.8	(11)	(10)	1.9
	<b>113</b>	<b>120</b>	<b>-6.0</b>	<b>343</b>	<b>369</b>	<b>-6.9</b>

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>DEL working lines (000s)</b>						
Residential	1,026	1,036	1,064	1,026	1,064	-3.5
Business	757	755	756	757	756	0.2
<b>Total</b>	<b>1,784</b>	<b>1,791</b>	<b>1,820</b>	<b>1,784</b>	<b>1,820</b>	<b>-2.0</b>
<b>Singapore DEL penetration rate <sup>(2)</sup></b>	<b>41%</b>	<b>42%</b>	<b>43%</b>	<b>41%</b>	<b>43%</b>	
<b>Singapore DEL working lines (000s) <sup>(3)</sup></b>	<b>1,851</b>	<b>1,847</b>	<b>1,848</b>	<b>1,851</b>	<b>1,848</b>	<b>0.2</b>
<b>DEL market share</b>	<b>96.4%</b>	<b>97.0%</b>	<b>98.5%</b>	<b>96.4%</b>	<b>98.5%</b>	

**Notes:**

- (1) Include revenue from enhanced telephone services, payphones, DEL interconnect and call management services such as 1900/1800 call services and Telepoll.
- (2) The penetration rate as at 30 September 2006 was based on previously published figures by IDA, not updated with subsequent changes in population base.
- (3) Source: IDA.

National Telephone revenue declined 6.0% to S\$113 million in the quarter, reflecting a decrease of 2.0% in the number of DEL lines and lower fixed line and payphone traffic due to increasing broadband usage, mobile substitution and competition.

On a sequential quarter, National Telephone revenue was stable.

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

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Selling & administrative	172	151	14.1	451	417	8.1
Staff costs	155	155	0.4	464	468	-0.9
Cost of sales	141	130	8.0	381	393	-2.9
Traffic expenses	124	112	10.8	347	336	3.1
Repairs & maintenance	24	30	-19.5	72	90	-20.1
Others <sup>(1)</sup>	(3)	(7)	-53.5	(12)	(20)	-39.3
<b>Total</b>	<b>613</b>	<b>570</b>	<b>7.4</b>	<b>1,704</b>	<b>1,685</b>	<b>1.1</b>

As a percentage of operating revenue	Quarter		Nine Months	
	31 Dec		31 Dec	
	2006	2005	2006	2005
Selling & administrative	16.2%	14.8%	14.5%	13.6%
Staff costs	14.5%	15.2%	15.0%	15.3%
Cost of sales	13.2%	12.8%	12.3%	12.8%
Traffic expenses	11.7%	11.0%	11.2%	11.0%
Repairs & maintenance	2.2%	2.9%	2.3%	2.9%
Others <sup>(1)</sup>	-0.3%	-0.7%	-0.4%	-0.7%
<b>Total</b>	<b>57.6%</b>	<b>55.9%</b>	<b>54.9%</b>	<b>54.9%</b>

**Note:**

(1) Included government grants and recoveries of costs.

Operating expenses increased 7.4% or S\$43 million year-on-year attributable mainly to higher Selling & Administrative expenses, which grew 14% to become the highest expense category for the quarter.

**SECTION II : SINGTEL****Selling & Administrative Expenses**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Selling & administrative	172	151	14.1	451	417	8.1

Selling & Administrative expenses increased 14% from a year ago and 17% from a quarter ago.

The higher expenses were attributable mainly to higher acquisition and re-contracting costs for mobile's subscribers, which included hefty handset subsidies particularly for 3G service. A record number of subscribers for mobile services was re-contracted in the current quarter following the expiry of their contracts with SingTel.

**Staff Costs**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Gross staff costs	147	149	-1.1	436	446	-2.4
Performance share cost <sup>(1)</sup>	10	5	102.0	25	19	28.0
Retrenchment costs	1	4	-80.6	13	10	28.8
Capitalisation of staff costs	158 (3)	157 (3)	0.4 **	474 (10)	476 (8)	-0.5 25.0
<b>Total, net</b>	<b>155</b>	<b>155</b>	<b>0.4</b>	<b>464</b>	<b>468</b>	<b>-0.9</b>

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>SingTel average number of staff</b>	9,408	9,456	9,985	9,485	10,027	-5.4
Revenue per staff (S\$'000) <sup>(2)</sup>	113	111	102	327	306	7.0
<b>As at end of period:</b>						
<b>Number of staff</b>						
IT (NCS group) <sup>(3)</sup>	3,184	3,158	2,891	3,184	2,891	10.1
Telco (SingTel and other subsi)	6,272	6,258	6,891	6,272	6,891	-9.0
<b>SingTel</b>	<b>9,456</b>	<b>9,416</b>	<b>9,782</b>	<b>9,456</b>	<b>9,782</b>	<b>-3.3</b>
<b>Optus</b>	9,826	10,029	10,143	9,826	10,143	-3.1
- excluding Alphawest and Virgin Mobile	9,042	9,245	9,734	9,042	9,734	-7.1
<b>Total Group</b>	<b>19,282</b>	<b>19,445</b>	<b>19,925</b>	<b>19,282</b>	<b>19,925</b>	<b>-3.2</b>

**SECTION II : SINGTEL****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) Based on average employee numbers.
- (3) IPACS headcount of 219 was excluded as at 31 December 2005 following SingTel's write off of this subsidiary. It is however included in the average headcount in the third quarter and nine months ended 31 December 2005.

SingTel's headcount was stable from a quarter ago. Compared to a year ago, headcount declined by 326 or 3.3%, with the lower headcount in the telco business partially offset by higher headcount in the IT business due to expansion overseas.

The decline in headcount was attributable mainly to staff retrenchments, which had resulted in S\$13 million (YTD-Dec 2005: S\$10 million) of ex-gratia payments in the nine months ended 31 December 2006.

Performance share cost amounted to S\$10 million, compared to S\$8 million in the preceding quarter. In the quarter, additional provision was made for share-based compensation expense for the cash-settled performance share grants.

**Traffic Expenses**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
International outpayments	52	50	5.4	143	151	-5.3
Leases <sup>(1)</sup>	59	50	18.1	165	148	11.7
Interconnect	13	13	3.1	39	38	3.2
	<b>124</b>	<b>112</b>	<b>10.8</b>	<b>347</b>	<b>336</b>	<b>3.1</b>

**Note:**

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

See page 24 for an analysis of outpayments relative to inpayments.

International outpayments rose 5.4% as the reduction in average outpayment rates was not sufficient to offset the significant increase in outpayment traffic. Compared to a quarter ago, outpayments were up 14% due to higher traffic volume and average outpayment rates.

Year-on-year, lease expenses rose 18%. The increase was in line with the higher bandwidth sold and the increased sales of end-to-end corporate data services, which had resulted in higher demand for leases of overseas local loops and overseas half-end circuits in countries where SingTel does not have direct connectivity.

**SECTION II : SINGTEL****OTHER INCOME STATEMENT ITEMS****Other Income**

SINGTEL	Quarter		YOY Chge %	Nine months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Other income	4	14	-72.5	35	36	-0.6

Other income comprises mainly rental income from properties, foreign exchange differences for trade related balances, routine gain or loss on disposal of property, plant and equipment and miscellaneous receipts. It fell to S\$4 million in the quarter as foreign exchange losses were recorded on trade balances, compared to foreign exchange gains in the same quarter last year.

In the preceding quarter ended 30 September 2006, the income included a one-off receipt of S\$17 million arising from a Business Cooperation project in Vietnam which had been terminated in 1998. This debt has been fully provided for in prior years.

**Depreciation And Amortisation**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Depreciation of property, plant and equipment						
- SingTel and subsidiary companies	(123)	(126)	-2.5	(367)	(388)	-5.5
- C2C	-	(32)	nm	-	(97)	nm
Amortisation	(123)	(158)	-22.1	(367)	(486)	-24.5
	(2)	(1)	14.3	(5)	(4)	22.7
	<b>(124)</b>	<b>(159)</b>	<b>-21.8</b>	<b>(372)</b>	<b>(490)</b>	<b>-24.0</b>
<b>Depreciation as a percentage of operating revenue</b>	<b>12%</b>	<b>15%</b>		<b>12%</b>	<b>16%</b>	

Depreciation fell 22% or S\$35 million mainly attributable to the deconsolidation of C2C in the March 2006 quarter. With lower depreciation and higher operating revenue, depreciation as a percentage of operating revenue fell 3 percentage points to 12%.

**SECTION II : SINGTEL****Net Finance Expense**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Net interest expense</b>						
Interest income from third parties	14	20	-31.3	74	58	28.7
Interest expense to third parties	(63)	(85)	-25.5	(188)	(244)	-23.0
	<b>(50)</b>	<b>(65)</b>	<b>-23.7</b>	<b>(114)</b>	<b>(187)</b>	<b>-39.1</b>
Interest income from Optus	-	1	nm	-	9	nm
Interest expense to Optus	(2)	-	nm	(4)	-	nm
	<b>(2)</b>	<b>1</b>	<b>nm</b>	<b>(4)</b>	<b>9</b>	<b>nm</b>
	<b>(52)</b>	<b>(64)</b>	<b>-19.3</b>	<b>(118)</b>	<b>(178)</b>	<b>-33.6</b>
<b>Other finance (expense)/ income</b>						
FRS 39 fair value adjustments <sup>(1)</sup>	*	(3)	nm	*	(2)	nm
Investment gain <sup>(2)</sup>	1	1	14.3	5	3	41.2
Foreign exchange (loss)/ gain (net) (non-trade balances)	(13)	(15)	-15.1	(24)	44	nm
	<b>(12)</b>	<b>(17)</b>	<b>-29.8</b>	<b>(19)</b>	<b>46</b>	<b>nm</b>

**Notes:**

- (1) Adjustment arose from the revaluation of trading investments at fair values at balance sheet date under FRS 39, **Financial Instruments: Recognition and Measurement**.
- (2) Comprise mainly dividend income and realised gains or losses on disposals of investments held for resale.

Interest income earned from third parties during the quarter fell by 31% due to lower cash balance following the payments of final dividend and capital reduction in September 2006.

Interest expenses were down 26% in spite of the increase in interest rates. This was due mainly to lower borrowings following the deconsolidation of C2C's borrowings from January 2006.

The foreign exchange losses arose mainly from the depreciation in the currencies of certain monetary foreign financial assets. The exchange differences recorded for the corresponding nine months ended 31 December 2005 included exchange gains on the inter-company loans to Optus, net of hedging, amounting to S\$53 million.



**SECTION II : SINGTEL****Exceptional Items <sup>(1)</sup>**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Exceptional gains on disposal of land and buildings	144	-	nm	209	-	nm
Gain on disposal of SingPost shares	-	90	nm	-	90	nm
Dilution gain on Bharti	-	25	nm	3	60	-95.0
Dilution gains on SingPost, AIS and Globe	*	*	nm	2	1	28.6
Provision for impairment of PT Bukaka	-	-	-	(11)	-	nm
Write off of IPACS, a subsidiary	-	(8)	nm	-	(8)	nm
Others	*	-	nm	1	-	nm
<b>Total</b>	<b>144</b>	<b>107</b>	<b>34.9</b>	<b>204</b>	<b>142</b>	<b>43.4</b>

**Note:**

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

In the current quarter, a capital gain of S\$144 million was recorded on the disposal of land and building in the Central Business District (known as "Crosby House"). Together with the gains on the sale of land and buildings at West Coast and Hillcrest recorded in the September 2006 quarter, the total capital gain of S\$209 million has been recognised as an exceptional item this period.

