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STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2017

StarHub is pleased to announce the unaudited results for the first quarter ended 31 March 2017.

Results for the First Quarter ended 31 March 2017

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

	Quarter ended 31 Mar			
	2017 S\$m	2016 S\$m	Incr / (Decr) S\$m	%
Total revenue	592.3	590.9	1.4	0.2
Operating expenses	(498.7)	(485.9)	12.8	2.6
Other income	0.3	12.6	(12.3)	(97.9)
Profit from operations	93.9	117.6	(23.7)	(20.2)
Finance income	0.8	0.5	0.3	66.9
Finance expense ⁽¹⁾	(7.1)	(5.2)	1.9	37.0
	87.6	112.9	(25.3)	(22.4)
Share of loss of associate (net of tax)	(0.2)	(0.2)	-	-
Profit before taxation	87.4	112.7	(25.3)	(22.5)
Taxation	(14.3)	(19.9)	(5.6)	(28.0)
Profit for the period	73.1	92.8	(19.7)	(21.3)
Attributable to:				
Equity holders of the Company	73.1	92.8	(19.7)	(21.3)
	73.1	92.8	(19.7)	(21.3)
EBITDA	160.7	183.4	(22.7)	(12.4)
EBITDA as a % of service revenue	29.9%	33.8%	-3.9% pts	
Free Cash Flow ⁽²⁾	116.5	89.9	26.6	29.6
<i>Profit from operations is arrived after charging the following:</i>				
Allowance for doubtful receivables	6.1	4.3	1.8	40.9
Depreciation and amortisation (net of asset grants)	66.8	65.7	1.1	1.6
Foreign currency exchange gain	(4.4)	(0.1)	4.3	nm
Changes in fair value of derivative financial instruments	-	7.1	(7.1)	nm

nm – Not meaningful

Notes:

- (1) Finance expense include interest and other financing charges
- (2) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement
- (3) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar			
	2017 S\$m	2016 S\$m	Incr / (Decr) S\$m	%
Profit for the period	73.1	92.8	(19.7)	(21.3)
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	-	0.1	(0.1)	nm
Effective portion of changes in fair value of cash flow hedge	(6.4)	(0.3)	6.1	nm
Change in fair value of available-for-sale financial assets	1.4	-	1.4	nm
Other comprehensive income for the period (net of taxation)	(5.0)	(0.2)	4.8	nm
Total comprehensive income for the period	68.1	92.6	(24.5)	(26.5)
Attributable to:				
Equity holders of the Company	68.1	92.6	(24.5)	(26.5)
	68.1	92.6	(24.5)	(26.5)

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2017

(A) Revenue

	Quarter ended 31 Mar					
	2017		2016		Incr / (Decr)	
Total revenue	S\$m	% mix	S\$m	% mix	S\$m	%
Mobile	296.2	50.0	298.1	50.4	(1.9)	(0.6)
Pay TV	88.4	14.9	94.9	16.1	(6.5)	(6.8)
Broadband	53.7	9.1	53.5	9.1	0.2	0.5
Enterprise Fixed	98.7	16.7	95.8	16.2	2.9	2.9
Total service revenue	537.0	90.7	542.3	91.8	(5.3)	(1.0)
Sales of equipment	55.3	9.3	48.6	8.2	6.7	13.7
Total	592.3	100.0	590.9	100.0	1.4	0.2

For the quarter ended 31 March 2017, the Group's total revenue of S\$592.3 million was S\$1.4 million or 0.2% higher YoY (year-on-year) when compared to 1Q2016. The increase is primarily due to higher revenue from sale of equipment offset by lower service revenue. Compared to 1Q2016, service revenue in 1Q2017 was S\$5.3 million lower at S\$537.0 million, mainly due to lower revenue from pay TV and mobile services, mitigated by higher revenue from enterprise fixed service.

Mobile service revenue was 0.6% lower at S\$296.2 million from both post-paid and pre-paid services. Pay TV service revenue decreased 6.8% YoY to S\$88.4 million primarily due to smaller subscriber base. Broadband service revenue grew by 0.5% to S\$53.7 million from an increased mix of customers taking fibre plans, which led to a S\$1 increase in average revenue per user (ARPU) to S\$37 in 1Q2017. Enterprise Fixed service revenue was up by 2.9% to S\$98.7 million, mainly due to data & internet services.

