



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2016

The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 30 June 2016 are unaudited.

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

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

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

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SECTION 1 : GROUP

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

- **Operating revenue fell 7.1% impacted by the decline in mobile termination rates in Australia¹, 3% depreciation of the Australian Dollar, higher mobile service credits from device repayment plans, and lower Equipment sales.**
- **EBITDA was stable at S\$1.24 billion as the decline in mobile service revenue was mitigated by lower traffic expenses in Australia.**
- **In constant currency terms², operating revenue declined by 5.7% (stable excluding the mobile termination rates change) while EBITDA was up 1.3%.**
- **Post-tax underlying profit contributions from the associates rose 19% driven by higher profits at Telkomsel, Airtel and NetLink Trust.**
- **Underlying net profit was up 6.6% and grew a strong 8.8% in constant currency terms².**
- **With exceptional losses, net profit was stable and grew 2.3% in constant currency terms².**
- **Free cash flow increased S\$258 million or 27% to S\$1.23 billion on improvement in working capital movements and higher dividends from associates.**

¹ Mobile termination rates declined effective from 1 January 2016 and reduced operating revenue by S\$190 million (A\$187 million) for the current quarter, with minimal impact on profitability.

² Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2015.

SECTION 1 : GROUP

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue	3,908	4,209	-7.1
<i>(exclude mobile termination rates decline)</i>	4,097	4,209	-2.6
EBITDA	1,236	1,241	-0.4
EBITDA margin	31.6%	29.5%	
Share of associates' pre-tax profits	767	665	15.3
EBITDA and share of associates' pre-tax profits	2,003	1,907	5.1
EBIT	1,460	1,371	6.4
<i>(exclude share of associates' pre-tax profits)</i>	692	706	-1.9
Underlying net profit	954	895	6.6
Exceptional items (post-tax)	(10)	47	nm
Net profit	944	942	0.3
Free cash flow	1,232	974	26.5
Underlying earnings per share (S cents)	5.99	5.62	6.6
Basic earnings per share (S cents)	5.93	5.91	0.3

	As at		
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	30 Jun 2015 S\$ m
	Total assets	42,840	43,566
Shareholders' funds	25,413	24,989	25,319
Net debt ⁽¹⁾	7,860	9,142	6,995
Net debt gearing ratio ⁽²⁾	23.6%	26.8%	21.6%
Net debt to EBITDA and share of associates' pre-tax profits ⁽³⁾	0.98X	1.17X	0.92X
Interest cover: - EBITDA and share of associates' pre-tax profits/ net interest expense ⁽⁴⁾	25.2X	25.3X	28.3X

Notes:

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

SECTION 1 : GROUP**GROUP SUMMARY INCOME STATEMENT**
For The First Quarter Ended 30 June 2016

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue	3,908	4,209	-7.1
Operating expenses	(2,732)	(3,008)	-9.2
	1,176	1,201	-2.1
Other income	60	41	48.2
EBITDA	1,236	1,241	-0.4
- <i>EBITDA margin</i>	31.6%	29.5%	
Share of associates' pre-tax profits	767	665	15.3
EBITDA and share of associates' pre-tax profits	2,003	1,907	5.1
Depreciation	(476)	(477)	-0.2
Amortisation of intangibles	(67)	(58)	15.3
	(543)	(535)	1.5
EBIT	1,460	1,371	6.4
Net finance expense			
- net interest expense	(80)	(67)	18.0
- other finance income	14	10	46.9
	(65)	(58)	13.0
Profit before exceptional items and tax	1,394	1,314	6.2
Taxation	(444)	(419)	6.0
Profit after tax	950	895	6.2
Minority interests	4	*	nm
Underlying net profit	954	895	6.6
Exceptional items (post-tax)	(10)	47	nm
Net profit	944	942	0.3
<i>Depreciation as % of operating revenue</i>	12%	11%	

Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with FRS 1, **Presentation of Financial Statements**, please refer to "SGX Appendix 7.2 Announcement".

SECTION 1 : GROUP

BUSINESS SEGMENTS

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

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

Group Enterprise comprises the business groups across Singapore, Australia, United States of America, Europe and the region, and focuses on growing the Group's position in the enterprise markets. Key services include mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT and professional consulting.

Group Digital Life ("GDL") focuses on using the latest internet technologies and assets of the Group operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It focuses on three key businesses in digital life – digital marketing (Amobee), regional premium over-the-top video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), in addition to strengthening its role as Singtel's digital innovation engine through Innov8.

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

The following table shows the operating performance of the three business segments:

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue			
Group Consumer	2,197	2,603	-15.6
<i>(ex-mobile termination rates decline)</i>	2,384	2,603	-8.4
Group Enterprise	1,580	1,503	5.1
Core Business	3,777	4,106	-8.0
Group Digital Life	131	102	27.8
Group	3,908	4,209	-7.1
<i>(ex-mobile termination rates decline)</i>	4,097	4,209	-2.6
EBITDA			
Group Consumer	799	804	-0.6
Group Enterprise	490	483	1.4
Core Business	1,289	1,287	0.2
Group Digital Life	(36)	(31)	15.2
Corporate	(18)	(15)	20.1
Group	1,236	1,241	-0.4
EBIT (exclude share of associates' pre-tax profits)			
Group Consumer	434	434	**
Group Enterprise	330	335	-1.5
Core Business	764	769	-0.7
Group Digital Life	(53)	(47)	12.3
Corporate	(18)	(16)	15.9
Group	692	706	-1.9

SECTION 1 : GROUP

REVIEW OF GROUP OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2016

In constant currency terms, underlying net profit increased strongly by 8.8% driven mainly by growth from the associates. With 3% depreciation of the Australian Dollar and weaker regional currencies, the Group's underlying net profit grew 6.6%.

Operating revenue declined by 7.1% impacted by the decline in mobile termination rates in Australia from 1 January 2016 ("**rates change**"), the weaker Australian Dollar, higher mobile service credits from device repayment plans in Australia, and lower Equipment sales. EBITDA was stable as the decline in mobile service revenue was mitigated by lower traffic expenses in Australia. In constant currency terms, operating revenue declined by 5.7% (stable excluding the rates change) while EBITDA grew 1.3%.

Group Consumer contributed 56% (Q1 FY2016: 62%) and 65% (Q1 FY2016: 65%) to the Group's operating revenue and EBITDA respectively. Operating revenue fell by 16% while EBITDA was stable. In constant currency terms, operating revenue decreased by 14%, and was down 6.2% excluding the rates change, while EBITDA and EBIT increased by 1.7% and 2.2% respectively. Singapore Consumer revenue declined by 8.5% with lower Equipment sales and International Telephone revenue. The decline in Equipment sales has minimal impact on profitability. EBITDA remained stable with lower selling expenses. Operating revenue in Australia fell 15%, and would have declined 5.5% excluding the rates change, due to higher mobile service credits from device repayment plans and lower Equipment sales. The rates change has minimal impact on profitability. EBITDA growth moderated to 2.0% after including a refund of GST relating to prior periods.

Group Enterprise contributed 40% to both the Group's operating revenue and EBITDA, up from 36% and 39% respectively in the same quarter last year. Singtel continued to strengthen its market leadership and enhanced its capabilities in Cyber Security, Cloud computing and Smart Nation solutions. Operating revenue grew 5.1% driven by higher ICT and Data and Internet revenues. EBITDA increased 1.4% with lower mobile retention costs on lower recontracting volume.

GDL contributed 3% (Q1 FY2016: 2%) to the Group's operating revenue. Operating revenue was up strongly by 28% on higher advertising revenue mainly from Amobee's social and display businesses. Negative EBITDA increased by 15%, reflecting investments in content and marketing spend as HOOQ ramped up its business.

Depreciation and amortisation charges rose 1.5% and would have increased 3.4% in constant currency terms. Amortisation charges increased due mainly to acquired intangibles of Trustwave and investments in spectrums.

EBIT (before share of results of associates) declined 1.9% at S\$692 million.

The Group and its regional mobile associates continued to record strong customer growth. The combined mobile customer base reached 613 million as at 30 June 2016, up 8.2 million or 1.4% from a quarter ago.

The associates' post-tax underlying profit contributions increased by a robust 19% due to higher profits at Telkomsel, Airtel and NetLink Trust.

Net finance expense increased S\$7 million to S\$65 million this quarter due largely to higher interest expense on both increased borrowings and interest rates.

SECTION 1 : GROUP

With higher contributions from the associates, underlying net profit grew 6.6% in the quarter.

The net exceptional loss of S\$10 million (Q1 FY2016: S\$47 million of gain) in the quarter included staff restructuring costs of S\$21 million in Australia, the Group's share of AIS' handset subsidy costs related to 3G/4G migration of S\$11 million and share of Airtel's net exceptional gain of S\$23 million (see Page 13).

Net profit was stable after including the exceptional items. In constant currency terms, net profit would be up by 2.3%.

Free cash flow in the quarter was S\$1.23 billion, an increase of 27% from the last corresponding quarter mainly on improved working capital movements across Singapore and Australia, as well as higher dividends from Telkomsel (see Page 18).

The Group continued to maintain a healthy capital structure. As at 30 June 2016, net debt gearing ratio was 23.6%, down from 26.8% a quarter ago, following a net decrease in borrowings.

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

SECTION 1 : GROUP**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	
Operating revenue	3,908	4,094	-4.5
EBITDA	1,236	1,262	-2.1
<i>EBITDA margin</i>	31.6%	30.8%	
Share of associates' pre-tax profits	767	721	6.4
EBIT	1,460	1,437	1.5
Profit before exceptional items and tax	1,394	1,346	3.6
Underlying net profit	954	981	-2.7
Exceptional items (post-tax)	(10)	(35)	-71.6
Net profit	944	946	-0.2
Free cash flow	1,232	681	80.9

Underlying net profit was lower from the preceding quarter due mainly to higher withholding taxes from associates' dividends this quarter. Including exceptional items, net profit was stable.

Free cash flow rose on higher dividends from associates partly offset by timing of payments including annual staff incentives this quarter.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2017

The Group affirms the guidance previously issued in May 2016.

Please refer to **Appendix 6** for further details on the outlook for the current financial year.

SECTION 1 : GROUP

OPERATING REVENUE

By Products and Services	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Mobile communications	1,456	1,752	-16.9
Data and Internet	785	776	1.2
<i>Cyber security</i>	109	20	445.5
<i>Other services</i>	403	405	-0.5
Managed services	512	425	20.5
Business solutions	150	137	10.0
Infocomm Technology ("ICT")	662	561	18.0
Sale of equipment	350	448	-21.7
National telephone	268	291	-7.9
Digital businesses ⁽¹⁾	136	108	25.9
International telephone	128	150	-14.7
Pay television	71	74	-3.9
Others	52	50	4.6
Total	3,908	4,209	-7.1
<i>(ex-mobile termination rates decline)</i>	<i>4,097</i>	<i>4,209</i>	<i>-2.6</i>
Operating revenue	3,908	4,209	-7.1
Associates' proportionate revenue ⁽²⁾	3,347	3,183	5.2
Group's proportionate revenue	7,255	7,391	-1.8

Notes:

- (1) Comprise revenues mainly from Amobee, HOOQ, AMPed, Dash, inSing.com, and Hungry-Go-Where.
- (2) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by Singtel's effective ownership interest.

Operating Revenue Mix	Quarter	
	30 Jun	
	2016 %	2015 %
Mobile communications	37.3	41.6
Data and Internet	20.1	18.4
<i>Cyber security</i>	2.8	0.5
<i>Other services</i>	10.3	9.6
Managed services	13.1	10.1
Business solutions	3.8	3.2
ICT	16.9	13.3
Sale of equipment	9.0	10.6
National telephone	6.8	6.9
Digital businesses	3.5	2.6
International telephone	3.3	3.6
Pay television	1.8	1.8
Others	1.3	1.2
Total	100.0	100.0

SECTION 1 : GROUP

Operating revenue of the Group fell 7.1%. In constant currency terms, operating revenue would have declined by 5.7%, and would be stable excluding the rates change.

Mobile Communications revenue decreased 17% and in constant currency terms, would have declined 4% after excluding the rates change. Data revenue continued to register strong growth across Singapore and Australia. However, this was offset by the impact of higher mobile service credits from device repayment plans in Australia and lower roaming, voice and SMS revenues.

Revenue from ICT was higher with the inclusion of Trustwave, increased application development and maintenance projects, and growth in infrastructure and services in Singapore.

The decline in Equipment sales reflected lower recontracting volumes pending new handset launches and an increase in take up of SIM only plans.

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

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Cost of sales ⁽¹⁾	902	939	-4.0
Selling & administrative ⁽¹⁾	740	768	-3.7
Staff costs	617	610	1.2
Traffic expenses	381	604	-36.9
Repair & maintenance	90	84	7.4
Others	3	3	-6.5
Total	2,732	3,008	-9.2

As a percentage of operating revenue	Quarter	
	30 Jun	
	2016 %	2015 %
Cost of sales ⁽¹⁾	23.1%	22.3%
Selling & administrative ⁽¹⁾	18.9%	18.2%
Staff costs	15.8%	14.5%
Traffic expenses	9.7%	14.3%
Repair & maintenance	2.3%	2.0%
Others	0.1%	0.1%
Total	69.9%	71.4%

Note:

(1) Comparatives have been restated to be consistent with the current quarter.

