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STARHUB LTD

Announcement of Audited Results for the Full Year ended 31 December 2011

StarHub is pleased to announce our audited results for the fourth quarter and full year ended 31 December 2011.

Results for the Fourth Quarter and Full Year ended 31 December 2011

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

	Quarter ended 31 Dec			Year ended 31 Dec		
	2011 S\$m	2010 S\$m	Incr/(Decr) %	2011 S\$m	2010 S\$m	Incr/(Decr) %
Operating revenue	612.6	559.0	9.6	2,312.0	2,237.7	3.3
Operating expenses	(507.7)	(462.3)	9.8	(1,935.2)	(1,901.4)	1.8
Other income	10.0	3.0	nm	21.4	6.0	nm
Profit from operations	114.9	99.7	15.3	398.2	342.3	16.3
Finance income	0.4	0.1	nm	2.1	1.8	16.2
Finance expenses ⁽¹⁾	(5.4)	(6.9)	(22.3)	(20.5)	(26.6)	(23.0)
Profit before taxation	110.0	92.8	18.5	379.8	317.5	19.6
Taxation	(17.4)	(12.4)	40.7	(64.3)	(54.3)	18.6
Profit for the period	92.6	80.4	15.1	315.5	263.2	19.9
Attributable to:						
Equity holders of the Company	92.6	80.4	15.1	315.5	263.2	19.9
	92.6	80.4	15.1	315.5	263.2	19.9
EBITDA	185.3	169.9	9.1	676.0	601.8	12.3
EBITDA as a % of service revenue	33.1%	31.5%	1.6 %pts	31.1%	28.1%	3.0 %pts
Free Cash Flow ⁽²⁾	29.4	89.4	(67.1)	449.7	397.5	13.1
<i>Profit from operations is arrived after charging the following:</i>						
<i>Allowance for doubtful receivables and bad debts written off</i>	3.8	4.6	(18.9)	14.7	18.4	(20.3)
<i>Depreciation and amortisation (net of asset grants)</i>	70.4	70.2	0.3	277.8	259.5	7.1

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 Dec			Year ended 31 Dec		
	2011 S\$m	2010 Incr/(Decr) S\$m	%	2011 S\$m	2010 Incr/(Decr) S\$m	%
Profit for the period	92.6	80.4	15.1	315.5	263.2	19.9
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedge (net of tax)	4.2	3.6	17.0	1.1	(0.3)	nm
Other comprehensive income for the period, net of tax	4.2	3.6	17.0	1.1	(0.3)	nm
Total comprehensive income for the period	96.8	84.0	15.2	316.6	262.9	20.4
Attributable to:						
Equity holders of the Company	96.8	84.0	15.2	316.6	262.9	20.4
	96.8	84.0	15.2	316.6	262.9	20.4

2. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 11 S\$m	31 Dec 10 S\$m	31 Dec 11 S\$m	31 Dec 10 S\$m
Non-current assets				
Property, plant and equipment	761.9	776.0	344.9	328.8
Intangible assets	423.6	451.6	126.9	154.7
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	2.8	4.5	-	-
	1,188.3	1,232.1	1,673.9	1,685.6
Current assets				
Inventories	37.2	31.8	29.0	25.2
Trade receivables	152.0	173.9	139.9	164.4
Other receivables, deposits and prepayments	149.2	101.7	22.0	18.1
Balances with related parties	17.2	16.5	661.6	614.7
Cash and bank balances	179.2	237.5	154.3	180.2
	534.8	561.4	1,006.8	1,002.6
Less:				
Current liabilities				
Trade payables and accruals	448.1	437.7	288.9	274.3
Other payables	254.8	237.4	64.5	78.6
Balances with related parties	41.9	41.8	296.0	187.3
Bank loans	75.0	330.4	75.0	330.4
Provision for taxation	83.5	25.8	55.7	25.2
	903.3	1,073.1	780.1	895.8
Net current (liabilities)/assets	(368.5)	(511.7)	226.7	106.8
Non-current liabilities				
Bank loans	587.5	475.0	587.5	475.0
Other payables	34.1	38.2	34.1	38.2
Deferred income	62.8	45.1	-	-
Deferred tax liabilities	112.8	108.1	69.8	71.4
	797.2	666.4	691.4	584.6
Net assets	22.6	54.0	1,209.2	1,207.8
Shareholders' equity				
Share capital	262.8	260.3	262.8	260.3
Reserves	(240.2)	(206.3)	946.4	947.5
Total equity	22.6	54.0	1,209.2	1,207.8

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Year ended 31 Dec	
	2011 S\$m	2010 S\$m	2011 S\$m	2010 S\$m
Operating Activities				
Profit before taxation	110.0	92.8	379.8	317.5
Adjustments for :				
Depreciation and amortisation (net of asset grants)	70.4	70.2	277.8	259.5
Loss on disposal of fixed assets	2.5	0.1	3.8	1.3
Share-based payments expenses	1.4	1.7	2.4	6.0
Changes in fair value of financial instruments	3.9	(0.3)	(2.0)	2.1
Net finance expenses	4.9	6.8	18.4	24.8
Income related grants	(10.0)	(3.0)	(21.4)	(6.0)
Other non-cash items	(1.9)	0.3	(0.9)	0.9
Operating cash flow before working capital changes	181.2	168.6	657.9	606.1
Changes in working capital	(35.0)	27.6	38.3	63.5
Net cash from operating activities	146.2	196.2	696.2	669.6
Investing Activities				
Proceeds from disposal of fixed assets	0.1	0.1	0.5	2.1
Purchase of fixed assets	(116.8)	(106.8)	(246.5)	(272.1)
Interest received	0.4	0.1	2.0	1.8
Net cash used in investing activities	(116.2)	(106.6)	(244.0)	(268.2)
Financing Activities				
Proceeds from exercise of share options	0.4	0.3	1.7	2.2
Finance expenses paid	(2.7)	(3.4)	(21.8)	(26.8)
Grants received	3.7	25.0	4.9	60.0
Proceeds from loans	50.0	-	187.5	200.0
Repayment of loans	(35.8)	(35.0)	(330.4)	(290.4)
Dividends paid	(85.8)	(85.8)	(343.3)	(343.1)
Purchase of treasury shares	(3.9)	-	(9.1)	-
Net cash used in financing activities	(74.1)	(98.9)	(510.5)	(398.1)
Net change in cash and cash equivalents	(44.1)	(9.3)	(58.3)	3.3
Cash and cash equivalents at beginning of the period	223.3	246.8	237.5	234.2
Cash and cash equivalents at end of the period	179.2	237.5	179.2	237.5