**SECTION II : SINGTEL****Tax expense**

SINGTEL	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Taxation						
Withholding taxes on dividend income from associates <sup>(1)</sup>						
- Telkomsel	-	9	nm	35	29	21.6
- Globe	-	-	-	8	5	55.8
- AIS	-	-	-	7	7	4.3
- BSI	-	1	nm	*	2	nm
	-	10	nm	50	43	17.0
Current and deferred taxes <b>(a)</b>	64	60	5.8	207	182	13.6
Tax benefit of inter-company interest expense	(33)	(29)	10.9	(105)	(89)	18.3
	<b>31</b>	<b>41</b>	<b>-23.3</b>	<b>152</b>	<b>136</b>	<b>11.7</b>
Share of taxes of associates						
Ordinary results <b>(b)</b>	137	119	14.7	408	308	32.4
Reversal of Bharti deferred tax benefit	-	-	-	-	19	nm
	<b>137</b>	<b>119</b>	<b>14.7</b>	<b>408</b>	<b>327</b>	<b>24.7</b>
<b>Total</b>	<b>168</b>	<b>160</b>	<b>5.1</b>	<b>560</b>	<b>463</b>	<b>20.8</b>
<b>Effective tax rates based on :</b>						
<b>SingTel reported profits before tax (ex-Optus)</b>				<b>19.3%</b>	<b>19.6%</b>	
<b>SingTel profits (ex-Optus and associates)</b>						
Profit before tax				<b>2,906</b>	<b>2,367</b>	
Exclude :						
Compensation from IDA				(253)	(253)	
Share of associates' profits				(1,522)	(1,172)	
Exceptional items				(204)	(142)	
Foreign exchange loss/(gain) (non-trade)				24	(44)	
C2C losses which have no tax benefit/credit				-	121	
Adjusted pre-tax profits <b>(c)</b>				<b>951</b>	<b>877</b>	
Effective tax rate <b>(a)/(c)</b>				<b>21.7%</b>	<b>20.7%</b>	
Applicable statutory tax rate in period				<b>20.0%</b>	<b>20.0%</b>	
<b>Share of associates' profits</b>						
Share of ordinary results <b>(d)</b>				1,518	1,171	
Effective tax rate <b>(b)/(d)</b>				<b>26.8%</b>	<b>26.3%</b>	

**Note:**

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

**SECTION II : SINGTEL**

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In this quarter, a deferred tax asset of S\$33 million (3Q 2005: S\$29 million) was recognised on the current quarter's interest expense provided by Singapore Telecom Australia Investments Pty Limited (the investment holding company of Optus) on its loan from SingTel.

The inter-company interest income/expenses and loans are eliminated at Group.

## SECTION II : SINGTEL

## SINGTEL CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2006	2005	2006	2006	2005	
	S\$ m	S\$ m	S\$ m	S\$ m	S\$ m	
<b>Net cash inflow from operating activities</b>						
<b>Profit before tax</b>	1,000	844	996	2,906	2,367	22.7
Non-cash items	(536)	(375)	(475)	(1,439)	(934)	54.0
<b>Operating cash flow before working capital changes</b>	465	469	521	1,467	1,433	2.3
<b>Changes in operating assets and liabilities</b>	82	5	(42)	(66)	(137)	-51.5
	<b>547</b>	<b>473</b>	<b>479</b>	<b>1,400</b>	<b>1,296</b>	<b>8.0</b>
Cash paid to employees under performance share plans	*	-	*	(6)	-	nm
Tax paid on operating activities	(155)	(137)	(116)	(276)	(288)	-4.4
<b>Operating cash flow before dividends from asso</b>	<b>391</b>	<b>336</b>	<b>363</b>	<b>1,119</b>	<b>1,008</b>	11.0
Dividends received from associates	8	108	492	587	523	12.2
Withholding tax paid on dividends received	*	(10)	(50)	(58)	(49)	16.6
	<b>400</b>	<b>434</b>	<b>805</b>	<b>1,649</b>	<b>1,482</b>	<b>11.2</b>
<b>Net cash inflow/ (outflow) from investing activities</b>						
Payment for purchases of property, plant and equipment	(58)	(87)	(78)	(184)	(280)	-34.3
Repayment of loans by Optus	-	-	-	-	163	nm
Repayment of asso' loans/ (Investment in asso)	75	56	-	75	(552)	nm
Net sale/ (purchase) of trading investments	235	5	159	420	(50)	nm
Proceeds from disposal of property, plant and equipment	163	10	136	301	68	344.7
Proceeds from disposal of associates	87	105	-	87	105	-17.6
Others (dividends and interest received etc)	12	8	34	87	56	55.0
	<b>514</b>	<b>97</b>	<b>250</b>	<b>786</b>	<b>(489)</b>	<b>nm</b>
<b>Net cash outflow for financing activities</b>						
Payment for share capital reduction	-	-	(2,272)	(2,272)	-	nm
Final dividends paid to shareholders	-	-	(1,336)	(1,336)	(1,734)	-22.9
Net (decrease)/ increase in debt	(111)	-	213	102	(2)	nm
Settlement of swap upon bond redemption	-	-	(88)	(88)	-	nm
Net interest paid on borrowings and swaps	(94)	(85)	(32)	(217)	(201)	7.9
Proceeds from issue of shares from share options	16	8	15	38	87	-56.3
Purchase of performance shares	(4)	(5)	(14)	(32)	(17)	87.3
	<b>(192)</b>	<b>(83)</b>	<b>(3,514)</b>	<b>(3,806)</b>	<b>(1,867)</b>	<b>103.8</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>721</b>	<b>448</b>	<b>(2,459)</b>	<b>(1,371)</b>	<b>(874)</b>	<b>56.9</b>
<b>Cash and cash equivalents at beginning</b>	<b>539</b>	<b>1,801</b>	<b>2,997</b>	<b>2,631</b>	<b>3,123</b>	<b>-15.8</b>
<b>Exchange effects on cash and cash equivalents</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>nm</b>
<b>Cash and cash equivalents at end</b>	<b>1,250</b>	<b>2,249</b>	<b>539</b>	<b>1,250</b>	<b>2,249</b>	<b>-44.4</b>
<b>Free cash flow</b>	<b>342</b>	<b>347</b>	<b>727</b>	<b>1,465</b>	<b>1,203</b>	<b>21.8</b>
<b>Free cash flow (ex-associates' dividend)</b>	<b>334</b>	<b>249</b>	<b>285</b>	<b>936</b>	<b>729</b>	<b>28.4</b>
<b>Cash capex to operating revenue</b>	<b>5.4%</b>	<b>8.5%</b>	<b>7.4%</b>	<b>5.9%</b>	<b>9.1%</b>	

For the third quarter ended 31 December 2006, operating cash flow for SingTel (before dividend from associates) rose 17% to S\$391 million due mainly to the improvement in working capital. Dividend received from associates was S\$8 million, much lower than the preceding quarter and the same quarter last year, mainly attributable to changes in timing of dividend receipts.

**SECTION II : SINGTEL**

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Net cash inflow from investing activities amounted to S\$514 million, comprising mainly S\$235 million from the sale of trading investments, S\$163 million on the disposal of property, plant and equipment (mainly land and buildings in the Central Business District) and S\$87 million from the disposal of BSI, a joint venture. Shareholders' loans of S\$75 million, mainly from Southern Cross, were repaid.

Cash capital expenditure for the quarter amounted to S\$58 million, down 33% from the same quarter last year due mainly to lower capital spending in submarine cable systems.

Free cash flow for the current quarter was stable at S\$342 million. Excluding dividend from associates, free cash flow was S\$334 million, up 17% from a quarter ago and 34% from a year ago.

Net cash outflow for financing activities amounted to S\$192 million, comprising mainly the repayment of short term borrowings –made up largely of bank loans- of S\$111 million.

With a net increase in cash, the ending cash balance as at 31 December 2006 rose to S\$1.25 billion, up from S\$539 million a quarter ago.

**SINGTEL OPTUS PTY LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS****FINANCIAL HIGHLIGHTS****FOR THE THIRD QUARTER ENDED 31 DECEMBER 2006**

- **Operating revenue up 3.1%.**
- **Operational EBITDA down 3.9%.**
- **Operational EBITDA margin at 26.0% -- down 1.9 percentage points.**
- **Net profit of A\$135 million -- down 15%.**
- **Free cash flow of A\$112 million -- down 17%.**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2006**

- **Operating revenue up 4.7%.**
- **Operational EBITDA down 4.7%.**
- **Operational EBITDA margin at 26.0% -- down 2.6 percentage points.**
- **Underlying net profit of A\$373 million -- down 18% (excluding the impact of exceptional items).**
- **Net profit of A\$649 million -- up 43% (including net exceptional gain on intra-group divestments).**
- **Free cash flow of A\$342 million -- down 34% .**

## SECTION III : OPTUS

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Operating revenue	1,925	1,867	3.1	5,624	5,371	4.7
- excluding Alphawest and Virgin Mobile	1,856	1,836	1.1	5,425	5,340	1.6
Operational EBITDA	501	521	-3.9	1,464	1,536	-4.7
Operational EBITDA margin	26.0%	27.9%		26.0%	28.6%	
- excluding Alphawest and Virgin Mobile	27.0%	28.4%		27.1%	28.7%	
EBIT	229	258	-11.2	616	756	-18.4
Underlying net profit	135	158	-14.9	373	454	-17.7
Net profit	135	158	-14.9	649	454	43.0
Free cash flow	112	135	-17.3	342	522	-34.4

**SECTION III : OPTUS****OPTUS SUMMARY INCOME STATEMENTS – Singapore GAAP  
For The Third Quarter And Nine Months Ended 31 December 2006**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
<b>Operating revenue</b>	<b>1,925</b>	<b>1,867</b>	<b>3.1</b>	<b>5,624</b>	<b>5,371</b>	<b>4.7</b>
Operating expenses	(1,437)	(1,354)	6.1	(4,203)	(3,854)	9.0
	488	513	-4.8	1,421	1,517	-6.3
Other income	13	8	58.2	43	19	122.4
<b>Operational EBITDA</b> <i>- EBITDA margin</i>	<b>501</b> <b>26.0%</b>	<b>521</b> <b>27.9%</b>	<b>-3.9</b>	<b>1,464</b> <b>26.0%</b>	<b>1,536</b> <b>28.6%</b>	<b>-4.7</b>
<b>Share of results of joint ventures</b>						
- ordinary operations	*	2	nm	(6)	6	nm
- exceptional items	-	-	-	13	-	nm
	*	2	nm	7	6	20.7
<b>EBITDA</b>	<b>501</b>	<b>523</b>	<b>-4.2</b>	<b>1,471</b>	<b>1,542</b>	<b>-4.6</b>
Depreciation & amortisation	(272)	(265)	2.6	(855)	(786)	8.7
<b>EBIT</b>	<b>229</b>	<b>258</b>	<b>-11.2</b>	<b>616</b>	<b>756</b>	<b>-18.4</b>
Net finance expense	(37)	(33)	12.7	(96)	(109)	-11.8
<b>Profit before exceptional items</b>	<b>192</b>	<b>225</b>	<b>-14.8</b>	<b>520</b>	<b>647</b>	<b>-19.5</b>
Exceptional items	-	-	-	276	-	nm
<b>Profit before tax</b>	<b>192</b>	<b>225</b>	<b>-14.8</b>	<b>796</b>	<b>647</b>	<b>23.1</b>
Tax expense	(57)	(67)	-14.3	(147)	(193)	-23.7
<b>Net profit after tax</b>	<b>135</b>	<b>158</b>	<b>-14.9</b>	<b>649</b>	<b>454</b>	<b>43.0</b>
<b>Net profit</b>	<b>135</b>	<b>158</b>	<b>-14.9</b>	<b>649</b>	<b>454</b>	<b>43.0</b>
<i>Exclude:</i>						
Exceptional items	-	-	-	(276)	-	nm
<b>Underlying net profit</b>	<b>135</b>	<b>158</b>	<b>-14.9</b>	<b>373</b>	<b>454</b>	<b>-17.7</b>

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



## **SECTION III : OPTUS**

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### **REVIEW OF OPTUS OPERATING PERFORMANCE For The Third Quarter Ended 31 December 2006**

Operating revenue grew 3.1% in the third quarter, including contributions from Alphawest and Virgin Mobile of A\$69 million.

Excluding the impact of acquisitions, Optus' operating revenue grew 1.1%, as Optus showed its resilience in an intensely competitive environment. This growth was achieved notwithstanding the increased penetration of capped mobile pricing plans; a continuing decline in fixed telephony usage across the market; and the ACCC mandating ongoing reductions in mobile termination rates, from 18 cents to 15 cents per minute effective 1 January 2006. The mobile termination rates were further reduced to 12 cents from 1 January 2007.

As previously indicated, the negative impact on Optus' revenue growth increased in the second and the third quarters of this financial year, because the effective rate reduction faced by Optus was greater than the reduction mandated by ACCC. The reason was that in the corresponding quarters of the previous year, Optus had commercially negotiated rates which were higher than those set by the ACCC.

Optus remains committed to its strategy of maintaining market share, managing costs and investing for growth. In the quarter, Optus Mobile successfully defended its market position and delivered a strong result, adding 76,000 new subscribers and stabilising its EBITDA margins for the second consecutive quarter.

Optus continued to expand its 3G network and customer base, offering improved data speeds, better content and innovative applications, such as MyZooNow and Google search.

Optus continued its focus on the expansion of broadband customer base and on the migration of resale customers to the ULL network and from dial-up to broadband. The number of broadband subscribers was up by 52,000 this quarter to 728,000.

