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## **STARHUB LTD**

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### **Announcement of Audited Results for the Full Year ended 31 December 2012**

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StarHub is pleased to announce our audited results for the fourth quarter and full year ended 31 December 2012.

**Results for the Fourth Quarter and Full Year ended 31 December 2012**

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

**1.1 GROUP INCOME STATEMENT**

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/ (Decr) S\$m	%
Operating revenue	654.1	612.6	41.5	6.8	2,421.6	2,312.0	109.6	4.7
Operating expenses	(552.1)	(507.7)	44.5	8.8	(2,001.0)	(1,935.2)	65.9	3.4
Other income	5.0	10.0	(5.0)	(49.8)	26.7	21.4	5.3	25.1
<b>Profit from operations</b>	<b>107.0</b>	<b>114.9</b>	<b>(8.0)</b>	<b>(7.0)</b>	<b>447.3</b>	<b>398.2</b>	<b>49.1</b>	<b>12.3</b>
Finance income	0.7	0.4	0.3	73.1	4.1	2.1	2.0	93.6
Finance expenses <sup>(1)</sup>	(5.4)	(5.4)	0.0	0.7	(20.0)	(20.5)	(0.5)	(2.4)
<b>Profit before taxation</b>	<b>102.3</b>	<b>110.0</b>	<b>(7.7)</b>	<b>(7.0)</b>	<b>431.4</b>	<b>379.8</b>	<b>51.6</b>	<b>13.6</b>
Taxation	(14.4)	(17.4)	(3.0)	(17.4)	(72.1)	(64.3)	7.7	12.0
<b>Profit for the period</b>	<b>87.9</b>	<b>92.6</b>	<b>(4.7)</b>	<b>(5.1)</b>	<b>359.3</b>	<b>315.5</b>	<b>43.8</b>	<b>13.9</b>
Attributable to:								
Equity holders of the Company	87.9	92.6	(4.7)	(5.1)	359.3	315.5	43.8	13.9
	<b>87.9</b>	<b>92.6</b>	<b>(4.7)</b>	<b>(5.1)</b>	<b>359.3</b>	<b>315.5</b>	<b>43.8</b>	<b>13.9</b>
<b>EBITDA</b>	<b>175.9</b>	<b>185.3</b>	<b>(9.5)</b>	<b>(5.1)</b>	<b>719.8</b>	<b>676.0</b>	<b>43.8</b>	<b>6.5</b>
<b>EBITDA as a % of service revenue</b>	<b>31.2%</b>	<b>33.1%</b>	<b>-1.9 %pts</b>		<b>32.3%</b>	<b>31.1%</b>	<b>1.2 %pts</b>	
<b>Free Cash Flow <sup>(2)</sup></b>	<b>19.0</b>	<b>29.4</b>	<b>(10.4)</b>	<b>(35.4)</b>	<b>416.8</b>	<b>449.7</b>	<b>(32.9)</b>	<b>(7.3)</b>
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	4.3	3.8	0.6	15.6	14.8	14.7	0.1	0.9
<i>Depreciation and amortisation (net of asset grants)</i>	69.0	70.4	(1.4)	(2.0)	272.5	277.8	(5.3)	(1.9)

**Notes:**

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

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%	2012 S\$m	2011 S\$m	Incr/(Decr) S\$m	%
<b>Profit for the period</b>	<b>87.9</b>	<b>92.6</b>	<b>(4.7)</b>	<b>(5.1)</b>	<b>359.3</b>	<b>315.5</b>	<b>43.8</b>	<b>13.9</b>
Other comprehensive income								
Translation differences arising on consolidation of foreign subsidiaries	(0.1)	-	(0.1)	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedge	0.4	4.2	(3.8)	(91.0)	(0.4)	1.1	(1.5)	nm
Other comprehensive income for the period (net of taxation)	0.3	4.2	(3.9)	(91.2)	(0.4)	1.1	(1.5)	nm
<b>Total comprehensive income for the period</b>	<b>88.2</b>	<b>96.8</b>	<b>(8.6)</b>	<b>(8.8)</b>	<b>358.9</b>	<b>316.6</b>	<b>42.3</b>	<b>13.4</b>
Attributable to:								
Equity holders of the Company	88.2	96.8	(8.6)	(8.8)	358.9	316.6	42.3	13.4
	<b>88.2</b>	<b>96.8</b>	<b>(8.6)</b>	<b>(8.8)</b>	<b>358.9</b>	<b>316.6</b>	<b>42.3</b>	<b>13.4</b>

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2012

(A) Operating revenue

For the quarter, the Group's operating revenue was up 6.8% to S\$654.1 million, with the increase coming largely from sales of equipment which increased S\$37.6 million or 70.5% for the quarter. Year-on-year (YoY), revenue from sales of equipment increased S\$54.0 million or 38.6% to S\$194.0 million for the year. The higher revenue from sales of equipment in both periods was due to higher quantities sold and a higher average selling price.

For the full year ended 31 December 2012, the Group's operating revenue increased S\$109.6 million or 4.7% YoY to S\$2,421.6 million due to higher service revenue and sales of equipment.

Total service revenue for the quarter at S\$563.3 million was S\$3.9 million or 0.7% higher when compared to 4Q-2011, with increases in revenue from Fixed and Broadband services being negated by decreases in revenue from Mobile and Pay TV services. For the quarter, Fixed Network services revenue was higher by 7.6%, contributed by both Data & Internet and Voice services; while Broadband services revenue increased 3.9% as a result of a larger subscriber base and higher average revenue per user (ARPU). Mobile and Pay TV services revenue registered YoY decreases of 1.3% and 1.1% respectively for the quarter.

For the full year, service revenue was up S\$55.6 million or 2.6% at S\$2,227.6 million with revenue increases in all services. Fixed Network services recorded the highest revenue increase YoY at S\$21.0 million or 6.2% with growth in both Data & Internet and Voice services, followed by Pay TV revenue which grew S\$20.3 million or 5.4% YoY. The

increase in Pay TV revenue was contributed by UEFA EURO 2012 event in 1H-2012, the S\$2 monthly subscription price increase which was effective since August 2011 and higher revenue from HD set-top box rentals and add-on channels during the year.

Broadband revenue was S\$7.7 million or 3.2% higher for the year with a larger subscriber base and a higher mix of customers on higher speed plans.

For the year, Mobile revenue recorded a gain of S\$6.6 million or 0.5% with revenue from Post-paid services increasing S\$12.7 million or 1.3% for the year. Pre-paid services revenue was lower by S\$6.1 million or 2.4% YoY.

