



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 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, 31 December 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\$0.5 million or A\$0.5 million 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 THIRD QUARTER ENDED 31 DECEMBER 2016**

- **Operating revenue fell 1.5% impacted by the decline in mobile termination rates¹ (“rates change”). Excluding the rates change, revenue would have increased by 3.0%.**
- **EBITDA was stable at S\$1.22 billion. It would have declined 2.2% in constant currency terms² with heightened competition in Australia.**
- **Post-tax underlying profit contributions from the associates rose 6.1% with strong growth at Telkomsel, Globe and NetLink Trust partially offset by declines at Airtel and AIS.**
- **Underlying net profit was up 4.2% at S\$994 million and would be up 2.5% in constant currency terms².**
- **With higher exceptional losses, net profit grew 2.0% and would be stable in constant currency terms².**
- **Free cash flow declined 4.4% to S\$559 million³ mainly due to higher capital expenditure and timing difference in Tekomsel’s dividend payment partially offset by working capital movements.**

FINANCIAL HIGHLIGHTS**FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

- **Operating revenue fell 3.6% and would have been stable excluding the rates change¹.**
- **EBITDA declined 1.6%.**
- **Post-tax underlying profit contributions from the associates increased 12% mainly from Telkomsel and NetLink Trust, partly offset by declines at AIS and Globe.**
- **Underlying net profit grew 3.6% to S\$2.93 billion.**
- **Net profit declined 1.2%, with exceptional losses compared to exceptional gains in the last corresponding period.**
- **Free cash flow increased by 20% to S\$2.43 billion³ on working capital movements partly offset by higher capital expenditure.**

¹ Effective from 1 January 2016, mobile termination rates in Australia declined and reduced the Group’s operating revenue by S\$200 million (A\$190 million) and S\$583 million (A\$566 million) for the current quarter and nine months ended 31 December 2016 respectively, 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 periods ended 31 December 2015.

³ Excluding tax payment of S\$142 million (A\$134 million) to the Australian Taxation Office (“ATO”) (see page 18).

SECTION 1 : GROUP

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue <i>(exclude mobile termination rates decline)</i>	4,410	4,474	-1.5	12,404	12,867	-3.6
	4,610	4,474	3.0	12,987	12,867	0.9
EBITDA	1,221	1,220	**	3,689	3,751	-1.6
EBITDA margin	27.7%	27.3%		29.7%	29.2%	
Share of associates' pre-tax profits	718	698	2.8	2,222	2,070	7.3
EBITDA and share of associates' pre-tax profits	1,938	1,918	1.0	5,911	5,821	1.5
EBIT <i>(exclude share of associates' pre-tax profits)</i>	1,376	1,381	-0.4	4,257	4,217	0.9
	658	683	-3.6	2,035	2,147	-5.2
Underlying net profit	994	955	4.2	2,927	2,824	3.6
Exceptional items (post-tax)	(22)	(1)	@	(38)	101	nm
Net profit	973	954	2.0	2,889	2,925	-1.2
Free cash flow⁽¹⁾	559	585	-4.4	2,433	2,036	19.5
Underlying earnings per share (S cents)	6.16	5.99	2.8	18.29	17.72	3.2
Basic earnings per share (S cents)	6.03	5.98	0.8	18.06	18.35	-1.6

	As at		
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	31 Dec 2015 S\$ m
	Total assets	47,738	43,558
Shareholders' funds	26,952	25,037	24,532
Net debt⁽²⁾	9,813	9,263	8,916
Net debt gearing ratio⁽³⁾	26.7%	27.0%	26.6%
Net debt to EBITDA and share of associates' pre-tax profits⁽⁴⁾	1.25X	1.17X	1.15X
Interest cover: - EBITDA and share of associates' pre-tax profits/ net interest expense⁽⁵⁾	23.8X	24.6X	25.9X

Notes:

- (1) Excluding tax payment of S\$142 million (A\$134 million) to the ATO (see page 18).
- (2) Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- (3) Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
- (4) Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.
- (5) Net interest expense refers to interest expense less interest income.

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

For The Third Quarter and Nine Months Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue	4,410	4,474	-1.5	12,404	12,867	-3.6
Operating expenses	(3,236)	(3,290)	-1.7	(8,869)	(9,232)	-3.9
	1,174	1,184	-0.9	3,535	3,635	-2.8
Other income	47	36	30.4	154	116	33.2
EBITDA	1,221	1,220	**	3,689	3,751	-1.6
- EBITDA margin	27.7%	27.3%		29.7%	29.2%	
Share of associates' pre-tax profits	718	698	2.8	2,222	2,070	7.3
EBITDA and share of associates' pre-tax profits	1,938	1,918	1.0	5,911	5,821	1.5
Depreciation	(491)	(467)	5.2	(1,447)	(1,417)	2.1
Amortisation of intangibles	(71)	(70)	1.7	(207)	(187)	10.8
	(562)	(537)	4.7	(1,654)	(1,604)	3.2
EBIT	1,376	1,381	-0.4	4,257	4,217	0.9
Net finance expense						
- net interest expense	(87)	(81)	7.7	(248)	(224)	10.7
- other finance income	46	18	159.1	71	51	39.8
	(41)	(63)	-34.7	(177)	(174)	2.1
Profit before exceptional items and tax	1,335	1,319	1.2	4,079	4,044	0.9
Taxation	(347)	(368)	-5.8	(1,166)	(1,226)	-4.9
Profit after tax	988	951	4.0	2,913	2,817	3.4
Minority interests	6	4	53.8	14	7	102.9
Underlying net profit	994	955	4.2	2,927	2,824	3.6
Exceptional items (post-tax)	(22)	(1)	@	(38)	101	nm
Net profit	973	954	2.0	2,889	2,925	-1.2
Depreciation as % of revenue	11%	10%		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 and Intouch 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 OTT 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 %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue						
Group Consumer	2,578	2,677	-3.7	7,115	7,815	-9.0
<i>(ex-mobile termination rates decline)</i>	2,775	2,677	3.7	7,690	7,815	-1.6
Group Enterprise	1,685	1,677	0.5	4,877	4,718	3.4
Core Business	4,263	4,354	-2.1	11,992	12,533	-4.3
Group Digital Life	146	120	21.6	412	334	23.3
Group	4,410	4,474	-1.5	12,404	12,867	-3.6
<i>(ex-mobile termination rates decline)</i>	4,610	4,474	3.0	12,987	12,867	0.9
EBITDA						
Group Consumer	809	785	3.0	2,387	2,420	-1.4
Group Enterprise	455	489	-6.9	1,448	1,484	-2.4
Core Business	1,264	1,274	-0.8	3,834	3,904	-1.8
Group Digital Life	(23)	(33)	-29.1	(86)	(98)	-11.8
Corporate	(20)	(21)	-6.6	(59)	(55)	5.8
Group	1,221	1,220	**	3,689	3,751	-1.6
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	421	428	-1.6	1,258	1,330	-5.4
Group Enterprise	299	328	-9.0	974	1,025	-4.9
Core Business	720	756	-4.8	2,232	2,354	-5.2
Group Digital Life	(41)	(51)	-19.3	(137)	(149)	-7.7
Corporate	(20)	(22)	-8.6	(60)	(58)	2.6
Group	658	683	-3.6	2,035	2,147	-5.2

SECTION 1 : GROUP

ACQUISITION OF SHARES IN ASSOCIATES AND ISSUE OF ADDITIONAL SHARE CAPITAL

On 17 November 2016, Singtel announced the completion of acquisitions of 21.0% equity interest in Intouch Holdings Public Company Limited (“**Intouch**”) and an additional 7.4% equity interest in Bharti Telecom Limited (“**BTL**”), and the listing and quotation of 385.6 million ordinary shares of Singtel on the Singapore Exchange.

REVIEW OF GROUP OPERATING PERFORMANCE

For The Third Quarter Ended 31 December 2016

The Group reported resilient earnings with underlying net profit growth of 4.2% despite intense competition in key markets such as India and Australia, and investments in content and network expansion. This quarter’s earnings included a favourable currency translation impact of S\$16 million mainly from the stronger Australian Dollar and Indonesian Rupiah. In constant currency terms, underlying net profit would have increased by 2.5%.

Operating revenue declined by 1.5% impacted by the decline in mobile termination rates from 1 January 2016 (“**rates change**”) and would have increased 3.0% excluding the rates change. With investments in sports content and ICT capabilities, and intense competition in Australia, EBITDA was stable.

In constant currency terms, operating revenue declined by 3.6% but would have been stable excluding the rates change, while EBITDA declined 2.2%.

Group Consumer contributed 58% (Q3 FY2016: 60%) and 66% (Q3 FY2016: 64%) to the Group’s operating revenue and EBITDA respectively. Operating revenue declined 3.7% while EBITDA grew 3.0%. In constant currency terms, operating revenue fell 6.6% (stable excluding the rates change) while EBITDA remained stable.

Singapore Consumer recorded a strong performance with operating revenue growth of 3.5%. This was attributable to higher Equipment sales and Consumer Home Services boosted by increased fixed broadband and TV revenues. EBITDA grew 6.2% on higher operating revenue and disciplined cost management. In Australia, operating revenue declined 9.8% reflecting the decline in mobile termination rates and higher mobile service credits from device repayment plans partly offset by higher Equipment sales. Excluding the rates change, operating revenue would have been stable. The rates changes have minimal impact on profitability. EBITDA declined 2.3% mainly due to higher mobile device repayment plan credits, higher investment in content and programming with the launch of Optus Sports channels, as well as one-off credits arising from the consolidation of two wholesale service providers in the last corresponding quarter.

Group Enterprise contributed 38% (Q3 FY2016: 37%) and 37% (Q3 FY2016: 40%) to the Group’s operating revenue and EBITDA respectively. Operating revenue was stable with growth in Singapore of 1.5% from higher ICT and Data and Internet revenues partially offset by decline in Australia of 6.5% amid intense price competition in Australia and some large one-off ICT project revenues in the last corresponding quarter not repeated this quarter. Consequently, EBITDA fell 6.9% on lower operating revenue, investment in ICT capabilities and higher mobile customer acquisition and retention costs.

SECTION 1 : GROUP

GDL contributed 3% (Q3 FY2016: 3%) to the Group's operating revenue. Operating revenue grew a strong 22% driven by higher advertising revenue mainly from Amobee's social, video and display businesses. Negative EBITDA fell 29% due mainly to lower losses at Amobee and savings from a discontinued loss-making business in December 2015.

Depreciation and amortisation charges rose 4.7% mainly on higher network investments.

EBIT (before share of results of associates) declined 3.6% at S\$658 million.

The Group and its regional mobile associates continued to record strong customer growth. The combined mobile customer base reached 640 million as at 31 December 2016, up 10 million or 1.6% from a quarter ago.

The associates' post-tax underlying profit contributions increased by 6.1% amid increased competitive intensity and higher spectrum and network investments, with strong growth at Telkomsel, Globe and NetLink Trust partially offset by declines at Airtel and AIS.

Net finance expense fell S\$22 million to S\$41 million this quarter due mainly to higher foreign exchange gains on fixed deposits and higher dividend income from the Southern Cross Consortium (see page 12).

Profit before exceptional items and tax increased 1.2% while underlying net profit was up 4.2% on lower tax expense attributable mainly to lower effective tax rates of Globe and AIS on recognition of certain tax credits.

The net exceptional loss of S\$22 million in the quarter comprised mainly the Group's share of AIS' handset subsidy costs for migrating its 2G handset customers to 3G/4G of S\$19 million, share of Airtel's net exceptional loss of S\$5 million and staff restructuring costs of S\$5 million, partly offset by net gain on sale of venture investments of S\$6 million (see Page 13).

Net profit rose 2.0% after including the exceptional items. In constant currency terms, net profit would be stable.

Free cash flow (excluding ATO payment) for the quarter fell 4.4% or S\$26 million to S\$559 million mainly due to higher capital expenditure and timing difference in Telkomsel's dividend payment, partly offset by working capital movements (see Page 17).

The Group continued to maintain a healthy capital structure. As at 31 December 2016, net debt gearing ratio was 26.7%, stable from a quarter ago. The increase in net borrowings of S\$832 million in the quarter was mitigated by higher share capital following the issue of new Singtel shares in the quarter.

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

SECTION 1 : GROUP**For The Nine Months Ended 31 December 2016**

Operating revenue for the nine months declined 3.6% but would have been stable excluding the rates change. EBITDA declined 1.6% mainly from Australia. In constant currency terms, operating revenue and EBITDA would have decreased by 4.1% and 2.1% respectively.

With 12% increase in associates' post-tax underlying profit contributions mainly from Telkomsel, underlying net profit grew 3.6% to S\$2.93 billion.

With an exceptional loss compared to an exceptional gain in the last corresponding period, net profit declined 1.2% to S\$2.89 billion.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	
Operating revenue	4,410	4,086	7.9
EBITDA	1,221	1,233	-1.0
- margin	27.7%	30.2%	
Share of associates' pre-tax profits	718	737	-2.6
EBIT	1,376	1,421	-3.2
Underlying net profit	994	978	1.6
Exceptional items (post-tax)	(22)	(6)	260.0
Net profit	973	972	0.1
Free cash flow ⁽¹⁾	559	641	-12.8

Note:

(1) Excluding tax payment of S\$142 million (A\$134 million) to the ATO (see page 18).

Operating revenue rose 7.9% underpinned by higher Equipment sales and increased ICT services, while EBITDA remained stable on seasonally higher selling costs. With lower net finance expense mainly from dividend income from the Southern Cross Consortium and higher foreign exchange gain, as well as lower withholding taxes from associates' dividends, underlying net profit grew 1.6% from the preceding quarter.

The decline in free cash flow was mainly due to lower dividends received from associates and higher capital expenditure partly offset by working capital movements.

SECTION 1 : GROUP**OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2017**

The Group affirms the guidance previously issued in November 2016.

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

OPERATING REVENUE

By Products and Services	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Mobile communications	1,500	1,748	-14.2	4,423	5,222	-15.3
Data and Internet	831	795	4.5	2,429	2,344	3.6
<i>Cyber security</i>	113	103	9.8	352	151	132.9
<i>Other services</i>	469	449	4.3	1,297	1,280	1.3
Managed services	582	552	5.4	1,649	1,431	15.2
Business solutions	177	169	4.7	482	463	4.1
Infocomm Technology ("ICT")	758	721	5.2	2,131	1,894	12.5
Sale of equipment	653	540	20.8	1,440	1,408	2.3
National telephone	263	278	-5.3	802	856	-6.3
Digital businesses ⁽¹⁾	154	125	22.6	431	350	23.0
International telephone	116	132	-12.5	368	419	-12.2
Pay television	75	70	7.2	220	215	2.5
Others	60	65	-7.1	160	161	-0.6
Total	4,410	4,474	-1.5	12,404	12,867	-3.6
<i>(ex-mobile termination rates decline)</i>	<i>4,610</i>	<i>4,474</i>	<i>3.0</i>	<i>12,987</i>	<i>12,867</i>	<i>0.9</i>
Operating revenue	4,410	4,474	-1.5	12,404	12,867	-3.6
Associates' proportionate revenue ⁽²⁾	3,535	3,370	4.9	10,273	9,857	4.2
Group's proportionate revenue	7,945	7,845	1.3	22,677	22,724	-0.2

Notes:

- (1) Comprise revenues mainly from Amobee, HOOQ, DataSpark, 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.

