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STARHUB LTD

Announcement of Unaudited Results for the Second Quarter and Half Year ended 30 June 2012

StarHub is pleased to announce our unaudited results for the second quarter and half year ended 30 June 2012.

Results for the Second Quarter and Half Year ended 30 June 2012

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%
Operating revenue	590.7	568.6	22.1	3.9	1,181.7	1,127.1	54.5	4.8
Operating expenses	(485.2)	(477.2)	8.0	1.7	(975.0)	(948.1)	26.9	2.8
Other income	5.0	4.2	0.8	19.4	13.2	7.2	6.0	83.6
Profit from operations	110.5	95.6	15.0	15.7	219.9	186.2	33.6	18.1
Finance income	1.0	1.0	0.1	5.1	2.2	1.2	0.9	75.5
Finance expenses ⁽¹⁾	(5.9)	(4.9)	1.0	21.2	(9.8)	(9.9)	(0.1)	(1.2)
Profit before taxation	105.7	91.7	14.0	15.2	212.2	177.5	34.7	19.5
Taxation	(18.8)	(13.7)	5.1	37.3	(37.0)	(30.4)	6.6	21.6
Profit for the period	86.8	78.0	8.9	11.4	175.2	147.1	28.1	19.1
Attributable to:								
Equity holders of the Company	86.8	78.0	8.9	11.4	175.2	147.1	28.1	19.1
	86.8	78.0	8.9	11.4	175.2	147.1	28.1	19.1
EBITDA	179.1	163.7	15.5	9.5	355.9	323.5	32.4	10.0
EBITDA as a % of service revenue	32.0%	30.4%	1.6 %pts		32.1%	30.2%	1.9 %pts	
Free Cash Flow ⁽²⁾	143.1	139.5	3.5	2.5	246.8	271.9	(25.1)	(9.2)
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	4.1	5.0	(0.9)	(17.4)	8.1	10.0	(2.0)	(19.5)
<i>Depreciation and amortisation (net of asset grants)</i>	68.6	68.1	0.5	0.8	136.0	137.2	(1.2)	(0.9)

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 Jun				Half Year ended 30 Jun			
	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%
Profit for the period	86.8	78.0	8.9	11.4	175.2	147.1	28.1	19.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	(1.1)	(0.7)	0.4	55.1	(1.6)	(0.6)	1.0	165.5
Other comprehensive income for the period, net of tax	(1.1)	(0.7)	0.4	55.1	(1.6)	(0.6)	1.0	165.5
Total comprehensive income for the period	85.7	77.3	8.5	11.0	173.6	146.5	27.1	18.5
Attributable to:								
Equity holders of the Company	85.7	77.3	8.5	11.0	173.6	146.5	27.1	18.5
	85.7	77.3	8.5	11.0	173.6	146.5	27.1	18.5

1.3 REVIEW OF GROUP PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012

(A) Operating revenue

For the quarter ended 30 June 2012, the Group's operating revenue at S\$590.7 million was S\$22.1 million or 3.9% higher than 2Q-2011, and for the half-year period, increased 4.8% year-on-year to S\$1,181.7 million. The revenue increase for both periods were attributed to higher service revenue from all lines of business, and higher revenue from sales of equipment.

Service revenue for the quarter at S\$560.4 million was S\$21.2 million or 3.9% more than 2Q-2011, and for year-to-date, was up S\$39.2 million or 3.7% year-on-year to S\$1,109.1 million. Year-on-year, Mobile services revenue increased 1.2% for the quarter and 2.5% for the half-year period, driven by higher Post-paid mobile services revenue. The UEFA EURO event broadcast in June led to higher Pay TV services revenue for the quarter at S\$103.7 million, which was S\$11.4 million or 12.4% higher year-on-year. Pay TV services revenue increased 8.5% from 1H-2011 to S\$199.5 million in 1H-2012. Year-on-year, Broadband services revenue grew 2.4% for both the quarter and half-year periods, attributable to a larger customer base and increased ARPU. Higher Data & Internet services revenue resulted in Fixed Network services revenue increasing 5.5% for the quarter and 3.6% in 1H-2012 when compared to the same periods last year.

Year-on-year, this quarter's revenue from sales of equipment was up S\$0.9 million or 3.0% to S\$30.3 million, and increased 26.8% to S\$72.6 million for year-to-date. The higher revenue was attributed to higher unit selling prices of smart devices.

The breakdown of operating revenue and percentage mix by lines of business for the quarter and half year ended 30 June is tabulated below:

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%
Operating revenue								
Mobile revenue	306.2	302.5	3.8	1.2	612.8	598.1	14.7	2.5
Pay TV revenue	103.7	92.3	11.4	12.4	199.5	183.9	15.5	8.5
Broadband revenue	62.4	61.0	1.4	2.4	123.8	120.9	2.9	2.4
Fixed network services revenue	88.0	83.4	4.6	5.5	173.0	167.0	6.0	3.6
Total service revenue	560.4	539.2	21.2	3.9	1,109.1	1,069.9	39.2	3.7
Sale of equipment	30.3	29.4	0.9	3.0	72.6	57.2	15.3	26.8
Total	590.7	568.6	22.1	3.9	1,181.7	1,127.1	54.5	4.8

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2012 Mix %	2011 Mix %	2012 Mix %	2011 Mix %
Operating revenue mix				
Mobile revenue	51.8	53.2	51.9	53.1
Pay TV revenue	17.6	16.2	16.9	16.3
Broadband revenue	10.6	10.7	10.5	10.7
Fixed network services revenue	14.9	14.7	14.6	14.8
Sale of equipment	5.1	5.2	6.1	5.1
Total	100.0	100.0	100.0	100.0