Compared to 1Q2016, revenue from sale of equipment rose S\$6.7 million to S\$55.3 million, largely due to higher volume of handsets sold at a higher average selling price from increased mix of high-end smartphones.

(B) Operating expenses

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
Operating expenses	S\$m	S\$m	S\$m	%
Cost of sales	259.9	230.0	29.9	13.0
Other operating expenses	238.8	255.9	(17.1)	(6.7)
Total	498.7	485.9	12.8	2.6

Total operating expenses increased by S\$12.8 million or 2.6% YoY to S\$498.7 million in 1Q2017, mainly due higher cost of sales mitigated by lower other operating expenses.

As a percentage of revenue, total operating expenses were higher at 84.2% in 1Q2017 when compared to 82.2% in 1Q2016.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%
Cost of equipment sold	121.9	104.2	17.7	16.9
Cost of services	106.7	92.8	13.9	15.1
Traffic expenses	31.3	33.0	(1.7)	(5.3)
Total	259.9	230.0	29.9	13.0

Cost of sales were higher by S\$29.9 million or 13.0% primarily due to cost of equipment sold and cost of services which increased by S\$17.7 million and S\$13.9 million respectively.

The increase in cost of equipment was driven by an increased mix of high-end smartphones sold and higher quantities, while the YoY increase in cost of services were primarily attributed to TV content costs, coupled with higher costs from more fibre broadband sign-ups.

Traffic expenses were S\$1.7 million or 5.3% lower, mainly due to decrease in domestic and international traffic volume.

(ii) Other operating expenses

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%
Staff costs	62.2	67.7	(5.5)	(8.1)
Operating leases	32.9	31.5	1.4	4.5
Marketing and promotions	29.7	32.6	(2.9)	(8.8)
Allowance for doubtful receivables	6.1	4.3	1.8	40.9
Repair and maintenance	24.4	26.1	(1.7)	(6.6)
Other expenses	16.7	28.0	(11.3)	(40.3)
Subtotal	172.0	190.2	(18.2)	(9.5)
Depreciation and amortisation (net of asset grants)	66.8	65.7	1.1	1.6
Total	238.8	255.9	(17.1)	(6.7)

The Group's total operating expenses were S\$17.1 million or 6.7% lower YoY at S\$238.8 million primarily due to lower staff costs, favourable foreign exchange gains and changes in fair value of derivative financial instruments. As a percentage of revenue, other operating expenses were lower at 40.3% in 1Q2017, down from 43.3% in 1Q2016.

Analysis of major variances in other operating expenses is provided below:

Staff costs

Staff costs were 8.1% lower YoY, mainly due to the reversal of accruals for share-based payments expenses no longer required in 1Q2017. Excluding this reversal, staff costs were 1% higher compared to 1Q2016 due to lower wage credit received mitigated by lower variable bonus provision.

Operating leases

Operating leases were 4.5% higher at S\$32.9 million, mainly from office rental.

Marketing and promotions

Marketing and promotions expenses were 8.8% lower YoY at S\$29.7 million primarily due to acquisition and re-contract costs impacted by the reclassification of certain expenses to cost of sales.

Allowance for doubtful receivables

Allowance for doubtful receivables were higher by 40.9% YoY, mainly due to higher allowance for corporate customer receivables.

Repair and maintenance

The higher repair and maintenance in 1Q2016 was mainly due to the provision for submarine cable repair costs for cable cuts. Excluding this provision, repair and maintenance was 6% higher driven by expanded network and systems infrastructure.

Other expenses

Other expenses were lower by S\$11.3 million YoY, primarily due to foreign exchange gains of S\$4.4 million recognised in 1Q2017 as compared to unfavourable changes in fair value of derivative financial instruments of S\$7.1 million in 1Q2016 impacted by the higher US dollar market exchange rate then.

Depreciation and amortisation

The higher depreciation and amortisation expenses YoY were mainly due to higher additions of property, plant and equipment and intangible assets made in 2016.

(C) Other income

Compared to 1Q2016, other income in 1Q2017 was S\$12.3 million lower, mainly due to lower NGNBN grants. All rollout grants have been fully amortised and adoption grants from residential fibre have been fully claimed in 2016.

(D) Profitability

On account of lower income grants, higher handset subsidies and higher cost of services for TV and fibre broadband, profit from operations was S\$23.7 million or 20.2% lower YoY at S\$93.9 million in 1Q2017.