SECTION 1 : GROUP

Operating Revenue Mix	Quarter		Nine Months	
	31 Dec		31 Dec	
	2016 %	2015 %	2016 %	2015 %
Mobile communications	34.0	39.1	35.7	40.6
Data and Internet	18.9	17.8	19.6	18.2
<i>Cyber security</i>	2.6	2.3	2.8	1.2
<i>Other services</i>	10.6	10.0	10.5	10.0
Managed services	13.2	12.3	13.3	11.1
Business solutions	4.0	3.8	3.9	3.6
ICT	17.2	16.1	17.2	14.7
Sale of equipment	14.8	12.1	11.6	10.9
National telephone	6.0	6.2	6.5	6.6
Digital businesses	3.5	2.8	3.5	2.7
International telephone	2.6	3.0	3.0	3.3
Pay television	1.7	1.6	1.8	1.7
Others	1.4	1.4	1.3	1.2
Total	100.0	100.0	100.0	100.0

Operating revenue of the Group fell 1.5%. In constant currency terms, operating revenue would have declined 3.6% but would have been stable excluding the rates change.

Mobile Communications revenue fell 14% and excluding the rates change, would have declined by 2.8%. The decline reflected the impact of higher mobile service credits from device repayment plans in Australia and lower voice and SMS revenues not fully offset by higher data.

Equipment sales grew 21% due to higher handset sales driven by continued demand for smartphones.

Revenue from ICT grew 5.2% with growth in cyber security and provision of government infrastructure services in Singapore, partially offset by some large one-off project revenues in Australia in the last corresponding quarter not repeated this quarter.

Data and Internet revenue grew 4.5% on the back of higher NBN revenue in Australia, and increased demand for both international and domestic circuits and bandwidth in Singapore.

Including the proportionate share of operating revenue from the associates, the Group's enlarged revenue grew 1.3% to S\$7.95 billion with strong growth at Telkomsel.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Cost of sales ⁽¹⁾	1,334	1,115	19.6	3,323	2,969	11.9
Selling & administrative ⁽¹⁾	768	825	-6.9	2,206	2,358	-6.4
Staff costs ⁽¹⁾	628	642	-2.1	1,884	1,825	3.2
Traffic expenses	405	613	-33.9	1,172	1,808	-35.2
Repair & maintenance	93	87	6.4	273	257	6.5
Others	8	9	-11.6	11	16	-33.1
Total	3,236	3,290	-1.7	8,869	9,232	-3.9

As a percentage of operating revenue	Quarter		Nine Months	
	31 Dec		31 Dec	
	2016 %	2015 %	2016 %	2015 %
Cost of sales ⁽¹⁾	30.3%	24.9%	26.8%	23.1%
Selling & administrative ⁽¹⁾	17.4%	18.4%	17.8%	18.3%
Staff costs ⁽¹⁾	14.2%	14.3%	15.2%	14.2%
Traffic expenses	9.2%	13.7%	9.5%	14.1%
Repair & maintenance	2.1%	1.9%	2.2%	2.0%
Others	0.2%	0.2%	0.1%	0.1%
Total	73.4%	73.4%	71.6%	71.8%

Note:

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

Total operating expenses declined 1.7%, and would have declined 3.7% in constant currency terms.

Cost of Sales increased on higher Equipment sales, ICT, digital services and investment in content and programming.

The decline in Selling and administrative expenses was mainly due to lower mobile acquisition and retention costs in 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 %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Staff costs						
Optus ⁽¹⁾	278	286	-2.9	812	832	-2.4
Singtel and other subsidiaries	310	323	-3.9	964	960	0.4
	589	609	-3.4	1,777	1,792	-0.9
Trustwave	40	32	22.2	107	32	230.2
Group ⁽¹⁾	628	642	-2.1	1,884	1,825	3.2

	Quarter			Nine Months		YOY Chge %
	31 Dec	30 Sep	31 Dec	31 Dec		
	2016	2016	2015	2016	2015	
Average number of staff						
Optus ⁽¹⁾	8,801	8,917	9,426	8,924	9,440	-5.5
Singtel and other subsidiaries	15,261	15,425	14,965	15,248	14,797	3.0
	24,062	24,342	24,391	24,172	24,237	-0.3
Trustwave	1,529	1,458	1,325	1,455	1,325	9.8
Group ^{(1) (2)}	25,591	25,800	25,716	25,627	25,562	0.3
Headcount as at end of period						
Optus ⁽¹⁾	8,791	8,896	9,401	8,791	9,401	-6.5
Singtel and other subsidiaries	15,194	15,416	14,987	15,194	14,987	1.4
	23,985	24,312	24,388	23,985	24,388	-1.7
Trustwave	1,530	1,496	1,337	1,530	1,337	14.4
Group ^{(1) (2)}	25,515	25,808	25,725	25,515	25,725	-0.8

Notes:

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

(2) 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.

Staff costs declined 2.1% and would have decreased by 3.9% in constant currency terms attributable mainly to lower performance share expense on decline in fair value of grants (cash-settled awards) and write-back of incentive accruals no longer required.

As of 31 December 2016, Group headcount was stable from a year ago at 25,515. The staff additions at Trustwave and increased hirings to support ICT projects in Singapore were partly offset by lower headcount in Optus.

SECTION 1 : GROUP**NET FINANCE EXPENSE**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Net interest expense						
- Interest income	2	2	-20.8	8	7	4.1
- Interest expense	(93)	(90)	2.7	(268)	(254)	5.7
	(91)	(88)	3.3	(261)	(246)	5.8
- Net interest income from NetLink Trust ⁽¹⁾	4	7	-45.2	12	22	-44.3
	(87)	(81)	7.7	(248)	(224)	10.7
Other finance income						
- Dividend income from Southern Cross/ PCHL	22	9	134.8	46	30	50.7
- Investment income ⁽²⁾	*	*	nm	1	2	-26.7
- Net foreign exchange gains (non-trade)	13	*	nm	15	9	59.3
- Net fair value gains ⁽³⁾	11	8	36.3	10	10	-2.1
	46	18	159.1	71	51	39.8
Net finance expense	(41)	(63)	-34.7	(177)	(174)	2.1

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*.

“*” denotes less than S\$0.5 million

Interest expense increased by 2.7% from higher average debt.

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

Net foreign exchange gains arose mainly from revaluation of fixed deposits due to appreciation of the US Dollar.

Net fair value gains of S\$11 million in the quarter arose from mark-to-market valuation of interest rate swaps.

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

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Exceptional (losses)/ gains						
Share of AIS' handset subsidy costs	(19)	-	nm	(39)	-	nm
Share of Airtel's one-off (losses)/ gains (net)	(5)	(19)	-73.7	17	65	-73.1
Optus' staff restructuring costs	(3)	(1)	200.0	(25)	(4)	@
Singtel's staff restructuring costs	(2)	(1)	220.0	(2)	(2)	-4.5
Net gains on sale/ liquidation of venture investments	6	19	-67.7	6	49	-87.4
Impairment of venture investments	*	(1)	nm	(1)	(12)	-94.8
Reversal of impairment provision of venture investments	-	-	-	5	-	nm
Impairment of Pixable, Inc.	-	(30)	nm	-	(30)	nm
Reversal of impairment provision of APT Satellite	-	32	nm	-	32	nm
Others	1	-	nm	1	2	-58.3
Group net exceptional (losses)/ gains (post-tax)	(22)	(1)	@	(38)	101	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.

“*” denotes less than S\$0.5 million and “@” denotes more than 500%

The Group's share of Airtel's net exceptional loss of S\$5 million included costs related to its network re-farming and upgrading programme and provisions for service tax charges.

Other exceptional items in this quarter comprised mainly share of AIS' handset subsidy costs for migrating its 2G handset customers to 3G/4G, staff restructuring costs and net gain on sale of venture investments.

SECTION 1 : GROUP**TAX EXPENSE**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Income tax expense						
Optus	83	99	-16.4	245	289	-15.1
Singtel and other subsidiaries	49	44	10.4	156	149	5.0
Tax expense of Singtel and subsidiaries (a)	131	143	-8.1	401	438	-8.3
Share of associates' tax expense (b)	209	219	-4.4	652	668	-2.4
Withholding and dividend distribution taxes on associates' dividend income ⁽¹⁾	6	6	1.7	113	121	-6.5
Total	347	368	-5.8	1,166	1,226	-4.9
Profit before exceptional items and tax	1,335	1,319	1.2	4,079	4,044	0.9
Exclude:						
Share of associates' pre-tax profits	(718)	(698)	2.8	(2,222)	(2,070)	7.3
Adjusted pre-tax profit (c)	617	620	-0.5	1,858	1,974	-5.9
Effective tax rate of Singtel and subsidiaries (a)/(c)	21.3%	23.0%		21.6%	22.2%	
Share of associates' pre-tax profits (d)	718	698	2.8	2,222	2,070	7.3
Effective tax rate of associates (b)/(d)	29.2%	31.4%		29.3%	32.3%	

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 decline in the effective tax rate at Group arose mainly from Globe and AIS. Globe recognised a tax credit from Bayantel's accumulated net operating losses and AIS recorded double tax deductions for certain capital assets in the quarter.

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

	As at		
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	31 Dec 2015 S\$ m
Current assets (excluding cash)	5,196	4,832	4,607
Cash and bank balances	848	585	686
Non-current assets	41,694	38,141	38,584
Total assets	47,738	43,558	43,877
Current liabilities	9,980	8,468	6,794
Non-current liabilities	10,798	10,047	12,540
Total liabilities	20,778	18,515	19,335
Net assets	26,960	25,043	24,542
Share capital	4,128	2,634	2,634
Retained earnings	28,529	28,667	27,607
Currency translation reserve (loss)	(4,596)	(5,128)	(4,635)
Other reserves	(1,109)	(1,136)	(1,075)
Equity attributable to shareholders	26,952	25,037	24,532
Minority interest and other reserve	8	6	11
	26,960	25,043	24,542

The Group is in a strong financial position as at 31 December 2016. Singtel is rated Aa3 by Moody's and A+ by Standard & Poor's.

The share capital increased by S\$1.49 billion from a quarter ago due to the placement of 385,581,351 new Singtel shares to Temasek Holdings (Private) Limited to partially finance the acquisitions of shares in Intouch and BTL, adjusted for certain fair value adjustments.

The currency translation reserve (loss) in equity decreased by S\$532 million from a quarter ago on translation gains of net assets of the associates mainly from Airtel, and Optus.

SECTION 1 : GROUP**LIQUIDITY AND GEARING**

	As at		
	31 Dec	30 Sep	31 Dec
	2016	2016	2015
	S\$ m	S\$ m	S\$ m
Gross debt			
Current debt	3,178	2,997	342
Non-current debt	8,091	7,267	9,834
Gross debt as reported in statement of financial position	11,269	10,264	10,176
Related net hedging asset ⁽¹⁾	(608)	(416)	(574)
Hedged gross debt	10,661	9,848	9,602
Less: Cash and bank balances	(848)	(585)	(686)
Net debt	9,813	9,263	8,916
Gross debt gearing ratio ⁽²⁾	28.3%	28.2%	28.1%
Net debt gearing ratio	26.7%	27.0%	26.6%

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 increased by S\$813 million to S\$10.66 billion from a quarter ago, mainly due to net increase in borrowings of S\$832 million for funding needs including partial financing for the acquisitions of equity interests in Intouch and BTL in November 2016. With higher debt and increase in share capital from the new share issuance, net debt gearing ratio remained stable at 26.7%.

SECTION 1 : GROUP

CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Nine Months		YOY Chge %
	31 Dec	31 Dec	30 Sep	31 Dec		
	2016 S\$ m	2015 S\$ m	2016 S\$ m	2016 S\$ m	2015 S\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	1,335	1,319	1,350	4,079	4,044	0.9
Non-cash items	(118)	(92)	(114)	(415)	(282)	47.1
Operating cash flow before working capital changes	1,217	1,226	1,236	3,665	3,762	-2.6
Changes in operating assets and liabilities	47	(312)	(186)	(398)	(1,054)	-62.2
	1,263	915	1,050	3,266	2,708	20.6
Cash paid to employees under performance share plans	-	-	-	*	(3)	nm
Tax paid on operating activities ⁽¹⁾	(276)	(110)	(228)	(570)	(423)	34.5
Operating cash flow before dividends from associates	987	804	822	2,697	2,282	18.2
Dividends/ Distributions received from associates	59	226	321	1,325	1,284	3.2
Withholding tax paid on dividends received	(6)	(24)	(22)	(123)	(127)	-2.8
	1,041	1,007	1,121	3,898	3,439	13.3
Net cash outflow for investing activities						
Accrued capital expenditure	(582)	(550)	(518)	(1,491)	(1,389)	7.3
Changes in creditors' balances	(42)	128	39	(117)	(14)	@
Cash capital expenditure	(624)	(422)	(480)	(1,608)	(1,403)	14.6
Investment in associates	(2,470)	*	*	(2,471)	*	nm
Deferred proceeds/ proceeds on disposal of associates	1	-	-	43	15	195.2
Purchase of spectrum	-	-	(99)	(126)	(72)	75.4
Purchase of other intangibles	(37)	(30)	(51)	(109)	(80)	36.4
Payment for purchase of subsidiaries, net of cash acquired	-	(1)	(5)	(5)	(1,058)	-99.5
Investment in venture investments	(6)	(2)	(10)	(27)	(26)	6.6
Proceeds from disposal of venture investments	5	24	3	59	76	-22.4
Proceeds from disposal of property, plant and equipment	1	1	4	34	5	@
Withholding tax paid on interest received on inter-company loans	-	-	(14)	(14)	(13)	7.5
Others	15	22	17	36	59	-39.2
	(3,115)	(408)	(634)	(4,188)	(2,496)	67.8
Net cash inflow/ (outflow) for financing activities						
Net increase/ (decrease) in borrowings	832	(538)	910	1,061	1,140	-6.9
Net interest paid on borrowings and swaps	(102)	(103)	(76)	(280)	(256)	9.6
Final dividend paid to shareholders	-	-	(1,706)	(1,706)	(1,705)	**
Proceeds from issue of shares	1,603	-	-	1,603	-	nm
Purchase of performance shares and others	(6)	(4)	(5)	(21)	(38)	-44.2
Others	(5)	(5)	-	(5)	(4)	26.3
	2,323	(649)	(876)	652	(863)	nm
Net increase/ (decrease) in cash and cash equivalents	248	(50)	(390)	363	80	353.3
Exchange effects on cash and cash equivalents	14	3	9	23	43	-45.7
Group cash and cash equivalents at beginning	585	733	966	462	563	-17.9
Group cash and cash equivalents at end	848	686	585	848	686	23.6
Group free cash flow						
Singapore	387	231	114	792	616	28.6
Optus ⁽¹⁾	(23)	151	229	297	263	12.9
Group free cash flow (before associates' dividends) ⁽¹⁾	364	383	343	1,089	879	23.9
Dividends received from associates (net of withholding tax)	53	202	299	1,202	1,158	3.8
Group free cash flow ⁽¹⁾	417	585	641	2,291	2,036	12.5
(exclude ATO tax payment)	559	585	641	2,433	2,036	19.5
Optus free cash flow (in A\$) ⁽¹⁾	(22)	147	221	298	259	15.2
(exclude ATO tax payment)	112	147	221	432	259	67.0
Cash capex to operating revenue	14%	9%	12%	13%	11%	

“**” denotes less than S\$0.5 million, “***” denotes less than 0.05%, and “@” denotes more than 500%

Note:

(1) Including tax payment of S\$142 million (A\$134 million) to the ATO.

SECTION 1 : GROUP

Net cash inflow from operating activities (before associates' dividends) for the quarter grew 23% to S\$987 million. The increase was due mainly to working capital movements partly offset by higher cash taxes. In the quarter, the Group paid S\$142 million (A\$134 million) to the ATO for amended tax assessments received in respect of the acquisition financing of Optus. This payment has been recognised as a receivable. Singtel has objected to the amended assessments and will vigorously defend its position. Gross dividends from the associates were lower due mainly to timing difference in Telkomsel's dividend payments. Consequently, total cash flow from operations increased 3.4% to S\$1.04 billion.