(B) Operating expenses

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%
Operating expenses								
Cost of sales	234.4	221.5	12.9	5.8	480.0	437.9	42.1	9.6
Other operating expenses	250.8	255.7	(5.0)	(1.9)	495.0	510.2	(15.2)	(3.0)
Total	485.2	477.2	8.0	1.7	975.0	948.1	26.9	2.8

On the back of the year-on-year increase in operating revenue of 3.9% and 4.8% for the quarter and year-to-date respectively, total operating expenses was S\$8.0 million or 1.7% higher at S\$485.2 million in 2Q-2012, and increased S\$26.9 million or 2.8% to S\$975.0 million in 1H-2012. Higher cost of sales in the current periods, which were partially mitigated by lower other operating expenses were the main contributing factors for the increased operating expenses.

As a percentage of operating revenue, total operating expenses was lower at 82.1% for the quarter and 82.5% for 1H-2012, when compared to 83.9% in 2Q-2011 and 84.1% in 1H-2011.

Details of total operating expenses are as follows:

(i) Cost of sales

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	82.5	87.9	(5.4)	(6.2)	189.3	171.6	17.7	10.3
Cost of services	91.5	72.3	19.2	26.6	170.5	143.1	27.5	19.2
Traffic expenses	60.5	61.3	(0.9)	(1.4)	120.2	123.2	(3.0)	(2.4)
Total	234.4	221.5	12.9	5.8	480.0	437.9	42.1	9.6

This quarter's cost of sales increased S\$12.9 million or 5.8% year-on-year to S\$234.4 million, while the half-year period was S\$42.1 million or 9.6% higher year-on-year at S\$480.0 million. As a percentage of operating revenue, the cost of sales ratio was higher at 39.7% in 2Q-2012 and 40.6% in 1H-2012, up from 39.0% and 38.9% in the corresponding periods last year.

Cost of equipment sold for the quarter was S\$5.4 million or 6.2% lower year-on-year at S\$82.5 million due to lower quantity of smart devices sold. For 1H-2012, a higher mix of the costlier iPhones sold in the half-year period resulted in cost of equipment sold increasing S\$17.7 million or 10.3% year-on-year to S\$189.3 million. As a ratio of operating revenue, cost of equipment sold in 1H-2012 was 16.0%, up from 15.2% in 1H-2011.

Cost of services in 2Q-2012 increased S\$19.2 million or 26.6% year-on-year to S\$91.5 million. The higher costs in the current period were due to higher programming, production and carriage costs incurred for UEFA EURO 2012 event in June. This, together with higher content costs for existing, new and renewed pay TV programming contracts, and increased costs of services incurred for our growing Fixed Network and Next Gen NBN services resulted in the half-year cost of services to increase 19.2% to S\$170.5 million. As a percentage of operating revenue, cost of services was 15.5% for the quarter and 14.4% for 1H-2012, up from 12.7% last year.

Year-on-year, traffic expenses for the quarter was S\$0.9 million or 1.4% lower at S\$60.5 million, and for the half-year period, decreased S\$3.0 million or 2.4% to S\$120.2 million. The lower expenses were attributable to lower inter-operator SMS traffic and reduction in inter-connection rates for our international outbound traffic, offset by higher outbound traffic volume. As a percentage of operating revenue, traffic expenses was 10.2% for both the quarter and half-year periods, down from 10.8% in 2Q-2011 and 10.9% in 1H-2011.

(ii) Other operating expenses

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Staff costs	67.1	68.4	(1.3)	(1.9)	135.3	134.3	1.0	0.7
Operating lease	32.7	34.2	(1.6)	(4.5)	67.1	68.6	(1.5)	(2.2)
Marketing and promotion	34.9	44.1	(9.3)	(21.0)	72.2	86.6	(14.4)	(16.7)
Allowance for doubtful receivables	4.1	5.0	(0.9)	(17.4)	8.1	10.0	(2.0)	(19.5)
Repair and maintenance	16.4	17.7	(1.3)	(7.3)	31.5	35.7	(4.2)	(11.8)
Other expenses	27.0	18.2	8.8	48.3	44.8	37.7	7.1	18.8
Sub total	182.1	187.7	(5.5)	(2.9)	358.9	373.0	(14.0)	(3.8)
Depreciation and amortisation	68.6	68.1	0.5	0.8	136.0	137.2	(1.2)	(0.9)
Total	250.8	255.7	(5.0)	(1.9)	495.0	510.2	(15.2)	(3.0)

Other operating expenses were lower at S\$250.8 million for the current quarter, a year-on-year decrease of 1.9%. All categories of expenses, except other expenses and depreciation and amortisation, showed decrease year-on-year.

Total other operating expenses in 1H-2012 decreased S\$15.2 million or 3.0% to S\$495.0 million when compared to 1H-2011. The lower spending was mainly due to decreases in marketing and promotion, repair and maintenance, allowance for doubtful receivables, operating lease and depreciation and amortisation, marginally offset by higher other expenses and staff costs.

As a percentage of operating revenue, other operating expenses were lower at 42.4% in 2Q-2012 and 41.9% in 1H-2012 when compared to 45.0% and 45.3% in the corresponding periods last year.

Staff costs

This quarter's staff costs were S\$67.1 million, S\$1.3 million or 1.9% lower year-on-year due to lower temporary staff costs, which were offset by higher salaries and bonus provisions as headcount was higher. Staff costs for the half-year period increased marginally by 0.7% year-on-year to S\$135.3 million as the higher average headcount and staff costs in the half-year period more than offset the reduction in the temporary staff costs. As a percentage of operating revenue, staff costs were 11.4% and 11.5% for the quarter and year-to-date respectively, down from 12.0% in 2Q-2011 and 11.9% in 1H-2011.

