



StarHub Ltd
Reg. No.:199802208C
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel: (65) 6825 5000
Fax: (65) 6721 5000

STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2012

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2012.

Results for the First Quarter ended 31 March 2012

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS**1.1 GROUP INCOME STATEMENT**

	Quarter ended 31 Mar		
	2012 S\$m	2011 S\$m	Incr/(Decr) %
Operating revenue	590.9	558.5	5.8
Operating expenses	(489.8)	(470.8)	4.0
Other income	8.2	3.0	173.2
Profit from operations	109.3	90.7	20.6
Finance income	1.1	0.2	nm
Finance expenses ⁽¹⁾	(3.9)	(5.1)	(22.8)
Profit before taxation	106.5	85.8	24.1
Taxation	(18.2)	(16.7)	8.8
Profit for the period	88.4	69.1	27.8
Attributable to:			
Equity holders of the Company	88.4	69.1	27.8
	88.4	69.1	27.8
EBITDA	176.8	159.8	10.6
EBITDA as a % of service revenue	32.2%	30.1%	2.1 %pts
Free Cash Flow ⁽²⁾	103.8	132.4	(21.6)
<i>Profit from operations is arrived after charging the following:</i>			
<i>Allowance for doubtful receivables and bad debts written off</i>	3.9	5.0	(21.6)
<i>Depreciation and amortisation (net of asset grants)</i>	67.4	69.1	(2.5)

nm – Not meaningful / More than +/- 200%

Notes:

- (1) Finance expenses include interest and other financing charges
- (2) Free Cash Flow refers to net cash flow from operating activities less purchase of fixed assets in the cash flow statement
- (3) Numbers in all tables may not exactly add due to rounding
- (4) Certain comparatives figures have been reclassified to conform to current year presentation

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar		
	2012 S\$m	2011 S\$m	Incr/(Decr) %
Profit for the period	88.4	69.1	27.8
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedge (net of tax)	(0.5)	0.1	nm
Other comprehensive income for the period, net of tax	(0.5)	0.1	nm
Total comprehensive income for the period	87.9	69.2	26.9
Attributable to:			
Equity holders of the Company	87.9	69.2	26.9
	87.9	69.2	26.9

nm – Not meaningful / More than +/- 200%

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 12 S\$m	31 Dec 11 S\$m	31 Mar 12 S\$m	31 Dec 11 S\$m
Non-current assets				
Property, plant and equipment	743.1	761.9	342.3	344.9
Intangible assets	415.2	423.6	120.0	126.9
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	2.2	2.8	-	-
	1,160.5	1,188.3	1,664.3	1,673.9
Current assets				
Inventories	40.2	37.2	34.1	29.0
Trade receivables	145.9	152.0	138.2	139.9
Other receivables, deposits and prepayments	102.9	149.2	21.3	22.0
Balances with related parties	19.6	17.2	671.5	661.6
Cash and bank balances	314.3	179.2	236.5	154.3
	622.8	534.8	1,101.5	1,006.8
Less:				
Current liabilities				
Trade payables and accruals	401.6	448.1	244.0	288.9
Other payables	255.5	254.8	74.7	64.5
Balances with related parties	54.4	41.9	340.1	296.0
Bank loans	200.0	75.0	200.0	75.0
Provision for taxation	101.8	83.5	72.9	55.7
	1,013.3	903.3	931.8	780.1
Net current (liabilities)/assets	(390.5)	(368.5)	169.7	226.7
Non-current liabilities				
Bank loans	457.5	587.5	457.5	587.5
Other payables	34.0	34.1	34.0	34.1
Deferred income	57.5	62.8	-	-
Deferred tax liabilities	111.7	112.8	66.4	69.8
	660.7	797.2	557.9	691.4
Net assets	109.3	22.6	1,276.1	1,209.2
Shareholders' equity				
Share capital	262.8	262.8	262.8	262.8
Reserves	(153.5)	(240.2)	1,013.3	946.4
Total equity	109.3	22.6	1,276.1	1,209.2

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2012 S\$m	2011 S\$m
Operating Activities		
Profit before taxation	106.5	85.8
Adjustments for :		
Depreciation and amortisation (net of asset grants)	67.4	69.1
Loss on disposal of fixed assets	0.2	1.3
Share-based payments expenses	0.6	1.5
Changes in fair value of financial instruments	(0.3)	(1.9)
Net finance expenses	2.8	4.8
Income related grants	(8.2)	(3.0)
Other non-cash items	0.3	0.2
Operating cash flow before working capital changes	169.3	157.9
Changes in working capital	(24.9)	16.0
Net cash from operating activities	144.4	173.9
Investing Activities		
Proceeds from disposal of fixed assets	0.1	0.0
Purchase of fixed assets	(40.6)	(41.5)
Interest received	1.0	0.2
Net cash used in investing activities	(39.6)	(41.3)
Financing Activities		
Proceeds from exercise of share options	0.2	0.6
Finance expenses paid	(6.3)	(9.0)
Grants received	43.8	-
Proceeds from loans	70.0	-
Repayment of loans	(75.0)	(53.6)
Purchase of treasury shares	(2.3)	(5.2)
Net cash used in financing activities	30.3	(67.2)
Net change in cash and cash equivalents	135.1	65.4
Cash and cash equivalents at beginning of the period	179.2	237.5
Cash and cash equivalents at end of the period	314.3	303.0