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

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
<b>Operating revenue</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Mobile revenue	308.1	312.2	(4.1)	(1.3)	1,224.2	1,217.6	6.6	0.5
Pay TV revenue	97.6	98.7	(1.1)	(1.1)	396.3	376.0	20.3	5.4
Broadband revenue	62.9	60.6	2.3	3.9	249.4	241.7	7.7	3.2
Fixed Network services revenue	94.7	88.0	6.7	7.6	357.7	336.7	21.0	6.2
Total service revenue	563.3	559.4	3.9	0.7	2,227.6	2,172.0	55.6	2.6
Sale of equipment	90.8	53.2	37.6	70.5	194.0	140.0	54.0	38.6
Total	654.1	612.6	41.5	6.8	2,421.6	2,312.0	109.6	4.7

	Quarter ended 31 Dec		Year ended 31 Dec	
	2012	2011	2012	2011
<b>Operating revenue mix</b>	<b>Mix %</b>	<b>Mix %</b>	<b>Mix %</b>	<b>Mix %</b>
Mobile revenue	47.1	51.0	50.6	52.7
Pay TV revenue	14.9	16.1	16.4	16.3
Broadband revenue	9.6	9.9	10.3	10.5
Fixed Network services revenue	14.5	14.4	14.8	14.6
Sale of equipment	13.9	8.7	8.0	6.1
Total	100.0	100.0	100.0	100.0

## **(B) Operating expenses**

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
<b>Operating expenses</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Cost of sales	306.9	270.5	36.4	13.5	1,010.9	928.5	82.4	8.9
Other operating expenses	245.2	237.1	8.1	3.4	990.1	1,006.7	(16.6)	(1.6)
Total	552.1	507.7	44.5	8.8	2,001.0	1,935.2	65.8	3.4

Total operating expenses for the quarter were 8.8% higher YoY at S\$552.1 million due to higher cost of sales and other operating expenses. For the full year, total operating expenses increased S\$65.8 million or 3.4% to S\$2,001.0 million, with an 8.9% increase in

cost of services mitigated by lower other operating expenses which decreased 1.6% when compared to last year.

As a percentage of operating revenue, total operating expenses for the quarter was higher at 84.4% in 4Q-2012 and for the full year, were lower at 82.6%, compared to 82.9% and 83.7% in the respective periods last year.

Details of total operating expenses are as follows:

**(i) Cost of sales**

	Quarter ended 31 Dec				Year ended 31 Dec			
	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	166.0	127.6	38.4	30.1	440.7	383.4	57.3	14.9
Cost of services	86.8	80.5	6.3	7.8	339.7	298.3	41.4	13.9
Traffic expenses	54.1	62.4	(8.3)	(13.3)	230.5	246.8	(16.3)	(6.6)
Total	306.9	270.5	36.4	13.5	1,010.9	928.5	82.4	8.9

For the quarter, cost of sales was up S\$36.4 million or 13.5% to S\$306.9 million and for the full year, increased S\$82.4 million or 8.9% to S\$1,010.9 million when compared to the corresponding periods last year. The higher expenses were attributed to higher cost of equipment sold and cost of services, which were partially mitigated by lower traffic expenses during the year. As a percentage of operating revenue, cost of sales ratio was higher at 46.9% in 4Q-2012 and 41.7% for full year period, as against 44.2% in 4Q-2011 and 40.2% last year.

The higher cost of equipment sold at S\$166.0 million or 30.1% increase for the quarter and S\$440.7 million or 14.9% increase for the full year were driven by new models of Android and Window devices (such as Samsung SIII, HTC, LG, Nokia Lumia, ASUS PadFone) and Apple devices (such as iPhone 5, iPad & iPad mini) which led to higher quantities sold in 2012. Higher unit costs of these higher end smart devices also contributed to the increase in costs of equipment sold when compared to last year. As a ratio of operating revenue, cost of equipment sold rose to 25.4% this quarter and, for the full year was at 18.2%, compared to 20.8% in 4Q-2011 and 16.6% last year.

For the quarter, cost of services increased S\$6.3 million or 7.8% to S\$86.8 million driven by new TV content, higher programming and production costs for existing and renewed contracts and higher cost of services in our Fixed Network and Next Gen NBN services as take-up increased. This, together with the higher first half year costs which included the UEFA EURO 2012 programming resulted in the full year costs of services increasing S\$41.4 million or 13.9% to S\$339.7 million. As a percentage of operating revenue, this quarter's cost of services was 13.3%, up from 13.1% in 4Q-2011 and at 14.0% for the full year, higher than 12.9% recorded last year.

Traffic expenses for the quarter decreased S\$8.3 million or 13.3% YoY to S\$54.1 million and for the full year, were S\$16.3 million or 6.6% lower at S\$230.5 million when compared to 2011. The lower expenses were attributable to lower inter-operator SMS traffic, reduced traffic volume and lower inter-connection rates for our international outbound traffic. As a percentage of operating revenue, traffic expenses were lower at 8.3% for the quarter and 9.5% for the full year, down from 10.2% and 10.7% in the corresponding periods last year.

**(ii) Other operating expenses**

	Quarter ended 31 Dec				Year ended 31 Dec			
	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	63.4	62.5	0.9	1.4	265.9	266.9	(1.0)	(0.4)
Operating leases	31.4	32.7	(1.3)	(4.0)	131.3	135.5	(4.2)	(3.1)
Marketing and promotions	38.4	41.3	(2.8)	(6.8)	147.4	169.6	(22.2)	(13.1)
Allowance for doubtful receivables	4.3	3.8	0.6	15.6	14.8	14.7	0.1	0.9
Repair and maintenance	15.3	13.1	2.1	16.1	63.2	68.0	(4.8)	(7.1)
Other expenses	23.4	13.3	10.1	75.7	95.0	74.2	20.8	28.0
Sub total	176.2	166.7	9.5	5.7	717.6	728.9	(11.3)	(1.5)
Depreciation and amortisation (net of asset grants)	69.0	70.4	(1.4)	(2.0)	272.5	277.8	(5.3)	(1.9)
Total	245.2	237.1	8.1	3.4	990.1	1,006.7	(16.6)	(1.6)

For the quarter, other operating expenses were S\$8.1 million or 3.4% higher at S\$245.2 million when compared to 4Q-2011. All categories of operating expenses recorded increases except for marketing and promotion expenses which decreased 6.8%, operating lease expenses which decreased S\$1.3 million or 4.0% and depreciation and amortisation which decreased by S\$1.4 million or 2.0% for the quarter.

Against last year, this year's other operating expenses were lower by S\$16.6 million or 1.6% at S\$990.1 million. All categories of expenses were lower YoY, except for other expenses which increased S\$20.8 million or 28.0% to S\$95.0 million this year.

As a percentage of operating revenue, other operating expenses were lower at 37.5% for the quarter and 40.9% for the full year period, when compared to 38.7% and 43.5% in the corresponding periods last year.

Staff costs

Staff costs for the quarter were S\$0.9 million or 1.4% higher at S\$63.4 million and for the full year, were S\$1.0 million or 0.4% lower at S\$265.9 million. As a ratio of operating revenue, staff costs were 9.7% in 4Q-2012 and 11.0% for the full year, down from 10.2% in 4Q-2011 and 11.5% last year.

Operating leases

YoY, operating lease expenses for the quarter were S\$1.3 million or 4.0% lower at S\$31.4 million and for the full year, decreased S\$4.2 million or 3.1% to S\$131.3 million. The lower operating lease expenses were due to reduced international lease capacity costs which were offset by higher lease expenses for Next Gen NBN network and office rental. As a percentage of operating revenue, operating lease expenses were lower at 4.8% for the quarter and 5.4% for the full year.