EBITDA for 1Q2017 was S\$22.7 million or 12.4% lower at S\$160.7 million when compared to 1Q2016. As a percentage of service revenue, EBITDA margin was lower by 3.9% points to 29.9% in 1Q2017, down from 33.8% in 1Q2016.

The higher finance income was attributed to higher cash and cash equivalent balances, while higher finance expenses were from increase in interest expenses following the issue of the S\$300.0 million medium term notes in 2Q2016.

The share of loss from associate remained stable at S\$0.2 million for both 1Q2017 and 1Q2016.

As a result of lower profits from operations, this quarter's profit before taxation was S\$25.3 million or 22.5% lower YoY at S\$87.4 million when compared to 1Q2016. Taxation expenses were also correspondingly lower at S\$14.3 million in 1Q2017 when compared to S\$19.9 million in 1Q2016.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Mobile revenue	296.2	298.1	(1.9)	(0.6)

Mobile operating statistics	Quarter ended / As of		
	31 Mar 2017	31 Dec 2016	31 Mar 2016
Number of registered customers (in thousands)			
Post-paid	1,392	1,387	1,344
Pre-paid	898	920	855
Total	2,291	2,307	2,198
Monthly minutes of use per registered customer			
Post-paid	188	195	215
Pre-paid	159	178	237
ARPU with IDD included (S\$ per month)			
Post-paid	67	70	69
Pre-paid	15	15	17
Tiered data plans			
Percentage of total Post-paid customers	67.8%	67.5%	65.4%
Percentage of tiered data plan customers exceeding data bundles ⁽¹⁾	31.8%	30.3%	22.0%
Average monthly churn rate (post-paid)	0.9%	1.0%	0.9%
Singapore mobile penetration ⁽²⁾	149.8%	149.8%	148.7%
Market Share ⁽²⁾	27.5%	27.5%	26.7%

Note:

(1) Prior periods' figures have been restated to reflect percentage of customers exceeding primary data bundles.

(2) Source: IMDA (As of January 2017)

For 1Q2017, the overall mobile service revenue was S\$1.9 million or 0.6% lower at S\$296.2 million when compared to 1Q2016. The YoY decrease was mainly due to the lower usage revenue from voice, IDD and roaming services, partly mitigated by an increase in subscription revenue from higher take up of 4G tiered plans and growing data usage.

Post-paid mobile services

As of 31 March 2017, post-paid mobile subscriber base stood at 1,392,000 subscribers after the quarter's net addition of 5K subscribers. Compared to a year ago, post-paid customer base grew by 48K customers or 3.6%.

Post-paid mobile ARPU was S\$2 lower at S\$67 in 1Q2017, mainly due to lower voice, IDD and roaming usage. The percentage of customers on tiered data mobile subscription plans increased to 67.8% as of 31 March 2017 when compared to 65.4% a year ago, while the percentage of tiered data customers exceeding their primary data bundle was higher at 31.8% in 1Q2017, up from 22.0% in 1Q2016.

The post-paid mobile monthly average churn maintained at 0.9%.

Pre-paid mobile services

As of 31 March 2017, pre-paid mobile customer base was 898,000 customers after the quarter's net churn of 22K customers. Compared to a year ago, pre-paid customer base grew by 43K customers or 5.1% YoY.

Pre-paid mobile ARPU was S\$2 lower at S\$15 in 1Q2107 due to continued decline in voice and IDD usage.

Pay TV Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Pay TV revenue	88.4	94.9	(6.5)	(6.8)

Pay TV operating statistics	Quarter ended / As of		
	31 Mar	31 Dec	31 Mar
	2017	2016	2016
Number of residential Pay TV customers (in thousands)	487	498	528
ARPU (S\$ per month)	51	51	51
Average monthly churn rate	0.9%	0.9%	0.8%

Pay TV service revenue of S\$88.4 million in 1Q2017 was S\$6.5 million or 6.8% lower YoY due to decrease in subscription revenue impacted by a lower subscriber base partially mitigated by higher advertising revenue.

As of 31 March 2017, Pay TV subscriber base was 487,000 subscribers after the quarter's net churn of 11K subscribers. Compared to a year ago, Pay TV subscriber base was reduced by 41K subscribers or 7.7%.

Pay TV ARPU remained steady at S\$51.