4. GROUP UNSECURED BORROWINGS

	31 Mar 12 S\$m	31 Dec 11 S\$m
Unsecured borrowings		
Amount repayable in one year or less	200.0	75.0
Amount repayable after one year	457.5	587.5
Total	657.5	662.5

5. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2012	262.8	(5.5)	(276.3)	13.9	(6.6)	34.3	(240.2)	22.6
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	88.4	88.4	88.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	88.4	87.9	87.9
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payment expenses	-	-	-	0.6	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	5.6	-	(5.1)	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	(276.3)	9.3	(7.1)	122.7	(153.5)	109.3
At 1 Jan 2011	260.3	(0.1)	(276.3)	15.7	(7.7)	62.1	(206.3)	54.0
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	69.1	69.1	69.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	0.1	-	0.1	0.1
Total comprehensive income for the period	-	-	-	-	0.1	69.1	69.2	69.2
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	2.3	-	-	(1.7)	-	-	(1.7)	0.6
Share-based payment expenses	-	-	-	1.5	-	-	1.5	1.5
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	-	0.1	-	-	0.1	0.1
Total transactions with equity holders of the Company	2.3	(5.2)	-	(0.1)	-	-	(5.3)	(3.0)
At 31 Mar 2011	262.6	(5.3)	(276.3)	15.5	(7.6)	131.2	(142.4)	120.2

5. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payment reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2012	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	68.6	68.6	68.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	68.6	68.1	68.1
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payment expenses	-	-	-	0.6	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	5.6	-	(5.1)	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	276.5	9.3	(7.1)	736.7	1,013.3	1,276.1
At 1 Jan 2011	260.3	(0.1)	276.5	15.7	(7.7)	663.1	947.5	1,207.8
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	61.3	61.3	61.3
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	0.1	-	0.1	0.1
Total comprehensive income for the period	-	-	-	-	0.1	61.3	61.5	61.5
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	2.3	-	-	(1.7)	-	-	(1.7)	0.6
Share-based payment expenses	-	-	-	1.5	-	-	1.5	1.5
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	-	0.1	-	-	0.1	0.1
Total transactions with equity holders of the Company	2.3	(5.2)	-	(0.1)	-	-	(5.3)	(3.0)
At 31 Mar 2011	262.6	(5.3)	276.5	15.5	(7.6)	724.4	1,003.6	1,266.3

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2012, the share capital of the Company totaled S\$262.8 million comprising 1,716,536,429 issued ordinary shares (excluding treasury shares). As at 31 December 2011, this was S\$262.8 million or 1,715,328,615 ordinary shares (excluding treasury shares).

Issue of new shares

For the quarter ended 31 March 2012, there was no issue of new ordinary shares.

Treasury Shares

During the quarter, the Company bought 802,000 ordinary shares from the market at a total consideration of S\$2.3 million. 2,009,814 treasury shares were transferred to participants of the Company's share plans during the quarter.

After accounting for the net buy-back and transfers, the treasury share balance was S\$2.2 million comprising 768,173 ordinary shares or 0.04% of issued share capital excluding treasury shares as at 31 March 2012 (31 March 2011: 2,012,740 ordinary shares or 0.12% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 31 March 2012, the outstanding balance of unexercised options under the Company's share option plans totaled 2,503,505 (31 March 2011: 3,550,368) or 0.15% of the total issued shares in the capital of the Company.

Performance Share Plan

As at 31 March 2012, the outstanding balance of conditional awards under the Performance Share Plan was 1,634,150 ordinary shares (31 March 2011: 1,955,150).

Under the StarHub's Performance Share Plan, the number of conditional awards disclosed is based on the assumption that the payout is at the "Target" level of performance for the various key performance indicators. The indicators are set over a 3-year performance period with each grant paying out on its third year anniversary of its grant date.

Restricted Stock Plan

As at 31 March 2012, the outstanding balance of conditional awards under the Restricted Stock Plan was 3,459,605 ordinary shares (31 March 2011: 5,511,372 ordinary shares).