Marketing and promotions

For the quarter, marketing and promotion expenses decreased 6.8% YoY to S\$38.4 million due to lower acquisition and recontract costs, but offset by higher marketing expenses. Marketing and promotion expenses for 2012, at S\$147.4 million, were S\$22.2 million or 13.1% lower than last year, mainly due to reduced acquisition and recontract expenses. As a percentage of operating revenue, marketing and promotion expenses were 5.9% for the

quarter and 6.1% for the full year periods, down from 6.7% and 7.3% in the corresponding periods last year.

Allowance for doubtful receivables

Compared to 4Q-2011, this quarter's allowance for doubtful receivables was up 15.6% to S\$4.3 million as allowance for doubtful receivables provisioning was made based on the aging profile of the outstanding receivables. As a percentage of service revenue, the quarter's allowance for doubtful debts was 0.8%, up from 0.7% in 4Q-2011. For the full year, allowance for doubtful receivables at S\$14.8 million or 0.7% of service revenue was comparable to that in 2011.

Repair and maintenance

This quarter's repair and maintenance expenses were higher at S\$15.3 million when compared to S\$13.1 million in 4Q-2011 which included write-back of excess accruals on network and support system maintenance in 4Q-2011. Excluding the write back, the repair and maintenance expenses were stable YoY for both quarters. For the full year, repair and maintenance expenses decreased S\$4.8 million or 7.1% to S\$63.2 million, due mainly to the reversal of excess accruals in the year as lower costs or rates were finalised for the maintenance of our local and international network systems. As a percentage of operating revenue, repair and maintenance ratio was 2.3% this quarter compared to 2.1% in 4Q-2011 and for the full year, was lower at 2.6% in 2012 when compared to 2.9% last year.

Other expenses

Other expenses for the quarter were S\$10.1 million or 75.7% higher at S\$23.4 million and, for the full year period, was S\$20.8 million or 28.0% higher at S\$95.0 million when compared to the corresponding periods last year. The higher expenses were mainly attributable to higher license fees, office & network occupancy expenses, and network construction expenses after netting off a lower cost recovery and reduced exchange gain this year. The higher expenses were also partially mitigated by lower losses arising from fixed assets written off this year. As a percentage of operating revenue, other expenses were higher at 3.6% for the quarter and 3.9% for the full year, when compared to 2.2% and 3.2% in the corresponding periods last year.

Depreciation and amortisation (net of asset grants)

For the quarter and full year ended 31 December 2012, depreciation and amortisation expenses were 2.0% and 1.9% lower YoY at S\$69.0 million and S\$272.5 million respectively. The lower expenses were mainly due to fully depreciated property, plant and equipment and intangible assets, offset by higher depreciation from additions of fixed assets. As a percentage of operating revenue, depreciation and amortisation expenses were 10.5% for the quarter and 11.3% for the full year, down from 11.5% and 12.0% in the corresponding periods last year.

**(C) Other income**

This quarter's other income was S\$5.0 million lower than 4Q-2011 as certain government grant claims are still pending confirmation that their attached conditions have been complied with. For the full year, other income increased S\$5.3 million or 25.1% to S\$26.7 million on account of a higher amortised rollout grant for the Next Gen NBN offset by lower adoption grants taken up this year.

**(D) Profitability**

For the quarter, while operating revenue grew by S\$41.5 million or 6.8%, other income was lower by S\$5.0 million or 49.8% and operating expenses were S\$44.5 million or 8.8% higher, thus resulting in the Group's profit from operations being 7.0% lower at S\$107.0 million. For the full year, profit from operations increased S\$49.1 million or 12.3% to S\$447.3 million due to higher operating revenue, which increased 4.7% YoY, higher other income which increased S\$5.3 million or 25.1% and a lower YoY increase of 3.4% in operating expenses.

EBITDA was S\$175.9 million in the current quarter, down from S\$185.3 million in 4Q-2011. For the full year, EBITDA was up 6.5% to S\$719.8 million. As a percentage of service revenue, EBITDA margin was 31.2% for the quarter and 32.3% for the full year, as compared to 33.1% in 4Q-2011 and 31.1% in 2011.

Finance income was higher at S\$0.7 million for the quarter and S\$4.1 million for the full year. The higher income this year was due to higher rates and deposits.

Finance expenses for the quarter amounted to S\$5.4 million, comparable to 4Q-2011. For the full year, total finance expenses were S\$0.5 million or 2.4% lower at S\$20.0 million when compared to 2011.

Consequently, this quarter's profit before taxation at S\$102.3 million was S\$7.7 million or 7.0% lower than 4Q-2011. For the full year, profit before taxation increased S\$51.6 million or 13.6% to S\$431.4 million in 2012 as a result of the better performance from operations.

The Group's taxation for the quarter was S\$3.0 million or 17.4% lower at S\$14.4 million and, for the full year, was up 12.0% to S\$72.1 million when compared to the corresponding periods last year. The effective tax rate for this year was 16.7% compared to 16.9% in 2011.

As such, the Group's profit after taxation decreased S\$4.7 million or 5.1% to S\$87.9 million in 4Q-2012 and rose S\$43.8 million or 13.9% to S\$359.3 million for the full year.



2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	246.1	251.8	(5.7)	(2.3)	980.9	968.2	12.7	1.3
Pre-paid	62.0	60.4	1.6	2.7	243.3	249.4	(6.1)	(2.4)
Total	308.1	312.2	(4.1)	(1.3)	1,224.2	1,217.6	6.6	0.5

	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
Mobile operating statistics	2012	2012	2011	2012	2011	%
Number of registered customers (in thousands)						
Post-paid	1,104	1,086	1,066	1,104	1,066	3.6
Pre-paid	1,096	1,093	1,125	1,096	1,125	(2.7)
Total	2,200	2,180	2,192	2,200	2,192	0.4
Monthly minutes of use per registered customer						
Post-paid	307	322	336	324	339	(4.2)
Pre-paid	438	455	476	454	485	(6.4)
Average monthly SMS per registered user (originating)						
Post-paid	167	183	230	191	246	(22.2)
Pre-paid	96	107	116	106	126	(16.1)
Mobile Data Traffic (in GBytes)						
Post-paid	5,005,610	5,142,470	4,191,150	18,915,533	15,353,645	23.2
Pre-paid	206,816	199,491	75,840	733,746	285,266	157.2
ARPU with IDD included (S\$ per month)						
Post-paid	74	74	76	74	74	0.5
Pre-paid	19	19	18	19	19	(2.3)
Non-voice service as a contribution to ARPU						
Post-paid	41.3%	42.7%	39.8%	41.1%	38.2%	-
Pre-paid	17.8%	18.2%	17.0%	17.8%	16.6%	-
Average monthly churn rate (post-paid)	1.0%	1.0%	1.2%	1.1%	1.1%	-
Singapore mobile penetration <sup>(1)</sup>	150.5%	148.8%	149.6%	150.5%	149.6%	-
Market Share <sup>(1)</sup>	27.4%	27.6%	28.3%	27.4%	28.3%	-

Note:

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

Total mobile services

Total mobile services revenue at S\$308.1 million for the quarter was S\$4.1 million or 1.3% lower compared to 4Q-2011. The lower revenue was attributable to lower Post-paid mobile services revenue which decreased S\$5.7 million or 2.3%. For the full year, total mobile services rose S\$6.6 million or 0.5% YoY to S\$1,224.2 million, with increase contributed by higher Post-paid mobile services which increased S\$12.7 million or 1.3% YoY. The increase was partially offset by lower revenue from Pre-paid mobile services which decreased S\$6.1 million or 2.4% YoY. As a percentage of total operating revenue, the mobile services revenue mix was 47% for the quarter and 51% for the full year, down from 51% and 53% in the corresponding periods last year.

