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STARHUB LTD

Announcement of Unaudited Results for the Third Quarter and Nine Months ended 30 September 2012

StarHub is pleased to announce our unaudited results for the third quarter and nine months ended 30 September 2012.

Results for the Third Quarter and Nine Months ended 30 September 2012

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%
Operating revenue	585.9	572.2	13.7	2.4	1,767.5	1,699.3	68.2	4.0
Operating expenses	(473.9)	(479.4)	(5.5)	(1.1)	(1,448.9)	(1,427.4)	21.4	1.5
Other income	8.5	4.2	4.3	102.6	21.7	11.4	10.3	90.6
Profit from operations	120.5	97.1	23.5	24.2	340.4	283.3	57.1	20.2
Finance income	1.2	0.5	0.7	162.6	3.3	1.7	1.7	99.0
Finance expenses ⁽¹⁾	(4.8)	(5.2)	(0.4)	(7.8)	(14.6)	(15.2)	(0.5)	(3.5)
Profit before taxation	116.9	92.3	24.6	26.7	329.1	269.8	59.3	22.0
Taxation	(20.7)	(16.5)	4.2	25.3	(57.7)	(46.9)	10.8	22.9
Profit for the period	96.2	75.8	20.5	27.0	271.4	222.9	48.6	21.8
Attributable to:								
Equity holders of the Company	96.2	75.8	20.5	27.0	271.4	222.9	48.6	21.8
	96.2	75.8	20.5	27.0	271.4	222.9	48.6	21.8
EBITDA	188.1	167.2	20.9	12.5	544.0	490.7	53.3	10.9
EBITDA as a % of service revenue	33.9%	30.8%	3.1 %pts		32.7%	30.4%	2.3 %pts	
Free Cash Flow ⁽²⁾	151.0	148.3	2.7	1.8	397.8	420.3	(22.4)	(5.3)
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	2.4	0.9	1.5	166.9	10.5	10.9	(0.4)	(4.1)
<i>Depreciation and amortisation (net of asset grants)</i>	67.5	70.2	(2.6)	(3.7)	203.6	207.4	(3.8)	(1.8)

Notes:

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

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%
Profit for the period	96.2	75.8	20.5	27.0	271.4	222.9	48.6	21.8
Other comprehensive income								
Translation differences arising on consolidation of foreign subsidiaries	0.1	-	0.1	-	0.1	-	0.1	-
Effective portion of changes in fair value of cash flow hedge	0.8	(2.5)	3.3	nm	(0.8)	(3.1)	(2.3)	(72.9)
Other comprehensive income for the period (net of taxation)	0.9	(2.5)	3.4	nm	(0.7)	(3.1)	(2.4)	(76.3)
Total comprehensive income for the period	97.1	73.3	23.8	32.5	270.7	219.8	50.9	23.2
Attributable to:								
Equity holders of the Company	97.1	73.3	23.8	32.5	270.7	219.8	50.9	23.2
	97.1	73.3	23.8	32.5	270.7	219.8	50.9	23.2

nm – Not meaningful

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

(A) Operating revenue

The Group's operating revenue for the quarter was up S\$13.7 million or 2.4% to S\$585.9 million and, for the nine-month period, increased S\$68.2 million or 4.0% to S\$1,767.5 million when compared to the corresponding periods last year. The revenue increase for both periods was attributed to higher service revenue and sales of equipment.

For the quarter ended 30 September 2012, total service revenue at S\$555.2 million was S\$12.5 million or 2.3% higher than 3Q-2011 and, for year-to-date, was up 3.2% year-on-year to S\$1,664.3 million. The higher service revenue for both periods was contributed by higher Fixed network services revenue which increased 10.1% and 5.7%; Pay TV which increased 6.2% and 7.7%; and Broadband revenue which increased 4.2% and 3.0% for the quarter and nine-months respectively. Mobile services revenue for the quarter was 1.3% lower but for the year-to-date period was up S\$10.7 million or 1.2% year-on-year due to higher revenue from Post-paid mobile services.

Revenue from sales of equipment for the quarter increased S\$1.2 million or 4.0% year-on-year to S\$30.7 million and, for year-to-date, was up S\$16.5 million or 19.0% to S\$103.3 million. The higher revenue was attributed to the higher selling price of smart devices offset by lower quantities sold for both periods.

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

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m	%
Operating revenue								
Mobile revenue	303.3	307.4	(4.0)	(1.3)	916.1	905.4	10.7	1.2
Pay TV revenue	99.2	93.4	5.8	6.2	298.6	277.3	21.3	7.7
Broadband revenue	62.7	60.2	2.5	4.2	186.5	181.0	5.5	3.0
Fixed network services revenue	89.9	81.7	8.2	10.1	263.0	248.7	14.2	5.7
Total service revenue	555.2	542.7	12.5	2.3	1,664.3	1,612.5	51.7	3.2
Sale of equipment	30.7	29.5	1.2	4.0	103.3	86.8	16.5	19.0
Total	585.9	572.2	13.7	2.4	1,767.5	1,699.3	68.2	4.0

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2012 Mix %	2011 Mix %	2012 Mix %	2011 Mix %
Operating revenue mix				
Mobile revenue	51.8	53.7	51.8	53.3
Pay TV revenue	16.9	16.3	16.9	16.3
Broadband revenue	10.7	10.5	10.6	10.7
Fixed network services revenue	15.4	14.3	14.9	14.6
Sale of equipment	5.2	5.2	5.8	5.1
Total	100.0	100.0	100.0	100.0

(B) Operating expenses

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	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	223.9	220.1	3.9	1.8	704.0	658.0	46.0	7.0
Other operating expenses	249.9	259.3	(9.3)	(3.6)	744.9	769.5	(24.6)	(3.2)
Total	473.9	479.4	(5.5)	(1.1)	1,448.9	1,427.4	21.4	1.5

Year-on-year, total operating expenses for the quarter decreased S\$5.5 million or 1.1% to S\$473.9 million due to 3.6% lower other operating expenses offset by 1.8% increase in cost of sales. For year-to-date, total operating expenses were 1.5% higher year-on-year at S\$1,448.9 million, attributed to higher cost of sales which rose 7%, mitigated by lower other operating expenses which decreased 3.2% when compared to last year.