Under the StarHub's Restricted Stock Plan, there are two types of awards:

- 1) For performance-based awards, the outstanding number of shares reported for such grants which have not fulfilled the performance period is assumed to be at "Target" performance level of the various key performance indicators as set out over a 2-year performance period. The payout will be over a 2-year period after this performance period. For grants which have fulfilled their performance periods, the outstanding

number of shares reported is based on the awards to be delivered in the payout periods.

- 2) For time-based awards, it is based on the outstanding number of shares to be delivered when the time-based service conditions are fulfilled.

7. AUDIT

The financial statements have not been audited or reviewed.

8. AUDITORS' REPORT

Not applicable

9. ACCOUNTING POLICIES

The Group and the Company have applied the same accounting policies and method of computation as in the most recently audited financial statements for the year ended 31 December 2011.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2012. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

10. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

11. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2012	2011
Basic		
Earnings per share	5.15 cents	4.03 cents
Weighted average number of shares ('000)	1,715,998	1,716,029
Diluted		
Earnings per share	5.13 cents	4.01 cents
Weighted average number of shares ('000)	1,722,567	1,725,456

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Net asset value per share	6.4 cents	1.3 cents	74.3 cents	70.5 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Mar			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%
Operating revenue	590.9	558.5	32.4	5.8
Operating expenses	(489.8)	(470.8)	18.9	4.0
Other income	8.2	3.0	5.2	173.2
Profit from operations	109.3	90.7	18.7	20.6
Finance income	1.1	0.2	0.9	nm
Finance expenses	(3.9)	(5.1)	(1.2)	(22.8)
Profit before taxation	106.5	85.8	20.7	24.1
Taxation	(18.2)	(16.7)	1.5	8.8
Profit for the period	88.4	69.1	19.2	27.8
EBITDA	176.8	159.8	17.0	10.6
Service revenue	548.7	530.7	18.0	3.4
EBITDA as a % of service revenue	32.2%	30.1%	2.1	%pts

nm – Not meaningful / More than +/- 200%

Results for the period ended 31 March 2012

For the quarter ended 31 March 2012, the Group's operating revenue was S\$32.4 million or 5.8% higher at S\$590.9 million when compared to 1Q-2011. The higher revenue was contributed by higher service revenue from all lines of business, and increased revenue from sales of equipment.

Against 1Q-2011, this quarter's service revenue at S\$548.7 million was S\$18.0 million or 3.4% higher. Mobile services revenue increased S\$11.0 million to S\$306.6 million this quarter, driven mainly by Post-paid mobile services where revenue increased S\$14.0 million year-on-year. Pay TV services revenue increased S\$4.1 million or 4.5% year-on-year to S\$95.7 million driven by higher ARPU and subscriber base. Broadband services revenue at S\$61.4 million was S\$1.5 million or 2.5% higher compared to 1Q-2011, mainly due to a higher subscriber base which grew 3.6% year-on-year. Compared to the same period last year, this quarter's Fixed Network services revenue grew S\$1.4 million or 1.7% to S\$85.0 million, with increase mainly attributed to Voice services.

Revenue from sales of equipment in 1Q-2012 was up S\$14.4 million or 51.9% to S\$42.2 million when compared to 1Q-2011. The increase was attributable to higher quantities and selling prices of smart phones and tablets sold in the current period.

The breakdown of operating revenue and percentage mix by lines of business for the quarter ended 31 March is tabulated below:

	Quarter ended 31 Mar					
	2012		2011		Incr / (Decr)	
Operating revenue	S\$m	% mix	S\$m	% mix	S\$m	%
Mobile revenue	306.6	51.9%	295.6	52.9%	11.0	3.7
Pay TV revenue	95.7	16.2%	91.6	16.4%	4.1	4.5
Broadband revenue	61.4	10.4%	59.9	10.7%	1.5	2.5
Fixed Network services revenue	85.0	14.4%	83.6	15.0%	1.4	1.7
Total service revenue	548.7	92.9%	530.7	95.0%	18.0	3.4
Sale of equipment	42.2	7.1%	27.8	5.0%	14.4	51.9
Total	590.9	100.0%	558.5	100.0%	32.4	5.8

Profitability

For the quarter, the Group's profit from operations at S\$109.3 million was 20.6% higher compared to 1Q-2011. The year-on-year increase was mainly due to a 5.8% growth in operating revenue, which was offset by a 4.0% increase in operating expenses. The higher operating expenses were attributed to higher cost of sales mitigated by lower other operating expenses. Compared to 1Q-2011, this quarter's cost of sales was 13.5% higher, primarily due to increased cost of equipment driven by higher quantities and unit costs of smart phones and tablets sold. Other operating expenses for the quarter was 4.0% lower than 1Q-2011. All categories of other operating expenses, except for staff costs, showed year-on-year decreases of 2.5% to 21.6%. Staff costs increased 3.5% for the quarter due to increased headcount year-on-year.

