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STARHUB LTD

Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2011

StarHub is pleased to announce our unaudited results for the third quarter and nine months ended 30 September 2011.

Results for the Third Quarter and Nine Months ended 30 September 2011

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2011 S\$m	2010 S\$m	Incr/(Decr) %	2011 S\$m	2010 S\$m	Incr/(Decr) %
Operating revenue	572.2	552.3	3.6	1,699.3	1,678.7	1.2
Operating expenses	(479.4)	(447.5)	7.1	(1,427.4)	(1,439.2)	(0.8)
Other income	4.2	2.2	94.5	11.4	3.1	nm
Profit from operations	97.1	107.0	(9.3)	283.3	242.6	16.7
Finance income	0.5	0.7	(33.6)	1.7	1.7	(2.4)
Finance expenses ⁽¹⁾	(5.2)	(7.0)	(25.7)	(15.2)	(19.7)	(23.2)
Profit before taxation	92.3	100.6	(8.3)	269.8	224.6	20.1
Taxation	(16.5)	(18.6)	(11.4)	(46.9)	(41.9)	12.0
Profit for the period	75.8	82.0	(7.6)	222.9	182.7	22.0
Attributable to:						
Equity holders of the Company	75.8	82.0	(7.6)	222.9	182.7	22.0
	75.8	82.0	(7.6)	222.9	182.7	22.0
EBITDA	167.2	172.4	(3.0)	490.7	431.9	13.6
EBITDA as a % of service revenue	30.8%	32.3%	(1.5) %pts	30.4%	26.9%	3.5 %pts
Free Cash Flow ⁽²⁾	148.3	78.4	89.2	420.3	308.1	36.4
<i>Profit from operations is arrived after charging the following:</i>						
<i>Allowance for doubtful receivables and bad debts written off</i>	<i>0.9</i>	<i>5.0</i>	<i>(81.9)</i>	<i>10.9</i>	<i>13.8</i>	<i>(20.7)</i>
<i>Depreciation and amortisation (net of asset grants)</i>	<i>70.2</i>	<i>65.4</i>	<i>7.3</i>	<i>207.4</i>	<i>189.2</i>	<i>9.6</i>

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 30 Sep			Nine months ended 30 Sep		
	2011 S\$m	2010 Incr/(Decr) S\$m	%	2011 S\$m	2010 Incr/(Decr) S\$m	%
Profit for the period	75.8	82.0	(7.6)	222.9	182.7	22.0
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedge (net of tax)	(2.5)	(2.1)	19.4	(3.1)	(3.9)	(20.0)
Other comprehensive income for the period, net of tax	(2.5)	(2.1)	19.4	(3.1)	(3.9)	(20.0)
Total comprehensive income for the period	73.3	79.9	(8.3)	219.8	178.9	22.9
Attributable to:						
Equity holders of the Company	73.3	79.9	(8.3)	219.8	178.9	22.9
	73.3	79.9	(8.3)	219.8	178.9	22.9

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 11 S\$m	31 Dec 10 S\$m	30 Sep 11 S\$m	31 Dec 10 S\$m
Non-current assets				
Property, plant and equipment	717.5	776.0	321.6	328.8
Intangible assets	427.1	451.6	134.2	154.7
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	13.0	4.5	-	-
	1,157.6	1,232.1	1,657.8	1,685.6
Current assets				
Inventories	18.6	31.8	12.3	25.2
Trade receivables	148.9	173.9	142.2	164.4
Other receivables, deposits and prepayments	96.7	101.7	21.8	18.1
Balances with related parties	19.3	16.5	630.6	614.7
Cash and bank balances	223.3	237.5	188.6	180.2
	506.8	561.4	995.6	1,002.6
Less:				
Current liabilities				
Trade payables and accruals	436.1	437.7	273.8	274.3
Other payables	243.5	237.4	76.4	78.6
Balances with related parties	59.6	41.8	361.5	187.3
Bank loans	110.8	330.4	110.8	330.4
Provision for taxation	86.1	25.8	71.2	25.2
	936.1	1,073.1	893.7	895.8
Net current (liabilities)/assets	(429.3)	(511.7)	101.8	106.8
Non-current liabilities				
Bank loans	537.5	475.0	537.5	475.0
Other payables	40.0	38.2	40.0	38.2
Deferred income	34.8	45.1	-	-
Deferred tax liabilities	102.4	108.1	61.0	71.4
	714.7	666.4	638.5	584.6
Net assets	13.6	54.0	1,121.2	1,207.8
Shareholders' equity				
Share capital	262.8	260.3	262.8	260.3
Reserves	(249.2)	(206.3)	858.4	947.5
Total equity	13.6	54.0	1,121.2	1,207.8

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2011 S\$m	2010 S\$m	2011 S\$m	2010 S\$m
Operating Activities				
Profit before taxation	92.3	100.6	269.8	224.6
Adjustments for :				
Depreciation and amortisation (net of asset grants)	70.2	65.4	207.4	189.2
Fixed assets written off	0.1	0.5	1.7	1.6
Share-based payments expenses	1.5	1.7	1.0	4.4
Changes in fair value of financial instruments	(4.0)	2.4	(5.9)	2.3
Net finance expenses	4.8	6.4	13.5	18.0
Income related grants	(4.2)	(2.2)	(11.4)	(3.1)
Other non-cash items	0.1	0.1	0.5	0.3
Operating cash flow before working capital changes	160.6	174.8	476.6	437.5
Changes in working capital	33.8	(24.4)	73.4	35.9
Net cash from operating activities	194.4	150.4	550.0	473.4
Investing Activities				
Proceeds from disposal of fixed assets	0.2	0.0	0.4	2.0
Purchase of fixed assets	(46.1)	(72.0)	(129.8)	(165.3)
Interest received	0.5	0.9	1.6	1.7
Net cash used in investing activities	(45.4)	(71.2)	(127.8)	(161.6)
Financing Activities				
Proceeds from exercise of share options	0.2	0.4	1.2	1.9
Finance expenses paid	(7.9)	(10.9)	(19.1)	(23.4)
Grants received	1.2	10.0	1.2	35.0
Proceeds from loans	137.5	-	137.5	200.0
Repayment of loans	(241.1)	(25.0)	(294.6)	(255.4)
Dividends paid	(85.8)	(85.8)	(257.4)	(257.3)
Purchase of treasury shares	-	-	(5.2)	-
Net cash used in financing activities	(195.9)	(111.3)	(436.4)	(299.2)
Net change in cash and cash equivalents	(46.8)	(32.0)	(14.2)	12.6
Cash and cash equivalents at beginning of the period	270.1	278.8	237.5	234.2
Cash and cash equivalents at end of the period	223.3	246.8	223.3	246.8