Total operating expenses fell 9.2%, and would have declined 7.7% in constant currency terms.

The decline in selling and administrative expenses was mainly due to lower customer acquisition and retention costs across Singapore and Australia.

Traffic expenses declined on lower rates (including mobile termination rates) as well as decline in international call and roaming traffic.

SECTION 1 : GROUP

STAFF COSTS

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Staff costs			
Optus	270	294	-8.2
Singtel and other subsidiaries	289	281	2.7
	558	575	-2.9
Amobee	26	35	-25.9
	585	610	-4.2
Trustwave	33	-	nm
Group	617	610	1.2

	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2016	2016	2015	
Average number of staff				
Optus	9,102	9,179	9,251	-1.6
Amobee	555	542	534	3.9
Singtel and other subsidiaries	14,505	14,528	13,953	4.0
	24,162	24,249	23,738	1.8
Trustwave	1,376	1,344	-	nm
Group ⁽¹⁾	25,538	25,593	23,738	7.6
Headcount as at end of period				
Optus	9,012	9,128	9,239	-2.5
Amobee	561	544	543	3.3
Singtel and other subsidiaries	14,628	14,541	14,067	4.0
	24,201	24,213	23,849	1.5
Trustwave	1,386	1,347	-	nm
Group ⁽¹⁾	25,587	25,560	23,849	7.3

Note:

(1) Headcount for staff deployed in capital projects are included in the table above, though the related staff costs were capitalised as part of the cost of property, plant and equipment.

As of 30 June 2016, Group headcount increased 1,738 or 7.3% from a year ago to 25,587. The net increase was mainly due to staff additions from the acquisition of Trustwave and increased hirings to support ICT projects in Singapore, partly offset by lower headcount at Optus.

SECTION 1 : GROUP**NET FINANCE EXPENSE**

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Net interest expense			
- Interest income	4	3	42.3
- Interest expense	(87)	(77)	13.1
	(84)	(75)	12.1
- Net interest income from NetLink Trust ⁽¹⁾	4	7	-43.1
	(80)	(67)	18.0
Other finance income			
- Dividend income from Southern Cross/ PCHL	18	11	60.4
- Investment income ⁽²⁾	*	*	nm
- Net foreign exchange loss (non-trade)	*	(5)	nm
- Fair value adjustments ⁽³⁾	(3)	3	nm
	14	10	46.9
Net finance expense	(65)	(58)	13.0

Notes:

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

Interest expense increased by 13% from higher average borrowings as well as an increase in interest rates.

Net interest income from NetLink Trust declined due to lower interest income earned on partial repayment of unitholder's loan by NetLink Trust in the preceding quarter.

Net fair value loss of S\$3 million (Q1 FY2016: S\$3 million of gain) in the quarter arose from mark-to-market valuation of interest rate swaps.

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

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Exceptional (losses)/ gains			
Share of Airtel's one-off gains (net)	23	32	-27.6
Staff restructuring costs (mainly Optus)	(22)	(3)	@
Share of AIS' handset subsidy costs	(11)	-	nm
Net gains on sale/ liquidation of venture investments	*	23	nm
Impairment of venture investments	-	(5)	nm
Group net exceptional (losses)/ gains (post-tax)	(10)	47	nm

Note:

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

The Group's share of Airtel's net exceptional gain of S\$23 million included a gain on disposal of Airtel's operations in Burkina Faso and recognition of deferred tax asset on an earlier business combination, partly offset by net foreign exchange losses from the devaluation of the Nigerian Naira, write-off of certain network assets and other one-off items.

Other exceptional items comprised staff restructuring costs (mainly from Optus) and share of AIS' handset subsidy costs for migrating its 2G handset customers to 3G/4G.

SECTION 1 : GROUP**TAX EXPENSE**

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Income tax expense			
Optus	83	90	-7.3
Singtel and other subsidiaries	56	54	3.0
Tax expense of Singtel and subsidiaries (a)	139	143	-3.4
Share of associates' tax expense (b)	227	213	6.7
Withholding and dividend distribution taxes on associates' dividend income ⁽¹⁾	78	63	25.2
Total	444	419	6.0
Profit before exceptional items and tax	1,394	1,314	6.2
Exclude:			
Share of associates' pre-tax profits	(767)	(665)	15.3
Adjusted pre-tax profit (c)	627	648	-3.2
Effective tax rate of Singtel and subsidiaries (a)/(c)	22.1%	22.1%	
Share of associates' pre-tax profits (d)	767	665	15.3
Effective tax rate of associates (b)/(d)	29.6%	32.0%	

Note:

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

The increase in tax expense reflected increased earnings at the associates as well as higher withholding taxes on associates' dividend receipts. The effective tax rate at the associates declined due mainly to some one-off tax adjustments at Airtel India in the quarter.

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

	As at		
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	30 Jun 2015 S\$ m
Current assets (excluding cash)	4,526	4,704	4,254
Cash and bank balances	966	462	1,390
Non-current assets	37,349	38,400	36,467
Total assets	42,840	43,566	42,110
Current liabilities	6,530	6,540	5,402
Non-current liabilities	10,886	12,023	11,354
Total liabilities	17,416	18,563	16,756
Net assets	25,424	25,003	25,354
Share capital	2,634	2,634	2,634
Retained earnings	29,401	28,457	28,413
Currency translation reserve (loss)	(5,491)	(4,940)	(4,664)
Other reserves	(1,131)	(1,161)	(1,064)
Equity attributable to shareholders	25,413	24,989	25,319
Minority interest and other reserve	10	13	35
	25,424	25,003	25,354

The Group is in a strong financial position as at 30 June 2016. Singtel is rated Aa3 by Moody's and A+ by Standard & Poor's.

The currency translation reserve (loss) in equity increased by S\$551 million from a quarter ago mainly due to recognition of the Group's share of Airtel's translation loss, as well as translation losses of net assets of Optus and Airtel from depreciation in Australian Dollar and Indian Rupee respectively.

SECTION 1 : GROUP**LIQUIDITY AND GEARING**

	As at		
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	30 Jun 2015 S\$ m
Gross debt			
Current debt	1,048	686	26
Non-current debt	8,178	9,255	8,653
Gross debt as reported in statement of financial position	9,226	9,941	8,679
Related net hedging asset ⁽¹⁾	(400)	(337)	(295)
Hedged gross debt	8,826	9,604	8,384
Less: Cash and bank balances	(966)	(462)	(1,390)
Net debt	7,860	9,142	6,995
Gross debt gearing ratio ⁽²⁾	25.8%	27.8%	24.9%
Net debt gearing ratio	23.6%	26.8%	21.6%

Notes:

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

Hedged gross debt decreased by S\$778 million to S\$8.83 billion from a quarter ago, mainly due to net decline in borrowings of S\$681 million and mark-to-market movements. With lower debt and a higher cash balance, net debt gearing ratio reduced to 23.6% from 26.8% a quarter ago.

SECTION 1 : GROUP

CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			YOY Chge %
	30 Jun	30 Jun	31 Mar	
	2016 S\$ m	2015 S\$ m	2016 S\$ m	
Net cash inflow from operating activities				
Profit before exceptional items and tax	1,394	1,314	1,346	6.2
Non-cash items	(183)	(65)	(108)	181.2
Operating cash flow before working capital changes	1,212	1,249	1,238	-2.9
Changes in operating assets and liabilities	(259)	(377)	12	-31.4
Cash paid to employees under performance share plans	953	871	1,250	9.4
Tax paid on operating activities	*	*	-	nm
Operating cash flow before dividends from associates	887	801	1,148	10.7
Dividends received from associates	945	761	66	24.2
Withholding tax paid on dividends received	(95)	(80)	(6)	19.8
	1,737	1,483	1,208	17.1
Net cash outflow for investing activities				
Accrued capital expenditure	(391)	(390)	(1,046)	0.3
Changes in creditors' balances	(113)	(119)	519	-4.3
Cash capital expenditure	(505)	(509)	(527)	-0.8
Net investment in associates	(2)	-	(215)	nm
Deferred proceeds/ proceeds on disposal of associates	42	-	-	nm
Loan repaid by an associate	-	-	510	-
Purchase of spectrum	(27)	(28)	-	-2.2
Investment in venture investments	(12)	(16)	(13)	-22.3
Proceeds from disposal of venture investments	51	19	5	164.4
Proceeds from disposal of property, plant and equipment	33	*	*	nm
Withholding tax paid on interest received on inter-company loans	-	-	(14)	-
Others	(19)	(14)	9	37.0
	(439)	(546)	(244)	-19.7
Net cash outflow for financing activities				
Net decrease in borrowings	(681)	(6)	(11)	@
Net interest paid on borrowings and swaps	(102)	(84)	(80)	21.9
Interim dividend paid to shareholders	-	-	(1,084)	-
Purchase of performance shares	(11)	(15)	(6)	-30.0
Others	-	-	1	-
	(794)	(105)	(1,181)	@
Net increase/ (decrease) in cash and cash equivalents	504	832	(216)	-39.4
Exchange effects on cash and cash equivalents	*	(5)	(8)	nm
Group cash and cash equivalents at beginning	462	563	686	-17.9
Group cash and cash equivalents at end	966	1,390	462	-30.5
Group free cash flow				
Singapore	291	250	253	16.3
Optus	92	43	368	113.5
Group free cash flow (before associates' dividends)	382	293	621	30.6
Dividends received from associates (net of withholding tax)	850	682	60	24.7
Group free cash flow	1,232	974	681	26.5
Optus free cash flow (in A\$)	99	41	359	138.6
Cash capex to operating revenue	13%	12%	13%	

SECTION 1 : GROUP

Net cash inflow from operating activities (before associates' dividend receipts) for the quarter grew 11% to S\$887 million. The increase was due mainly to improvement in working capital movements, mainly receivables. Gross dividends from the associates increased on higher dividends from Telkomsel, in line with its higher net profit and partly due to timing in the dividend payout. Consequently, total cash flow from operations increased 17% to S\$1.74 billion.

Compared to the preceding quarter, cash flow from operating activities grew 44% on higher dividends received from associates and lower cash taxes partly offset by the payment of annual staff incentives this quarter.

Net cash outflow for investing activities was S\$439 million. Capital expenditure was stable at S\$505 million. Capital expenditure comprised S\$174 million for Singapore and S\$331 million (A\$325 million) for Australia. In Singapore, major capital investments in the quarter included S\$70 million for fixed and data infrastructure, S\$43 million for mobile networks and S\$29 million for information systems. In Australia, capital investments in mobile networks, and fixed and other core infrastructure amounted to A\$132 million and A\$193 million respectively. Other investing cash flows in the quarter included proceeds from disposal of venture investments of S\$51 million, deferred proceeds from divestment of Warid of S\$36 million, proceeds from sale of assets to NetLink Trust of S\$32 million, as well as spectrum payments of S\$27 million for Optus' licence renewal.

With higher operating cash and stable capital expenditure, the Group's free cash flow grew 27% to S\$1.23 billion.

Net cash financing outflow of S\$794 million mainly comprised net repayment of borrowings of S\$681 million and interest payments of S\$102 million.

Overall cash balance increased S\$504 million from a quarter ago and the cash balance was S\$966 million as at 30 June 2016.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER

MANAGEMENT DISCUSSION AND ANALYSIS

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the regional mobile associates in the emerging markets. The results shown in this section are for the consumer businesses across Singapore and Australia only. The results of the regional mobile associates are discussed in **Section 5**.

FINANCIAL HIGHLIGHTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2016

- **Operating revenue was impacted by decline in mobile termination rates, 3% depreciation of the Australian Dollar, higher mobile service credits from device repayment plans and lower Equipment sales.**
- **Operating revenue at S\$2.20 billion – down 16% (down 8.4% excluding the mobile termination rates change).**
- **EBITDA stable at S\$799 million.**
- **EBIT stable at S\$434 million.**
- **In constant currency terms³, operating revenue declined by 14% (down 6.2% excluding the rates change), while EBITDA and EBIT increased by 1.7% and 2.2% respectively.**

³ Assuming constant exchange rates for the Australian Dollar from the corresponding quarter ended 30 June 2015.

SECTION 2 : GROUP CONSUMER**GROUP CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2016

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue	2,197	2,603	-15.6
Operating expenses	(1,459)	(1,830)	-20.3
	738	773	-4.5
Other income	61	32	94.3
EBITDA	799	804	-0.6
- margin	36.4%	30.9%	
Depreciation & amortisation	(365)	(370)	-1.3
EBIT	434	434	**

	Quarter		YOY Change %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Selling & administrative ⁽²⁾	521	557	-6.5
Traffic expenses	232	434	-46.6
Cost of sales ⁽²⁾	415	529	-21.7
Staff costs	226	248	-9.1
Repair & maintenance	51	50	3.0
Others	15	12	29.9
Operating expenses	1,459	1,830	-20.3

Notes:

- (1) The above figures include the costs of International Group division which have responsibility over the regional mobile associates.
- (2) Comparatives have been restated to be consistent with the current quarter.

GROUP CONSUMER OPERATING HIGHLIGHTS

For The First Quarter Ended 30 June 2016

Operating revenue for Group Consumer was impacted by the decline in mobile termination rates in Australia (“**rates change**”) from 1 January 2016 and 3% depreciation of the Australian Dollar.