Net cash outflow for investing activities was S\$3.12 billion. In the quarter, payments of S\$1.59 billion and S\$884 million were made for the acquisitions of 21.0% equity interest in Intouch and an additional 7.4% equity interest in BTL respectively. Capital expenditure grew 48% to S\$624 million. Capital expenditure comprised S\$187 million for Singapore and S\$437 million (A\$414 million) for Australia. In Singapore, major capital investments in the quarter included S\$75 million for fixed and data infrastructure, S\$40 million for mobile networks, S\$27 million for ICT investments and S\$20 million for information systems. In Australia, capital investments in mobile networks, and fixed and other core infrastructure amounted to A\$284 million and A\$130 million respectively.

The Group's free cash flow declined 4.4% to S\$559 million excluding the ATO tax payment, with higher capital expenditure and lower associates' dividends partly offset by working capital movements.

Net cash financing inflow of S\$2.32 billion mainly comprised proceeds received from the issuance of 385.6 million ordinary shares of Singtel totalling S\$1.60 billion and a net increase in borrowings of S\$832 million, partly offset by interest payments of S\$102 million.

Overall cash balance increased S\$263 million from a quarter ago, and the cash balance was S\$848 million as at 31 December 2016.

OTHER INFORMATION

New Entrant Spectrum Auction ("NESA") Results and General Spectrum Auction ("GSA") timeline

IMDA received submissions of Expression of Interest Documents for the NESA from three parties, namely airYotta Pte Ltd, MyRepublic Limited and TPG Telecom Pte Ltd ("TPG"). On 16 November 2016, IMDA pre-qualified MyRepublic Limited and TPG to participate in the NESA. IMDA conducted the NESA between 13 and 14 December 2016 and TPG won the NESA with a bid of S\$105 million. IMDA aims to commence the GSA in the first quarter of 2017.

Amendments to the Telecommunications Act

The Telecommunications (Amendment) Act 2016 which came into force on 1 February 2017 amended the Telecommunications Act to, *inter alia*, enable the IMDA to establish or approve a dispute resolution scheme(s), provide it with the powers to regulate and facilitate the use of and access to rooftop space for mobile deployment and impose certain conditions relating to the appointment of the CEO, director or chairman of the board of directors of designated telecommunication licensees.

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 THIRD QUARTER ENDED 31 DECEMBER 2016**

- **Operating revenue was impacted by decline in mobile termination rates (“rates change”) and higher mobile service credits in Australia.**
- **Operating revenue at S\$2.58 billion – down 3.7% (up 3.7% excluding the rates change).**
- **EBITDA at S\$809 million – up 3.0%.**
- **EBIT at S\$421 million – down 1.6%.**

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

- **Operating revenue at S\$7.12 billion – down 9.0% (down 1.6% excluding the rates change).**
- **EBITDA at S\$2.39 billion – down 1.4%.**
- **EBIT at S\$1.26 billion – down 5.4%.**

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

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue	2,578	2,677	-3.7	7,115	7,815	-9.0
Operating expenses	(1,805)	(1,927)	-6.3	(4,859)	(5,495)	-11.6
	773	751	3.0	2,255	2,321	-2.8
Other income	36	35	2.9	131	99	32.0
EBITDA	809	785	3.0	2,387	2,420	-1.4
- margin	31.4%	29.3%		33.5%	31.0%	
Depreciation & amortisation	(388)	(357)	8.5	(1,129)	(1,091)	3.5
EBIT	421	428	-1.6	1,258	1,330	-5.4

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Cost of sales ^{(2) (3)}	745	609	22.4	1,724	1,621	6.3
Selling & administrative ⁽²⁾	520	584	-11.0	1,536	1,688	-9.0
Traffic expenses	252	434	-41.9	730	1,297	-43.7
Staff costs ⁽²⁾	228	240	-5.0	683	709	-3.7
Repair & maintenance	52	48	8.3	154	147	5.0
Others	8	12	-33.3	33	33	1.2
Operating expenses	1,805	1,927	-6.3	4,859	5,495	-11.6

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 periods.

(3) Cost of sales include cost of content and programming.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER OPERATING HIGHLIGHTS

For The Third Quarter Ended 31 December 2016

Operating revenue for Group Consumer was impacted by the rates change from 1 January 2016.

Australia Consumer contributed 75% (Q3 FY2016: 76%) and 78% (Q3 FY2016: 79%) to the Group Consumer's operating revenue and EBITDA respectively. The Australian Dollar strengthened 4% against the Singapore Dollar from the same quarter last year.

Operating revenue fell 3.7% (up 3.7% excluding the rates change), while EBITDA grew 3.0% and EBIT declined 1.6% after including higher depreciation and amortisation charges. In constant currency terms, operating revenue declined 6.6% (stable excluding the rates change) while EBITDA was stable and EBIT declined 4.6%.

For The Nine Months Ended 31 December 2016

The Australian Dollar was stable compared to the same period last year. For the nine months, operating revenue declined by 9.0% (down 1.6% excluding the rates change) while EBITDA and EBIT decreased by 1.4% and 5.4% respectively, reflecting declines in Australia.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	
Operating revenue	2,578	2,340	10.2
Operating expenses	(1,805)	(1,595)	13.1
EBITDA	809	779	3.9
- margin	31.4%	33.3%	
EBIT	421	403	4.5

Operating revenue increased on higher Equipment sales and mobile revenue across Singapore and Australia. Both EBITDA and EBIT improved mainly from Australia.

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

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue	657	635	3.5	1,792	1,842	-2.7
Operating expenses	(480)	(468)	2.6	(1,207)	(1,279)	-5.6
Other income ⁽¹⁾	177	166	6.1	585	564	3.7
	8	8	6.7	18	29	-40.1
EBITDA	185	174	6.2	602	593	1.6
- margin	28.1%	27.4%		33.6%	32.2%	
EBIT	115	109	5.7	390	396	-1.4

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Mobile communications	328	330	-0.4	978	985	-0.7
Sale of equipment	134	107	25.7	233	255	-8.6
Fixed broadband	57	52	9.0	167	159	5.2
Residential Pay TV	57	51	12.0	168	154	8.8
International telephone	38	47	-18.8	123	149	-17.3
National telephone	28	30	-6.0	86	91	-5.9
Others ⁽²⁾	14	18	-21.9	37	50	-24.4
Operating revenue	657	635	3.5	1,792	1,842	-2.7
Cost of sales ⁽³⁾	190	166	15.0	412	428	-3.8
Selling & administrative ⁽³⁾	175	171	2.2	444	463	-3.9
Traffic expenses	54	69	-21.4	162	200	-19.4
Staff costs	51	55	-6.9	162	165	-1.5
Repair & maintenance	15	14	8.0	41	38	5.5
Others	(4)	(5)	-16.0	(13)	(15)	-12.4
Operating expenses	480	468	2.6	1,207	1,279	-5.6

Notes:

- (1) 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 gains amounted to S\$2 million for the quarter (Q3 FY2016: S\$3 million gain) and S\$1 million for the nine months ended 31 December 2016 (YTD December 2015: S\$13 million gain).
- (2) Other revenue include digital services, inter-operator tariff discounts, and revenue from mobile network cabling works and projects.
- (3) Comparatives have been restated to be consistent with the current periods.

SECTION 2 : GROUP CONSUMER

SINGAPORE CONSUMER OPERATING PERFORMANCE

For The Third Quarter Ended 31 December 2016

In this quarter, Singapore Consumer reported a strong operating performance despite a highly competitive market, with growth in EBITDA and EBIT of 6.2% and 5.7% respectively on higher operating revenue and disciplined cost management.

Operating revenue increased by 3.5% driven by growth from Equipment sales and Consumer Home Services boosted by fixed broadband and TV revenues.

Equipment sales grew significantly by 26% on strong demand for new smartphones.

Mobile Communications revenue was stable as the strong data revenue growth in both prepaid and postpaid mitigated the decline in local and roaming voice revenues. Postpaid subscription and data revenues continued to grow steadily as more customers signed up for Combo and SIM only plans. The postpaid customer base grew by 9,000⁴ during the quarter. The prepaid customer base, however, declined by 36,000 from a quarter ago amid intense competition.

In the quarter, Singtel expanded its multi destination roaming coverage plans with the launch of ReadyRoam Plus, which added 15 countries across Europe, USA and Canada. Customers can now roam worry free across 26 countries, with 1 GB of data for one month at competitive rates.

Singtel also introduced HOOQ for prepaid customers, similar to the Cast OTT for postpaid customers. By signing to the different data plans, prepaid customers can enjoy video-on-demand streaming for various ethnic content movies and television anytime on their mobile devices.

Consumer Home Services which comprise fixed broadband, residential pay TV and voice revenues was up 7.2%. Fixed broadband revenue registered a strong growth of 9.0% driven by more customer upgrades to higher speed fibre plans and increased subscriptions to value-added services. Despite a lower pay TV customer base from a year ago, operating revenue grew by a strong 12% due to contributions from the sub-licensing of content rights (Q3 FY2016: Nil). The number of customers who have signed up for 'on-the-go' services, namely the Cast OTT and Singtel TV Go companion apps, grew by 11,000 in the quarter to 33,000 as at end of December 2016.

International Telephone revenue declined by 19% on lower call traffic. The impact of the decline was partially mitigated by lower outpayment costs.

Overall operating expenses increased 2.6% mainly on higher Cost of sales, which rose due to increased smartphones sales. Selling and administrative expenses grew on the back of higher mobile acquisition and retention costs due to higher connection volume. Traffic expenses fell with 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. Staff costs decreased due mainly to write-back of incentive accruals no longer required and lower performance share expense.

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

SECTION 2 : GROUP CONSUMER**For The Nine Month Ended 31 December 2016**

Operating revenue for the nine months ended 31 December 2016 declined 2.7% on lower voice services (local, international and roaming) and Equipment sales. EBITDA, however, grew 1.6% on cost management while EBIT fell 1.4% after including higher depreciation charges from a larger asset base.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	
Operating revenue	657	576	14.0
Operating expenses	(480)	(378)	27.0
EBITDA	185	202	-8.8
- margin	28.1%	35.1%	
EBIT	115	131	-12.1

Operating revenue increased on higher Equipment sales driven by new smartphone launches. EBITDA, however, declined reflecting seasonally higher selling expenses in the quarter.

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

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 A\$ m	2015 A\$ m		2016 A\$ m	2015 A\$ m	
Operating revenue	1,818	2,015	-9.8	5,156	5,844	-11.8
Operating expenses	(1,249)	(1,433)	-12.8	(3,524)	(4,111)	-14.3
	569	582	-2.2	1,632	1,733	-5.8
Other income	25	26	-5.1	108	68	60.1
EBITDA	594	608	-2.3	1,740	1,800	-3.4
<i>- margin</i>	32.7%	30.2%		33.7%	30.8%	
EBIT	293	320	-8.4	853	927	-8.0

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 A\$ m	2015 A\$ m		2016 A\$ m	2015 A\$ m	
Incoming	51	241	-79.0	146	722	-79.7
Outgoing	866	935	-7.3	2,601	2,763	-5.9
Total Mobile Service	917	1,176	-22.1	2,747	3,486	-21.2
Equipment	433	371	16.7	1,024	985	4.0
Total Mobile Revenue	1,350	1,547	-12.8	3,771	4,471	-15.6
Voice	92	104	-11.8	289	313	-7.7
Broadband	116	124	-6.5	349	382	-8.7
Pay TV	28	24	16.3	78	70	11.5
Mass Market Fixed On-net	235	251	-6.5	716	765	-6.5
Mass Market Fixed Off-net ⁽¹⁾	80	53	50.4	201	112	78.7
Total Mass Market Fixed	315	304	3.4	916	877	4.4
Data & IP	57	61	-7.7	173	181	-4.4
Voice	27	32	-14.1	81	102	-20.3
Satellite	70	70	-1.0	213	212	0.6
Total Wholesale Fixed	153	163	-6.1	468	495	-5.5
Operating revenue	1,818	2,015	-9.8	5,156	5,844	-11.8

Note:

(1) Included NBN migration and site preparation revenues of A\$24 million (Q3 FY2016: A\$28 million) for the quarter and A\$59 million (YTD Dec 2015: A\$53 million) for the nine months.

SECTION 2 : GROUP CONSUMER

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 A\$ m	2015 A\$ m		2016 A\$ m	2015 A\$ m	
Cost of sales ⁽¹⁾	525	436	20.2	1,267	1,167	8.6
Selling & administrative ⁽¹⁾	325	407	-20.2	1,054	1,195	-11.8
Traffic expenses	188	360	-48.0	550	1,073	-48.7
Staff costs ⁽¹⁾	165	179	-7.5	497	524	-5.1
Repair & maintenance	35	34	4.2	110	106	3.7
Others	12	17	-30.4	45	47	-3.1
Operating expenses	1,249	1,433	-12.8	3,524	4,111	-14.3

Note:

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

AUSTRALIA CONSUMER OPERATING PERFORMANCE**For The Third Quarter Ended 31 December 2016**

Australia Consumer reported a decline in operating revenue of A\$197 million or 9.8% in this quarter. The decline reflected the impact of reduction in the mobile termination rates from 1 January 2016⁵ of A\$187 million and higher mobile service credits from device repayment plans of A\$78 million partly offset by higher Equipment sales of A\$62 million.

With continued heightened competition in the Australian market, outgoing mobile service revenue reduced 7.3% and would be up 2.5% excluding the impact of device repayment plan credits and one-off credits arising from the consolidation of two wholesale service providers in the last corresponding quarter. The postpaid handset customer base grew 93,000⁶ this quarter, with the branded handset customer base growing by 94,000 on the back of differentiating content offerings such as the Premier League and innovative content streaming offers. The prepaid handset customer base grew 43,000 from a quarter ago.

Mobile incoming revenue fell 79% and excluding the rates change, incoming service revenue would have declined 1.6% due to lower SMS and inbound roaming.

Blended mobile ARPU was stable year-on-year after excluding both the impacts of the rates change and device repayment plan credits.

The number of 4G mobile customers increased by 272,000 this quarter, resulting in the total 4G customer base increasing to 5.47 million⁷ as at 31 December 2016, up from 5.20 million a quarter ago.

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 90,000.

⁷ Including Enterprise customers, Optus' total number of 4G customers increased to 5.54 million from 5.27 million a quarter ago.

SECTION 2 : GROUP CONSUMER

Optus continued to invest in its mobile networks, reaching 95.9% of 4G population coverage with 5,624 of 4G sites, of which over 4,609 have been upgraded to 700 MHz spectrum as at 31 December 2016. Optus was also ranked first in the monthly Netflix Internet Service Provider index as well as Stan for 16 consecutive months, demonstrating its commitment to relentless improvement across both the fixed and mobile networks.

To further strengthen its regional and rural mobile network coverage, Optus has announced the build of 114 new mobile sites as part of the Federal Government's A\$60 million second round of funding for the Mobile Black Spots Program.

Optus continued to provide innovative products to the Australian market, launching Optus Xtra which gives eligible prepaid customers the option to earn extra data by having advertisements displayed on their phones. Optus has also invested heavily in pioneering 5G technology in Australia with the successful completion of a 5G network trial with Huawei in November 2016, reaching record speeds of 35 Gbps over the 73 GHz band.

In Mass Market Fixed, operating revenue grew 3.4% on higher NBN revenues driven by a NBN customer growth of 103,000 over the last 12 months. Excluding NBN migration and preparation fees, Mass Market Fixed revenue increased 5.4%.