4. GROUP UNSECURED BORROWINGS

	30 Sep 11 S\$m	31 Dec 10 S\$m
Unsecured borrowings		
Amount repayable in one year or less	110.8	330.4
Amount repayable after one year	537.5	475.0
Total	648.3	805.4

5. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Hedging reserve S\$m	Treasury shares S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2011	260.3	(276.3)	15.7	(7.7)	(0.1)	62.1	(206.3)	54.0
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.5	-	(1.7)	-	-	-	(1.7)	0.8
Share-based payments expenses	-	-	(0.5)	-	-	-	(0.5)	(0.5)
Purchase of treasury shares	-	-	-	-	(5.2)	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	(2.2)	-	2.6	-	0.5	0.5
Dividends paid	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total comprehensive income for the period (net of tax)	-	-	-	(0.6)	-	147.1	146.5	146.5
At 30 Jun 2011	262.8	(276.3)	11.3	(8.3)	(2.7)	37.6	(238.4)	24.4
Issue of shares pursuant to share option, performance shares & restricted stock plans	-	-	-	-	-	-	-	-
Share-based payments expenses	-	-	1.5	-	-	-	1.5	1.5
Transfer from treasury shares to share-based payment reserve	-	-	(0.2)	-	0.4	-	0.2	0.2
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.5)	-	75.8	73.3	73.3
At 30 Sep 2011	262.8	(276.3)	12.5	(10.8)	(2.2)	27.5	(249.2)	13.6
At 1 Jan 2010	257.5	(276.3)	13.0	(7.4)	(3.0)	142.0	(131.7)	125.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.2	-	(0.7)	-	-	-	(0.7)	1.5
Share-based payments expenses	-	-	2.7	-	-	-	2.7	2.7
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Dividends paid	-	-	-	-	-	(171.5)	(171.5)	(171.5)
Total comprehensive income for the period (net of tax)	-	-	-	(1.8)	-	100.7	98.9	98.9
At 30 Jun 2010	259.7	(276.3)	12.1	(9.2)	(0.0)	71.2	(202.2)	57.5
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.7	-	-	-	1.7	1.7
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.1)	-	82.0	79.9	79.9
At 30 Sep 2010	260.1	(276.3)	13.7	(11.2)	(0.0)	67.4	(206.4)	53.6

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

Company	Share capital S\$m	Merger/ Capital reserve S\$m	Share- based payment reserve S\$m	Hedging reserve S\$m	Treasury shares S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2011	260.3	276.5	15.7	(7.7)	(0.1)	663.1	947.5	1,207.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.5	-	(1.7)	-	-	-	(1.7)	0.8
Share-based payments expenses	-	-	(0.5)	-	-	-	(0.5)	(0.5)
Purchase of treasury shares	-	-	-	-	(5.2)	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	(2.2)	-	2.6	-	0.5	0.5
Dividends paid	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total comprehensive income for the period (net of tax)	-	-	-	(0.6)	-	123.4	122.8	122.8
At 30 Jun 2011	262.8	276.5	11.3	(8.3)	(2.7)	614.8	891.7	1,154.5
Issue of shares pursuant to share option, performance shares & restricted stock plans	-	-	-	-	-	-	-	-
Share-based payments expenses	-	-	1.5	-	-	-	1.5	1.5
Transfer from treasury shares to share-based payment reserve	-	-	(0.2)	-	0.4	-	0.2	0.2
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.5)	-	53.3	50.8	50.8
At 30 Sep 2011	262.8	276.5	12.5	(10.8)	(2.2)	582.3	858.4	1,121.2
At 1 Jan 2010	257.5	276.5	13.0	(7.3)	(3.0)	705.1	984.3	1,241.8
Issue of shares pursuant to share option, performance shares & restricted stock plans	2.2	-	(0.7)	-	-	-	(0.7)	1.5
Share-based payments expenses	-	-	2.7	-	-	-	2.7	2.7
Transfer from treasury shares to share-based payment reserve	-	-	(2.9)	-	2.9	-	-	-
Dividends paid	-	-	-	-	-	(171.5)	(171.5)	(171.5)
Total comprehensive income for the period (net of tax)	-	-	-	(1.9)	-	112.9	111.1	111.1
At 30 Jun 2010	259.7	276.5	12.1	(9.2)	(0.0)	646.5	925.9	1,185.6
Issue of shares pursuant to share option, performance shares & restricted stock plans	0.4	-	-	-	-	-	-	0.4
Share-based payments expenses	-	-	1.7	-	-	-	1.7	1.7
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total comprehensive income for the period (net of tax)	-	-	-	(2.1)	-	53.6	51.5	51.5
At 30 Sep 2010	260.1	276.5	13.7	(11.2)	(0.0)	614.3	893.2	1,153.3

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 September 2011, the share capital of the Company totaled S\$262.8 million comprising 1,716,456,820 issued ordinary shares (excluding treasury shares). As at 31 December 2010, this was S\$260.3 million or 1,715,967,205 ordinary shares (excluding treasury shares).

Issue of new shares

For the quarter ended 30 September 2011, there was no issue of new ordinary shares.

For the nine months ended 30 September 2011, a total of 1,324,657 shares were issued to employees pursuant to the Company's obligations under its share-based plans:

- a) 576,343 ordinary shares upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S\$0.88 to S\$1.52 per ordinary share;
- b) 748,314 ordinary shares were issued as fully paid shares via the transfer from the Company's share-based payment reserve to participants to satisfy the payout under the Company's Performance and Restricted Share Plans.

Treasury Shares

For the quarter ended 30 September 2011, the Company transferred 160,007 ordinary shares to participants of the Company's share plans.