Post-paid mobile services

This quarter's Post-paid mobile services revenue decreased S\$5.7 million or 2.3% YoY to S\$246.1 million due to lower revenue from interconnect operators and roaming revenue, and partially mitigated by higher subscription revenue from an increased subscriber base. For the full year, Post-paid mobile services revenue was S\$12.7 million or 1.3% higher at S\$980.9 million when compared to last year, on the back of a larger subscriber base.

As at 31 December 2012, the Post-paid mobile customer base totaled 1,104,000 customers after the quarter's net add of 18,000 customers. Compared to a year ago, this was a 38,300 or 3.6% increase YoY.

Post-paid mobile ARPU was S\$74 for the quarter or S\$2 lower when compared to S\$76 ARPU in 4Q-2011. The lower ARPU this quarter was mainly due to lower roaming and usage revenue, which was partly mitigated by the higher monthly subscription fee and take-up of "SmartSurf" plans. For the year, Post-paid ARPU at S\$74 was comparable to 2011. Post-paid mobile monthly minutes of use (MOU) per customer continued to decline as subscribers switch to data on their smart devices. MOU per customer has dropped to 307 minutes in 4Q-2012 and average 324 minutes in 2012, down 4.2% YoY. The average SMS per Post-paid customer was lower at 167 SMS for the quarter compared to 230 SMS in 4Q-2011 and for the full year, decreased 22.2% to 191 SMS currently. Driven by more customers on smart phones, Post-paid mobile data traffic expanded 19.4% to 5.0 million gigabytes for the quarter and increased 23.2% to 18.9 million gigabytes for the full year when compared to last year. As a result, Post-paid non-voice services as a percentage of Post-paid mobile ARPU were 41.3% for the quarter and 41.1% for the full year, up from 39.8% and 38.2% in the corresponding periods last year.

Post-paid mobile monthly average churn for the quarter was lower at 1.0% compared to 1.2% in 4Q-2011. 2012 full year's average churn at 1.1% was comparable to last year.

Pre-paid mobile services

For the quarter, Pre-paid mobile services revenue at S\$62.0 million was up S\$1.6 million or 2.7% when compared to 4Q-2011. This quarter's revenue included an additional S\$1.2 million of expired credits. On a full year basis, 2012 Pre-paid mobile services revenue at S\$243.3 million was S\$6.1 million or 2.4% lower compared to last year, as a result of lower customer base and usages.

As at 31 December 2012, Pre-paid mobile customer base was 1,096,000 after the quarter's net add of 2,400. Compared to a year ago, this was 29,900 customers or 2.7% lower.

Pre-paid mobile ARPU was S\$19 for the quarter, S\$1 higher than 4Q-2011. The higher ARPU for the quarter was attributed to higher data usage and increased voice revenue.

Pre-paid monthly MOU was lower at 438 minutes in 4Q-2012 and 454 minutes for the full year when compared to the corresponding periods last year. This quarter's Pre-paid mobile average monthly SMS per customer at 96 SMS was 17.2% lower than 4Q-2011 and for the full year, decreased 16.1% YoY to 106 SMS. For the quarter, Pre-paid mobile data usage was up 2.7 times to 207K gigabytes in 4Q-2012, from 76K gigabytes in 4Q-2011. For the full year, Pre-paid mobile data usage grew 157.2% to 734K gigabytes. Hence, as a percentage of Pre-paid mobile ARPU, Pre-paid non voice services were higher at 17.8% in the current periods, up from 17.0% in 4Q-2011 and 16.6% last year.

**Pay TV Services**

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	97.6	98.7	(1.1)	(1.1)	396.3	376.0	20.3	5.4

Pay TV operating statistics	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential Pay TV customers (in thousands)	536	541	545	536	545	(1.6)
ARPU (S\$ per month)	51	52	51	52	50	5.2
Average monthly churn rate	1.3%	1.2%	0.9%	1.2%	1.1%	-
StarHub's penetration	43.6%	44.2%	45.2%	43.6%	45.2%	-

Pay TV revenue for the quarter was 1.1% lower at S\$97.6 million when compared to 4Q-2011, due mainly to lower advertising revenue. For the full year, Pay TV revenue increased S\$20.3 million or 5.4% YoY to S\$396.3 million boosted by UEFA EURO 2012 in June 2012, higher revenue for HD set-top box rental and increased take up of add-on channels, in addition to the full year impact of the S\$2 subscription rate increase that has been effective since August 2011.

As at 31 December 2012, Pay TV subscriber base totaled 536,000 after the quarter's net churn of 5,200 subscribers due to the expiration of certain of our short term marketing offers and aggressive offers from competitors. Compared to a year ago, this was 8,700 subscribers or 1.6% lower.

Consequently, Pay TV monthly average churn for the quarter was 1.3%, up from 0.9% in 4Q-2011. This led to the higher churn rate of 1.2% in 2012 compared to 1.1% last year.

This quarter's Pay TV ARPU at S\$51 was comparable to 4Q-2011 and for the full year, was S\$2 or 5.2% higher at S\$52 as compared to S\$50 last year. The higher ARPU for the full year period was contributed by the S\$2 increase in monthly subscription price implemented since August 2011, higher revenue from rental of HD set-top box and increased take up of add-on channels.

**Broadband Services**

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	62.9	60.6	2.3	3.9	249.4	241.7	7.7	3.2

Broadband operating statistics	Quarter ended			Year ended		YoY
	31 Dec	30 Sep	31 Dec	31 Dec		Incr/(Decr)
	2012	2012	2011	2012	2011	%
Number of residential broadband customers - subscription-based (in thousands)	444	443	440	444	440	0.8
ARPU (S\$ per month)	46	46	45	46	45	1.4
Average monthly churn rate	1.4%	1.5%	1.1%	1.5%	1.2%	-

Compared to the corresponding periods last year, Broadband services revenue was S\$2.3 million or 3.9% higher at S\$62.9 million for the quarter and increased S\$7.7 million or 3.2% to S\$249.4 million for the full year. The higher revenue was mainly due to a larger customer base and increased ARPU.

As at 31 December 2012, Broadband customer base was 444,000 after the quarter's net add of 500 customers. Compared to a year ago, this was 3,500 customers or 0.8% higher.

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

Broadband average monthly churn was 1.4% for the quarter and 1.5% for the full year period, up from 1.1% and 1.2% in the corresponding periods last year. The higher churn in the current periods were due to more competitive offers by new players in the market and non-renewal by some Broadband customers on lower speed plans when their promotional term contracts expired.