Wholesale fixed revenue declined 6.1% year-on-year mainly attributable to lower voice revenues from wholesalers who used call termination services, the impact of deactivation of wholesale customers, and a lower ULL customer base.

Total operating expenses fell 13% mainly from lower traffic expenses. Cost of sales increased on higher Equipment sales and increased content and programming costs. Selling and administrative expenses were lower due to lower mobile acquisition and retention costs. Traffic expenses decreased a significant 48% due to lower domestic interconnect costs from the rates change.

Overall EBITDA declined A\$14 million or 2.3% due to higher mobile device repayment plan credits, higher investment in content and programming with the launch of Optus Sports channels, and one-off credits arising from the consolidation of two wholesale providers in the last corresponding quarter. EBITDA margin increased to 32.7% in the quarter as the rates change reduced revenue but had minimal impact on EBITDA.

Depreciation and amortisation expense increased 4.4% on higher investments in mobile network and spectrum, resulting in EBIT declining 8.4%.

For The Nine Months Ended 31 December 2016

For the nine months, operating revenue declined 12% but increased 1.6% after excluding the impacts of the rates change and higher mobile service credits from device repayment plans. Operating expenses declined 14% in line with revenues and strong cost control, while EBITDA declined 3.4% with EBITDA margin increasing to 33.7%.

SECTION 2 : GROUP CONSUMER

National Broadband Network

On 28 September 2016, NBN Co advised Optus that it would not be re-using Optus' HFC network infrastructure beyond the Redcliffe trial area in Queensland. Instead, NBN Co will be using Fibre-to-the-Curb or Fibre-to-the-Distribution-Point in Optus-only HFC areas to connect customers.

This change does not impact the contractual migration payments that are available to Optus. It may alter some of the operational aspects of the HFC Subscriber Agreement where Optus will progressively decommission parts of its coaxial cable and ancillary assets to NBN Co, while retaining ownership of strategic aerial fibre assets used to connect the mobile base stations and business customers.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 A\$ m	30 Sep 2016 A\$ m	
Operating revenue	1,818	1,719	5.7
Operating expenses	(1,249)	(1,180)	5.8
EBITDA	594	568	4.6
- margin	32.7%	33.0%	
EBIT	293	271	8.1

Against the preceding quarter, both EBITDA and EBIT improved on higher operating revenue.

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.A, 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 as "Managed Services" under ICT. 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 THIRD QUARTER ENDED 31 DECEMBER 2016**

- **Operating revenue stable at S\$1.69 billion.**
- **EBITDA at S\$455 million – down 6.9%.**
- **EBIT at S\$299 million – down 9.0%.**

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

- **Operating revenue at S\$4.88 billion – up 3.4%.**
- **EBITDA at S\$1.45 billion – down 2.4%.**
- **EBIT at S\$974 million – down 4.9%.**

⁸ "Singapore" refers to all geographies other than Australia.

SECTION 3 : GROUP ENTERPRISE**GROUP ENTERPRISE SUMMARY INCOME STATEMENTS**

For The Third Quarter Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Operating revenue	1,685	1,677	0.5	4,877	4,718	3.4
Operating expenses	(1,243)	(1,192)	4.3	(3,463)	(3,256)	6.4
Other income ⁽¹⁾	442	484	-8.7	1,414	1,462	-3.3
	13	5	169.4	34	23	51.6
EBITDA	455	489	-6.9	1,448	1,484	-2.4
- margin	27.0%	29.2%		29.7%	31.5%	
Depreciation & amortisation	(157)	(161)	-2.8	(474)	(460)	3.1
EBIT	299	328	-9.0	974	1,025	-4.9

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Cyber security	113	103	9.8	352	151	132.9
Other services	469	449	4.3	1,297	1,280	1.3
Managed services ⁽²⁾	582	552	5.4	1,649	1,431	15.2
Business solutions ⁽³⁾	177	169	4.7	482	463	4.1
ICT	758	721	5.2	2,131	1,895	12.5
Data and Internet ⁽⁴⁾	433	425	1.9	1,288	1,265	1.8
Mobile communications	250	264	-5.5	750	789	-4.9
International telephone	50	58	-13.0	162	180	-10.2
Sale of equipment	60	57	6.0	142	142	0.1
National telephone	116	122	-4.2	359	374	-4.0
Others ⁽⁵⁾	18	31	-42.5	45	74	-39.1
Operating revenue	1,685	1,677	0.5	4,877	4,718	3.4

Notes:

- (1) Other income include trade foreign exchange differences, rental income, gain or loss on disposal of property, plant and equipment, and other recoveries. The net trade foreign exchange difference amounted to S\$1 million of gain for the current quarter (Q3 FY2016: S\$3 million of loss) and S\$0.2 million of loss for the nine months ended 31 December 2016 (YTD December 2015: S\$5 million of loss).
- (2) Include 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 discounts, TV and digital business revenues.

SECTION 3 : GROUP ENTERPRISE

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Cost of sales ⁽¹⁾	471	413	14.0	1,264	1,105	14.4
Staff costs ⁽¹⁾	359	353	1.6	1,060	958	10.7
Selling & administrative ⁽¹⁾	226	216	4.7	613	603	1.7
Traffic expenses	153	179	-14.5	442	511	-13.5
Repairs, maintenance and other expenses	34	31	9.6	84	80	4.8
Operating expenses	1,243	1,192	4.3	3,463	3,256	6.4

Note:

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

GROUP ENTERPRISE OPERATING HIGHLIGHTS**For the Third Quarter Ended 31 December 2016**

Singapore contributed 76% (Q3 FY2016: 75%) and 87% (Q3 FY 2016: 85%) to Group Enterprise's operating revenue and EBITDA respectively.

Group Enterprise's operating revenue was stable with growth in Singapore partially offset by decline in Australia. EBITDA fell 6.9% and EBIT declined 9.0% mainly from intense price competition in Australia, investment in cyber security and ICT capabilities, and higher mobile acquisition and retention costs. In the same quarter last year, there was some large one-off ICT project revenues in Australia which were not repeated this quarter.

Operating expenses grew 4.3%. The increase in Cost of Sales was due to ICT business growth, increased scope of services and one-off project provisions. Staff costs rose from increased investment in cyber security and ICT capabilities partially offset by lower staff performance share accruals. Selling and administrative expenses were up mainly due to higher mobile acquisition and retention costs on increased connections. Traffic expenses decreased 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.

For the current quarter, with increased investments in cyber security capabilities, Trustwave recorded S\$11 million in negative EBITDA and S\$22 million in negative EBIT after including the amortisation of acquired intangibles. Excluding Trustwave, EBITDA and EBIT declined 4.3% and 4.9% respectively.

In the quarter, Singtel formed a partnership with TIS Inc, a leading Japanese systems integration company, to offer cyber security services in Japan. Through a new Security Operation Centre (SOC) in Tokyo, TIS Managed Security Services powered by Trustwave offer round-the-clock monitoring of customers' networks and rapid response to cyber-attacks.

In Singapore, the National University of Singapore (NUS) and Singtel collaborated to launch the Cyber Security Research and Development Laboratory. This laboratory conducts research and develop capabilities to protect individuals, businesses and public agencies in Singapore from increasingly sophisticated cyber threats.

SECTION 3 : GROUP ENTERPRISE

Singtel also launched a new Data Centre, DC West in December 2016 to meet the increased security and reliability demanded by next-generation power-intensive deployments in Singapore. DC West has a floor area of over 570,000 square feet and is equipped with a total power capacity of up to 36MW – one of the highest in the Southeast Asia region.

SEA-ME-WE 5 Consortium, of which Singtel is a member, announced the completion of the 20,000-kilometre subsea cable infrastructure developed by a 16-nation consortium. This submarine cable system won the Project of the Year – Subsea award at the Global Carrier Awards in Paris in November 2016 for its technological and managerial excellence.

For the Nine Months Ended 31 December 2016

For the nine months, Group Enterprise's operating revenue grew 3.4%. This was contributed by the expansion in cyber security and other ICT services offsetting the decline in traditional carriage services.

Overall EBITDA declined 2.4% and EBIT declined by 4.9% after including the amortisation of acquired intangibles of Trustwave. Excluding Trustwave, EBITDA and EBIT would have declined marginally by 1.4% and 1.3% respectively.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	
Operating revenue	1,685	1,612	4.6
Operating expenses	(1,243)	(1,124)	10.6
EBITDA	455	502	-9.4
- margin	27.0%	31.2%	
EBIT	299	346	-13.7

Operating revenue grew 4.6% from growth in ICT revenue and mobile equipment sales partially offset by decline in traditional carriage services.

EBITDA and EBIT decreased by 9.4% and 14% respectively due to ramp up in sales and product development capabilities in cyber security and ICT, seasonally higher mobile acquisition and retention costs as well as intense price competition in Australia.

SECTION 3 : GROUP ENTERPRISE**SINGAPORE ENTERPRISE**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Managed services ⁽¹⁾	407	374	8.9	1,166	960	21.5
Business solutions ⁽²⁾	177	169	4.7	482	463	4.1
ICT	584	543	7.6	1,649	1,423	15.8
Data and Internet ⁽³⁾	349	342	2.3	1,039	1,012	2.7
Mobile communications	198	206	-4.2	593	612	-3.0
International telephone	44	50	-12.1	140	154	-9.1
National telephone	41	44	-6.2	125	133	-5.4
Sale of equipment	41	41	1.5	86	92	-6.5
Others ⁽⁴⁾	18	31	-42.5	45	74	-39.1
Operating revenue	1,274	1,255	1.5	3,677	3,499	5.1
EBITDA	396	414	-4.3	1,254	1,254	**

Notes:

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

“***” denotes less than 0.05%

Operating revenue increased by 1.5% driven mainly by strong growth in ICT services and Data and Internet partially offset by decline in traditional carriage services. EBITDA fell 4.3% on investment in cyber security and ICT capabilities and increased mobile acquisition and retention costs. Excluding Trustwave, EBITDA declined 1.1%.

Overall ICT revenue was up 7.6% mainly from cyber security and provision of government infrastructure services.

NCS maintained a healthy order book of S\$2.3 billion as at 31 December 2016.

Data and Internet revenue grew 2.3% from increased demand for international circuits and bandwidth.

Mobile Communications revenue fell 4.2% due mainly to lower traffic for local and roaming voice and SMS partially offset by growth in data. Revenue was also impacted by a change in roaming rates from gross to net basis for major roaming partners.

International Telephone revenue fell 12% on lower call usage on continued mobile data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

SECTION 3 : GROUP ENTERPRISE**AUSTRALIA ENTERPRISE**

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 A\$ m	2015 A\$ m		2016 A\$ m	2015 A\$ m	
ICT and Managed Services	165	177	-6.6	467	463	0.8
Data and IP	79	81	-2.0	241	247	-2.2
Voice	78	85	-8.8	247	261	-5.3
Mobile ⁽¹⁾	67	73	-8.7	207	222	-6.8
Operating revenue ⁽²⁾	389	416	-6.5	1,163	1,192	-2.5
EBITDA	56	75	-24.8	188	225	-16.4

Notes:

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

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

Operating revenue declined 6.5% and EBITDA decreased by 25% due mainly to lower ICT and Managed Services, and market repricing of mobile services.

ICT and Managed Services revenue declined 6.6% attributable mainly to some large one-off project revenues in the last corresponding quarter not repeated this quarter.

Voice revenue fell 8.8% in line with industry decline. The decrease was due to price erosion and declines in switched voice as businesses migrated to lower cost IP-based voice solutions.

With expanding network coverage, Optus Business continued to connect more enterprise customers compared to the same quarter last year. Mobile revenue, however, was down 8.7% from declines in roaming rates and mandated mobile termination rate reductions effective January 2016, partially offset by growth in enterprise mobility application and messaging services.

Optus opened a A\$10 million Advanced Security Operations Centre (ASOC) in Sydney. The ASOC, powered by Trustwave, is part of a globally federated network of advanced security operations centres under the Singtel Group which will enable the provision of managed security services to help protect Australian organisations from sophisticated cyber security threats.

Optus Business sealed a deal with the City of Townsville for approximately A\$20 million. Optus will support the Council's operations with greater real time flexibility, mobility and resilience enabled through the next generation of mobile, cloud, security and managed services.

Optus Business also announced a three-year, A\$40 million contract extension with Suretek, a specialist security provider, for the delivery of 1345 Securecall services. The extended contract will see Suretek's enterprise-class alarm service delivered via Optus network through to the end of 2020.

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 OTT 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 THIRD QUARTER ENDED 31 DECEMBER 2016**

- **Operating revenue at S\$146 million – up 22%.**
- **Negative EBITDA of S\$23 million.**
- **Including amortisation of acquired intangibles, negative EBIT of S\$41 million.**

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

- **Operating revenue at S\$412 million – up 23%.**
- **Negative EBITDA at S\$86 million.**
- **Negative EBIT at S\$137 million.**

SECTION 4 : GROUP DIGITAL LIFE**GROUP DIGITAL LIFE SUMMARY INCOME STATEMENTS**
For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Digital ⁽¹⁾	160	133	20.8	462	371	24.6
Others ⁽²⁾	7	2	179.7	16	5	216.4
Operating revenue	167	135	23.6	478	376	27.2
Intercompany eliminations	(20)	(15)	40.0	(66)	(42)	58.5
Operating revenue	146	120	21.6	412	334	23.3
Operating expenses	(171)	(152)	12.4	(491)	(431)	14.1
	(25)	(32)	-22.7	(79)	(96)	-18.2
Other income/ (expense)	1	(1)	nm	(8)	(2)	368.8
EBITDA	(23)	(33)	-29.1	(86)	(98)	-11.8
Depreciation	(5)	(5)	**	(14)	(14)	3.6
Amortisation of intangibles	(13)	(13)	-1.6	(37)	(37)	-0.8
	(18)	(18)	-1.1	(51)	(51)	0.4
EBIT	(41)	(51)	-19.3	(137)	(149)	-7.7
Amobee group						
Operating revenue	160	133	20.8	462	371	24.6
Intercompany eliminations	(19)	(14)	33.6	(63)	(41)	53.9
Operating revenue	141	118	19.3	399	330	21.0
EBITDA	(1)	(5)	-89.6	(25)	(33)	-25.2
EBIT	(11)	(14)	-25.9	(54)	(60)	-10.3

Notes:

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

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

*A negative sign for year-on-year change in EBITDA and EBIT denotes decrease in losses.

*** denotes less than 0.05%

SECTION 4 : GROUP DIGITAL LIFE

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Cost of sales ⁽¹⁾	119	94	26.8	335	245	36.6
Staff costs	31	36	-14.2	102	123	-17.4
Selling & administrative ⁽¹⁾	18	19	-4.2	44	51	-13.5
Others	3	4	-11.1	11	11	-7.0
Operating expenses	171	152	12.4	491	431	14.1

Note:

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

GROUP DIGITAL LIFE OPERATING HIGHLIGHTS**For The Third Quarter Ended 31 December 2016**

Operating revenue for the quarter grew 22% to S\$146 million, driven by higher advertising revenue mainly from Amobee's social, video and display businesses.

Negative EBITDA decreased by 29% to S\$23 million due mainly to lower losses at Amobee and savings from a discontinued loss-making business. Negative EBIT was S\$41 million, after accounting for depreciation and amortisation of acquired intangibles for Amobee group.

Amobee's businesses continued to gain industry recognition for workplace and digital advertising leadership. Amobee was awarded the Fortune Magazine's 100 Best Medium Workplaces, B2B Brand of the Year at the San Diego SDX Awards, and the best existing social media platform (large budget category) at the BAFTA⁹ Twitter campaign (October 2016 – UK).