As a percentage of operating revenue, total operating expenses was lower at 80.9% for the quarter and 82.0% for year-to-date, when compared to 83.8% in 3Q-2011 and 84.0% for year-to-date last year.

Details of total operating expenses are as follows:

(i) Cost of sales

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	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	85.4	84.2	1.2	1.5	274.7	255.8	18.9	7.4
Cost of services	82.3	74.7	7.6	10.1	252.9	217.8	35.0	16.1
Traffic expenses	56.2	61.2	(5.0)	(8.1)	176.4	184.4	(8.0)	(4.3)
Total	223.9	220.1	3.9	1.8	704.0	658.0	46.0	7.0

Cost of sales for the quarter rose 1.8% to S\$223.9 million and for year-to-date, was S\$46.0 million or 7.0% higher year-on-year at S\$704.0 million. The higher costs were attributed to a higher cost of equipment sold and higher cost of services, which were partially mitigated by lower traffic expenses in both periods. As a percentage of operating revenue, cost of sales ratio reduced from 38.5% in 3Q-2011 to 38.2% this quarter and, for the nine-month period, was higher at 39.8% when compared to 38.7% last year.

Cost of equipment sold for the quarter was up S\$1.2 million or 1.5% to S\$85.4 million and, for year-to-date, increased S\$18.9 million or 7.4% to S\$274.7 million. Despite a lower quantity of smart devices sold year-on-year, there was a higher ratio of costlier smartphones sold which led to the increase in the cost of equipment sold for both periods. As a percentage of operating revenue, cost of equipment sold was 14.6% in 3Q-2012, down from 14.7% in 3Q-2011 and, for the nine-month period was 15.5%, compared to 15.1% last year.

Cost of services for the quarter increased S\$7.6 million or 10.1% to S\$82.3 million and for year-to-date, was up 16.1% to S\$252.9 million. The increase was due to higher TV programming and production costs for existing, new and renewed contracts, and higher cost of services in our Fixed Network and Next Gen NBN services as a result of increased volume. As a percentage of operating revenue, cost of services was higher at 14.1% for the quarter and 14.3% for the nine-month period when compared to 13.1% and 12.8% in the corresponding periods last year.

For the quarter, traffic expenses at S\$56.2 million was S\$5.0 million or 8.1% lower than 3Q-2011 and, for the nine-month period, decreased S\$8.0 million or 4.3% year-on-year to S\$176.4 million. The lower expenses were attributable to lower inter-operator SMS traffic and lower inter-connection rates for our international outbound traffic, which offset the higher traffic volume. As a percentage of operating revenue, traffic expenses were lower at 9.6% in 3Q-2012 and 10.0% for year-to-date when compared to 10.7% in 3Q-2011 and 10.8% in year-to-date last year.

(ii) Other operating expenses

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	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	67.2	70.0	(2.8)	(4.0)	202.5	204.4	(1.8)	(0.9)
Operating lease	32.7	34.1	(1.4)	(4.1)	99.8	102.7	(2.9)	(2.8)
Marketing and promotion	36.8	41.7	(4.9)	(11.7)	109.0	128.3	(19.3)	(15.1)
Allowance for doubtful receivables	2.4	0.9	1.5	166.9	10.5	10.9	(0.4)	(4.1)
Repair and maintenance	16.5	19.2	(2.7)	(14.2)	47.9	54.9	(6.9)	(12.6)
Other expenses	26.8	23.2	3.6	15.4	71.6	60.9	10.7	17.5
Sub total	182.4	189.1	(6.7)	(3.6)	541.3	562.1	(20.7)	(3.7)
Depreciation and amortisation	67.5	70.2	(2.6)	(3.7)	203.6	207.4	(3.8)	(1.8)
Total	249.9	259.3	(9.3)	(3.6)	744.9	769.5	(24.6)	(3.2)

Other operating expenses for the quarter were lowered by 3.6% to S\$249.9 million and, for the nine months, decreased 3.2% to S\$744.9 million. All categories of expenses registered decreases, apart from allowance for doubtful receivables which rose S\$1.5 million for the quarter and other expenses which increased S\$3.6 million and S\$10.7 million for the quarter and nine-month period respectively.

As a percentage of operating revenue, other operating expenses stood at 42.7% in 3Q-2012 and 42.1% for the nine-month period, down from 45.3% last year.

Staff costs

Staff costs at S\$67.2 million for the quarter were S\$2.8 million or 4.0% lower year-on-year and, for year-to-date, decreased 0.9% to S\$202.5 million from lower temporary staff costs. As a percentage of operating revenue, staff costs were 11.5% for the quarter and year-to-date periods, down from 12.2% in 3Q-2011 and 12.0% in last year's year-to-date.

Operating lease

This quarter's operating lease expenses at S\$32.7 million was S\$1.4 million or 4.1% lower and, for the nine-month period, decreased S\$2.9 million or 2.8% to S\$99.8 million when compared to the corresponding periods last year. The decrease was attributed to lower international lease capacity costs, which offset the increases in lease rentals for Next Gen NBN network and office occupancy. As a ratio of operating revenue, operating lease was lower at 5.6% for the quarter and year-to-date periods when compared to 6.0% last year.