Australia Consumer contributed 75% (Q1 FY2016: 77%) and 73% (Q1 FY2016: 74%) to the Group Consumer’s operating revenue and EBITDA respectively.

SECTION 2 : GROUP CONSUMER

Operating revenue fell 16% (down 8.4% excluding the rates change), while both EBITDA and EBIT were stable. In constant currency terms, operating revenue decreased by 14% (down 6.2% excluding the rates change), while EBITDA and EBIT grew by 1.7% and 2.2% respectively.

Operating revenue in Singapore decreased by 8.5% on declines in Equipment sales and International Telephone revenue. The decrease in Equipment sales has minimal impact on profitability. EBITDA was stable with lower selling expenses. With higher depreciation charges on a larger asset base, EBIT was down by 2.7%.

In Australia, operating revenue declined 15%. Excluding the rates change, revenue would have been down by 5.5% reflecting higher mobile service credits from the device repayment plans, and lower Equipment sales. The rates change has minimal impact on profitability. EBITDA growth moderated to 2.0% after including a refund of GST relating to prior periods. With stable depreciation and amortisation expense, EBIT was up 4.4%.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	
Operating revenue	2,197	2,295	-4.3
Operating expenses	(1,459)	(1,475)	-1.1
	738	820	-10.0
Other income	61	26	132.6
EBITDA	799	846	-5.5
- margin	36.4%	36.9%	
Depreciation & amortisation	(365)	(365)	0.2
EBIT	434	481	-9.8

EBITDA and EBIT were lower attributable mainly to decline in Australia (see page 28).

SECTION 2 : GROUP CONSUMER**SINGAPORE CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2016

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue	558	611	-8.5
Operating expenses	(348)	(405)	-14.0
	210	206	2.1
Other income ⁽²⁾	5	9	-37.6
EBITDA	215	214	0.5
- margin	38.6%	35.1%	
Depreciation & amortisation	(70)	(65)	8.0
EBIT	145	149	-2.7

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Mobile communications	323	327	-1.4
Fixed broadband	55	53	3.4
Residential Pay TV	54	51	5.3
International telephone	44	54	-18.5
Sale of equipment	43	78	-45.1
National telephone	29	31	-5.5
Others ⁽³⁾	11	17	-31.7
Operating revenue	558	611	-8.5
Selling & administrative ⁽⁴⁾	133	143	-7.2
Cost of sales ⁽⁴⁾	104	134	-22.6
Staff costs	51	53	-2.9
Traffic expenses	52	68	-24.0
Repair & maintenance	14	12	10.7
Others	(4)	(5)	-10.6
Operating expenses	348	405	-14.0

Notes:

- (1) The above figures exclude costs of International Group which have responsibility over the regional mobile associates.
- (2) Other income include trade foreign currency exchange differences, rental income, gain or loss on disposal of scrap copper and property, plant and equipment, and other recoveries. The net trade foreign exchange loss amounted to S\$0.3 million (Q1 FY2016: S\$2 million gain) for the quarter.
- (3) Other revenue includes digital services, inter-operator tariff discounts, and revenue from mobile network cabling works and projects.
- (4) Comparatives have been restated to be consistent with the current quarter.

SECTION 2 : GROUP CONSUMER

SINGAPORE CONSUMER OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2016

Singapore Consumer's operating revenue declined by 8.5% due mainly to declines in Equipment sales and International Telephone revenue. Equipment sales fell 45% driven by lower recontracting volume and higher take up of SIM only plans. International Telephone revenue decreased by 19%, and would have declined 11% excluding the one-off credit of S\$5 million to inpayment revenue in the same quarter last year. The decline reflected lower call traffic on continued data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

Mobile Communications revenue contracted by 1.4% largely due to declines in roaming, voice and SMS revenues partially offset by strong growth in data. In the quarter, the postpaid customer base grew by 1,000⁴, impacted by the termination of 25,000 inactive postpaid lines following rationalisation of certain legacy data only plans. While the number of prepaid customers has remained stable in a highly competitive market, subscriptions to mobile data continued to grow steadily.

Singtel continued to lead the market with introduction of innovative mobile plans, such as 'Supersized Datamore' which gives customers the flexibility to share huge data bundle of up to 50GB. The one-for-one data add-on service that was introduced for SIM only plans was well received by customers.

Consumer Home Services which comprise fixed broadband, residential pay TV and voice revenues was up 2.0%. Fixed broadband revenue was up 3.4% as more customers upgraded to higher speed plans. As at 30 June 2016, 89% of broadband customer base was on fibre. To cater to customers' growing demand for entertainment on-the-go, Singtel expanded its content suite with the launch of Cast OTT video portal app. The decline of 7,000 in Pay TV's customer base from a quarter ago was due to increased churn following the end of the English Premier League season.

Total operating expenses decreased 14%. The decline in selling and administrative expenses was attributable to lower mobile customer acquisition and retention expenses on lower connection volume, change in handset mix and a higher take up of SIM only plans. Excluding S\$5 million of accrual reversal in the quarter, traffic expenses fell 16% mainly on lower international call and roaming traffic as well as lower rates partly caused by a change in roaming rate from gross to net basis for major roaming partners. The decrease in cost of sales was in line with lower Equipment sales.

Overall, EBITDA was stable. EBIT decreased by 2.7% after including higher depreciation charges on a larger asset base.

⁴ Based on total product view (i.e. included Enterprise mobile).

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

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	
Operating revenue	558	584	-4.4
Operating expenses	(348)	(405)	-14.0
Other income	210	179	17.4
	5	3	112.0
EBITDA	215	181	18.7
- margin	38.6%	31.1%	
Depreciation & amortisation	(70)	(74)	-4.7
EBIT	145	108	34.9

Operating revenue fell mainly from decrease in Equipment sales on lower recontracting volume. EBITDA increased reflecting seasonally higher selling expenses in the preceding quarter and the reversal of accrued traffic expenses for International Telephone in the current quarter.

SECTION 2 : GROUP CONSUMER**AUSTRALIA CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2016

	Quarter		YOY Chge %
	30 Jun		
	2016 A\$ m	2015 A\$ m	
Operating revenue	1,618	1,907	-15.1
Operating expenses	(1,094)	(1,361)	-19.6
	524	546	-4.0
Other income	54	21	155.0
EBITDA	578	567	2.0
- margin	35.7%	29.7%	
Depreciation & amortisation	(291)	(292)	-0.3
EBIT	288	276	4.4

	Quarter		YOY Chge %
	30 June		
	2016 A\$ m	2015 A\$ m	
Incoming	47	236	-80.0
Outgoing	864	913	-5.4
Total Mobile Service	911	1,149	-20.7
Equipment	259	308	-15.8
Total Mobile Revenue	1,170	1,457	-19.7
Voice	99	104	-5.0
Broadband	117	131	-11.0
Pay TV	25	23	11.2
Mass Market Fixed On-net	241	258	-6.6
Mass Market Fixed Off-net ⁽¹⁾	54	26	109.2
Total Mass Market Fixed	295	284	3.9
Data & IP	57	60	-3.9
Voice	27	35	-24.1
Satellite	70	72	-3.2
Total Wholesale Fixed	154	167	-7.9
Operating revenue	1,618	1,907	-15.1

Note:

(1) Included NBN migration and site preparation revenues of A\$15 million (Q1 FY2016: A\$12 million) for the quarter.

SECTION 2 : GROUP CONSUMER

	Quarter		YOY Chge %
	30 June		
	2016 A\$ m	2015 A\$ m	
Selling & administrative ⁽¹⁾	382	395	-3.2
Cost of sales ⁽¹⁾	307	379	-18.9
Traffic expenses	178	351	-49.2
Staff costs	171	186	-8.1
Repair & maintenance	37	36	3.3
Others	19	16	21.9
Operating expenses	1,094	1,361	-19.6

Note:

(1) Comparatives have been restated to be consistent with the current periods.

AUSTRALIA CONSUMER OPERATING PERFORMANCE**For The First Quarter Ended 30 June 2016**

Australia Consumer reported a decline in operating revenue of A\$289 million or 15% this quarter. The decline reflected the impact of reduction in the mobile termination rate change from 1 January 2016⁵ of A\$185 million, higher mobile service credits from device repayment plans of A\$75 million and lower Equipment sales of A\$49 million.

Outgoing mobile service revenue reduced 5.4% and would be up 2.6% excluding the impact of device repayment plan credits. The postpaid handset customer base grew 13,000⁶ this quarter, with the branded handset customer base growing by 58,000. The prepaid handset customer base declined 24,000 from a quarter ago due to regulated change in customer ID verification.

Mobile incoming revenue fell 80% and excluding the rates change, incoming service revenue would have declined 1.8% due to lower SMS usage.

Blended mobile ARPU increased A\$1 or 2.5% year-on-year excluding both the impacts of the rates change and device repayment plan credits.

The number of 4G mobile customers increased by 251,000 this quarter, resulting in the total 4G customer base increasing to 4.87 million⁷ as at 30 June 2016, up from 4.62 million a quarter ago.

The decline in Equipment sales was due to lower shipment volumes, reflecting lower recontracting activities and higher take up of SIM only plans.

⁵ Mobile termination rates were reduced from 3.6 cents to 1.7 cents per minute for calls and 7.5 cents to 0.03 cents for SMS.

⁶ Including Enterprise customers, Optus' total postpaid handset customer base grew 19,000.

⁷ Including Enterprise customers, Optus' total number of 4G customers increased from 4.68 million a quarter ago to 4.93 million.

SECTION 2 : GROUP CONSUMER

Optus continued to invest in its mobile networks, reaching 95% of 4G population coverage with 5,155 4G sites, of which over 4,000 have been upgraded to 700 MHz spectrum as at 31 July 2016.

In the quarter, Optus launched Optus Sport with multiple dedicated 24/7 live channels to allow all English Premier League (EPL) games to be played live. Broadcasting across both the set top boxes and mobile devices commenced on 23 July 2016 with the season kickoff of the International Champions Cup.

Optus' ongoing network investment program has resulted in Optus being ranked first in the monthly Netflix Internet Service Provider index as well as Stan for 10 consecutive months, demonstrating its commitment to relentless improvement across both the fixed and mobile networks. Optus also commenced the rollout of VoLTE – Voice over LTE – across its 4G Plus mobile network in Australia's major capital cities thus delivering an improved voice experience.

In Mass Market Fixed, operating revenue grew 3.9% with NBN customer growth of 23,000, increased take up of Optus TV and higher NBN revenues. Excluding NBN migration and preparation fees, Mass Market Fixed revenue grew 2.9%.

Wholesale fixed revenue declined 7.9% year-on-year mainly attributable to lower voice revenues from wholesalers who used call termination services, and from the impact of deactivation of wholesale customers during the quarter. Data and IP revenues were lower as market prices declined, while Satellite revenue moderated on lower NBN project revenue.

Total operating expenses fell 20% mainly from lower traffic expenses. Traffic expenses decreased a significant 49% due to lower domestic interconnect costs from the rates change. Cost of sales decreased on lower Equipment sales. The decline in selling and administrative expenses was mainly due to lower customer acquisition and retention costs as well as lower advertising spend. Staff costs were lower due to reduced headcount.

Other income was higher year-on-year driven by a refund of GST relating to prior periods.

Overall EBITDA and EBIT grew by 2.0% and 4.4% respectively, with stable depreciation and amortisation expense. EBITDA margin increased to 35.7% in the quarter.

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

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 A\$ m	31 Mar 2016 A\$ m	
Operating revenue	1,618	1,689	-4.2
Operating expenses	(1,094)	(1,050)	4.2
	524	639	-17.9
Other income	54	22	142.4
EBITDA	578	661	-12.5
- margin	35.7%	39.2%	
Depreciation & amortisation	(291)	(287)	1.3
EBIT	288	374	-23.1

Both EBITDA and EBIT declined in the quarter from higher mobile device repayment plan credits, and accrual reversals in the preceding quarter.

SECTION 3 : GROUP ENTERPRISE

GROUP ENTERPRISE

MANAGEMENT DISCUSSION AND ANALYSIS

Group Enterprise provides comprehensive and integrated ICT solutions to enterprise customers in Singapore, Australia, U.S., Europe and the region, covering mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT services and professional consulting.

Trustwave, a cyber security company acquired on 1 September 2015, was consolidated with effect from 30 September 2015 under “Singapore”⁸ segment in this report. Its operating revenue was classified under ‘Managed Services’. Trustwave is a managed cyber security services provider that provides on-demand data security and payment card industry compliance management solutions to businesses and organisations worldwide.

FINANCIAL HIGHLIGHTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2016

- **Operating revenue at S\$1.58 billion – up 5.1%.**
- **EBITDA at S\$490 million – up 1.4%.**
- **EBIT at S\$330 million – down 1.5%.**
- **In constant currency terms⁹, operating revenue and EBITDA increased by 5.9% and 1.9% respectively while EBIT declined by 1.2%.**

⁸ “Singapore” refers to all geographies other than Australia.

⁹ Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2015.