During this quarter, Amobee launched the *Snapchat's Ads Partner Beta Program*. This solution offers reporting visualisation, video cropping and encoding as part of an exclusive suite of tools for Snapchat advertisers to improve campaign targeting, media and creative.

Amobee also launched the *Optus Xtra* in Australia. This app enables Optus prepaid Android users to earn more data by viewing ads, while Brands are able to reach consumers exclusively with the new lock screen digital advertising solutions, targeting highly engaged audiences with a full screen creative canvas and 100% viewability.

Blackrock, a leading US based investment firm, is a new client added to Amobee UK during the quarter, leveraging Amobee Brand Intelligence to monitor changes in content engagement around economic and financial volatility to deliver display advertising.

HOOQ, which offers premium OTT video, was launched in Singapore, and has announced a holistic partnership with Singtel, enabling its prepaid, postpaid and broadband customers to access HOOQ as part of its bundled service packages.

⁹ British Academy of Film and Television Arts.

SECTION 4 : GROUP DIGITAL LIFE

HOOQ has also announced its first joint production with Globe and Realty Entertainment - *On the Job*. This series will be streamed exclusively on HOOQ in the coming quarters.

During this quarter, HOOQ was awarded the Gold award for Best Visual Identity – technology, media and telecommunications at the 2016 Transform Asia Pacific Awards.

For The Nine Months Ended 31 December 2016

Operating revenue for the nine months increased by 23% to S\$412 million mainly contributed by strong performance from Amobee's social business.

Negative EBITDA and EBIT were at S\$86 million (Q3 FY2016: S\$98 million) and S\$137 million (Q3 FY2016: S\$149 million) respectively.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 September 2016 were as follows:

	Quarter		QOQ Chge %
	31 Dec 2016 S\$ m	30 Sep 2016 S\$ m	
Operating revenue (before intercompany eliminations)	167	158	5.3
<i>Intercompany eliminations</i>	(20)	(23)	-13.0
Operating revenue	146	135	8.5
Operating expenses	(171)	(162)	5.6
EBITDA	(23)	(27)	-14.3
EBIT	(41)	(44)	-6.0

Revenue grew primarily driven by Amobee's video, display and mobile from new products launched. Negative EBITDA decreased with higher revenue and write-back of some staff incentive accruals.

SECTION 5: ASSOCIATES / JOINT VENTURES

**FINANCIAL HIGHLIGHTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016**

- Associates' pre-tax and post-tax underlying profit¹⁰ contributions grew by 2.8% and 6.1% respectively, mainly from Telkomsel, Globe and NetLink Trust, partly offset by declines at Airtel and AIS.
- If the regional currencies had remained stable from last corresponding quarter, the pre-tax and post-tax underlying profit¹⁰ contributions from the associates would have increased by 1.5% and 4.4% respectively.
- The Group's combined mobile customer base¹¹ was up 10 million or 1.6% in the quarter to 640 million.

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

- Associates' pre-tax and post-tax underlying profit¹⁰ contributions grew by 7.3% and 12% respectively, mainly from Telkomsel and NetLink Trust, partly offset by declines at AIS and Globe.
- If the regional currencies had remained stable from last corresponding period, the pre-tax and post-tax underlying profit¹⁰ contributions from the associates would have increased by 8% and 12% respectively.

¹⁰ Exclude exceptional items of Airtel and AIS classified under exceptional items of Singtel Group.

¹¹ 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⁾	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Regional mobile associates						
Telkomsel						
- operating results	359	274	31.0	1,048	824	27.2
- fair value gains/ (losses)	1	1	-30.8	3	(1)	nm
	360	276	30.7	1,051	823	27.6
Bharti Telecom/ Bharti Airtel ("Airtel") ⁽²⁾						
- operating results (India and South Asia)	249	273	-8.8	828	820	1.0
- operating results (Africa)	30	17	75.1	61	50	20.8
- net finance costs	(131)	(94)	39.1	(355)	(244)	45.2
- fair value losses	(6)	(2)	190.9	(44)	(112)	-60.7
	142	194	-26.9	490	514	-4.7
AIS ⁽²⁾						
- operating results	89	121	-26.6	292	341	-14.2
- fair value gains	*	2	nm	2	1	155.6
	89	123	-27.6	294	342	-13.8
Globe						
- operating results	66	57	14.6	217	231	-6.3
- fair value losses	*	(2)	nm	(3)	(6)	-48.3
	66	56	18.0	214	225	-5.2
Intouch ⁽³⁾						
- operating results	8	-	nm	8	-	nm
- fair value losses	*	-	nm	*	-	nm
- amortisation of acquired intangibles	(4)	-	nm	(4)	-	nm
	4	-	nm	4	-	nm
	660	647	2.0	2,053	1,904	7.8
Other Singtel associates						
NetLink Trust ⁽⁴⁾						
- operating results	22	14	56.1	64	28	128.0
- amortisation of deferred gain	17	17	1.2	52	51	1.0
	39	31	25.9	115	79	45.9
Others	19	20	-6.5	54	64	-16.8
Singtel share of ordinary results (pre-tax)	718	698	2.8	2,222	2,048	8.5
Optus share of ordinary results (pre-tax)	*	*	nm	*	*	nm
Group share of ordinary results (pre-tax)	718	698	2.8	2,222	2,048	8.5
Exceptional item ("EI")						
Globe - gains on disposal/ deemed disposal ⁽⁵⁾	-	-	-	-	22	nm
Group share of EI	-	-	-	-	22	nm
Singtel share of pre-tax profit ⁽²⁾	718	698	2.8	2,222	2,070	7.3
Optus share of pre-tax profit	*	*	nm	*	*	nm
Group share of pre-tax profit ⁽²⁾	718	698	2.8	2,222	2,070	7.3
(excluding fair value losses)	723	699	3.4	2,264	2,188	3.5
Group share of taxes	209	219	-4.4	652	668	-2.4
Effective tax rate	29.2%	31.4%		29.3%	32.3%	

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution	Quarter				YOY Chge %	Nine Months				YOY Chge %
	31 Dec					31 Dec				
	2016		2015			2016		2015		
	S\$ m	% ⁽⁶⁾	S\$ m	% ⁽⁶⁾		S\$ m	% ⁽⁶⁾	S\$ m	% ⁽⁶⁾	
Regional mobile associates										
Telkomsel	271	27	208	22	30.7	790	27	618	22	27.8
Airtel ⁽²⁾										
- ordinary results (India and SA)	88		137		-35.9	338		393		-13.9
- ordinary results (Africa)	(40)		(40)		-1.5	(105)		(168)		-37.5
	48	5	97	10	-50.2	234	8	225	8	3.7
AIS ⁽²⁾	79	8	99	10	-20.4	245	8	271	10	-9.7
Globe										
- ordinary results	56		37		53.4	157		154		2.1
- exceptional items	-		-		-	-		20		nm
	56	6	37	4	53.4	157	5	174	6	-9.7
Intouch ⁽³⁾										
- operating results	9		-		nm	9		-		nm
- amortisation of acquired intangibles	(3)		-		nm	(3)		-		nm
	6	1	-	-	nm	6	**	-	-	nm
	460	46	440	46	4.6	1,431	49	1,289	46	11.0
Other Singtel associates										
NetLink Trust ⁽⁴⁾										
- operating results	18		9		108.0	50		20		150.2
- amortisation of deferred gain	14		14		0.7	42		42		1.0
	32	3	23	2	42.1	93	3	62	2	49.3
Others	16	2	17	2	-6.6	43	1	54	2	-19.8
Singtel share of post-tax profit⁽²⁾	508	51	480	50	6.0	1,567	54	1,405	50	11.5
Optus share of post-tax profit	*	**	*	**	nm	3	**	(3)	**	nm
Group share of post-tax profit⁽²⁾	508	51	479	50	6.1	1,570	54	1,402	50	11.9

Post-tax profit contribution (in constant currency) ⁽⁷⁾	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Regional mobile associates						
- operating results	661	648	1.9	2,116	2,022	4.6
- fair value losses	(6)	(1)	@	(45)	(118)	-61.9
- amortisation of acquired intangibles	(4)	-	nm	(4)	-	nm
	651	647	0.6	2,067	1,904	8.5
Other associates	58	51	13.0	169	143	17.6
Group share of ordinary results	709	698	1.5	2,236	2,048	9.2
Group share of exceptional items	-	-	-	-	22	nm
Group share of pre-tax profit	709	698	1.5	2,236	2,070	8.0
Group share of tax expense	(208)	(219)	-5.0	(661)	(668)	-1.0
Group share of post-tax profit	501	479	4.4	1,575	1,402	12.3

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Notes:

- (1) The accounts of the associates are prepared based on local GAAP. Where applicable, the accounting policies of the associates have been restated 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.
- (3) Intouch, which Singtel acquired an equity interest of 21.0% in November 2016, has an equity interest of 40.5% in AIS. The amortisation of acquired intangibles was based on provisional purchase price allocation only.
- (4) NetLink Trust is 100% owned by Singtel and is equity accounted as an associate in the Group as Singtel does not control it. The 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.
- (5) Gains on disposal/ deemed disposal in the last corresponding period relate to Globe's disposal of equity interest in Yondu, Inc. and fair valuation of its previously held equity interest in Bayan Telecommunications, Inc.
- (6) Shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (7) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding periods ended 31 December 2015.

“*” denotes less than S\$0.5 million, “***” denotes less than 0.05% and “@” denotes more than 500%

The associates' pre-tax underlying profit contributions grew 2.8% on higher profits at Telkomsel, Globe and NetLink Trust, partially offset by lower earnings at Airtel and AIS.

The share of taxes of associates declined 4.4% mainly due to lower effective tax rates at AIS and Globe in the quarter. Consequently, on a post-tax basis, the associates' underlying profit contributions were up 6.1% to S\$508 million and contributed 51% to the Group's underlying net profit, stable from the same quarter last year.

Telkomsel registered strong growth in earnings with double-digit growth in revenue driven by voice, data and digital services. Airtel recorded a decline in consolidated revenue, adversely impacted by price erosion following entry of a new operator in India. With higher depreciation, spectrum amortisation charges and related finance costs, Airtel's earnings fell steeply. AIS recorded higher operating revenue but earnings were lower due to increased spectrum amortisation charges. Globe reported higher earnings on improved operating revenue with growing demand for broadband and data connectivity and cost management. NetLink Trust's operating revenue and earnings continued to grow at double-digit on increased fibre penetration in Singapore.

PT Telekomunikasi Selular (“Telkomsel”)

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with 129,000 radio base stations (of which 61% 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 5,000 3G/4G radio base stations.

Telkomsel continued to register strong growth this quarter. Operating revenue was up 13% year-on-year driven by growth across voice, data and digital businesses. Voice revenue grew 11% mainly driven by a higher customer base, improvement in network quality and migration of pay per use to voice packages. Data and digital services grew a robust 28% with higher data usage amid continued strong take-up of smartphones.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

With higher operating revenue, EBITDA was up 13% despite increased marketing expenses and other cost of services. With lower depreciation charges, the Group's share of Telkomsel's pre-tax profit rose 25% in Indonesian Rupiah terms. After including the 4% appreciation of the Indonesian Rupiah against the Singapore Dollar this quarter, the Group's share of Telkomsel's pre-tax profit grew 31% from the same quarter last year.

On a post-tax basis, Telkomsel's profit contribution for the quarter increased 31% to S\$271 million which constituted 27% of the Group's underlying net profit, up 5 percentage points from the last corresponding quarter.

Compared to the preceding quarter, Telkomsel's operating revenue grew 2% in Indonesian Rupiah terms. Operating expenses increased 11% on seasonally higher marketing expenses and other cost of services. As a result, EBITDA declined 4%.

Telkomsel gained 10 million mobile customers in the quarter, up from 6.3 million added in the preceding quarter. The total mobile customer base grew 21 million or 14% from a year ago to 174 million, including 85 million of data customers at end of December 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 17 countries across Asia and Africa, offering telecom services under wireless and fixed line technology, national and international long distance connectivity, digital TV 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 has voluntarily reported consolidated financial statements based on IFRS in the Indian Stock Exchanges since April 2010. With effect from 1 April 2016, Airtel adopted Indian 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 offers 4G services in 21 telecom circles across India.

On 16 November 2016, Airtel completed the merger of its subsidiary, Airtel Bangladesh Limited with Robi Axiata Limited to operate under the Robi Axiata brand. Airtel now holds 25% equity interest in the merged equity, which is the second largest mobile operator in Bangladesh.

In the quarter, Airtel concluded the acquisition of the rights to use 20 MHz in the 2300 spectrum for eight circles from Aircel Limited.

Airtel Payments Bank was the first payments bank in India to go live as it rolled out services nationally.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

In India, Airtel's operating performance was adversely impacted by the entrance of a new operator on 5 September 2016 which offers free voice and data, aggravated by a shortage of currency notes in circulation following demonetisation in November 2016. Operating revenue grew only 2% with growth in non-mobile segments compensating for 1% decline in mobile revenue. Notwithstanding the highly competitive market, traffic volume for voice and data rose 14% and 28% respectively. Both voice realisation per minute and data ARPU, however, decreased by 13%.

With a sluggish revenue growth, EBITDA was stable and margin was flat.

Results of 'South Asia' comprised operations in Sri Lanka and Bangladesh. With deconsolidation of Airtel Bangladesh in November 2016, operating revenue in South Asia declined by a significant 41%. However, a positive EBITDA was registered as compared to EBITDA loss in the last corresponding quarter.

With higher depreciation and spectrum amortisation charges in India, the Group's share of pre-tax operating profit (before finance costs and fair value adjustments) from India and South Asia declined 6.7% in Indian Rupee terms. Pre-tax operating profit contribution fell 8.8% to S\$249 million after accounting for the 2% 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 declined 7% and 12% respectively.

Airtel added 5.9 million mobile customers in India this quarter, up from 4.2 million added in the preceding quarter despite intense competition. As at 31 December 2016, Airtel had 266 million mobile customers in India, an increase of 23 million or 9.3% from a year ago. The number of data customers declined 7.7 million this quarter impacted by the new entrant and was stable from a year ago at 55 million, representing 21% of its total mobile customer base.

In the quarter, Airtel entered into a definitive agreement with Orascom Telecom Media and Technology Holding S.A.E to acquire its entire equity stake in Middle East North Africa Company Submarine Cable Systems S.A.E. (MENA-SCS). The acquisition is subject to requisite regulatory approvals.

Africa

As at 31 December 2016, 'Airtel Money' and 3G services were available across all the 15 African countries that Airtel has presence in, while 4G services were available in 3 African countries.

In constant currency terms, Africa's operating revenue declined 3%. Excluding the disposed subsidiaries in Africa, operating revenue grew 5% with strong data revenue growth of 24% driven by increased usage and higher data penetration, and EBITDA was up 29% helped by strong cost control measures.

In reported US Dollar terms, however, operating revenue fell 17%, impacted by the steep depreciation of the Nigerian's Naira and the disposal of assets, while EBITDA declined 6%. With lower depreciation charges, the Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value losses) grew 75% to S\$30 million.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Compared to the preceding quarter, Airtel Africa's EBITDA grew 6% in constant currency terms on higher operating revenue and better cost management. In reported US Dollar terms, operating revenue was stable and EBITDA was up 4%.

Airtel Africa added 2.2 million of mobile customers in the quarter compared to 1.2 million¹² added in the preceding quarter. As at 31 December 2016, the mobile customer base stood at 80 million, a decline of 1.7 million¹² or 2.1% from a year ago with divestment of operations in Burkina Faso and Sierra Leone. The number of data customers was 18 million, representing 22% of total mobile customer base.