Operating lease

Year-on-year, operating lease expenses at S\$32.7 million for the quarter was 4.5% lower and, for year-to-date, decreased S\$1.5 million or 2.2% to S\$67.1 million. The lower expenses were due to lower lease expenses for domestic and international lease circuits and capacity, which were partially offset by higher lease rentals for Next Gen NBN network and office occupancy. As a ratio of operating revenue, operating lease was 5.5% in 2Q-2012 compared to 6.0% in 2Q-2011 and reduced from 6.1% in 1H-2011 to 5.7% in 1H-2012.

Marketing and promotion

2Q-2012 marketing and promotion expenses at S\$34.9 million were S\$9.3 million or 21.0% lower year-on-year, while 1H-2012 marketing and promotion expenses at S\$72.2 million were S\$14.4 million or 16.7% lower year-on-year. The lower expenses in the current periods were attributable to lower acquisition and recontract costs as well as lower dealers' commissions. As a percentage of operating revenue, marketing and promotion expenses reduced from 7.8% in 2Q-2011 to 5.9% in 2Q-2012, and were at 6.1% in 1H-2012 as against 7.7% in 1H-2011.

Allowance for doubtful receivables

For the quarter, allowance for doubtful receivables was S\$0.9 million or 17.4% lower at S\$4.1 million and, for the half-year period, decreased 19.5% year-on-year to S\$8.1 million in 1H-2012. As a ratio of service revenue, allowance for doubtful receivables was lower at 0.7% in the current periods as against 0.9% previously. The lower ratio was attributed to higher and faster collections thereby reducing the outstanding receivables in the older age groups.

Repair and maintenance

Against 2Q-2011, this quarter's repair and maintenance at S\$16.4 million was S\$1.3 million or 7.3% lower and, for year-to-date, was lower at S\$31.5 million, S\$4.2 million or 11.8% lower when compared to 1H-2011. The lower expenses were mainly due to the write-back of excess accruals for network and international capacity maintenance which mitigated the increased maintenance expenses for the expanded base stations and support systems in the current periods. As a percentage of operating revenue, repair and maintenance lower at 2.8% in 2Q-2012 and 2.7% in 1H-2012, down from 3.1% and 3.2% in the corresponding periods last year.

Other expenses

Other expenses grew S\$8.8 million or 48.3% year-on-year to S\$27.0 million for the quarter and, for the half-year period, was S\$7.1 million or 18.8% higher at S\$44.8 million. The higher expenses were impacted by higher provision made for property tax on network infrastructure and stock obsolescence. As a ratio of operating revenue, other expenses was higher at 4.6% and 3.8% for the quarter and year-to-date respectively, up from 3.2% in 2Q-2011 and 3.3% in 1H-2011.

Depreciation and amortisation

Depreciation and amortisation expense for the quarter was S\$0.5 million or 0.8% higher at S\$68.6 million due to accelerated depreciation for certain network equipment identified for replacement by year end. For year-to-date, depreciation and amortisation decreased S\$1.2 million or 0.9% year-on-year to S\$136.0 million as a result of fully depreciated property, plant and equipment and intangible assets. This reduction was partially offset by higher depreciation arising from a 3.2% year-on-year increase in the Group's depreciable fixed assets. As a percentage of operating revenue, depreciation and amortisation expenses was lower at 11.6% in 2Q-2012 and 11.5% in 1H-2012 compared to 12.0% in 2Q-2011 and 12.2% in 1H-2011.

(C) Other income

On account of higher amortised income for the Next Gen NGN rollout, this quarter's other income increased S\$0.8 million or 19.4% year-on-year to S\$5.0 million. For the half-year period, other income was S\$6.0 million or 83.6% higher year-on-year at S\$13.2 million due to increased adoption grants with higher end-users on the Next Gen NBN network as well as increased amortised rollout grant for the completion of the Next Gen NBN rollout milestones.

(D) Profitability

Consequently, the Group's profit from operations for the quarter increased 15.7% to S\$110.5 million and, for the half-year period, grew 18.1% to S\$219.9 million.

Year-on-year, Group's EBITDA for the quarter was 9.5% higher at S\$179.1 million and, for the half-year period, increased S\$32.4 million or 10.0% to S\$355.9 million. As a ratio of service revenue, EBITDA margin was 32.0% and 32.1% for the quarter and half-year respectively, up from 30.4% and 30.2% in the corresponding periods last year.

Finance income at S\$1.0 million in 2Q-2012 was comparable to 2Q-2011. For the half-year period, finance income increased S\$0.9 million year-on-year to S\$2.2 million due to higher yielding bank deposits.

Finance expenses increased by S\$1.0 million or 21.2% to S\$5.9 million for the quarter, with increase due mainly to higher facility fees incurred for new bank loan facilities, which were partly mitigated by lower interest expenses as a result of reduced average loan balances. For the half-year period, finance expenses at S\$9.8 million was S\$0.1 million or 1.2% lower compared to 1H-2011.

Profit before taxation was S\$14.0 million or 15.2% higher at S\$105.7 million for the quarter and, for the half-year period, increased S\$34.7 million or 19.5% to S\$212.2 million.

The Group's taxation increased 37.3% year-on-year to S\$18.8 million for the quarter and 21.6% to S\$37.0 million for the half-year period due to the higher profits generated.