4. GROUP UNSECURED BORROWINGS

	31 Dec 11 S\$m	31 Dec 10 S\$m
Unsecured borrowings		
Amount repayable in one year or less	75.0	330.4
Amount repayable after one year	587.5	475.0
Total	662.5	805.4

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 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	-	-	-	-	-	222.9	222.9	222.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(3.1)	-	(3.1)	(3.1)
Total comprehensive income for the period	-	-	-	-	(3.1)	222.9	219.8	219.8
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	2.5	-	-	(1.7)	-	-	(1.7)	0.8
Share-based payments expenses	-	-	-	1.0	-	-	1.0	1.0
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	3.0	-	(2.4)	-	-	0.6	0.6
Dividends paid	-	-	-	-	-	(257.4)	(257.4)	(257.4)
Total transactions with equity holders of the Company	2.5	(2.2)	-	(3.1)	-	(257.4)	(262.7)	(260.2)
At 30 Sep 2011	262.8	(2.2)	(276.3)	12.5	(10.8)	27.5	(249.2)	13.6
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	92.6	92.6	92.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	4.2	-	4.2	4.2
Total comprehensive income for the period	-	-	-	-	4.2	92.6	96.8	96.8
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	-	-	-	-	-	-	-	-
Share-based payments expenses	-	-	-	1.4	-	-	1.4	1.4
Purchase of treasury shares	-	(3.9)	-	-	-	-	(3.9)	(3.9)
Transfer from treasury shares to share-based payment reserve	-	0.6	-	(0.1)	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	(3.3)	-	1.3	-	(85.8)	(87.8)	(87.8)
At 31 Dec 2011	262.8	(5.5)	(276.3)	13.9	(6.6)	34.3	(240.2)	22.6

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

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 2010	257.5	(3.0)	(276.3)	13.0	(7.4)	142.0	(131.7)	125.8
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	182.7	182.7	182.7
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(3.9)	-	(3.9)	(3.9)
Total comprehensive income for the period	-	-	-	-	(3.9)	182.7	178.9	178.9
<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	-	-	(0.7)	-	-	(0.7)	1.9
Share-based payments expenses	-	-	-	4.4	-	-	4.4	4.4
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer from treasury shares to share-based payment reserve	-	2.9	-	(2.9)	-	-	-	-
Dividends paid	-	-	-	-	-	(257.3)	(257.3)	(257.3)
Total transactions with equity holders of the Company	2.6	2.9	-	0.8	-	(257.3)	(253.6)	(251.0)
At 30 Sep 2010	260.1	(0.1)	(276.3)	13.7	(11.2)	67.4	(206.4)	53.6
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	80.4	80.4	80.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	3.6	-	3.6	3.6
Total comprehensive income for the period	-	-	-	-	3.6	80.4	84.0	84.0
<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	0.3	-	-	-	-	-	-	0.3
Share-based payments expenses	-	-	-	1.7	-	-	1.7	1.7
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer from treasury shares to share-based payment reserve	-	-	-	0.2	-	-	0.2	0.2
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	0.3	-	-	1.9	-	(85.8)	(83.9)	(83.6)
At 31 Dec 2010	260.3	(0.1)	(276.3)	15.7	(7.7)	62.1	(206.3)	54.0

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 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	-	-	-	-	-	176.6	176.6	176.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(3.1)	-	(3.1)	(3.1)
Total comprehensive income for the period	-	-	-	-	(3.1)	176.6	173.5	173.5
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	2.5	-	-	(1.7)	-	-	(1.7)	0.8
Share-based payments expenses	-	-	-	1.0	-	-	1.0	1.0
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	3.0	-	(2.4)	-	-	0.6	0.6
Dividends paid	-	-	-	-	-	(257.4)	(257.4)	(257.4)
Total transactions with equity holders of the Company	2.5	(2.2)	-	(3.1)	-	(257.4)	(262.7)	(260.2)
At 30 Sep 2011	262.8	(2.2)	276.5	12.5	(10.8)	582.3	858.4	1,121.2
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	171.6	171.6	171.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	4.2	-	4.2	4.2
Total comprehensive income for the period	-	-	-	-	4.2	171.6	175.8	175.8
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	-	-	-	-	-	-	-	-
Share-based payments expenses	-	-	-	1.4	-	-	1.4	1.4
Purchase of treasury shares	-	(3.9)	-	-	-	-	(3.9)	(3.9)
Transfer from treasury shares to share-based payment reserve	-	0.6	-	(0.1)	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	(3.3)	-	1.3	-	(85.8)	(87.8)	(87.8)
At 31 Dec 2011	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2

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 2010	257.5	(3.0)	276.5	13.0	(7.3)	705.1	984.3	1,241.8
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	166.5	166.5	166.5
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(3.9)	-	(3.9)	(3.9)
Total comprehensive income for the period	-	-	-	-	(3.9)	166.5	162.6	162.6
<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	-	-	(0.7)	-	-	(0.7)	1.9
Share-based payments expenses	-	-	-	4.4	-	-	4.4	4.4
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer from treasury shares to share-based payment reserve	-	2.9	-	(2.9)	-	-	-	-
Dividends paid	-	-	-	-	-	(257.3)	(257.3)	(257.3)
Total transactions with equity holders of the Company	2.6	2.9	-	0.8	-	(257.3)	(253.6)	(251.1)
At 30 Sep 2010	260.1	(0.1)	276.5	13.7	(11.2)	614.3	893.2	1,153.3
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	134.6	134.6	134.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	3.6	-	3.6	3.6
Total comprehensive income for the period	-	-	-	-	3.6	134.6	138.2	138.2
<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	0.3	-	-	-	-	-	-	0.3
Share-based payments expenses	-	-	-	1.7	-	-	1.7	1.7
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer from treasury shares to share-based payment reserve	-	-	-	0.2	-	-	0.2	0.2
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	0.3	-	-	1.9	-	(85.8)	(83.9)	(83.6)
At 31 Dec 2010	260.3	(0.1)	276.5	15.7	(7.7)	663.1	947.5	1,207.8

6. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 December 2011, the share capital of the Company totaled S\$262.8 million comprising 1,715,328,615 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 31 December 2011, there was no issue of new ordinary shares.

For the full year, 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 31 December 2011, the Company bought 1,363,000 ordinary shares from the market at the total consideration of S\$3.9 million.

Year-to-date, a total of 3,363,000 ordinary shares were bought from the market at a total consideration of S\$9.1 million.

During the quarter, 234,795 treasury shares were transferred to participants of the Company's share plans. For the year, a total of 1,399,753 ordinary shares were transferred.