Pay TV monthly churn at 0.9% in 1Q2017 was comparable to 4Q2016 and slightly higher than 0.8% in 1Q2016.

Broadband Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Broadband revenue	53.7	53.5	0.2	0.5

Broadband operating statistics	Quarter ended / As of		
	31 Mar	31 Dec	31 Mar
	2017	2016	2016
Number of residential broadband customers - subscription-based (in thousands)	470	473	473
Number of fibre broadband customers - subscription-based (in thousands)	370	363	298
ARPU (S\$ per month)	37	37	36
Average monthly churn rate	0.9%	0.9%	1.1%

Broadband service revenue at S\$53.7 million in 1Q2017 was S\$0.2 million or 0.5% higher YoY. The increase was mainly due to the higher mix of customers on fibre plans, despite a 3K net churn in subscriber base YoY. As a result, broadband ARPU increased to S\$37 in 1Q2017, up from S\$36 in 1Q2016.

As of 31 March 2017, the total residential broadband subscriber base of 470K subscribers was reduced by 3K subscribers as compared to last year.

Broadband average monthly churn reduced from 1.1% in 1Q2016 to 0.9% in 1Q2017 due to on-going retention efforts.

Enterprise Fixed Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
Enterprise Fixed revenue	S\$m	S\$m	S\$m	%
Data & Internet	87.5	82.1	5.4	6.5
Voice services	11.2	13.7	(2.5)	(18.6)
Total	98.7	95.8	2.9	2.9

Compared to 1Q2016, enterprise fixed service revenue rose 2.9% to S\$98.7 million in 1Q2017, with higher revenue from data & internet services offset by lower voice service revenue.

Data & internet service revenue was S\$5.4 million or 6.5% higher YoY, driven primarily by increased revenue from managed and analytics services.

Voice service revenue was S\$2.5 million or 18.6% lower YoY, mainly due to lower traffic from IDD and international interconnect services.

Hubbing (Multi-Service Households)

Hubbing Metrics	Quarter ended / As of		
	31 Mar 2017	31 Dec 2016	31 Mar 2016
Total households with three or more services of Post-paid Mobile, Pay TV and Broadband and/or Digital Voice services (in thousands)	338	342	350

As of 31 March 2017, the number of households with three or more services stood at 338K households. This was lower compared to 350K households a year ago, primarily due to higher churn in overall TV households.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2017	2016
	S\$m	S\$m
Operating Activities		
Profit before taxation	87.4	112.7
Adjustments for :		
Depreciation and amortisation (net of asset grants)	66.8	65.7
Income related grants	(0.3)	(12.5)
Share-based payments expenses	(4.2)	2.0
Changes in fair value of derivative financial instruments	-	7.1
Net finance expenses	6.3	4.7
Share of loss of associate (net of tax)	0.2	0.2
Others	0.2	0.2
Operating cash flow before working capital changes	156.4	180.1
Changes in operating assets and liabilities	(4.8)	(34.1)
Income tax paid	(1.4)	(14.3)
Net cash from operating activities	150.2	131.7
Investing Activities		
Interest received	0.7	0.2
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	-
Purchase of property, plant and equipment and intangible assets	(33.7)	(41.8)
Repayment of loan from an associate	1.1	-
Net cash used in investing activities	(31.8)	(41.6)
Financing Activities		
Grants received	3.0	12.2
Finance expenses paid	(5.4)	(5.0)
Net cash (used in) / from financing activities	(2.4)	7.2
Net change in cash and cash equivalents	116.0	97.3
Cash and cash equivalents at beginning of the period	285.2	173.4
Cash and cash equivalents at end of the period	401.2	270.7

The Group's net cash from operating activities was S\$18.5 million higher at S\$150.2 million. The increase was attributed to lower working capital needs and income tax paid, offset by lower cash flow from operations.

The negative working capital changes of S\$4.8 million in 1Q2017 were mainly due to lower trade and other payables coupled with higher inventories balances. This was mitigated by lower trade receivables, other receivables, deposits and prepayments and higher net balances due to related parties.

Net cash used in investing activities decreased S\$9.8 million to S\$31.8 million in 1Q2017, primarily due to lower CAPEX payments and repayment of loan from associate.

The Group's CAPEX payments amounted to S\$33.7 million in 1Q2017, representing 5.7% of total revenue.