As a result, the Group's net profit at S\$86.8 million this quarter was 11.4% higher than 2Q-2011 and was up S\$28.1 million or 19.1% year-on-year to S\$175.2 million in 1H-2012.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	246.4	239.2	7.2	3.0	491.9	470.7	21.2	4.5
Pre-paid	59.8	63.3	(3.5)	(5.5)	120.9	127.4	(6.5)	(5.1)
Total	306.2	302.5	3.8	1.2	612.8	598.1	14.7	2.5

	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
Mobile operating statistics	2012	2012	2011	2012	2011	%
Number of registered customers (in thousands)						
Post-paid	1,069	1,067	1,051	1,069	1,051	1.8
Pre-paid	1,104	1,133	1,102	1,104	1,102	0.2
Total	2,173	2,200	2,153	2,173	2,153	0.9
Monthly minutes of use per registered customer						
Post-paid	336	333	341	334	341	(1.9)
Pre-paid	454	467	488	461	491	(6.1)
Average monthly SMS per registered user (originating)						
Post-paid	200	216	250	208	253	(17.9)
Pre-paid	108	112	129	110	131	(16.4)
Mobile Data Traffic (in GBytes)						
Post-paid	4,790,350	3,977,103	3,577,678	8,767,452	7,089,565	23.7
Pre-paid	186,243	141,197	77,572	327,440	135,056	142.4
ARPU with IDD included (S\$ per month)						
Post-paid ⁽¹⁾	75	74	73	75	72	3.0
Pre-paid	18	19	20	18	20	(6.1)
Non-voice service as a contribution to ARPU						
Post-paid ⁽¹⁾	40.5%	39.8%	37.5%	40.2%	37.2%	-
Pre-paid	17.9%	17.6%	17.0%	17.7%	16.5%	-
Average monthly churn rate (post-paid)	1.3%	1.3%	1.0%	1.3%	1.0%	-
Singapore mobile penetration ⁽²⁾	150.6%	150.4%	148.5%	150.6%	148.5%	-
Market Share ⁽²⁾	27.8%	28.2%	28.6%	27.8%	28.6%	-

Note:

(1) Restated to exclude revenue from third party content services

(2) Source : IDA (As at May 2012)

Total mobile services

Total mobile services revenue for the quarter grew 1.2% year-on-year to S\$306.2 million in 2Q-2012 and, for the half-year period, increased S\$14.7 million or 2.5% to S\$612.8 million due to higher revenue from Post-paid mobile services. Revenue from Pre-paid mobile services had trended lower this quarter and for the half-year period. On an overall revenue mix, total mobile services revenue mix was lower at 52% in current periods as compared to 53% last year.

Post-paid mobile services

Year-on-year, Post-paid mobile services revenue grew S\$7.2 million or 3.0% to S\$246.4 million in 2Q-2012, and for the half-year period, increased by S\$21.2 million or 4.5% to S\$491.9 million. The higher revenue was contributed by a higher subscriber base and increased ARPU.

As at 30 June 2012, the Post-paid mobile customer base totaled 1,069K, with the quarter's net add at 2,100, a 1.8% expansion compared to last year.

Post-paid mobile ARPU was S\$75 for both the quarter and half-year periods, up from S\$73 in 2Q-2011 and S\$72 in 1H-2011. The higher ARPU was attributable to increased subscription revenue due to an increased take up of "SmartSurf" plans which packaged free voice and data usage bundles at a higher monthly subscription price. This increase was partially offset by lower chargeable voice and data usages. This quarter's Post-paid mobile monthly minutes of use per customer decreased from 341 minutes in 2Q-2011 to 336 minutes in 2Q-2012 and, for year-to-date, was 1.9% lower year-on-year at 334 minutes. The average SMS per Post-paid customer continued to record lower usage year-on-year at 200 SMS for the quarter and 208 SMS for year-to-date, down from 250 SMS in 2Q-2011 and 253 SMS in 1H-2011. With the increasing mix of "SmartSurf" subscribers in the base, Post-paid mobile data traffic increased 33.9% to 4.8 million Gigabytes this quarter and, for the half-year period, traffic grew 23.7% year-on-year to 8.8 million Gigabytes. Hence, Post-paid mobile non-voice services, as a percentage of Post-paid mobile ARPU, was higher at 40.5% in 2Q-2012 and 40.2% in 1H-2012, up from 37.5% and 37.2% in the corresponding periods last year.

The quarter continues to see churn at 1.3% per month as subscribers with data-only plans terminated their subscriptions upon expiry of their contract terms. For the half-year period, Post-paid mobile monthly average churn increased to 1.3% from 1.0% in the same period a year ago.

Pre-paid mobile services

Pre-paid mobile services revenue was S\$3.5 million or 5.5% lower year-on-year at S\$59.8 million in 2Q-2012, and when compared to 1H-2011, decreased S\$6.5 million or 5.1% to S\$120.9 million in 1H-2012 due to lower voice and SMS usages.

For the quarter, a high number of prepaid cards previously acquired by customers during promotional offers, expired, which led to our Pre-paid base shrinking to 1,104K subscribers from 1,133K a quarter ago. This was still 1,800 higher when compared to 30 June 2011.

Pre-paid mobile ARPU was S\$18 in current periods as compared to S\$20 last year. We continue to see lower voice and SMS usages although traffic from data/GPRS usage has increased. Pre-paid mobile monthly minutes of use per customer was lower at 454 minutes in 2Q-2012 when compared to 488 minutes in 2Q-2011, while usage for the half-year period decreased 6.1% year-on-year to 461 minutes in 1H-2012. Pre-paid mobile average monthly SMS per customer was also lower at 108 SMS for the quarter and 110 SMS for the half-year period, down from 129 SMS and 131 SMS in the corresponding periods last year. As a percentage of Pre-paid mobile ARPU, Pre-paid non-voice services was 17.9% in 2Q-2012 and 17.7% in 1H-2012, up from 17.0% in 2Q-2011 and 16.5% in 1H-2011. The increase was mainly driven by higher Pre-paid mobile data usage which increased 2.4 times from

78K Gigabytes in 2Q-2011 to 186K Gigabytes in 2Q-2012, and for the half-year period, expanded 142.4% year-on-year to 327K Gigabytes.