The treasury share balance, after accounting for the net buy-back and transfers, was S\$5.5 million or 1,975,987 ordinary shares as at 31 December 2011 (31 December 2010: 12,740 ordinary shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 31 December 2011, the outstanding balance of unexercised options under the Company's share option plans totaled 2,731,280 (31 December 2010: 4,011,486) or 0.2% of total issued shares in the capital of the Company.

Performance Share Plan

As at 31 December 2011, the outstanding balance of conditional awards under the Performance Share Plan was 1,955,150 ordinary shares (31 December 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 third year anniversary of its grant date.

Restricted Stock Plan

As at 31 December 2011, outstanding balance of conditional awards under the Restricted Stock Plan was 5,162,302 ordinary shares (31 December 2010: 4,881,516 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 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 results of the financial year have been audited.

8. AUDITORS' REPORT

A copy of the Auditor's report is attached.

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 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 31 Dec		Year ended 31 Dec	
	2011	2010	2011	2010
Basic				
Earnings per share	5.4 cents	4.7 cents	18.4 cents	15.3 cents
Weighted average number of shares ('000)	1,716,130	1,715,926	1,716,195	1,715,264
Diluted				
Earnings per share	5.4 cents	4.7 cents	18.3 cents	15.3 cents
Weighted average number of shares ('000)	1,724,822	1,724,182	1,725,073	1,723,595

12. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Net asset value per share	1.3 cents	3.1 cents	70.5 cents	70.4 cents

13. REVIEW OF GROUP PERFORMANCE

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Operating revenue	612.6	559.0	53.6	9.6	2,312.0	2,237.7	74.3	3.3
Operating expenses	(507.7)	(462.3)	45.3	9.8	(1,935.2)	(1,901.4)	33.8	1.8
Other income	10.0	3.0	7.0	nm	21.4	6.0	15.4	nm
Profit from operations	114.9	99.7	15.3	15.3	398.2	342.3	55.9	16.3
Finance income	0.4	0.1	0.3	nm	2.1	1.8	0.3	16.2
Finance expenses	(5.4)	(6.9)	(1.5)	(22.3)	(20.5)	(26.6)	(6.1)	(23.0)
Profit before taxation	110.0	92.8	17.2	18.5	379.8	317.5	62.3	19.6
Taxation	(17.4)	(12.4)	5.0	40.7	(64.3)	(54.3)	10.0	18.6
Profit for the period	92.6	80.4	12.1	15.1	315.5	263.2	52.3	19.9
EBITDA	185.3	169.9	15.5	9.1	676.0	601.8	74.2	12.3
Service revenue	559.4	538.5	20.8	3.9	2,172.0	2,144.4	27.6	1.3
EBITDA as a % of service revenue	33.1%	31.5%	1.6	%pts	31.1%	28.1%	3.0	%pts

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

Results for the period ended 31 December 2011

For the quarter ended 31 December 2011, the Group's operating revenue at S\$612.6 million was S\$53.6 million or 10% higher compared to 4Q-2010. For the full year, total operating revenue was 3% higher year-on-year at S\$2,312.0 million.

The quarter's service revenue rose 4% to S\$559.4 million, and for the full year, increased S\$27.6 million or 1% to S\$2,172.0 million. Mobile services revenue grew 3% year-on-year to S\$312.2 million in 4Q-2011 and S\$1,217.6 million for the full year, from higher Post-paid mobile services revenue, which offset the lower revenue from Pre-paid mobile service. This quarter's Pay TV services revenue at S\$98.7 million was up S\$6.9 million or 8% when compared to 4Q-2010, driven by a higher subscriber base and increased ARPU. The lowering of the Sports Group's subscription price from S\$25/month to S\$12/month since June 2010 and the non-recurrence of the 2010 FIFA World Cup event in 2011 led to the full year Pay TV services revenue to be S\$19.4 million or 5% lower year-on-year at S\$376.0 million. Compared to the same periods last year, Broadband services revenue for the quarter increased S\$1.6 million or 3% to S\$60.6 million, and for the full year, was up 2% to S\$241.7 million. Compared to 4Q-2010, this quarter's Fixed Network services revenue increased 3% to S\$88.0 million, mainly due to higher revenue from Data & Internet. For the full year, Fixed Network services revenue grew S\$5.0 million or 2% year-on-year to S\$336.7 million, with increase contributed by both Data & Internet and Voice services.

For the quarter, revenue from sales of equipment was higher due to strong demand for the newly launched iPhone 4S in October 2011. For the full year, revenue from equipment sales rose S\$46.7 million or 50% to S\$140.0 million when compared to last year. The increase was attributable to higher quantities of smart phones and tablets sold in the current periods, and at higher average selling prices.

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

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Operating revenue								
Mobile revenue	312.2	302.7	9.4	3.1	1,217.6	1,181.3	36.3	3.1
Pay TV revenue	98.7	91.8	6.9	7.5	376.0	395.4	(19.4)	(4.9)
Broadband revenue	60.6	59.0	1.6	2.7	241.7	236.0	5.7	2.4
Fixed Network services revenue	88.0	85.0	2.9	3.4	336.7	331.7	5.0	1.5
Total service revenue	559.4	538.5	20.8	3.9	2,172.0	2,144.4	27.6	1.3
Sale of equipment	53.2	20.4	32.8	160.5	140.0	93.3	46.7	50.0
Total	612.6	559.0	53.6	9.6	2,312.0	2,237.7	74.3	3.3

	Quarter ended 31 Dec		Year ended 31 Dec	
	2011 Mix %	2010 Mix %	2011 Mix %	2010 Mix %
Operating revenue mix				
Mobile revenue	51.0	54.2	52.7	52.8
Pay TV revenue	16.1	16.4	16.3	17.7
Broadband revenue	9.9	10.5	10.5	10.5
Fixed Network services revenue	14.4	15.2	14.6	14.8
Sale of equipment	8.7	3.7	6.1	4.2
Total	100.0	100.0	100.0	100.0

Profitability

The Group's profit from operations for the quarter at S\$114.9 million was up 15% when compared to 4Q-2010. The increase was attributed to higher operating revenue and other income, and partially offset by the increases in operating expenses in the quarter. Operating expenses for the quarter rose 10%, driven by a 29% increase in cost of sales which was mitigated by a 6% decrease in other operating expenses. The increase in cost of sales was due to the strong demand for the recently launched iPhone 4S which led to cost of equipment sold for the quarter to increase 69% when compared to 4Q-2010. Other operating expenses decreased S\$15.2 million or 6% year-on-year to S\$237.1 million for the quarter, with lower spending on repair and maintenance, other expenses, operating lease and staff costs, offset by higher marketing and promotion expenses. Increases in other income for the quarter were mainly attributed to increase in grants recognised for the increased adoption of Next Gen NBN services.

