StarHub Ltd
Reg. No.:199802208C
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel: (65) 6825 5000
Fax: (65) 6721 5000

STARHUB LTD

Announcement of Unaudited Results for the First Quarter ended 31 March 2013

StarHub is pleased to announce our unaudited results for the first quarter ended 31 March 2013.

Results for the First Quarter ended 31 March 2013

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Mar			
	2013	2012	Incr/ (Decr)	
	S$m	S$m	S$m	%
Operating revenue	580.1	590.9	(10.9)	(1.8)
Operating expenses	(481.2)	(489.8)	(8.5)	(1.7)
Other income	15.1	8.2	6.9	84.6
Profit from operations	**114.0**	**109.3**	**4.6**	**4.2**
Finance income	0.6	1.1	(0.6)	(50.0)
Finance expenses (1)	(4.8)	(3.9)	0.9	23.1
Profit before taxation	**109.7**	**106.5**	**3.2**	**3.0**
Taxation	(18.5)	(18.2)	0.4	2.0
Profit for the period	**91.2**	**88.4**	**2.8**	**3.2**
Attributable to:				
Equity holders of the Company	91.2	88.4	2.8	3.2
	91.2	**88.4**	**2.8**	**3.2**
EBITDA	**182.1**	**176.8**	**5.3**	**3.0**
EBITDA as a % of service revenue	**33.3%**	**32.2%**	**1.1 %pts**	
Free Cash Flow (2)	**92.1**	**103.8**	**(11.7)**	**(11.3)**
Profit from operations is arrived after charging the following:				
Allowance for doubtful receivables and bad debts written off	*3.9*	*3.9*	*(0.0)*	*(0.9)*
Depreciation and amortisation (net of asset grants)	*68.1*	*67.4*	*0.7*	*1.0*

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

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar			
	2013 S$m	2012 S$m	Incr/(Decr) S$m	%
Profit for the period	**91.2**	**88.4**	**2.8**	**3.2**
Other comprehensive income				
Translation differences arising on consolidation of foreign subsidiaries	0.3	-	0.3	-
Effective portion of changes in fair value of cash flow hedge	0.0	(0.5)	0.5	nm
Other comprehensive income for the period (net of taxation)	0.3	(0.5)	0.8	nm
Total comprehensive income for the period	**91.4**	**87.9**	**3.6**	**4.0**
Attributable to:				
Equity holders of the Company	91.4	87.9	3.5	4.0
	91.4	**87.9**	**3.5**	**4.0**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2013

(A) Operating revenue

Year-on-year (YoY), the Group's operating revenue for the quarter decreased 1.8% to S$580.1 million, due mainly to lower revenue from sales of equipment which decreased 22.5% to S$32.8 million for the quarter as a result of lower average selling price and quantity sold.

Overall service revenue for the quarter at S$547.3 million was only S$1.4 million or 0.2% lower compared to 1Q-2012. Mobile services revenue at S$301.9 million was 1.5% lower YoY from lower Post-paid mobile services; Pay TV services revenue at S$94.7 million was 1.1% lower YoY from lower advertising revenue. Fixed Network services revenue increased 3.9% YoY to S$88.3 million for the quarter with higher revenue from both Data & Internet and Voice services. Broadband services revenue at S$62.4 million was up 1.7% YoY from larger subscriber base and better plan mix.

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

	Quarter ended 31 Mar					
	2013		2012		Incr / (Decr)	
Operating revenue	**S$m**	**% mix**	**S$m**	**% mix**	**S$m**	**%**
Mobile revenue	301.9	52.0	306.6	51.9	(4.7)	(1.5)
Pay TV revenue	94.7	16.3	95.7	16.2	(1.0)	(1.1)
Broadband revenue	62.4	10.8	61.4	10.4	1.0	1.7
Fixed Network Services revenue	88.3	15.2	85.0	14.4	3.3	3.9
Total service revenue	547.3	94.3	548.7	92.9	(1.4)	(0.2)
Sale of equipment	32.8	5.7	42.2	7.1	(9.5)	(22.5)
Total	580.1	100.0	590.9	100.0	(10.9)	(1.8)

(B) Operating expenses

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
Operating expenses	**S$m**	**S$m**	**S$m**	**%**
Cost of sales	229.4	245.6	(16.2)	(6.6)
Other operating expenses	251.9	244.2	7.7	3.1
Total	481.2	489.8	(8.5)	(1.7)

The quarter's total operating expenses at S$481.2 million were 1.7% lower YoY from lower cost of sales which decreased 6.6% YoY. This was partially offset by an increase in other operating expenses which rose 3.1% YoY for the quarter.

As a percentage of operating revenue, total operating expenses for the quarter was 83.0% in 1Q-2013 and similar in 1Q-2012.