Pay TV Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	103.7	92.3	11.4	12.4	199.5	183.9	15.5	8.5

Pay TV operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential Pay TV customers (in thousands)	543	544	544	543	544	(0.2)
ARPU (S\$ per month)	54	51	49	53	49	8.1
Average monthly churn rate	1.1%	1.1%	1.1%	1.1%	1.1%	-
StarHub's penetration	44.4%	44.8%	45.7%	44.4%	45.7%	-

This quarter's Pay TV services revenue increased by S\$11.4 million or 12.4% to S\$103.7 million and, for the half-year period, grew 8.5% higher to S\$199.5 million when compared to the same periods last year. The higher revenue was boosted by the subscription revenue from UEFA EURO 2012 which was broadcast in June this quarter. Excluding this Pay-Per-View revenue, Pay TV revenue for the quarter and half-year periods was up 6.3% and 5.4% respectively, attributable to a higher take-up of add-on channels, HD set-top box rental revenue and the S\$2 monthly subscription price increase which has been effective since August 2011.

As a result, Pay TV ARPU was S\$54 for the quarter and S\$53 for 1H-2012, up from S\$49 last year.

For the quarter, we saw 1,700 subscribers churn from our Pay TV base which resulted in a lower Pay TV subscriber base at 543K as at 30 June 2012, compared to 544K customers a year ago.

Pay TV monthly average churn for the current periods were comparable to last year at 1.1%.

Broadband Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	62.4	61.0	1.4	2.4	123.8	120.9	2.9	2.4

Broadband operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential broadband customers - subscription-based (in thousands)	439	440	431	439	431	1.8
ARPU (S\$ per month)	46	46	45	46	45	0.7
Average monthly churn rate	1.6%	1.4%	1.1%	1.5%	1.2%	-

Compared to corresponding periods last year, Broadband services revenue was up 2.4% to S\$62.4 million in 2Q-2012 and S\$123.8 million in 1H-2012. The higher revenue was due to a higher customer base and increased ARPU.

As at 30 June 2012, the Broadband customer base at 439K, was 1.8% or 8K higher than last year, driven by a higher take-up of fibre broadband plans.

Broadband ARPU was S\$46 in current periods, S\$1 higher than S\$45 last year. The higher ARPU was mainly due to a higher mix of customers on the higher speed broadband plans.

Broadband average monthly churn was 1.6% for the quarter and 1.5% for year-to-date, compared to 1.1% in 2Q-2011 and 1.2% in 1H-2011. The higher churn in the current periods was due to more competitive offers by new players in the market and the non-renewal by some Broadband customers when their promotional term contracts expired. These were mainly for the lower speed plans.

Fixed Network Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Fixed Network Services Revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & internet	72.9	68.8	4.1	5.9	143.2	139.0	4.2	3.0
Voice services	15.2	14.6	0.6	3.8	29.9	28.1	1.8	6.4
Total	88.0	83.4	4.6	5.5	173.0	167.0	6.0	3.6

For the quarter, Fixed Network services revenue rose by S\$4.6 million or 5.5% to S\$88.0 million and, for the half-year period, increased by S\$6.0 million or 3.6% to S\$173.0 million year-on-year. The increase was contributed by both Data & Internet and Voice services.

For the quarter, Data & Internet services revenue at S\$72.9 million was S\$4.1 million or 5.9% higher than 2Q-2011 and, for the half-year period, was up S\$4.2 million or 3.0% to S\$143.2 million. The higher revenue from an increased take-up of our Internet and Next Gen NBN services was partially offset by lower revenue from domestic and international leased circuits due to termination.

Voice services revenue for the quarter was S\$0.6 million or 3.8% higher at S\$15.2 million when compared to 2Q-2011 and, for the half-year period, increased by S\$1.8 million or 6.4% year-on-year to S\$29.9 million. The higher revenue was mainly contributed by higher subscription of local voice services and increased interconnect revenue, despite being offset by lower IDD revenue.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at		30 Jun 2011	YoY Incr/(Decr) %
	30 Jun 2012	31 Mar 2012		
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,189	1,189	1,175	1.2
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands) ⁽²⁾	786	788	791	(0.6)
Percentage of total hubbing households which subscribe to any two services ⁽²⁾	30.2%	30.3%	30.6%	(0.4)% pts
Percentage of total hubbing households which subscribe to all three services ⁽²⁾	26.6%	26.5%	26.1%	0.5% pts
Total hubbing households which subscribe to two or more services ⁽²⁾	56.8%	56.8%	56.7%	0.1% pts

Note:

(1) Source: Nielsen Media Research for 2011 estimates

(2) Restated to conform to current period's classification

The total number of hubbing households with at least one StarHub service was 786K as at 30 June 2012. This was 4,800 or 0.6% lower than a year ago. However, the ratio of households who subscribed to multiple StarHub services rose from 56.7% last year to 56.8% at present.