For the full year, profit from operations grew S\$55.9 million or 16% year-on-year to S\$398.2 million. The higher operating revenue and income grant for the year were offset by higher cost of sales and other operating expenses. On the back of a 3% year-on-year increase in operating revenue, 2011 cost of sales was up 2% to S\$928.5 million, driven mainly by the higher cost of equipment sold which rose 23% year-on-year as higher quantity of smart devices were sold. This increase was mitigated by lower cost of services and traffic expenses which decreased 12% and 6% respectively. Other operating expenses at S\$1,006.7 million for the year were S\$18.1 million or 2% higher year-on-year. The increase was due to higher depreciation and amortisation, staff costs, and marketing and promotion

expenses, mitigated by lower other expenses, operating lease, repair and maintenance and allowance for doubtful receivables. Other income for the year increased S\$15.4 million to S\$21.4 million as a result of increased adoption grants received this year, and the increase in grants recognised upon completion of the Next Gen NBN rollout milestones.

The improved revenue performance and costs management resulted in the Group's EBITDA increasing 9% year-on-year to S\$185.3 million for the quarter, and 12% to S\$676.0 million for the full year. As a percentage of service revenue, EBITDA margin rose to 33.1% for the quarter, and for the full year, was averaging higher at 31.1%, when compared to 31.5% in 4Q-2010 and 28.1% in FY2010.

For both the quarter and full year periods, finance income grew S\$0.3 million year-on-year to S\$0.4 million in 4Q-2011 and S\$2.1 million in FY2011 due to higher yielding deposits with the banks.

Against the same periods last year, finance expenses for the quarter were S\$1.5 million or 22% lower at S\$5.4 million, and for the full year, decreased S\$6.1 million or 23% to S\$20.5 million. The lower finance expenses were from lower facility fees and interest expenses as loan balances decreased during the year.

For the quarter, profit before taxation increased S\$17.2 million or 19% to S\$110.0 million, and for the full year, was up S\$62.3 million or 20% to S\$379.8 million when compared to the same periods last year.

The Group's taxation for the quarter amounted to S\$17.4 million after accounting for group tax relief amongst the group companies. For the year, taxation amounted to S\$64.3 million or 17% of the profit before tax.

The Group's profit after taxation was 15% higher at S\$92.6 million in 4Q-2011, and increased 20% to S\$315.5 million for the full year.

Mobile Service Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Mobile revenue								
Post-paid	251.8	237.2	14.6	6.1	968.2	917.4	50.8	5.5
Pre-paid	60.4	65.5	(5.2)	(7.9)	249.4	263.9	(14.5)	(5.5)
Total	312.2	302.7	9.4	3.1	1,217.6	1,181.3	36.3	3.1

	Quarter ended			Year ended		YoY
	31 Dec 2011	30 Sep 2011	31 Dec 2010	31 Dec 2011 2010		Incr/(Decr) %
Mobile operating statistics						
Number of registered customers (in thousands)						
Post-paid	1,066	1,059	1,036	1,066	1,036	2.9
Pre-paid	1,125	1,111	1,109	1,125	1,109	1.5
Total	2,192	2,170	2,145	2,192	2,145	2.2
Monthly minutes of use per registered customer						
Post-paid	336	337	354	339	373	(9.2)
Pre-paid	476	482	500	485	531	(8.6)
Average monthly SMS per registered user (originating)						
Post-paid	230	248	257	246	257	(4.4)
Pre-paid	116	125	138	126	146	(13.8)
Mobile Data Traffic (in GBytes)						
Post-paid	4,191,150	4,072,930	3,482,171	15,353,645	13,231,261	16.0
Pre-paid	75,840	74,370	45,941	285,266	122,291	133.3
ARPU with IDD included (S\$ per month)						
Post-paid	76	74	73 ⁽¹⁾	74	72 ⁽¹⁾	2.4
Pre-paid	18	19	20	19	21	(9.9)
Non-voice service as a contribution to ARPU						
Post-paid	39.8%	38.4%	36.2% ⁽¹⁾	38.2%	35.6% ⁽¹⁾	-
Pre-paid	17.0%	16.5%	15.4%	16.6%	14.0%	-
Average monthly churn rate (post-paid)	1.2%	1.1%	1.1%	1.1%	1.1%	-
Singapore mobile penetration ⁽²⁾	148.9%	147.9%	143.6%	148.9%	143.6%	-
Market Share ⁽²⁾	28.3%	28.3%	29.4%	28.3%	29.4%	-

Note:

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

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

Total mobile services

Against the same periods last year, total mobile services revenue increased 3% to S\$312.2 million for the quarter and S\$1,217.6 million for the full year. The higher revenue was attributable to Post-paid mobile services revenue, which increased 6% in the current periods while Pre-paid mobile services revenue decreased 8% for the quarter and 6% for the year. As a percentage of the overall revenue mix, mobile services revenue continue to account for the major proportion at 53% for the year.

Post-paid mobile services

For the quarter and full year periods, Post-paid mobile services revenue was up 6% to S\$251.8 million and S\$968.2 million respectively compared to corresponding periods last year. The higher revenue was on the back of a higher subscriber base and increased ARPU.

As at 31 December 2011, Post-paid mobile customer base totaled 1,066K after the quarter's net add of 7K customers. This was 30K or 3% higher than a year ago.

Post-paid mobile ARPU was S\$76 for the quarter and S\$74 for the full year, up from S\$73 and S\$72 in the same periods last year. The higher ARPU was due to higher subscription revenue from increasing mix of "SmartSurf" plans. The higher mobile subscription revenue was partially diluted by lower chargeable voice and data usages. Post-paid mobile monthly minutes of use per customer continued to decline at 336 minutes per month in 4Q-2011 compared to 354 minutes in 4Q-2010. For the full year, voice usage reduced 9% year-on-year to 339 minutes per month. Post-paid data traffic on the other hand, increased from 3.5 million Gigabytes in 4Q-2010 to 4.2 million Gigabytes in 4Q-2011, and for the full year, Post-paid mobile data traffic was up 16% to 15.4 million Gigabytes. As a ratio of Post-paid ARPU, non-voice services ratio rose to 39.8% for the quarter and 38.2% for the full year, as compared to 36.2% in 4Q-2010 and 35.6% for FY2010.

Post-paid mobile monthly average churn for the quarter was higher at 1.2% this quarter due to competing offers by competitors on the latest model of the iPhone in 4Q-2011. For the full year, Post-paid mobile monthly average churn at 1.1% was comparable to last year.

Pre-paid mobile services

Due to lower ARPU in the market, Pre-paid mobile services revenue was 8% lower at S\$60.4 million for the quarter. For the full year period, revenue declined by S\$14.5 million or 6% to S\$249.4 million compared to the same periods last year.