Marketing and promotion

Marketing and promotion expenses for the quarter amounted to S\$36.8 million, S\$4.9 million or 11.7% lower compared to 3Q-2011 and, for the nine-month period, decreased S\$19.3 million or 15.1% year-on-year to S\$109.0 million. This was due to reduced acquisition and recontract costs. As a percentage of operating revenue, marketing and promotion expenses was 6.3% for the quarter and 6.2% for year-to-date, down from 7.3% and 7.6% in the corresponding periods last year.

Allowance for doubtful receivables

Allowance for doubtful receivables at S\$2.4 million this quarter was higher than the S\$0.9 million in 3Q-2011. The lower provision in 3Q-2011 was as a result of catch up in collection from credit customers in that quarter. Year-to-date allowance for doubtful receivables this

year was S\$0.4 million or 4.1% lower at S\$10.5 million. As a percentage of service revenue, this was lower at 0.6%, as against 0.7% last year.

Repair and maintenance

Repair and maintenance expenses was S\$2.7 million or 14.2% lower at S\$16.5 million for the quarter and S\$6.9 million or 12.6% lower at S\$47.9 million for the nine-month period. The comparatively lower expenses this year included the reversal of over accruals as actual costs incurred and rates finalised for the maintenance of our local and international networks were lower. As a ratio of operating revenue, repair and maintenance was lower at 2.8% in 3Q-2012 and 2.7% for the nine-month period when compared to last year's 3.4% for the quarter and 3.2% for year-to-date.

Other expenses

This quarter's other expenses at S\$26.8 million was S\$3.6 million or 15.4% higher than 3Q-2011 and, for year-to-date, was up S\$10.7 million or 17.5% year-on-year to S\$71.6 million. The year-on-year changes were attributed to lower foreign exchange gain this year, higher site utilities, infrastructure support costs and license fees. As a percentage of operating revenue, other expenses were 4.6% for the quarter and 4.0% for year-to-date, up from 4.1% and 3.6% in the corresponding periods last year.

Depreciation and amortisation

In 3Q-2012, depreciation and amortisation expenses decreased 3.7% to S\$67.5 million and, for year-to-date, were S\$3.8 million or 1.8% lower at S\$203.6 million. This was attributed to fully depreciated property, plant and equipment and intangible assets this quarter, offset by higher depreciation from additions of fixed assets. As a percentage of operating revenue, depreciation and amortisation expenses were lower at 11.5% for the quarter and nine-month periods when compared to last year's 12.3% for the quarter and 12.2% for year-to-date.

(C) Other income

Other income increased S\$4.3 million to S\$8.5 million in 3Q-2012 and, for the nine-month period, was up S\$10.3 million year-on-year to S\$21.7 million. The increase was attributed to a higher amortised rollout grant for the Next Gen NBN rollout and increased adoption grants driven by a higher take-up of the Next Gen NBN services.

(D) Profitability

Year-on-year, the better operating revenue performance and lower operating expenses increased the Group's profit from operations by 24.2% to S\$120.5 million for the quarter and, for year-to-date, was 20.2% higher at S\$340.4 million.

EBITDA for this quarter at S\$188.1 million was S\$20.9 million or 12.5% higher than 3Q-2011 and, for the nine-month period, grew S\$53.3 million or 10.9% to S\$544.0 million. As a percentage of service revenue, EBITDA margin improved to 33.9% in 3Q-2012 and 32.7% for the nine-month period this year when compared to 30.8% and 30.4% respectively last year.

For the quarter and year-to-date periods, finance income was higher at S\$1.2 million and S\$3.3 million respectively, due to higher rates on higher deposits.

Finance expenses for the quarter decreased S\$0.4 million to S\$4.8 million and, for year-to-date, was S\$0.5 million lower at S\$14.6 million. The lower expenses were due to the lower average bank loan balances this year. This was offset by higher facility fees and accrued interests for the newly issued medium term notes in September 2012.

Consequently, profit before taxation at S\$116.9 million was up S\$24.6 million or 26.7% and, for year-to-date, increased S\$59.3 million or 22.0% to S\$329.1 million.

Due to the higher profits, the Group's taxation was 25.3% higher at S\$20.7 million for the quarter and, for the nine-month period, was 22.9% higher at S\$57.7 million.

For the quarter, Group's profit after taxation increased 27.0% year-on-year to S\$96.2 million and, for the nine-month period, was 21.8% higher at S\$271.4 million.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	242.9	245.7	(2.8)	(1.2)	734.8	716.4	18.4	2.6
Pre-paid	60.5	61.7	(1.2)	(1.9)	181.3	189.0	(7.7)	(4.1)
Total	303.3	307.4	(4.0)	(1.3)	916.1	905.4	10.7	1.2

	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
Mobile operating statistics	2012	2012	2011	2012	2011	%
Number of registered customers (in thousands)						
Post-paid	1,086	1,069	1,059	1,086	1,059	2.6
Pre-paid	1,093	1,104	1,111	1,093	1,111	(1.6)
Total	2,180	2,173	2,170	2,180	2,170	0.4
Monthly minutes of use per registered customer						
Post-paid	322	336	337	330	339	(2.7)
Pre-paid	455	454	482	459	488	(6.0)
Average monthly SMS per registered user (originating)						
Post-paid	183	200	248	200	251	(20.6)
Pre-paid	107	108	125	109	129	(15.8)
Mobile Data Traffic (in GBytes)						
Post-paid	5,142,470	4,790,350	4,072,930	13,909,923	11,162,495	24.6
Pre-paid	199,491	186,243	74,370	526,931	209,426	151.6
ARPU with IDD included (S\$ per month)						
Post-paid	74	75	74	74	73	1.7
Pre-paid	19	18	19	18	19	(4.5)
Non-voice service as a contribution to ARPU						
Post-paid	42.7%	40.5%	38.4%	41.0%	37.6%	-
Pre-paid	18.2%	17.9%	16.5%	17.9%	16.5%	-
Average monthly churn rate (post-paid)	1.0%	1.3%	1.1%	1.2%	1.1%	-
Singapore mobile penetration ⁽¹⁾	148.7%	151.4%	147.9%	148.7%	147.9%	-
Market Share ⁽¹⁾	27.5%	27.7%	28.3%	27.5%	28.3%	-