As at 30 June 2012, the number of our triple services Hub Club households stood at 209K, 2,600 more than 207K as at 30 June 2011. As a ratio of total hubbing households, this was 26.6% in 2Q-2012, up from 26.1% a year ago.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2012 S\$m	2011 S\$m	2012 S\$m	2011 S\$m
Operating Activities				
Profit before taxation	105.7	91.7	212.2	177.5
Adjustments for :				
Depreciation and amortisation (net of asset grants)	68.6	68.1	136.0	137.2
Loss on disposal of fixed assets	(0.3)	0.3	(0.1)	1.5
Share-based payments expenses	1.3	(2.0)	2.0	(0.5)
Changes in fair value of financial instruments	(0.7)	0.0	(1.0)	(1.9)
Net finance expenses	4.8	3.9	7.6	8.7
Income related grants	(5.0)	(4.2)	(13.2)	(7.2)
Other non-cash items	0.7	0.3	0.9	0.5
Operating cash flow before working capital changes	175.2	158.1	344.5	316.0
Changes in working capital	53.7	23.7	28.8	39.6
Income tax paid	(28.7)	-	(28.7)	-
Net cash from operating activities	200.2	181.7	344.6	355.6
Investing Activities				
Proceeds from disposal of fixed assets	0.3	0.1	0.4	0.1
Purchase of fixed assets	(57.1)	(42.2)	(97.8)	(83.7)
Interest received	1.1	0.9	2.1	1.1
Net cash used in investing activities	(55.7)	(41.2)	(95.3)	(82.5)
Financing Activities				
Proceeds from exercise of share options	0.3	0.4	0.5	1.0
Finance expenses paid	(4.4)	(2.2)	(10.7)	(11.2)
Grants received	3.2	-	47.0	-
Proceeds from loans	-	-	70.0	-
Repayment of loans	-	-	(75.0)	(53.6)
Dividends paid	(171.7)	(171.6)	(171.7)	(171.6)
Purchase of treasury shares	-	-	(2.3)	(5.2)
Net cash used in financing activities	(172.5)	(173.4)	(142.2)	(240.6)
Net change in cash and cash equivalents	(28.0)	(32.8)	107.1	32.6
Cash and cash equivalents at beginning of the period	314.3	303.0	179.2	237.5
Cash and cash equivalents at end of the period	286.3	270.1	286.3	270.1

Net cash from operating activities at S\$200.2 million in 2Q-2012 was S\$18.5 million higher when compared to S\$181.7 million in 2Q-2011. The higher cash inflow was contributed by higher profit from operations and positive change in working capital, which were offset by payment of corporate tax. This quarter's positive working capital of S\$53.7 million arose from higher trade payables and accruals, increased net balance due to related parties, and lower inventories, offset by higher trade receivables. For 1H-2012, net cash from operating activities decreased from S\$355.6 million in 1H-2011 to S\$344.6 million, attributed to a lower positive change in working capital and payment of corporate tax, partially mitigated by higher profits generated from operations.

Year-on-year, net cash outflow from investing activities was S\$14.5 million higher at S\$55.7 million for the quarter and S\$12.8 million higher at S\$95.3 million for the half-year period. The increase was attributed to purchase of fixed assets which amounted to S\$57.1 million for the quarter and S\$97.8 million for year-to-date. As a percentage of operating revenue, total capex payment was 9.7% in 2Q-2012 and 8.3% in 1H-2012.

Free cash flow for the quarter and half year amounted to S\$143.1 million and S\$246.8 million respectively.

For the quarter, net cash outflow from financing activities totaled S\$172.5 million, S\$0.9 million lower compared to 2Q-2011 due mainly to grant receipts of S\$3.2 million, which offset the interest payment increase of S\$2.2 million and lower proceeds from the exercise of stock options of S\$0.1 million. Against 1H-2011, net cash outflow from financing activities at S\$142.2 million in 1H-2012 was S\$98.4 million lower, largely due to grant receipts in 1H-2012 (none in 1H-2011) and loan draw-downs to refinance the repayment of bank loans this year.

As at 30 June 2012, the Group's cash and cash equivalents were higher at S\$286.3 million as compared to S\$270.1 million a year ago.

Capital expenditure commitments

As at 30 June 2012, the Group's total outstanding capital expenditure commitments was S\$196.4 million as compared to S\$164.9 million a year ago. The current outstanding capital expenditure commitments include the commitment for purchase of leasehold land, expansion of our international undersea cable infrastructure and enhancement of our existing domestic network infrastructure and service platforms.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 12 S\$m	31 Dec 11 S\$m	30 Jun 12 S\$m	31 Dec 11 S\$m
Non-current assets				
Property, plant and equipment	735.3	761.9	346.9	344.9
Intangible assets	408.0	423.6	113.7	126.9
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	2.1	2.8	-	-
	1,145.5	1,188.3	1,662.7	1,673.9
Current assets				
Inventories	23.4	37.2	17.8	29.0
Trade receivables	150.5	152.0	138.8	139.9
Other receivables, deposits and prepayments	99.0	149.2	22.1	22.0
Balances with related parties	14.3	17.2	640.8	661.6
Cash and bank balances	286.3	179.2	214.5	154.3
	573.5	534.8	1,034.0	1,006.8
Less:				
Current liabilities				
Trade payables and accruals	430.9	448.1	257.6	288.9
Other payables	252.9	254.8	71.1	64.5
Balances with related parties	62.6	41.9	374.6	296.0
Bank loans	200.0	75.0	200.0	75.0
Provision for taxation	95.0	83.5	66.8	55.7
	1,041.4	903.3	970.1	780.1
Net current (liabilities)/assets	(467.9)	(368.5)	63.8	226.7
Non-current liabilities				
Bank loans	457.5	587.5	457.5	587.5
Other payables	34.1	34.1	34.1	34.1
Deferred income	52.2	62.8	-	-
Deferred tax liabilities	108.4	112.8	64.7	69.8
	652.2	797.2	556.3	691.4
Net assets	25.3	22.6	1,170.3	1,209.2
Shareholders' equity				
Share capital	262.8	262.8	262.8	262.8
Reserves	(237.5)	(240.2)	907.5	946.4
Total equity	25.3	22.6	1,170.3	1,209.2

As at 30 June 2012, the Group's total non-current assets amounted to S\$1,145.5 million. This was S\$42.8 million lower compared to 31 December 2011 due to lower net book values for property, plant and equipment, and intangible assets as certain fixed assets became fully depreciated.