SECTION 3 : GROUP ENTERPRISE**GROUP ENTERPRISE SUMMARY INCOME STATEMENT
For The First Quarter Ended 30 June 2016**

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Operating revenue	1,580	1,503	5.1
Operating expenses	(1,096)	(1,028)	6.6
	484	476	1.8
Other income ⁽¹⁾	6	8	-19.7
EBITDA	490	483	1.4
- margin	31.0%	32.1%	
Depreciation & amortisation	(161)	(149)	8.1
EBIT	330	335	-1.5

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
<i>Cyber security</i>	109	20	445.5
<i>Other services</i>	403	405	-0.5
Managed services ⁽²⁾	512	425	20.5
Business solutions ⁽³⁾	150	137	10.0
ICT	662	561	18.0
Data and Internet ⁽⁴⁾	425	418	1.7
Mobile communications	254	263	-3.5
National telephone	121	125	-3.7
International telephone	58	64	-9.3
Sale of equipment	44	47	-6.0
Others ⁽⁵⁾	16	24	-34.7
Operating revenue	1,580	1,503	5.1

Notes:

- (1) Other income include trade foreign exchange differences, rental income, gain or loss on disposal of property, plant and equipment, and other recoveries.
- (2) Include cyber security, facility management, managed and network services, and value-added reselling and services.
- (3) Include applications management services and outsourcing, system integration and business process outsourcing and communication engineering services.
- (4) Include local leased circuits, international leased circuits, fixed broadband, Singtel Internet exchange and satellite.
- (5) Other revenue include inter-operator tariff discounts and TV revenue.

SECTION 3 : GROUP ENTERPRISE

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Staff costs	343	304	12.7
Cost of sales ⁽¹⁾	380	338	12.5
Selling & administrative ⁽¹⁾	203	192	5.3
Traffic expenses	149	170	-12.2
Repair, maintenance and other expenses	21	23	-8.5
Operating expenses	1,096	1,028	6.6

Note:

(1) Comparatives have been restated to be consistent with the current quarter.

GROUP ENTERPRISE OPERATING HIGHLIGHTS**For the First Quarter Ended 30 June 2016**

Singapore¹⁰ contributed 76% (Q1 FY2016: 73%) and 86% (Q1 FY2016: 84%) to Group Enterprise's operating revenue and EBITDA respectively.

Operating revenue grew 5.1% largely due to growth in Cyber Security revenue from the consolidation of Trustwave, which was acquired in September 2015. Operating revenue would have increased 5.9% if the Australian Dollar and United States Dollar were held constant against the Singapore Dollar.

Singapore Enterprise's revenue grew 8.8% driven by higher ICT and Data and Internet revenues, partially offset by decline in traditional voice carriage services on the back of a more cautious economic environment. In Australia, Enterprise revenue declined 1.8%. Excluding the mobile termination rates change, operating revenue would be stable.

Operating expenses grew 6.6%. Cost of Sales grew in line with related ICT revenue growth. Staff costs increased 13% from higher Cyber Security and other ICT headcount in sales, product development and service delivery. Selling and administrative expenses grew 5.3% with the inclusion of Trustwave, partially offset by lower mobile customer retention costs due to lower recontracting volumes. Traffic expenses decreased largely due to lower international call and roaming traffic as well as lower rates partly caused by a change in roaming rate from gross to net basis for major roaming partners.

Overall EBITDA grew 1.4% while EBIT declined 1.5%. For the current quarter, Trustwave contributed S\$5 million in negative EBITDA and S\$16 million in negative EBIT after including the amortisation of acquired intangibles. Excluding Trustwave, EBITDA and EBIT grew 2.4% and 3.2% respectively and in constant currency terms, EBITDA and EBIT would have grown by 2.9% and 3.4% respectively.

¹⁰ Includes all geographies other than Australia.

SECTION 3 : GROUP ENTERPRISE

To strengthen its core businesses, Singtel partnered with Airtel to form one of the largest Internet Protocol Virtual Private Networks (IP VPN) to offer high speed and secure data connectivity to an additional 165 cities across India, Africa and the Middle East, supporting enterprises' global communication needs.

The FASTER Trans-Pacific submarine cable system, a US\$300 million joint investment by a consortium between Singtel and five other international companies, started service on 30 June 2016. This FASTER cable system supports continuous connectivity and provides high capacity for content delivery across both sides of the Pacific. FASTER is also the first Trans-Pacific submarine cable system built to deliver 60 terabits per second of bandwidth using a six-fibre pair cable across the Pacific.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	
Operating revenue	1,580	1,679	-5.9
Operating expenses	(1,096)	(1,210)	-9.5
	484	469	3.2
Other income	6	6	3.4
EBITDA	490	475	3.2
- margin	31.0%	28.3%	
Depreciation & amortisation	(161)	(162)	-0.9
EBIT	330	313	5.4

Operating revenue declined due mainly to seasonally higher ICT revenue recorded in the March quarter. Both EBITDA and EBIT increased as the preceding quarter included project loss provisions.

SECTION 3 : GROUP ENTERPRISE**SINGAPORE ENTERPRISE**

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Managed services ⁽¹⁾	369	278	32.8
Business solutions ⁽²⁾	150	137	10.0
ICT	519	414	25.3
Data and Internet ⁽³⁾	341	331	3.1
Mobile communications	202	202	**
International telephone	51	54	-6.6
National telephone	42	44	-4.1
Sale of equipment	23	28	-18.1
Others ⁽⁴⁾	16	24	-34.7
Operating revenue	1,194	1,098	8.8
EBITDA	423	406	4.1

Notes:

- (1) Include Cyber Security, facility management, managed and network services, and value-added reselling and services.
- (2) Include applications management services and outsourcing, system integration and business process outsourcing and communication engineering services.
- (3) Include local leased circuits, international leased circuits, fixed broadband, Singtel Internet exchange and satellite.
- (4) Other revenue include inter-operator tariff discounts and TV revenue.

Operating revenue increased by 8.8% driven mainly by strong growth in ICT and Data and Internet.

Overall ICT revenue grew strongly by 25%. Managed Services revenue grew 33% from Cyber Security, provision of government infrastructure services and the continued on-boarding of Singapore government agencies to the G-Cloud platform. Business Solutions revenue grew a strong 10% from increased application development and maintenance projects.

NCS maintained a healthy order book of S\$2.3 billion as at 30 June 2016.

During the quarter, NCS, along with its consortium partners, signed an agreement with the Housing Development Board (HDB) to develop Smart Urban Habitat Masterplan and Smart Hub. The Smart Hub aims to provide HDB with advanced data analytics for enhanced estate maintenance and management. Through this project, NCS will work closely with HDB and its consortium partners to introduce and recommend smart initiatives, enhancing estate operations and living environments, in line with Singapore's Smart Nation vision.

Data and Internet revenue grew 3.1% from increased demand for international circuits and bandwidth.

Mobile Communications revenue was stable, with growth in data offset by lower domestic and roaming voice and SMS.

SECTION 3 : GROUP ENTERPRISE

International Telephone revenue declined 6.6% with lower call usage on continued data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

AUSTRALIA ENTERPRISE

	Quarter		YOY Chge %
	30 Jun		
	2016 A\$ m	2015 A\$ m	
ICT and Managed Services ⁽¹⁾	141	141	**
Data and IP	83	84	-0.9
Voice	84	87	-2.7
Mobile ⁽²⁾	72	76	-5.3
Operating revenue ⁽³⁾	381	388	-1.8
EBITDA	67	74	-9.3

Notes:

(1) Include Cyber Security services.

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

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

ICT and Managed Services revenue remained stable as growth in Managed Services was offset by lower one-off project related equipment sales.

Data and IP revenue was stable with continued price erosion, migration of legacy data services to IP network solutions and customer-led rationalisation of services.

Voice revenue fell 2.7% compared to the industry decline of 8%¹¹. The decrease was due to price erosion and declines in switched voice as businesses migrated to lower cost IP-based voice solutions.

Mobile revenue was down 5.3% from declines in roaming and mobile termination rates, partially offset by higher Equipment sales and enterprise mobility managed services. Excluding the decline in mobile termination rates, mobile revenue would have been stable.

Optus Business has announced a new three year ICT services agreement with Australia's largest global insurer, QBE Insurance. Optus will deliver voice, mobile and data network services connecting more than 4,000 QBE end users across 42 locations throughout Australia using the Optus network to offer more personalised and compelling customer experiences.

¹¹ Source: IDC's Fixed Line semi-annual tracker.

SECTION 4 : GROUP DIGITAL LIFE

GROUP DIGITAL LIFE**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Digital Life (“GDL”) focuses on using the latest Internet technologies and assets of the Group’s operating companies to develop new revenue and growth engines by entering into adjacent businesses where it has a competitive advantage.

GDL has three key businesses – digital marketing (Amobee), regional premium over-the-top video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), and it also serves as Singtel’s digital innovation engine through Innov8.

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

- **Operating revenue at S\$131 million – up 28%.**
- **Negative EBITDA of S\$36 million.**
- **Including amortisation of acquired intangibles, negative EBIT of S\$53 million.**

SECTION 4 : GROUP DIGITAL LIFE**GROUP DIGITAL LIFE SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2016

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Digital ⁽¹⁾	149	114	30.4
Others ⁽²⁾	4	*	@
Operating revenue (before intercompany eliminations)	154	115	33.6
Intercompany eliminations	(23)	(13)	80.8
Operating revenue	131	102	27.8
Operating expenses	(158)	(135)	17.7
	(27)	(32)	-14.6
Other (loss)/ income ⁽³⁾	(8)	1	nm
EBITDA	(36)	(31)	15.2
Depreciation	(5)	(4)	9.5
Amortisation of intangibles	(13)	(12)	5.9
	(17)	(16)	6.8
EBIT	(53)	(47)	12.3
Amobee group			
Operating revenue (before intercompany eliminations)	149	114	30.4
Intercompany eliminations	(22)	(13)	72.8
Operating revenue	128	102	25.2
EBITDA ⁽³⁾	(16)	(16)	0.6
EBIT ⁽³⁾	(25)	(24)	5.0

*A positive sign for year-on-year change in EBITDA and EBIT denotes increase in losses.

*** denotes less than +/-S\$500,000.

Notes:

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

(2) Other revenues mainly comprise revenues from HOOQ and DataSpark.

(3) Included S\$7 million of cost relating to prior period.

SECTION 4 : GROUP DIGITAL LIFE

	Quarter		YOY Chge %
	30 June		
	2016 S\$ m	2015 S\$ m	
Cost of sales ⁽¹⁾	107	73	47.2
Staff costs	34	45	-25.0
Selling & administrative ⁽¹⁾	14	14	1.5
Others	4	3	18.2
Operating expenses	158	135	17.7

Note:

(1) Comparatives have been restated to be consistent with the current quarter.

GROUP DIGITAL LIFE OPERATING HIGHLIGHTS**For The First Quarter Ended 30 June 2016**

Operating revenue for the quarter grew 28% to S\$131 million, driven by higher advertising revenue mainly from Amobee's social and display businesses.

Negative EBITDA increased by 15% to S\$36 million due to investments in content and marketing spend as HOOQ ramped up its businesses, as well as S\$7 million of cost relating to prior period recorded this quarter. The lower staff costs reflected staff optimisation and one-off incentive accruals in the same quarter last year. Negative EBIT was S\$53 million, after accounting for depreciation and amortisation of acquired intangibles for Amobee group.

Amobee's businesses continued to gain industry recognition. During the quarter, Amobee won two top industry awards, the iMedia ASPY Award for 'Best Industry Innovation', and the American Business Awards for 'Most Innovative Company of the Year' and 'Company of the Year-Advertising, Marketing & PR'.

Amobee also expanded its video offering with the addition of 'Twitter Pre-roll' to enable marketers to activate all video channels from a single platform. Amobee's cross channel, cross device digital marketing solutions are used by leading brands including Allstate, Airbnb and the NBA.

HOOQ, which offers premium over-the-top video, has been launched in the Philippines, India, Indonesia and Thailand. It continued to expand its 'Best of Hollywood' offering with popular Hollywood titles in this quarter. This included the stable of DC Comics series: Gotham, Arrow, Flash, Supergirl and Lucifer, with the addition of DC's Legends of Tomorrow in August 2016.

DataSpark continued to see increased demand for its advanced analytics and intelligence services from the Group's associates as well as the public sector.

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

Results for the current quarter compared to the preceding quarter ended 31 March 2016 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2016 S\$ m	31 Mar 2016 S\$ m	
Operating revenue (before intercompany eliminations)	154	135	13.6
<i>Intercompany eliminations</i>	(23)	(15)	49.7
Operating revenue	131	120	9.1
Operating expenses	(158)	(157)	0.8
	(28)	(37)	-26.1
Other loss	(8)	(2)	446.7
EBITDA	(36)	(39)	-7.8
Depreciation & amortisation	(17)	(18)	-5.0
EBIT	(53)	(57)	-6.9

Compared to a quarter ago, losses decreased on higher revenue from Amobee.

SECTION 5: ASSOCIATES / JOINT VENTURES

**FINANCIAL HIGHLIGHTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

- **Associates' pre-tax and post-tax underlying profit¹² contributions grew by 15% and 19% respectively, attributable mainly to higher profits at Telkomsel, Airtel and NetLink Trust.**
- **If the regional currencies had remained stable from last corresponding quarter, the pre-tax and post-tax underlying profit¹² contributions from the associates would have increased by 18% and 22% respectively.**
- **The Group's combined mobile customer base¹³ was up 8.2 million or 1.4% in the quarter to 613 million.**

¹² Exclude exceptional items of Airtel and AIS classified under exceptional items of Singtel Group.