Other income for the quarter amounted to S\$8.2 million, up from S\$3.0 million in the same quarter last year. The increase was contributed by increased adoption grants received this quarter, and higher amortised income for the Next Gen NBN rollout.

For the quarter, the Group's EBITDA rose S\$17.0 million or 10.6% year-on-year to S\$176.8 million in 1Q-2012. EBITDA margin as a percentage of service revenue expanded to 32.2% in this quarter, up from 30.1% in 1Q-2011.

Year-on-year, finance income grew S\$0.9 million to S\$1.1 million in 1Q-2012, with increase from higher yielding bank deposits.

Compared to 1Q-2011, finance expenses reduced S\$1.2 million or 22.8% to S\$3.9 million in 1Q-2012, due mainly to lower facility fees and interest expenses as a result of lower loan balances.

As a result, profit before taxation was S\$20.7 million or 24.1% higher at S\$106.5 million.

The Group's taxation for the quarter amounted to S\$18.2 million or 17% of profit before taxation.

For 1Q-2012, net profit after taxation increased 27.8% to S\$88.4 million.

Mobile Service Revenue

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%
Post-paid	245.5	231.5	14.0	6.0
Pre-paid	61.1	64.1	(3.0)	(4.7)
Total	306.6	295.6	11.0	3.7

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Mobile operating statistics	2012	2011	2011
Number of registered customers (in thousands)			
Post-paid	1,067	1,066	1,031
Pre-paid	1,133	1,125	1,114
Total	2,200	2,192	2,145
Monthly minutes of use per registered customer			
Post-paid	333	336	341
Pre-paid	467	476	493
Average monthly SMS per registered user (originating)			
Post-paid	216	230	256
Pre-paid	112	116	133
Mobile Data Traffic (in GBytes)			
Post-paid	3,977,103	4,191,150	3,511,887
Pre-paid	141,197	75,840	57,484
ARPU with IDD included (S\$ per month)			
Post-paid	74	76	72
Pre-paid	19	18	20
Non-voice service as a contribution to ARPU			
Post-paid	39.9%	39.8%	36.8%
Pre-paid	17.6%	17.0%	16.0%
Average monthly churn rate (post-paid)	1.3%	1.2%	1.1%
Singapore mobile penetration ⁽¹⁾	148.9%	149.6%	145.5%
Market Share ⁽¹⁾	28.2%	28.3%	29.0%

Note:

⁽¹⁾ Source : IDA (As at February 2012)

Total mobile services

Year-on-year, total mobile services revenue grew S\$11.0 million or 3.7% to S\$306.6 million, with Post-paid mobile services revenue increasing S\$14.0 million or 6.0% year-on-year. This was partially offset by a S\$3.0 million or 4.7% decrease in revenue from Pre-paid mobile services. As a percentage of the mobile revenue mix, Post-paid mobile services now

account for 80.1% in 1Q-2012, compared to 78.3% in 1Q-2011, while Pre-paid mobile services mix was lower at 19.9% compared to 21.7% in 1Q-2011.

Post-paid mobile services

For the quarter, Post-paid mobile services revenue was S\$14.0 million or 6.0% higher year-on-year at S\$245.5 million due to a higher subscriber base and increased ARPU.

The Post-paid mobile customer base grew 36K to 1,067K as at 31 March 2012, or was 3.5% higher compared to a year ago. The quarter saw a net add of 1K.

For the quarter, Post-paid mobile ARPU was S\$2 higher at S\$74 when compared to 1Q-2011. The increase was attributed to higher subscription revenue from increasing take up of "SmartSurf" plans which packaged free voice and data usage bundles at a higher monthly subscription price. The higher subscription revenue was offset by lower voice and SMS usages. Post-paid mobile monthly minutes of use per customer was lower at 333 minutes per month in 1Q-2012 compared to 341 minutes in 1Q-2011. The average monthly SMS per Post-paid customer was also lower at 216 SMS in 1Q-2012, down from 256 SMS in 1Q-2011. With the increasing take-up of "SmartSurf" plans and smart devices, Post-paid mobile data traffic grew 13.2% to 4.0 million Gigabytes this quarter when compared to 3.5 million Gigabytes in 1Q-2011. As a result, Post-paid mobile non-voice services, as a percentage of Post-paid mobile ARPU, was higher at 39.9% in 1Q-2012 when compared to 36.8% in the same quarter last year.

This quarter's Post-paid mobile monthly average churn was higher at 1.3%, up from 1.1% in 1Q-2011. The availability of tethering feature in smart devices and churn of Post-paid mobile customers upon expiry of their term contracts signed during prior periods' promotional offers were the main contributing factors to the higher churn.

Pre-paid mobile services

For the quarter, Pre-paid mobile services revenue was S\$3.0 million or 4.7% lower year-on-year at S\$61.1 million. While Pre-paid mobile customer base was higher year-on-year, ARPU was lower at S\$19 per month in the quarter.

