OPERATING AND FINANCIAL REVIEW

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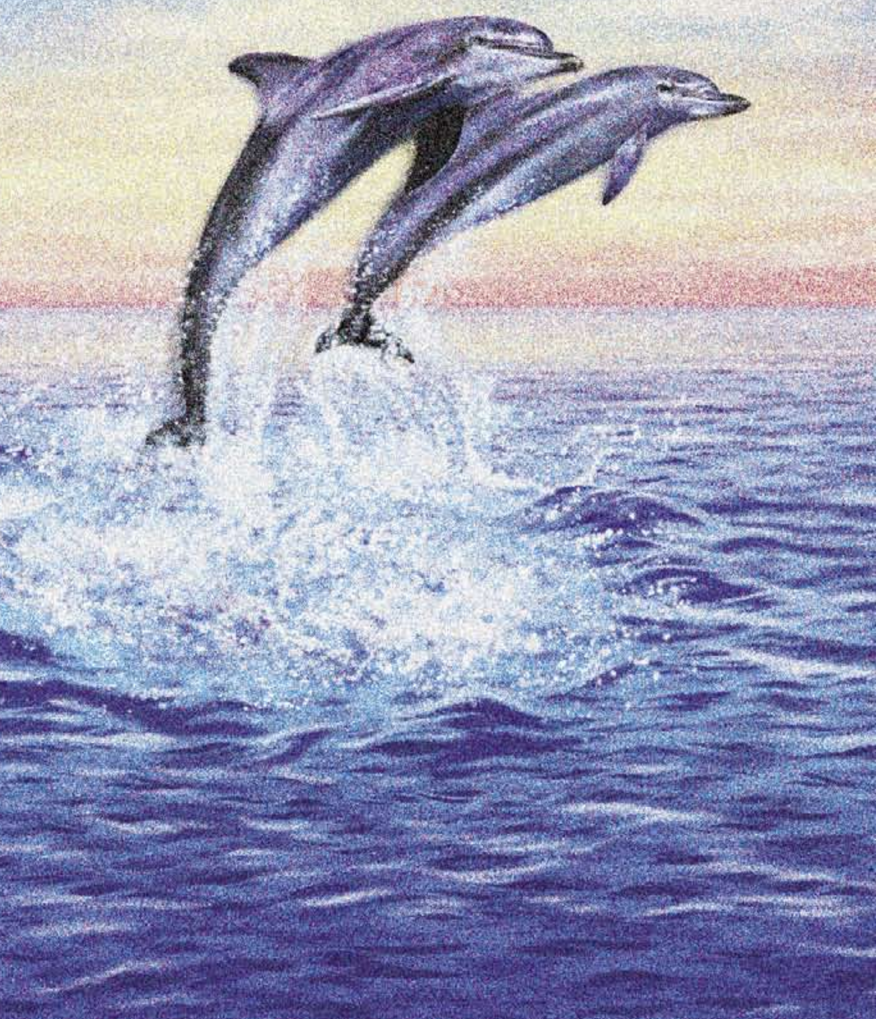


OVERVIEW

SingTel was incorporated in March 1992 and became a public company in October 1993. The Company was listed on the Singapore Exchange ("SGX") in November 1993.

SingTel is majority owned by Temasek Holdings (Private) Limited which owns 63 per cent of SingTel's issued share capital. The rest of the shares are in public hands.

The principal operations of SingTel are in Singapore and Australia. The SingTel Group has subsidiaries that are engaged in activities such as the provision of mobile phone, Internet, IT and consultancy services, and the sale of telecommunications equipment.

SingTel was listed on the Australian Stock Exchange ("ASX") in September 2001 when it acquired Optus, the second largest communications provider in Australia.

SingTel also has interests in several other communications companies outside Singapore, including AIS in Thailand, Bharti in India, Globe in the Philippines and Telkomsel in Indonesia.

Today, SingTel is the largest company listed on the SGX with a market capitalisation of S$43 billion (US$26 billion) as at 31 March 2005, and offers investors an opportunity to own part of a truly regional communications group with operations and investments in more than 20 countries and territories.

SINGTEL GROUP STRUCTURE

SingTel

MAJOR SUBSIDIARIES

Singapore

- Singapore Telecom Mobile Pte Ltd *("SingTel Mobile")*
- SingNet Pte Ltd *("SingNet")*
- Telecom Equipment Pte Ltd *("Telecom Equipment")*
- NCS Pte. Ltd. *("NCS")*
- C2C Pte Ltd *("C2C")*

Overseas

- SingTel Optus Pty Limited *("Optus")*

MAJOR ASSOCIATES AND JOINT VENTURES

Singapore

- Singapore Post Limited *("SingPost")*

Overseas

- Advanced Info Service Public Company Limited *("AIS")*
- Bharti Tele-Ventures Limited *("Bharti")*
- Globe Telecom, Inc. *("Globe")*
- PT Telekomunikasi Selular *("Telkomsel")*
- New Century Infocomm Tech Co., Ltd. *("NCIC")*
- Network i2i Limited *("i2i")*
- Southern Cross Cable Holdings Limited *("Southern Cross")*

Note:
Please refer to Note 45 to the Financial Statements on page 147 for the comprehensive list of companies in the Group.

SingTel aims to maintain its lead in Singapore through innovation, introduction of better products and services and leveraging on the Company's strong brand name.

Optus targets to grow its revenue faster than the Australian telecommunications market as a whole. With its 'challenger' culture and the backing of the SingTel Group, Optus will continue to give the most reliable experience to its customers.

VISION, MISSION AND STRATEGIES

SingTel's vision is to be Asia Pacific's best communications group.

Our mission is to break barriers and build bonds so that we make communications easier, faster, more economical and more reliable for individuals and businesses. At the same time, we want to create and deliver value to our customers, business partners, shareholders and employees.

To achieve our vision and mission, we have adopted five strategic goals:

- **Lead in Singapore** – We will maintain our leadership position in Singapore by continuing to focus on growing usage, providing enhanced services to our customers and leveraging on our strong brand equity.

- **Grow in Australia** – We will continue to grow our market share in Australia through Optus, which is the leading challenger to the incumbent telecommunications operator. Optus aims to deliver revenue growth and margin improvements. To reach these goals, Optus will deliver a simple, innovative and reliable experience to customers, ensure cost leadership in target markets, strengthen its 'challenger' culture and leverage the scale of the SingTel Group as a whole.

- **Partner across Asia** – We will expand our regional franchise across Asia Pacific. Our focus is on executing and maximising the value of our existing businesses and regional partnerships. This includes reviewing opportunities to increase our shareholdings in existing associates and the flexibility to consider new investments, if they make sense both strategically and financially. The geographic focus will remain in Asia Pacific, with a preference for strategic investments where we can add value by taking an active role in management and where such investments can be funded from internal cash flow generation.

- **Connect Asia** – Our network of SingTel Global Offices ("SGOs") and extensive infrastructure have allowed us to deliver reliable and quality network solutions to our customers. We will enhance our service and network infrastructure to better serve our customers throughout Asia Pacific.

- **Innovate for the Future** – We will enhance our position as an integrated provider of wireline and wireless services for consumers and businesses by providing innovative communications solutions to meet their evolving needs, and nurturing our human and intellectual capital to achieve organisational excellence.

We measure our progress in realising our vision and mission by delivering sustainable shareholder value, maximising customer satisfaction and being an employer of choice.

SingTel made history in September 2004 by launching trials for 3G or third-generation mobile services. In February 2005, the company started its 3G commercial service under the *3loGy* brand name.

BUSINESS IN SINGAPORE

In Singapore, SingTel operates almost two million direct exchange lines, which translates into one line for every two persons in the city-state. We are the leading mobile operator with a 39 per cent market share and also lead the broadband Internet market with a share of 56 per cent.

MOBILE SERVICES

Usage of Short Messaging Service ("SMS") and other data services, such as downloads and email, has continued to rise. Today, Singapore has one of the highest usage rates for SMS in the world and SingTel's mobile network carries nine million text messages daily. Mobile data services now account for 19 per cent of the average revenue per user, up from 17 per cent in the previous financial year.