**Fixed Network Services**

	Quarter ended 31 Dec				Year ended 31 Dec			
	2012	2011	Incr / (Decr)		2012	2011	Incr / (Decr)	
<b>Fixed Network Services Revenue</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>	<b>S\$m</b>	<b>S\$m</b>	<b>S\$m</b>	<b>%</b>
Data & Internet	77.4	73.4	4.0	5.4	295.0	281.1	13.9	4.9
Voice services	17.3	14.5	2.7	18.6	62.7	55.6	7.1	12.9
Total	94.7	88.0	6.7	7.6	357.7	336.7	21.0	6.2

Driven by growth in both Data & Internet and Voice services, Fixed Network services revenue increased S\$6.7 million or 7.6% YoY to S\$94.7 million for the quarter. For the full year, Fixed Network services revenue increased S\$21.0 million or 6.2% to S\$357.7 million when compared to last year.

YoY, Data & Internet services revenue grew S\$4.0 million or 5.4% to S\$77.4 million for the quarter and for the full year, was up 4.9% from S\$281.1 million last year to S\$295.0 million this year. The higher revenue was due to greater take-up of our Internet and Next Gen NBN services, coupled with an increase in solutions sales.

This quarter's Voice services revenue was 18.6% higher at S\$17.3 million and for the full year, increased S\$7.1 million or 12.9% to S\$62.7 million. The increase was mainly due to higher revenue from local voice services as the digital voice home services became chargeable, coupled with higher in-payments from carriers.

**Hubbing (Multi-Service Households)**

Hubbing Metrics	As at			YoY Incr/(Decr) %
	31 Dec 2012	30 Sep 2012	31 Dec 2011	
Total Singapore occupied homes (in thousands, estimated) <sup>(1)</sup>	1,197	1,189	1,189	0.7
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	784	786	791	(0.9)
Percentage of total hubbing households which subscribe to any two services	29.6%	30.1%	30.9%	(1.3)% pts
Percentage of total hubbing households which subscribe to all three services	27.4%	27.0%	25.9%	1.5% pts
Total hubbing households which subscribe to two or more services	57.0%	57.1%	56.8%	0.2% pts

Note:

(1) Source: Nielsen Media Research for 2012 estimates

Compared to a year ago, the number of hubbing households with at least one StarHub service decreased 0.9% to 784,000 households as at 31 December 2012. As a percentage of total hubbing households, the mix of households who subscribed to more than one service rose from 56.8% last year to 57.0% in 2012.

As at 31 December 2012, the number of triple services Hub Club households totaled 214,000 after the quarter's net add of 2,100 households. Compared to a year ago, this was 9,200 households or 4.5% higher. As a ratio of total hubbing households, Hub Club households were 27.4% as at 31 December 2012, up from 25.9% last year.

## 3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Dec		Year ended 31 Dec	
	2012 S\$m	2011 S\$m	2012 S\$m	2011 S\$m
<b>Operating Activities</b>				
Profit before taxation	102.3	110.0	431.4	379.8
Adjustments for :				
Depreciation and amortisation (net of asset grants)	69.0	70.4	272.5	277.8
Loss on disposal of fixed assets	(0.2)	2.5	0.4	3.8
Share-based payments expenses	1.8	1.4	6.4	2.4
Changes in fair value of financial instruments	0.0	3.9	0.6	(2.0)
Net finance expenses	4.7	4.9	15.9	18.4
Income related grants	(5.0)	(10.0)	(26.7)	(21.4)
Other non-cash items	0.2	(1.9)	1.0	(0.9)
Operating cash flow before working capital changes	172.8	181.2	701.5	657.9
Changes in working capital	(38.5)	(35.0)	42.0	38.3
Income tax paid	(0.0)	-	(54.0)	-
<b>Net cash from operating activities</b>	<b>134.3</b>	<b>146.2</b>	<b>689.5</b>	<b>696.2</b>
<b>Investing Activities</b>				
Proceeds from disposal of fixed assets	0.5	0.1	1.0	0.5
Purchase of fixed assets	(115.3)	(116.8)	(272.7)	(246.5)
Interest received	1.1	0.4	4.0	2.0
<b>Net cash used in investing activities</b>	<b>(113.7)</b>	<b>(116.2)</b>	<b>(267.7)</b>	<b>(244.0)</b>
<b>Financing Activities</b>				
Proceeds from exercise of share options	0.3	0.4	1.1	1.7
Finance expenses paid	(2.9)	(2.7)	(19.9)	(21.8)
Grants received	3.5	3.7	50.5	4.9
Proceeds from bank loans	-	50.0	80.0	187.5
Repayment of bank loans	(200.0)	(35.8)	(275.0)	(330.4)
Proceeds from issuance of medium term notes	-	-	220.0	-
Dividends paid	(85.9)	(85.8)	(343.4)	(343.3)
Purchase of treasury shares	-	(3.9)	(2.3)	(9.1)
<b>Net cash used in financing activities</b>	<b>(285.0)</b>	<b>(74.1)</b>	<b>(289.0)</b>	<b>(510.5)</b>
<b>Net change in cash and cash equivalents</b>	<b>(264.4)</b>	<b>(44.1)</b>	<b>132.8</b>	<b>(58.3)</b>
Cash and cash equivalents at beginning of the period	576.4	223.3	179.2	237.5
<b>Cash and cash equivalents at end of the period</b>	<b>312.0</b>	<b>179.2</b>	<b>312.0</b>	<b>179.2</b>

Net cash from operating activities at S\$134.3 million for the quarter was S\$11.9 million lower than 4Q-2011 due to lower profits from operations and a higher negative change in working capital. This quarter's negative change in working capital of S\$38.5 million was primarily attributed to higher prepayments and accrued revenue as well as lower net balance due to related parties. For the full year, net cash from operating activities was S\$689.5 million in 2012 as compared to S\$696.2 million last year. The YoY decrease of S\$6.7 million was due to income tax payment of S\$54.0 million in the year which offset the increase in cash generated from higher profits from operations, increased positive change in working capital from higher trade and other payables, increased net balance due to related parties, and increase in other receivables and prepayments.

This quarter's net cash outflow from investing activities was S\$2.5 million lower at S\$113.7 million compared to S\$116.2 million in 4Q-2011. The lower cash outlay was due to lower CAPEX payments, coupled with higher proceeds from disposal of fixed assets and interest received. For the full year, total net cash outflow from investing activities at S\$267.7 million was S\$23.7 million higher than last year, due to higher CAPEX payments, which was partially mitigated by higher receipts from interest and disposal of fixed assets.

For the quarter and full year periods, total CAPEX payments amounted to S\$115.3 million and S\$272.7 million respectively. As a percentage of operating revenue, total CAPEX payments were 17.6% for the quarter and 11.3% for the full year.

Free cash flow for the quarter at S\$19.0 million was 35.4% lower compared to S\$29.4 million in 4Q-2011, mainly due to lower net cash from operating activities. For the full year, free cash flow decreased S\$32.9 million or 7.3% YoY to S\$416.8 million, due mainly to higher CAPEX payment and tax paid which resulted in lower net cash from operating activities.