As at 31 March 2012, Pre-paid mobile registered customer base totaled 1,133K after the net addition of 7K for the quarter. This was 19K or 1.7% higher than a year ago.

Due to decreasing voice and SMS usages, Pre-paid mobile ARPU was S\$19 this quarter, a drop of S\$1 when compared to 1Q-2011. Pre-paid mobile monthly minutes of use per customer declined from 493 minutes in 1Q-2011 to 467 minutes in 1Q-2012, and Pre-paid mobile average monthly SMS per customer was also lower at 112 SMS in 1Q-2012 when compared to 133 SMS in 1Q-2011. With the introduction of two new Pre-paid Maxmobile data plans in late last year, Pre-paid mobile data traffic was driven higher to 141K Gigabytes in 1Q-2012 as compared to 57K Gigabytes in the same quarter last year. Hence, as a percentage of Pre-paid mobile ARPU, Pre-paid non-voice services rose from 16.0% in 1Q-2011 to 17.6% this quarter.

Pay TV Revenue

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Pay TV revenue	95.7	91.6	4.1	4.5

Pay TV operating statistics	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2012	2011	2011
Number of residential Pay TV customers (in thousands)	544	545	542
ARPU (S\$ per month)	51	51	49
Average monthly churn rate	1.1%	0.9%	1.1%
StarHub's penetration	44.8%	45.2%	45.9%

Year-on-year, Pay TV revenue increased S\$4.1 million or 4.5% to S\$95.7 million in 1Q-2012, attributable to higher HD set-top box rental revenue and the S\$2 monthly subscription price increase which became effective since August 2011. As a result, Pay TV ARPU grew S\$2 from S\$49 in 1Q-2011 to S\$51 this quarter.

As at 31 March 2012, the Pay TV subscriber base was 544K. This was 2K or 0.3% higher when compared to a year ago.

Pay TV monthly average churn at 1.1% for the quarter was comparable to 1Q-2011.

Broadband Revenue

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue	61.4	59.9	1.5	2.5

	Quarter ended		
	31 Mar 2012	31 Dec 2011	31 Mar 2011
Broadband operating statistics			
Number of residential broadband customers - subscription-based (in thousands)	440	440	425
ARPU (S\$ per month)	46	45	46
Average monthly churn rate	1.4%	1.1%	1.3%

Broadband revenue for the quarter increased S\$1.5 million or 2.5% year-on-year to S\$61.4 million due to a higher subscriber base.

As at 31 March 2012, Broadband customer base totaled 440K, which was 15K or 3.6% more than the base a year ago. The year-on-year increase in subscriber base was mainly attributable to increase in take-up of new fibre broadband plans.

This quarter's Broadband ARPU at S\$46 was comparable to 1Q-2011.

Broadband average monthly churn for the quarter was higher at 1.4%, compared to 1.3% in 1Q-2011. The higher churn was due to the non renewal of some Broadband customers on the lower speed plan upon expiry of their term contracts which were taken up during the promotional offers.

Fixed Network Services Revenue

	Quarter ended 31 Mar			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%
Fixed Network Services Revenue				
Data & internet	70.3	70.2	0.1	0.2
Voice services	14.7	13.4	1.2	9.2
Total	85.0	83.6	1.4	1.7

Compared to 1Q-2011, this quarter's Fixed Network services revenue was S\$1.4 million or 1.7% higher at S\$85.0 million, with increase mainly from Voice services.

Data & Internet services revenue for the quarter at S\$70.3 million was S\$0.1 million higher compared to 1Q-2011, with revenue from higher take-up of our Internet and Next Gen NBN services, being offset by lower revenue from local and international leased circuits due to termination of high ARPU circuits.

Year-on-year, Voice services revenue rose 9.2% to S\$14.7 million in 1Q-2012, due to higher subscription of local voice services and increased interconnect revenue, offset by lower IDD revenue.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	31 Mar 2012	31 Dec 2011	31 Mar 2011	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,189	1,189	1,175	1.2
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	790	791	788	0.2
Percentage of total hubbing households which subscribe to any two services	30.7%	30.9%	30.3%	0.4% pts
Percentage of total hubbing households which subscribe to all three services	25.8%	25.9%	25.7%	0.1% pts
Total hubbing households which subscribe to two or more services	56.5%	56.8%	56.0%	0.5% pts

Note:

(1) Source: Nielsen Media Research for 2011 estimates

As at 31 March 2012, total number of hubbing households with at least one StarHub service was 790K. The ratio of households subscribing to multiple StarHub services rose to 56.5% this quarter compared to 56.0% a year ago.