Total current assets increased from S\$534.8 million as at 31 December 2011 to S\$573.5 million as at 30 June 2012. The increase was primarily due to higher cash and bank balances, partially offset by lower other receivables, deposits and prepayments and inventories.

On the back of higher current portion of outstanding bank loans, balances with related parties and provision for taxation and mitigated by lower trade payables and accruals, total current liabilities were higher at S\$1,041.4 million as at 30 June 2012 when compared to 31 December 2011.

Total non-current liabilities, as at 30 June 2012, were S\$145.0 million lower at S\$652.2 million when compared to 31 December 2011. The decrease was due to lower non-current portion of outstanding bank loans and deferred income.

The Group's shareholders' equity amounted to S\$25.3 million as at 30 June 2012, up from S\$22.6 million as at 31 December 2011.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	30 Jun 12	31 Dec 11
	S\$m	S\$m
Amount repayable in one year or less	200.0	75.0
Amount repayable after one year	457.5	587.5
Total	657.5	662.5

For the half-year period, the Group's overall gross debts reduced by S\$5.0 million to S\$657.5 million as at 30 June 2012. Net debt as at 30 June 2012 amounted to S\$371.2 million, 22.9% lower when compared to S\$481.7 million a year ago. The Group's net debt to 2011 EBITDA was lower at 0.55 times as at 30 June 2012 when compared to 0.71 times a year ago.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based payment reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2012	262.8	(5.5)	(276.3)	13.9	(6.6)	34.3	(240.2)	22.6
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	88.4	88.4	88.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	88.4	87.9	87.9
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payment expenses	-	-	-	0.6	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	5.6	-	(5.1)	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	(276.3)	9.3	(7.1)	122.7	(153.5)	109.3
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	86.8	86.8	86.8
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(1.1)	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	-	-	(1.1)	86.8	85.7	85.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.3	-	-	1.3	1.3
Transfer from treasury shares to share-based payment reserve	-	1.2	-	(0.5)	-	-	0.7	0.7
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	1.2	-	0.9	-	(171.7)	(169.7)	(169.7)
At 30 Jun 2012	262.8	(1.0)	(276.3)	10.2	(8.2)	37.8	(237.5)	25.3

6. 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 2011	260.3	(0.1)	(276.3)	15.7	(7.7)	62.1	(206.3)	54.0
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	69.1	69.1	69.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	0.1	-	0.1	0.1
Total comprehensive income for the period	-	-	-	-	0.1	69.1	69.2	69.2
<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	2.3	-	-	(1.7)	-	-	(1.7)	0.6
Share-based payment expenses	-	-	-	1.5	-	-	1.5	1.5
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	-	0.1	-	-	0.1	0.1
Total transactions with equity holders of the Company	2.3	(5.2)	-	(0.1)	-	-	(5.3)	(3.0)
At 31 Mar 2011	262.6	(5.3)	(276.3)	15.5	(7.6)	131.2	(142.4)	120.2
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	78.0	78.0	78.0
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.7)	-	(0.7)	(0.7)
Total comprehensive income for the period	-	-	-	-	(0.7)	78.0	77.3	77.3
<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	0.2	-	-	-	-	-	-	0.2
Share-based payments expenses	-	-	-	(2.0)	-	-	(2.0)	(2.0)
Transfer from treasury shares to share-based payment reserve	-	2.6	-	(2.3)	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total transactions with equity holders of the Company	0.2	2.6	-	(4.3)	-	(171.6)	(173.2)	(173.1)
At 30 Jun 2011	262.8	(2.7)	(276.3)	11.3	(8.3)	37.6	(238.4)	24.4

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

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payment reserve S\$m	Hedging reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2012	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	68.6	68.6	68.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	68.6	68.1	68.1
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payment expenses	-	-	-	0.6	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	5.6	-	(5.1)	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	276.5	9.3	(7.1)	736.7	1,013.3	1,276.1
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	64.9	64.9	64.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(1.1)	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	-	-	(1.1)	64.9	63.8	63.8
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.3	-	-	1.3	1.3
Transfer from treasury shares to share-based payment reserve	-	1.2	-	(0.5)	-	-	0.7	0.7
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	1.2	-	0.9	-	(171.7)	(169.7)	(169.7)
At 30 Jun 2012	262.8	(1.0)	276.5	10.2	(8.2)	630.0	907.5	1,170.3