Net cash outflow from financing activities for the quarter was S\$285.0 million compared to S\$74.1 million in 4Q-2011. The higher cash outlay was attributed to higher repayment of bank loans totaling S\$200.0 million compared to S\$35.8 million in 4Q-2011 and nil proceeds from bank loans as no drawdown was made in the current quarter. For the full year, total net cash outflow from financing activities was 43.4% lower at S\$289.0 million when compared to last year. The S\$220.0 million proceeds from medium term notes issued in September 2012 (none were issued in 2011) and S\$80.0 million of proceeds from bank loans were used to finance the repayment of S\$275.0 million of bank loans this year. Government grant receipts were also higher at S\$50.5 million this year compared to S\$4.9 million received last year.

As at 31 December 2012, the Group's cash and cash equivalents were S\$312.0 million, after a positive net change in cash and cash equivalents of S\$132.8 million generated in the year.

#### Capital expenditure commitments

Compared to a year ago, the Group's total outstanding capital expenditure commitments were S\$76.7 million higher at S\$271.8 million. The current outstanding capital expenditure commitments comprised the purchase of leasehold land, development of new support system to improve fulfillment of customers' demand and experience, expansion of our international undersea cable infrastructure and domestic network infrastructure.



## 4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 12 S\$m	31 Dec 11 S\$m	31 Dec 12 S\$m	31 Dec 11 S\$m
<b>Non-current assets</b>				
Property, plant and equipment	791.1	761.9	367.7	344.9
Intangible assets	397.0	423.6	105.9	126.9
Subsidiaries	-	-	1,202.1	1,202.1
Balances with related parties	-	-	600.0	-
Deferred tax assets	2.5	2.8	-	-
	<b>1,190.6</b>	<b>1,188.3</b>	<b>2,275.7</b>	<b>1,673.9</b>
<b>Current assets</b>				
Inventories	28.1	37.2	21.2	29.0
Trade receivables	142.3	152.0	130.9	139.9
Other receivables, deposits and prepayments	123.6	149.2	20.4	22.0
Balances with related parties	12.0	17.2	48.2	661.6
Cash and cash equivalents	312.0	179.2	245.7	154.3
	<b>618.0</b>	<b>534.8</b>	<b>466.4</b>	<b>1,006.8</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	728.1	702.9	344.5	353.4
Balances with related parties	56.5	41.9	321.5	296.0
Borrowings	-	75.0	-	75.0
Provision for taxation	94.6	83.5	51.4	55.7
	<b>879.2</b>	<b>903.3</b>	<b>717.4</b>	<b>780.1</b>
<b>Net current (liabilities)/assets</b>	<b>(261.2)</b>	<b>(368.5)</b>	<b>(251.0)</b>	<b>226.7</b>
<b>Non-current liabilities</b>				
Trade and other payables	37.5	34.1	37.5	34.1
Borrowings	687.5	587.5	687.5	587.5
Deferred income	41.7	62.8	-	-
Deferred tax liabilities	119.2	112.8	72.4	69.8
	<b>885.9</b>	<b>797.2</b>	<b>797.4</b>	<b>691.4</b>
<b>Net assets</b>	<b>43.5</b>	<b>22.6</b>	<b>1,227.3</b>	<b>1,209.2</b>
<b>Shareholders' equity</b>				
Share capital	263.1	262.8	263.1	262.8
Reserves	(219.6)	(240.2)	964.2	946.4
<b>Total equity</b>	<b>43.5</b>	<b>22.6</b>	<b>1,227.3</b>	<b>1,209.2</b>

## GROUP BALANCE SHEET REVIEW

As at 31 December 2012, the Group's total non-current assets was S\$1,190.6 million. This was S\$2.3 million higher than a year ago due to higher net book value of property, plant and equipment offset by lower net book value of intangible assets.

Total current assets as at 31 December 2012 was S\$618.0 million, an increase of S\$83.2 million or 15.6% compared to last year. The increase was mainly due to higher cash and cash equivalents, which partially offset the lower other receivables, deposits and prepayments, trade receivables, inventories and balance due from related parties.

Total current liabilities were lower at S\$879.2 million as at 31 December 2012 as compared to S\$903.3 million a year ago. The reduction was from repayment of bank loans offset by higher trade and other payables, balances due to related parties and provision for taxation.

Total non-current liabilities increased from S\$797.2 million as at 31 December 2011 to S\$885.9 million now, with higher long term borrowings, deferred tax liabilities, and trade and other payables, offset by lower deferred income balance.

The Group's shareholders' equity as at 31 December 2012 was higher at S\$43.5 million when compared to S\$22.6 million as at 31 December 2011.

## 5. GROUP UNSECURED BORROWINGS

	31 Dec 12 S\$m	31 Dec 11 S\$m
<b>Unsecured borrowings</b>		
Amount repayable in one year or less		
Bank loans	-	75.0
	-	75.0
Amount repayable after one year		
Bank loans	467.5	587.5
Medium term notes	220.0	-
	687.5	587.5
<b>Total</b>	<b>687.5</b>	<b>662.5</b>

As at 31 December 2012, the Group's total borrowings amounted to S\$687.5 million, S\$25.0 million more than last year. In September 2012, the Group issued a S\$220.0 million 10-year medium term note under its Medium Term Note Program established a year ago. The Note matures in September 2022 and bears a fixed coupon rate of 3.08%p.a. The proceeds from the notes issue was used to repay the current portion of bank loans due within 12 months and term out the maturity profile of the Group's borrowings to longer term.

Net debt as at 31 December 2012 was S\$375.5 million, 22.3% lower compared to S\$483.3 million a year ago. The Group's net debt to 2011 EBITDA was 0.56 times as at 31 December 2012 as against 0.71 times last year.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based payments reserve S\$m	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
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	271.4	271.4	271.4
Other comprehensive income									
Translation differences arising from consolidation of foreign subsidiaries	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.8)	-	-	(0.8)	(0.8)
Total comprehensive income for the period	-	-	-	-	(0.8)	0.1	271.4	270.7	270.7
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Share-based payments expenses	-	-	-	4.1	-	-	-	4.1	4.1
Purchase of treasury shares	-	(2.3)	-	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	7.5	-	(6.1)	-	-	-	1.4	1.4
Dividends paid	-	-	-	-	-	-	(257.5)	(257.5)	(257.5)
Total transactions with equity holders of the Company	-	5.2	-	(2.0)	-	-	(257.5)	(254.3)	(254.3)
<b>At 30 Sep 2012</b>	<b>262.8</b>	<b>(0.3)</b>	<b>(276.3)</b>	<b>11.9</b>	<b>(7.4)</b>	<b>0.1</b>	<b>48.2</b>	<b>(223.8)</b>	<b>39.0</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	87.9	87.9	87.9
Other comprehensive income									
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 (net of taxation)	-	-	-	-	0.4	-	-	0.4	0.4
Total comprehensive income for the period	-	-	-	-	0.4	(0.1)	87.9	88.2	88.2
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	0.3	-	-	-	-	-	-	-	0.3
Share-based payments expenses	-	-	-	2.3	-	-	-	2.3	2.3
Transfer from treasury shares to share-based payments reserve	-	0.1	-	(0.5)	-	-	-	(0.4)	(0.4)
Dividends paid	-	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	0.3	0.1	-	1.8	-	-	(85.9)	(84.0)	(83.7)
<b>At 31 Dec 2012</b>	<b>263.1</b>	<b>(0.2)</b>	<b>(276.3)</b>	<b>13.7</b>	<b>(7.0)</b>	<b>-</b>	<b>50.2</b>	<b>(219.6)</b>	<b>43.5</b>