Year-to-date, 2,000,000 ordinary shares were bought back from the market at a total consideration of S\$5.2 million, and a total of 1,164,958 ordinary shares were transferred to participants of the Company's share plans.

The treasury share balance, after accounting for the net buy-back and transfers, was S\$2.2 million or 847,782 ordinary shares as at 30 September 2011 (30 September 2010: 12,740 ordinary shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 30 September 2011, the outstanding balance of unexercised options under the Company's share option plans totaled 2,923,414 (30 September 2010: 4,237,161) or 0.2% of total issued shares in the capital of the Company.

Performance Share Plan

As at 30 September 2011, the outstanding balance of conditional awards under the Performance Share Plan was 1,955,150 ordinary shares (30 September 2010: 1,243,750).

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 3rd year anniversary of its grant date.

Restricted Stock Plan

As at 30 September 2011, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,256,372 ordinary shares (30 September 2010: 4,913,985).

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 period. The payout will be over a 2-year period after this performance period.
- 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 recent audited financial statements for the year ended 31 December 2010.

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 2011. 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 30 Sep		Nine months ended 30 Sep	
	2011	2010	2011	2010
Basic				
Earnings per share	4.42 cents	4.78 cents	12.99 cents	10.66 cents
Weighted average number of shares ('000)	1,716,405	1,715,662	1,716,191	1,715,043
Diluted				
Earnings per share	4.39 cents	4.76 cents	12.92 cents	10.60 cents
Weighted average number of shares ('000)	1,725,301	1,723,880	1,725,224	1,723,422

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Net asset value per share	0.8 cents	3.1 cents	65.3 cents	70.4 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Operating revenue	572.2	552.3	19.9	3.6	1,699.3	1,678.7	20.6	1.2
Operating expenses	(479.4)	(447.5)	31.9	7.1	(1,427.4)	(1,439.2)	(11.7)	(0.8)
Other income	4.2	2.2	2.0	94.5	11.4	3.1	8.3	nm
Profit from operations	97.1	107.0	(9.9)	(9.3)	283.3	242.6	40.6	16.7
Finance income	0.5	0.7	(0.2)	(33.6)	1.7	1.7	(0.0)	(2.4)
Finance expenses	(5.2)	(7.0)	(1.8)	(25.7)	(15.2)	(19.7)	(4.6)	(23.2)
Profit before taxation	92.3	100.6	(8.3)	(8.3)	269.8	224.6	45.2	20.1
Taxation	(16.5)	(18.6)	(2.1)	(11.4)	(46.9)	(41.9)	5.0	12.0
Profit for the period	75.8	82.0	(6.2)	(7.6)	222.9	182.7	40.1	22.0
EBITDA	167.2	172.4	(5.1)	(3.0)	490.7	431.9	58.8	13.6
Service revenue	542.7	534.1	8.5	1.6	1,612.5	1,605.8	6.7	0.4
EBITDA as a % of service revenue	30.8%	32.3%	(1.5) %pts		30.4%	26.9%	3.5 %pts	

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

Results for the period ended 30 September 2011

For the quarter ended 30 September 2011, the Group's operating revenue was S\$19.9 million or 4% higher at S\$572.2 million. This was attributable to higher service revenue which increased S\$8.5 million and higher revenue from sales of equipment which increased S\$11.4 million year-on-year. For the nine-month period, the Group's operating revenue grew S\$20.6 million or 1% year-on-year to S\$1,699.3 million on higher revenue from sales of equipment and increased service revenue.

The quarter's service revenue at S\$542.7 million was 2% higher year-on-year. Mobile services revenue was up 3% year-on-year to S\$307.4 million due to higher revenue from Post-paid mobile service, which was offset by a lower Pre-paid revenue for the quarter. Broadband services revenue was also 3% higher at S\$60.2 million for the quarter from a higher subscriber base. Pay TV services revenue in 3Q-2011 was 1% higher when compared to 3Q-2010, at S\$93.4 million due to the higher subscriber base and the S\$2 increase in monthly subscription price with effect from August 2011. These increases were offset by 4% decreases in Fixed Network services revenue due to lower revenue from both Data & Internet and Voice services.

Year-to-date, total service revenue rose to S\$1,612.5 million from S\$1,605.8 million last year, with increase attributed to higher revenue from Mobile, Broadband and Fixed Network services, offset by lower revenue from Pay TV services. Mobile services revenue was 3% higher year-on-year at S\$905.4 million; Broadband revenue increased 2% year-on-year to S\$181.0 million and Fixed network services revenue was 1% higher at S\$248.7 million. For the year-to-date, Pay TV services revenue was 9% lower year-on-year at S\$277.3 million, due mainly to the reduction in Sports Group's subscription price from S\$25/month to S\$12/month from June 2010 and the non-recurrence of the 2010 World Cup event this year.

Compared to the same periods last year, this quarter's revenue from sales of equipment was 63% higher at S\$29.5 million, and for year-to-date, increased S\$13.9 million or 19% to S\$86.8 million. The higher revenue was largely due to higher mix of smart phones and tablets sold in current periods at higher selling price.

The breakdown of operating revenue and percentage mix by lines of business for the quarter and nine months ended 30 September is tabulated below:

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Operating revenue								
Mobile revenue	307.4	298.3	9.1	3.1	905.4	878.6	26.9	3.1
Pay TV revenue	93.4	92.4	1.0	1.0	277.3	303.6	(26.3)	(8.7)
Broadband revenue	60.2	58.3	1.9	3.3	181.0	177.0	4.0	2.3
Fixed network services revenue	81.7	85.1	(3.4)	(4.0)	248.7	246.7	2.1	0.8
Total service revenue	542.7	534.1	8.5	1.6	1,612.5	1,605.8	6.7	0.4
Sale of equipment	29.5	18.2	11.4	62.6	86.8	72.9	13.9	19.0
Total	572.2	552.3	19.9	3.6	1,699.3	1,678.7	20.6	1.2

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2011 Mix %	2010 Mix %	2011 Mix %	2010 Mix %
Operating revenue mix				
Mobile revenue	53.7	54.0	53.3	52.3
Pay TV revenue	16.3	16.7	16.3	18.1
Broadband revenue	10.5	10.5	10.7	10.5
Fixed network services revenue	14.3	15.4	14.6	14.7
Sale of equipment	5.2	3.3	5.1	4.3
Total	100.0	100.0	100.0	100.0

Profitability

This quarter's profit from operations at S\$97.1 million was S\$9.9 million or 9% lower compared to 3Q-2010 due to high operating expenses which increased 7% on the back of a 4% growth in operating revenue.