Details of total operating expenses are as follows:

(i) Cost of sales

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
Cost of sales	**S$m**	**S$m**	**S$m**	**%**
Cost of equipment sold	92.0	106.8	(14.8)	(13.9)
Cost of services	86.0	79.0	6.9	8.8
Traffic expenses	51.4	59.7	(8.4)	(14.0)
Total	229.4	245.6	(16.2)	(6.6)

For 1Q-2013, cost of sales was S$16.2 million or 6.6% lower YoY at S$229.4 million. The lower expenses were due to reduced cost of equipment sold and traffic expenses, offsetting the higher cost of services. As a percentage of operating revenue, cost of sales was 39.5% this quarter, down from 41.6% in 1Q-2012.

In 1Q-2013, cost of equipment sold decreased S$14.8 million or 13.9% YoY to S$92.0 million due to lower quantities of handsets sold for the quarter and lower average costs of handsets. As a ratio of operating revenue, cost of equipment sold for the quarter was lower at 15.9% compared to 18.1% in 1Q-2012.

For the quarter, cost of services rose to S$86.0 million in 1Q-2013 from S$79.0 million in 1Q-2012. The YoY increase of 8.8% were for new TV content, higher programming costs for existing and renewed contracts, and higher cost of services for our Next Gen NBN services as fibre broadband subscribers grew. As a percentage of operating revenue, cost of services ratio was 14.8% for the quarter, up from 13.4% in 1Q-2012.

Traffic expenses for the quarter were S$8.4 million or 14.0% lower at S$51.4 million compared to 1Q-2012. The decrease was due to lower inter-operator SMS and international outbound traffic. As a percentage of operating revenue, traffic expenses decreased from 10.1% in 1Q-2012 to 8.9% in 1Q-2013.

(ii) Other operating expenses

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
Other operating expenses	**S$m**	**S$m**	**S$m**	**%**
Staff costs	69.3	68.2	1.1	1.6
Operating leases	32.6	34.4	(1.9)	(5.5)
Marketing and promotions	36.6	37.3	(0.8)	(2.0)
Allowance for doubtful receivables	3.9	3.9	(0.0)	(0.9)
Repair and maintenance	17.5	15.1	2.4	15.9
Other expenses	24.0	17.8	6.1	34.4
Sub total	183.8	176.8	7.0	4.0
Depreciation and amortisation (net of asset grants)	68.1	67.4	0.7	1.0
Total	251.9	244.2	7.7	3.1

For the quarter, other operating expenses at S$251.9 million was S$7.7 million or 3.1% higher than 1Q-2012. The increase was attributed to higher other expenses, repair and maintenance, staff costs and depreciation and amortisation expenses. The increase was partially mitigated by lower operating leases and marketing and promotions. As a percentage of operating revenue, other operating expenses were higher at 43.4% in 1Q-2013 when compared to 41.3% in 1Q-2012.

Staff costs
YoY, staff costs increased S$1.1 million or 1.6% to S$69.3 million in 1Q-2013 due to higher share-based payment expenses and increased salaries costs. These increases were partly mitigated by lower temporary staff costs.

Operating leases
This quarter's operating lease expenses decreased 5.5% YoY to S$32.6 million from lower international lease capacity costs.

Marketing and promotions
Marketing and promotion expenses for the quarter were 2.0% lower at S$36.6 million as compared to S$37.3 million in 1Q-2012.

Allowance for doubtful receivables
Allowance for doubtful receivables this quarter was S$3.9 million or 0.7% of service revenue, which was comparable to 1Q-2012.

Repair and maintenance
For the quarter, this was up S$2.4 million or 15.9% YoY to S$17.5 million due to higher maintenance costs for local and international network as we expand our 3G and LTE base stations recently.

Other expenses
For the quarter, other expenses at S$24.0 million was 34.4% higher than the S$17.8 million in 1Q-2012. The higher expenses YoY were attributed to increased outsourced call centre costs and exchange loss of S$2.5 million arising from the higher USD/SGD exchange rate this quarter compared to an exchange gain of S$2.9 million taken up in 1Q-2012.

Depreciation and amortisation (net of asset grants)
Depreciation and amortisation expenses were higher by S$0.7 million or 1.0% YoY at S$68.1 million this quarter due to depreciation from additions of property, plant and equipment and intangible assets this quarter, which were partially mitigated by discontinued depreciation from fully depreciated fixed assets.

(C) Other income

This quarter's other income was up S$6.9 million or 84.6% YoY to S$15.1 million due to higher adoption grant income for Next Gen NBN services.

(D) Profitability

Profit from operations grew 4.2% to S$114.0 million in 1Q-2013 when compared to S$109.3 million in 1Q-2012. The YoY increase was due to higher adoption grant income which mitigated the lower net profits from operating activities.

EBITDA for the quarter was S$5.3 million or 3.0% higher at S$182.1 million when compared to 1Q-2012 of S$176.8 million. As a percentage of service revenue, EBITDA margin expanded to 33.3% in 1Q-2013, up from 32.2% in 1Q-2012.

Finance income for the quarter was 50% lower at S$0.6 million when compared to S$1.1 million in 1Q-2012 due to lower bank deposit interest rates.

Finance expenses for the quarter were up S$0.9 million or 23.1% YoY to S$4.8 million due to higher interest costs on the S$220 million 10-year bond raised in September 2012.

The Group's profit before taxation was S$3.2 million or 3.0% higher at S$109.7 million in 1Q-2013, compared to S$106.5 million in 1Q-2012.