¹³ Combined mobile customer base here refers to the total number of mobile customers in Singtel, Optus and the regional mobile associates.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Pre-tax profit contribution ⁽¹⁾	Int %	Quarter		YOY Chge %
		30 Jun		
		2016 S\$ m	2015 S\$ m	
Regional mobile associates				
Telkomsel	35.0			
- operating results		324	248	30.4
- fair value gains		2	*	nm
		326	249	31.0
Bharti Telecom/ Bharti Airtel ("Airtel") ⁽²⁾	32.9			
- operating results (India and South Asia)		288	284	1.2
- operating results (Africa)		16	15	0.6
- net finance costs		(109)	(78)	39.6
- fair value losses		(18)	(54)	-67.4
		176	168	5.1
AIS ⁽²⁾	23.3			
- operating results		121	116	4.0
- fair value gains		2	*	nm
		122	116	5.2
Globe	47.2			
- operating results		90	92	-2.0
- fair value (loss)/ gain		*	*	nm
		90	92	-2.6
		714	625	14.3
Other Singtel associates				
NetLink Trust ⁽³⁾	100.0			
- operating results		21	4	425.6
- amortisation of deferred gain		17	17	0.6
		38	21	79.9
Others		16	20	-20.9
Singtel share of pre-tax profit ⁽²⁾		767	665	15.3
Optus share of pre-tax profit		*	*	nm
Group share of pre-tax profit ⁽²⁾		767	665	15.3
(excluding fair value losses)		782	718	8.9
Group share of taxes		227	213	6.7
Effective tax rate		29.6%	32.0%	

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution	Quarter				YOY Chge %
	30 Jun				
	2016		2015		
	S\$ m	% ⁽⁴⁾	S\$ m	% ⁽⁴⁾	
Regional mobile associates					
Telkomsel	244	26	186	21	31.1
Airtel ⁽²⁾					
- ordinary results (India and South Asia)	131		138		-4.9
- ordinary results (Africa)	(38)		(63)		-39.3
	93	10	75	8	23.9
AIS ⁽²⁾	98	10	93	10	5.1
Globe	64	7	64	7	-0.5
	499	52	418	47	19.2
Other Singtel associates					
NetLink Trust ⁽³⁾					
- operating results	14		3		396.4
- amortisation of deferred gain	14		14		0.7
	28	3	17	2	66.7
Others	13	1	17	2	-21.0
Singtel share of post-tax profit⁽²⁾	540	57	452	50	19.5
Optus share of post-tax profit	*	**	1	**	nm
Group share of post-tax profit⁽²⁾	540	57	452	51	19.4

Post-tax profit contribution (in constant currency) ⁽⁵⁾	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Regional mobile associates			
- operating results	748	678	10.3
- fair value losses	(16)	(53)	-70.1
	732	625	17.1
Other associates	53	41	31.0
Group share of pre-tax profit	785	665	18.0
Group share of tax expense	(233)	(213)	9.3
Group share of post-tax profit	552	452	22.1

Notes:

- (1) The accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated for compliance with the Group's accounting policies.
- (2) Share of results excluded the Group's share of Airtel's exceptional items and AIS' 3G handset subsidy costs which have been classified as exceptional items of the Group.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

- (3) NetLink Trust is 100% owned by Singtel and is equity accounted as an associate in the Group as Singtel does not control it. The amortisation of deferred gain arose from Singtel's gain on disposal of assets and business to NetLink Trust in prior years, which was deferred in the Group's balance sheet and amortised over the useful lives of the transferred assets.
- (4) Shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (5) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2015.

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

The associates' pre-tax underlying profit contributions were up a robust 15%. Excluding the share of fair value losses, mainly at Airtel, the pre-tax underlying profit contributions from the associates grew 8.9% on higher earnings at Telkomsel and NetLink Trust partially offset by lower profits at Airtel.

On a post-tax basis, the associates' underlying profit contributions were up 19% to S\$540 million and contributed 57% to the Group's underlying net profit, up 6 percentage points from the same quarter last year.

Telkomsel registered strong double-digit growth in revenue and EBITDA boosted by higher voice, data and digital revenues. Airtel recorded strong growth in consolidated revenue and EBITDA as well as lower fair value losses and higher investment income, but the gains were partially offset by higher depreciation, spectrum amortisation charges and related finance costs. AIS recorded stable service revenue while earnings grew on lower depreciation charges on fully depreciated 2G assets. Globe reported higher revenue and EBITDA which were offset by higher depreciation and interest expense. NetLink Trust recorded higher sales and EBITDA boosted by increased fibre penetration in Singapore.

PT Telekomunikasi Selular (“Telkomsel”)

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with 118,700 radio base stations (of which 58% are 3G/4G base transceiver stations) providing nationwide coverage. Telkomsel continued to expand its network with a focus on growing data and digital services. In the quarter, Telkomsel added approximately 8,200 radio base stations, of which 91% were 3G/4G.

Operating revenue was up 15% year-on-year fuelled by strong growth across voice, data and digital businesses. Data and digital services rose a robust 45% with higher data usage and continued strong take up of smartphones. Voice revenue grew 8% driven by higher traffic on a higher customer base and improved network quality.

With the increase in operating revenue, EBITDA was up strongly by 21% despite higher operation and maintenance costs from the accelerated network deployment. The Group's share of Telkomsel's pre-tax profit rose 32% in Indonesian Rupiah terms after including higher depreciation charges.

With the Indonesian Rupiah stable against the Singapore Dollar this quarter, the Group's share of Telkomsel's pre-tax profit grew a significant 31%.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

On a post-tax basis, Telkomsel's profit contribution for the quarter increased 31% to S\$244 million which constituted 26% of the Group's underlying net profit, up from 21% in the last corresponding quarter.

Compared to the preceding quarter, Telkomsel's EBITDA grew 4% on revenue growth despite higher marketing expenses.

Telkomsel gained 3.8 million mobile customers in the quarter, compared to 1.0 million added in the preceding quarter. The total mobile customer base grew 13 million or 9.2% from a year ago to 157 million, including 76 million of data customers at end of June 2016.

Bharti Telecom Group ("Airtel")

Airtel is listed on the Indian Stock Exchanges - National Stock Exchange and the Bombay Stock Exchange. It is a leading integrated telecommunications company with operations in 19 countries across Asia and Africa, offering telecom services under wireless and fixed line technology, national and international long distance connectivity, digital TV and IPTV service and integrated telecom solutions to its enterprise customers. Airtel also owns tower infrastructure pertaining to telecom operations through its subsidiary and joint venture companies.

Airtel voluntarily reported consolidated financial statements based on IFRS in the Indian Stock Exchanges since April 2010. With effect from 1 April 2016, Airtel adopted India Accounting Standards as required by the local authorities. Consequently, Airtel ceased to report consolidated financial statements based on IFRS in the Indian Stock Exchanges. The consolidated financial statements of Airtel used for equity accounting by Singtel continued to be based on IFRS.

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

Airtel continued to strengthen its revenue market leadership in India this quarter. Operating revenue grew 10% driven by strong mobile data growth on higher usage and robust mobile customer growth. Total data traffic rose a robust 55% while data ARPU increased 12%. Year-on-year, total voice minutes on its networks increased by 8% while voice realisation per minute was down 4%.

EBITDA was up strongly by 17% and margin expanded from sustained revenue growth and tighter control on operating expenses.

'South Asia' comprised operations in Sri Lanka and Bangladesh. Operating revenue grew 7%, driven by strong data revenue growth. Consequently, negative EBITDA was lower.

With higher depreciation charges from assets deployed and accelerated depreciation of certain network assets on reassessment of their useful lives, as well as increased spectrum amortisation charges, the Group's share of pre-tax operating profit (before finance costs and fair value adjustments) from India and South Asia grew 6% in Indian Rupee terms. Pre-tax operating profit contribution grew 1.2% to S\$288 million after taking into account the 4% depreciation of the Indian Rupee against the Singapore Dollar.

Compared to the preceding quarter, Airtel's revenue and EBITDA from its India and South Asia operations grew 4% and 6% respectively.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Airtel added 4.5 million mobile customers in India this quarter, compared to 7.9 million added in the preceding quarter. As at 30 June 2016, Airtel had 256 million mobile customers in India, an increase of 25 million or 11% from a year ago. The number of data customers grew 9 million or 19% from a year ago to 59 million, representing 23% of mobile customers.

In the quarter, Airtel acquired the rights to use 2 x 5 MHz spectrum in the 1800 MHz band for six circles from Videocon Telecommunications Limited in India. On 10 July 2016, Airtel also acquired the rights to use 20 MHz spectrum in the 2300 MHz band for six circles from Aircel Limited.

Africa

Airtel completed the sale of its operations in Burkina Faso on 22 June 2016. Consequently, Airtel's presence in Africa dropped to 16 countries as at 30 June 2016. The sale of its operations in Sierra Leone was completed on 19 July 2016.

As at end June 2016, Airtel offered 3G services and 'Airtel Money' across all 16 countries and 4G services in 3 countries.

In constant currency terms, Africa's operating revenue rose 2%, or 4% if normalised for the disposal of its operations in Burkina Faso and tower assets. With higher operating revenue and continued focus on cost efficiencies, EBITDA grew 12%. The improvement was driven by strong growth in mobile data and 'Airtel Money' services. Mobile data revenue grew 31% in constant currency terms on increased usage and higher data penetration.

In United States Dollar terms, operating revenue decreased 4%, adversely impacted by the Sierra Leonean Leone depreciating by 39%. In the last two weeks of June 2016, the Nigerian Naira also devalued by 42%. EBITDA, however, increased 5%. The Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value losses) was stable at S\$16 million after including higher depreciation charges from network investments.

Compared to the preceding quarter, Airtel Africa's revenue declined 2% while EBITDA was stable, in both constant currency and reported terms.

Airtel Africa recorded a net decline of 3.6¹⁴ million mobile customers in the quarter, mainly because of divestments, compared to a net decline of 1.5 million in the preceding quarter. As at 30 June 2016, the mobile customer base stood at 77 million, a decline of 1.3¹⁴ million or 1.7% from a year ago. The number of data customers grew 3.4 million or 26% to 16 million, representing 21% of mobile customers.

Overall

Airtel's consolidated revenue and EBITDA grew strongly by 8% and 16% respectively. However, after including net finance costs and fair value losses, the Group's share of overall pre-tax profit from Airtel grew a moderate 5.1% to S\$176 million. The share of net finance costs increased sharply from S\$78 million to S\$109 million, on increased spectrum related finance cost and higher interest on finance lease obligations from the lease back of tower assets, partly offset by higher investment income. The share of fair value losses (mainly derivatives and forex losses) amounted to S\$18 million, down significantly from S\$54 million in the same quarter last year.

¹⁴ Normalising for divestment of operations in Burkina Faso, mobile subscribers grew 1.1 million in the quarter and 3.1 million from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Year-on-year, post-tax underlying profit contribution grew 24% to S\$93 million as Airtel's effective tax rate fell after including certain one-off tax credits. On a post-tax basis, Airtel contributed 10% (Q1 FY2016: 8%) to the Group's underlying net profit.

Airtel also recorded some one-off exceptional gains this quarter which have been classified as exceptional items of the Group (see page 13). The exceptional items comprised net gains on disposal of subsidiary in Burkina Faso and a 35% held associate in Tanzania, fair value losses on Nigerian Naira's devaluation, staff restructuring provision, write-off of certain network assets and recognition of deferred tax on an earlier business combination.

Including mobile customers across operations in 19 countries covering India, Bangladesh, Sri Lanka and Africa, Airtel's total mobile customer base across all geographies grew 24 million or 7.5% from a year ago to 342 million as at 30 June 2016.

Advanced Info Service ("AIS")

AIS, the largest mobile communications operator in Thailand, is listed on the Stock Exchange of Thailand. AIS provides mobile services on 2G, 3G and 4G networks.

On 27 May 2016, the National Broadcasting and Telecommunications Commission ("NBTC") scheduled the re-auction of 900 MHz spectrum. Advanced Wireless Network Co., Ltd., a subsidiary of AIS, participated and won a license at the bid price of THB 75.7 billion. Upon the first payment, the license, effective from 1 July 2016 for 15 years, was granted by the NBTC.

With the 900 MHz spectrum, AIS continues its 2G service, and strengthened its total spectrum bandwidth to 40 MHz (for 900/ 1800/ 2100 MHz). As at end June 2016, AIS' 4G on 1800 MHz achieved 50% of population coverage since its launch six months ago. AIS targets to achieve 80% of the population for 4G coverage by December 2016.

In the quarter, service revenue (excluding interconnect) was stable amid intense competition. EBITDA grew 3%¹⁵ due to lower regulatory costs from continued 3G migration. AIS' pre-tax profit increased 10%¹⁵ in Thai Baht terms after including lower depreciation charges on fully depreciated 2G assets.

With the 4% depreciation of the Thai Baht against the Singapore Dollar this quarter, the Group's share of AIS' pre-tax profit rose 5.2% to S\$122 million.

On a post-tax basis, AIS' underlying profit contribution for the quarter increased 5.1% to S\$98 million and contributed 10% of the Group's underlying net profit, unchanged from the last corresponding quarter. This contribution excluded AIS' handset subsidy costs relating to the migration of 2G handset customers to 3G. The Group's share of this cost of S\$11 million has been classified as an exceptional item of the Group (see Page 13).