As at 31 December 2011, Pre-paid registered customer base was 1,125K after the quarter's net add of 15K customers. This was 16K or 2% higher compared to last year.

Against the same periods last year, Pre-paid mobile ARPU was S\$2 lower at S\$18 for the quarter and S\$19 for the full year. The lower ARPU year-on-year was impacted by lower voice usage, with the quarter's Pre-paid monthly minutes of use per customer decreasing from 500 minutes in 4Q-2010 to 476 minutes in 4Q-2011. For the full year, Pre-paid monthly minutes of use was 9% lower year-on-year at 485 minutes. However, Pre-paid mobile data continued to account for higher traffic with increased take-up of our Pre-paid MaxMobile and Blackberry data subscription packages. For the quarter, Pre-paid mobile data traffic grew 1.7 times from 46K Gigabytes in 4Q-2010 to 76K Gigabytes this quarter, and for the full year, was 133% higher year-on-year at 285K Gigabytes. As a percentage of Pre-paid ARPU, Pre-paid non-voice services were higher at 17.0% for the quarter and 16.6% for the full year when compared to 15.4% and 14.0% in the same periods last year.

Pay TV Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	98.7	91.8	6.9	7.5	376.0	395.4	(19.4)	(4.9)

Pay TV operating statistics	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
	2011	2011	2010	2011	2010	%
Number of residential Pay TV customers (in thousands)	545	542	538	545	538	1.2
ARPU (S\$ per month)	51	50	48	50	52	(5.3)
Average monthly churn rate	0.9%	1.2%	1.2%	1.1%	1.1%	-
StarHub's penetration	45.2%	45.4%	45.8%	45.2%	45.8%	-

This quarter's Pay TV revenue rose S\$6.9 million or 8% to S\$98.7 million compared to 4Q-2010. The increase was due to higher HD set-top box rental revenue and the S\$2 monthly subscription price increase which took effect since August this year. Pay TV ARPU for the quarter was S\$3 higher at S\$51 compared to S\$48 in 4Q-2010.

Year-on-year, Pay TV revenue for full year 2011 at S\$376.0 million was S\$19.4 million or 5% lower. The lowering of the Sports group subscription price since June 2010 and the non-recurrence of the 2010 FIFA World Cup event this year saw the first half-year revenue decreased by 13% year-on-year. The first half year decrease was only partially mitigated by the S\$2 price increase implemented in August this year. As a result, 2011 Pay TV ARPU decreased S\$2 to S\$50 as against S\$52 last year.

As at 31 December 2011, Pay TV subscriber base was 545K after the quarter's net add of 3K customers. This was 7K or 1% higher than last year.

For the quarter, Pay TV monthly average churn was 0.9%, down from 1.2% in 4Q-2010. The reduced churn was attributed to more targeted customer retention activities carried out in the second half of the year. For previous quarters, the higher churn was impacted by the expiry of promotional offers in previous quarters. For the full year, Pay TV monthly churn at 1.1% was comparable to last year's level.

Broadband Revenue

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	60.6	59.0	1.6	2.7	241.7	236.0	5.7	2.4

Broadband operating statistics	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
	2011	2011	2010	2011	2010	%
Number of residential broadband customers - subscription-based (in thousands)	440	438	422	440	422	4.2
ARPU (S\$ per month)	45	45	45 ⁽¹⁾	45	47 ⁽¹⁾	(3.7)
Average monthly churn rate	1.1%	1.1%	1.1%	1.2%	1.3%	-

Note:

(1) Normalised

Against the same periods last year, Broadband revenue increased S\$1.6 million or 3% to S\$60.6 million for the quarter, and for the full year, was 2% higher at S\$241.7 million. The higher revenue year-on-year was mainly driven by higher subscriber base.

As at 31 December 2011, Broadband customer base was 440K after the quarter's net add of 2K customers. This was 18K or 4% higher compared to a year ago.

Broadband ARPU amounted to S\$45 for both the quarter and full year periods. The current ARPU was comparable to 4Q-2010, but was S\$2 lower for the year when compared to S\$47 in FY2010. The lower ARPU for the full year period was attributed to higher promotional and discounts offers as we drive take up for our hubbing services.

Broadband average monthly churn for the quarter was stable at 1.1%. For the full year period, the average monthly churn was brought higher to 1.2% due to the higher churn experienced in first quarter this year as certain MaxOnline customers, who were on promotional rates, churned upon the expiry of their term contracts. Compared to 2010, the current average monthly churn rate has trended lower.

Fixed Network Services Revenue

Fixed Network Services Revenue	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Data & internet	73.4	70.6	2.8	3.9	281.1	278.3	2.9	1.0
Voice services	14.5	14.4	0.2	1.1	55.6	53.4	2.2	4.0
Total	88.0	85.0	2.9	3.4	336.7	331.7	5.0	1.5

On account of higher Data & Internet revenue, this quarter's Fixed Network services revenue rose 3% to S\$88.0 million when compared to S\$85.0 million in 4Q-2010. For the full year, Fixed Network services revenue was S\$5.0 million or 2% higher year-on-year at S\$336.7 million, with increase attributable to both Data & Internet and Voice services.

The quarter's Data & Internet services revenue increased S\$2.8 million or 4% year-on-year to S\$73.4 million mainly due to higher take-up of our Next Gen NBN services by retail service providers. For the full year, Data & Internet services revenue was 1% higher year-on-year at S\$281.1 million from higher subscription of Next Gen NBN services, which was offset by lower revenue from local and international leased circuit due to pricing pressure.

Compared to the same periods last year, Voice services revenue was up 1% for the quarter to S\$14.5 million and increased 4% for the full year period to S\$55.6 million. The higher revenue was attributable 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 Dec 2011	30 Sep 2011	31 Dec 2010	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,189	1,175	1,175	1.2
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	791	793	790	0.1
Percentage of total hubbing households which subscribe to any two services	30.9%	30.7%	30.4%	0.5% pts
Percentage of total hubbing households which subscribe to all three services	25.9%	26.0%	25.3%	0.6% pts
Total hubbing households which subscribe to two or more services	56.8%	56.7%	55.7%	1.1% pts

Note:

(1) Source: Nielsen Media Research for 2011 estimates

As at 31 December 2011, total number of hubbing households with at least one StarHub service was 791K. The ratio of households subscribing to multiple StarHub services was 56.8% as at 31 December 2011, up from 55.7% last year.

Our Triple Hub Club household customer base totaled 205K as at 31 December 2011. This was 5K more than a year ago. Our Hub Club now comprised 25.9% of our total hubbing households, as compared to 25.3% last year.