Note:

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

Total mobile services

This quarter's total mobile services revenue was S\$4.0 million or 1.3% lower at S\$303.3 million as both Post-paid and Pre-paid mobile services recorded lower revenue. Year-to-date, total mobile services revenue grew S\$10.7 million or 1.2% year-on-year to S\$916.1 million due to higher revenue from Post-paid mobile services. As a percentage of total operating revenue, mobile services revenue comprised 52% of the mix in the current periods, compared to 54% in 3Q-2011 and 53% in last year's year-to-date.

Post-paid mobile services

Post-paid mobile services revenue for the quarter was S\$2.8 million or 1.2% lower year-on-year at S\$242.9 million due to lower revenue from interconnect operators. This was mitigated by higher subscription revenue from a higher subscriber base this year. Year-to-date, Post-paid mobile services revenue was S\$18.4 million or 2.6% higher year-on-year at S\$734.8 million due to the higher subscriber base and increased ARPU.

As at 30 September 2012, the Post-paid mobile customer base stood at 1,086K customers. The quarter's net add totaled 17,000 customers. Compared to 30 September 2011, the Post-paid mobile customer base was 27,100 or 2.6% higher.

Post-paid mobile ARPU was S\$74 in the current periods, comparable to 3Q-2011 and was S\$1 higher than the S\$73 ARPU in last year's nine-month period. The higher ARPU this year was due to a higher mix of "SmartSurf" plans in the year-to-date period compared to last year. Post-paid mobile monthly minutes of use per customer was lower at 322 minutes for the quarter and 330 minutes for year-to-date when compared to 337 minutes and 339 minutes in the corresponding periods last year. The average SMS per Post-paid customer decreased to 183 SMS this quarter and, for year-to-date, reduced 20.6% to 200 SMS this year. Post-paid mobile data traffic for the quarter, however, expanded 26.3% year-on-year to 5.1 million gigabytes and, for the nine-month period, was 24.6% higher at 13.9 million gigabytes when compared to last year. This led to Post-paid non-voice services as a percentage of Post-paid mobile ARPU to be higher at 42.7% in 3Q-2012 and 41.0% for year-to-date, when compared to 38.4% and 37.6% in the corresponding periods last year.

Post-paid mobile monthly average churn for the quarter was lower at 1.0% compared to 1.1% in 3Q-2011. For the year-to-date period, the average churn was higher at 1.2% as a result of the higher average churn of 1.3% recorded in the first half of this year.

Pre-paid mobile services

Year-on-year, this quarter's Pre-paid mobile services revenue at S\$60.5 million was S\$1.2 million or 1.9% lower and, for the nine-month period, decreased S\$7.7 million or 4.1% to S\$181.3 million. The lower revenue was mainly due to lower voice and SMS usages and a lower customer base.

As at 30 September 2012, Pre-paid mobile customer base was 1,093K after a net churn of 10,500 in the quarter. Compared to a year ago, this was 17,500 customers or 1.6% lower.

This quarter's Pre-paid mobile ARPU of S\$19 was comparable to that in 3Q-2011. For the nine-month period, Pre-paid mobile ARPU was S\$1 lower at S\$18, primarily due to lower voice and SMS usages. Pre-paid mobile monthly minutes of use was lower at 455 minutes in 3Q-2012 and 459 minutes for year-to-date when compared to the corresponding periods last year. Pre-paid mobile average monthly SMS per customer decreased from 125 SMS in 3Q-2011 to 107 SMS this quarter and, for year-to-date, was 15.8% lower at 109 SMS. As a percentage of Pre-paid mobile ARPU, Pre-paid non-voice services was 18.2% in 3Q-2012 and 17.9% for year-to-date, up from 16.5% previously. The increase was driven by higher Pre-paid mobile data usage which increased 2.7 times from 74K gigabytes in 3Q-2011 to 199K gigabytes in this quarter and, for year-to-date, was up 151.6% year-on-year to 527K gigabytes.

Pay TV Services

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	99.2	93.4	5.8	6.2	298.6	277.3	21.3	7.7

Pay TV operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential Pay TV customers (in thousands)	541	543	542	541	542	(0.2)
ARPU (S\$ per month)	52	54	50	53	49	6.9
Average monthly churn rate	1.2%	1.1%	1.2%	1.1%	1.2%	-
StarHub's penetration	44.2%	44.4%	45.4%	44.2%	45.4%	-

Revenue from Pay TV services at S\$99.2 million this quarter was S\$5.8 million or 6.2% higher than 3Q-2011 and, for the nine-month period, rose S\$21.3 million or 7.7% to S\$298.6 million. The year-on-year increase was contributed by the S\$2 monthly subscription price increase implemented since August 2011, increased revenue from rental of HD set-top box and higher advertising revenue.

As a result, Pay TV ARPU grew from S\$50 in 3Q-2011 to S\$52 in 3Q-2012 and, for year-to-date, was up S\$4 year-on-year to S\$53 this year.