For the quarter, operational EBITDA decreased by 3.9%, mainly due to the lower consumer fixed line earnings. Operational EBITDA margin was lower at 26.0%, impacted by acquisitions and the decline in fixed line margins. Optus Mobile and Business and Wholesale Fixed divisions reported stable margins.

Net profit for the quarter fell 15% to A\$135 million.

Free cash flow amounted to A\$112 million, down 17% due primarily to higher cash capital expenditure.

### **For The Nine Months Ended 31 December 2006**

For the nine months under review, Optus recorded a 4.7% increase in operating revenue to A\$5.62 billion.

Operational EBITDA declined 4.7% to A\$1.46 billion with operational EBITDA margin at 26.0%.

Underlying net profit after tax fell 18% to A\$373 million.

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

Results for the current quarter compared to the preceding quarter ended 30 September 2006 were as follows -

	Quarter		QOQ Chge %
	31 Dec	30 Sept	
	2006 A\$ m	2006 A\$ m	
<b>Operating revenue</b>	<b>1,925</b>	<b>1,865</b>	<b>3.2</b>
Operating expenses	(1,437)	(1,396)	2.9
<b>Operational EBITDA</b>	<b>501</b>	<b>485</b>	<b>3.3</b>
<b>Operational EBITDA margin</b>	<b>26.0%</b>	<b>26.0%</b>	
<i>Mobile</i>	37%	36%	
<i>Optus Business &amp; Wholesale Fixed</i>	19%	18%	
<i>Consumer &amp; SMB Fixed</i>	5%	7%	
<b>Profit before exceptional items and tax</b>	<b>192</b>	<b>177</b>	<b>8.7</b>
<b>Underlying net profit</b>	<b>135</b>	<b>130</b>	<b>3.6</b>
<b>Free cash flow</b>	<b>112</b>	<b>176</b>	<b>-36.5</b>

Revenue and operational EBITDA improved compared to the preceding quarter mainly due to seasonal trends. The lower free cash flow was due to significantly higher cash capital expenditure in the quarter.

Overall, operational EBITDA margin remained stable, with the improvement in Mobile and Business and Wholesale Fixed margins offsetting the weaknesses in Consumer and SMB Fixed telephony.

Optus' ongoing focus on cost management initiatives has further contributed towards achieving stable EBITDA margins for three consecutive quarters.

**SECTION III : OPTUS****DIVISIONAL TOTALS**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
<b>Operating revenue by division:</b>						
Mobile	1,098	1,065	3.0	3,155	3,026	4.3
Optus Business Fixed	284	253	12.2	853	714	19.4
Optus Wholesale Fixed	153	151	1.3	448	462	-3.0
Consumer and SMB Fixed	400	412	-2.9	1,197	1,210	-1.1
Less inter-divisional revenue <sup>(1)</sup>	(10)	(14)	-34.5	(29)	(41)	-29.0
<b>Total</b>	<b>1,925</b>	<b>1,867</b>	<b>3.1</b>	<b>5,624</b>	<b>5,371</b>	<b>4.7</b>
<b>Operational EBITDA by division:</b>						
Mobile	401	399	0.5	1,135	1,149	-1.2
Optus Business & Wholesale Fixed	81	75	7.9	245	243	0.8
Consumer and SMB Fixed	19	47	-58.9	84	144	-41.7
<b>Total</b>	<b>501</b>	<b>521</b>	<b>-3.9</b>	<b>1,464</b>	<b>1,536</b>	<b>-4.7</b>
<b>Operational EBITDA margins by division:</b>						
Mobile	37%	37%		36%	38%	
Optus Business & Wholesale Fixed	19%	19%		19%	21%	
Consumer and SMB Fixed	5%	12%		7%	12%	
<b>Total</b>	<b>26.0%</b>	<b>27.9%</b>		<b>26.0%</b>	<b>28.6%</b>	

**Note:**

(1) Inter-divisional revenue represents mobile termination revenue for fixed to mobile calls originating with Consumer and SMB Fixed, and Optus Business Fixed and preselected customers.

In the quarter, the Mobile division contributed 57% to total revenue, consistent with the corresponding quarter. Its contribution to operational EBITDA increased to 80% from 77% a year ago.

## SECTION III : OPTUS

## OPTUS MOBILE DIVISION

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
<b>Mobile communications revenue</b> <sup>(1)</sup>						
Outgoing service revenue	718	665	7.9	2,079	1,952	6.5
Incoming service revenue	231	251	-7.9	659	671	-1.7
Service revenue	949	916	3.6	2,738	2,623	4.4
Equipment	149	149	-0.3	417	403	3.4
	<b>1,098</b>	<b>1,065</b>	<b>3.0</b>	<b>3,155</b>	<b>3,026</b>	<b>4.3</b>
<b>Operational EBITDA</b> <sup>(2)</sup>	<b>401</b>	<b>399</b>	<b>0.5</b>	<b>1,135</b>	<b>1,149</b>	<b>-1.2</b>
- <i>EBITDA margin</i>	<b>37%</b>	<b>37%</b>		<b>36%</b>	<b>38%</b>	

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sept	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>Number of mobile subscribers (000s)</b>						
Prepaid	3,738	3,675	3,427	3,738	3,427	9.0
Postpaid	2,939	2,926	2,870	2,939	2,870	2.4
<b>Total</b>	<b>6,677</b>	<b>6,601</b>	<b>6,297</b>	<b>6,677</b>	<b>6,297</b>	<b>6.0</b>
<b>Mobile penetration rate</b> <sup>(3)</sup>	<b>97%</b>	<b>96%</b>	<b>95%</b>	<b>97%</b>	<b>95%</b>	
<b>MOUs per subscriber per month</b> <sup>(4)</sup>						
Prepaid	69	64	63	64	60	7.7
Postpaid	166	165	162	164	156	5.0
<b>ARPU per month (A\$)</b> <sup>(4)</sup>						
Prepaid	25	23	24	24	22	9.6
Postpaid	76	75	77	74	75	-1.5
<b>Blended</b>	<b>48</b>	<b>46</b>	<b>48</b>	<b>46</b>	<b>47</b>	<b>-1.1</b>
<b>Data revenue as a percentage of service revenue</b>	<b>24%</b>	<b>23%</b>	<b>18%</b>	<b>23%</b>	<b>17%</b>	
<b>Market (000s)</b> <sup>(5)</sup>	<b>20,078</b>	<b>19,809</b>	<b>19,418</b>	<b>20,078</b>	<b>19,418</b>	<b>3.4</b>
<b>Market share - total</b> <sup>(5)</sup>	<b>33.3%</b>	<b>33.3%</b>	<b>32.4%</b>	<b>33.3%</b>	<b>32.4%</b>	
<b>Retail postpaid churn rate per month</b> <sup>(6)</sup>	<b>1.3%</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.4%</b>	
<b>% users through wholesale</b> <sup>(7)</sup>	<b>5%</b>	<b>6%</b>	<b>18%</b>	<b>5%</b>	<b>18%</b>	
<b>Acquisition cost per subscriber</b>	<b>A\$131</b>	<b>A\$146</b>	<b>A\$120</b>	<b>A\$140</b>	<b>A\$133</b>	

**Notes:**

- (1) Includes international outgoing and international incoming revenue.
- (2) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
- (3) Penetration is measured as total mobile market, as estimated by Optus, divided by Australia's total population.
- (4) Based on average customers, calculated as the simple average of opening and closing customers. MOU includes outgoing minutes only. ARPU excludes equipment revenue.
- (5) Market size and market share figures are Optus estimates taking into account other carriers' disclosures and adjustments.

### SECTION III : OPTUS

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- (6) Churn excluded customers transferring from postpaid to prepaid.
- (7) As previously reported, Optus consolidated Virgin Mobile as a wholly owned subsidiary with effect from January 2006. Prior to acquisition, Optus had been accounting for a substantial proportion of Virgin Mobile service revenue through the wholesale arrangement.

Optus Mobile revenue grew by 3.0% to A\$1.10 billion. Excluding the impact of Virgin Mobile, which was consolidated from January 2006, Mobile revenue grew 1.5%, primarily driven by higher outgoing service revenue. Virgin Mobile added A\$17 million to Optus Mobile revenue in the quarter.

Although negatively impacted by caps, outgoing service revenue grew by 7.9% in the current quarter as a result of the continuing prepaid growth, solid SMS traffic and the inclusion of Virgin Mobile's results.

Incoming service revenue decreased by 7.9% as a result of the lower termination rates as mandated by ACCC. Average inbound mobile termination rates fell 21% from a year ago, reflecting the reduction in mandated termination rates to 15 cents and higher commercially negotiated rates last year which have expired. Subscriber growth, strong voice and SMS terminating traffic partially mitigated the sharp decline in mobile termination rates.

Overall, Mobile ARPU remained largely consistent with the same quarter last year and increased compared to the preceding September quarter due to seasonal trends.

Equipment revenue was flat, with higher volumes offset by lower handset prices due to a greater proportion of prepaid customers.

Despite lower termination rates, operational EBITDA and EBITDA margin were stable with the positive trends of higher usage, increase in prepaid revenues and slowing revenue erosion from mobile caps in postpaid. Operational EBITDA grew, and operational EBITDA margin showed slight improvement, from the preceding quarters, reflecting seasonality and lower subscriber acquisition costs.

In the quarter, Optus Mobile delivered on its three key strategies to drive growth.

Firstly, Optus leveraged its scale in the consumer segment. In the third quarter, Optus successfully defended its market position with stable market share, strong prepaid revenue growth as well as an increase in postpaid customers. The total number of mobile subscribers in the third quarter increased by 76,000, and subscriber base grew 6.0% compared to a year ago.

Secondly, Optus continued to stimulate SMS and other data revenue, which increased to 24% of ARPU from 23% in the preceding quarter. As at 31 December 2006, 276,000 subscribers were provisioned with 3G services.

Thirdly, Optus grew its market share in the business mobile market, with business mobile subscribers increasing by 11% compared to a year ago.

Acquisition costs of A\$131 per subscriber were 9.2% higher than a year ago, but substantially lower than the preceding quarter, mainly due to seasonal shift in customer mix towards prepaid.

## SECTION III : OPTUS

Capped plans are offered by Optus to its retail customers in the small business and consumer segments. In this quarter, around 29%<sup>1</sup> of total new and recontracted customers chose capped plans, lower than 32% in the preceding quarter. Approximately 25% of the total Optus postpaid mobile base were under capped plans, up from 24% a quarter ago and 14% a year ago.

On 30 January 2007, Optus announced plans to expand its new third generation mobile communications network across a wide national footprint. The new network will reach 96 per cent of the population, replicating the coverage of Optus' existing national 2G mobile network. It will also improve competition in 3G services in rural and regional Australia and nationally. The network build programme will be carried out over three years and funded out of Optus' existing capital expenditure plans.

### OPTUS BUSINESS & WHOLESALE FIXED DIVISIONS

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
<b>Business revenue</b>						
Voice	105	95	10.5	318	291	9.3
Data and IP	108	98	10.4	306	288	6.2
ICT and Managed Services	71	60	17.4	229	135	69.5
<b>Total Business fixed revenue</b>	<b>284</b>	<b>253</b>	<b>12.2</b>	<b>853</b>	<b>714</b>	<b>19.4</b>
<i>- excluding Alphawest</i>	<i>232</i>	<i>222</i>	<i>4.4</i>	<i>700</i>	<i>683</i>	<i>2.5</i>
<b>Wholesale revenue</b>						
Voice	41	53	-22.2	129	180	-28.2
Data and IP	54	40	35.4	142	111	27.7
Satellite	58	58	-	176	169	4.3
Other	*	*	nm	1	2	nm
<b>Total Wholesale fixed revenue</b>	<b>153</b>	<b>151</b>	<b>1.3</b>	<b>448</b>	<b>462</b>	<b>-3.0</b>
<b>Total revenue</b>	<b>437</b>	<b>404</b>	<b>8.1</b>	<b>1,301</b>	<b>1,176</b>	<b>10.6</b>
<i>- excluding Alphawest</i>	<i>385</i>	<i>373</i>	<i>3.2</i>	<i>1,148</i>	<i>1,145</i>	<i>0.3</i>
<b>Operational EBITDA <sup>(1)</sup></b>	<b>81</b>	<b>75</b>	<b>7.9</b>	<b>245</b>	<b>243</b>	<b>0.8</b>
<i>- EBITDA margin</i>	<i>19%</i>	<i>19%</i>		<i>19%</i>	<i>21%</i>	
<i>- EBITDA margin excluding Alphawest</i>	<i>21%</i>	<i>20%</i>		<i>22%</i>	<i>21%</i>	

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sept	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
Business voice minutes (m min)	1,334	1,442	1,221	4,152	3,712	11.9
Wholesale domestic voice minutes (m min)	319	323	386	990	1,182	-16.2
<b>As at end of period:</b>						
Buildings connected <sup>(2)</sup>	15,665	15,411	14,932	15,665	14,932	4.9

<sup>1</sup> These cap penetration metrics exclude customers on Optus' capped plans offered through Optus wholesale service providers. Including these customers, the percentage of total Optus postpaid customers on capped plans as of 31 December 2006 was 27% (Q2 2006: 26%), with approximately 31% of total new and recontracted customers choosing capped plans in this quarter (Q2 2006: 35%).