Pioneering innovative solutions and adding value to our existing services are vital in meeting the needs of our mobile customers.

During the year, we launched the BlackBerry® service to complement the suite of wireless solutions offered to both our retail and corporate customers. Using 'push' technology, BlackBerry® conveniently delivers email, data, organiser, Internet browser and voice functions in a single mobile device – the BlackBerry Wireless Handheld™.

We also launched Singapore's first mobile-to-mobile top-up service called *me2u Top-Up*. The new prepaid mobile top-up service allows customers to send value from their prepaid accounts to the account of another SingTel prepaid mobile user by simply keying *1388.

In response to the growing popularity of online diaries (blogs), we have become one of the first telecommunications companies in the world to launch *Moblog* or mobile blogging. Apart from the personal computer, customers can now use their mobile phones to upload text and images via SMS or MMS (Multimedia Messaging Service) on their blogs, anytime and anywhere.

Our capability to offer useful content for customers was boosted when we partnered SGX to launch *Mobile Stock Live!*. The service allows customers to enjoy quick access to critical stock market information, including 'live' stock prices, through their mobile phones.

New postpaid price plans introduced during the financial year – i*One Value,* i*One Plus,* i*Two Value* and i*Two Plus* – have helped to increase our customer numbers and kept the postpaid churn rate at a low of 1.2 per cent.

In 2004, we commemorated the 125th anniversary of the first phone call in Singapore. As part of our celebrations, we organised the first nationwide competition to uncover the mobile phone user with the fastest thumbs in Singapore. Participants of the *SingTel SMS Shootout* had each to accurately key a 160-character SMS message, provided by Guinness World Records, in the shortest time, without using the mobile phone's predictive text mode or spelling aids. Singapore student, Ms Kimberly Yeo, clocked a time of 43.24 seconds to beat the previous world record of 67 seconds.

INTERNET SERVICES

The number of users on SingTel's broadband Asymmetric Digital Subscriber Line ("ADSL") network continued to grow as more online users discover the benefits of faster Internet access. Our customer base grew 16 per cent to nearly 300,000 as at 31 March 2005.

Our Internet arm, SingNet, expanded its range of Internet access plans when it introduced the *SingNet Broadband 1500kbps Unlimited* and *3500kbps Unlimited* plans for residential customers in May 2004 and January 2005 respectively. The higher speeds and dedicated access allow multiple users in the same household to surf simultaneously and to enjoy high bandwidth activities such as online gaming, video streaming and peer-to-peer applications.

Subscribers of the plans also have the choice to subscribe to more than 25 channels of exclusive video-on-demand content that include English and Mandarin movies and dramas as well as executive learning and lifestyle programmes.

SingTel continues to enjoy a very strong brand name, consistently leading in various brand surveys in Singapore.

The number of users on SingTel's ADSL broadband network grew 16 per cent during the year as more customers discovered the benefits of faster Internet access.

SingNet introduced faster Internet speeds of 1500kbps and 3500kbps for residential customers, allowing users to surf simultaneously and enjoy better online gaming, video streaming and peer-to-peer applications.

BRINGING *3LOGY* TO SINGAPORE

In September 2004, we took an evolutionary step in mobile development when SingTel became the first mobile operator in Singapore to launch a 3G customer trial. The trial marked the start of a phased approach towards bringing richer communications services to the local market with 3G technology.

A total of 150 consumers and corporate customers took part in the month-long trial. They were given free usage of 3G services such as mobile-to-mobile video calls, high-speed video streaming and high-speed Internet access. The trial was extended to cover video calls between mobile phones and fixed-line videophones a month later.

In December 2004, we again achieved a 'first' when we offered 3G handsets for sale in Singapore. This followed positive feedback from the earlier 3G trials and requests from customers who wanted to be among the first to use 3G in Singapore.

SingTel's 3G service was officially launched in February 2005 under a marketing initiative called *3loGy*. It positions 3G from SingTel as a service that can be enjoyed not just between 3G mobile users but by fixed-line and broadband users as well. Customers, for instance, can enjoy video calls whether they are using a mobile phone, fixed-line videophone or a personal computer with a web camera. *3loGy* is also focused on offering a trilogy of benefits, namely, greater intimacy with video communications, more entertainment through high-speed video streaming, and greater efficiency with high-speed Internet access.

As part of the launch, a compelling pricing plan was introduced to encourage customers to use 3G services with peace of mind. Customers enjoy 3G local video calls at local mobile voice call rates and a 3G data charge that is 30 per cent lower than the retail General Packet Radio Service or 2.5G data charge. In addition, they can retain their existing mobile price plans and mobile numbers.

IT AND COMMUNICATIONS ENGINEERING SERVICES

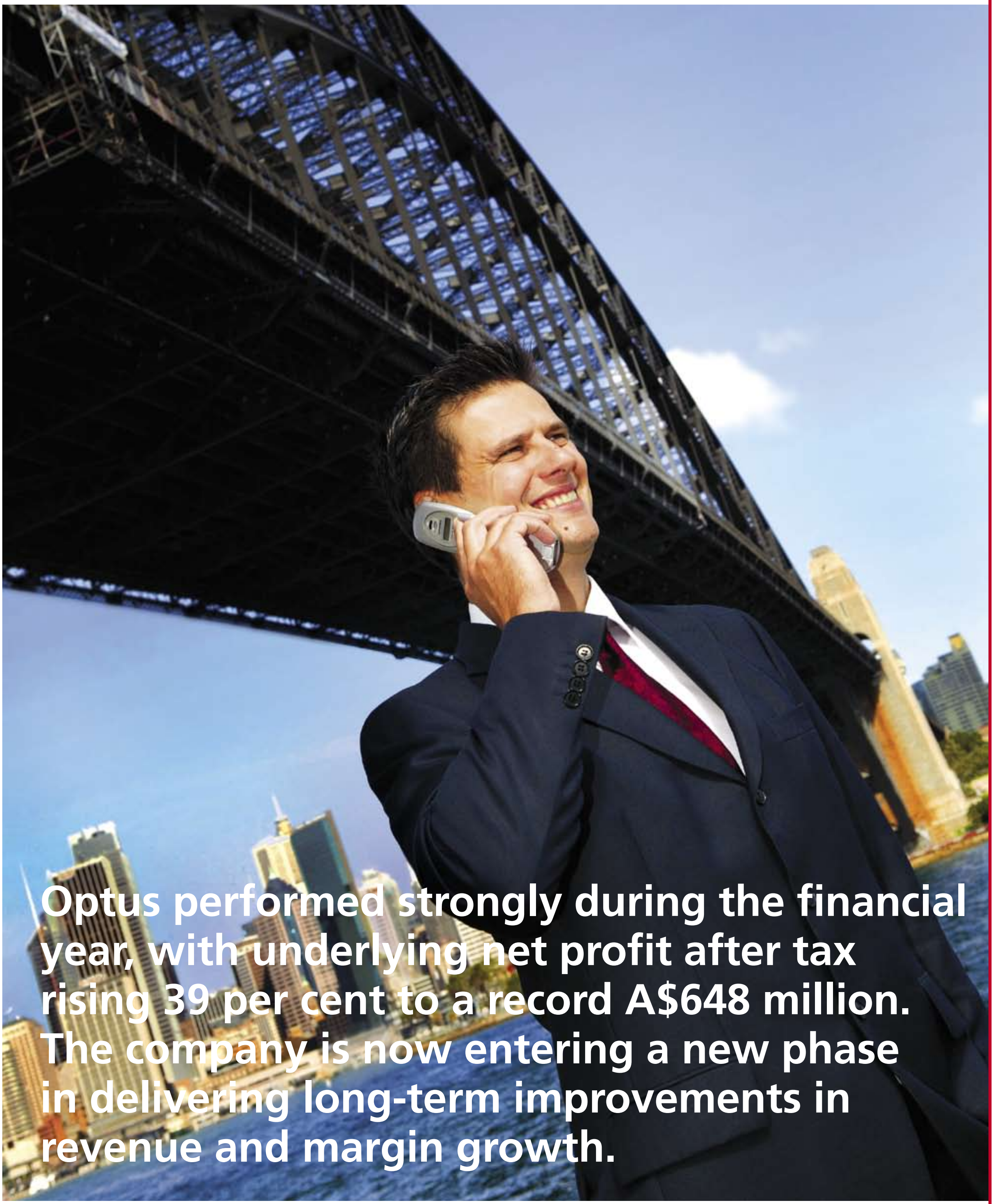
NCS further strengthened its overseas presence and now operates out of 16 locations in eight countries, following the opening of new subsidiaries in the Philippines and Sri Lanka.