Our triple services Hub Club households increased by 1K when compared to 31 March 2011, to total 204K as at 31 March 2012. This represents 25.8% of total hubbing households, when compared to the 25.7% a year ago.

Operating expenses

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	245.6	216.4	29.2	13.5
Other operating expenses	244.2	254.5	(10.2)	(4.0)
Total	489.8	470.8	18.9	4.0

On the back of a 5.8% year-on-year increase in operating revenue, this quarter's total operating expenses was 4.0% higher at S\$489.8 million. The increase was attributable to a 13.5% increase in cost of sales, which was partially mitigated by a 4.0% reduction in other operating expenses.

As a percentage of operating revenue, total operating expenses was 82.9% in 1Q-2012 as compared to 84.3% in 1Q-2011.

Details of total operating expenses are as follows:

(A) Cost of sales

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%
Cost of equipment sold	106.8	83.7	23.1	27.6
Cost of services	79.0	70.8	8.2	11.6
Traffic expenses	59.7	61.9	(2.1)	(3.4)
Total	245.6	216.4	29.2	13.5

Compared to 1Q-2011, cost of sales was S\$29.2 million or 13.5% higher at S\$245.6 million this quarter. As a percentage of operating revenue, this quarter's cost of sales ratio was higher at 41.6% as against 38.7% in 1Q-2011.

Cost of equipment sold for the quarter was S\$23.1 million or 27.6% higher year-on-year at S\$106.8 million due to higher quantities of smart devices sold and with higher average unit costs. As a percentage of operating revenue, cost of equipment sold was 18.1% in 1Q-2012, up from 15.0% in 1Q-2011.

Year-on-year, cost of services increased S\$8.2 million or 11.6% to S\$79.0 million in 1Q-2012. About 50% of the increase was attributed to higher Pay TV content costs from new and renewed programming contracts. The remaining increase was for the increased volume in the Fixed and Next Gen NBN businesses. As a percentage of operating revenue, cost of services increased from 12.7% in 1Q-2011 to 13.4% in 1Q-2012.

Traffic expenses for the quarter were 3.4% lower at S\$59.7 million compared to S\$61.9 million in 1Q-2011. The decrease was mainly due to lower mobile inter-operator SMS traffic and reduction in inter-connection rates for our international outbound traffic, offset by higher

outbound traffic volume. As a ratio of operating revenue, traffic expenses were 10.1% for the quarter, down from 11.1% in the same quarter last year.

(B) Other operating expenses

	Quarter ended 31 Mar			
	2012	2011	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%
Staff costs	68.2	65.9	2.3	3.5
Operating lease	34.4	34.4	0.1	0.2
Marketing and promotion	37.3	42.5	(5.2)	(12.2)
Allowance for doubtful receivables	3.9	5.0	(1.1)	(21.6)
Repair and maintenance	15.1	18.0	(2.9)	(16.2)
Other expenses	17.8	19.5	(1.7)	(8.7)
Sub total	176.8	185.3	(8.5)	(4.6)
Depreciation and amortisation	67.4	69.1	(1.7)	(2.5)
Total	244.2	254.5	(10.2)	(4.0)

Compared to 1Q-2011, this quarter's other operating expenses were 4.0% lower at S\$244.2 million. The lower expenses were attributed to decrease in marketing and promotion, repair and maintenance, depreciation and amortisation, other expenses and allowance for doubtful debts, offset by higher staff costs. As a percentage of operating revenue, other operating expenses were lower at 41.3% in this quarter as compared to 45.6% in 1Q-2011.

Staff costs

Staff costs for the quarter increased S\$2.3 million or 3.5% year-on-year to S\$68.2 million. The increase was due to a higher headcount this quarter to support the increased business activities. As a ratio of operating revenue, staff costs were 11.5% in 1Q-2012, down from 11.8% in the same quarter last year.

Operating lease

This quarter's operating lease expenses at S\$34.4 million was comparable to that in 1Q-2011. The increased lease rentals for the Next Gen NBN network and the increased offices' and retail shops rentals were fully offset by the lower lease expenses for the domestic and international lease circuits and capacity. As a percentage of operating revenue, operating lease ratio decreased from 6.2% in 1Q-2011 to 5.8% in this quarter.

Marketing and promotion

Marketing and promotion expenses decreased S\$5.2 million or 12.2% year-on-year to S\$37.3 million in 1Q-2012 due to lower acquisition costs incurred. As a percentage of operating revenue, marketing and promotion expenses were lower at 6.3% for the quarter as against 7.6% in 1Q-2011.

Allowance for doubtful receivables

Year-on-year, allowance for doubtful receivables was S\$1.1 million or 21.6% lower at S\$3.9 million in 1Q-2012. As a percentage of service revenue, allowance for doubtful receivables improved from 0.9% in 1Q-2011 to 0.7% this quarter. The lower ratio was attributed to lower outstanding receivables in the older age groups.