Against the preceding quarter, service revenue (excluding interconnect) remained stable while EBITDA increased 11%¹⁵ mainly due to accrual for Universal Service Obligation fees in March 2016 quarter.

¹⁵ Excluding 3G handset subsidy costs classified as an exceptional item of Singtel Group. If such costs are not excluded, AIS' EBITDA and pre-tax profit would have declined by 6% and 2% respectively from the last corresponding quarter, and its EBITDA would have increased 27% from the preceding quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

AIS gained 0.4 million of mobile customers in the quarter to 39 million, similar to the preceding quarter.

AIS continues to maintain its mobile market leadership position, as well as being the largest network coverage operator, in Thailand.

Globe Telecom, Inc (“Globe”)

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

Globe's service revenue, including contribution from Bayan Telecommunications Inc, grew 8% driven mainly by strong growth in data related services across mobile, home broadband and corporate businesses. With higher operating revenue, EBITDA was up 7%.

Globe's operating profit (before fair value adjustments) grew 1% in Philippine Peso terms after including higher depreciation charges from its expanded asset base and higher interest expense.

With 3% depreciation of the Philippine Peso against the Singapore Dollar this quarter, the Group's share of Globe's pre-tax profit declined 2.6% to S\$90 million but would have been stable in constant currency terms.

On a post-tax basis, Globe contributed S\$64 million or 7% to the Group's underlying net profit, unchanged from same quarter last year.

Against the preceding quarter, Globe's service revenue was stable. With higher marketing expenses and network costs, EBITDA declined 4%.

Globe added 4.0 million mobile customers in the quarter, compared to 1.1 million in the preceding quarter. As at 30 June 2016, its mobile customer base expanded to 61.3 million, up 10 million or 20% from a year ago.¹⁶

On 30 May 2016, Globe and PLDT Inc. announced the signing of agreements to jointly acquire the telecommunications business of San Miguel Corporation.

¹⁶ With effect from March 2016 quarter, Globe has classified mobile broadband subscribers as part of mobile subscribers. Comparatives have been restated to be consistent with the current quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

NetLink Trust

NetLink Trust was constituted as a business trust to own, install, operate and maintain the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network.

Year-on-year, operating revenue grew 24% driven by a higher residential fibre customer base. Household residential wired broadband penetration rate was 103%¹⁷ as of end May 2016. EBITDA increased a strong 37% on higher margin. Consequently, net profit contribution from NetLink Trust grew by 67% to S\$28 million.

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 Financial Reporting Standards ("FRS") and is not intended to replace the financial statements prepared in accordance with Singapore FRS. 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 %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Group operating revenue			
Optus	2,024	2,397	-15.6
Singapore subsidiaries	1,594	1,637	-2.6
Other overseas subsidiaries (including Amobee & Trustwave)	289	174	65.8
	3,908	4,209	-7.1
Proportionate share of operating revenue of associates			
Regional mobile associates	3,213	3,029	6.1
Singapore associates	123	134	-8.8
Other overseas associates	12	19	-37.6
	3,347	3,183	5.2
Enlarged revenue	7,255	7,391	-1.8
% of overseas revenue to enlarged revenue	76%	76%	

Overseas revenue contributed 76% to the Group's enlarged revenue, stable from the last corresponding quarter.

¹⁷ Source: IDA

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Group EBITDA			
Optus	653	670	-2.5
Singapore subsidiaries	678	658	3.1
Other overseas subsidiaries (including Amobee & Trustwave)	(95)	(87)	9.3
	1,236	1,240	-0.4
Proportionate share of associates' EBITDA ⁽¹⁾			
Regional mobile associates	1,433	1,279	12.0
Singapore associates	67	59	13.7
Other overseas associates	8	14	-39.7
	1,507	1,351	11.6
Total proportionate EBITDA	2,743	2,591	5.9
Overseas proportionate EBITDA as a % to total proportionate EBITDA	73%	72%	
Contributions to total proportionate EBITDA			
Regional mobile associates	52%	49%	
Australia	24%	26%	
Singapore	27%	28%	
Others	-3%	-3%	
	100%	100%	

Note:

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

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 73% to proportionate EBITDA against 72% a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	30 Jun 2016	31 Mar 2016	30 Jun 2015	30 Jun 2016	31 Mar 2016	30 Jun 2015
Singtel	4,103	4,101	4,082	4,103	4,101	4,082
Optus	9,336	9,337	9,379	9,336	9,337	9,379
	13,439	13,438	13,461	13,439	13,438	13,461
Regional Mobile Associates						
Airtel						
- India	255,735	251,237	230,662	84,239	81,626	74,804
- Africa	76,986	80,564	78,323	25,359	26,175	25,400
- South Asia	9,244	10,238	9,019	3,045	3,326	2,925
	341,965	342,039	318,004	112,643	111,127	103,129
Telkomsel	157,387	153,613	144,064	55,085	53,764	50,422
AIS	39,355	38,928	40,061	9,178	9,078	9,342
Globe ⁽²⁾	61,311	57,266	51,000	28,933	27,024	24,067
	600,018	591,846	553,129	205,839	200,993	186,960
PBTL	-	-	1,187	-	-	534
	600,018	591,846	554,316	205,839	200,993	187,494
Group	613,457	605,284	567,777	219,278	214,431	200,955
<i>(excluding PBTL)</i>	<i>613,457</i>	<i>605,284</i>	<i>566,590</i>	<i>219,278</i>	<i>214,431</i>	<i>200,421</i>

Notes:

- (1) Proportionate share of mobile customers represents the total number of mobile customers of an associate multiplied by the Group's effective percentage ownership in the associate at the respective dates.
- (2) With effect from the March 2016 quarter, Globe has classified mobile broadband subscribers as part of mobile subscribers. The comparatives have been restated on same basis.

The Group's combined mobile customer base was 613 million as at 30 June 2016, up 8.2 million or 1.4% from a quarter ago, and 46 million or 8.0% from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES**CASH DIVIDENDS RECEIVED FROM ASSOCIATES / JOINT VENTURES ⁽¹⁾**

	Quarter		YOY Chge %
	30 Jun		
	2016 S\$ m	2015 S\$ m	
Telkomsel ⁽²⁾ - final dividend FY 2015 / FY 2014	715	557	28.4
AIS ⁽³⁾ - final dividend FY 2015 / FY 2014	176	165	6.2
Globe ⁽⁴⁾ - quarterly dividend FY 2015 / FY 2014	40	39	3.4
Regional mobile associates	930	761	22.3
Other associates			
Southern Cross/ PCHL ⁽⁵⁾	15	-	nm
Others	*	*	nm
	15	*	nm
Total	945	761	24.2

Notes:

- (1) The cash dividends received from overseas associates as stated here are before related tax payments.
- (2) Telkomsel declared a full year dividend of 90% on net profit for its 2015 financial year (FY 2014: 115%).
- (3) AIS declared a full year dividend of 99% on net profit for its 2015 financial year (FY 2014: 99%). Dividends are paid twice a year, with an interim dividend distributed from the first half results and final dividend distributed from the second half results. The Group received its share of the final dividend for 2015 financial year of S\$176 million in April 2016. AIS will pay its interim dividend of Baht 5.79 per share in September 2016. The Group's share of this dividend is approximately S\$155 million.
- (4) Globe pays dividends on a quarterly basis. Globe's dividend policy is to pay ordinary dividends of 75% to 90% of prior year's core net income. The Group received its share of the second quarterly dividend of S\$40 million for Globe's 2015 financial year in June 2016. Globe will pay its next quarterly dividend of PHP 22 per common share in September 2016, the Group's share of this dividend is approximately S\$40 million. On an annualised basis, Globe has declared dividends of about 77% of its 2015 financial year's core net income (FY 2014: 76%).
- (5) Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited (PCHL), part of the Southern Cross consortium, do not have fixed dividend policies.
- (6) Other information:
 - (i) Airtel does not have a fixed dividend policy. Airtel declared a final dividend of Rs 1.36 per share for its 2016 financial year, subject to shareholders' approval. The Group's share of the final dividend from its direct stake of 15.01% is Rs 816 million (approximately S\$16 million) which will be received in September 2016 quarter.
 - (ii) NetLink Trust does not have a fixed distribution policy. In July 2016, Singtel received S\$80 million of distribution from NetLink Trust in respect of its 2016 financial year.

The total dividends from the associates increased 24% to S\$945 million with higher dividend received from Telkomsel in line with its higher net profit and also due to timing.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Globe
Singtel's investment:				
Year of initial investment	2000	2001	1999	1993
Effective economic interest (%)	32.9%	35.0%	23.3%	47.2% ⁽²⁾
Investment to date	S\$2.91 bil	S\$1.93 bil	S\$1.20 bil	S\$1.02 bil
Closing market share price ⁽³⁾	INR 366	NA	THB 158 ⁽⁴⁾	PHP 2,372
Market capitalisation				
- Total	S\$29.43 bil	NA	S\$18.02 bil	S\$9.00 bil
- Singtel holding	S\$9.70 bil	NA	S\$4.20 bil	S\$4.24 bil
Operational Performance :				
Mobile penetration rate ⁽⁵⁾	81%	129%	129%	120%
Market share, 30 Jun 2016 ⁽⁵⁾	24.6%	47.1%	45.9%	47.4%
Market share, 31 Mar 2016 ⁽⁶⁾	24.3%	48.0%	45.9%	45.8%
Market position ⁽⁷⁾	#1	#1	#1	#2
Mobile customers ('000)				
- Aggregate	341,965	157,387	39,355	61,311
- Proportionate	112,643	55,085	9,178	28,933
Growth in mobile customers (%) ⁽⁸⁾	7.5%	9.2%	-1.8%	20%
Credit ratings				
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Baa3/BB+	Baa1/BBB+	Baa2/BBB
- Company (Moody's/ S&P's)	Baa3/BBB-	Baa1/BBB-	NA/BBB+	NA

Notes:

- (1) Mobile penetration rate, market share and market position pertain to India market only.
- (2) Including preferred shares issued by Globe, Singtel has a 21.5% effective interest in Globe's voting shares.
- (3) Based on closing market price on 30 June 2016, in local currency.
- (4) Based on local market price quoted on the Stock Exchange of Thailand.
- (5) Based on actual data or latest data available as of 30 June 2016.
- (6) Based on actual data.
- (7) Based on number of mobile customers.
- (8) Compared against 30 June 2015 and based on aggregate mobile customers.

NA Denotes not applicable.

Please refer to **Appendix 5** for the currency rate movements of the major associates.

SECTION 6 : PRODUCT INFORMATION**SINGAPORE MOBILE**

	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Mobile Communications revenue (S\$'M) ⁽¹⁾	525	520	530	-0.9
Number of mobile subscribers (000s)				
Prepaid	1,773	1,773	1,803	-1.7
Postpaid	2,330	2,328	2,279	2.2
Total	4,103	4,101	4,082	0.5
Number of 4G mobile subscribers (000s)	2,398	2,290	2,007	19.5
MOUs per subscriber per month ⁽²⁾				
Prepaid	255	264	295	-13.7
Postpaid ⁽³⁾	243	246	256	-5.0
Average revenue per subscriber per month ⁽²⁾⁽⁴⁾ (S\$ per month)				
Prepaid	18	18	18	3.4
Postpaid	70	70	74	-5.0
Blended	48	47	49	-2.3
Data services as % of ARPU				
- total data ⁽⁵⁾	53%	52%	48%	
- non-SMS data	43%	43%	38%	
Tiered data plans				
- postpaid base on tiered data plans ⁽⁶⁾	66%	66%	62%	
- tiered data plan customers exceeding data bundles	29%	29%	22%	
Acquisition cost per postpaid subscriber (S\$) ⁽⁷⁾	410	411	435	-5.9
Postpaid external churn per month ⁽⁸⁾	1.2%	0.8%	0.9%	
Singapore mobile penetration rate ⁽⁹⁾	149%	149%	149%	
Market share ⁽⁹⁾				
Prepaid	52.1%	52.7%	53.6%	
Postpaid	47.4%	47.7%	47.9%	
Overall	49.3%	49.8%	50.2%	

Notes:

- (1) This comprises cellular service revenue in Singapore only and is determined net of bill rebates and prepaid sales discount, and includes revenue earned from broadband bundles. It excludes revenue earned from international calls classified under "International Telephone" revenue.
- (2) Based on average number of subscribers, calculated as the simple average of opening and closing number of subscribers.
- (3) MOU of postpaid base excludes customers that have data-only SIM plans.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Includes revenue from SMS, *SEND, MMS and other data services.
- (6) Postpaid base on tiered data plans comprise of customers on smartphone plans.
- (7) This relates to blended acquisition and retention cost per postpaid customer.
- (8) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of average number of subscribers.
- (9) The market share data as at 30 June 2016 was based on Telco operators' published results. The other market statistics were based on IDA's latest available published statistics as of 31 May 2016.