Riding on the success of IT consulting, it is also boldly offering new and more services, such as converged telecommunications, IT projects, and Business Process Outsourcing ("BPO").

In December 2004, NCS became one of the first few companies in Singapore to receive the world's first quality mark for business continuity/disaster recovery services from the Infocomm Development Authority of Singapore ("IDA"). Meeting the industry standard serves to differentiate NCS as a high quality provider of business continuity/disaster recovery services in the BPO industry in Singapore.

NCS also continued to clinch several local and overseas projects. IDA ranked NCS as the top IT contractor for the Singapore Government from 1 April 2004 to 31 March 2005. NCS' multi-million dollar local projects included systems for the Singapore Customs, Land Transport Authority, Ministry of Home Affairs and Attorney-General's Department.

Among its key overseas contracts were the e-Government Infocomm Technology ("ICT") Masterplan for the Sri Lankan and Thai Governments, Civil Service ICT Enablement System for the Thai Government, IT Desktop Management System for Optus in Australia, Public Health Information Systems in Hong Kong, Automatic Announcer System for Haikou Meilan Airport in China, and Flight Information Display Systems in Beijing Capital International Airport and Haikou Meilan Airport in China.



Optus performed strongly during the financial year, with underlying net profit after tax rising 39 per cent to a record A$648 million. The company is now entering a new phase in delivering long-term improvements in revenue and margin growth.

BUSINESS IN AUSTRALIA

The financial year ended 31 March 2005 was another strong year for Optus. The company met most of the financial targets that it set 12 months ago, despite intensifying competition in the mobile and corporate segments.

OPTUS MOBILE

Optus grew its customer base in the mobile market by 6.6 per cent during the financial year to 5.9 million subscribers. Its mobile market share stood at 33 per cent.

During the financial year, Optus invested A$140 million to extend its mobile phone network, improve mobile coverage for customers and enhance its mobile capabilities in general.

A total of 224 new base stations were deployed, 40 per cent of which were in regional and rural centres, including Optus' 4,000th base station in the remote mining town of Roxby Downs, South Australia.

Optus has doubled the size of its network in New South Wales, Queensland and Victoria over the last five years. Its mobile phone network now covers more than 600,000 square kilometres and provides coverage to 96 per cent of the Australian population.

Optus' strong retail presence of more than 140 *Optus World* stores throughout Australia is supplemented by a large dealer network of 390 retail points for postpaid services and 6,000 points for prepaid activation, including Australia Post, Coles and Woolworths. Recharge cards are available from more than 12,000 retail points.

During the financial year, Optus continued to lead Australia's mobile market by combining new technologies with innovative offers to meet the needs of consumers and businesses. Its key achievements included the following:

- more than 970,000 registered users of *Optus Zoo*, its mobile content portal. Optus continued to generate increased consumer adoption of mobile data applications by forging partnerships with third-party specialist content providers, including major brands like English Premier League Football, FujiPrint, Lonely Planet, MTV and Universal Music;
- the first to market with the A$10 Text card for prepaid customers;
- launch of Australia's first A$99 monthly cap for BlackBerry® users including voice, SMS and mobile email; and
- launch of Optus' Small Business Centre in Adelaide, at an investment of A$2.5 million, to extend dedicated sales and support to small business customers.

Optus also commenced to roll out a shared 3G network with another carrier in the first half of 2005.

OPTUS BUSINESS AND WHOLESALE

During the financial year, Optus gained market share in the corporate and government sectors.

It won contracts from the Queensland, Victorian and Western Australian Governments to provide a range of services and equipment for Government agencies. Optus' success demonstrates its capability to develop customised solutions to meet the diverse needs of Australian organisations.

Optus' ability to offer a complete suite of corporate voice, data and converged solutions has also resulted in other major corporate wins, such as Affinity Health, Air Services Australia, CSC, Fosters, Mayne, Nestlé, NSW Health, St George Bank, Suncorp-Metway and Toll Holdings.

During the financial year, Optus was chosen as the exclusive communications partner of Federation Square in Melbourne for five years. It will provide Federation Square with multiple communications and Internet solutions. One solution, *Optus Square 2 Square*, is a video link-up between major international cities and is the first of its kind in the world.

In July 2004, Optus completed the purchase of Uecomm at a cost of A$232 million. The acquisition of Uecomm, a leading provider of high bandwidth data services to governments, large corporations and other carriers and telecommunications service providers, will further strengthen Optus' offerings to its corporate customers.

The financial year also saw Optus cement its position as Australia's leading satellite provider. New satellite contracts included a 15-year multi-million dollar deal with Sky TV, a three-year deal with the Australian Department of Foreign Affairs and Trade, a 10-year multi-million dollar deal with the ABC, a four-year deal with PanAmSat, a two-year deal with Orica, and a three-year deal with Theiss.

Following the successful launch of the Optus C1 satellite in June 2003, Optus plans to launch its Optus D1 satellite from the Guiana Space Centre in Kourou, French Guiana in 2006. The Optus D1 satellite will be a significant addition to the combined resources of Optus and SingTel. Together, both companies will provide customers with greater satellite access than any other player in Asia Pacific.

In less than 12 months after launching resale DSL broadband, Optus has become the largest DSL reseller with over 125,000 subscribers. In total, Optus has 355,000 broadband subscribers and 438,000 dial-up Internet users.

Optus strengthened its position as Australia's leading satellite provider by signing new contracts, including deals with the ABC, Orica, PanAmSat, Sky TV and Theiss.

In August 2004, Optus Broadband Satellite, a broadband satellite solution, was launched and registered under the Federal Government Higher Bandwidth Incentive Scheme. Optus Broadband Satellite will create new lifestyle and business options for people living in rural and regional areas by providing them with fast Internet connections at affordable prices.

During the financial year, Optus also showed its commitment to enhancing its business broadband and telecommunications infrastructure to provide better services and better pricing to customers.

To this end, it announced an A$5 million investment in a business broadband network in metropolitan Adelaide in 2005. It also fulfilled its commitment to the Queensland Government with the development of the multi-million dollar *SmartNet* initiative that involved the installation of fibre optic networks and the expansion of Optus' existing network to deliver broadband services to regional towns in Queensland.

In March 2005, Optus acquired the entire share capital of Reef in Northern Queensland for an enterprise value of approximately A$93 million. The acquisition of Reef, owner of the fibre optic cable network stretching between Brisbane and Cairns, will provide Optus with the added infrastructure capacity to serve the growing demand for communications services in Queensland.

OPTUS CONSUMER AND MULTIMEDIA

Optus' competitive advantage lies in its ability to provide a range of consumer and multimedia services over its own Hybrid Fibre Coaxial ("HFC") cable network that covers 1.4 million homes in Sydney, Melbourne and Brisbane and connects over 500,000 customers. Optus also serves customers on other networks through resale agreements.

During the financial year, Optus has focused on product bundling to deliver simplicity and value to consumers. In November 2004, it launched an aggressive broadband campaign offering up to four months of free broadband access for consumers who also took up its telephony and mobile services. More recently, Optus announced one of the lowest HomeCap telephony plans in Australia, offering A$120 worth of long distance calls for A$39 per month.