### SECTION III : OPTUS

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**Notes:**

- (1) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
- (2) Directly connected buildings include all connections via all access media - fibre, DSL, fixed wireless, satellite and leases.

Total Business and Wholesale fixed revenue grew 8.1%. Excluding Alphawest, operating revenue for the combined division grew by 3.2%, with Optus Business fixed revenue growing by 4.4% and Optus Wholesale by 1.3%. Alphawest, which Optus acquired in November 2005, added A\$52 million in revenue for the quarter.

Optus Business' fixed voice revenue grew 11% with higher voice traffic, reflecting increased market share in a declining voice revenue environment.

Business Data & IP revenue increased by 10% to A\$108 million, with the continuing demand for IP products in the business market driving growth. Uecomm delivered a 12% revenue increase in the quarter.

ICT and Managed Services revenue, which included Alphawest, increased by 17% to A\$71 million for the quarter.

Total Wholesale Fixed revenue increased by 1.3%, with strong Data and IP revenues offsetting the decline in voice. Growth in Wholesale Data and IP revenue of 35% was largely driven by increased sales of internet bandwidth and transmission capacity.

Satellite revenues were flat in the quarter. Optus launched its D1 satellite into orbit on 14 October 2006 to replace the B1 satellite which had reached the end of its useful life.

Optus continued to win new businesses including Network Ten, Federal Attorney General's Office and Suncorp Metway.

Operational EBITDA for the combined division increased by 7.9% to A\$81 million with EBITDA margin stable at 19%.

## SECTION III : OPTUS

## OPTUS CONSUMER AND SMB FIXED DIVISION

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
HFC voice revenue	89	101	-12.0	273	304	-10.3
Cable Internet revenue	45	36	23.1	127	106	19.9
Pay TV revenue	31	30	4.1	92	90	2.6
<b>HFC</b>	<b>165</b>	<b>167</b>	<b>-1.6</b>	<b>492</b>	<b>500</b>	<b>-1.6</b>
Dial up Internet revenue	10	16	-35.8	35	54	-35.4
DSL Internet revenue	36	22	69.3	99	58	71.3
Off network voice revenue	135	149	-9.8	408	436	-6.6
<b>Total Consumer fixed revenue</b>	<b>346</b>	<b>354</b>	<b>-2.3</b>	<b>1,034</b>	<b>1,048</b>	<b>-1.4</b>
Voice	46	51	-9.8	142	146	-2.7
Data and IP	8	7	13.2	21	16	34.4
<b>Total SMB fixed revenue</b>	<b>54</b>	<b>58</b>	<b>-7.1</b>	<b>163</b>	<b>162</b>	<b>0.9</b>
<b>Total Consumer and SMB fixed revenue</b>	<b>400</b>	<b>412</b>	<b>-2.9</b>	<b>1,197</b>	<b>1,210</b>	<b>-1.1</b>
<b>Operational EBITDA <sup>(1)</sup></b>	<b>19</b>	<b>47</b>	<b>-58.9</b>	<b>84</b>	<b>144</b>	<b>-41.7</b>
<b>- EBITDA margin</b>	<b>5%</b>	<b>12%</b>		<b>7%</b>	<b>12%</b>	

Key Drivers	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sept	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>HFC</b>						
HFC ARPU per month (A\$)	108	107	107	107	106	0.7
Local telephony customers <sup>(2)</sup>	459	462	478	459	478	-4.1
Other customers <sup>(2)</sup>	48	47	37	48	37	30.1
<b>Total HFC customers (000s)</b>	<b>507</b>	<b>509</b>	<b>515</b>	<b>507</b>	<b>515</b>	<b>-1.6</b>
<b>Local telephony bundling rate <sup>(3)</sup></b>	<b>76%</b>	<b>75%</b>	<b>72%</b>	<b>76%</b>	<b>72%</b>	
<b>HFC penetration <sup>(4)</sup></b>	<b>36%</b>	<b>36%</b>	<b>37%</b>	<b>36%</b>	<b>37%</b>	
<b>Internet customers</b>						
DSL	370	333	224	370	224	65.3
HFC broadband	335	323	272	335	272	23.0
Business grade broadband <sup>(4)</sup>	23	20	17	23	17	33.1
<b>Broadband subtotal</b>	<b>728</b>	<b>676</b>	<b>513</b>	<b>728</b>	<b>513</b>	<b>41.8</b>
Dial-up delivered over HFC network	17	21	38	17	38	-54.8
Dial-up delivered off network	279	298	350	279	350	-20.1
<b>Total Internet customers (000s)</b>	<b>1,024</b>	<b>995</b>	<b>901</b>	<b>1,024</b>	<b>901</b>	<b>13.7</b>
<b>Local call customers <sup>(5)</sup></b>						
ULL customers	62	44	-	62	-	nm
Offnet resale customers	627	651	649	627	649	-3.4
<b>Total local call customers</b>	<b>689</b>	<b>695</b>	<b>649</b>	<b>689</b>	<b>649</b>	<b>6.0</b>
Total long distance customers	745	756	735	745	735	1.3
<b>Local call resale bundling rate <sup>(5)</sup></b>	<b>74%</b>	<b>73%</b>	<b>67%</b>	<b>74%</b>	<b>67%</b>	



## SECTION III : OPTUS

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### Notes:

- (1) In calculating divisional EBITDA, shared costs have been allocated using cost allocation methodologies.
- (2) Local telephony customers include all customers who take local telephony over the HFC network, whether or not they take any other service over the HFC network (such as pay TV). Other customers include all customers on the HFC network who do not take a local telephony service - that is, customers who take one or more of pay TV or cable internet.
- (3) Based on customers who are receiving a "bundled benefit" from taking a package of products (local telephony plus at least one of cable internet, dial-up internet or pay TV).
- (4) Business grade retail broadband customers were not reported prior to June 2006 quarter. Related revenue has been included within Optus Business Fixed segment.
- (5) Based on customers who are receiving a "bundled benefit" from taking a package of products (local call resale and long distance plus either DSL or dial up internet).

Revenue for the Consumer and SMB Fixed segments continued to be impacted by fixed to mobile substitution trends. It declined 2.9% year-on-year with the growth in broadband revenue<sup>2</sup> not sufficient to offset the decline in revenue from traditional voice products.

The decline in SMB Fixed revenues of 7.1% was due to customer re-segmentation last year, with a cumulative revenue adjustment recognised by SMB only in the quarter ended 31 December 2005. Excluding this adjustment, SMB fixed revenue grew 1.4% and total SMB revenues (fixed and mobile) increased by 2.2% to A\$257 million.

Broadband revenue grew strongly by 40% despite the increased mix of lower price broadband plans. As at 31 December 2006, Optus had 728,000 broadband customers (including business grade customers), an increase of 215,000 customers or 42% from a year ago, and 52,000 higher than a quarter ago.

Pay TV revenue increased 4.1% as a result of growth in ARPU for digital customers.

Total local call customers (including ULL) grew by 6.0%. However, lower voice usage and higher bundling discounts led to an overall decrease in fixed voice revenue.

Dial-up Internet revenue fell 36%, consistent with the preceding quarters, reflecting the migration of customers to broadband.

Optus has continued its ULL network rollout which, when completed and combined with the existing HFC network, will cover approximately 3.9 million Australian homes. This has the potential to improve margins significantly after passing through the initial phase of start up costs and achieving scale in ULL subscriber base. As at 31 December 2006, there were 204 exchanges and approximately 62,000 subscribers provisioned with services on ULL.

As previously reported, Optus is currently in dispute with Telstra regarding the price of ULL services. The ACCC is arbitrating this dispute. In August 2006 the ACCC announced its interim determination to reduce the price that Optus has to pay in other metropolitan areas (also known as "Band 2" areas) from A\$22.00 to A\$17.70 per line per month.

This price adjustment will improve the economics of the ULL-based services. Optus anticipates that there may be a further reduction in pricing when the final determination is made, which is expected in the first part of 2007.

EBITDA for the quarter was down by A\$28 million compared to the same quarter last year mainly due to declining call volumes and voice revenues. The lower operational EBITDA margin was caused by the decrease in telephony ARPUs, revenue mix changes from voice products to broadband and ULL rollout costs.

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<sup>2</sup> Broadband revenue comprises cable and DSL Internet revenues.

## SECTION III : OPTUS

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Interconnect	387	382	1.5	1,106	1,079	2.5
Outpayments & other leases	60	60	-0.8	186	175	6.2
Traffic expenses	447	442	1.2	1,292	1,254	3.0
Selling & administrative	419	385	8.8	1,222	1,128	8.3
Cost of sales	311	287	8.4	919	775	18.6
Staff costs	247	240	3.1	739	698	5.9
Repair & maintenance	40	34	18.9	110	103	6.8
Other	7	3	142.9	18	4	295.6
Capitalisation of costs <sup>(1)</sup>	(34)	(37)	-6.0	(97)	(108)	-10.4
<b>Total</b>	<b>1,437</b>	<b>1,354</b>	<b>6.1</b>	<b>4,203</b>	<b>3,854</b>	<b>9.0</b>
<b>As a percentage of operating revenue</b>						
Traffic expenses	23%	24%		23%	23%	
Selling & administrative	22%	21%		22%	21%	
Cost of sales	16%	15%		16%	14%	
Staff costs	13%	13%		13%	13%	
Repair & maintenance	2%	2%		2%	2%	
Other	0%	0%		0%	0%	
Capitalisation of costs <sup>(1)</sup>	-2%	-2%		-2%	-2%	
	<b>75%</b>	<b>73%</b>		<b>75%</b>	<b>72%</b>	

	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sept	31 Dec	31 Dec		
	2006	2006	2005	2006	2005	
<b>Staff statistics</b>						
Number of employees, at end of period	9,826	10,029	10,143	9,826	10,143	-3.1
- excluding Alphawest and Virgin Mobile	9,042	9,245	9,734	9,042	9,734	-7.1
Average number of employees	9,948	10,017	9,922	9,998	9,748	2.6
- excluding Alphawest and Virgin Mobile	9,164	9,246	9,794	9,244	9,702	-4.7
Revenue per employee (A\$'000) <sup>(2)</sup>	194	186	188	563	551	2.1

**Notes:**

- (1) The bulk of the capitalisation relates to staff costs.  
(2) Based on average employee numbers.

Excluding Alphawest and Virgin Mobile, operating expenses increased by 3.4% in the current quarter, with growth mainly in Selling & Administrative expenses and Cost of Sales.

Traffic expenses rose by 1.2% due to increase in mobile traffic. The increase in this quarter was partially mitigated by lower mobile termination rates from a year ago.

Selling & Administrative expenses, including Virgin Mobile, increased by 8.8% largely due to higher outsourcing charges, increased advertising expenses and higher mobile base station lease costs driven by the establishment of additional 3G network sites.

## SECTION III : OPTUS

Excluding Alphawest, cost of sales was flat, consistent with equipment sales revenue.

Total staff costs, excluding Alphawest and Virgin Mobile, were flat. Average headcount excluding acquisitions declined by 630, or 6.4%. As of December 2006, Optus had approximately 900 heads in its call centres in India.

Repair and maintenance expenses increased by A\$6 million mainly due to higher maintenance costs driven by the network expansion.

### OTHER INCOME

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Sublease income	7	5	41.3	17	7	146.3
Foreign exchange (losses)/ gains	(1)	(1)	-15.4	6	(3)	nm
Other	7	4	57.8	20	15	33.1
<b>Total</b>	<b>13</b>	<b>8</b>	<b>58.2</b>	<b>43</b>	<b>19</b>	<b>122.4</b>

The increase for the nine months ended 31 December 2006 was largely due to foreign exchange differences and an increase in sublease income from co-located 3G mobile base stations and other sites.