Overall

At the consolidated level, Airtel's operating revenue declined 3% and EBITDA was stable with divestment of operating units and tower assets, as well as deconsolidation of Bangladesh's operations. Singtel's share of net finance costs increased sharply from S\$94 million to S\$131 million mainly on increased spectrum related finance cost in India. The share of fair value losses (mainly derivatives and forex losses) amounted to S\$6 million, up from S\$2 million in the last corresponding quarter. Consequently, the Group's share of overall pre-tax profit from Airtel declined 27% to S\$142 million.

Post-tax underlying profit contribution, however, declined 50% to S\$48 million. Airtel's effective tax rate in India increased on account of reversal/ reduction of tax holiday benefits in certain telecom circles. Consequently, on a post-tax basis, Airtel's contribution to the Group's underlying net profit declined to 5% (Q3 FY2016: 10%).

Airtel also recorded some one-off exceptional losses this quarter which have been classified as exceptional items of the Group (see page 13). The exceptional items comprised mainly costs related to its network re-farming and upgrading programme, and tax related charges.

Including mobile customers across operations in 17 countries covering India, Sri Lanka and Africa, Airtel's total mobile customer base across all geographies was 348 million as at 31 December 2016. This represented a growth of 12 million or 3.6%, or a growth of 21 million or 6.4% excluding operations in Bangladesh, from a year ago.

¹² Adjusting for the divestment of operations in Burkina Faso and Sierra Leone, the number of mobile subscribers grew 2.4 million from a quarter ago and 4.0 million from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

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.

Despite intense competition, service revenue (excluding interconnect) increased 6% underpinned by higher data consumption driven by improved 4G network coverage and higher smartphone adoption, as well as higher fixed broadband revenue. EBITDA (before handset subsidy) grew 2%¹³ after including higher network costs from network expansion and payments to TOT Public Company Limited for the lease of 2100 MHz spectrum, towers, equipment and facilities, partially offset by lower regulatory fee as the high concession fee ended in June 2016 quarter. With higher amortisation charges from 900 MHz and 1800 MHz spectrum, as well as higher spectrum financing costs, AIS' pre-tax profit declined by 29%¹³ in Thai Baht terms.

With a stable Thai Baht, the Group's share of AIS' pre-tax profit declined 28% to S\$89 million.

On a post-tax basis, AIS' underlying profit contribution for the quarter declined 20% to S\$79 million, benefiting from a lower effective tax rate on first time claims of double depreciation tax benefits for certain capital assets under newly implemented tax legislation. AIS contributed 8% (Q3 FY2016: 10%) to the Group's underlying net profit. This contribution excluded AIS' handset subsidy costs relating to the migration of 2G handset customers to 3G/4G. The Group's share of this cost of S\$19 million has been classified as an exceptional item of the Group (see Page 13).

Against the preceding quarter, EBITDA increased 6%¹³ on 3% growth in service revenue (excluding interconnect) and lower marketing spend, partly offset by higher network costs from the lease of 2100 MHz spectrum.

As at end December 2016, AIS' 4G achieved 98% of population coverage.

AIS gained 1.2 million of mobile customers in the quarter compared to 0.5 million in the preceding quarter. As at 31 December 2016, its mobile customer base increased 2.5 million or 6.6% from a year ago to 41 million.

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 grew 2% driven by growth in broadband and corporate data from growing demand for internet and data connectivity. Mobile revenue was stable underpinned by mobile data growth offsetting declines in mobile voice and SMS on higher adoption of OTT applications in line with industry trends. With lower selling expenses and staff costs, EBITDA was up a strong 12%.

¹³ Excluding 3G/4G 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 12% and 47% respectively from the last corresponding quarter, and its EBITDA would have been stable from the preceding quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Globe's pre-tax profit grew 23% in Philippine Peso terms despite the equity accounted losses from its 50% equity interest in Vega Telecom, Inc., on stable depreciation charges and lower fair value losses.

With 5% depreciation of the Philippine Peso against the Singapore Dollar this quarter, the Group's share of Globe's pre-tax profit contribution increased 18% to S\$66 million.

Post-tax contribution, however, rose 53% to S\$56 million and constituted 6% (Q3 FY2016: 4%) of the Group's underlying net profit after recognition of a tax credit from Bayantel's carried forward net operating losses.

Against the preceding quarter, Globe's EBITDA grew 5% on service revenue growth of 5% and lower staff costs partly offset by higher selling costs.

As at 31 December 2016, Globe's total mobile customer base was 63 million, 2.6 million lower than a quarter ago due to customer churns caused by a combination of system-delayed tagging and seasonal clean-up of marginal subscribers. Compared to a year ago, Globe's mobile customer base was up 6.6 million or 12%.¹⁴

Intouch Holdings ("Intouch")

On 17 November 2016, Singtel acquired 21.0% equity interest in Intouch. Listed in the Stock Exchange of Thailand, Intouch has investments in telecommunications via its 40.5% equity interest in AIS, as well as in satellite, internet and media and advertising businesses.

The Group's share of Intouch's post-tax profit was S\$9 million. After including amortisation of acquired intangibles of S\$3 million¹⁵, Intouch's post-tax contribution was S\$6 million which constituted 1% of the Group's underlying net profit.

NetLink Trust

NetLink Trust is a business trust in Singapore which designs, builds, owns and operates the passive infrastructure for Singapore's Next Generation Nationwide Broadband Network ("**NextGen NBN**") with Singtel as its sole unitholder. Under the IMDA's structural separation requirements on the NextGen NBN, Singtel does not have effective control in NetLink Trust. Singtel equity accounts for NetLink Trust as an associate.

To fulfil Singtel's undertaking to the IMDA to reduce its stake in NetLink Trust to less than 25% before April 2018, Singtel has commenced preparation for an initial public offering. For the quarter ended 31 December 2016, NetLink Trust's operating revenue and EBITDA rose 12% and 11% respectively, driven by growth in residential fibre end-users. Net profit contribution from NetLink Trust grew by 42% to S\$32 million.

As at 30 November 2016, fibre broadband penetration rate in Singapore was 79%¹⁶.

¹⁴ With effect from March 2016 quarter, Globe has classified mobile broadband subscribers as part of mobile subscribers. Comparatives have been restated on the same basis.

¹⁵ The value of acquired intangibles from Intouch is subject to finalisation of purchase price allocation.

¹⁶ Based on NetLink Trust's residential fibre broadband connections as a percentage of total residential wired broadband lines in Singapore (IMDA's statistics).

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Additional financial information of NetLink Trust is provided in the following table:

	Quarter		YOY Chge %	Nine Months		YOY Chge %	Year
	31 Dec			31 Dec			31 Mar
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m		2016 S\$ m
EBITDA	54	49	11.3	161	131	22.5	183

GROUP'S 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 %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Group operating revenue						
Optus	2,332	2,467	-5.5	6,523	7,198	-9.4
Singapore subsidiaries	1,754	1,721	1.9	4,972	5,006	-0.7
Other overseas subsidiaries (including Amobee & Trustwave)	324	287	12.9	909	663	37.2
	4,410	4,474	-1.5	12,404	12,867	-3.6
Proportionate share of operating revenue of associates						
Regional mobile associates	3,357	3,211	4.5	9,781	9,384	4.2
Singapore associates	166	139	19.0	455	415	9.8
Other overseas associates	13	20	-33.7	37	58	-36.8
	3,535	3,370	4.9	10,273	9,857	4.2
Enlarged revenue	7,945	7,845	1.3	22,677	22,724	-0.2
% of overseas revenue to enlarged revenue	76%	76%		76%	76%	

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

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m		2016 S\$ m	2015 S\$ m	
Group EBITDA						
Optus	687	695	-1.1	1,989	2,076	-4.2
Singapore subsidiaries	567	604	-6.1	1,870	1,915	-2.4
Other overseas subsidiaries (including Amobee & Trustwave)	(33)	(78)	-58.0	(169)	(240)	-29.6
	1,221	1,220	**	3,689	3,751	-1.6
Proportionate share of associates' EBITDA ⁽¹⁾						
Regional mobile associates	1,450	1,328	9.2	4,313	3,945	9.3
Singapore associates	71	65	9.3	212	191	11.1
Other overseas associates	10	17	-40.6	28	46	-39.8
	1,532	1,411	8.6	4,553	4,182	8.9
Total proportionate EBITDA	2,752	2,631	4.6	8,243	7,933	3.9
Overseas proportionate EBITDA as a % to total proportionate EBITDA	77%	75%		75%	73%	
Contributions to total proportionate EBITDA						
Regional mobile associates	53%	50%		52%	50%	
Australia	25%	26%		24%	26%	
Singapore	23%	25%		25%	27%	
Others	-1%	-2%		-2%	-2%	
	100%	100%		100%	100%	

Note:

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

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 77% to proportionate EBITDA against 75% in the last corresponding quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	30 Sep 2016	31 Dec 2015
Singtel	4,088	4,115	4,101	4,088	4,115	4,101
Optus	9,573	9,420	9,371	9,573	9,420	9,371
	13,661	13,535	13,472	13,661	13,535	13,472
Regional Mobile Associates						
Airtel						
- India	265,853	259,941	243,289	96,930	86,040	79,045
- Africa	80,356	78,145	82,070	29,298	25,866	26,665
- South Asia	1,938	8,800	10,793	706	2,913	3,506
	348,147	346,886	336,152	126,934	114,819	109,216
Telkomsel	173,919	163,699	152,640	60,872	57,295	53,424
AIS	41,031	39,873	38,488	9,568	9,298	8,975
Intouch's share of AIS	NM	NM	NM	3,484	NM	NM
Globe ⁽²⁾	62,799	65,363	56,183	29,635	30,845	26,513
	625,896	615,821	583,463	230,493	212,257	198,128
PBTL	-	-	1,007	-	-	453
	625,896	615,821	584,470	230,493	212,257	198,581
Group	639,557	629,356	597,942	244,154	225,792	212,053
<i>(excluding PBTL)</i>	<i>639,557</i>	<i>629,356</i>	<i>596,935</i>	<i>244,154</i>	<i>225,792</i>	<i>211,600</i>

NM denotes not meaningful.

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 640 million as at 31 December 2016, up 10 million or 1.6% from a quarter ago, and 42 million or 7.0% from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS/ DISTRIBUTIONS RECEIVED FROM ASSOCIATES/ JOINT VENTURES ⁽¹⁾

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 S\$ m	2015 S\$ m	2016 S\$ m	2015 S\$ m		
Telkomsel ⁽²⁾						
- final dividend FY 2015 / FY 2014	-	-	-	715	557	28.4
- special dividend FY 2014	-	165	nm	-	165	nm
	-	165	nm	715	722	-1.0
AIS ⁽³⁾						
- interim dividend FY 2016 / FY 2015	-	-	-	155	181	-14.4
- final dividend FY 2015 / FY 2014	-	-	-	176	165	6.2
	-	-	-	330	346	-4.6
Globe ⁽⁴⁾						
- quarterly dividend FY 2015 / FY 2014	40	39	2.6	119	116	2.7
Airtel ⁽⁵⁾						
- final dividend FY 2016 / FY 2015	-	-	-	17	28	-41.1
Regional mobile associates	40	204	-80.6	1,181	1,212	-2.6
Other associates						
Southern Cross/ PCHL ⁽⁶⁾	10	9	5.4	32	30	5.6
SingPost	5	7	-33.8	25	31	-20.1
NetLink Trust ⁽⁷⁾	-	-	-	80	-	nm
Others	5	6	-12.3	8	11	-31.0
	20	22	-12.1	144	72	99.6
Total	59	226	-73.8	1,325	1,284	3.2

Notes:

- (1) The cash dividends received from overseas associates and joint ventures as stated in the table above 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 a final dividend distributed from the second half results. The Group received its share of the interim dividend for 2016 financial year in September 2016.
- (4) Globe paid its fourth quarterly dividend of PHP 22 per common share for its 2015 financial year in December 2016. The Group's share of this dividend was S\$40 million. On an annualised basis, the payments represented 77% of its 2015 financial year's core net income (FY 2014: 76%). Globe will pay its next quarterly dividend of PHP 22.75 per common share in March 2017. The Group's share of this dividend is approximately S\$41 million.
- (5) Airtel does not have a fixed dividend policy. The Group received its share of the final dividend for 2016 financial year from its direct stake of 15.0% in August 2016.
- (6) Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited (PCHL), part of the Southern Cross consortium, do not have fixed dividend policies.
- (7) NetLink Trust does not have a fixed distribution policy.

Gross dividends/ distributions from the associates decreased due mainly to timing difference in Telkomsel's dividend payments.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Intouch	Globe
Singtel's investment:					
Year of initial investment	2000	2001	1999	2016	1993
Effective economic interest (%)	36.5%	35.0%	23.3% ⁽²⁾	21.0%	47.2% ⁽³⁾
Investment to date	S\$3.79 bil	S\$1.93 bil	S\$1.20 bil	S\$1.59 bil	S\$1.02 bil
Closing market share price ⁽⁴⁾	INR 305	NA	THB 147 ⁽⁵⁾	THB 50 ⁽⁵⁾	PHP 1,509
Market capitalisation					
- Total	S\$25.84 bil	NA	S\$17.01 bil	S\$6.21 bil	S\$5.84 bil
- Singtel holding	S\$9.42 bil	NA	S\$3.97 bil	S\$1.30 bil	S\$2.76 bil
Operational Performance :					
Mobile penetration rate ⁽⁶⁾	84%	137%	133%	NM	121%
Market share, 31 Dec 2016 ⁽⁶⁾	24.3%	48.2%	46.2%	NM	50.1%
Market share, 30 Sep 2016 ⁽⁷⁾	24.8%	47.4%	46.2%	NM	50.1%
Market position ⁽⁸⁾	#1	#1	#1	NM	#2
Mobile customers ('000)					
- Aggregate	348,147	173,919	41,031	NM	62,799
- Proportionate	126,934	60,872	9,568	3,484	29,635
Growth in mobile customers (%) ⁽⁹⁾	3.6%	14%	6.6%	NM	12%
Credit ratings					
- Sovereign (Moody's/ S&P's)	Baa3/BBB-	Baa3/BB+	Baa1/BBB+	Baa1/BBB+	Baa2/BBB
- Company (Moody's/ S&P's)	Baa3/BBB-	Baa1/BBB-	NA/BBB+	NA	NA

Notes:

- (1) The mobile penetration rate, market share and market position pertain to India market only.
(2) Based on direct equity interest only.
(3) Singtel has 21.5% effective interest in Globe's voting shares (including voting preferred shares).
(4) Based on closing market price in local currency as of 31 December 2016.
(5) Based on local market price quoted on the Stock Exchange of Thailand.
(6) Based on actual data or latest data available as of 31 December 2016.
(7) Based on actual data.
(8) Based on number of mobile customers.
(9) Compared against 31 December 2015 and based on aggregate number of mobile customers.

NA denotes not applicable and NM denotes not meaningful.