The focus on offering simple but differentiated product plans has driven subscriber and revenue growth for Optus. As at end-March 2005, Optus had 493,000 residential telephony customers on the HFC network with 68 per cent taking up multiple Optus products. It also had 355,000 broadband subscribers and 438,000 dial-up Internet users.

In less than 12 months since launching resale Digital Subscriber Line ("DSL") broadband, Optus has become the largest DSL reseller with over 125,000 subscribers.

In February 2005, Optus started a technology trial for wireless broadband in Sydney. The trial sets the stage for Optus to deliver innovative services and to bring the very best technology to consumers and businesses.

Optus will continue to challenge the incumbent's market dominance and capture scale in broadband and telephony. It is well positioned to multiply and retain its customer base through product innovation, highly effective broadband bundling offers and superior customer service.

Our regional mobile associates – AIS, Bharti, Globe and Telkomsel – continued to reap strong returns, contributing S$1.19 billion in underlying pre-tax earnings to the Group. Together, SingTel, Optus and the four associates have 65 million mobile subscribers, the largest mobile base in Asia, outside China.

BUSINESS ACROSS ASIA

REGIONAL MOBILE SERVICES

We have strategic investments in several associates across Asia Pacific, including AIS, Bharti, Globe and Telkomsel. These regional operators occupy leading positions in their respective mobile markets where strong penetration is contributing to rapid growth in profits. We now serve 65 million mobile customers in Singapore, Australia, India, Indonesia, the Philippines and Thailand.

During the financial year, we took a major step towards strengthening our overseas operations. In November 2004, SingTel and Optus, together with three of our four associates and leading operators in Hong Kong, Malaysia and Taiwan, signed an agreement to form a regional mobile alliance called Bridge Mobile Alliance. The alliance will operate through a Singapore-incorporated company, Bridge Mobile Pte Ltd ("Bridge Mobile").

As the largest mobile joint venture in the Asia Pacific region, Bridge Mobile will invest to build a shared regional mobile infrastructure and common service platform. The joint venture company aims to bring significant commercial benefits and economies of scale to the partners. It will also create a seamless and consistent delivery of regional mobile services across geographical borders, thus enhancing the mobile experience for customers when they roam from one country to another.

CORPORATE BUSINESS

Our extensive infrastructure in the region, excellent knowledge and carrier relationships in the regional markets, and network of 35 SGOs in 17 countries and territories throughout Asia Pacific, Western Europe and North America mean that we have very strong capabilities to support companies that are already operating in or seeking to enter Asia, including the world's two most populous nations – China and India.

During the financial year, we continued to focus on forging strategic alliances and partnerships with major telecommunications network and service providers. This enhances our ability to meet the demands of our customers for global connectivity and high quality managed network solutions.

Our new partners included CPCNet Hong Kong and Samsung Networks in North Asia, Royal KPN in Europe, Virtela Communications and WilTel Communications in North America, and Telefonica in Latin America.

Leading global companies also continue to entrust their communications network requirements to us. During the financial year, the world's second largest maker of luxury cars, the BMW Group, chose SingTel to provide, manage and support its telecommunications network throughout Asia Pacific and back to its headquarters in Europe. Leading German logistics giant, Schenker, also selected SingTel's *ConnectPlus IP-VPN* network to link 64 of its 94 offices and locations across Asia Pacific.

Today, 20 per cent of SingTel's corporate data revenue (excluding Optus) comes from overseas. Our goal is 50 per cent in three to five years' time. To achieve this target, our SGOs in the liberalised markets, besides acting as single points of contact and providing local support for our customers, are aggressively stepping up their sales and marketing efforts.

A series of customer events and seminars was organised in Europe, Hong Kong, India, Japan, Singapore, South Korea, Taiwan and USA during the financial year to raise our profile in these markets and to showcase our solutions and capabilities.

In addition, our SGOs are working closely with their local channel partners to develop new business opportunities. SGO (Japan), for instance, successfully secured a contract with a Japanese company in January 2005 that allowed satellite TV viewers in Japan to watch the Australian Open – Australia's biggest tennis event – 'live' for the first time over fibre optic cables, using dedicated circuits from SingTel and Optus.

Globe, one of the largest mobile communications service providers in the Philippines, continues to show steady growth. As at 31 March 2005, Globe had 13 million mobile subscribers, an increase of 42 per cent from a year ago.

AIS, the largest mobile communications operator in Thailand, grew its mobile subscriber base by 12 per cent to 15.5 million as at 31 March 2005. It leads the market with a 57 per cent share.

NETWORK AND INFRASTRUCTURE

Our extensive telecommunications infrastructure comprises sophisticated satellite networks and submarine cable systems throughout Asia Pacific that effectively bring the rest of the world closer to the region.

Satellites

We are the largest satellite operator in the Asia Pacific region (excluding Japan), providing access to more than 25 geo-stationary satellites.

During the financial year, our satellite infrastructure was enhanced when we leased six transponders on the new APSTAR V for the operational life of the satellite which is expected to exceed 13 years. APSTAR V will further boost our ability to provide our corporate customers with high quality satellite services.

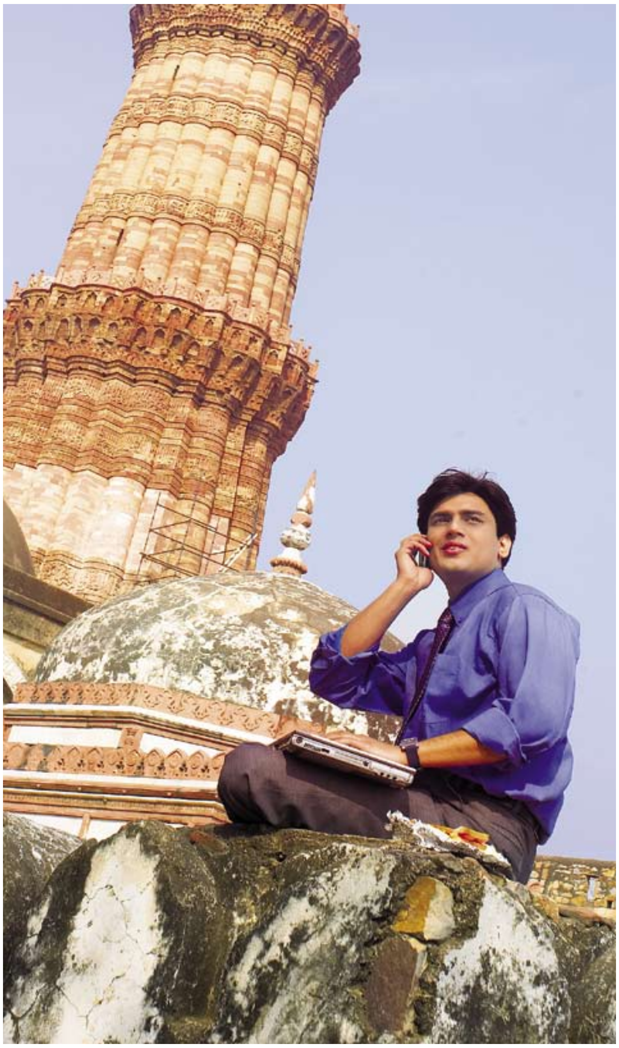
Manufactured by Space Systems/Loral and launched on a SeaLaunch vehicle from the Pacific Ocean on 29 June 2004, the high-powered satellite is fully operational at 138 degrees East longitude and is equipped with C-band and Ku-band transponders that offer extensive coverage over the Asia Pacific region, including Hawaii.

Submarine Cables

The financial year also saw the commencement of construction of the South East Asia-Middle East-Western Europe 4 ("SEA-ME-WE 4") submarine cable. SingTel and 15 international telecommunications carriers signed the supply contract to build the US$500 million cable system in response to increased bandwidth demand in South East Asia, the Middle East and Western Europe.

Spanning about 20,000 kilometres across the globe, SEA-ME-WE 4 will carry telephone, Internet and various broadband data streams and provide ultra-fast connectivity for the rapidly growing international telecommunications traffic.