### SHARE OF RESULTS OF JOINT VENTURES

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
<b>Share of ordinary (loss)/profit</b>						
Southern Cross Cable Consortium	-	2	nm	(6)	6	nm
Bridge Mobile Alliance	*	*	nm	*	*	nm
	*	2	nm	(6)	6	nm
<b>Share of exceptional item</b>						
Pacific Carriage Holdings Limited ("PCHL")	-	-	nm	13	-	nm
<b>Total</b>	<b>* #</b>	<b>2</b>	<b>nm</b>	<b>7</b>	<b>6</b>	<b>20.7</b>

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

Optus continues to hold a 39.99% interest in Pacific Carriage Holdings Limited ("PCHL"), a US-based legal entity of the Southern Cross Cable Consortium. Included in the share of results of joint ventures for the nine months ended 31 December 2006 is an exceptional credit of A\$13 million relating to a write-back of losses previously recognised for PCHL in excess of the cost of investment.

**SECTION III : OPTUS****OTHER INCOME STATEMENT ITEMS****Depreciation and Amortisation**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Depreciation of property, plant & equip	258	258	0.1	816	776	5.1
Other amortisation	14	7	97.1	39	10	273.3
	<b>272</b>	<b>265</b>	<b>2.6</b>	<b>855</b>	<b>786</b>	<b>8.7</b>
<i>Depreciation as a percentage of operating revenue</i>	<b>13%</b>	<b>14%</b>		<b>15%</b>	<b>14%</b>	

Optus commenced amortisation of its 3G licence on the commercial launch of 3G services in November 2005. The cost of the licence of A\$292 million, including capitalised interest, is amortised over the remaining licence term ending October 2017.

Depreciation expense was flat compared to the corresponding quarter due to retirement of certain IT assets and the end of useful life of the B1 satellite.

**Net Finance Expense**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Interest expense to SingTel	-	(1)	nm	-	(7)	nm
Interest expense to others	(43)	(41)	5.1	(117)	(123)	-5.2
Gross interest on borrowings	(43)	(42)	3.4	(117)	(130)	-10.2
Interest capitalised	3	4	-19.4	12	8	47.6
	<b>(40)</b>	<b>(38)</b>	<b>5.2</b>	<b>(105)</b>	<b>(122)</b>	<b>-14.1</b>
Interest income from SingTel	2	-	nm	4	-	nm
Interest income from others	4	3	19.4	8	11	-26.3
	<b>6</b>	<b>3</b>	<b>77.4</b>	<b>12</b>	<b>11</b>	<b>5.3</b>
Net interest expense	<b>(35)</b>	<b>(35)</b>	<b>-1.1</b>	<b>(93)</b>	<b>(111)</b>	<b>-16.1</b>
Revaluation of other FX contracts	(3)	2	nm	(3)	2	nm
<b>Total</b>	<b>(37)</b>	<b>(33)</b>	<b>12.7</b>	<b>(96)</b>	<b>(109)</b>	<b>-11.8</b>

Net finance expense increased 13% to A\$37 million primarily due to unfavourable foreign exchange movements, partially offset by lower average debt levels.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Optus' Australian income tax expense	57	71	-18.7	147	195	-24.3
Share of joint venture income tax expense	-	(4)	nm	-	(2)	nm
	<b>57</b>	<b>67</b>	<b>-14.3</b>	<b>147</b>	<b>193</b>	<b>-23.7</b>

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

## SECTION III : OPTUS

## CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sept	31 Dec		
	2006 A\$ m	2005 A\$ m	2006 A\$ m	2006 A\$ m	2005 A\$ m	
<b>Net cash inflow from operating activities</b>						
Profit before tax	192	225	177	796	647	23.1
Depreciation and amortisation	272	265	294	855	786	8.7
Share of results of joint ventures	-	(2)	(13)	(7)	(6)	20.7
Exceptional items	-	-	-	(276)	-	nm
Other non-cash items	40	35	26	99	113	-12.1
<b>Non cash items</b>	312	298	307	671	893	-24.9
<b>Operating cashflow before working capital changes</b>	504	523	484	1,467	1,540	-4.7
<b>Changes in operating assets and liab</b>	(39)	(81)	(16)	(180)	(225)	-20.1
	<b>465</b>	<b>442</b>	<b>468</b>	<b>1,287</b>	<b>1,315</b>	<b>-2.1</b>
Tax paid	*	*	*	*	*	nm
<b>Net cash inflow from operating activities</b>	<b>465</b>	<b>442</b>	<b>467</b>	<b>1,287</b>	<b>1,315</b>	<b>-2.1</b>
<b>Net cash outflow from investing activities</b>						
Purchases of property, plant and equipment	(353)	(307)	(291)	(945)	(793)	19.2
Purchase of subsidiary	-	(28)	*	*	(29)	nm
Others	3	*	*	15	(38)	nm
	<b>(350)</b>	<b>(335)</b>	<b>(291)</b>	<b>(930)</b>	<b>(860)</b>	<b>8.2</b>
<b>Net cash outflow from financing activities</b>						
Net decrease in loans from SingTel	-	-	-	-	(128)	nm
Net decrease in bank borrowings	(7)	(6)	(36)	(111)	(110)	1.1
Finance lease payments (excluding interest)	-	*	-	-	(15)	nm
Purchase of performance shares	2	-	-	(10)	-	nm
	(5)	(6)	(36)	(121)	(253)	-52.2
Net interest paid on borrowings and swaps (including finance lease interest)	(42)	(40)	(34)	(114)	(128)	-11.2
	<b>(47)</b>	<b>(46)</b>	<b>(70)</b>	<b>(235)</b>	<b>(381)</b>	<b>-38.4</b>
<b>Net change in cash and cash equivalents</b>	<b>68</b>	<b>61</b>	<b>106</b>	<b>122</b>	<b>74</b>	<b>64.4</b>
Cash and cash equivalents at beginning	175	154	69	121	141	-14.4
Cash and cash equivalents at end	<b>243</b>	<b>215</b>	<b>175</b>	<b>243</b>	<b>215</b>	<b>12.9</b>
<b>Free cash flow</b>	<b>112</b>	<b>135</b>	<b>176</b>	<b>342</b>	<b>522</b>	<b>-34.4</b>
<b>Cash flow before borrowings<sup>(1)</sup></b>	<b>73</b>	<b>67</b>	<b>142</b>	<b>243</b>	<b>327</b>	<b>-25.6</b>
<b>Cash capital expenditure to operating revenue</b>	<b>18%</b>	<b>16%</b>	<b>16%</b>	<b>17%</b>	<b>15%</b>	

**Note:**

(1) Cash flow before borrowings is defined as operating cash flows less investing cash flows and interest paid (including finance lease interest).

## SECTION III : OPTUS

In the quarter, operating cash flow was at A\$465 million, comparable to the preceding quarter and A\$23 million higher than the same quarter last year due to favourable working capital movements.

Cash capital expenditure this quarter was higher as Optus rolled out new mobile and fixed line networks, purchased additional Southern Cross cable capacity and continued payments for the D series satellites and fitout of the new Sydney office. Cash capital expenditure for the quarter was A\$353 million, up 15% or A\$46 million year-on-year.

With lower earnings and higher cash capital expenditure, free cash flow generated was A\$112 million in the quarter, down by A\$23 million from A\$135 million a year ago.

The ratio of cash capital expenditure to operating revenue was 18%, compared to 16% a year ago with the higher capital expenditure phased into the current quarter.

### Cash capital expenditure by division

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 A\$ m	2005 A\$ m		2006 A\$ m	2005 A\$ m	
Mobile	79	95	-16.9	236	288	-18.0
Business & wholesale	98	139	-29.1	285	286	-0.1
Consumer & multimedia	43	32	34.0	126	101	25.3
Other	133	41	223.1	298	118	152.1
<b>Total</b>	<b>353</b>	<b>307</b>	<b>15.0</b>	<b>945</b>	<b>793</b>	<b>19.2</b>

In the quarter, cash capital expenditure for the Mobile division was A\$79 million or 22% of the Optus' total capital expenditure. Of this amount, A\$47 million was for the expansion of Optus' 3G network.

The cash capital expenditure for the Optus Business and Wholesale Fixed division of A\$98 million for the quarter accounted for 28% of Optus' total. The expenditure was largely for the construction of the D series satellites and investment in customer access network and transmission equipment.

In Consumer and SMB Fixed division, cash capital expenditure of A\$43 million primarily represented costs of ULL network rollout and customer premises equipment.

The other cash capital expenditure related mainly to the purchase of Southern Cross Cable capacity of A\$39 million, expenditure on new customer care IT systems of A\$40 million and the new Sydney office of A\$22 million. Optus will move to its new Sydney headquarter premises this year.

**SECTION IV: ASSOCIATES/ JOINT VENTURES**

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**FINANCIAL HIGHLIGHTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2006**

- **Pre-tax contribution from associates up 17% to S\$506 million.**
- **On a post tax basis, earnings from associates up 17% to S\$368 million and accounted for 43% of underlying net profit, up from 41% a year ago.**
- **Group's combined mobile subscriber base<sup>3</sup> grew by 12 million in the quarter. Year-on-year, the subscriber base was up 44% or 34 million to 112 million. On a proportionate share basis, the increase was 9.8% to 42 million subscribers from a quarter ago.**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2006**

- **Group's share of pre-tax profit from associates up 30% to S\$1.53 billion.**
- **Post-tax profit from associates up 31% to S\$1.12 billion and accounted for 43% of underlying net profit, up from 37% a year ago.**

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<sup>3</sup> Combined mobile subscriber base here refers to the total number of mobile subscribers in SingTel, Optus and the regional mobile associates.



## SECTION IV : ASSOCIATES/ JOINT VENTURES

	Equity Int %	Quarter		YOY Chge %	Nine Months		YOY Chge %
		31 Dec			31 Dec		
		2006 S\$ m	2005 S\$ m	2006 S\$ m	2005 S\$ m		
<b>Regional mobile associates</b>							
Telkomsel	35.0	250	230	8.6	736	583	26.3
Bharti Telecom / Bharti Airtel <sup>(3)</sup>	30.5						
- operating results		128	76	68.4	334	209	60.0
- fair value adjustments on financial items		23	(4)	nm	18	(3)	nm
		151	72	110.0	351	205	71.1
AIS <sup>(2)</sup>	21.4	52	58	-9.2	182	192	-5.1
Globe	44.5						
- operating results		43	41	6.6	163	112	45.9
- fair value adjustments on financial items		9	20	-58.1	27	28	-6.0
- additional quarter operating results (Apr-Jun 2006)		-	-	-	57	-	nm
- additional quarter fair value adjustments (Apr-Jun 2006)		-	-	-	(11)	-	nm
Pacific Bangladesh Telecom Ltd ("PBTL")	45.0	52	61	-14.9	236	140	68.2
		(21)	(9)	131.1	(34)	(6)	487.9
		<b>485</b>	<b>412</b>	<b>17.7</b>	<b>1,471</b>	<b>1,114</b>	<b>32.0</b>
<b>Other SingTel associates</b>							
Singapore Post <sup>(4)</sup>	25.8	11	12	-9.1	33	36	-8.1
PT Bukaka ("BSI") <sup>(5)</sup>	-	-	4	nm	5	19	-71.7
New Century InfoComm ("NCIC") <sup>(2)</sup>	24.5	1	(2)	nm	(11)	(12)	-2.6
Others		10	4	155.3	20	14	46.4
<b>SingTel share of ordinary results (pre-tax)</b>		<b>506</b>	<b>430</b>	<b>17.7</b>	<b>1,518</b>	<b>1,171</b>	<b>29.6</b>
<b>Optus share of ordinary results (pre-tax)</b>		<b>*</b>	<b>2</b>	<b>nm</b>	<b>(7)</b>	<b>7</b>	<b>nm</b>
<b>Group share of ordinary results (pre-tax)</b>		<b>506</b>	<b>432</b>	<b>17.1</b>	<b>1,511</b>	<b>1,179</b>	<b>28.2</b>
<b>Exceptional items</b>							
NCIC - writeback of impairment provision no longer required		-	-	-	4	-	nm
Bharti Telecom/ Bharti Airtel / Globe <sup>(6)</sup>		-	-	-	-	8	nm
TeleTech Park - asset impairment charge	40.0	-	-	-	-	(7)	nm
<b>SingTel share of exceptional items</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>250.0</b>
<b>Optus share of exceptional items-Pacific Carriage</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>nm</b>
<b>Group share of exceptional items</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>1</b>	<b>@</b>
<b>Group share of pre-tax profit</b>		<b>506</b>	<b>432</b>	<b>17.1</b>	<b>1,530</b>	<b>1,180</b>	<b>29.7</b>

**Notes:**

- (1) The statutory accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated to ensure compliance with the Group's accounting policies.
- (2) These associates have December financial year ends and SingTel equity accounted for its share of results of these companies based on the financials for the nine-month period ended 30 September 2006. One-off transactions between 1 October 2006 and 31 December 2006 which are material are also accounted by the Group in the current quarter.
- (3) Bharti Airtel ("**Bharti**") was previously known as Bharti Tele-Ventures Limited.
- (4) The Group's equity interest in SingPost was diluted to 25.79% as at 31 December 2006 following partial disposal by SingTel of its equity interest in December 2005 and the exercise of SingPost employee stock options. The Group's equity interest in SingPost was 25.87% a year ago.
- (5) The Group disposed its equity interest of 40.0% in BSI in the current quarter. However, the deficit of the sales proceeds over the carrying value as at 30 September 2006 has been provided in the preceding quarter.
- (6) These items relate to one-off GAAP and other adjustments of individually insignificant values relating to prior periods.