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

SECTION 6 : PRODUCT INFORMATION

SINGAPORE MOBILE (PRODUCT VIEW)

	Quarter			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Mobile Communications revenue (\$M)⁽¹⁾	526	520	536	1,571	1,596	-1.6
Number of mobile subscribers (000s)						
Prepaid	1,738	1,774	1,779	1,738	1,779	-2.3
Postpaid	2,350	2,341	2,322	2,350	2,322	1.2
Total	4,088	4,115	4,101	4,088	4,101	-0.3
Number of 4G mobile subscribers (000s)	2,562	2,487	2,205	2,562	2,205	16.2
MOUs per subscriber per month⁽²⁾						
Prepaid	231	244	275	245	287	-14.5
Postpaid ⁽³⁾	233	242	246	239	252	-5.3
Average revenue per subscriber per month⁽²⁾⁽⁴⁾ (\$ per month)						
Prepaid	18	19	18	19	18	2.8
Postpaid	69	69	73	69	73	-4.8
Blended	48	47	49	48	49	-2.5
Data services as % of ARPU						
- total data ⁽⁵⁾	56%	54%	51%	54%	50%	
- non-SMS data	47%	45%	41%	45%	39%	
Tiered data plans						
- postpaid base on tiered data plans ⁽⁶⁾	65%	65%	65%	65%	65%	
- tiered data plan customers exceeding data bundles	37%	32%	26%	37%	26%	
Acquisition cost per postpaid subscriber (\$)⁽⁷⁾	495	429	443	450	428	5.2
Postpaid external churn per month ⁽⁸⁾	0.9%	0.9%	1.0%	1.0%	0.9%	
Singapore mobile penetration rate⁽⁹⁾	149%	149%	148%	149%	148%	
Market share⁽⁹⁾						
Prepaid	50.7%	51.6%	52.7%	50.7%	52.7%	
Postpaid	47.2%	47.3%	48.0%	47.2%	48.0%	
Overall	48.6%	49.1%	49.9%	48.6%	49.9%	

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 31 December 2016 was based on Telco operators' published results. The other market statistics were based on IMDA's latest available published statistics as of 30 November 2016.

SECTION 6 : PRODUCT INFORMATION

AUSTRALIA MOBILE (PRODUCT VIEW)

	Quarter			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Optus' mobile revenue (A\$'M) ⁽¹⁾	1,417	1,319	1,623	3,978	4,699	-15.3
Optus' mobile service revenue (A\$'M)	966	970	1,236	2,899	3,665	-20.9
Optus' mobile outgoing service revenue (A\$'M)	914	921	991	2,749	2,931	-6.2
Number of mobile subscribers (000s)						
Prepaid Handset	3,679	3,636	3,664	3,679	3,664	0.4
Postpaid Handset	4,864	4,774	4,688	4,864	4,688	3.8
Mobile Broadband ⁽²⁾	1,030	1,010	1,019	1,030	1,019	1.0
Total	9,573	9,420	9,371	9,573	9,371	2.2
Number of 4G mobile subscribers (000s) ⁽³⁾	5,539	5,268	4,445	5,539	4,445	24.6
Mobile penetration rate ⁽⁴⁾	ND	ND	136%	ND	136%	
MOUs per subscriber per month ⁽⁵⁾						
Prepaid	147	146	138	143	129	10.6
Postpaid	289	295	258	289	245	17.8
ARPU per month (A\$) ⁽⁶⁾						
Prepaid Handset	21	22	28	21	28	-23.9
Postpaid Handset	46	47	61	47	60	-22.0
Mobile Broadband ⁽²⁾	20	20	23	20	23	-12.5
Blended	34	34	44	34	43	-21.3
Postpaid Handset excluding DRP impact	59	59	68	58	66	-12.3
Data revenue as a % of service revenue						
- total data	78%	75%	69%	76%	69%	
- non-SMS data	68%	66%	49%	66%	48%	
Tiered data plans						
- postpaid base on tiered data plans ⁽⁷⁾	94%	94%	88%	94%	88%	
- tiered data plan customers exceeding data bundles	23%	23%	26%	23%	28%	
Market share ⁽⁴⁾	ND	ND	29.7%	ND	29.7%	
Market share - excluding the rate change ⁽⁴⁾	ND	ND	29.7%	ND	29.7%	
Retail postpaid churn rate per month ⁽⁸⁾	1.3%	1.3%	1.4%	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 revenue market share are estimated by Optus based on published data. Due to the industry mandated reduction in mobile termination rates, Optus' market share has reduced by 1.2 percentage point based on half year ended 30 June 2016.
- (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			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Singtel TV revenue (S\$'M)	63	63	57	184	174	5.7
Average revenue per residential TV customer per month (S\$ per month)	41	42	39	42	39	5.3
Number of residential TV customers (000s)	409	412	424	409	424	-3.4

SINGAPORE CONSUMER HOME

	Quarter			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Singapore Consumer home revenue (S\$'M) ⁽¹⁾	140	138	131	414	395	4.7
Number of households on triple/ quad play services (000s) ⁽²⁾	500	498	498	500	498	0.4

Notes:

- (1) This comprises fixed broadband, fixed voice and Singtel TV in the residential segment only and does not include mobile.
- (2) 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			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Internet						
Number of fixed broadband lines (000s) ⁽¹⁾	605	602	597	605	597	1.3
<i>Singapore fixed broadband penetration rate</i> ⁽²⁾	97.7%	97.4%	102.8%	97.7%	102.8%	
<i>Fixed broadband market share</i> ⁽³⁾⁽⁴⁾	41.8%	41.8%	42.4%	41.8%	42.4%	
Number of fibre broadband lines (000s)	546	533	485	546	485	12.6
<i>Fibre broadband market share</i> ⁽⁴⁾	47.9%	48.5%	52.0%	47.9%	52.0%	
International Telephone						
International telephone outgoing minutes (m mins) (excl Malaysia)	658	696	724	2,055	2,338	-12.1
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.092	0.091	0.095	0.093	0.094	-1.1
National Telephone						
Fixed working lines (000s) ⁽⁵⁾						
Residential	789	797	822	789	822	-4.0
Business	691	700	723	691	723	-4.4
Total	1,480	1,497	1,545	1,480	1,545	-4.2
<i>Singapore fixed line penetration rate</i> ⁽⁶⁾	35.8%	35.8%	36.5%	35.8%	36.5%	
<i>Singapore fixed working lines ('000s)</i> ⁽⁶⁾	2,008	2,008	2,017	2,008	2,017	
<i>Fixed line market share</i> ⁽⁶⁾	73.7%	74.6%	76.6%	73.7%	76.6%	

Notes:

(1) Include ADSL and fibre lines.

(2) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IMDA). The market penetration rate as at 31 December 2016 was based on IMDA's latest available published statistics as of 30 November 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 31 December 2016 was based on management's estimates.

(5) Fixed working lines refer to Direct Exchange Lines (DEL) and Home Digital Lines.

(6) The market share data as at 31 December 2016 was based on management's estimates. The other market statistics as at 31 December 2016 were based on IMDA's latest available published statistics as of 30 September 2016.

SECTION 6 : PRODUCT INFORMATION

Australia	Quarter			Nine Months		YOY Chge %
	31 Dec 2016	30 Sep 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	
Enterprise Fixed Business voice minutes (m min)	1,237	1,352	1,296	3,921	3,949	-0.7
Wholesale Fixed Wholesale domestic voice minutes (m min)	1,065	985	991	2,911	3,087	-5.7
Mass Market Fixed On-net ARPU (A\$) ⁽¹⁾						
Voice	33	35	36	35	37	-5.5
Broadband ⁽²⁾	54	53	53	53	53	-0.3
Telephony customers (000s)						
HFC ⁽³⁾	451	450	459	451	459	-1.8
ULL ⁽⁴⁾	411	423	458	411	458	-10.3
On-net	862	873	918	862	918	-6.0
Resale	55	52	20	55	20	182.0
NBN	190	162	85	190	85	123.9
Off-net	245	215	104	245	104	134.8
TV customers (000s)	433	421	287	433	287	50.7
<i>HFC bundling rate ⁽⁵⁾</i>	98%	98%	97%	98%	97%	
HFC penetration	32%	32%	33%	32%	33%	
Internet customers (000s)						
On-net						
HFC broadband	440	437	433	440	433	1.5
ULL broadband ⁽⁴⁾	429	447	491	429	491	-12.8
Business grade broadband	25	26	25	25	25	1.9
	894	910	949	894	949	-5.9
Off-net						
Resale	40	36	6	40	6	@
NBN	192	164	88	192	88	117.0
Broadband subtotal	1,125	1,111	1,044	1,125	1,044	7.8
Dial-up	3	3	4	3	4	-15.8
Total Internet customers	1,129	1,114	1,048	1,129	1,048	7.7

"@" denotes more than 500%

Notes:

- (1) Per month, based on average number of HFC and ULL customers. Comparatives have been restated to be consistent with the current quarter.
- (2) Includes Optus TV with Fetch.
- (3) Includes all customers who take local telephony over the HFC network, and customers who take one or more of pay TV or cable internet services over the HFC network.
- (4) Include wholesale ULL subscribers.
- (5) Based on customers who are receiving a 'bundled benefit' from taking a package of products (local telephony plus at least one of broadband, dial-up internet or pay TV).

SECTION 7 : GLOSSARY

“ACCC”	Australian Competition And Consumer Commission.
“ADSL”	Asymmetric digital subscriber line.
“ARPU”	Average revenue per user.
“Associate”	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard.
“ATO”	Australian Taxation Office.
“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.
“IMDA”	Info-communications Media 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 IMDA'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.
“OTT”	Over-the-top.
“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 Third Quarter Ended 31 December 2016

	Quarter							YOY Chge %
	31 Dec							
	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	2,078	-	-	2,078	2,332	4,410	4,474	-1.5
Operating expenses	(1,562)	-	-	(1,562)	(1,673)	(3,236)	(3,290)	-1.7
Other income	515	-	-	515	659	1,174	1,184	-0.9
	18	-	-	18	28	47	36	30.4
EBITDA	534	-	-	534	687	1,221	1,220	**
- EBITDA margin	25.7%	-	-	25.7%	29.5%	27.7%	27.3%	
Share of associates' pre-tax profits								
<i>Regional mobile associates</i>	-	660	-	660	-	660	647	2.0
<i>Other associates</i>	-	58	-	58	*	58	51	13.0
	-	718	-	718	*	718	698	2.8
EBITDA and share of associates' pre-tax profits	534	718	-	1,251	687	1,938	1,918	1.0
Depreciation & amortisation	(199)	-	-	(199)	(363)	(562)	(537)	4.7
EBIT	334	718	-	1,052	324	1,376	1,381	-0.4
Net finance expense								
- net interest expense	(42)	-	-	(42)	(44)	(87)	(81)	7.7
- other finance income	20	-	22	41	4	46	18	159.1
	(23)	-	22	(1)	(40)	(41)	(63)	-34.7
Profit before EI and tax	312	718	22	1,051	284	1,335	1,319	1.2
Taxation								
- current and deferred taxes	(49)	-	-	(49)	(83)	(131)	(143)	-8.1
- share of taxes of associates	-	(209)	-	(209)	-	(209)	(219)	-4.4
- withholding taxes ⁽¹⁾	-	-	(6)	(6)	-	(6)	(6)	1.7
	(49)	(209)	(6)	(264)	(83)	(347)	(368)	-5.8
Profit after tax	263	508	16	787	202	988	951	4.0
Minority interests	6	-	-	6	-	6	4	53.8
Underlying net profit	269	508	16	793	202	994	955	4.2
Exceptional items ("EI") (post-tax)	4	(24)	1	(19)	(3)	(22)	(1)	@
Net profit	273	485	17	774	199	973	954	2.0

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 Nine Months Ended 31 December 2016

	Nine Months							YOY Chge %
	31 Dec							
	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	5,881	-	-	5,881	6,523	12,404	12,867	-3.6
Operating expenses	(4,219)	-	-	(4,219)	(4,650)	(8,869)	(9,232)	-3.9
	1,662	-	-	1,662	1,873	3,535	3,635	-2.8
Other income	38	-	-	38	116	154	116	33.2
EBITDA	1,701	-	-	1,701	1,989	3,689	3,751	-1.6
- EBITDA margin	28.9%	-	-	28.9%	30.5%	29.7%	29.2%	
Share of associates' pre-tax profits								
<i>Regional mobile associates</i>	-	2,053	-	2,053	-	2,053	1,904	7.8
<i>Other associates</i>	-	169	-	169	*	169	143	17.6
- ordinary operations	-	2,222	-	2,222	*	2,222	2,048	8.5
- exceptional items	-	-	-	-	-	-	22	nm
	-	2,222	-	2,222	*	2,222	2,070	7.3
EBITDA and share of associates' pre-tax profits	1,701	2,222	-	3,922	1,989	5,911	5,821	1.5
Depreciation & amortisation	(608)	-	-	(608)	(1,046)	(1,654)	(1,604)	3.2
EBIT	1,092	2,222	-	3,314	943	4,257	4,217	0.9
Net finance expense								
- net interest expense	(118)	-	-	(118)	(130)	(248)	(224)	10.7
- other finance income	22	-	33	55	16	71	51	39.8
	(96)	-	33	(63)	(114)	(177)	(174)	2.1
Profit before EI and tax	996	2,222	33	3,251	829	4,079	4,044	0.9
Taxation								
- current and deferred taxes	(156)	-	-	(156)	(245)	(401)	(438)	-8.3
- share of taxes of associates	-	(654)	-	(654)	2	(652)	(668)	-2.4
- withholding taxes ⁽¹⁾	-	-	(113)	(113)	-	(113)	(121)	-6.5
	(156)	(654)	(113)	(924)	(243)	(1,166)	(1,226)	-4.9
Profit/ (Loss) after tax	840	1,567	(80)	2,327	586	2,913	2,817	3.4
Minority interests	14	-	-	14	-	14	7	102.9
Underlying net profit/ (loss)	854	1,567	(80)	2,341	586	2,927	2,824	3.6
EI (post-tax)	8	(22)	1	(13)	(25)	(38)	101	nm
Net profit/ (loss)	862	1,545	(79)	2,328	561	2,889	2,925	-1.2

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 Third Quarter And Nine Months Ended 31 December 2016

	Quarter	YOY		Nine Months	YOY	
	31 Dec	Change	Change in constant currency ⁽¹⁾	31 Dec	Change	Change in constant currency ⁽¹⁾
	2016			2016		
	S\$ m	%	%	S\$ m	%	%
Operating revenue	4,410	-1.5	-3.6	12,404	-3.6	-4.1
Operating expenses	(3,236)	-1.7	-3.7	(8,869)	-3.9	-4.4
	1,174	-0.9	-3.1	3,535	-2.8	-3.3
Other income	47	30.4	27.1	154	33.2	33.6
EBITDA	1,221	**	-2.2	3,689	-1.6	-2.1
-EBITDA margin	27.7%			29.7%		
Share of associates' pre-tax profits						
- <i>Telkomsel</i>	360	30.7	25.3	1,051	27.6	24.7
- <i>Airtel</i>	142	-26.9	-25.3	490	-4.7	-0.7
- <i>AIS</i>	89	-27.6	-28.6	294	-13.8	-12.2
- <i>Globe</i>	66	18.0	23.0	214	-5.2	-1.4
- <i>Intouch</i>	4	<i>nm</i>	<i>nm</i>	4	<i>nm</i>	<i>nm</i>
Regional mobile associates	660	2.0	0.6	2,053	7.8	8.5
Other associates	58	13.0	13.0	169	17.6	17.6
- ordinary operations	718	2.8	1.5	2,222	8.5	9.2
- exceptional items	-	-	-	-	<i>nm</i>	<i>nm</i>
	718	2.8	1.5	2,222	7.3	8.0
EBITDA and share of associates' pre-tax profits	1,938	1.0	-0.9	5,911	1.5	1.5
Depreciation & amortisation	(562)	4.7	1.9	(1,654)	3.2	2.6
EBIT	1,376	-0.4	-2.0	4,257	0.9	1.1
Net finance expense	(41)	-34.7	-36.7	(177)	2.1	1.7
Profit before EI and tax	1,335	1.2	-0.3	4,079	0.9	1.0
Taxation	(347)	-5.8	-7.1	(1,166)	-4.9	-4.3
Profit after tax	988	4.0	2.3	2,913	3.4	3.4
Minority interests	6	53.8	51.3	14	102.9	102.9
Underlying net profit	994	4.2	2.5	2,927	3.6	3.6
EI (post-tax)	(22)	@	@	(38)	<i>nm</i>	<i>nm</i>
Net profit	973	2.0	0.4	2,889	-1.2	-1.2

Note:

(1) Assuming constant exchange rates for the Australian Dollar, US Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding periods ended 31 December 2015.