As a result of higher cash from operating activities and lower CAPEX payments, the Group's free cash flow was a surplus of S\$116.5 million, compared to a surplus of S\$89.9 million in 1Q2016.

In 1Q2017, net cash outflow from financing activities was at S\$2.4 million as compared to an inflow of S\$7.2 million in 1Q2016. The higher cash outlay YoY was attributed to lower grants received of S\$9.2 million and higher finance expenses paid of S\$0.4 million.

The resulting net cash generated was a surplus of S\$116.0 million for the quarter leading to a higher cash and cash equivalents balance of S\$401.2 million, up from S\$270.7 million a year ago.

Capital expenditure commitments

As of 31 March 2017, the Group's total outstanding capital expenditure commitments amounted to S\$151.3 million. The outstanding commitments included capital expenditures committed for network infrastructure expansion and enhancement and TV headend migration.

In addition, the Group has a S\$349.6 million commitment for spectrum that was recently awarded at the General Spectrum Auction (GSA).

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 17 S\$m	31 Dec 16 S\$m	31 Mar 17 S\$m	31 Dec 16 S\$m
Non-current assets				
Property, plant and equipment	902.7	918.0	432.3	431.0
Intangible assets	461.7	463.8	79.6	78.3
Subsidiaries	-	-	2,472.8	2,472.8
Associate	25.7	25.9	27.8	27.8
Available-for-sale financial assets	41.4	40.0	41.4	40.0
Amount due from related parties	7.7	7.6	7.7	7.6
	1,439.2	1,455.3	3,061.6	3,057.5
Current assets				
Inventories	55.8	49.6	0.7	0.7
Trade receivables	161.7	172.2	136.5	141.7
Other receivables, deposits and prepayments	188.6	212.2	39.3	43.6
Amount due from related parties	22.4	21.8	51.7	19.4
Cash and cash equivalents	401.2	285.2	327.0	236.0
	829.7	741.0	555.2	441.4
Less:				
Current liabilities				
Trade and other payables	694.1	707.9	295.7	309.4
Amount due to related parties	76.4	67.1	433.8	356.5
Borrowings	10.0	10.0	10.0	10.0
Provision for taxation	89.8	70.5	28.3	15.4
	870.3	855.5	767.8	691.3
Net current liabilities	(40.6)	(114.5)	(212.6)	(249.9)
Non-current liabilities				
Trade and other payables	23.4	21.6	23.4	21.6
Borrowings	977.5	977.5	977.5	977.5
Deferred income	1.2	1.4	1.2	1.4
Deferred tax liabilities	138.0	145.4	69.3	73.5
	1,140.1	1,145.9	1,071.4	1,074.0
Net assets	258.5	194.9	1,777.6	1,733.6
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	(41.2)	(104.8)	1,477.9	1,433.9
Total equity	258.5	194.9	1,777.6	1,733.6

GROUP BALANCE SHEET REVIEW

Compared to 31 December 2016, the Group's total non-current assets were S\$16.1 million lower at S\$1,439.2 million as of 31 March 2017. The decrease was mainly due to lower net book values for property, plant and equipment, and intangible assets, mitigated by S\$1.4 million increase in available-for-sale financial assets stated at fair value.

Total current assets of S\$829.7 million as of 31 March 2017 were S\$88.7 million higher when compared to 31 December 2016, primarily due to higher cash and cash equivalents and inventories balances offset by lower trade receivables, other receivables, deposits and prepayments.

Total current liabilities amounted to S\$870.3 million as of 31 March 2017, up from S\$855.5 million as at 31 December 2016. The increase of S\$14.8 million was due to higher provision for taxation and amount due to related parties, mitigated by lower trade and other payables.

Against 31 December 2016, total non-current liabilities decreased S\$5.8 million to S\$1,140.1 million as of 31 March 2017, mainly due to lower deferred tax liabilities offset by higher non-current liabilities of trade and other payables.

The Group's shareholders' equity grew by S\$63.6 million to S\$258.5 million as of 31 March 2017. The increase was primarily due to increased retained profits of S\$73.1 million, offset by S\$6.4 million decrease in hedging reserves.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Mar 17 S\$m	31 Dec 16 S\$m
Amount repayable in one year or less		
Bank loans	10.0	10.0
	10.0	10.0
Amount repayable after one year		
Bank loans	457.5	457.5
Medium term notes	520.0	520.0
	977.5	977.5
Total	987.5	987.5

The Group's unsecured borrowing remained unchanged at S\$987.5 million as of 31 March 2017.