**SECTION IV : ASSOCIATES/ JOINT VENTURES**

	Quarter				YOY Chge %	Nine Months				YOY Chge %
	31 Dec					31 Dec				
	2006		2005			2006		2005		
	S\$m	% <sup>(1)</sup>	S\$m	% <sup>(1)</sup>		S\$m	% <sup>(1)</sup>	S\$m	% <sup>(1)</sup>	
<b>Group share of net profit after tax of associates</b>										
Telkomsel	168	20	161	21	4.7	507	20	408	18	24.3
Bharti Telecom/ Bharti Airtel										
- ordinary profit	129		62		106.6	305		182		67.4
- exceptional items	-		-		-	-		3		rm
- reversal of deferred tax benefit	-		-		-	-		(19)		rm
	129	15	62	8	106.6	305	12	166	7	83.5
AIS	37	4	41	5	-9.4	127	5	134	6	-5.8
Globe Telecom										
- ordinary results	34		43		-20.1	127		105		21.0
- additional quarter results (Apr-Jun 2006)	-		-		-	31		-		rm
- exceptional items	-		-		-	-		5		rm
	34	4	43	6	-20.1	158	6	110	5	43.8
PBTL	(16)	(2)	(9)	(1)	76.9	(24)	(1)	(7)	#	257.6
<b>Regional mobile associates</b>	<b>351</b>	<b>41</b>	<b>297</b>	<b>38</b>	<b>18.4</b>	<b>1,073</b>	<b>42</b>	<b>812</b>	<b>36</b>	<b>32.2</b>
Others	17	2	17	2	-1.2	49	2	43	2	14.4
<b>Group share of net profit</b>	<b>368</b>	<b>43</b>	<b>314</b>	<b>41</b>	<b>17.3</b>	<b>1,123</b>	<b>43</b>	<b>855</b>	<b>37</b>	<b>31.3</b>

# represents less than 0.5%.

**Note:**

(1) This denotes the post-tax contribution of the associate to the Group's underlying net profit.

The Group's share of pre-tax profit from its associates in the quarter increased by 17% or S\$74 million to S\$506 million, accounting for 47% of the Group's profit before exceptionals and tax, up 5 percentage points from 42% a year ago.

On a post-tax basis, profit from associates grew by 17% to S\$368 million and contributed 43% to the Group's underlying net profit, up 2 percentage points from a year ago.

For the nine months ended 31 December 2006, the Group's share of profit of associates was boosted by the inclusion of an additional quarter of Globe's results so as to align Globe's financial period to that of the Group's for consolidation purpose. Excluding the additional pre-tax contribution of S\$46 million and post-tax contribution of S\$31 million, the Group's share of pre-tax profit of associates was up by 26% or S\$305 million, and its share of post-tax profit of associates rose 28% or S\$237 million.

The exceptional items for the nine months ended 31 December 2006 comprised mainly a write back of the equity accounted losses in excess of the cost of investment in Pacific Carriage Holdings of S\$16 million (see page 49). Pacific Carriage Holdings is a 39.99% associate of Optus.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with over 16,000 radio base stations providing nationwide coverage.

In the quarter ended 31 December 2006, the pre-tax contribution from Telkomsel increased by 8.6% to S\$250 million on the back of robust operational performance underpinned by continued strong growth in subscriber base. The Rupiah was stable against the Singapore Dollar in the quarter.

Compared to the preceding quarter, Telkomsel's pre-tax profit contribution fell 4.1% due to an increase in operating cost which included higher utilities, repair and maintenance, traffic expenses and additional depreciation arising from the accelerated roll out of base stations into the rural areas.

Telkomsel added 3.1 million in net new subscribers in the current quarter, bringing its total subscriber base to 35.6 million, representing an increase of 11.3 million or 47% from a year ago.

Telkomsel launched its 3G service in September 2006. Since then, Telkomsel has recorded 1.7 million 3G subscribers, marking it as the tenth largest in the world in terms of subscribers (Source: Asia Pulse dated 15 January 2007).

### *Bharti Telecom Group (“Bharti”)*

Bharti is India's leading private sector provider of telecommunications services, offering mobile, fixed line, long distance, broadband and enterprise services. It is listed on the National Stock Exchange and the Stock Exchange, Mumbai and is the only private telecom operator with an “all India” presence offering mobile services in all 23 licenced circles. Bharti is the market leader in India with 30.3% of the GSM market and 21.8% of the total wireless market.

Boosted by strong demand for telecom services in India, Bharti's net profit for the quarter ended 31 December 2006 more than doubled, making this quarter's profit the highest in the last eight quarters.

Bharti's operating revenue grew 62% year-on-year. While ARPU fell 9% year-on-year, minutes of use had increased 14% in the same period. Consequently, Bharti's pre-tax profit contribution rose 68% to S\$128 million. Including the share of fair value gain on financial liabilities and derivatives of S\$23 million, the pre-tax profit contribution for the quarter was up 110% to S\$151 million from a year ago.

A new record of 4.9 million net mobile subscribers was added in the quarter, compared to the previous record of 4.0 million net additions in the September 2006 quarter. As at 31 December 2006, Bharti's mobile subscriber base was 32 million (or 34 million if its fixed line subscribers were included), representing a strong increase of 96% from a year ago.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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In January 2007, Bharti received a Letter of Offer from the Telecommunications Regulatory Commission of Sri Lanka to provide 2G and 3G mobile services in Sri Lanka. This will be the first international expansion for Bharti Airtel.

### ***Globe Telecom, Inc (“Globe”)***

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

In the current quarter, the pre-tax profit contribution from Globe was S\$52 million, 15% lower than the same quarter last year, and 30% lower than a quarter ago. However, excluding the forex and mark-to-market gain, the share of pre-tax operating profit of Globe was up 6.6% year-on-year to S\$43 million primarily due to lower marketing and subsidy costs with the termination of the “SIM-swap” program in the market. Against the preceding quarter, Globe’s pre-tax operating profit fell 22% as a result of higher seasonal marketing expenses on loyalty programs and additional depreciation cost which arose mainly from a change in the estimated remaining useful lives of certain property, plant and equipment.

SingTel’s share of the forex and mark-to-market gain was S\$9 million in the current quarter, compared to S\$20 million in the December 2005 quarter and S\$18 million in the September 2006 quarter. The lower gains were mainly attributable to the lower appreciation of the Peso against the USD.

Globe added 1.2 million net mobile subscribers this quarter, significantly higher than the 574,000 net additions in the September quarter. As at 31 December 2006, its subscribers reached 15.7 million, 26% higher than a year ago.

Globe has obtained approval to exercise its option to redeem its outstanding USD 294 million bonds in April 2007, five years ahead of the due date in 2012. The earlier redemption will allow Globe to yield interest savings of approximately Peso 2.32 billion (S\$73 million) after tax over the remaining life of the bonds. This redemption is expected to result in a one-time impact to income statement of approximately Peso 1.17 billion (S\$37 million) in 2007 arising mainly from the bond redemption premium and the reversal of the previously recognised mark-to-market gains on the related derivatives, partially offset by interest savings. SingTel’s share of this impact is approximately S\$16 million.

### ***Advanced Info Service (“AIS”)***

AIS is the largest mobile communications operator in Thailand. As at 31 December 2006, it was the fourth largest listed company on the Stock Exchange of Thailand in terms of market capitalisation.

AIS’ pre-tax profit in the quarter ended 30 September 2006 declined 9.2% year-on-year. The decline in operating performance arose mainly from lower service revenue caused by lower usage due to the cessation of aggressive price promotions in July 2006.

Against the June 2006 quarter, the pre-tax profit contribution fell 8.4% due to seasonal low in the July- September period.

## SECTION IV : ASSOCIATES/ JOINT VENTURES

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AIS' net mobile subscriber addition in the December 2006 quarter was 1.8 million, which was significantly higher than the 405,000 subscribers added in the September 2006 quarter. Year-on-year, its subscriber base grew by 19%, or 3.1 million, to 19.5 million. As at 31 December 2006, AIS continued to lead the market with approximately 51% market share.

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

PBTL is the fourth largest mobile communications services provider in Bangladesh.

In the December quarter, PBTL added a record 329,000 mobile subscribers, compared to an average of 128,000 subscribers per quarter in the first half year, following the success of a major marketing campaign. The accelerated take up rate for subscribers has led to higher subscriber acquisition costs, resulting in SingTel's share of pre-tax loss increasing to S\$21 million, up from S\$4 million in the preceding quarter, and S\$9 million in the corresponding quarter last year.

As at 31 December 2006, PBTL's total mobile subscriber base was 1.1 million, a strong 44% increase from a quarter ago and more than doubled that of a year ago.

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

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

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

Proportionate operating revenue	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Group operating revenue</b>						
SingTel	1,063	1,020	4.3	3,105	3,071	1.1
Optus	2,312	2,343	-1.3	6,718	6,807	-1.3
	<b>3,376</b>	<b>3,363</b>	<b>0.4</b>	<b>9,823</b>	<b>9,879</b>	<b>-0.6</b>
<b>Proportionate share of operating revenue</b>						
Regional mobile associates	1,186	978	21.3	3,557	2,711	31.2
Singapore associates	51	50	1.8	144	150	-3.5
Other overseas' associates	46	63	-27.6	159	207	-23.1
	<b>1,283</b>	<b>1,091</b>	<b>17.6</b>	<b>3,860</b>	<b>3,067</b>	<b>25.9</b>
<b>Enlarged revenue</b>	<b>4,659</b>	<b>4,454</b>	<b>4.6</b>	<b>13,684</b>	<b>12,946</b>	<b>5.7</b>
<b>% of overseas rev to Group revenue</b>	<b>69%</b>	<b>70%</b>		<b>68%</b>	<b>69%</b>	
<b>% of overseas rev to enlarged revenue</b>	<b>76%</b>	<b>76%</b>		<b>76%</b>	<b>75%</b>	

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

## SECTION IV : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA <sup>(1)</sup>	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Group operational EBITDA</b>						
SingTel	454	463	-1.9	1,437	1,422	1.0
Optus	602	654	-8.0	1,749	1,947	-10.2
	<b>1,056</b>	<b>1,117</b>	<b>-5.5</b>	<b>3,186</b>	<b>3,369</b>	<b>-5.4</b>
<b>Proportionate share of EBITDA</b>						
Regional mobile associates	719	596	20.7	2,198	1,654	32.9
Singapore associates	21	22	-3.2	62	65	-4.8
Other overseas' associates	22	29	-24.2	75	102	-26.2
	<b>762</b>	<b>647</b>	<b>17.8</b>	<b>2,335</b>	<b>1,821</b>	<b>28.2</b>
<b>Compensation from IDA</b>	<b>84</b>	<b>84</b>	<b>-</b>	<b>253</b>	<b>253</b>	<b>-</b>
<b>Total proportionate EBITDA</b>	<b>1,903</b>	<b>1,849</b>	<b>2.9</b>	<b>5,774</b>	<b>5,443</b>	<b>6.1</b>
<b>EBITDA margin on enlarged revenue</b>	<b>41%</b>	<b>42%</b>		<b>42%</b>	<b>42%</b>	
<b>Overseas EBITDA as a % to total EBITDA</b>	<b>71%</b>	<b>69%</b>		<b>70%</b>	<b>68%</b>	
<b>Contributions to total proportionate EBITDA</b>						
Regional mobile associates	38%	32%		38%	30%	
Singapore	29%	31%		30%	32%	
Australia	32%	35%		30%	36%	
Others	1%	2%		1%	2%	
	<b>100%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>	

**Note:**

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

The regional mobile associates contributed 38% to the total proportionate EBITDA, up from 32% a year ago.