SEA-ME-WE 4 is expected to be ready for service in the fourth quarter of 2005.



Bharti, India's leading private sector provider of telecommunications services, is SingTel's fastest growing associate. Last year, it grew its subscriber base by 66 per cent to 11.8 million customers.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2005	2004	2003	2002*	2001*
Income Statement (S$ million)					
Group operating revenue	**12,617**	11,995	10,259	7,269	4,926
SingTel	**4,046**	4,045	4,731	4,923	4,926
Optus	**8,571**	7,949	5,528	2,347	n.a.
Optus (A$ million)	**6,920**	6,609	5,550	2,491	n.a.
Group operational EBITDA	**4,662**	4,288	3,743	3,057	2,604
SingTel	**1,992**	2,008	2,396	2,587	2,604
Optus	**2,669**	2,280	1,346	470	n.a.
Optus (A$ million)	**2,155**	1,892	1,350	499	n.a.
Share of associates' earnings	**1,260**	1,120	1,032	241	349
Net profit after tax	**3,268**	4,485	1,401	1,631	2,006
Underlying net profit**	**3,060**	2,517	n.a.	n.a.	n.a.
Cash Flow (S$ million)					
Group free cash flow***	**3,062**	3,295	2,103	32	1,777
SingTel	**1,526**	1,926	1,488	(47)	1,777
Optus	**1,536**	1,369	615	79	n.a.
Optus (A$ million)	**1,234**	1,106	551	73	n.a.
Capital expenditure (cash)	**1,428**	1,300	1,668	2,999	1,762
Balance Sheet (S$ million)					
Total assets	**35,333**	36,857	33,671	35,350	16,205
Shareholders' funds	**19,271**	19,752	15,470	14,579	8,758
Net debt/(cash)	**6,631**	7,109	9,563	9,862	(3,095)
Key Ratios					
Proportionate EBITDA from outside Singapore (%)	**66**	66	51	28	19
SingTel operational EBITDA margin (%)	**49.2**	49.6	50.7	52.6	52.9
Optus operational EBITDA margin (%)	**31.1**	28.7 #	24.4	20.0	n.a.
Return on invested capital (%)	**16.2**	14.9	13.4	10.5	n.a.
Return on equity (%)	**16.8**	25.5	9.3	14.0	22.3
Return on total assets (%)	**9.1**	13.1	3.2	6.3	13.4
Net debt to EBITDA (number of times)	**1.1**	1.2	1.9	2.7	n.a.
EBITDA to net interest expense (number of times)	**15.1**	13.8	10.1	23.7	n.a.
Per Share Information (cents)					
Earnings per share – basic	**19.01**	25.15	7.86	9.76	13.00
Earnings per share – underlying net profit**	**17.80**	14.12	n.a.	n.a.	n.a.
Net assets per share	**115.86**	110.67	86.78	81.79	56.82
Dividend per share – ordinary	**8.0**	6.4	5.5	5.5	5.5
Dividend per share – special	**5.0**	–	–	–	7.5

Notes:
(1) Certain comparatives have been restated to conform to current year's presentation.
(2) n.a. denotes not applicable/not available.

* SingTel began to consolidate Optus' financial results with effect from 1 October 2001. Accordingly, figures for the financial year ended 31 March 2001 do not include Optus; and figures for the financial year ended 31 March 2002 included six months of Optus.

** Underlying net profit is defined as net profit before goodwill, exceptional items, net contribution of Belgacom, and exchange differences on loan to Optus, net of hedging.

*** Free cash flow refers to cash flow from operating activities less cash capital expenditure. In the financial year ended 31 March 2002, SingTel's free cash flow was impacted by the construction of the C2C cable project.

\# Figure includes one-off revenue and cost associated with the C1 Defence contract.

MANAGEMENT DISCUSSION AND ANALYSIS

Group	Financial Year ended 31 March 2005 (S$ million)	2004 (S$ million)	Change (%)
Operating revenue	**12,617**	11,995	5.2
Operational EBITDA	**4,662**	4,288	8.7
Share of associates' ordinary earnings (1)	**1,252**	974	28.6
EBITDA	**6,259**	5,745	8.9
Net profit after tax	**3,268**	4,485	-27.1
Underlying net profit (2)	**3,060**	2,517	21.6
Underlying earnings per share (cents)	**17.80**	14.12	26.1

(1) *Excludes the pre-tax contribution of Belgacom which ceased to be equity accounted from 1 April 2004.*

(2) *Underlying net profit is defined as net profit before goodwill, exceptional items, net contribution of Belgacom, and exchange differences on loan to Optus, net of hedging.*

GROUP

For the financial year ended 31 March 2005, the Group's operating revenue rose 5.2 per cent to a record S$12.62 billion. EBITDA grew 8.9 per cent to S$6.26 billion.

Underlying net profit after tax was S$3.06 billion, an increase of 22 per cent. Underlying earnings per share grew 26 per cent to 17.8 cents, partly due to a smaller capital base following the completion of the capital reduction exercise in September 2004. Net profit after tax was lower by 27 per cent at S$3.27 billion, mainly due to exceptional gains recorded on the divestment of Belgacom in the previous financial year.

On a proportionate basis, our operations outside Singapore accounted for 74 per cent of the Group's enlarged revenue and 66 per cent of the Group's enlarged EBITDA.

SINGAPORE

Our Singapore business stabilised after three years of decline. Operating revenue of S$4.05 billion was in line with the revenue in the previous financial year. As a result of careful cost management, operational EBITDA margin was maintained at 49 per cent. Underlying net profit increased 15 per cent to S$2.26 billion.

Data and Internet revenue grew 6.7 per cent to S$1.20 billion, due to improvements in both data services and Internet-related revenues. Revenue from international leased circuits, the second largest component of data services revenue, increased as the strong demand for bandwidth offset the fall in bandwidth prices.

We maintained our position as the market leader in broadband. As at 31 March 2005, the number of broadband lines stood at nearly 300,000, up 16 per cent from a year ago.

Singapore	Financial Year ended 31 March 2005 (S$ million)	2004 (S$ million)	Change (%)
Operating revenue by service:			
Data and Internet	**1,195**	1,120	6.7
Mobile communications	**822**	822	**
International telephone	**655**	756	-13.4
IT and engineering	**620**	536	15.7
National telephone	**519**	561	-7.5
Others	**236**	251	-5.9
Total	**4,046**	4,045	**

** *Denotes less than 0.05 per cent.*

In **mobile communications**, the launch of our new *3loGy* initiative provided more than 5,000 customers with 3G services such as video calls across our mobile, fixed-line and broadband platforms. Increased marketing activities also sustained the momentum of acquiring new mobile customers. As at 31 March 2005, SingTel had 1.57 million customers, an increase of 3.3 per cent. Our share of the postpaid market remained steady at 43 per cent. Postpaid churn rate continued to be low at 1.2 per cent and data usage was 19 per cent of cellular revenue, both at best-in-class levels. Revenue from mobile communications was stable year-on-year at S$822 million.

Revenue from **international telephone** services declined 13 per cent to S$655 million as the average collection rate fell. Unlike the initial years of liberalisation, when declines in rate were partially offset by higher volumes, call minutes fell this year. However, margins improved as a result of conscious efforts to reduce outpayment expense.

Revenue from **IT and engineering** services rose 16 per cent to S$620 million. Business traction in overseas markets, such as Australia and Greater China, continued to gain momentum. Approximately 18 per cent of IT revenue was sourced from outside Singapore, up from 13 per cent a year ago. Overseas business grew more than 50 per cent, albeit from a small revenue base, compared to a 7 per cent growth registered by the Singapore-based business. NCS continues to make good progress as it implements its regional growth strategies.

Revenue from **national telephone** services fell 7.5 per cent to S$519 million, reflecting a 1.9 per cent decline in the number of fixed lines and lower voice and Internet dial-up traffic as customers migrated to mobile and broadband services.