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

Group	Share capital S\$m	Treasury shares S\$m	Goodwill written off S\$m	Share-based payments 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
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	222.9	222.9	222.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(3.1)	-	(3.1)	(3.1)
Total comprehensive income for the period	-	-	-	-	(3.1)	222.9	219.8	219.8
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	2.5	-	-	(1.7)	-	-	(1.7)	0.8
Share-based payments expenses	-	-	-	1.0	-	-	1.0	1.0
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payments reserve	-	3.0	-	(2.4)	-	-	0.6	0.6
Dividends paid	-	-	-	-	-	(257.4)	(257.4)	(257.4)
Total transactions with equity holders of the Company	2.5	(2.2)	-	(3.1)	-	(257.4)	(262.7)	(260.2)
At 30 Sep 2011	262.8	(2.2)	(276.3)	12.5	(10.8)	27.5	(249.2)	13.6
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	92.6	92.6	92.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	4.2	-	4.2	4.2
Total comprehensive income for the period	-	-	-	-	4.2	92.6	96.8	96.8
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.4	-	-	1.4	1.4
Purchase of treasury shares	-	(3.9)	-	-	-	-	(3.9)	(3.9)
Transfer from treasury shares to share-based payments reserve	-	0.6	-	(0.1)	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	(3.3)	-	1.3	-	(85.8)	(87.8)	(87.8)
At 31 Dec 2011	262.8	(5.5)	(276.3)	13.9	(6.6)	34.3	(240.2)	22.6

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

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payments reserve S\$m	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
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	200.3	200.3	200.3
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.8)	-	(0.8)	(0.8)
Total comprehensive income for the period	-	-	-	-	(0.8)	200.3	199.5	199.5
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	4.1	-	-	4.1	4.1
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	7.5	-	(6.1)	-	-	1.4	1.4
Dividends paid	-	-	-	-	-	(257.5)	(257.5)	(257.5)
Total transactions with equity holders of the Company	-	5.2	-	(2.0)	-	(257.5)	(254.3)	(254.3)
<b>At 30 Sep 2012</b>	<b>262.8</b>	<b>(0.3)</b>	<b>276.5</b>	<b>11.9</b>	<b>(7.4)</b>	<b>610.9</b>	<b>891.6</b>	<b>1,154.4</b>
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	156.2	156.2	156.2
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.4	-	0.4	0.4
Total comprehensive income for the period	-	-	-	-	0.4	156.2	156.6	156.6
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	0.3	-	-	-	-	-	-	0.3
Share-based payments expenses	-	-	-	2.3	-	-	2.3	2.3
Transfer from treasury shares to share-based payments reserve	-	0.1	-	(0.5)	-	-	(0.4)	(0.4)
Dividends paid	-	-	-	-	-	(85.9)	(85.9)	(85.9)
Total transactions with equity holders of the Company	0.3	0.1	-	1.8	-	(85.9)	(84.0)	(83.7)
<b>At 31 Dec 2012</b>	<b>263.1</b>	<b>(0.2)</b>	<b>276.5</b>	<b>13.7</b>	<b>(7.0)</b>	<b>681.2</b>	<b>964.2</b>	<b>1,227.3</b>

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

Company	Share capital S\$m	Treasury shares S\$m	Merger/ Capital reserve S\$m	Share-based payments reserve S\$m	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
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	176.6	176.6	176.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(3.1)	-	(3.1)	(3.1)
Total comprehensive income for the period	-	-	-	-	(3.1)	176.6	173.5	173.5
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	2.5	-	-	(1.7)	-	-	(1.7)	0.8
Share-based payments expenses	-	-	-	1.0	-	-	1.0	1.0
Purchase of treasury shares	-	(5.2)	-	-	-	-	(5.2)	(5.2)
Transfer from treasury shares to share-based payments reserve	-	3.0	-	(2.4)	-	-	0.6	0.6
Dividends paid	-	-	-	-	-	(257.4)	(257.4)	(257.4)
Total transactions with equity holders of the Company	2.5	(2.2)	-	(3.1)	-	(257.4)	(262.7)	(260.2)
At 30 Sep 2011	262.8	(2.2)	276.5	12.5	(10.8)	582.3	858.4	1,121.2
<b><u>Total comprehensive income for the period</u></b>								
Profit for the period	-	-	-	-	-	171.6	171.6	171.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	4.2	-	4.2	4.2
Total comprehensive income for the period	-	-	-	-	4.2	171.6	175.8	175.8
<b><u>Transactions with equity holders of the Company, recognised directly in equity</u></b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.4	-	-	1.4	1.4
Purchase of treasury shares	-	(3.9)	-	-	-	-	(3.9)	(3.9)
Transfer from treasury shares to share-based payments reserve	-	0.6	-	(0.1)	-	-	0.5	0.5
Dividends paid	-	-	-	-	-	(85.8)	(85.8)	(85.8)
Total transactions with equity holders of the Company	-	(3.3)	-	1.3	-	(85.8)	(87.8)	(87.8)
At 31 Dec 2011	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2

## 7. CHANGES IN COMPANY'S SHARE CAPITAL

### Share Capital

As at 31 December 2012, the share capital of the Company totaled S\$263.1 million comprising 1,717,452,289 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 full year ended 31 December 2012, the Company issued 220,475 new ordinary shares to participants who exercised the Company's share option plans. The exercise prices ranged from S\$0.68 to S\$1.52 per ordinary share.

#### Treasury Shares

In 4Q-2012, the Company transferred 16,125 treasury shares to participants of the Company's share plans. There was no purchase of shares from the market.

For the full year, the Company bought 802,000 ordinary shares from the market at a total consideration of S\$2.3 million. A total of 2,705,199 treasury shares were transferred to directors and participants of the Company's share plans for the year.

After accounting for the net buy-back and transfers, the treasury share balance was S\$0.2 million comprising 72,788 ordinary shares, or 0.004% of issued share capital excluding treasury shares as at 31 December 2012 (31 December 2011: 1,975,987 ordinary shares or 0.12% of issued share capital excluding treasury shares).

### Outstanding Shares – Employees' Share-Based Plans

#### Share Option Plans

As at 31 December 2012, the outstanding balance of unexercised options under the Company's share option plans totaled 1,571,384 (31 December 2011: 2,731,280) or 0.09% of the total issued shares in the capital of the Company.

#### Performance Share Plan

As at 31 December 2012, the outstanding balance of conditional awards under the Performance Share Plan was 2,442,650 ordinary shares (31 December 2011: 1,955,150).

Under 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 31 December 2012, the outstanding balance of conditional awards under the Restricted Stock Plan was 5,215,095 ordinary shares (31 December 2011: 5,162,302 ordinary shares).

Under 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 results of the financial year have been audited.

## **9. AUDITORS' REPORT**

A copy of the Auditor's report is attached.