Total operating expenses at S\$479.4 million for the quarter was S\$31.9 million or 7% higher year-on-year. The increase was attributed to higher cost of sales which increased S\$17.7 million or 9% year-on-year to S\$220.1 million and other operating expenses which were S\$14.2 million or 6% higher year-on-year at S\$259.3 million for the quarter. In 3Q-2011, cost of equipment sold rose S\$22.8 million or 37% year-on-year to S\$84.2 million. This increase was partially offset by lower traffic expenses which decreased S\$5.4 million or 8% to S\$61.2 million, resulting in a lower overall increase in cost of sales for the quarter. The increases in other operating expenses were mainly due to higher staff costs, marketing and promotion, and depreciation and amortisation, which were partially offset by lower allowance for doubtful receivables, other expenses and operating leases.

For the nine months, total operating expenses was 1% lower year-on-year at S\$1,427.4 million, due to decreases in cost of sales offsetting the increased other operating expenses.

Cost of sales reduced 6% year-on-year to S\$658.0 million, largely from lower cost of services and traffic expenses mitigating the higher costs of equipment sold. Other operating expenses was up S\$33.2 million or 5% year-on-year to S\$769.5 million, with higher staff costs, depreciation and amortisation, marketing and promotion, being mitigated by lower operating lease, other expenses and allowance for doubtful receivables. These, together with the S\$8.3 million higher other income year-on year, at S\$11.4 million resulted in profits from operations for the nine-month period increasing S\$40.6 million or 17% to S\$283.3 million this year.

Group EBITDA for the quarter was S\$5.1 million or 3% lower at S\$167.2 million, and EBITDA margin at 30.8% of service revenue was 1.5 percentage points lower when compared to 3Q-2010. Year-to-date, EBITDA grew S\$58.8 million or 14% to S\$490.7 million, and EBITDA margin as a percentage of service revenue expanded to 30.4%, from 26.9% in 2010.

Compared to 3Q-2010, finance income for the quarter was S\$0.2 million lower at S\$0.5 million due to lower deposits and interest rates. For the nine-month period, finance income amounted to S\$1.7 million, which was comparable to last year.

Against the same periods last year, finance expenses reduced S\$1.8 million or 26% to S\$5.2 million in 3Q-2011, and for the nine-month period, was 23% lower at S\$15.2 million. The decrease was mainly attributed to lower facility fees this year, coupled with lower interest rates and lower average outstanding loan balances.

For the quarter, the Group's profit before taxation at S\$92.3 million was 8% lower than 3Q-2010, and for the nine-month period, was S\$45.2 million or 20% higher year-on-year at S\$269.8 million.

As a result of the lower profits for 3Q-2011, taxation expense reduced S\$2.1 million or 11% year-on-year to S\$16.5 million. Year-to-date, taxation expense increased S\$5.0 million or 12% year-on-year to S\$46.9 million on account of higher profits for the year-to-date period.

The Group's profit after taxation amounted to S\$75.8 million for the quarter and S\$222.9 million for the nine-month period.

Mobile Service Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Mobile revenue								
Post-paid	245.7	230.9	14.8	6.4	716.4	680.2	36.2	5.3
Pre-paid	61.7	67.4	(5.7)	(8.5)	189.0	198.4	(9.3)	(4.7)
Total	307.4	298.3	9.1	3.1	905.4	878.6	26.9	3.1

	Quarter ended			Nine months ended		YoY
	30 Sep 2011	30 Jun 2011	30 Sep 2010	30 Sep		Incr/(Decr) %
Mobile operating statistics				2011	2010	
Number of registered customers (in thousands)						
Post-paid	1,059	1,051	1,024	1,059	1,024	3.4
Pre-paid	1,111	1,102	1,097	1,111	1,097	1.3
Total	2,170	2,153	2,121	2,170	2,121	2.3
Monthly minutes of use per registered customer						
Post-paid	337	341	371	339	379	(10.5)
Pre-paid	482	488	523	488	541	(9.9)
Average monthly SMS per registered user (originating)						
Post-paid	248	250	262	251	258	(2.4)
Pre-paid	125	129	146	129	149	(13.2)
Mobile Data Traffic (in GBytes)						
Post-paid	4,072,930	3,577,678	3,467,101	11,162,495	9,749,090	14.5
Pre-paid	74,370	77,572	32,466	209,426	76,350	174.3
ARPU with IDD included (S\$ per month)						
Post-paid	74	73	72	73	72 ⁽¹⁾	1.6
Pre-paid	19	20	21	19	22	(10.4)
Non-voice service as a contribution to ARPU						
Post-paid	38.4%	37.5%	35.7% ⁽¹⁾	37.6%	35.4% ⁽¹⁾	-
Pre-paid	16.5%	17.0%	14.5%	16.5%	13.5%	-
Average monthly churn rate (post-paid)	1.1%	1.0%	1.0%	1.1%	1.1%	-
Singapore mobile penetration ⁽²⁾	147.1%	148.5%	141.4%	147.1%	141.4%	-
Market Share ⁽²⁾	28.4%	28.6%	29.5%	28.4%	29.5%	-

Note:

(1) Restated to exclude free promotional bundled dongles / Normalised

(2) Source : IDA (As at August 2011)

Total mobile services

For the quarter, total mobile services revenue grew 3% year-on-year to S\$307.4 million and S\$905.4 million for the nine-month period. The increase was primarily due to higher Post-paid mobile services revenue, offset by lower Pre-paid mobile services revenue. Overall mobile services revenue continued to account for the largest revenue share mix at 54% for the quarter and 53% for the nine-month period.

Post-paid mobile services

On the back of a higher subscriber base and ARPU, Post-paid mobile services revenue rose S\$14.8 million or 6% year-on-year to S\$245.7 million for the quarter, and for the nine-month period, increased S\$36.2 million or 5% year-on-year to S\$716.4 million.