We continued to manage our **operating expenses** in a prudent manner with operating expenses increasing just 0.4 per cent. Declines in staff costs and traffic expenses offset increases in selling and administrative expenses and cost of sales.

Australia	Financial Year ended 31 March		Change (%)
	2005 (A$ million)	2004 (A$ million)	
Operating revenue by division:			
Optus Mobile	**3,817**	3,445	10.8
Optus Business	**1,142**	1,282	-10.9
– excluding C1 Defence contract	***1,142***	*1,030*	*10.8*
Optus Wholesale	**484**	449	7.8
Optus Consumer and Multimedia	**1,532**	1,490	2.8
Less: Inter-divisional revenue	**(55)**	(58)	-4.2
Total	**6,920**	6,609	4.7
– excluding C1 Defence contract	***6,920***	*6,357*	*8.9*

AUSTRALIA

In Australia, Optus executed a dramatic turnaround over the last three years and is now making a significant contribution to the Group's earnings and cash flows. For the financial year, it delivered underlying net profit of A$648 million, an increase of 39 per cent from a year ago.

Excluding the one-off revenues and costs associated with the successful C1 satellite launch in the previous year, Optus' revenue grew 8.9 per cent, faster than the market as a whole. This was despite intense competition in the mobile and corporate segments. Optus achieved operational EBITDA growth of 16 per cent, as margin expanded from 29.3 per cent to 31.1 per cent.

Optus Mobile contributed more than half of Optus' revenue for the financial year. Its revenue grew 11 per cent to A$3.82 billion. The overall mobile customer base increased 6.6 per cent to 5.92 million as Optus continued to grow its share of the business mobile market. During the financial year, the mobile subscriber base was impacted by a one-time reduction of 369,000 prepaid customers following the introduction of a 60-day recharge expiry period. Mobile data revenue continued to grow and data represented 16 per cent of service revenue, up from 14 per cent a year ago.

Optus Business and Wholesale continued to gain market share and win customers. Overall revenue grew 10 per cent (excluding the C1 Defence contract) to A$1.63 billion despite difficult market conditions.

Optus Business revenue rose 11 per cent. Strong growth in revenues from data and Internet Protocol ("IP") and satellite contributed to the increase.

Revenue from Optus Wholesale increased 7.8 per cent, with wholesale data and IP revenue recording a healthy growth of 24 per cent.

Optus Consumer and Multimedia continued its strong growth trajectory, as its broadband customer base grew 206,000 to 355,000 as at 31 March 2005. Optus' retail broadband market share exceeded 20 per cent as at 31 March 2005. Bundling rates continued to improve, with almost 70 per cent of HFC telephony customers and nearly 50 per cent of local call resale customers taking up more than one Optus product.

Once regulatory negotiations are completed, Optus plans to introduce unbundled local loop to channel more traffic onto its own network. This has the potential to improve net margins in the medium term, after an initial dilution in margin from start-up costs.

Operating expenses as a percentage of operating revenue (excluding the C1 Defence contract) declined to 69 per cent from 71 per cent a year ago.

ASSOCIATES

Our overseas investments continued to report very strong results. For the financial year, the Group's share of underlying pre-tax earnings from the ordinary operations of associates was S$1.25 billion, an increase of 29 per cent compared to the previous financial year. The main driver of the growth in earnings was our regional mobile associates – AIS, Bharti, Globe and Telkomsel – which together recorded a share of pre-tax ordinary earnings of S$1.19 billion, an increase of 28 per cent year-on-year. Excluding Belgacom, post-tax earnings from associates grew 44 per cent to S$945 million.

The number of mobile customers served by SingTel, Optus and the regional mobile associates increased 37 per cent to 65 million as at 31 March 2005, making it the biggest mobile subscriber base in Asia, outside of China. In these markets, analysts expect more than 230 million new mobile customers over the next five years, driven mainly by growth in India and Indonesia where current mobile penetration rates are low.

The Group continued to receive an increasing portion of returns from its associates in the form of cash dividends. During the financial year, this amounted to S$355 million, of which dividends from the regional mobile associates accounted for S$303 million, an increase of 36 per cent.

CASH FLOW

Group	Financial Year ended 31 March 2005 (S$ million)	2004 (S$ million)	Change (%)
Net cash inflow from operating activities	**4,490**	4,595	-2.3
Net cash inflow from operating activities (adjusted) [1]	***4,490***	*4,214*	*6.5*
Purchases of property, plant and equipment	**(1,428)**	(1,300)	9.8
Purchase of investments (current and non-current)	**(987)**	(688)	43.4
Proceeds from sale of non-current investments	**2,618**	1,157	126.2
Proceeds from sale of property, plant and equipment	**318**	41	@
Others	**57**	15	274.8
Net cash inflow/(outflow) from investing activities	**579**	(775)	n.m.
Payment for share capital reduction	**(3,010)**	–	n.m.
Dividends paid to shareholders	**(915)**	(765)	19.7
Decrease in borrowings	**(437)**	(363)	20.4
Others	**(567)**	(480)	18.3
Net cash outflow from financing activities	**(4,929)**	(1,607)	206.7
Free cash flow	**3,062**	3,295	-7.1
Free cash flow (adjusted) [1]	***3,062***	*2,914*	*5.1*
Cash capital expenditure as a percentage of operating revenue	**11.3%**	10.8%	

(1) *Cash flow excluded non-recurring dividends of S$381 million received from Belgacom and SingPost in the previous financial year.*
@ *denotes more than 500 per cent.*
n.m. *denotes not meaningful.*

Operating Activities
Group cash flow from operations amounted to S$4.49 billion, reflecting healthy profit growth.

Investing Activities
The Group spent S$1.43 billion on property, plant and equipment which represented 11 per cent of operating revenue. Investing cash outflows included the acquisition of equity interests in Uecomm, Reef and Globe and the purchase of short-term investments. Major investing cash inflows included sale proceeds from the divestment of Belgacom in March 2004 and participation in Globe's share buy-back offer. Proceeds from the disposals of property, plant and equipment included S$298 million from the sale of certain properties to A-REIT.

Financing Activities
The capital reduction exercise in September 2004 resulted in 7.1 per cent of SingTel's issued shares being cancelled at a total cash consideration of S$3.01 billion. A final dividend of S$915 million in respect of the previous financial year was paid during the year.

Free Cash Flow
The Group continued to generate strong positive free cash flow totalling S$3.06 billion, with equal free cash flow contributions from SingTel and Optus.

CAPITAL MANAGEMENT

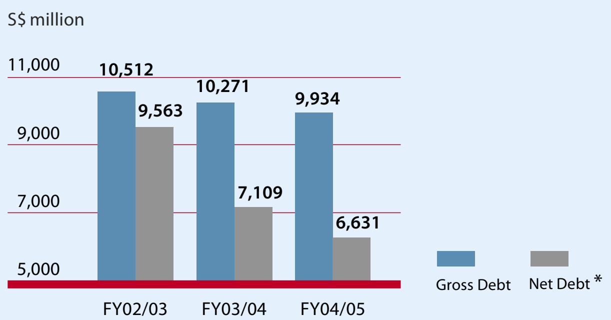
The Group constantly reviews its capital structure to balance capital efficiency and financial flexibility. Strong operating performance and cash flows have enabled the Group to enhance financial liquidity which provides flexibility for further investments. Due to the opportunistic nature of strategic investments, there may be short-term inefficiencies in the capital structure as SingTel continues to review acquisition opportunities in the Asia Pacific region.

With strong free cash flow generation, the Group's net debt had declined over the last three years. Net debt gearing ratio had fallen to a comfortable 25.6 per cent as at 31 March 2005. The average maturity of the Group's borrowings had shortened in recent years as we had been able to pay down existing debt without seeking new loans.

Group net debt was 1.1 times Group EBITDA, while Group EBITDA was 15.1 times net interest expense. These credit ratios are within leveraged commitments made to bond investors in 2001.