## **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 31 Dec		Year ended 31 Dec	
	2012	2011	2012	2011
<b>Basic</b>				
Earnings per share	5.12 cents	5.39 cents	20.93 cents	18.38 cents
Weighted average number of shares ('000)	1,717,381	1,716,130	1,716,842	1,716,195
<b>Diluted</b>				
Earnings per share	5.09 cents	5.37 cents	20.82 cents	18.29 cents
Weighted average number of shares ('000)	1,726,123	1,724,822	1,725,830	1,725,073

**13. NET ASSET VALUE PER ORDINARY SHARE**

	Group		Company	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Net asset value per share	2.5 cents	1.3 cents	71.5 cents	70.5 cents

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

For the year ended 31 December 2012, the Group's overall operating revenue growth of 4.7% YoY was in line with our guidance of low single-digit revenue growth for 2012.

As a percentage of service revenue, 2012 full year's EBITDA margin at 32.3% was above our guidance of about 30% of service revenue.

Full year CAPEX payments at 11.3% of operating revenue tracked our guidance of CAPEX payments at about 11% of overall operating revenue.

**15. GROUP OUTLOOK**

In the Mobile segment, increased demand for and adoption of smart devices continue to shift consumer behavior from traditional voice-centric use to a more data-centric use, driving data traffic growth on our mobile network. Additionally, changes in our mobile data plans from unlimited data bundles to a tiered structure with a lower data cap will allow us to better monetise mobile data in 2013. Our enhanced mobile broadband network will have LTE/4G implemented island-wide in 2013. This will further enhance our users' mobile experience with greater speed and capacity.

In the Pay TV segment, content costs will remain high even though acquisitions of new content or content renewals are on a "non-exclusive" basis. We can expect to see more non-exclusive content become available on other competing platforms when the respective exclusive contracts expire. In mid-December 2012, we acquired the broadcast rights to ESPN Star Sports' (ESS) portfolio of content on a non-exclusive basis, which further enhances our Sports proposition. Content delivery over multiple platforms - TV, Broadband and Mobile, new content and services such as Anytime TV (where our Home Broadband

customers have flexible access to our StarHub TV's on-demand library) and a comprehensive variety of quality content will continue to be our focus to meet our customers' personal, household and business' entertainment and infotainment needs.

Competition in the Broadband space will continue as new players in the market build their market share on the new Next Gen NBN (NBN) network. Higher fibre installation quotas and quality of service from the NBN network operator have reduced waiting time for residential broadband activations. We can expect to see a higher take-up of residential fibre broadband services in 2013. In the commercial space, however, NBN access and network provisioning challenges continue to affect the take-up of fibre broadband services by small and medium sized businesses and corporate enterprises.

In order to increase our market share in the Fixed Network Services segment, we have selectively rolled out our own fixed network infrastructure to meet the demands of these customers. Price erosion in the traditional domestic and leased circuits businesses continues.

Barring any unforeseen circumstances and based on the current outlook, we expect the Group's 2013 operating revenue to grow in the single-digit range YoY, and Group EBITDA margin as a percentage of service revenue to be about 31%. We expect our total CAPEX payments in 2013 to be about 13% of operating revenue. This includes the capital expenditure requirements for the payment of the leasehold land and the construction of our cable TV network transmission centre. We intend to maintain our annual cash dividend payout of 20 cents per ordinary share for 2013.

***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	Proposed Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

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

(d) Book closure date

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

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

Not applicable.

18. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) 1 January 2012 to 31 December 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 January 2012 to 31 December 2012 S\$m
<b>Transactions for the Sale of Goods &amp; Services</b>		
CapitaLand Limited & its associates	0.1	-
Singapore Telecommunications Limited & its associates	61.7	-
STATS ChipPAC Ltd & its associates	0.2	-
STT Communications Ltd and its associates	0.3	-
TeleChoice International Ltd & its associates	5.1	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	6.1	-
	73.5	-
<b>Transactions for the Purchase of Goods &amp; Services</b>		
CapitaLand Limited & its associates	2.5	-
Mapletree Industrial Trust & its associates	3.4	-
Refinery Media Pte Ltd	-	2.2
Singapore Power Limited & its associates	25.9	-
Singapore Telecommunications Limited & its associates	113.0	-
SMRT Corporation Ltd & its associates	3.5	-
STT Communications Ltd and its associates	1.9	-
TeleChoice International Ltd & its associates	225.4	-
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	2.7	-
	378.3	2.2

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


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**1. SEGMENT REPORTING**

	<b>2012 S\$m</b>	<b>2011 S\$m</b>
Mobile	1,224.2	1,217.6
Pay TV	396.3	376.0
Broadband	249.4	241.7
Fixed Network services	357.7	336.7
Sale of equipment	194.0	140.0
<b>Operating revenue</b>	<b>2,421.6</b>	<b>2,312.0</b>
EBITDA	719.8	676.0
Depreciation & amortisation (net of asset grants)	(272.5)	(277.8)
Finance income	4.1	2.1
Finance expenses	(20.0)	(20.5)
<b>Profit before taxation</b>	<b>431.4</b>	<b>379.8</b>
Taxation	(72.1)	(64.3)
<b>Profit for the year</b>	<b>359.3</b>	<b>315.5</b>
<b>Assets and liabilities</b>		
Non-current assets	1,190.6	1,188.3
Current assets	618.0	534.8
<b>Total assets</b>	<b>1,808.6</b>	<b>1,723.1</b>
Borrowings	687.5	662.5
Other non-current liabilities	198.4	209.7
Current liabilities	879.2	828.3
<b>Total liabilities</b>	<b>1,765.1</b>	<b>1,700.5</b>
<b>Other information</b>		
Capital expenditure	278.1	243.5
Free cash flow <sup>(1)</sup>	416.8	449.7

*Note:*

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

**2. SEGMENT PERFORMANCE**

For review of the segment performance, please refer to Section 1.3 “Group Performance Review”.

### 3. BREAKDOWN OF SALES

	2012	2011	Incr / (Decr)	
	S\$m	S\$m	S\$m	%
Operating revenue reported for first half year	1,181.7	1,127.1	54.5	4.8
Operating profit after tax before deducting minority interests reported for first half year	175.2	147.1	28.1	19.1
Operating revenue reported for second half year	1,239.9	1,184.8	55.1	4.7
Operating profit after tax before deducting minority interests reported for second half year	184.1	168.4	15.7	9.3

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

	Year ended 31 Dec	
	2012 S\$m	2011 S\$m
Ordinary shares (tax exempt 1-tier)		
Interim	257.6	257.5
Final (Proposed)	85.9	85.8
<b>Total Annual Dividend</b>	<b>343.5</b>	<b>343.3</b>

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

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company declares that the Directors, Chief Executive Officer and substantial shareholders of the Company are not related to any person occupying a managerial position in the Company or any of the subsidiaries of the Company as at 7 February 2013.



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## **Independent auditors' report**

Members of the Company  
StarHub Ltd

### **Report on the financial statements**

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS49.

#### *Management's responsibility for the financial statements*

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

#### *Auditors' responsibility*

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

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



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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

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

**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*

**Singapore**  
**7 February 2013**