Repair and maintenance

Compared to 1Q-2011, this quarter's repair and maintenance decreased S\$2.9 million or 16.2% to S\$15.1 million. The lower expenses were primarily due to the write-back of excess accruals for network and international capacity maintenance. Excluding this write-back, repair and maintenance in 1Q-2012 was comparable to the same quarter last year. As a percentage of operating revenue, repair and maintenance was 2.6% for the current quarter, down from 3.2% in 1Q-2011.

Other expenses

Other expenses amounted to S\$17.8 million in 1Q-2012 as compared to S\$19.5 million in 1Q-2011. The year-on-year decrease of S\$1.7 million or 8.7% was due to higher cost recoveries from network construction projects, lower fixed assets written off and license fees, partially offset by higher utilities and lower other miscellaneous income. As a percentage of operating revenue, other expenses ratio was lower at 3.0% for the quarter as compared to 3.5% in 1Q-2011.

Depreciation and amortisation

Depreciation and amortisation for the quarter at S\$67.4 million was S\$1.7 million or 2.5% lower compared to 1Q-2011. The lower expenses were due to reduction in depreciation and amortisation on fully depreciated property, plant and equipment and intangible assets, which were offset by higher depreciation arising from a 3.6% year-on-year increase in the Group's depreciable fixed assets base. As a percentage of operating revenue, depreciation and amortisation expenses was 11.4% in 1Q-2012 compared to 12.4% in the same quarter last year.

Liquidity and Capital Resources

	Quarter ended 31 Mar	
	2012 S\$m	2011 S\$m
Operating Activities		
Profit before taxation	106.5	85.8
Non-cash items & net finance expenses adjustments	62.8	72.1
Net change in working capital	(24.9)	16.0
Net cash from operating activities	144.4	173.9
Investing Activities		
Proceeds from disposal of fixed assets	0.1	0.0
Purchase of fixed assets	(40.6)	(41.5)
Interest received	1.0	0.2
Net cash used in investing activities	(39.6)	(41.3)
Financing Activities		
Proceeds from exercise of share options	0.2	0.6
Finance expenses paid	(6.3)	(9.0)
Grants received	43.8	-
Proceeds from loans	70.0	-
Repayment of loans	(75.0)	(53.6)
Purchase of treasury shares	(2.3)	(5.2)
Net cash used in financing activities	30.3	(67.2)
Net change in cash and cash equivalents	135.1	65.4
Cash and cash equivalents at beginning of the period	179.2	237.5
Cash and cash equivalents at end of the period	314.3	303.0
Free Cash Flow ⁽¹⁾	103.8	132.4

Note:

(1) Free Cash Flow refers to net cash flow from operating activities less purchase of fixed assets in the cash flow statement

Net cash from operating activities this quarter was lower at S\$144.4 million despite a higher profit from operations generated in the quarter when compared to S\$173.9 million in 1Q-2011. The decrease was primarily due to an increase in working capital of S\$24.9 million in this quarter as against a reduction in working capital of S\$16.0 million in 1Q-2011. This quarter's increase in working capital were mainly due to lower trade payables and accruals, higher inventories and balance due from related parties, mitigated by higher balance due to related parties, lower trade receivables and lower other receivables, deposits and prepayments.

Net cash outflow from investing activities was S\$39.6 million in 1Q-2012, compared to S\$41.3 million in 1Q-2011. Cash outlay for the purchase of fixed assets was S\$0.9 million lower at S\$40.6 million this quarter; whereas interest received was higher by S\$0.8 million this quarter at S\$1.0 million. As a percentage of operating revenue, total capex payment for the quarter was 6.9% compared to 7.4% in 1Q-2011.

This quarter's free cash flow was comparatively lower at S\$103.8 million when compared to S\$132.4 million in 1Q-2011.

For the quarter, total net cash inflow from financing activities was S\$30.3 million as compared to a net cash outflow of S\$67.2 million in 1Q-2011. The increased cash inflow was primarily due to government grant receipts of S\$43.8 million (nil in 1Q-2011), proceeds from new bank loans in this quarter to refinance the scheduled repayment of existing loans, lower finance expenses and purchase of treasury shares in the quarter.

As at 31 March 2012, the Group's cash and cash equivalents was higher at S\$314.3 million, compared to S\$303.0 million a year ago.

As at 31 March 2012, the Group's total outstanding capital expenditure commitments was S\$200.9 million as compared to S\$180.6 million a year ago. The current outstanding capital expenditure commitments mainly comprised commitments for purchase of a leasehold land parcel, additional commitments for the expansion of our international undersea cable infrastructure and commitments for the expansion and enhancement of our existing domestic network infrastructure and service platforms.