On the account of a higher cash and cash equivalent balance, net debt was S\$116.0 million lower at S\$586.3 million as of 31 March 2017 when compared to S\$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 0.88 times as of 31 March 2017, down from 1.02 times as of 31 December 2016.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2017	299.7	(12.3)	(276.3)	14.1	12.5	4.4	1.3	151.5	(104.8)	194.9
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	73.1	73.1	73.1
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(6.4)	-	-	(6.4)	(6.4)
Changes in fair value of available-for-sale financial assets	-	-	-	-	1.4	-	-	-	1.4	1.4
Total comprehensive income for the period	-	-	-	-	1.4	(6.4)	-	73.1	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 payments expenses	-	-	-	(4.2)	-	-	-	-	(4.2)	(4.2)
Transfer from treasury shares to share-based payments reserve	-	2.2	-	(2.2)	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.3)	-	-	-	-	(0.3)	(0.3)
Total transactions with equity holders of the Company	-	2.2	-	(6.7)	-	-	-	-	(4.5)	(4.5)
At 31 Mar 2017	299.7	(10.1)	(276.3)	7.4	13.9	(2.0)	1.3	224.6	(41.2)	258.5
At 1 Jan 2016	293.5	-	(276.3)	12.3	-	0.5	1.3	156.3	(105.9)	187.6
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	92.8	92.8	92.8
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.3)	-	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	-	-	(0.3)	0.1	92.8	92.6	92.6
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	2.6	-	-	(2.6)	-	-	-	-	(2.6)	-
Share-based payments expenses	-	-	-	2.0	-	-	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	-	(0.6)	-	-	-	-	(0.6)	2.0
At 31 Mar 2016	296.1	-	(276.3)	11.7	-	0.2	1.4	249.1	(13.9)	282.2

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

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payments reserve S\$m	Fair value reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2017	299.7	(12.3)	276.5	14.1	12.5	-	1,143.1	1,433.9	1,733.6
<u>Total comprehensive income for the period</u>									
Profit for the period	-	-	-	-	-	-	47.1	47.1	47.1
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	1.4	-	-	1.4	1.4
Total comprehensive income for the period	-	-	-	-	1.4	-	47.1	48.5	48.5
<u>Transactions with equity holders of the Company, recognised directly in equity</u>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payments expenses	-	-	-	(4.2)	-	-	-	(4.2)	(4.2)
Transfer from treasury shares to share-based payments reserve	-	2.2	-	(2.2)	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.3)	-	-	-	(0.3)	(0.3)
Total transactions with equity holders of the Company	-	2.2	-	(6.7)	-	-	-	(4.5)	(4.5)
At 31 Mar 2017	299.7	(10.1)	276.5	7.4	13.9	-	1,190.2	1,477.9	1,777.6
At 1 Jan 2016	293.5	-	276.5	12.3	-	0.5	992.2	1,281.5	1,575.0
<u>Total comprehensive income for the period</u>									
Profit for the period	-	-	-	-	-	-	44.0	44.0	44.0
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.3)	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	-	-	(0.3)	44.0	43.7	43.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	2.6	-	-	(2.6)	-	-	-	(2.6)	-
Share-based payments expenses	-	-	-	2.0	-	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	-	(0.6)	-	-	-	(0.6)	2.0
At 31 Mar 2016	296.1	-	276.5	11.7	-	0.2	1,036.2	1,324.6	1,620.7

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 31 March 2017, the share capital of the Company was at S\$299.7 million comprising 1,728,452,537 issued ordinary shares (excluding treasury shares). As of 31 December 2016, it was S\$299.7 million comprising 1,727,757,343 ordinary shares (excluding treasury shares).

Treasury Shares

For the quarter ended 31 March 2017, the Company transferred 695,194 treasury shares to participants of the Company's share plans, and there was no purchase of shares from the market.

The treasury share balance as of 31 March 2017 totaled S\$10.1 million comprising 3,198,906 ordinary shares or 0.2% of issued share capital excluding treasury shares (31 March 2016: Nil).

Issue of new shares

For 1Q2017, there was no new issue of ordinary shares.

Subsidiary holdings

As at 31 March 2017, none of the Company's subsidiaries hold any shares in the Company (31 March 2016: Nil).