As at 30 September 2012, the Pay TV subscriber base was 541K after the net churn of 1,600 subscribers in the quarter and was 0.2% lower when compared to 542K a year ago.

Pay TV monthly average churn at 1.2% in 3Q-2012 was comparable to 3Q-2011 and, for the year-to-date period, was lower at 1.1% compared to 1.2% last year.

Broadband Services

	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	62.7	60.2	2.5	4.2	186.5	181.0	5.5	3.0

Broadband operating statistics	Quarter ended			Nine months ended		YoY
	30 Sep	30 Jun	30 Sep	30 Sep		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential broadband customers - subscription-based (in thousands)	443	439	438	443	438	1.1
ARPU (S\$ per month)	46	46	45	46	45	1.3
Average monthly churn rate	1.5%	1.6%	1.1%	1.5%	1.2%	-

Broadband services revenue increased S\$2.5 million or 4.2% to S\$62.7 million for the quarter and was up S\$5.5 million or 3.0% to S\$186.5 million for the nine-month period due to the higher customer base and ARPU.

As at 30 September 2012, Broadband customer base was 443K after the quarter's net add of 4,100 customers and, when compared to a year ago, was 4,900 customers or 1.1% higher.

Driven by a higher mix of customers on the higher speed broadband plans, Broadband ARPU increased to S\$46 in the current periods, when compared to S\$45 last year.

Broadband average monthly churn was 1.5% for the quarter and year-to-date periods, up from 1.1% in 3Q-2011 and 1.2% in last year's year-to-date. The higher churn in the current periods was due to more competitive offers by new players in the market and non-renewal by some Broadband customers who were on the lower speed plans when their promotional term contracts expired.

Fixed Network Services

Fixed Network Services Revenue	Quarter ended 30 Sep				Nine months ended 30 Sep			
	2012 S\$m	2011 S\$m	Incr / (Decr) S\$m %		2012 S\$m	2011 S\$m	Incr / (Decr) S\$m %	
Data & Internet	74.4	68.8	5.6	8.2	217.5	207.7	9.8	4.7
Voice services	15.6	12.9	2.6	20.4	45.5	41.0	4.4	10.8
Total	89.9	81.7	8.2	10.1	263.0	248.7	14.2	5.7

Fixed Network services revenue increased S\$8.2 million or 10.1% year-on-year to S\$89.9 million for the quarter and was 5.7% higher year-on-year at S\$263.0 million for year-to-date. The higher revenue was contributed by both Data & Internet and Voice services

Data & Internet services revenue for the quarter at S\$74.4 million was S\$5.6 million or 8.2% higher than 3Q-2011 and, for year-to-date, increased S\$9.8 million or 4.7% year-on-year to S\$217.5 million. The increase was attributed to higher take-up of our domestic data and Internet services, coupled with increase in solutions sales.

Year-on-year, Voice services revenue was 20.4% higher at S\$15.6 million for the quarter and, for the nine-month period, was up 10.8% to S\$45.5 million. The higher revenue was attributed to higher subscription of local voice services and increased interconnect revenue.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	30 Sep 2012	30 Jun 2012	30 Sep 2011	
Total Singapore occupied homes (in thousands, estimated) ⁽¹⁾	1,189	1,189	1,175	1.2
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	786	786	793	(0.8)
Percentage of total hubbing households which subscribe to any two services	30.1%	30.2%	30.7%	(0.6)% pts
Percentage of total hubbing households which subscribe to all three services	27.0%	26.6%	26.0%	1.0% pts
Total hubbing households which subscribe to two or more services	57.1%	56.8%	56.7%	0.4% pts

Note:

(1) Source: Nielsen Media Research for 2011 estimates

As at 30 September 2012, the number of hubbing households with at least one StarHub service was stable at 786K. This was 6,200 or 0.8% lower than the 793K households recorded a year ago. For the current period, the percentage of households who subscribed to multiple StarHub services was higher at 57.1% when compared to 56.7% last year.

For the quarter, the total number of our triple services Hub Club households was up 3,100 to 212K. This was 6,200 or 3.0% more than a year ago. As a ratio of total hubbing households, Hub Club households rose from 26.0% last year to 27.0% as at 30 September 2012.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2012 S\$m	2011 S\$m	2012 S\$m	2011 S\$m
Operating Activities				
Profit before taxation	116.9	92.3	329.1	269.8
Adjustments for :				
Depreciation and amortisation (net of asset grants)	67.5	70.2	203.6	207.4
Loss on disposal of fixed assets	0.7	(0.1)	0.6	1.4
Share-based payments expenses	2.6	1.5	4.6	1.0
Changes in fair value of financial instruments	1.5	(4.0)	0.5	(5.9)
Net finance expenses	3.6	4.8	11.3	13.5
Income related grants	(8.5)	(4.2)	(21.7)	(11.4)
Other non-cash items	(0.2)	0.3	0.8	0.8
Operating cash flow before working capital changes	184.2	160.6	528.7	476.6
Changes in working capital	51.8	33.8	80.6	73.4
Income tax paid	(25.3)	-	(54.0)	-
Net cash from operating activities	210.6	194.4	555.2	550.0
Investing Activities				
Proceeds from disposal of fixed assets	0.1	0.2	0.5	0.4
Purchase of fixed assets	(59.6)	(46.1)	(157.4)	(129.8)
Interest received	0.9	0.5	3.0	1.6
Net cash used in investing activities	(58.6)	(45.4)	(153.9)	(127.8)
Financing Activities				
Proceeds from exercise of share options	0.3	0.2	0.8	1.2
Finance expenses paid	(6.3)	(7.9)	(17.0)	(19.1)
Grants received	-	1.2	47.0	1.2
Proceeds from loans	10.0	137.5	80.0	137.5
Repayment of loans	-	(241.1)	(75.0)	(294.6)
Proceeds from issuance of medium term notes	220.0	-	220.0	-
Dividends paid	(85.9)	(85.8)	(257.5)	(257.4)
Purchase of treasury shares	-	-	(2.3)	(5.2)
Net cash used in financing activities	138.2	(195.9)	(4.0)	(436.4)
Net change in cash and cash equivalents	290.2	(46.8)	397.3	(14.2)
Exchange difference on cash and cash equivalents	(0.1)	-	(0.1)	-
Cash and cash equivalents at beginning of the period	286.3	270.1	179.2	237.5
Cash and cash equivalents at end of the period	576.4	223.3	576.4	223.3