Proportionate share of mobile subscribers <sup>(1)</sup>	Total Number			Prorata Number		
	31 Dec	30 Sep	31 Dec	31 Dec	30 Sep	31 Dec
	2006	2006	2005	2006	2006	2005
<b>(In 000s)</b>						
SingTel Mobile	1,766	1,700	1,620	1,766	1,700	1,620
Optus	6,677	6,601	6,297	6,677	6,601	6,297
	<b>8,443</b>	<b>8,301</b>	<b>7,917</b>	<b>8,443</b>	<b>8,301</b>	<b>7,917</b>
<b>Regional Mobile Associates</b>						
- Telkomsel	35,597	32,466	24,271	12,459	11,363	8,495
- Bharti	31,974	27,061	16,327	9,601	8,134	4,909
- AIS	19,521	17,723	16,409	4,179	3,795	3,516
- Globe	15,660	14,468	12,404	6,975	6,445	5,533
- PBTl	1,082	753	463	487	339	208
	<b>103,834</b>	<b>92,471</b>	<b>69,874</b>	<b>33,701</b>	<b>30,076</b>	<b>22,661</b>
<b>Group</b>	<b>112,277</b>	<b>100,772</b>	<b>77,791</b>	<b>42,144</b>	<b>38,377</b>	<b>30,578</b>

**Note:**

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

## SECTION IV : ASSOCIATES/ JOINT VENTURES

Telkomsel and Bharti continued to be the two largest regional mobile associates in terms of the number of mobile subscribers.

As at 31 December 2006, the Group's combined mobile subscriber base rose 11% or 12 million to 112 million from a quarter ago. This is the highest quarterly increase ever. Year-on-year, it was up 44% or 34 million. On a proportionate share basis, the increase was 9.8% to 42 million subscribers from a quarter ago.

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

Cash dividends from associates	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Regional mobile associates</b>						
Telkomsel <sup>(2)</sup>						
- final dividend FY2005 / FY2004	-	-	-	343	198	72.9
- interim dividend FY2005	-	89	nm	-	89	nm
	-	89	nm	343	287	19.4
AIS <sup>(3)</sup>						
- interim dividend FY2006 / FY2005	-	-	-	79	76	4.1
- final dividend FY2005 / FY2004	-	-	-	87	69	25.7
	-	-	-	167	146	14.4
Globe <sup>(4)</sup>						
- second dividend FY2005 / FY2004	-	-	-	54	35	52.7
	-	89	nm	563	468	20.4
SingPost	6	7	-16.2	21	31	-31.6
BSI (equity interest sold in Oct 2006)	1	12	-87.9	1	22	-93.6
Others	1	*	nm	2	3	-45.2
<b>Total</b>	<b>8</b>	<b>108</b>	<b>-92.3</b>	<b>587</b>	<b>523</b>	<b>12.2</b>

#### Notes:

- (1) The cash dividends received from overseas associates as stated here are before withholding tax payments.
- (2) Telkomsel declared a full year dividend of 85% on net profit for its 2005 financial year. The interim dividend was paid in December 2005 and the final dividend was paid in the preceding quarter ended September 2006. In the prior financial year, the dividend payout was 60% of net profit, paid over the period from June to August 2005.
- (3) Currently, AIS does not have a fixed dividend policy. However, AIS can pay dividend at any payout ratio provided it obtains at least an 'AA' rating from a credit rating agency approved by the Office of Securities and Exchange Commission of Thailand. AIS declared a full year dividend of 98% on net profit for its 2005 financial year. The interim and final dividends of FY2005 were paid in September 2005 and May 2006 respectively. For FY2004, the dividend payout was 69% of net profit.
- (4) On 31 July 2006, Globe obtained board approval to increase the dividend payout ratio from approximately 50% to 75% of prior year's net profit, payable semi-annually in March and September of each year.

The dividend received from Singapore Post declined 16% year on year, attributable mainly to lower shareholding in SingPost following SingTel's partial disposal of its equity interest in December 2005.



## SECTION IV : ASSOCIATES/ JOINT VENTURES

## KEY OPERATIONAL DATA

	Telkomsel	Bharti	AIS	Globe	PBTL
<b>SingTel's investment:</b>					
Year of initial investment	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1993</b>	<b>2005</b>
Effective shareholding (%)	35.0%	30.48%	21.41%	44.54%	45.0%
Investment to date	S\$1.93 bil	S\$1.55 bil	S\$870 mil	S\$882 mil	S\$204 mil
Closing market share price <sup>(1)</sup>	NA	INR 629.95	THB 77.5 <sup>(5)</sup> THB 78.0 <sup>(6)</sup>	PHP 1,235.0	NA
Market capitalisation					
- Total	NA	S\$41.35 bil	S\$9.75 bil	S\$5.10 bil	NA
- SingTel holding	NA	S\$12.60 bil	S\$2.09 bil	S\$2.27 bil	NA
<b>Operational Performance :</b>					
Mobile penetration rate <sup>(2)</sup>	29%	13%	62%	45%	15%
Market share <sup>(2)</sup>	56%	30%	51%	37%	5%
Market position <sup>(2) (3)</sup>	#1	#1	#1	#2	#4
Mobile subs ('000)					
- Aggregate	35,597	31,974	19,521	15,660	1,082
- Proportionate	12,459	9,601	4,179	6,975	487
Growth in mobile subs (%) <sup>(4)</sup>	47%	96%	19%	26%	134%
Credit ratings					
- Sovereign (Moody's/ S&P's)	B1/BB-	Baa3/BBB-	Baa1/BBB+	B1/BB-	NA
- Company (Moody's/ S&P's)	NA/BB+	NA/BB+	NA/A-	Ba2/BB+	NA

**Notes:**

- (1) Based on closing market price on 31 December 2006, in local currency.
- (2) Based on latest data available as at 31 December 2006, except for Globe, which is based on data as at 30 September 2006. For Bharti, the data is based on GSM cellular subscribers only. If based on total number of mobile subscribers (GSM and CDMA), Bharti's market share would be 21.8%.
- (3) Based on number of mobile subscribers. For Bharti, it is based on number of GSM cellular subscribers only. Bharti is also ranked first based on overall mobile market.
- (4) Compared against 31 December 2005 and based on aggregate mobile subscribers.
- (5) Based on local market price quoted on the Stock Exchange of Thailand.
- (6) Based on foreign market price quoted on the Stock Exchange of Thailand.

Please refer to **Appendix 4** for the currency rate movements of the major associates.

## SECTION V : GLOSSARY

<b>“ACCC”</b>	Australian Competition And Consumer Commission.
<b>“ARPU”</b>	Average revenue per user.
<b>“Associate”</b>	An associated or a joint venture company under Singapore Financial Reporting Standard.
<b>“ATM”</b>	Asynchronous Transfer Mode, a transfer mode in which voice, data and video signals are organised into cells for transmission.
<b>“C2C”</b>	C2C Pte Ltd and its subsidiary companies .
<b>“Churn”</b>	The transfer of a customer’s telecommunications service from one provider to another.
<b>“DEL ”</b>	Direct exchange lines, which are telephone lines connected directly to a telephone switch.
<b>“DSL”</b>	Digital subscriber line.
<b>“EI”</b>	Exceptional items.
<b>“EBIT”</b>	Earnings before interest and tax.
<b>“EBITDA”</b>	Earnings before interest, tax, depreciation and amortisation.
<b>“FRS”</b>	Financial Reporting Standard.
<b>“Free Cash Flow”</b>	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
<b>“HFC”</b>	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.
<b>“ICT”</b>	Information and communication technology.
<b>“IP”</b>	Internet protocol.
<b>“MMS”</b>	Multimedia messaging service.
<b>“MOU”</b>	Minutes of use.
<b>“NA”</b>	Not applicable.
<b>“NCS”</b>	NCS Pte Ltd, SingTel wholly owned subsidiary, and its subsidiary companies.
<b>“NM”</b>	Not meaningful.
<b>“Optus”</b>	SingTel Optus Pty Limited, a SingTel wholly owned subsidiary, and its subsidiary companies.
<b>“QTD”</b>	Quarter-to-date.
<b>“SMB”</b>	Small and medium business.
<b>“SMS”</b>	Short Message Service.
<b>“SingTel”</b>	Unless expressly stated, the term refers to SingTel Group excluding Optus.
<b>“ULL”</b>	Unbundled Local Loop.
<b>“Underlying net profit”</b>	Defined as net profit before exceptional items and exchange differences on loan to Optus, net of hedging.

## RESTATEMENT – COMPARATIVE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2005

As stated in the Management Discussion & Analysis for the fourth quarter ended 31 March 2006, Optus aligned its accounting treatment for operating lease expenditure to be consistent with the technical interpretation of IFRS in Australia. Under this interpretation, if the lease payments provide for fixed rate rent increases year-on-year, such increases are to be recognised on a straight-line basis over the entire lease term, compared to only expensing the contractual amounts paid every year.

The comparative figures for the corresponding third quarter and nine months ended 31 December 2005 have been restated to reflect the change as follows -

	Quarter			Nine Months		
	31 Dec 2005			31 Dec 2005		
	Optus		Group	Optus		Group
	A\$ m	S\$ m	S\$ m	A\$ m	S\$ m	S\$ m
<b>Selling &amp; Administrative expenses</b>						
- as previously reported	382	480	631	1,119	1,418	1,836
- change in accounting treatment	3	4	4	9	12	12
- restated	<b>385</b>	<b>484</b>	<b>634</b>	<b>1,128</b>	<b>1,430</b>	<b>1,847</b>
<b>Net profit</b>						
- as previously reported	160	201	885	460	584	2,490
- change in accounting treatment	(2)	(3)	(3)	(7)	(8)	(8)
- restated	<b>158</b>	<b>199</b>	<b>882</b>	<b>454</b>	<b>576</b>	<b>2,482</b>
<b>Operational EDITDA margins</b>						
- as previously reported	<b>28.1%</b>	<b>28.1%</b>	<b>33.3%</b>	<b>28.8%</b>	<b>28.8%</b>	<b>34.2%</b>
- restated	<b>27.9%</b>	<b>27.9%</b>	<b>33.2%</b>	<b>28.6%</b>	<b>28.6%</b>	<b>34.1%</b>

**GROUP SUMMARY INCOME STATEMENTS (UNAUDITED)**  
For The Nine Months Ended 31 December 2006

	Nine Months					YOY Chge %
	31 Dec					
	2006 SingTel S\$ m	2006 Optus S\$ m	2006 Elimin S\$ m	2006 Group S\$ m	2005 Group S\$ m	
<b>Operating revenue</b>	<b>3,105</b>	<b>6,718</b>	-	<b>9,823</b>	<b>9,879</b>	<b>-0.6</b>
Operating expenses	(1,704)	(5,020)	-	(6,724)	(6,569)	2.4
	1,401	1,698	-	3,099	3,309	-6.3
Other income	35	51	-	86	60	44.0
<b>Operational EBITDA</b>	<b>1,437</b>	<b>1,749</b>	-	<b>3,186</b>	<b>3,369</b>	<b>-5.4</b>
<b>EBITDA margin</b>	<b>46.3%</b>	<b>26.0%</b>		<b>32.4%</b>	<b>34.1%</b>	
Compensation from IDA	253	-	-	253	253	-
Share of results of associates						
-ordinary operations	1,518	(7)	-	1,511	1,179	28.2
-exceptional items	4	16	-	19	1	@
	1,522	9	-	1,530	1,180	29.7
<b>EBITDA</b>	<b>3,211</b>	<b>1,758</b>	-	<b>4,969</b>	<b>4,802</b>	<b>3.5</b>
Depreciation & amortisation	(372)	(1,021)	-	(1,393)	(1,487)	-6.3
<b>EBIT</b>	<b>2,839</b>	<b>737</b>	-	<b>3,576</b>	<b>3,315</b>	<b>7.9</b>
Net finance expense						
-net interest expense	(118)	(111)	-	(229)	(319)	-28.0
-other finance (expense)/income <sup>(1)</sup>	(19)	(3)	(2)	(25)	49	nm
	(137)	(115)	(2)	(254)	(270)	-5.9
<b>Profit before EI</b>	<b>2,702</b>	<b>623</b>	<b>(2)</b>	<b>3,322</b>	<b>3,045</b>	<b>9.1</b>
Exceptional items <sup>(2)</sup>	204	326	(326)	204	142	43.1
<b>Profit before tax</b>	<b>2,906</b>	<b>948</b>	<b>(328)</b>	<b>3,526</b>	<b>3,187</b>	<b>10.6</b>
Tax expense	(560)	(176)	-	(736)	(708)	4.0
<b>Profit after tax</b>	<b>2,346</b>	<b>772</b>	<b>(328)</b>	<b>2,790</b>	<b>2,480</b>	<b>12.5</b>
Minority interests	*	-	-	*	2	nm
<b>Net profit</b>	<b>2,346</b>	<b>772</b>	<b>(328)</b>	<b>2,789</b>	<b>2,482</b>	<b>12.4</b>
<b>Net profit</b>	<b>2,346</b>	<b>772</b>	<b>(328)</b>	<b>2,789</b>	<b>2,482</b>	<b>12.4</b>
<i>Exclude :</i>						
Exceptional items	(204)	(326)	326	(204)	(142)	43.1
Exchange difference on loan to Optus	-	-	-	-	(53)	nm
<b>Underlying net profit</b>	<b>2,142</b>	<b>446</b>	<b>(2)</b>	<b>2,586</b>	<b>2,287</b>	<b>13.1</b>

**Notes:**

- (1) The intra-group elimination of S\$2 million relates to currency translation loss on loan to Southern Cross Cable Holdings Limited, a 39.99% joint venture, recognised in income statement upon reclassification of the loan to short term as at 30 June 2006. The loan, together with the equity investment, was transferred to SingTel by Optus as at 30 June 2006. In prior periods, the loan was treated as a long term quasi-capital loan and hence the related currency translation difference was taken to equity.
- (2) The exceptional gains recorded by Optus from the sale of Southern Cross Cable and an IT subsidiary to SingTel were eliminated upon consolidation.