As at 30 September 2011, Post-paid mobile customer base was 1,059K after accounting for 8K net add for the quarter. This was 35K or 3% higher when compared to a year ago.

Post-paid mobile ARPU was S\$74 in 3Q-2011 and S\$73 for year-to-date, up from S\$72 last year. The increase in ARPU was due to higher subscription revenue driven by take-up of our "SmartSurf" and data SIM plans as more smart devices, phones and tablets become commercially available in the market. These voice/data bundled subscription plans led to the higher subscription revenue, which was offset by lower chargeable voice and data usage. Post-paid mobile monthly minutes of use per customer decline to 337 minutes in 3Q-2011 when compared to the 371 minutes in 3Q-2010. Year-to-date, post-paid mobile monthly minutes of use per customer was 11% lower at 339 minutes when compared to last year. On the other hand, Post-paid mobile data traffic was increasing, with 3Q-2011 traffic totaling 4.1 million Gigabytes, up from 3.5 million Gigabytes in 3Q-2010, and for year-to-date, was 15% higher year-on-year at 11.2 million Gigabytes. On account of the higher data traffic, Post-paid non-voice service as a ratio of Post-paid ARPU was 38.4% for the quarter and 37.6% for year-to-date, up from 35.7% and 35.4% for the corresponding periods last year.

For the quarter, Post-paid mobile monthly average churn was higher at 1.1% due to expiry of data subscription contracts by a customer. Year-to-date, the Post-paid mobile monthly average churn at 1.1% was comparable to last year same period.

Pre-paid mobile services

Against the same periods last year, Pre-paid mobile services revenue was S\$5.7 million or 9% lower at S\$61.7 million for the quarter, and for year-to-date, down 5% to S\$189.0 million.

As at 30 September 2011, Pre-paid registered customer base was 1,111K after the quarter's net add of 9K. Compared to a year ago, this was 14K or 1% higher.

Pre-paid mobile ARPU was S\$19 for the quarter and nine-month period, down from S\$21 and S\$22 in the corresponding periods last year. The lower ARPU was mainly due to lower voice usage which reduced from 523 minutes in 3Q-2010 to 482 minutes in 3Q-2011, and for year-to-date, was 10% lower year-on-year at 488 minutes per customer per month. The take-up of our Pre-paid MaxMobile and BlackBerry data subscription packages was encouraging, resulting in Pre-paid data traffic expanding two times year-on-year to 74K Gigabytes in 3Q-2011, and was 174% higher at 209K Gigabytes for the nine-month period. Consequently, Pre-paid non-voice as a percentage of Pre-paid ARPU was higher at 16.5% for the quarter and year-to-date, when compared to 14.5% in 3Q-2010 and 13.5% in last year's year-to-date.

Pay TV Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	93.4	92.4	1.0	1.0	277.3	303.6	(26.3)	(8.7)

Pay TV operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2011	2011	2010	2011	2010	%
Number of residential Pay TV customers (in thousands)	542	544	537	542	537	0.9
ARPU (S\$ per month)	50	49	50	49	54	(8.6)
Average monthly churn rate	1.2%	1.1%	1.2%	1.2%	1.1%	-
StarHub's penetration	45.4%	45.7%	45.9%	45.4%	45.9%	-

For the quarter, Pay TV revenue at S\$93.4 million exceeded 3Q-2010 revenue by S\$1.0 million or 1% despite a reduced Sports group pricing of S\$12 per month and the absence of the 2010 World Cup event this year. This is attributable to a higher subscriber base this year at 542K customers compared to 537K in 3Q-2010 and a S\$2 monthly subscription price increase which took effect in August this year. Year-to-date, Pay TV revenue was S\$26.3 million or 9% lower year-on-year at S\$277.3 million.

ARPU for the quarter was S\$50 as compared to S\$49* in 3Q-2010 due to higher subscriptions and the S\$2 monthly subscription price increase. For the nine-month period, Pay TV ARPU was S\$49 as compared to S\$53* last year due to the lowering of the monthly subscription price of the Sports group to S\$12 from S\$25 since June 2010. [*Excluding additional ARPU from the World Cup event in 2010]

As at 30 September 2011, Pay TV subscriber base was 542K after a net churn of 2K for the quarter. This was 5K or 1% higher compared to a year ago.

For the quarter and nine months ended 30 September 2011, Pay TV monthly average churn was 1.2%. This was comparable to 3Q-2010, but was slightly higher than 1.1% recorded in last year's year-to-date.

Broadband Revenue

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	60.2	58.3	1.9	3.3	181.0	177.0	4.0	2.3

Broadband operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2011	2011	2010	2011	2010	%
Number of residential broadband customers - subscription-based (in thousands)	438	431	412	438	412	6.4
ARPU (S\$ per month)	45	45	46	45	47	(4.5)
Average monthly churn rate	1.1%	1.1%	1.2%	1.2%	1.3%	-

On account of higher subscriber base but lower ARPU, Broadband revenue was up S\$1.9 million or 3% to S\$60.2 million in 3Q-2011, and for the nine-month period, was S\$4.0 million or 2% higher at S\$181.0 million when compared to the same period last year.

As at 30 September 2011, Broadband customer base was 438K after the quarter's net add of 7K customers. Against one year ago, this was 26K or 6% higher.

Broadband ARPU for the quarter and year-to-date was lower at S\$45 when compared to S\$46 in 3Q-2010 and S\$47 in last year's year-to-date. The lower ARPU year-on-year was mainly due to a higher mix of customers on lower speed price plans and hubbing promotional and discounts offers to drive take-up of multi-services.

Broadband average monthly churn was 1.1% for the quarter and 1.2% for year-to-date as compared to 1.2% and 1.3% in the corresponding periods last year.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Data & internet	68.8	71.2	(2.5)	(3.5)	207.7	207.6	0.1	0.0
Voice services	12.9	13.9	(1.0)	(6.9)	41.0	39.0	2.0	5.1
Total	81.7	85.1	(3.4)	(4.0)	248.7	246.7	2.1	0.8

Against 3Q-2010, this quarter's Fixed Network services revenue decreased S\$3.4 million or 4% to S\$81.7 million, with lower revenue from both Data & Internet and Voice services. Year-to-date, Fixed Network services revenue grew 1% year-on-year to S\$248.7 million, with increase from higher Voice services revenue.