For the quarter, net cash from operating activities at S\$210.6 million was S\$16.2 million higher than 3Q-2011, with the increase attributable to higher profits from operations and positive changes in working capital, partially lowered by the payment of corporate tax. Higher trade payables and accruals, increased net balance due to related parties and lower trade receivables, offset by higher inventories balance were the main contributing factors to the positive change in working capital of S\$51.8 million in 3Q-2012. For the nine-month period, net cash from operating activities was S\$5.2 million higher at S\$555.2 million this year when compared to S\$550.0 million generated last year.

Net cash outflow from investing activities was S\$13.2 million higher at S\$58.6 million this quarter, compared to S\$45.4 million in 3Q-2011. Year-to-date, this was S\$26.1 million higher at S\$153.9 million for the nine months ended 30 September 2012. The higher cash outflow was attributed to purchase of fixed assets which amounted to S\$59.6 million in 3Q-2012 and S\$157.4 million for the nine-month period compared to S\$46.1 million and S\$129.8 million for the corresponding periods last year. As a percentage of operating revenue, total CAPEX payment was 10.2% for the quarter and 8.9% for year-to-date this year.

Free cash flow for the quarter and year-to-date amounted to S\$151.0 million and S\$397.8 million respectively compared to S\$148.3 million and S\$420.3 million in the corresponding periods last year.

For the quarter, net cash from financing activities was an inflow of funds amounting to S\$138.2 million as against an outflow of S\$195.9 million in 3Q-2011. The change was primarily attributed to proceeds from the issuance of S\$220.0 million medium term notes and a new loan of S\$10.0 million in 3Q-2012. In 3Q-2011, the outflow was due to net repayment of bank loans of S\$103.6 million. For year-to-date, net cash outflow from financing activities was a low of S\$4.0 million due to proceeds from medium term notes issued (none last year), higher government grants receipts and lower net repayment of bank loans this year.

As at 30 September 2012, the Group's cash and cash equivalents were S\$576.4 million, boosted mainly by the proceeds from the S\$220 million notes issue, compared to S\$223.3 million as at 30 September 2011.

Capital expenditure commitments

As at 30 September 2012, the Group's total outstanding capital expenditure commitments was S\$217.3 million, as compared to S\$184.9 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 domestic network infrastructure.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 12 S\$m	31 Dec 11 S\$m	30 Sep 12 S\$m	31 Dec 11 S\$m
Non-current assets				
Property, plant and equipment	748.7	761.9	354.6	344.9
Intangible assets	400.4	423.6	108.1	126.9
Subsidiaries	-	-	1,202.1	1,202.1
Deferred tax assets	1.3	2.8	-	-
	1,150.4	1,188.3	1,664.8	1,673.9
Current assets				
Inventories	28.4	37.2	23.0	29.0
Trade receivables	141.9	152.0	130.9	139.9
Other receivables, deposits and prepayments	100.2	149.2	19.1	22.0
Balances with related parties	15.0	17.2	631.8	661.6
Cash and bank balances	576.4	179.2	504.0	154.3
	862.0	534.8	1,308.8	1,006.8
Less:				
Current liabilities				
Trade payables and accruals	474.1	448.1	282.3	288.9
Other payables	267.1	254.8	72.5	64.5
Balances with related parties	67.1	41.9	420.2	296.0
Borrowings	200.0	75.0	200.0	75.0
Provision for taxation	91.3	83.5	60.3	55.7
	1,099.5	903.3	1,035.2	780.1
Net current (liabilities)/assets	(237.5)	(368.5)	273.6	226.7
Non-current liabilities				
Borrowings	687.5	587.5	687.5	587.5
Other payables	32.6	34.1	32.6	34.1
Deferred income	47.0	62.8	-	-
Deferred tax liabilities	106.9	112.8	63.9	69.8
	873.9	797.2	784.0	691.4
Net assets	39.0	22.6	1,154.4	1,209.2
Shareholders' equity				
Share capital	262.8	262.8	262.8	262.8
Reserves	(223.8)	(240.2)	891.6	946.4
Total equity	39.0	22.6	1,154.4	1,209.2

The Group's total non-current assets reduced from S\$1,188.3 million as at 31 December 2011 to S\$1,150.4 million as at 30 September 2012. This was due to the decrease in certain fixed assets which became fully depreciated.

Total current assets as at 30 September 2012 totaled S\$862.0 million, boosted by the higher cash and bank balances, which was partially lowered by comparatively lower trade receivables, other receivables, deposits and prepayments, and inventories when compared to the respective balances as at 31 December 2011.

Total current liabilities increased from S\$903.3 million as at 31 December 2011 to S\$1,099.5 million as at 30 September 2012, due to a higher current portion of bank borrowings, trade payables and accruals, balances due to related parties, other payables and provision for taxation.