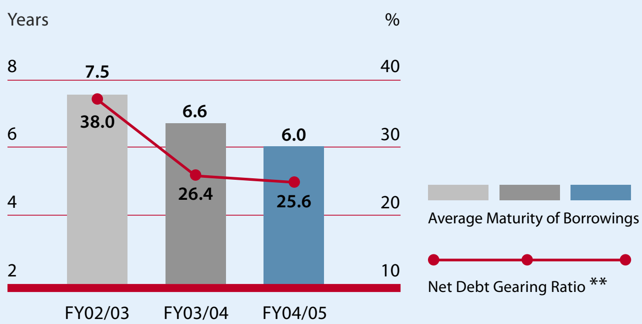
The Group has one of the strongest credit ratings among telecommunications companies in Asia and we are committed to maintaining our strong investment grade credit ratings. SingTel is currently rated A+ by Standard & Poor's and A1 by Moody's Investors Service.

GROUP DEBT



* *Gross debt less cash and bank balances.*

GROUP DEBT METRICS



** *Defined as net debt to net capitalisation.*

Group	Financial Year ended 31 March			Targets to Bond Investors
	2005	2004	2003	
Net debt to EBITDA (number of times)	**1.1**	1.2	1.9	1.5 to 2.0
Interest cover [1] (number of times)	**15.1**	13.8	10.1	8.0 to 10.0

[1] *Defined as EBITDA to net interest expense (i.e., interest expense less interest income).*

CRITICAL ACCOUNTING POLICIES

The Group prepared the financial statements in accordance with Singapore Financial Reporting Standards ("FRS"), which are the same, in material respects, to International Financial Reporting Standards.

The significant accounting policies of the Group are provided in Note 2 to the Financial Statements on page 92. The preparation of financial statements requires the use of estimates and judgements that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The matters discussed below are considered to be most critical in understanding the judgements that are involved in preparing the financial statements.

REVENUE RECOGNITION

Management judgement is required to determine if and how revenue should be recognised, such as when signing contracts for sales of Indefeasible Rights of Use, swap contracts for infrastructure, capacity and services, and in assessing the degree of completion in service and construction contracts.

IMPAIRMENT OF ASSETS

Recoverability of assets requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on our estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. Such assumptions are subject to review by management and the Audit Committee.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment represent a significant proportion of the asset base of the Group. Hence, the estimates and assumptions used to determine the expected useful lives and residual values at the end of their lives may result in material changes to the depreciation charge.

SHARE-BASED PAYMENT

The Group complies with FRS 102, Share-based Payment, where equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each balance sheet date. At each balance sheet date, the Group revises estimates of the number of performance shares that participants are expected to receive based on non-market vesting conditions.

The assumptions of the valuation model used to determine the fair values are set out in Note 4.2.2 to the Financial Statements on page 103.

INCOME TAXES

Significant management judgement is required in determining current tax liabilities as well as provisions for deferred tax liabilities and assets, in particular the valuation of deferred tax assets. We must also assess the likelihood that the deferred tax assets will be utilised against future taxable income, and this involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

CONTINGENT LIABILITIES

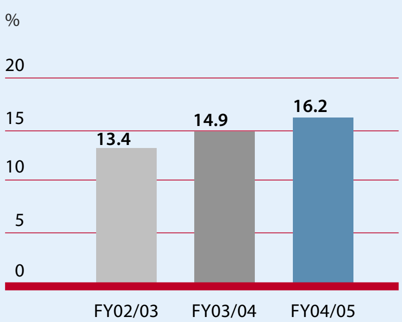
Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. We consult with legal counsel on matters related to litigation and other experts both within and outside the Group with respect to matters in the ordinary course of business.

SHAREHOLDER RETURNS

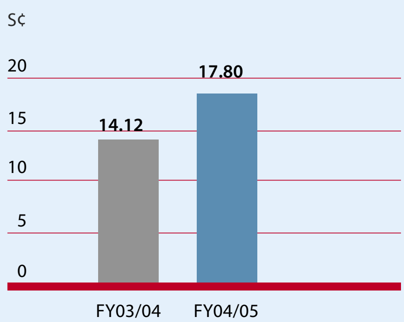
SingTel is committed to improving shareholder returns. Management remuneration is pegged closely to the Group's performance. We have in place performance share plans where share awards are vested upon achievement of Total Shareholders' Return and Return On Invested Capital targets. More details are set out under 'Corporate Governance Report – Remuneration' on pages 66 to 71.

As part of our initiative to optimise our level of debt and maximise shareholders' value, the Group returned S$3.01 billion to shareholders via a capital reduction in 2004. The capital reduction, together with improved operational performance, had lifted the underlying earnings per share.

RETURN ON INVESTED CAPITAL



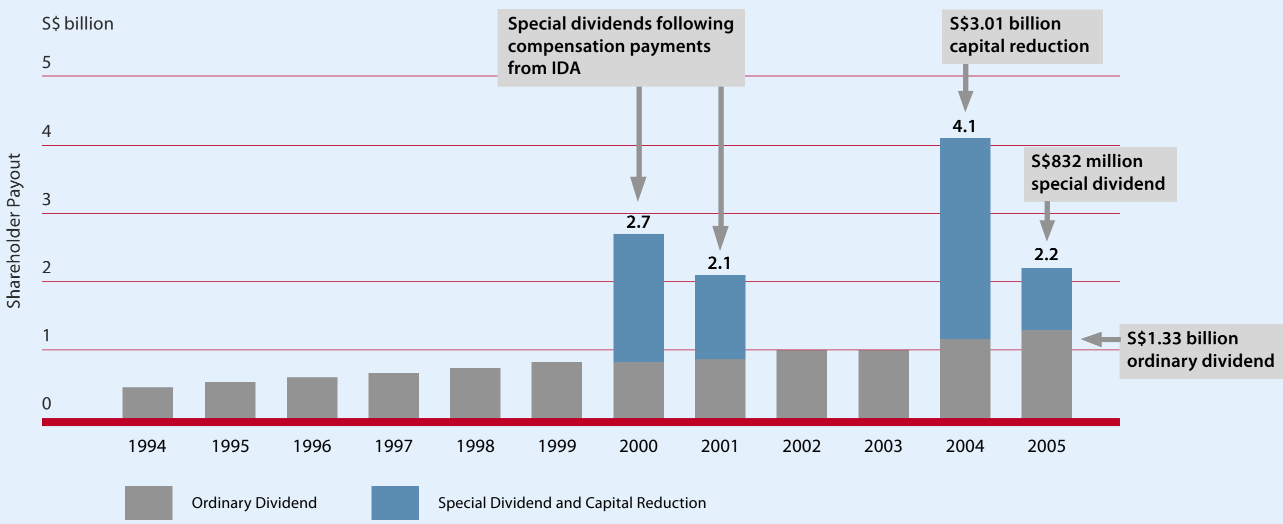
UNDERLYING EARNINGS PER SHARE [1]