Outstanding Shares – Share-Based Plans

Performance Share Plans

As of 31 March 2017, the outstanding balance of conditional awards under the Performance Share Plans was 1,191,000 ordinary shares (31 March 2016: 1,761,100 ordinary shares).

Restricted Stock Plans

As of 31 March 2017, the outstanding balance of conditional awards under the Restricted Stock Plans was 2,737,795 ordinary shares (31 March 2016: 5,524,644 ordinary shares).

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable.

10. ACCOUNTING POLICIES

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2016.

In the current financial period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2017.

The adoption of these new/revised FRSs and INT FRSs did 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.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early. The new standards and amendments to standards which are expected to have an effect on the financial statements of the Group and the Company in the future financial periods include:

1. Convergence with International Financial Reporting Standards (IFRS)
2. FRS 115 Revenue from Contracts with Customers
3. FRS 109 Financial Instruments
4. FRS 116 Leases

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2017	2016
Basic		
Earnings per share	4.2 cents	5.4 cents
Weighted average number of shares ('000)	1,728,220	1,730,291
Diluted		
Earnings per share	4.2 cents	5.3 cents
Weighted average number of shares ('000)	1,732,149	1,737,577

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per share	15.0 cents	11.3 cents	102.8 cents	100.3 cents

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

For the quarter ended 31 March 2017, the Group's service revenue was lower by 1.0%. This was below our guidance of full year service revenue to be at about 2016's level.

1Q2017 EBITDA margin was 29.9% of service revenue. This was above our guidance of full year EBITDA margin to be between 26% to 28% of service revenue.

Total CAPEX payments in 1Q2017 amounted to S\$33.7 million or 5.7% of total revenue. This was below our guidance for 2017 CAPEX at 13% of total revenue, excluding spectrum payments.

15. GROUP OUTLOOK

In the Mobile business, we have secured the spectrum needed to deliver quality mobile services to our customers and to facilitate our roadmap towards 5G. Subscription and mobile data for Post-Paid will continue to contribute to revenue while voice services, such as roaming and IDD, are expected to soften further. Mobile data consumption is expected to increase with value added services (VAS) such as Plus 3, JuniorProtect Plus and our enhanced data roaming plans.

For our Pay TV business, we remain focused on offering quality content for both our StarHub Go and Pay TV customers. We will use our data analytics capability to identify customers' usage patterns and preferences, which will help in our content renewals and acquisitions. Piracy and alternative viewing options continue to pose a challenge to the business.

In the Broadband business, we expect more customers to migrate to higher speeds plans. Our differentiation will be the offering of both cable and fibre broadband options to cater to the different needs of our customer segments. While price competition is likely to remain intense, we will continue to compete on network and customer service quality.

In the Enterprise Fixed segment, we see sustained demand for new connectivity services. Rollout of our own fibre network allows us to fulfil more diversity requirements from enterprises while, improved provisioning of NBN has resulted in higher growth of Broadband services for SMBs. We will be introducing new services in security, IT managed operations, unified communications, digital platforms and smart retail solutions, incorporating our analytics capabilities. While we continue to drive new services, weakness from domestic and international voice services, and price erosion of traditional carriage services will offset revenue growth in the near term.

Based on the current outlook, we maintain our guidance on our Group's 2017 service revenue to be at about 2016's level and Group EBITDA margin to be between 26% to 28% of service revenue. In 2017, CAPEX payment, excluding spectrum payment of S\$349.6 million, is expected to be at about 13% of total revenue. We intend to maintain a quarterly cash dividend of 4 cents per ordinary share for FY2017.

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\$0.04 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 26 May 2017.

(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 2017 (“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, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 12 May 2017 (“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 of the Company as of 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 2017 to 31 March 2017 S\$m
Transactions for the Sale of Goods & Services	
CapitaLand Limited & its associates	1.4
Singapore Technologies Engineering Ltd & its associates	0.3
Singapore Telecommunications Limited & its associates	5.8
TeleChoice International Ltd & its associates	23.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.9
	32.2
Transactions for the Purchase of Goods & Services	
CapitaLand Limited & its associates	0.3
Mapletree Commercial Trust & its associates	3.5
SembCorp Industries Ltd & its associates	1.7
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	14.7
TeleChoice International Ltd & its associates	43.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	2.8
	72.4

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 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Tan Tong Hai
Director

Singapore
3 May 2017

20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.