BUSINESS SEGMENTS

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter	YOY		Nine Months	YOY	
	31 Dec	Change	Change in constant currency ⁽¹⁾	31 Dec	Change	Change in constant currency ⁽¹⁾
	2016			2016		
	S\$ m	%	%	S\$ m	%	%
Operating revenue						
Group Consumer	2,578	-3.7	-6.6	7,115	-9.0	-9.7
Group Enterprise	1,685	0.5	-0.5	4,877	3.4	3.2
Core Business	4,263	-2.1	-4.3	11,992	-4.3	-4.8
Group Digital Life	146	21.6	21.5	412	23.3	23.9
Group	4,410	-1.5	-3.6	12,404	-3.6	-4.1
EBITDA						
Group Consumer	809	3.0	-0.3	2,387	-1.4	-2.1
Group Enterprise	455	-6.9	-7.4	1,448	-2.4	-2.5
Core Business	1,264	-0.8	-3.0	3,834	-1.8	-2.2
Group Digital Life	(23)	-29.1	-30.3	(86)	-11.8	-11.6
Corporate	(20)	-6.6	-6.6	(59)	5.8	5.8
Group	1,221	**	-2.2	3,689	-1.6	-2.1
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	421	-1.6	-4.6	1,258	-5.4	-6.0
Group Enterprise	299	-9.0	-9.1	974	-4.9	-4.9
Core Business	720	-4.8	-6.6	2,232	-5.2	-5.5
Group Digital Life	(41)	-19.3	-20.1	(137)	-7.7	-7.4
Corporate	(20)	-8.6	-8.6	(60)	2.6	2.6
Group	658	-3.6	-5.5	2,035	-5.2	-5.6
Operating revenue (ex-mobile termination rates decline in Australia from 1 Jan 2016)						
Group Consumer	2,775	3.7	0.4	7,690	-1.6	-2.4
Group Enterprise	1,688	0.7	-0.3	4,885	3.5	3.3
Core Business	4,464	2.5	0.1	12,575	0.3	-0.2
Group Digital Life	146	21.6	21.5	412	23.3	23.9
Group	4,610	3.0	0.7	12,987	0.9	0.4

Note:

(1) Assuming constant exchange rates for the Australian Dollar and US Dollar from the corresponding periods ended 31 December 2015.

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	31 Dec 2016 (Unaudited) S\$ million	30 Sep 2016 (Unaudited) S\$ million	31 Dec 2015 (Unaudited) S\$ million
Current assets			
Cash and cash equivalents	848	585	686
Trade and other receivables	4,636	4,392	4,273
Inventories	382	343	314
Derivative financial instruments	178	97	20
	6,044	5,417	5,292
Non-current assets			
Property, plant and equipment	11,285	11,147	10,589
Intangible assets	13,135	13,067	13,122
Associates	1,959	355	337
Loan to an associate	1,101	1,101	1,611
Joint ventures	11,953	10,472	10,507
Available-for-sale investments	185	175	201
Deferred tax assets	641	650	805
Derivative financial instruments	666	576	818
Other non-current receivables	771	599	595
	41,694	38,141	38,584
Total assets	47,738	43,558	43,877
Current liabilities			
Trade and other payables	4,516	4,303	4,062
Advance billings	810	789	794
Current tax liabilities	294	292	439
Interim dividend payable	1,110	-	1,084
Borrowings (unsecured)	3,087	2,904	250
Borrowings (secured)	91	93	92
Derivative financial instruments	3	18	6
Net deferred gain ⁽¹⁾	69	69	68
	9,980	8,468	6,794
Non-current liabilities			
Borrowings (unsecured)	7,915	7,088	9,589
Borrowings (secured)	176	179	245
Derivative financial instruments	216	271	241
Advance billings	250	257	280
Net deferred gain ⁽¹⁾	1,321	1,357	1,299
Deferred tax liabilities	564	567	583
Other non-current liabilities	355	329	304
	10,798	10,047	12,540
Total liabilities	20,778	18,515	19,335
Net assets	26,960	25,043	24,542
Share capital and reserves			
Share capital	4,128	2,634	2,634
Reserves	22,824	22,403	21,898
Equity attributable to shareholders of the Company	26,952	25,037	24,532
Minority interests and other reserve	8	6	11
Total equity	26,960	25,043	24,542

Note:

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

SINGAPORE CASH FLOW STATEMENT

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter			Nine Months		YOY Chge %
	31 Dec 2016 S\$ m	31 Dec 2015 S\$ m	30 Sep 2016 S\$ m	31 Dec		
				2016 S\$ m	2015 S\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	312	290	347	996	1,011	-1.5
Non-cash items	221	242	242	713	672	6.1
Operating cash flow before working capital changes	533	532	589	1,709	1,683	1.6
Changes in operating assets and liabilities	128	(47)	(122)	(111)	(379)	-70.7
	661	485	467	1,598	1,303	22.6
Cash paid to employees under performance share plans	-	-	-	*	(3)	nm
Tax paid on operating activities	(87)	(74)	(114)	(206)	(164)	25.4
Operating cash flow	573	411	353	1,391	1,136	22.5
Net cash outflow for investing activities						
Accrued capital expenditure	(188)	(176)	(188)	(472)	(389)	21.4
Changes in creditors' balances	1	(4)	(52)	(128)	(131)	-2.6
Cash capital expenditure	(187)	(180)	(240)	(600)	(520)	15.3
Net loan to STAI from Optus ⁽¹⁾	-	-	144	144	140	2.9
Withholding tax paid on interest received on inter-company loans	-	-	(14)	(14)	(13)	7.5
Payment for purchase of subsidiaries, net of cash acquired	-	(1)	(3)	(3)	(1,057)	-99.7
Contribution from minority interests	13	-	-	13	11	13.2
Investment in associates	(2,470)	-	-	(2,471)	-	nm
Investment in venture investments	(6)	(2)	(10)	(27)	(26)	6.6
Proceeds from disposal of venture investments	5	24	3	59	76	-22.4
Proceeds from disposal of property, plant and equipment	1	1	4	34	5	@
Deferred proceeds/ proceeds from disposal of associates	1	-	-	43	12	259.7
Purchase of spectrum	-	-	(96)	(96)	-	nm
Purchase of other intangibles	(9)	-	(4)	(11)	(11)	3.7
Others	1	15	16	21	45	-53.9
	(2,650)	(142)	(201)	(2,911)	(1,339)	117.4
Net cash inflow/ (outflow) for financing activities						
Net increase/ (decrease) in borrowings	726	(454)	931	920	1,023	-10.1
Net interest paid on borrowings and swaps	(54)	(55)	(39)	(147)	(128)	15.3
Final dividend paid to shareholders	-	-	(1,706)	(1,706)	(1,705)	**
Purchase of performance shares	(6)	(4)	(5)	(14)	(22)	-36.6
Proceeds from issue of shares	1,603	-	-	1,603	-	nm
Others	(5)	(5)	-	(5)	(4)	26.3
	2,265	(517)	(818)	651	(836)	nm
Net increase/ (decrease) in cash balance from Singapore	189	(249)	(665)	(869)	(1,039)	-16.4
Net increase/ (decrease) in cash balance from Singapore	189	(249)	(665)	(869)	(1,039)	-16.4
Dividends/ distributions received from associates	57	217	316	1,312	1,254	4.6
Withholding tax paid	(6)	(24)	(22)	(123)	(127)	-2.8
Net dividends/ distributions received from associates	51	193	294	1,189	1,127	5.5
Net increase/ (decrease) in cash and cash equivalents	240	(55)	(370)	320	88	263.6
Singtel cash and cash equivalents at beginning	489	636	854	403	453	-11.0
Exchange effects on cash and cash equivalents	14	1	5	19	40	-51.8
Singtel cash and cash equivalents at end	743	581	489	743	581	27.9
Singapore free cash flow	387	231	114	792	616	28.6
Free cash flow from associates' dividends/ distributions	51	193	294	1,189	1,127	5.5
Cash capex to operating revenue	9%	9%	12%	10%	9%	

Note:

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

OPTUS CASH FLOW STATEMENT

For The Third Quarter And Nine Months Ended 31 December 2016

	Quarter			Nine Months		YoY Chge %
	31 Dec 2016 A\$ m	31 Dec 2015 A\$ m	30 Sep 2016 A\$ m	31 Dec		
				2016 A\$ m	2015 A\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	269	326	259	804	943	-14.7
Non-cash items	378	360	371	1,091	1,092	-0.1
Operating cashflow before working capital changes	647	685	631	1,895	2,035	-6.9
Changes in operating assets and liabilities	(78)	(263)	(65)	(276)	(657)	-58.0
Tax paid ⁽¹⁾	(178)	(36)	(111)	(349)	(255)	36.4
Operating cash flow	392	387	455	1,271	1,123	13.2
Net cash outflow from investing activities						
Accrued capital expenditure	(373)	(369)	(323)	(988)	(980)	0.8
Changes in creditors' balances	(41)	129	89	15	117	-87.1
Cash capital expenditure	(414)	(240)	(234)	(973)	(864)	12.6
Payment for purchase of subsidiary, net of cash acquired	-	-	(2)	(2)	*	nm
Loan to STAI ⁽²⁾	-	-	(139)	(139)	(133)	3.9
Purchase of spectrum	-	-	(3)	(29)	(70)	-58.0
Purchase of other intangibles	(27)	(24)	(46)	(94)	(67)	40.6
Others	1	1	1	3	5	-46.2
	(441)	(263)	(421)	(1,234)	(1,130)	9.2
Net cash inflow/ (outflow) from financing activities						
Net increase/ (decrease) in bank borrowings	100	(80)	(20)	130	116	12.0
Net interest paid on borrowings and swaps	(46)	(47)	(36)	(129)	(125)	2.9
Purchase of Singtel shares	-	-	-	(7)	(15)	-54.8
Finance lease payments (exclude interest)	-	*	*	*	(1)	nm
	54	(128)	(56)	(6)	(26)	-77.0
Net increase/ (decrease) in cash balance from Optus	6	(4)	(22)	31	(33)	nm
Dividends received from associates	2	9	4	13	30	-57.2
Net increase/ (decrease) in cash and cash equivalents	8	5	(18)	44	(3)	nm
Optus cash and cash equivalents at beginning	93	97	111	57	105	-46.0
Optus cash and cash equivalents at end	101	102	93	101	102	-1.2
Optus free cash flow ⁽¹⁾	(22)	147	221	298	259	15.2
(exclude ATO tax payment)	112	147	221	432	259	67.0
Free cash flow from associates' dividends	2	9	4	13	30	-57.2
Cash capex to operating revenue	19%	10%	11%	15%	12%	

Notes:

(1) Including tax payment of A\$134 million to the ATO (see page 18).

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

OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

	Quarter		YOY Chge %	Nine Months		YOY Chge %
	31 Dec			31 Dec		
	2016 A\$ m	2015 A\$ m		2016 A\$ m	2015 A\$ m	
Operating revenue	2,207	2,433	-9.3	6,318	7,042	-10.3
Operating expenses	(1,583)	(1,776)	-10.9	(4,504)	(5,084)	-11.4
Other income	27	28	-5.4	113	73	54.4
EBITDA	650	685	-5.2	1,928	2,032	-5.1
- margin	29.4%	28.2%		30.5%	28.9%	
Share of results of joint ventures	*	*	nm	*	*	nm
EBITDA and share of results of joint ventures	650	685	-5.2	1,928	2,032	-5.1
Depreciation & amortisation	(343)	(329)	4.4	(1,013)	(998)	1.5
EBIT	307	356	-14.0	914	1,034	-11.5
Net finance expense	(38)	(31)	23.2	(110)	(91)	21.4
Profit before exceptional items and tax	269	326	-17.5	804	943	-14.7
Taxation	(78)	(98)	-20.2	(235)	(286)	-17.6
Underlying net profit	191	228	-16.3	569	657	-13.4
Exceptional items (post-tax)	(3)	(1)	195.9	(25)	(4)	@
Net profit	188	227	-17.2	544	653	-16.7

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

	As at		
	31 Dec 2016 A\$ m	30 Sep 2016 A\$ m	31 Dec 2015 A\$ m
	Property, plant and equipment (net)	7,271	7,199
Gross debt			
Current debt	640	540	1
Non-current debt	2,695	2,671	3,117
Gross debt as reported in the statement of financial position	3,335	3,211	3,117
Related net hedging assets	(218)	(180)	(236)
	3,117	3,031	2,882
Less: Cash and bank balances	(101)	(93)	(102)
Net debt	3,016	2,938	2,780

CURRENCY RISK MANAGEMENT & OTHER MATTERS

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

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

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

Debt Currency Mix	As at		
	31 Dec 2016	30 Sep 2016	31 Dec 2015
SGD	69%	68%	69%
AUD	31%	32%	31%
Total	100%	100%	100%

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

CREDIT RATINGS

As at 31 Dec 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	Nine Months
Derived weighted average exchange rate ⁽¹⁾ for:				
Operating revenue				
<u>SGD</u>				
FY2017	1.0125	1.0256	1.0568	1.0323
FY2016	1.0446	1.0089	1.0138	1.0222
<i>Change (last corresponding period)</i>	-3.1%	1.7%	4.2%	1.0%
Underlying net profit				
<u>SGD</u>				
FY2017	1.0098	1.0250	1.0566	1.0304
FY2016	1.0445	1.0086	1.0140	1.0213
<i>Change (last corresponding period)</i>	-3.3%	1.6%	4.2%	0.9%

1 US Dollar buys:	Q1	Q2	Q3	Nine Months
Derived weighted average exchange rate ⁽²⁾ for:				
Operating revenue				
<u>SGD</u>				
FY2017	1.3580	1.3532	1.4099	1.3738
FY2016	1.3429	1.3911	1.4074	1.3807
<i>Change (last corresponding period)</i>	1.1%	-2.7%	0.2%	-0.5%

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 US Dollar to Singapore Dollar based on these derived weighted average exchanges rates for the period to date.

1 Singapore Dollar buys:	Q1	Q2	Q3	Nine Months
<u>Rupiah</u>				
FY2017	9,837	9,713	9,405	9,646
FY2016	9,804	10,000	9,804	9,875
<i>Change (last corresponding period)</i>	0.3%	-2.9%	-4.1%	-2.3%
<u>Indian Rupee</u>				
FY2017	49.2	49.4	47.8	48.9
FY2016	47.2	46.7	46.7	46.9
<i>Change (last corresponding period)</i>	4.2%	5.8%	2.4%	4.3%
<u>Baht</u>				
FY2017	25.9	25.8	25.1	25.6
FY2016	24.8	25.3	25.4	25.2
<i>Change (last corresponding period)</i>	4.4%	2.0%	-1.2%	1.6%
<u>Peso</u>				
FY2017	34.3	34.8	34.8	34.6
FY2016	33.2	33.1	33.3	33.2
<i>Change (last corresponding period)</i>	3.3%	5.1%	4.5%	4.2%

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

- **Operating revenue from the Core Business (comprising Group Consumer and Group Enterprise) to decline by low single digit level and EBITDA to be stable.**
- **Mobile service revenue from Australia to decline by mid teens.**
- **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 of the Group to decline by low single digit level and EBITDA to be stable.**
- **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 flow¹ (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.**

¹ Excluding payment of S\$142 million (A\$134 million) to the ATO for amended assessments received in respect of the acquisition financing of Optus. The payment has been recognised as a receivable. Singtel has objected to the amended assessments and will vigorously defend its position.