As at 30 September 2012, total non-current liabilities were S\$76.7 million higher at S\$873.9 million when compared to 31 December 2011. The increase was attributed to the S\$220 million medium term notes issued in September this quarter, and mitigated by lower non-current portion of outstanding bank loans, lower deferred income and deferred tax liabilities.

The Group's shareholders' equity as at 30 September 2012 was S\$39.0 million, up from S\$22.6 million as at 31 December 2011.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	30 Sep 12 S\$m	31 Dec 11 S\$m
Amount repayable in one year or less		
Bank loans	200.0	75.0
	200.0	75.0
Amount repayable after one year		
Bank loans	467.5	587.5
Medium term notes	220.0	-
	687.5	587.5
Total	887.5	662.5

In September this quarter, the Group issued a S\$220.0 million 3.08% fixed rate 10-year medium term notes due in 2022 under its S\$1 billion Multicurrency Medium Term Note Programme. This resulted in the Group's unsecured borrowings to increase to S\$887.5 million as at 30 September 2012.

Net debt as at 30 September 2012 amounted to S\$311.1 million, 26.8% lower when compared to S\$425.0 million a year ago. The Group's net debt to 2011 EBITDA was 0.46 times as at 30 September 2012, down from 0.63 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	Foreign currency translation reserve S\$m	Retained profits S\$m	Total reserves S\$m	Total equity S\$m
At 1 Jan 2012	262.8	(5.5)	(276.3)	13.9	(6.6)	-	34.3	(240.2)	22.6
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	175.2	175.2	175.2
Other comprehensive income (net of taxation)									
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(1.6)	-	-	(1.6)	(1.6)
Total comprehensive income for the period	-	-	-	-	(1.6)	-	175.2	173.6	173.6
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payment expenses	-	-	-	2.0	-	-	-	2.0	2.0
Purchase of treasury shares	-	(2.3)	-	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	6.8	-	(5.6)	-	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	4.5	-	(3.7)	-	-	(171.7)	(170.9)	(170.9)
At 30 Jun 2012	262.8	(1.0)	(276.3)	10.2	(8.2)	-	37.8	(237.5)	25.3
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	96.2	96.2	96.2
Other comprehensive income (net of taxation)									
Translation differences arising on consolidation of foreign subsidiaries	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	0.8	-	-	0.8	0.8
Total comprehensive income for the period	-	-	-	-	0.8	0.1	96.2	97.1	97.1
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payments expenses	-	-	-	2.2	-	-	-	2.2	2.2
Transfer from treasury shares to share-based payment reserve	-	0.8	-	(0.5)	-	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	-	0.8	-	1.7	-	-	(85.9)	(83.4)	(83.4)
At 30 Sep 2012	262.8	(0.3)	(276.3)	11.9	(7.4)	0.1	48.2	(223.8)	39.0

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	Foreign currency translation 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	-	-	-	-	-	-	147.1	147.1	147.1
Other comprehensive income (net of taxation)									
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(0.6)	-	-	(0.6)	(0.6)
Total comprehensive income for the period	-	-	-	-	(0.6)	-	147.1	146.5	146.5
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 payment expenses	-	-	-	(0.5)	-	-	-	(0.5)	(0.5)
Purchase of treasury shares	-	(5.2)	-	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	2.6	-	(2.2)	-	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total transactions with equity holders of the Company	2.5	(2.6)	-	(4.4)	-	-	(171.6)	(178.6)	(176.1)
At 30 Jun 2011	262.8	(2.7)	(276.3)	11.3	(8.3)	-	37.6	(238.4)	24.4
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	75.8	75.8	75.8
Other comprehensive income (net of taxation)									
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(2.5)	-	-	(2.5)	(2.5)
Total comprehensive income for the period	-	-	-	-	(2.5)	-	75.8	73.3	73.3
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payments expenses	-	-	-	1.5	-	-	-	1.5	1.5
Transfer from treasury shares to share-based payment reserve	-	0.4	-	(0.2)	-	-	-	0.2	0.2
Dividends paid	-	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	0.4	-	1.3	-	-	(85.8)	(84.1)	(84.1)
At 30 Sep 2011	262.8	(2.2)	(276.3)	12.5	(10.8)	-	27.5	(249.2)	13.6

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
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	133.5	133.5	133.5
Other comprehensive income (net of taxation)								
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(1.6)	-	(1.6)	(1.6)
Total comprehensive income for the period	-	-	-	-	(1.6)	133.5	131.9	131.9
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payment expenses	-	-	-	2.0	-	-	2.0	2.0
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payment reserve	-	6.8	-	(5.6)	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	4.5	-	(3.7)	-	(171.7)	(170.9)	(170.9)
At 30 Jun 2012	262.8	(1.0)	276.5	10.2	(8.2)	630.0	907.5	1,170.3
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	66.7	66.7	66.7
Other comprehensive income (net of taxation)								
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	0.8	-	0.8	0.8
Total comprehensive income for the period	-	-	-	-	0.8	66.7	67.5	67.5
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	2.2	-	-	2.2	2.2
Transfer from treasury shares to share-based payment reserve	-	0.8	-	(0.5)	-	-	0.3	0.3
Dividends paid	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	-	0.8	-	1.7	-	(85.9)	(83.4)	(83.4)
At 30 Sep 2012	262.8	(0.3)	276.5	11.9	(7.4)	610.9	891.6	1,154.4