[1] *Not computed before FY03/04.*

SHAREHOLDER PAYOUT

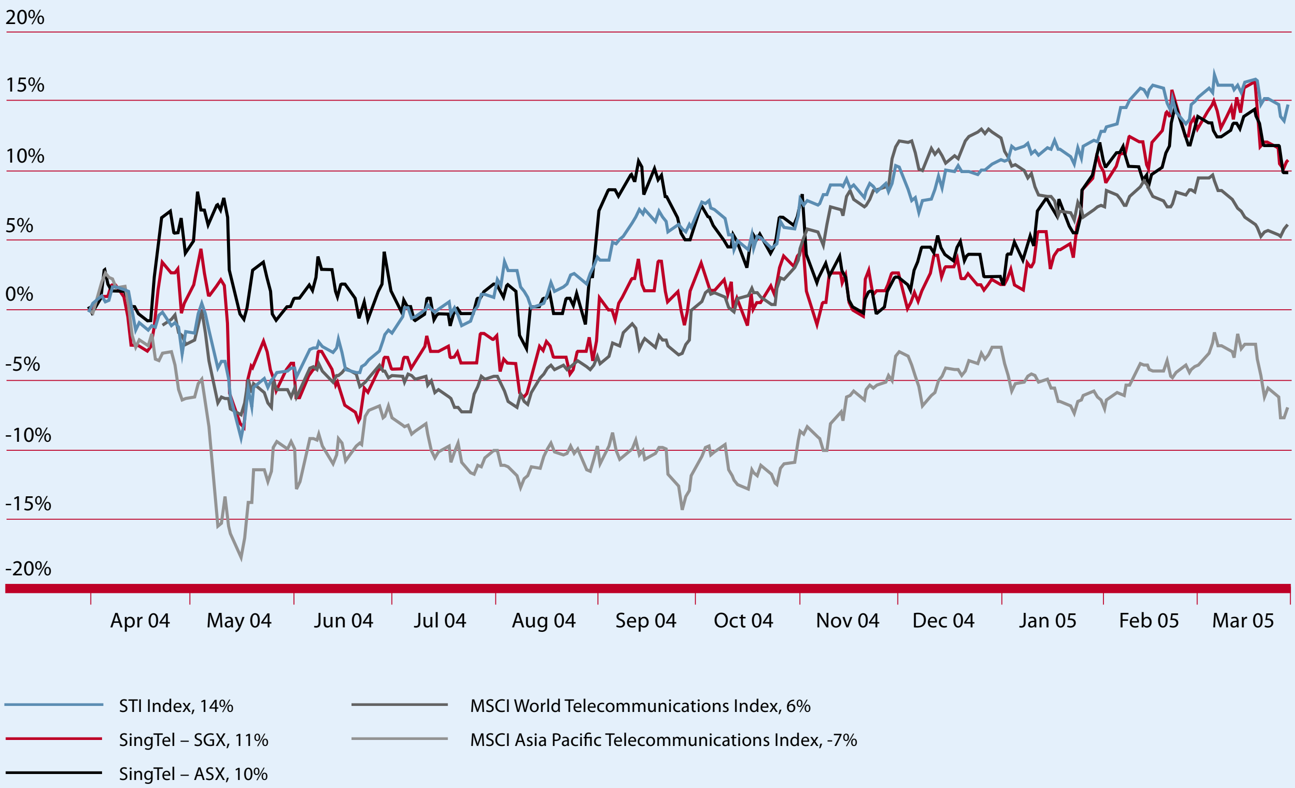
SingTel has a track record of generous shareholder payout. We remain committed to paying between 40 per cent and 50 per cent of underlying earnings. If exceptional gains result in significant cash inflows, the Board will review alternative capital management strategies. For the financial year ended 31 March 2005, the Board has recommended a final gross dividend of 8 cents a share and a special dividend of 5 cents a share, totalling S$2.16 billion. This will bring total shareholder payout to approximately S$17 billion since our listing in 1993, representing approximately 70 per cent of earnings over the same period.



SHARE PRICE PERFORMANCE

SingTel shares rose 10 per cent between 1 April 2004 and 31 March 2005, outperforming both the MSCI World Telecommunications Index as well as the MSCI Asia Pacific Telecommunications Index.

SINGTEL SHARE PRICE PERFORMANCE **1 April 2004 to 31 March 2005**



RISK FACTORS

The financial performance and operations of our businesses within and outside Singapore are influenced by a range of risk factors, many of which are beyond the control of SingTel and the SingTel Board. Many of these factors also affect the businesses of other companies operating in the telecommunications industry and in other industries, both within and outside Singapore.

ECONOMIC RISKS

Changes in economic conditions within and outside Singapore may have a material adverse effect on the demand for telecommunications services and hence, on the financial performance and operations of the Group.

POLITICAL RISKS

Some of the countries in which we operate and have investments have experienced or continue to experience political instability. The continuation or re-emergence of such political instability in the future could have a material adverse effect on economic or social conditions and hence, on the ownership, control and condition of the Group's assets in those areas.

REGULATORY RISKS

The Group's operations in Singapore and our international operations and investments are subject to extensive government regulation which may limit our flexibility to respond to market conditions, competition, new technologies or changes in the Group's cost structure. Government policies relating to the telecommunications industry and the regulatory (including taxation) environment in which we operate may change. Such changes could have a material adverse effect on the Group's financial performance and operations.

COMPETITIVE RISKS

The telecommunications market in Singapore is becoming increasingly competitive. As a result, we have lost market share in some key markets and the prices of some of our products and services have fallen. These trends may continue due to intensifying competitive activity, new market entrants and regulation that requires us to allow our competitors access to our networks.

The operations of our international businesses are also subject to highly competitive market conditions. There is a regional and global market for many of the services that we provide, particularly international communications and data services offered to business customers. The quality of, and rates for these services can affect a potential business customer's decision to subscribe to the Group's services, to locate or expand its offices or communications facilities in Singapore, or to use Singapore as a transit hub for its communications. Prices for some of these services have shown significant declines in recent years and are anticipated to continue to decline at similar rates as a result of capacity additions and general price competition.

REGIONAL EXPANSION RISKS

Given the limited size of the Singapore market, our future growth depends on our ability to carry out our Asia Pacific expansion strategy. There are considerable risks associated with this regional expansion strategy.

- **Ability to extract synergies and integrate new investments**
  In making acquisitions, we face challenges from integrating newly-acquired businesses with our own operations, managing these businesses in markets where we have limited experience, and financing these acquisitions. There is no assurance that the Group will be able to generate synergies from regional acquisitions and that these acquisitions will not become a drain on the Group's management and capital resources.

- **Partnership relations**
  The success of our international investments depends, to a large extent, on our relationship with, and the strength of, our investment partners. There is no assurance that the Group will be able to maintain these relationships nor that our investment partners will remain committed to their partnerships with the Group.

- **Ability to make further acquisitions**
  We continuously look for investment opportunities that could contribute to our regional expansion strategy. There is no assurance that the Group will be successful

in making further acquisitions due to the limited availability of opportunities, competition for the available opportunities from other potential investors, foreign ownership restrictions, government policies, political considerations and the specific preferences of sellers.

TECHNOLOGY RISKS

The telecommunications industry is undergoing rapid and significant technological changes. These changes may materially affect our capital expenditure and operating costs as well as the demand for our products and services.

We have invested substantial capital and other resources in the development and modernisation of our networks and systems. Technological changes continue to reduce the costs, and expand the capacities and functions of new infrastructure capable of delivering competing products and services, resulting in lower prices and more competitive and innovative products and services. These changes may require us to replace and upgrade our network infrastructure. As a result, the Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against newer products and services.

PROJECT RISKS

The telecommunications industry is highly capital intensive. We incur substantial capital expenditure in constructing and maintaining our network infrastructure projects. These projects are subject to risks associated with construction, supply and installation of the applicable network infrastructure. The projects are also subject to risks associated with sale of capacity on the completed project infrastructure, including risks of default, disputes, litigation and arbitration involving contractors, suppliers, customers and other third parties.

In addition, we face risks of loss of, or damage to, network infrastructure from natural and man-made causes which are outside our control. Losses and damage caused by risks of this nature may significantly disrupt our operations and may materially and adversely affect our ability to deliver our services to customers.

ELECTROMAGNETIC ENERGY RISKS

Concerns have been expressed relating to the possible adverse health consequences associated with the operation of mobile communications devices due to potential exposure to electromagnetic energy.

While there is no substantiated evidence of public health effects from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, there is a risk that an actual or perceived health risk associated with mobile communications could result in:

- litigation against SingTel and our associates;
- reduced demand for mobile communications services; and
- restrictions on the ability of SingTel and our associates to deploy our mobile communications networks as a result of government environmental controls which exist or may be introduced to address this perceived risk.

FINANCIAL RISKS

The Group is exposed to a variety of financial risks, including foreign exchange, interest rate, market, liquidity and credit risks. The Group has established risk management policies, guidelines and control procedures to manage our exposure to such risks. Hedging transactions are determined in the light of commercial commitments and are reviewed regularly. Financial instruments are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes.

The Group's financial risk management is discussed in detail in Note 39 to the Financial Statements on page 138.