6. 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
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	61.3	61.3	61.3
Other comprehensive income	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	0.1	-	0.1	0.1
Total comprehensive income for the period	-	-	-	-	0.1	61.3	61.5	61.5
<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	2.3	-	-	(1.7)	-	-	(1.7)	0.6
Share-based payment expenses	-	-	-	1.5	-	-	1.5	1.5
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	-	-	0.1	-	-	0.1	0.1
Total transactions with equity holders of the Company	2.3	(5.2)	-	(0.1)	-	-	(5.3)	(3.0)
At 31 Mar 2011	262.6	(5.3)	276.5	15.5	(7.6)	724.4	1,003.6	1,266.3
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	62.0	62.0	62.0
Other comprehensive income	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(0.7)	-	(0.7)	(0.7)
Total comprehensive income for the period	-	-	-	-	(0.7)	62.0	61.3	61.3
<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	0.2	-	-	-	-	-	-	0.2
Share-based payments expenses	-	-	-	(2.0)	-	-	(2.0)	(2.0)
Transfer from treasury shares to share-based payment reserve	-	2.6	-	(2.3)	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total transactions with equity holders of the Company	0.2	2.6	-	(4.3)	-	(171.6)	(173.2)	(173.1)
At 30 Jun 2011	262.8	(2.7)	276.5	11.3	(8.3)	614.8	891.7	1,154.5

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 June 2012, the share capital of the Company totaled S\$262.8 million comprising 1,716,945,014 issued ordinary shares (excluding treasury shares). As at 31 December 2011, this was S\$262.8 million or 1,715,328,615 ordinary shares (excluding treasury shares).

Issue of new shares

For the quarter and half year ended 30 June 2012, there was no issue of new ordinary shares.

Treasury Shares

For the quarter, the Company transferred 133,100 treasury shares to directors as part of the directors' remuneration for financial year ended 31 December 2011. Another 275,485 treasury shares were also transferred to participants of the Company's share plans during the quarter.

For the half-year period, the Company bought 802,000 ordinary shares from the market at a total consideration of S\$2.3 million. A total of 2,418,399 treasury shares were transferred to directors and participants of the Company's share plans in 1H-2012.

After accounting for the net buy-back and transfers, the treasury share balance was S\$1.0 million comprising 359,588 ordinary shares, or 0.02% of issued share capital excluding treasury shares as at 30 June 2012 (30 June 2011: 1,007,789 ordinary shares or 0.06% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 30 June 2012, the outstanding balance of unexercised options under the Company's share option plans totaled 2,257,033 (30 June 2011: 3,152,206) or 0.13% of the total issued shares in the capital of the Company.

Performance Share Plan

As at 30 June 2012, the outstanding balance of conditional awards under the Performance Share Plan was 2,598,150 ordinary shares (30 June 2011: 1,955,150).

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

Restricted Stock Plan

As at 30 June 2012, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,408,215 ordinary shares (30 June 2011: 5,329,372 ordinary shares).

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

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

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable

10. ACCOUNTING POLICIES

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

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

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2012	2011	2012	2011
Basic				
Earnings per share	5.06 cents	4.54 cents	10.21 cents	8.57 cents
Weighted average number of shares ('000)	1,716,737	1,716,138	1,716,409	1,716,083
Diluted				
Earnings per share	5.03 cents	4.52 cents	10.15 cents	8.53 cents
Weighted average number of shares ('000)	1,726,161	1,725,224	1,725,860	1,725,248

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
Net asset value per share	1.5 cents	1.3 cents	68.2 cents	70.5 cents

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

For the half year ended 30 June 2012, the Group's overall operating revenue was up 4.8% year-on-year, in line with our guidance of low single-digit revenue growth for 2012.

As a percentage of service revenue, year-to-date EBITDA margin at 32.1% was above our guidance of about 30% of service revenue.

Total capex payments in 1H-2012 totaled 8.3% of operating revenue. This was within our guidance of not exceeding 11% of overall operating revenue.

15. GROUP OUTLOOK

In the Mobile segment, we have announced plans to introduce tiered data bundles to further monetise the data growth. Sale of Android phone models has continued to improve.

In the Pay TV segment, we continue to enhance our TV programming and suite of services. We have recently launched our Internet TV platform, "starhubtv.com", which offers our cable TV subscribers access to cable TV content via their Internet-enabled devices anytime and anywhere. This service is currently free for our subscribers who opt in to enjoy this service; it will be chargeable from 1 November 2012 onwards. New programming introduced includes the SunsilK Academy Fantasia singing competition, China Business Network, VV Drama on Demand, Sun Music, Ginx (HD), Travel Channel HD and JiangSu Satellite Channel.

In the Broadband segment, we expect to see higher take-up of the Next Gen NBN services by retail customers.

In the Fixed Network Services segment, despite increased installation quotas by the Netco, the take-up by commercial customers may continue to be slow as certain operational issues have yet to be satisfactorily resolved by the various parties involved in the Next Gen NBN rollout. We continue to see pricing pressure in the traditional domestic and international lease circuits business.

Barring any unforeseen circumstances and based on the current outlook, we maintain our earlier guidance that the Group operating revenue for 2012 will grow in the low single-digit range, and Group EBITDA margin as a percentage of service revenue to be about 30%. We expect our total capex payments in 2012 to be about 11% of operating revenue. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for 2012.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

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

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

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

The interim dividend will be paid on 31 Aug 2012.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 21 Aug 2012 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

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

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

Not applicable.

18. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 April 2012 to 30 June 2012 S\$m	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) 1 April 2012 to 30 June 2012 S\$m
Transactions for the Sale of Goods & Services		
Capitaland Limited & its associates	0.1	-
Singapore Telecommunications Limited & its associates	16.2	-
TeleChoice International Ltd & its associates	0.7	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	4.4	-
	21.4	-
Transactions for the Purchase of Goods & Services		
Singapore Power Limited & its associates	6.6	-
Singapore Telecommunications Limited & its associates	34.8	-
STT Communications Ltd and its associates	0.5	-
TeleChoice International Ltd & its associates	62.9	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.6	-
	105.2	-

19. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the second quarter and half year ended 30 June 2012 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching
Director

Neil Montefiore
Director

Singapore
8 August 2012