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 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	-	-	-	-	-	123.4	123.4	123.4
Other comprehensive income (net of taxation)	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(0.6)	-	(0.6)	(0.6)
Total comprehensive income for the period	-	-	-	-	(0.6)	123.4	122.8	122.8
<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>								
Issue of shares pursuant to share plans	2.5	-	-	(1.7)	-	-	(1.7)	0.8
Share-based payment expenses	-	-	-	(0.5)	-	-	(0.5)	(0.5)
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payment reserve	-	2.6	-	(2.2)	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	(171.6)	(171.6)	(171.6)
Total transactions with equity holders of the Company	2.5	(2.6)	-	(4.4)	-	(171.6)	(178.6)	(176.1)
At 30 Jun 2011	262.8	(2.7)	276.5	11.3	(8.3)	614.8	891.7	1,154.5
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	53.3	53.3	53.3
Other comprehensive income (net of taxation)	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(2.5)	-	(2.5)	(2.5)
Total comprehensive income for the period	-	-	-	-	(2.5)	53.3	50.8	50.8
<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	-	-	-	1.5	-	-	1.5	1.5
Transfer from treasury shares to share-based payment reserve	-	0.4	-	(0.2)	-	-	0.2	0.2
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	0.4	-	1.3	-	(85.8)	(84.1)	(84.1)
At 30 Sep 2011	262.8	(2.2)	276.5	12.5	(10.8)	582.3	858.4	1,121.2

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 September 2012, the share capital of the Company totaled S\$262.8 million comprising 1,717,215,689 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 nine months ended 30 September 2012, there was no issue of new ordinary shares.

Treasury Shares

For the quarter, the Company transferred 270,675 treasury shares to participants of the Company's share plans. There was no purchase of shares from the market.

Year-to-date, the Company bought 802,000 ordinary shares from the market at a total consideration of S\$2.3 million. A total of 2,689,074 treasury shares were transferred to directors and participants of the Company's share plans for the nine-month period.

After accounting for the net buy-back and transfers, the treasury share balance was S\$0.3 million comprising 88,913 ordinary shares, or 0.005% of issued share capital excluding treasury shares as at 30 September 2012 (30 September 2011: 847,782 ordinary shares or 0.05% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 30 September 2012, the outstanding balance of unexercised options under the Company's share option plans totaled 1,912,708 (30 September 2011: 2,923,414) or 0.11% of the total issued shares in the capital of the Company.

Performance Share Plan

As at 30 September 2012, the outstanding balance of conditional awards under the Performance Share Plan was 2,546,400 ordinary shares (30 September 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 September 2012, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,304,595 ordinary shares (30 September 2011: 5,256,372 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 Sep		Nine months ended 30 Sep	
	2012	2011	2012	2011
Basic				
Earnings per share	5.60 cents	4.42 cents	15.81 cents	12.99 cents
Weighted average number of shares ('000)	1,717,143	1,716,405	1,716,656	1,716,191
Diluted				
Earnings per share	5.57 cents	4.39 cents	15.73 cents	12.92 cents
Weighted average number of shares ('000)	1,726,299	1,725,301	1,725,914	1,725,224

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
Net asset value per share	2.3 cents	1.3 cents	67.2 cents	70.5 cents

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

For the nine months ended 30 September 2012, the Group's overall operating revenue growth of 4.0% year-on-year was 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 32.7% was above our guidance of about 30% of service revenue.

Year-to-date capex payments totaled 8.9% of operating revenue. This was within our guidance of capex payments at about 11% of overall operating revenue.

15. GROUP OUTLOOK

The expected demand for iPhone 5 and other new models of smartphones and devices will continue to drive higher handset subsidies in the fourth quarter, and cost of sales will remain high with the year-end festive season promotions.

In the Mobile segment, our current 3G network has been enhanced with Dual Cell High-Speed Packet Access Plus (DC-HSPA+) to complement the launch of our 4G or Long Term Evolution (LTE) service in key locations, namely Singapore's Central Business District, Changi Airport and Singapore Expo. Our LTE or 4G network will be expanded to cover more than half of the island by end of 2012 and nation fully by next year. The enhanced mobile broadband network allows our mobile customers and businesses to access increased data capacity at improved speeds.

In the Pay TV segment, with cross carriage for exclusive content in its third year of implementation, more content acquisition and renewals are on a non-exclusive basis. This

has not however reduced our content costs significantly and content costs are expected to remain high going forward. We will continue to focus on bringing to our customers branded quality content and services that satisfy their entertainment and infotainment needs. New programming includes China Business Network, Jiangsu Satellite channel, Ginx HD (gaming), Travel Channel HD, Discovery Kids, and the TFC Filipinos pack.

In the Broadband segment, price competition has intensified with new players in the market. We continue to introduce competitive bundles and packages as we focus on profitable growth in the high speed broadband segment. New fibre broadband plans targeted at gamers were recently introduced.

In the Fixed Network Services segment, commercial take-up of the Next Gen NBN services have increased although we continue to face provisioning challenges on the NBN network. Pricing competition in the traditional domestic and leased circuits businesses continue to intensify.

Barring any unforeseen circumstances and based on the current outlook, we maintain our guidance for operating revenue to grow in the low single-digit range year-on-year, 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 23 November 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 14 November 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 12 November 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 July 2012 to 30 September 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 July 2012 to 30 September 2012 S\$m
Transactions for the Sale of Goods & Services		
Singapore Telecommunications Limited & its associates	15.3	-
STATS ChipPAC Ltd & its associates	0.1	-
TeleChoice International Ltd & its associates	1.1	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3	-
	16.7	-
Transactions for the Purchase of Goods & Services		
CapitaLand Limited & its associates	2.2	-
Singapore Power Limited & its associates	6.4	-
Singapore Telecommunications Limited & its associates	25.3	-
STT Communications Ltd and its associates	0.4	-
TeleChoice International Ltd & its associates	53.5	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.8	-
	88.7	-

19. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the third quarter and nine months ended 30 September 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
2 November 2012