## CONSOLIDATED BALANCE SHEETS

	As at		
	31 Dec 2006	30 Sep 2006	31 Mar 2006
	(Unaudited) S\$ million	(Unaudited) S\$ million	(Audited) S\$ million
<b>Current assets</b>			
Cash and cash equivalents	1,544	746	2,770
Derivative financial instruments	35	57	70
Financial assets at fair value through profit or loss	441	676	860
Trade and other receivables	2,288	2,344	2,047
Inventories	134	170	186
	<b>4,442</b>	<b>3,992</b>	<b>5,934</b>
<b>Non-current assets</b>			
Property, plant and equipment (net)	9,569	9,362	9,465
Intangible assets	10,097	10,094	10,116
Associated companies	92	93	93
Joint venture companies	6,838	6,562	6,504
Available-for-sale financial assets	43	43	52
Derivative financial instruments	208	242	239
Deferred tax assets	1,085	1,095	1,111
Other non-current receivables	111	88	93
	<b>28,042</b>	<b>27,580</b>	<b>27,672</b>
<b>Total assets</b>	<b>32,484</b>	<b>31,572</b>	<b>33,606</b>
<b>Current liabilities</b>			
Trade and other payables	2,807	2,885	3,183
Provision	18	18	19
Derivative financial instruments	10	-	73
Current income tax	308	394	360
Interim dividend payable	585	-	-
Borrowings (unsecured)	824	935	1,493
Borrowings (secured)	1	1	1
	<b>4,553</b>	<b>4,234</b>	<b>5,128</b>
<b>Non-current liabilities</b>			
Borrowings (unsecured)	6,330	6,519	5,907
Derivative financial instruments	925	696	606
Deferred tax liabilities	359	364	376
Deferred income	47	17	19
Advance billings	310	328	312
Other non-current liabilities	185	172	166
	<b>8,155</b>	<b>8,097</b>	<b>7,385</b>
<b>Total liabilities</b>	<b>12,708</b>	<b>12,330</b>	<b>12,513</b>
<b>Net assets</b>	<b>19,776</b>	<b>19,242</b>	<b>21,093</b>
<b>Share capital and reserves</b>			
Share capital	2,541	2,525	4,775
Reserves	17,232	16,714	16,316
<b>Interests of shareholders of the Company</b>			
	19,773	19,239	21,091
Minority interests	3	3	3
<b>Total equity</b>	<b>19,776</b>	<b>19,242</b>	<b>21,093</b>

Certain comparatives have been reclassified to conform with the current quarter's presentation.

**CURRENCY RISK MANAGEMENT & OTHER MATTERS**

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

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

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

Debt Currency Mix	As at		
	31 Dec	30 Sep	31 Mar
	2006	2006	2006
SGD	59%	60%	59%
AUD	41%	40%	41%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

**CREDIT RATINGS**

As at 31 December 2006	SingTel	Optus
Standard & Poor's	A+ (stable)	A+ (stable)
Moody's Investors Service	Aa2 (stable)	Aa3 (stable)

**MAJOR CURRENCY AVERAGE EXCHANGE RATES**

1 Australian dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
Derived weighted average exchange rate <sup>(1)</sup> for:							
Operating revenue							
SGD							
FY2007	1.1864	1.1954	1.2010		1.1909		
FY2006	1.2747	1.2731	1.2551	1.2031	1.2739	1.2294	1.2511
Change (last corresponding period)	-6.9%	-6.1%	-4.3%		-6.5%		
Underlying net profit							
SGD							
FY2007	1.1880	1.1948	1.2019		1.1914		
FY2006	1.2750	1.2742	1.2558	1.2042	1.2746	1.2316	1.2531
Change (last corresponding period)	-6.8%	-6.2%	-4.3%		-6.5%		

**Note:**

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

1 Singapore dollar buys:	Q1	Q2	Q3	Q4	H1	H2	Full Year
<b>Rupiah</b>							
FY2007	5,747	5,780	5,848		5,755		
FY2006	5,747	5,960	5,917	5,714	5,856	5,813	5,831
Change (last corresponding period)	**	-3.0%	-1.2%		-1.7%		
<b>Baht</b>							
FY2007	24.0	23.9	23.4		23.9		
FY2006	24.2	24.6	24.3	24.2	24.4	24.2	24.3
Change (last corresponding period)	-0.8%	-2.8%	-3.7%		-2.0%		
<b>Peso</b>							
FY2007	32.9	32.5	31.9		32.8		
FY2006	33.0	33.4	32.3	31.8	33.2	31.9	32.5
Change (last corresponding period)	-0.3%	-2.7%	-1.2%		-1.2%		
<b>Rupee</b>							
FY2007	28.7	29.3	28.8		29.0		
FY2006	26.3	26.1	26.9	27.2	26.2	27.1	26.7
Change (last corresponding period)	9.1%	12.3%	7.1%		10.7%		

\*\* represents less than 0.05%

**OPTUS FINANCIALS IN SINGAPORE DOLLARS**

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
<b>Operating revenue</b>	<b>2,312</b>	<b>2,343</b>	<b>-1.3</b>	<b>6,718</b>	<b>6,807</b>	<b>-1.3</b>
Operating expenses	(1,725)	(1,699)	1.6	(5,020)	(4,884)	2.8
Other income	15	10	50.5	51	24	109.0
<b>Operational EBITDA - EBITDA margin</b>	<b>602 26.0%</b>	<b>654 27.9%</b>	<b>-8.0</b>	<b>1,749 26.0%</b>	<b>1,947 28.6%</b>	<b>-10.2</b>
Share of results of joint ventures	*	2	nm	9	7	16.4
<b>EBITDA</b>	<b>602</b>	<b>657</b>	<b>-8.3</b>	<b>1,758</b>	<b>1,955</b>	<b>-10.1</b>
Depreciation & amortisation	(326)	(332)	-1.8	(1,021)	(997)	2.4
<b>EBIT</b>	<b>276</b>	<b>324</b>	<b>-15.0</b>	<b>737</b>	<b>958</b>	<b>-23.1</b>
Net finance expense	(45)	(42)	7.4	(115)	(138)	-16.8
<b>Profit before exceptional item</b>	<b>231</b>	<b>283</b>	<b>-18.3</b>	<b>623</b>	<b>820</b>	<b>-24.1</b>
Exceptional item	-	-	-	326	-	nm
<b>Profit before tax</b>	<b>231</b>	<b>283</b>	<b>-18.3</b>	<b>948</b>	<b>820</b>	<b>15.6</b>
Tax expense	(69)	(84)	-18.0	(176)	(245)	-28.0
<b>Net profit</b>	<b>162</b>	<b>199</b>	<b>-18.4</b>	<b>772</b>	<b>576</b>	<b>34.1</b>
<b>Net profit</b>	<b>162</b>	<b>199</b>	<b>-18.4</b>	<b>772</b>	<b>576</b>	<b>34.1</b>
Exceptional item	-	-	-	(326)	-	nm
<b>Underlying net profit</b>	<b>162</b>	<b>199</b>	<b>-18.4</b>	<b>446</b>	<b>576</b>	<b>-22.4</b>

**Note:**

The monthly Income statement of Optus was translated from Australian dollar to Singapore dollar based on the average exchange rate for the month. The derived weighted average exchange rates on translation of Optus income statement is shown in **Appendix 4**.



**OPTUS FINANCIALS IN SINGAPORE DOLLARS**

The Optus' contribution to the Group operating revenue by product (in Singapore dollars) -

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2006 S\$ m	2005 S\$ m		2006 S\$ m	2005 S\$ m	
Mobile communications	1,106	1,110	-0.3	3,176	3,203	-0.9
National telephone	451	509	-11.5	1,365	1,535	-11.0
Data & Internet	364	334	9.1	1,029	982	4.8
Sale of equipment	182	187	-2.9	503	519	-3.1
IT & engineering	97	83	16.7	307	176	74.8
International telephone	58	68	-14.9	172	232	-26.1
Cable television	37	37	-0.3	110	114	-3.3
Others	18	15	18.1	57	47	21.9
<b>Total</b>	<b>2,312</b>	<b>2,343</b>	<b>-1.3</b>	<b>6,718</b>	<b>6,807</b>	<b>-1.3</b>

The Optus' contribution to certain Group balance sheet items -

	As at		
	31 Dec 2006 S\$ m	30 Sep 2006 S\$ m	31 Mar 2006 S\$ m
	<b>Property, plant and equipment (net)</b>	<b>7,074</b>	<b>6,778</b>
Gross debt <sup>(1)</sup>			
Current debt	822	823	927
Non-current debt	1,240	1,296	1,327
Gross debt as reported in balance sheet	2,062	2,118	2,253
Related net hedging liability	211	122	75
	2,273	2,240	2,328
<b>Less: cash and bank balances</b>	<b>(294)</b>	<b>(207)</b>	<b>(140)</b>
<b>Net debt<sup>(1)</sup></b>	<b>1,979</b>	<b>2,033</b>	<b>2,189</b>
	<b>A\$ m</b>	<b>A\$ m</b>	<b>A\$ m</b>
<b>Property, plant and equipment (net)</b>	<b>5,837</b>	<b>5,731</b>	<b>5,740</b>
Gross debt <sup>(1)</sup>			
Current debt	678	696	800
Non-current debt	1,023	1,095	1,145
Gross debt as reported in balance sheet	1,701	1,791	1,945
Related net hedging liability	174	103	65
	1,875	1,894	2,010
<b>Less: cash and bank balances</b>	<b>(243)</b>	<b>(175)</b>	<b>(121)</b>
<b>Net debt<sup>(1)</sup></b>	<b>1,633</b>	<b>1,719</b>	<b>1,889</b>

**Note:**

(1) Excludes borrowing from SingTel.

**OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2007****Singapore**

- **Operating revenue to be comparable to the previous financial year.**
- **Operational EBITDA margin for the telecoms business in Singapore is expected to remain above 50%.**
- **The overall operational EBITDA margin is expected to decrease slightly to mid 40% levels.**
- **Operational EBITDA is expected to be roughly comparable to the previous financial year.**
- **Capital expenditure is expected to be similar to the previous financial year.**
- **The cash capital expenditure to revenue ratio is to remain at high single digit levels.**
- **Free cash flow to be comparable to the previous financial year.**

**Australia**

- **Optus targets to exceed overall market growth.**
- **Revenue growth is expected to increase slightly.**
- **Operational EBITDA margin to decline but remain above 26%.**
- **Capital expenditure of approximately A\$1.2 billion, consistent with cash capital expenditure to revenue ratio targets in the mid teens.**
- **Free cash flow is expected to decline slightly compared to the previous financial year.**

**Associates/ Joint Ventures**

- **The pre-tax contribution from the regional mobile associates is expected to grow at double digit levels, driving similar growth in the overall contribution from associates/ joint ventures.**
- **Cash dividends from the regional mobile associates are expected to increase.**

**Group**

- **Consolidated operating revenue and EBITDA are expected to be stable.**