Operating expenses

Operating expenses	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m	%
Cost of sales	270.5	210.0	60.5	28.8	928.5	912.8	15.7	1.7
Other operating expenses	237.1	252.3	(15.2)	(6.0)	1,006.7	988.6	18.1	1.8
Total	507.7	462.3	45.3	9.8	1,935.2	1,901.4	33.8	1.8

For the quarter, total operating expenses amounted to S\$507.7 million, 10% higher than 4Q-2010. The higher expenses were due to 29% increase in cost of sales, partially mitigated by 6% reduction in other operating expenses. For the full year, total operating expenses were 2% higher at S\$1,935.2 million, with both cost of sales and other operating expenses increasing at 1.7% and 1.8% respectively when compared to FY2010.

As a percentage of operating revenue, total operating expenses was 82.9% for the quarter and 83.7% for the full year, compared to 82.7% and 85.0% for the corresponding periods last year.

Details of total operating expenses are as follows:

(A) Cost of sales

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %		2011 S\$m	2010 S\$m	Incr / (Decr) S\$m %	
Cost of sales								
Cost of equipment sold	127.6	75.8	51.9	68.5	383.4	312.3	71.1	22.8
Cost of services	80.5	73.2	7.3	10.0	298.3	338.8	(40.5)	(12.0)
Traffic expenses	62.4	61.0	1.4	2.2	246.8	261.7	(14.9)	(5.7)
Total	270.5	210.0	60.5	28.8	928.5	912.8	15.7	1.7

Year-on-year, this quarter's cost of sales increased S\$60.5 million or 29% to S\$270.5 million, attributed to higher cost of equipment sold and cost of services. As a percentage of operating revenue, cost of sales was 44.2% in 4Q-2011, up from 37.6% in 4Q-2010.

For the full year, cost of sales amounted to S\$928.5 million, 2% higher than last year. The increase was due to higher cost of equipment sold, mitigated by lower cost of services and traffic expenses. As a percentage of operating revenue, cost of sales ratio reduced to 40.2% in FY2011 compared to 40.8% last year.

Cost of equipment sold increased 69% year-on-year to S\$127.6 million for the quarter, and for the full year, was up S\$71.1 million or 23% to S\$383.4 million compared to last year. This was due to a higher quantity of smart devices sold in the current periods and with higher unit costs. As a percentage of operating revenue, cost of equipment sold ratio was higher at 20.8% in 4Q-2011 and 16.6% for the full year, up from 13.6% and 14.0% in the same periods last year.

Compared to 4Q-2010, this quarter's cost of services increased S\$7.3 million or 10% to S\$80.5 million. About 50% of the increase was attributed to higher Pay TV content costs from new and renewed programming contracts. The remaining increase was in line with the increased volume of business in the telco business. For the full year, cost of services was S\$40.5 million or 12% lower year-on-year at S\$298.3 million. The higher Pay TV content costs in the current periods were mitigated by the non-recurrence of costs for 2010 FIFA World Cup event and the avoidance of Barclay Premier League content cost. As a percentage of operating revenue, cost of services at 13.1% for the quarter was comparable to 4Q-2010, and for the full year, decline from 15.1% last year to 12.9% this year.

Traffic expenses for the quarter were up S\$1.4 million or 2% year-on-year to S\$62.4 million, and for the full year, decreased S\$14.9 million or 6% to S\$246.8 million when compared to last year. The lower traffic expenses for the full year were mainly due to lower interconnection rates negotiated with our carrier partners. As a percentage of operating revenue, traffic expenses ratio was 10.2% for the quarter and 10.7% for the full year, down from 10.9% and 11.7% in the corresponding periods last year.

(B) Other operating expenses

	Quarter ended 31 Dec				Year ended 31 Dec			
	2011	2010	Incr / (Decr)		2011	2010	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Staff costs	62.5	64.6	(2.1)	(3.3)	266.9	249.9	17.0	6.8
Operating lease	32.7	37.1	(4.4)	(11.7)	135.5	146.2	(10.7)	(7.3)
Marketing and promotion	41.3	36.9	4.3	11.8	169.6	156.3	13.3	8.5
Allowance for doubtful receivables	3.8	4.6	(0.9)	(18.9)	14.7	18.4	(3.7)	(20.3)
Repair and maintenance	13.1	19.3	(6.2)	(31.9)	68.0	73.3	(5.3)	(7.2)
Other expenses	13.3	19.6	(6.2)	(31.9)	74.2	85.0	(10.8)	(12.7)
Sub total	166.7	182.1	(15.4)	(8.5)	728.9	729.1	(0.2)	(0.0)
Depreciation and amortisation	70.4	70.2	0.2	0.3	277.8	259.5	18.3	7.1
Total	237.1	252.3	(15.2)	(6.0)	1,006.7	988.6	18.1	1.8

Total operating expenses for the quarter amounted to S\$237.1 million, 6% lower compared to 4Q-2010. The lower expenses were primarily due to lower other expenses, repair and maintenance, operating lease and staff costs, offset by higher marketing and promotion expenses. As a percentage of operating revenue, total operating expenses was lower at 38.7% for the quarter compared to 45.1% in 4Q-2010.

For the full year period, total operating expenses were S\$18.1 million or 2% higher year-on-year at S\$1,006.7 million. The increase was attributed to higher depreciation and amortisation, staff costs and marketing and promotion expenses, mitigated by lower other expenses, operating lease, repair and maintenance and allowance for doubtful receivables. As a ratio of operating revenue, total operating expenses were 43.5% this year as against 44.2% last year.

Staff costs

Staff costs for the quarter at S\$62.5 million was 3% lower compared to 4Q-2010, due to reversals of prior periods' over-provisions during the quarter. Excluding these write-backs, staff costs for the quarter was comparable to 4Q-2010.

For the full year period, staff costs were S\$17.0 million or 7% higher than last year. Excluding the one-time S\$12 million charge for the bonus payment in 2010, this year's staff costs would have increased 12% year-on-year. This was attributable to higher salaries, temporary staff expenses and increased headcount to support the increased business activities and the expanded distribution network as five more retail outlets and customer service centres became fully operational for the full year 2011. As a percentage of operating revenue, staff costs were 10.2% in 4Q-2011 and 11.5% for full year, as compared to 11.6% in 4Q-2010 and 11.2% in FY2010.

Operating lease

The increased rental costs for the new retail and customer service centres in the current periods were offset by write-backs of costs over-provided for prior years' projects. As a result, operating lease for the quarter was lower at S\$32.7 million, and for the year amounted to S\$135.5 million, a decrease of 7% year-on-year. As a percentage of operating revenue, operating lease was lower at 5.3% in 4Q-2011 and 5.9% for the full year as against 6.6% in 4Q-2010 and 6.5% in FY2010.