Gearing

Compared to 31 December 2011, the Group's overall gross debts as at 31 March 2012 was S\$5.0 million lower at S\$657.5 million as new bank loans were taken to refinance the scheduled loan repayments in the quarter. Net debt as at 31 March 2012 was S\$343.2 million, 23.5% lower when compared to S\$448.8 million a year ago. The Group's net debt to 2011 EBITDA this quarter was lower at 0.51 times when compared to 0.66 times last year.

Statement of Financial Position

The Group's total non-current assets as at 31 March 2012 amounted to S\$1,160.5 million. This was S\$27.8 million lower compared to 31 December 2011 due to lower net book values for property, plant and equipment, and intangible assets.

Compared to 31 December 2011, total current assets increased S\$88.0 million to S\$622.8 million. The increase was due to higher cash and bank balances, which were offset by lower trade receivables, and other receivables, deposits and prepayment.

Total current liabilities increased from S\$903.3 million as at 31 December 2011 to S\$1,013.3 million as at 31 March 2012. The increase of S\$110.0 million was primarily contributed by higher current portion of outstanding bank loans, provision for taxation and balances with related parties, mitigated by lower trade payables and accruals.

Total non-current liabilities as at 31 March 2012 was S\$136.5 million lower at S\$660.7 million when compared to S\$797.2 million as at 31 December 2011. The decrease was due to lower non-current portion of outstanding bank loans and deferred income.

Against 31 December 2011, the Group's shareholders' equity rose S\$86.7 million to S\$109.3 million as at 31 March 2012, due to higher retained profits for the quarter.

14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

Year-on-year, the Group's overall operating revenue for the quarter was up 5.8%, which was above our guidance of low single digit revenue growth for 2012.

As a percentage of service revenue, this quarter's EBITDA margin at 32.2% was above our guidance of about 30% of service revenue.

Total capex payments for the quarter were 6.9% of operating revenue, which was below our guidance of not exceeding 11% of overall operating revenue.

15. GROUP OUTLOOK

In the Mobile segment, demand for smart devices continues to remain strong. To meet the increasing demand on our mobile data network infrastructure, we have selected Nokia Siemens Networks to build our LTE mobile broadband infrastructure, as well as to enhance our current GSM network. LTE technology will allow us to increase our network capacity and offer higher speeds to meet the growing demand for smart devices and data services. The first phase of StarHub's LTE network, covering key business areas, is expected to go live in the second half of the year. LTE data services will be launched by the end of the year.

To better enhance consumers' experience on mobile and broadband services, IDA has earlier announced certain measures to tighten the minimum quality of service standards expected for 3G mobile services. These include an increase in the outdoor street-level coverage to 99% with effect from April this year, from 95% previously, and indoor coverage of more than 85% coverage on all floors in tall buildings by April 2013. Several other pro-consumer measures such as barring of premium rated services, cap on data roaming charges and publication of typical broadband speeds likely to be experienced by consumers also became effective this year.

In the Pay TV segment, content costs are expected to remain high. We have since announced the subscription pricing for UEFA Euro 2012. This is the first piece of content procured on an exclusive basis, following the implementation of the cross-carriage measure in March 2010.

In the Broadband segment, the take-up of the Next Gen NBN services by retail customers is picking up. However, the take-up by commercial customers continues to be slow as installation and certain operational issues have yet to be satisfactorily resolved by the various parties involved in the Next Gen NBN rollout.

Barring any unforeseen circumstances and based on the current outlook, we maintain our earlier guidance that the Group operating revenue for 2012 will grow in the low single digit range, and Group EBITDA margin as a percentage of service revenue to be about 30%. Total capex payments in 2012 are not expected to exceed 11% of operating revenue. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for 2012.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are

subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The interim dividend will be paid on 24 May 2012.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 15 May 2012 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on 14 May 2012 ("Entitlement Date") will be registered to determine members' entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Entitlement Date will be entitled to the interim dividend.

17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable.

18. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 January 2012 to 31 March 2012 S\$m	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) 1 January 2012 to 31 March 2012 S\$m
Transactions for the Sale of Goods & Services		
Singapore Telecommunications Limited & its associates	16.5	-
STATS ChipPAC Ltd & its associates	0.1	-
TeleChoice International Ltd & its associates	1.4	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.7	-
	18.7	-
Transactions for the Purchase of Goods & Services		
Refinery Media Pte Ltd	-	2.2
Capitaland Limited & its associates	0.3	-
Singapore Power Limited & its associates	6.4	-
Singapore Telecommunications Limited & its associates	28.0	-
STT Communications Ltd and its associates	0.5	-
TeleChoice International Ltd & its associates	49.8	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	1.0	-
	85.9	2.2

19. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the first quarter ended 31 March 2012 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching
Director

Neil Montefiore
Director

Singapore
4 May 2012