SECTION 6 : PRODUCT INFORMATION

AUSTRALIA MOBILE (PRODUCT VIEW)

	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Optus' mobile revenue (A\$'M) ⁽¹⁾	1,242	1,306	1,533	-19.0
Optus' mobile service revenue (A\$'M)	963	1,005	1,208	-20.3
Number of mobile subscribers (000s)				
Prepaid Handset	3,657	3,681	3,648	0.2
Postpaid Handset	4,683	4,664	4,657	0.6
Mobile Broadband ⁽²⁾	997	993	1,074	-7.2
Total	9,336	9,337	9,379	-0.5
Number of 4G mobile subscribers (000s) ⁽³⁾	4,933	4,676	3,817	29.3
Mobile penetration rate ⁽⁴⁾	ND	ND	135%	
MOUs per subscriber per month ⁽⁵⁾				
Prepaid	138	134	120	14.7
Postpaid	287	257	231	24.0
ARPU per month (A\$) ⁽⁶⁾				
Prepaid Handset	21	21	28	-25.2
Postpaid Handset	48	50	59	-19.4
Mobile Broadband ⁽²⁾	21	23	23	-8.1
Blended	34	36	43	-19.7
Postpaid Handset excluding DRP impact	58	59	64	-9.8
Data revenue as a % of service revenue				
- total data	74%	70%	69%	
- non-SMS data	65%	61%	47%	
Tiered data plans				
- postpaid base on tiered data plans ⁽⁷⁾	93%	92%	78%	
- tiered data plan customers exceeding data bundles	23%	23%	29%	
Market share - total ⁽⁴⁾	ND	ND	29.7%	
Retail postpaid churn rate per month ⁽⁸⁾	1.3%	1.3%	1.4%	

ND denotes 'Not disclosed'.

Notes:

- (1) This comprises mobile service revenue (both outgoing and incoming) and sales of equipment in Australia, covering Australia Consumer as well as Australia Enterprise.
- (2) Defined as data-only SIMs and include customers on both prepaid and postpaid plans. Postpaid plans incur a monthly subscription fee.
- (3) Defined as 4G handsets on the Optus network.
- (4) Penetration and subscriber market share are estimated by Optus based on published data.
- (5) Based on average number of customers, calculated as the simple average of opening and closing number of customers. MOU includes outgoing minutes only. This calculation is based on customers with voice plan only – i.e. it excludes customers with only mobile broadband.
- (6) Based on average number of customers, calculated as the simple average of opening and closing number of customers. Excludes equipment revenue. ARPU impacted by mobile termination rates decline from 1 January 2016.
- (7) Defined as a percentage of Consumer Branded customers which excludes Virgin Mobile (which does not offer tiered data plans) and wholesale customers.
- (8) Churn calculation includes subscriber churn from Optus, Virgin Mobile and other Optus subsidiaries' subscribers but excludes customers transferring from postpaid to prepaid.

SECTION 6 : PRODUCT INFORMATION**Singtel TV (PRODUCT VIEW)**

	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Singtel TV revenue (\$\$'M)	59	58	60	-0.8
Average revenue per customer per month (\$\$ per month)	42	39	40	5.0
Number of residential TV customers (000s)	416	423	422	-1.4

SINGAPORE CONSUMER HOME

	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Singapore Consumer home revenue (\$\$'M) ⁽¹⁾	135	131	132	2.0
Average revenue per customer per month ⁽²⁾ (\$\$ per month)	63	61	61	3.8
Number of households on triple/ quad play services (000s) ⁽³⁾	498	500	493	0.9

Notes:

- (1) This comprises fixed broadband, fixed voice and Singtel TV in the residential segment only and does not include mobile.
- (2) Based on average number of households, calculated as the simple average of opening and closing number of households.
- (3) Total number of residential households who subscribed to 3 or 4 unique services comprising fixed broadband, Singtel TV, fixed voice and mobile.

SECTION 6 : PRODUCT INFORMATION**OTHER PRODUCTS**

Singapore	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Internet				
Number of fixed broadband lines (000s) ⁽¹⁾	600	599	590	1.8
<i>Singapore fixed broadband penetration rate</i> ⁽²⁾	103%	103%	103%	
<i>Fixed broadband market share</i> ^{(3) (4)}	42.1%	42.6%	42.2%	
Number of fibre broadband lines (000s)	520	501	440	18.0
<i>Fibre broadband market share</i> ⁽⁴⁾	49.4%	50.5%	54.1%	
International Telephone				
International telephone outgoing minutes (m mins) (excl Malaysia)	690	712	821	-15.9
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.097	0.095	0.093	4.3
National Telephone				
Fixed working lines (000s) ⁽⁵⁾				
Residential	806	816	837	-3.7
Business	708	716	731	-3.1
Total	1,514	1,532	1,568	-3.4
<i>Singapore fixed line penetration rate</i> ⁽⁶⁾	36.4%	36.4%	36.2%	
<i>Singapore fixed working lines ('000s)</i> ⁽⁶⁾	2,016	2,016	2,001	
<i>Fixed line market share</i> ⁽⁶⁾	75.1%	76.0%	78.4%	

Notes:

- (1) Include ADSL and fibre lines.
- (2) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IDA). The market penetration rate as at 30 June 2016 was based on IDA's latest available published statistics as of 31 May 2016.
- (3) Based on total Singtel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (4) The market share data as at 30 June 2016 was based on management's estimates.
- (5) Fixed working lines refer to Direct Exchange Lines (DEL) and Home Digital Lines. Some lines are for connections of second set top box under ADSL bundles.
- (6) The market share data as at 30 June 2016 was based on management's estimates. The other market statistics as at 30 June 2016 were based on IDA's latest available published statistics as of 31 March 2016.

SECTION 6 : PRODUCT INFORMATION

Australia	Quarter			YOY Chge %
	30 Jun 2016	31 Mar 2016	30 Jun 2015	
Enterprise Fixed				
Business voice minutes (m min)	1,332	1,353	1,304	2.1
Buildings connected at the end of the period ⁽¹⁾	18,367	18,339	18,242	0.7
Wholesale Fixed				
Wholesale domestic voice minutes (m min)	861	916	1,025	-16.0
Mass Market Fixed				
On-net ARPU (A\$) ⁽²⁾				
Voice	35	36	36	-1.9
Broadband ⁽³⁾	52	53	54	-2.7
Telephony customers ('000)				
HFC ⁽⁴⁾	453	454	474	-4.3
ULL ⁽⁵⁾	430	448	478	-10.1
On-net	883	902	952	-7.2
Resale	19	19	21	-11.0
NBN	134	110	50	169.6
Off-net	153	129	71	116.1
<i>HFC bundling rate ⁽⁶⁾</i>	98%	98%	93%	
HFC penetration	32%	32%	34%	
Internet customers (000s)				
On-net				
HFC broadband	434	433	433	0.3
ULL broadband ⁽⁵⁾	453	475	518	-12.5
Business grade broadband	27	24	28	-5.0
	914	933	979	-6.6
Off-net				
Resale	31	22	7	344.1
NBN	136	113	54	152.2
Broadband subtotal	1,081	1,068	1,040	3.9
Dial-up	3	3	9	-60.0
Total Internet customers	1,084	1,071	1,049	3.4

Notes:

- (1) Directly connected buildings include all connections via all access media - fibre, DSL, fixed wireless, satellite and leases.
- (2) Per month, based on average number of HFC and ULL customers. Comparatives have been restated on same basis.
- (3) Includes Optus TV with Fetch.
- (4) Includes all customers who take local telephony over the HFC network, and customers who take one or more of pay TV or cable internet services over the HFC network.
- (5) Include wholesale ULL subscribers.
- (6) Based on customers who are receiving a 'bundled benefit' from taking a package of products (local telephony plus at least one of broadband, dial-up internet or pay TV).

SECTION 7 : GLOSSARY

“ACCC”	Australian Competition And Consumer Commission.
“ADSL”	Asymmetric digital subscriber line.
“ARPU”	Average revenue per user.
“Associate”	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard.
“DRP”	Device repayment plans.
“EI”	Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period.
“EBIT”	Earnings before interest and tax.
“EBITDA”	Earnings before interest, tax, depreciation and amortisation, and does not include the share of pre-tax results of associates.
“EBITDA margin”	Ratio of EBITDA over operating revenue.
“EPS”	Earnings per share.
“FRS”	Financial Reporting Standard.
“Free Cash Flow”	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
“ICT”	Infocomm Technology.
“IDA”	Info-communications Development Authority of Singapore.
“IP VPN”	Internet Protocol Virtual Private Network.
“MMS”	Multimedia messaging service.
“MTAS”	Mobile terminating access services.
“MOU”	Minutes of use per subscriber.
“NetLink Trust”	NetLink Trust, a business trust established as part of IDA’s effective open access requirements under Singapore’s NextGen NBN, is currently 100% owned by Singtel. NetLink Trust is equity accounted as an associate in the Group as Singtel does not control it. NetLink Trust owns 100% of OpenNet Pte. Ltd.
“NM”	Not meaningful.
“NPS”	Net Promoter Score. This is a widely used metric to measure customer experience by scoring the willingness of customers to recommend a brand following an interaction with the company.
“Optus”	Singtel Optus Pty Limited, Singtel’s wholly-owned subsidiary, and its subsidiaries.
“SMS”	Short message service.
“SME”	Small and medium-sized enterprises.
“STAI”	Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus.
“Singapore”	The term refers to the Group’s operations excluding Optus and the associates. Therefore, this includes the overseas operations of Singtel including Amobee and Trustwave.
“Underlying net profit”	Defined as net profit before exceptional items.

GROUP SUMMARY INCOME STATEMENTS

For The First Quarter Ended 30 June 2016

	Quarter							YOY Chge %
	30 Jun							
	2016			2016		2016	2015	
	Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	Singtel S\$ m	Optus S\$ m	Group S\$ m	Group S\$ m	
Operating revenue	1,884	-	-	1,884	2,024	3,908	4,209	-7.1
Operating expenses	(1,305)	-	-	(1,305)	(1,428)	(2,732)	(3,008)	-9.2
Other income	579	-	-	579	597	1,176	1,201	-2.1
	4	-	-	4	56	60	41	48.2
EBITDA	583	-	-	583	653	1,236	1,241	-0.4
- EBITDA margin	31.0%	-	-	31.0%	32.2%	31.6%	29.5%	
Share of associates' pre-tax profits								
Regional mobile associates	-	714	-	714	-	714	625	14.3
Other associates	-	53	-	53	*	53	41	31.0
	-	767	-	767	*	767	665	15.3
EBITDA and share of associates' pre-tax profits	583	767	-	1,350	653	2,003	1,907	5.1
Depreciation & amortisation	(207)	-	-	(207)	(336)	(543)	(535)	1.5
EBIT	376	767	-	1,143	317	1,460	1,371	6.4
Net finance expense								
- net interest expense	(37)	-	-	(37)	(43)	(80)	(67)	18.0
- other finance (expense)/ income	(1)	-	11	10	4	14	10	46.9
	(38)	-	11	(27)	(38)	(65)	(58)	13.0
Profit before EI and tax	337	767	11	1,116	279	1,394	1,314	6.2
Taxation								
- current and deferred taxes	(56)	-	-	(56)	(83)	(139)	(143)	-3.4
- share of taxes of associates	-	(227)	-	(227)	*	(227)	(213)	6.7
- withholding taxes ⁽¹⁾	-	-	(78)	(78)	-	(78)	(63)	25.2
	(56)	(227)	(78)	(361)	(83)	(444)	(419)	6.0
Profit/ (Loss) after tax	282	540	(67)	755	196	950	895	6.2
Minority interests	4	-	-	4	-	4	*	nm
Underlying net profit/ (loss)	286	540	(67)	759	196	954	895	6.6
Exceptional items ("EI") (post-tax)	*	12	-	11	(21)	(10)	47	nm
Net profit/ (loss)	285	551	(67)	770	175	944	942	0.3

Note:

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

GROUP SUMMARY INCOME STATEMENTS
For The First Quarter Ended 30 June 2016

	Quarter	YOY	
	30 Jun	Change	Change in constant currency ⁽¹⁾
	2016		
S\$ m	%	%	
Operating revenue	3,908	-7.1	-5.7
Operating expenses	(2,732)	-9.2	-7.7
	1,176	-2.1	-0.5
Other income	60	48.2	53.1
EBITDA	1,236	-0.4	1.3
-EBITDA margin	31.6%		
Share of associates' pre-tax profits			
- <i>Telkomsel</i>	326	31.0	31.5
- <i>Airtel</i>	176	5.1	9.6
- <i>AIS</i>	122	5.2	10.2
- <i>Globe</i>	90	-2.6	0.5
Regional mobile associates	714	14.3	17.1
Other associates	53	31.0	31.0
	767	15.3	18.0
EBITDA and share of associates' pre-tax profits	2,003	5.1	7.1
Depreciation & amortisation	(543)	1.5	3.4
EBIT	1,460	6.4	8.6
Net finance expense	(65)	13.0	14.8
Profit before EI and tax	1,394	6.2	8.3
Taxation	(444)	6.0	8.0
Profit after tax	950	6.2	8.4
Minority interests	4	nm	nm
Underlying net profit	954	6.6	8.8
EI (post-tax)	(10)	nm	nm
Net profit	944	0.3	2.3

Note:

(1) Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2015.