For the quarter, Data & Internet services revenue at S\$68.8 million was 4% lower when compared to S\$71.2 million in 3Q-2010. The decrease was primarily due to pricing pressure in the local and international leased circuit services which resulted in lower revenue despite higher number of circuits being subscribed. The quarter's revenue was also lowered by adjustment made for some billing settlement with a wholesale customer. This was mitigated by revenue from increase in take-up of our Next Gen NBN services by retail service providers. Year-to-date, Data & Internet services revenue was S\$207.7 million.

Voice services revenue decreased S\$1.0 million or 7% year-on-year to S\$12.9 million in 3Q-2011, primarily attributed to lower IDD revenue as a result of lower usages by customers. For the nine months ended 30 September 2011, Voice services revenue at S\$41.0 million was S\$2.0 million or 5% higher year-on-year from higher subscription of local voice services and increased interconnect revenue, offset by lower IDD revenue.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY
	30 Sep 2011	30 Jun 2011	30 Sep 2010	Incr/(Decr) %
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,175	1,175	1,165	0.9
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	793	791	791	0.2
Percentage of total hubbing households which subscribe to any two services	30.7%	30.6%	30.6%	0.1% pts
Percentage of total hubbing households which subscribe to all three services	26.0%	26.1%	24.9%	1.1% pts
Total hubbing households which subscribe to two or more services	56.7%	56.7%	55.5%	1.2% pts

Note:

(1) Source: Nielsen Media Research for 2010 estimates

As at 30 September 2011, total number of hubbing households with at least one StarHub service totaled 793K after the quarter's net add of 2K households. This was 0.2% higher than the base of 791K households a year ago. As a result, the ratio of households subscribing to more than one StarHub service grew from 55.5% last year to 56.7% as at 30 September 2011.

Compared to a year ago, our Hub Club customer base (households with all 3 hubbing services) grew 5% to 206K as at 30 September 2011. As a percentage of hubbing households, Hub Club now comprises 26.0% of the hubbing household base as at end September 2011, compared to 24.9% last year.

Operating expenses

Operating expenses	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Cost of sales	220.1	202.3	17.7	8.8	658.0	702.8	(44.9)	(6.4)
Other operating expenses	259.3	245.1	14.2	5.8	769.5	736.3	33.2	4.5
Total	479.4	447.5	31.9	7.1	1,427.4	1,439.2	(11.7)	(0.8)

The quarter's total operating expenses was S\$31.9 million or 7% higher when compared to 3Q-2010, at S\$479.4 million. The increase was from both cost of sales and other operating expenses increasing 9% and 6% respectively. For the nine-month period, total operating expenses decreased 1% to S\$1,427.4 million, helped by a lower cost of sales, which decreased 6%, offsetting the 5% increase in other operating expenses.

As a percentage of operating revenue, total operating expenses was 83.8% in this quarter, up from 81.0% in 3Q-2010. Year-to-date, total operating expenses ratio was lower at 84.0% of operating revenue when compared to 85.7% for the same period last year.

Details of total operating expenses are as follows:

(A) Cost of sales

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	84.2	61.4	22.8	37.2	255.8	236.6	19.2	8.1
Cost of services	74.7	74.4	0.4	0.5	217.8	265.7	(47.9)	(18.0)
Traffic expenses	61.2	66.6	(5.4)	(8.2)	184.4	200.6	(16.3)	(8.1)
Total	220.1	202.3	17.7	8.8	658.0	702.8	(44.9)	(6.4)

With a 4% year-on-year increase in operating revenue, cost of sales rose 9% year-on-year to S\$220.1 million this quarter. The increase was mainly due to higher cost of equipment sold, which was 37% higher at S\$84.2 million for the quarter. Cost of sales as a percentage of operating revenue was at 38.5% in this quarter compared to 36.6% in 3Q-2010. Year-to-date, cost of sales reduced 6% year-on-year to S\$658.0 million, with the higher cost of equipment sold mitigated by the lower cost of services and traffic expenses. As a ratio of operating revenue, cost of sales was 38.7% for the nine-month period, down from 41.9% last year.

For the quarter and nine-month period, the higher cost of equipment sold was mainly due to higher quantity of high-end smart phones and tablets sold, which had higher average unit costs. Cost of equipment sold amounted to S\$84.2 million for the quarter and was up 8% year-on-year to S\$255.8 million for the nine-month period. As a percentage of operating revenue, cost of equipment sold was 14.7% for the quarter and 15.1% for nine-month period, up from 11.1% and 14.1% in the corresponding periods last year.

Cost of services for the quarter was 1% higher at S\$74.7 million as compared to S\$74.4 million in 3Q-2010, and for the nine months, decreased S\$47.9 million or 18% year-on-year to S\$217.8 million. The lower expenses for year-to-date was mainly due to reduced content costs with no 2010 World Cup event costs and the Barclay Premier League content this year, which was offset by higher content costs from new and renewed programming contracts which became effective in the year. As a percentage of operating revenue, cost of services ratio was 13.1% for the quarter and 12.8% for year-to-date as compared to 13.5% in 3Q-2010 and 15.8% year-to-date in the previous year.

Against the same periods last year, traffic expenses were 8% lower year-on-year at S\$61.2 million for the quarter and S\$184.4 million for the nine-month period. The lower traffic costs were due to lower interconnection rates negotiated with our carrier partners. As a percentage of operating revenue, traffic expenses ratio was 10.7% in 3Q-2011 and 10.8% year-to-date as against 12.1% and 12.0% in the corresponding periods last year.