Marketing and promotion

Marketing and promotion expenses were up 12% to S\$41.3 million for the quarter, due to the year end festive promotions and launch activities for the iPhone 4S in October 2011. For the year, marketing and promotion expenses were 9% higher at S\$169.6 million due to increased marketing and promotional activities this year to drive acquisition and retention. As a percentage of operating revenue, marketing and promotion expenses were 6.7% in 4Q-2011 and 7.3% for the full year, up from 6.6% and 7.0% in the corresponding periods last year.

Allowance for doubtful receivables

Compared to the same periods last year, this quarter's allowance for doubtful receivables was 19% lower at S\$3.8 million, and for the full year period, decreased S\$3.7 million or 20% to S\$14.7 million. The higher expenses in last year were due to higher receivables then when we had to delay billing and dunning activities to accommodate migration to a new business support system. As a percentage of service revenue, allowance for doubtful receivables for 2011 was 0.7% for both the quarter and full year periods, compared to 0.9% last year.

Repair and maintenance

For the quarter, repair and maintenance was S\$6.2 million or 32% lower year-on-year at S\$13.1 million, and for the full year, decreased S\$5.3 million or 7% to S\$68.0 million when compared to last year. The decrease was mainly due to the write-back of over accruals for network and support system maintenance. Excluding this, repair and maintenance expenses in current periods are comparable to the same periods last year. As a percentage of operating revenue, repair and maintenance was lower at 2.1% for the quarter and 2.9% for the full year as compared to 3.5% in 4Q-2010 and 3.3% in FY2010.

Other expenses

Year-on-year, other expenses for the quarter decreased 32% to S\$13.3 million, and for the full year, was S\$10.8 million or 13% lower at S\$74.2 million. The reduction was attributed to exchange gain, lower license fees and office expenses, and higher recoveries from network construction expenses. These were partially offset by higher loss from disposal of fixed assets, higher occupancy costs and professional fees. As a percentage of operating revenue, other expenses ratio reduced from 3.5% in 4Q-2010 and 3.8% for FY2010 to 2.2% in 4Q-2011 and 3.2% in FY2011.

Depreciation and amortisation

This quarter's depreciation and amortisation expenses at S\$70.4 million were S\$0.2 million higher compared to 4Q-2010, and for the full year period, rose 7% year-on-year to S\$277.8 million. The higher expenses were attributed to a 3% year-on-year increase in the Group's depreciable fixed asset base. As a ratio of operating revenue, depreciation and amortisation expenses were 11.5% for the quarter and 12.0% for the full year, compared to 12.6% and 11.6% in the corresponding periods last year.

Liquidity and Capital Resources

	Quarter ended 31 Dec		Year ended 31 Dec	
	2011	2010	2011	2010
	S\$m	S\$m	S\$m	S\$m
Operating Activities				
Profit before taxation	110.0	92.8	379.8	317.5
Non-cash items & net finance expenses adjustments	71.2	75.8	278.1	288.6
Net change in working capital	(35.0)	27.6	38.3	63.5
Net cash from operating activities	146.2	196.2	696.2	669.6
Investing Activities				
Proceeds from disposal of fixed assets	0.1	0.1	0.5	2.1
Purchase of fixed assets	(116.8)	(106.8)	(246.5)	(272.1)
Interest received	0.4	0.1	2.0	1.8
Net cash used in investing activities	(116.2)	(106.6)	(244.0)	(268.2)
Financing Activities				
Proceeds from exercise of share options	0.4	0.3	1.7	2.2
Finance expenses paid	(2.7)	(3.4)	(21.8)	(26.8)
Grants received	3.7	25.0	4.9	60.0
Proceeds from loans	50.0	-	187.5	200.0
Repayment of loans	(35.8)	(35.0)	(330.4)	(290.4)
Dividends paid	(85.8)	(85.8)	(343.3)	(343.1)
Purchase of treasury shares	(3.9)	-	(9.1)	-
Net cash used in financing activities	(74.1)	(98.9)	(510.5)	(398.1)
Net change in cash and cash equivalents	(44.1)	(9.3)	(58.3)	3.3
Cash and cash equivalents at beginning of the period	223.3	246.8	237.5	234.2
Cash and cash equivalents at end of the period	179.2	237.5	179.2	237.5
Free Cash Flow ⁽¹⁾	29.4	89.4	449.7	397.5

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 amounted to S\$146.2 million for the quarter. This was S\$50.0 million lower compared to 4Q-2010, as a result of a negative change in working capital of S\$35.0 million in 4Q-2011 as against a positive change in working capital of S\$27.6 million in 4Q-2010. This quarter's negative change in working capital was impacted by higher inventories and other receivables, deposits and prepayments, and lower balance due to related parties, which were mitigated by higher trade payables and accruals, and other payables. For the full year, net cash from operating activities increased to S\$696.2 million in FY2011 due mainly to the higher operating profits, offset by lower positive change in working capital.

Total net cash outflow from investing activities for the quarter at S\$116.2 million was S\$9.6 million higher compared to 4Q-2010, due to higher capex payment of S\$116.8 million in this quarter as against S\$106.8 million in 4Q-2010. For the full year period, net cash outflow from investing activities in 2011 was lower at S\$244.0 million as a result of lower capex payment this year. As a percentage of operating revenue, total capex payment for the quarter and full year periods were 19.1% and 10.7% respectively.

As at 31 December 2011, the Group's total outstanding capital expenditure commitments was S\$195.1 million compared to S\$137.4 million a year ago. The current outstanding capital expenditure commitments mainly comprised commitments for the expansion and enhancement of our existing network infrastructure, and set-tops for the Pay TV business.

For the quarter, free cash flow at S\$29.4 million was 67% lower when compared to 4Q-2010 due to timing of capex payments and working capital change. For the full year, free cash flow was up 13% year-on-year to S\$449.7 million due to higher net cash inflow from operating activities and lower capex payment.

For the quarter, total net cash outflow from financing activities amounted to S\$74.1 million, compared to S\$98.9 million in 4Q-2010. The additional loan funding of S\$50.0 million helped to offset the lower government grant receipts of S\$21.3 million and purchase of treasury shares of S\$3.9 million. For the full year, total cash outflow from financing activities totaled S\$510.5 million compared to S\$398.1 million in 2010. The increased outflow was for higher net repayment of bank loans (S\$52.5 million) and purchase of treasury shares (S\$9.1 million), as well as lower government grant receipts (S\$55.1 million).