BUSINESS SEGMENTS

For The First Quarter Ended 30 June 2016

	Quarter	YOY	
	30 Jun	Change	Change in constant currency ⁽¹⁾
	2016		
	S\$ m	%	%
Operating revenue			
Group Consumer	2,197	-15.6	-13.6
Group Enterprise	1,580	5.1	5.9
Core Business	3,777	-8.0	-6.5
Group Digital Life	131	27.8	26.5
Group	3,908	-7.1	-5.7
EBITDA			
Group Consumer	799	-0.6	1.7
Group Enterprise	490	1.4	1.9
Core Business	1,289	0.2	1.8
Group Digital Life	(36)	15.2	14.5
Corporate	(18)	20.1	20.1
Group	1,236	-0.4	1.3
EBIT (exclude share of associates' pre-tax profits)			
Group Consumer	434	**	2.2
Group Enterprise	330	-1.5	-1.2
Core Business	764	-0.7	0.7
Group Digital Life	(53)	12.3	11.0
Corporate	(18)	15.9	15.9
Group	692	-1.9	-0.3
Operating revenue (ex-mobile termination rates decline in Australia from 1 Jan 2016)			
Group Consumer	2,384	-8.4	-6.2
Group Enterprise	1,583	5.3	6.1
Core Business	3,967	-3.4	-1.7
Group Digital Life	131	27.8	26.5
Group	4,097	-2.6	-1.0

Note:

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2015.

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Jun 2016 (Unaudited) S\$ million	31 Mar 2016 (Audited) S\$ million	30 Jun 2015 (Unaudited) S\$ million
Current assets			
Cash and cash equivalents	966	462	1,390
Trade and other receivables	4,220	4,366	3,950
Inventories	293	320	276
Derivative financial instruments	13	18	28
	5,491	5,165	5,643
Non-current assets			
Property, plant and equipment	10,853	11,154	10,520
Intangible assets	12,914	12,968	11,875
Associates	349	356	282
Loan to an associate	1,101	1,101	1,611
Joint ventures	10,111	10,730	10,101
Available-for-sale investments	164	148	232
Deferred tax assets	647	692	794
Derivative financial instruments	664	623	592
Other non-current receivables	546	629	461
	37,349	38,400	36,467
Total assets	42,840	43,566	42,110
Current liabilities			
Trade and other payables	4,220	4,597	4,160
Advance billings	780	800	655
Current tax liabilities	401	364	492
Borrowings (unsecured)	958	596	-
Borrowings (secured)	90	90	26
Derivative financial instruments	12	25	2
Net deferred gain ⁽¹⁾	69	68	68
	6,530	6,540	5,402
Non-current liabilities			
Borrowings (unsecured)	7,940	9,019	8,406
Borrowings (secured)	238	236	248
Derivative financial instruments	291	316	295
Advance billings	266	266	265
Net deferred gain ⁽¹⁾	1,312	1,323	1,350
Deferred tax liabilities	574	585	511
Other non-current liabilities	266	278	279
	10,886	12,023	11,354
Total liabilities	17,416	18,563	16,756
Net assets	25,424	25,003	25,354
Share capital and reserves			
Share capital	2,634	2,634	2,634
Reserves	22,779	22,355	22,685
Equity attributable to shareholders of the Company	25,413	24,989	25,319
Minority interests and other reserve	10	13	35
Total equity	25,424	25,003	25,354

Note:

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

SINGAPORE CASH FLOW STATEMENT

For The First Quarter Ended 30 June 2016

	Quarter			YOY Chge %
	30 Jun 2016 S\$ m	30 Jun 2015 S\$ m	31 Mar 2016 S\$ m	
Net cash inflow from operating activities				
Profit before exceptional items and tax	337	353	241	-4.4
Non-cash items	250	226	281	10.7
Operating cash flow before working capital changes	587	578	522	1.5
Changes in operating assets and liabilities	(117)	(148)	74	-20.7
	470	430	596	9.1
Cash paid to employees under performance share plans	*	*	-	nm
Tax paid on operating activities	(5)	(1)	(38)	276.9
Operating cash flow	465	429	557	8.4
Net cash (outflow for)/ inflow from investing activities				
Accrued capital expenditure	(97)	(77)	(417)	26.1
Changes in creditors' balances	(77)	(102)	113	-24.5
Cash capital expenditure	(174)	(179)	(305)	-2.8
Net loan to STAI from Optus ⁽¹⁾	-	-	(123)	-
Dividend received by STAI from Optus ⁽¹⁾	-	-	617	-
Withholding tax paid on interest received on inter-company loans	-	-	(14)	-
Payment for purchase of subsidiaries, net of cash acquired	-	-	(2)	-
Contribution from minority interests	-	-	10	-
Investment in associates and joint ventures	(2)	-	(215)	nm
Investment in venture investments	(12)	(16)	(13)	-22.3
Proceeds from disposal of venture investments	51	19	5	164.4
Proceeds from disposal of property, plant and equipment	33	*	*	nm
Loan repaid by an associate	-	-	510	-
Deferred proceeds/ proceeds from disposal of associates and joint ventures	42	-	1	nm
Others	1	17	19	-91.9
	(61)	(158)	492	-61.6
Net cash outflow for financing activities				
Net decrease in borrowings	(738)	(98)	(135)	@
Net interest paid on borrowings and swaps	(55)	(38)	(44)	44.5
Interim dividend paid to shareholders	-	-	(1,084)	-
Purchase of performance shares	(4)	(15)	(6)	-76.7
Others	-	-	1	-
	(796)	(151)	(1,268)	429.2
Net (decrease)/ increase in cash balance from Singapore	(393)	120	(219)	nm
Net (decrease)/ increase in cash balance from Singapore	(393)	120	(219)	nm
Dividends received from associates	939	761	54	23.3
Withholding tax paid	(95)	(80)	(6)	19.8
Net dividends received from associates	843	682	48	23.8
Net increase/ (decrease) in cash and cash equivalents	451	802	(171)	-43.8
Singtel cash and cash equivalents at beginning	403	453	581	-11.0
Exchange effects on cash and cash equivalents	*	(3)	(7)	nm
Singtel cash and cash equivalents at end	854	1,252	403	-31.8
Singapore free cash flow	291	250	253	16.3
Free cash flow from associates' dividends	843	682	48	23.8
Cash capex to operating revenue	9%	10%	15%	

Note:

(1) The intercompany amounts are eliminated at the Group level.

OPTUS CASH FLOW STATEMENT

For The First Quarter Ended 30 June 2016

	Quarter			YOY Chg %
	30 Jun 2016 A\$ m	30 Jun 2015 A\$ m	31 Mar 2016 A\$ m	
Net cash inflow from operating activities				
Profit before exceptional items and tax	276	283	379	-2.5
Non-cash items	341	359	328	-4.8
Operating cashflow before working capital changes	617	641	707	-3.8
Changes in operating assets and liabilities	(133)	(219)	(67)	-39.2
Tax paid	(60)	(65)	(63)	-7.8
Operating cash flow	424	357	578	18.6
Net cash outflow for investing activities				
Accrued capital expenditure	(292)	(301)	(617)	-2.9
Changes in creditors' balances	(33)	(15)	398	123.0
Cash capital expenditure	(325)	(316)	(219)	2.9
Loan to STAI ⁽¹⁾	-	-	(131)	-
Repayment of loan by STAI ⁽¹⁾	-	-	250	-
Payment for purchase of spectrum	(27)	(26)	-	1.5
Others	(20)	(30)	(19)	-32.3
	(372)	(372)	(119)	**
Net cash (outflow for)/ inflow from financing activities				
Net increase in borrowings	50	88	120	-42.9
Dividend paid to STAI ⁽¹⁾	-	-	(600)	-
Net interest paid on borrowings and swaps	(47)	(44)	(35)	6.2
Purchase of Singtel shares	(7)	-	-	nm
Finance lease payments (exclude interest)	-	(1)	*	nm
	(4)	43	(516)	nm
Net increase/ (decrease) in cash balance from Optus	48	28	(57)	69.6
Dividend received from associates	6	-	12	nm
Net increase/ (decrease) in cash and cash equivalents	54	28	(45)	92.5
Optus cash and cash equivalents at beginning	57	105	102	-46.0
Optus cash and cash equivalents at end	111	133	57	-16.6
Optus free cash flow	99	41	359	138.6
Free cash flow from associates' dividends	6	-	12	nm
Cash capex to operating revenue	16%	14%	11%	

Note:

(1) The intercompany amounts are eliminated at the Group level.

OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

	Quarter		YOY Chge %
	30 Jun		
	2016 A\$ m	2015 A\$ m	
Operating revenue	1,999	2,295	-12.9
Operating expenses	(1,410)	(1,678)	-16.0
Other income	56	24	137.0
EBITDA - margin	645 32.3%	641 27.9%	0.7
Share of results of joint ventures	*	*	nm
EBITDA and share of results of joint ventures	645	641	0.7
Depreciation & amortisation	(332)	(333)	-0.4
EBIT	313	308	1.9
Net finance expense	(38)	(25)	50.7
Profit before exceptional items and tax	276	283	-2.5
Taxation	(82)	(85)	-3.8
Underlying net profit	194	198	-1.9
Exceptional items (post-tax)	(21)	(2)	@
Net profit	173	196	-11.9

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

	As at		
	30 Jun 2016 A\$ m	31 Mar 2016 A\$ m	30 Jun 2015 A\$ m
	Property, plant and equipment (net)	7,174	7,173
Gross debt			
Current debt	560	*	1
Non-current debt	2,719	3,189	3,016
Gross debt as reported in the statement of financial position	3,279	3,189	3,017
Related net hedging assets	(232)	(202)	(158)
	3,047	2,987	2,859
Less: Cash and bank balances	(111)	(57)	(133)
Net debt	2,936	2,930	2,726

CURRENCY RISK MANAGEMENT & OTHER MATTERS

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

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

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

Debt Currency Mix	As at		
	30 Jun 2016	31 Mar 2016	30 Jun 2015
SGD	65%	67%	65%
AUD	35%	33%	35%
Total	100%	100%	100%

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

CREDIT RATINGS

As at 30 Jun 2016	Singtel	Optus
Standard & Poor's	A+ (stable)	A (stable)
Moody's Investors Service	Aa3 (stable)	A1 (stable)

MAJOR CURRENCY AVERAGE EXCHANGE RATES

1 Australian Dollar buys:	Q1	Q2	Q3	Q4	Full Year
Derived weighted average exchange rate ⁽¹⁾ for:					
Operating revenue					
<u>SGD</u>					
FY2017	1.0125	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	1.0446	1.0089	1.0138	1.0129	1.0201
Change (last corresponding period)	-3.1%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Underlying net profit					
<u>SGD</u>					
FY2017	1.0098	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	1.0445	1.0086	1.0140	1.0154	1.0196
Change (last corresponding period)	-3.3%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 United States Dollar buys:	Q1	Q2	Q3	Q4	Full Year
Derived weighted average exchange rate ⁽²⁾ for:					
Operating revenue					
<u>SGD</u>					
FY2017	1.3580	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	1.3429	1.3911	1.4074	1.4018	1.3859
Change (last corresponding period)	1.1%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Notes:

- (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.
- (2) The income statements of Trustwave, Amobee and HOOQ are translated from United States Dollar to Singapore Dollar based on these derived weighted average exchanges rates for the period to date.

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	Full Year
<u>Rupiah</u>					
FY2017	9,837	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	9,804	10,000	9,804	9,615	9,803
Change (last corresponding period)	0.3%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Indian Rupee</u>					
FY2017	49.2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	47.2	46.7	46.7	48.1	47.2
Change (last corresponding period)	4.2%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Baht</u>					
FY2017	25.9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	24.8	25.3	25.4	25.4	25.2
Change (last corresponding period)	4.4%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Peso</u>					
FY2017	34.3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2016	33.2	33.1	33.3	33.7	33.4
Change (last corresponding period)	3.3%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2017

- **Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar, United States Dollar and regional currencies.** The Group's outlook for the current financial year is based on the following average exchange rates during FY 2016:

Australian Dollar	AUD 1	SGD 1.0201
United States Dollar	USD 1	SGD 1.3859
Indonesian Rupiah	SGD 1	IDR 9,803
Indian Rupee	SGD 1	INR 47.2
Thailand Baht	SGD 1	THB 25.2
Philippine Peso	SGD 1	PHP 33.4

- **Both operating revenue and EBITDA from the Core Business (comprising Group Consumer and Group Enterprise) to grow by low single digit level.**
- **Mobile service revenue from Australia to decline by low teens, with the decline in mobile termination rates.**
- **Mobile Communications revenue from Singapore to be stable.**
- **Group ICT revenue (comprising Managed Services and Business Solutions) to increase by low teens. Cyber Security revenue (classified under Managed Services), including a full year's contribution from Trustwave, to be S\$450-550 million.**
- **Revenue from Amobee Group to grow by mid single digit level.**
- **Group Digital Life to record negative EBITDA of S\$150-S\$180 million.**
- **Excluding acquisitions, consolidated revenue and EBITDA of the Group to grow by low single digit level.**
- **Capital expenditure for the Group on an accrual basis is expected to approximate S\$2.8 billion, comprising approximately A\$1.8 billion for Optus and S\$1.0 billion for the rest of the Group in FY 2017. This reflects the Group's multi-year investments in a new data centre in Singapore, continued strategic investments in mobile network, particularly in Australia, and new unified billing and customer care systems.**
- **Capital expenditure for the Group on a cash basis is expected to approximate S\$2.4 billion.**
- **Group free cash flow (excluding dividends from associates) to be approximately S\$1.5 billion.**
- **Ordinary dividends from regional mobile associates are expected to be approximately S\$1.2 billion.**