(B) Other operating expenses

Other operating expenses	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Staff costs	70.0	60.4	9.6	16.0	204.4	185.3	19.1	10.3
Operating lease	34.1	36.1	(2.0)	(5.5)	102.7	109.1	(6.4)	(5.8)
Marketing and promotion	41.7	34.6	7.1	20.6	128.3	119.4	8.9	7.4
Allowance for doubtful receivables	0.9	5.0	(4.1)	(81.9)	10.9	13.8	(2.9)	(20.7)
Repair and maintenance	19.2	18.4	0.8	4.2	54.9	54.0	0.9	1.6
Other expenses	23.2	25.3	(2.1)	(8.2)	60.9	65.6	(4.7)	(7.1)
Sub total	189.1	179.7	9.4	5.2	562.1	547.1	15.0	2.7
Depreciation and amortisation	70.2	65.4	4.8	7.3	207.4	189.2	18.2	9.6
Total	259.3	245.1	14.2	5.8	769.5	736.3	33.2	4.5

For the quarter, total operating expenses rose S\$14.2 million or 6% year-on-year to S\$259.3 million, due mainly to higher staff costs, marketing and promotion, and depreciation and amortisation, mitigated by lower allowance for doubtful receivables, other expenses and operating lease. These same attributing factors also resulted in the year-to-date total operating expenses to be S\$33.2 million or 5% higher year-on-year at S\$769.5 million.

As a ratio of operating revenue, total operating expenses were 45.3% for the quarter and year-to-date, compared to 44.4% and 43.9% in the corresponding periods last year.

Staff costs

Year-on-year, staff costs was up S\$9.6 million or 16% to S\$70.0 million for the quarter, and for the nine-month period, increased S\$19.1 million or 10% to S\$204.4 million. The increase was attributed to higher salaries, temporary staff expenses and higher headcount as 4 more new retail outlets and customer service centres became fully operational this year. Included in last year's year-to-date staff costs was a one-time S\$12 million charge for 2009 bonus payment. Excluding this, this year's staff costs would have increased 18% year-on-year. As a percentage of operating revenue, staff costs mix was 12.2% in this quarter and 12.0% for year-to-date, up from 10.9% in 3Q-2010 and 11.0% in last year's year-to-date.

Operating lease

Compared to the same periods last year, operating lease was 6% lower at S\$34.1 million for the quarter and S\$102.7 million for the nine-month period. The lower expenses year-on-year was mainly due to decrease in domestic and international lease capacity expenses, offset by higher rental on new retail shop space taken up since December 2010. As a ratio of operating revenue, operating lease was lower at 6.0% in current periods when compared to 6.5% last year.

Marketing and promotion

On account of increased marketing promotions to drive acquisition and re-contract activities across all lines of businesses, this quarter's marketing and promotion expenses were up S\$7.1 million or 21% to S\$41.7 million, and for the nine-month period, increased S\$8.9 million or 7% to S\$128.3 million when compared to the same periods last year. As a result, marketing and promotion expenses as a percentage of operating revenue was higher at

7.3% for the quarter and 7.6% for year-to-date, up from 6.3% and 7.1% in corresponding periods last year.

Allowance for doubtful receivables

This quarter's allowance for doubtful receivables was low at S\$0.9 million and for the nine-month period, was S\$2.9 million or 21% lower at S\$10.9 million when compared to S\$13.8 million for the year-to-date last year. Higher collections from credit customers and lower accounts receivables in the quarter led to the lower allowance for doubtful receivables in the quarter and year-to-date.

Last year, while we were migrating to a new customer support system in 3Q-2010, we experienced delays in customers' dunning and billing. Consequently, we accrued a higher provision for doubtful receivables. As a percentage of service revenue, allowance for doubtful receivables was 0.2% in this quarter and 0.7% for the nine-month period, down from 0.9% last year.

Repair and maintenance

Year-on-year, repair and maintenance for the quarter was S\$0.8 million or 4% higher at S\$19.2 million, and for the nine-month period, rose S\$0.9 million or 2% to S\$54.9 million. The higher expenses were mainly due to accruals made for prior periods' maintenance for our support system that was recently finalised by the vendor in this quarter. As a percentage of operating revenue, repair and maintenance was slightly higher at 3.4% for the quarter when compared to 3.3% in 3Q-2010, and for year-to-date, was maintained at 3.2%.

Other expenses

Against the same periods last year, other expenses was S\$2.1 million or 8% lower at S\$23.2 million in 3Q-2011, and for year-to-date, was lower by S\$4.7 million or 7% at S\$60.9 million. The favourable change was mainly due to exchange gain and lower license fees, offset by higher allowance for stock obsolescence and professional fees, coupled with lower recoveries from network construction expenses. As a percentage of operating revenue, other expenses was lower at 4.1% and 3.6% for the quarter and nine-month periods respectively, down from 4.6% and 3.9% in the corresponding periods last year.

Depreciation and amortisation

For the quarter, depreciation and amortisation expenses increased 7% year-on-year to S\$70.2 million, and for year-to-date, were 10% higher year-on-year at S\$207.4 million. The higher expenses were mainly attributed to a 4% year-on-year increase in the Group's depreciable fixed asset base. As a percentage of operating revenue, depreciation and amortisation expenses were 12.3% in 3Q-2011 and 12.2% for year-to-date, compared to 11.8% in 3Q-2010 and 11.3% in last year's year-to-date.

Liquidity and Capital Resources

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2011 S\$m	2010 S\$m	2011 S\$m	2010 S\$m
Operating Activities				
Profit before taxation	92.3	100.6	269.8	224.6
Non-cash items & net finance expenses adjustments	68.4	74.2	206.8	212.8
Net change in working capital	33.8	(24.4)	73.4	35.9
Net cash from operating activities	194.4	150.4	550.0	473.4
Investing Activities				
Proceeds from disposal of fixed assets	0.2	0.0	0.4	2.0
Purchase of fixed assets	(46.1)	(72.0)	(129.8)	(165.3)
Interest received	0.5	0.9	1.6	1.7
Net cash used in investing activities	(45.4)	(71.2)	(127.8)	(161.6)
Financing Activities				
Proceeds from exercise of share options	0.2	0.4	1.2	1.9
Finance expenses paid	(7.9)	(10.9)	(19.1)	(23.4)
Grants received	1.2	10.0	1.2	35.0
Proceeds from loans	137.5	-	137.5	200.0
Repayment of loans	(241.1)	(25.0)	(294.6)	(255.4)
Dividends paid	(85.8)	(85.8)	(257.4)	(257.3)
Purchase of treasury shares	-	-	(5.2)	-
Net cash used in financing activities	(195.9)	(111.3)	(436.4)	(299.2)
Net change in cash and cash equivalents	(46.8)	(32.0)	(14.2)	12.6
Cash and cash equivalents at beginning of the period	270.1	278.8	237.5	234.2
Cash and cash equivalents at end of the period	223.3	246.8	223.3	246.8
Free Cash Flow ⁽¹⁾	148.3	78.4	420.3	308.1

Note:

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

Compared to 3Q-2010, this quarter's net cash from operating activities was S\$44.0 million or 29% higher at S\$194.4 million, due mainly to the positive change in working capital of S\$33.8 million in this quarter as against a negative change in working capital of S\$24.4 million in 3Q-2010. The positive change in working capital in 3Q-2011 was due to lower other receivables, deposits and prepayments and inventories, coupled with higher balance due to related parties, trade payables and accruals, and other payables. For year-to-date, net cash from operating activities totaled S\$550.0 million, up from S\$473.4 million last year, with increase mainly contributed by higher operating profits and higher positive change in working capital.