Consequently, the Group's cash and cash equivalents as at 31 December 2011 was lower at S\$179.2 million, compared to S\$237.5 million a year ago.

Gearing

As at 31 December 2011, the Group's overall gross debts was lower at S\$662.5 million due to repayments made during the year from surplus operational cash flows. Net debt as at 31 December 2011 amounted to S\$483.3 million, 15% lower than S\$567.9 million a year ago. As a ratio of 2010 EBITDA, the Group's net debt to EBITDA ratio improved from 0.94 times in FY2010 to 0.80 times this year.

Statement of Financial Position

As at 31 December 2011, the Group's total non-current assets amounted to S\$1,188.3 million, a decrease of S\$43.8 million from a year ago, due to lower net book values for property, plant and equipment, and intangible assets.

Total current assets as at 31 December 2011 amounted to S\$534.8 million. Compared to a year ago, this was S\$26.6 million lower, on account of lower cash and bank balance, lower trade receivables, and offset by higher other receivables, deposits and prepayments and inventories.

Total current liabilities reduced from S\$1,073.1 million as at 31 December 2010 to S\$903.3 million this year. The lower current liabilities were mainly due to a lower current portion of outstanding bank loans, offset by higher provision for taxation, trade payables and accruals, and other payables.

Against last year, total non-current liabilities were S\$130.8 million higher at S\$797.2 million as at 31 December 2011. The increase was attributable to a higher non-current portion of outstanding bank loans as some current loan repayments were refinanced with longer term bank facilities and increase in deferred income.

As at 31 December 2011, the Group's shareholders' equity amounted to S\$22.6 million. This was S\$31.4 million lower compared to 31 December 2010, due to lower retained profits after distribution of dividends.

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

Compared to last year, the Group's overall operating revenue grew 3% to S\$2,312.0 million in 2011. This was in line with our guidance of low single digit revenue growth for 2011.

As a percentage of service revenue, 2011 EBITDA margin was 31.1%, in line with our guidance of about 30% of service revenue.

2011 capex payment totaled 11% of operating revenue, in line with our guidance of 2011 full year capex not exceeding 12% of overall operating revenue.

15. GROUP OUTLOOK

Based on the Government's advance estimates, the Singapore's economic growth is expected to ease from 4.8% in 2011 to 1-3% in 2012, which may impact business confidence and consumer spending.

In the Mobile segment, demand for smart devices is expected to continue to grow, albeit at a slower pace. Consumer behavior will continue to change – moving from voice-centric use in the past to a more data-centric profile. This will continue to drive mobile data traffic growth.

In the Pay TV segment, content costs will remain high. To-date, we have only procured the UEFA Euro 2012 content on an exclusive basis since the implementation of the cross-carriage measure. The UEFA Euro 2012 games will kick off in June 2012. We envisage that the operational implications of this new cross-carriage measure will be clearer nearer that date.

In addition, a new set of guidelines under the Media Market Conduct Code will apply to new Pay TV subscription contracts signed or renewed from 1 March 2012. These guidelines include a maximum Pay TV subscription contract length of two years offered by Pay TV operators, and graduated early termination charges for contracts that are longer than three months. However, we do not expect these changes to materially impact our Pay TV business.

In the Broadband segment, the Next Gen NBN passive network is expected to be rollout to reach 95% coverage by June 2012. We expect demand and price competition to increase in the consumer broadband market and the emergence of new growth opportunities in the corporate market segment with the expanded Next Gen NBN network reach. The take-up of the Next Gen NBN services is currently hampered by certain operational issues which are pending resolution with the various parties involved in the Next Gen NBN rollout.

Barring any unforeseen circumstances and based on the current outlook, we expect the Group operating revenue for FY2012 to 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 FY2012 are expected not to exceed 11% of operating revenue. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for FY2012.

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	Final
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	Final
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 Directors have proposed a final dividend of 5 cents per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

(d) Book closure date

Details on closure of books will be announced in due course.

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 January to 31 December 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	70.3
TeleChoice International Ltd & its associates	4.4
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	1.5
	77.7
Transactions for the Purchase of Goods & Services	
Capitaland Limited & its associates	0.3
Singapore Power Limited & its associates	25.6
Singapore Technologies Engineering Ltd & its associates	3.4
Singapore Telecommunications Limited & its associates	124.4
STT Communications Ltd and its associates	1.9
TeleChoice International Ltd & its associates	93.6
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	6.1
	255.4

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 January to 31 December 2011.

**ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
PURSUANT TO SGX APPENDIX 7.2 PART II**

1. SEGMENT REPORTING

	2011 S\$m	2010 S\$m
Mobile	1,217.6	1,181.3
Pay TV	376.0	395.4
Broadband	241.7	236.0
Fixed network services	336.7	331.7
Sale of equipment	140.0	93.3
Operating revenue	2,312.0	2,237.7
EBITDA	676.0	601.8
Depreciation & amortisation (net of asset grants)	(277.8)	(259.5)
Finance income	2.1	1.8
Finance expenses	(20.5)	(26.6)
Profit before taxation	379.8	317.5
Taxation	(64.3)	(54.3)
Profit for the year	315.5	263.2
Assets and liabilities		
Non-current assets	1,188.3	1,232.1
Current assets	534.8	561.4
Total assets	1,723.1	1,793.5
Bank loans	662.5	805.4
Other non-current liabilities	209.7	191.4
Current liabilities	828.3	742.7
Total liabilities	1,700.5	1,739.5
Other information		
Capital expenditure	243.5	293.8
Free cash flow ⁽¹⁾	449.7	397.5

Note:

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

2. SEGMENT PERFORMANCE

For review of the segment performance, please refer to Section 13 “Review of Group Performance”.

3. BREAKDOWN OF SALES

	2011	2010	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Operating revenue reported for first half year	1,127.1	1,126.5	0.7	0.1
Operating profit after tax before deducting minority interests reported for first half year	147.1	100.7	46.4	46.0
Operating revenue reported for second half year	1,184.8	1,111.3	73.6	6.6
Operating profit after tax before deducting minority interests reported for second half year	168.4	162.5	5.9	3.6

4. TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

	Year ended 31 Dec	
	2011	2010
	S\$m	S\$m
Ordinary shares (include proposed final dividend)	343.3	343.1
Preference shares	-	-
Total Annual Dividend	343.3	343.1

5. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company declares that the Directors, Chief Executive Officer and substantial shareholders of the Company are not related to any person occupying a managerial position in the Company or any of the subsidiaries of the Company as at 2 February 2012.



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Independent auditors' report

Members of the Company
StarHub Ltd

Report on the financial statements

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS50.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP
*Public Accountants and
Certified Public Accountants*

**Singapore
2 February 2012**