This quarter's net cash outflow from investing activities was lower at S\$45.4 million, compared to S\$71.2 million in 3Q-2010 due mainly to the low capex payment at S\$46.1 million in 3Q 2011, compared to S\$72.0 million in 3Q-2010. For year-to-date, total net cash outflow from investing activities was S\$127.8 million this year as capex payment for the nine months was S\$129.8 million, which was S\$35.5 million lower than last year same period. As a percentage of operating revenue, total capex payment was 8.1% for the quarter and 7.6% for year-to-date.

As at 30 September 2011, the Group's total outstanding capital expenditure commitments totaled S\$184.9 million, up from S\$153.4 million a year ago. The current outstanding capital expenditure commitments comprised commitments for the expansion of our network infrastructure, set-tops for the Pay TV business and capex for the progressive roll out of Next Gen NBN infrastructure.

On account of higher net cash generated from operations and lower capex payment, the Group's free cash flow increased 89% to S\$148.3 million for the quarter and up 36% to S\$420.3 million for year-to-date when compared to the corresponding periods last year.

Total cash outflow from financing activities was higher at S\$195.9 million in 3Q-2011, and for the nine-month period, was higher at S\$436.4 million. The higher cash outlay for both the quarter and year-to-date was mainly due to higher net repayment of bank loans and lower government grant receipts this year.

Consequently, the Group's cash and cash equivalents was lower at S\$223.3 million as at 30 September 2011 when compared to S\$246.8 million a year ago.

Gearing

The Group's overall gross debts as at 30 September 2011 totaled S\$648.3 million. This was S\$157.1 million lower when compared to 31 December 2010 due to repayment of bank loans amounting to S\$294.6 million funded from new bank loan facilities of S\$137.5 million in 3Q-2011 and surplus cash. Net debt as at 30 September 2011 amounted to S\$425.0 million, 28% lower compared to a year ago. As a ratio of 2010 EBITDA, the Group's net debt to EBITDA ratio was 0.7 times as at 30 September 2011 as against 1.0 times a year ago.

Statement of Financial Position

As at 30 September 2011, the Group's total non-current assets amounted to S\$1,157.6 million. This was S\$74.5 million lower compared to 31 December 2010, on account of lower net book values for fixed assets.

Against 31 December 2010, total current assets decreased S\$54.6 million to S\$506.8 million as at 30 September 2011. The decrease was attributed to lower trade receivables, inventories, and cash and bank balance.

Total current liabilities as at 30 September 2011 amounted to S\$936.1 million, down from S\$1,073.1 million as at 31 December 2010. Lower current portion of outstanding bank loans, offset by higher provision for taxation, balances with related parties and other payables were the main factors leading to the lower current liabilities.

Non-current liabilities increased from S\$666.4 million as at 31 December 2010 to S\$714.7 million as at 30 September 2011, with increase contributed by higher non-current portion of outstanding bank loans, mitigated by lower deferred income.

The Group's shareholders' equity was S\$13.6 million as at 30 September 2011. This was S\$40.4 million lower compared to 31 December 2010 from lower retained profits after dividends payments.

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

For the nine months ended 30 September 2011, the Group's overall operating revenue increased 1% year-on-year. This was in line with our revised guidance of low single digit revenue growth for 2011.

Year-to-date, EBITDA margin as a percentage of service revenue was 30.4%, in line with our guidance of 2011 EBITDA margin to be about 30% of service revenue.

The Group's total capex payments for the nine-month period amounted to 8% of operating revenue. This is currently below our guidance of 2011 full year capex not exceeding 12% of overall operating revenue.

15. GROUP OUTLOOK

The new iPhone 4S was available in our shops on 28 October 2011 and demand was strong. This may result in higher acquisition and re-contract costs in 4Q for the Mobile business.

Demand for fibre broadband is expected to increase with higher coverage of the Next Gen NBN, and retail broadband service providers have been promoting the take-up of Next Gen NBN broadband service. This will drive price competition in the consumer broadband market as well as generate new opportunities in the corporate market segment. However, take-up of the Next Gen NBN services is currently hampered by certain operational issues which are pending resolution with the various parties in the Next Gen NBN rollout.

Barring any unforeseen circumstances and based on the current outlook, we maintain our year-on-year growth of the Group's 2011 operating revenue to be in the low single digit range, and Group EBITDA margin to be about 30% of service revenue. Total capex payments for the year are not expected to exceed 12% of operating revenue. In view of the projected profitability and cash flow in FY2011, we maintain our cash dividend payout at 5 cents per ordinary share per quarter.

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 30 November 2011.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 18 November 2011 ("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 17 November 2011 ("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 transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 July to 30 September 2011 S\$m
Transactions for the Sale of Goods & Services	
Capitaland Limited & its associates	0.8
Singapore Power Limited & its associates	0.8
Singapore Telecommunications Limited & its associates	17.9
TeleChoice International Ltd & its associates	0.3
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.5
	20.2
Transactions for the Purchase of Goods & Services	
Capitaland Limited & its associates	0.1
Singapore Power Limited & its associates	6.4
Singapore Technologies Engineering Ltd & its associates	3.4
Singapore Telecommunications Limited & its associates	31.1
STT Communications Ltd and its associates	0.4
TeleChoice International Ltd & its associates	24.5
	66.0

There are no interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 July to 30 September 2011.

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 third quarter and nine months ended 30 September 2011 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching
Director

Neil Montefiore
Director

Singapore
9 November 2011