Taxation for the Group was S$18.5 million for the quarter, 2.0% higher than 1Q-2012 on account of the higher profits.

Profit after taxation for 1Q-2013 amounted to S$91.2 million, an increase of S$2.8 million or 3.2% from 1Q-2012.

2. BUSINESS REVIEW

Mobile Services

Mobile revenue	Quarter ended 31 Mar 2013 S$m	2012 S$m	Incr / (Decr) S$m	%
Post-paid	241.0	245.5	(4.5)	(1.8)
Pre-paid	60.9	61.1	(0.1)	(0.2)
Total	301.9	306.6	(4.7)	(1.5)

Mobile operating statistics	Quarter ended 31 Mar 2013	31 Dec 2012	31 Mar 2012
Number of registered customers (in thousands)			
Post-paid	1,113	1,104	1,067
Pre-paid	1,104	1,096	1,133
Total	2,217	2,200	2,200
Monthly minutes of use per registered customer			
Post-paid	302	307	333
Pre-paid	418	438	467
Average monthly SMS per registered user (originating)			
Post-paid	151	167	216
Pre-paid	85	96	112
Mobile Data Traffic (in GBytes)			
Post-paid	4,813,902	5,005,610	3,977,103
Pre-paid	216,641	206,816	141,197
ARPU with IDD included (S$ per month)			
Post-paid (1)	68	70	69
Pre-paid	19	19	19
Non-voice service as a contribution to ARPU			
Post-paid (1)	44.8%	42.1%	40.5%
Pre-paid	17.5%	17.8%	17.6%
Average monthly churn rate (post-paid)	0.9%	1.0%	1.3%
Singapore mobile penetration (2)	153.0%	151.8%	150.4%
Market Share (2)	27.3%	27.3%	28.2%

Note:
(1) Restated to exclude inbound roaming revenue
(2) Source : IDA (As at February 2013)

Total mobile services

For the quarter, total mobile services revenue was S$4.7 million or 1.5% lower YoY at S$301.9 million mainly due to lower Post-paid mobile services revenue. As a percentage of total operating revenue, the mobile services revenue mix at 52% for the quarter was comparable to 1Q-2012.

Post-paid mobile services

Against 1Q-2012, this quarter's Post-paid mobile services revenue was S$4.5 million or 1.8% lower at S$241.0 million. The decrease was mainly due to lower revenue from inter-connect operators and roaming services in spite of an increase in subscription revenue from a larger subscriber base.

As at 31 March 2013, Post-paid mobile customer base increased to 1,113,000 subscribers after the quarter's net add of 8,600 subscribers. Compared to a year ago, our customer base grew 4.3% or added 45,600 subscribers.

However, Post-paid mobile ARPU for the quarter was S$1 lower at S$68 compared to S$69 ARPU in 1Q-2012. The lower ARPU was primarily due to lower outbound roaming and usage revenue, in spite of a higher monthly subscription fee from the increased take-up of "SmartSurf" plans. Post-paid mobile monthly voice usage per customer declined by 9.2% YoY to 302 minutes in 1Q-2013, while average SMS per Post-paid customer fell by 30.0% YoY to 151 SMS this quarter. As customers used more of their data bundles to chat and text, Post-paid mobile data traffic grew 21.0% YoY to 4.8 million gigabytes in 1Q-2013. As such, Post-paid non-voice services as a percentage of Post-paid mobile ARPU rose to 44.8% for the quarter, up from 40.5% in 1Q-2012.

Post-paid mobile monthly average churn improved to 0.9% this quarter, down from 1.3% in 1Q-2012. The higher churn in 1Q-2012 arose from certain mobile customers acquired during our marketing promotional offers in prior periods, churning out of our network upon the expiry of their term contracts.

Pre-paid mobile services

The quarter saw higher expired credits and lower usages of our Pre-paid mobile services which led to lower Pre-paid mobile revenue at S$60.9 million for the quarter, compared to S$61.1 million in 1Q-2012.

As at 31 March 2013, Pre-paid mobile customer base was 1,104,000 after the quarter's net add of 8,100 customers. However, compared to a year ago, this was 28,900 subscribers or 2.6% decrease YoY due to higher number of expired prepaid cards this quarter.

Pre-paid mobile ARPU at S$19 for the quarter was comparable to 1Q-2012. Pre-paid non-voice services as a percentage of Pre-paid ARPU was 17.5% in 1Q-2013 compared to 17.6% in 1Q-2012. The decrease was due to lower SMS usages, which offset the increase in data traffic revenue. The average SMS per Pre-paid customer decreased by 23.8% YoY to 85 SMS in 1Q-2013, while Pre-paid mobile data traffic was up 53.4% YoY to 217K gigabytes in 1Q-2013. Pre-paid monthly minutes of use per customer decreased by 10.4% YoY to 418 minutes in 1Q-2013.

Pay TV Services

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
	S$m	S$m	S$m	%
Pay TV revenue	94.7	95.7	(1.0)	(1.1)

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Pay TV operating statistics	2013	2012	2012
Number of residential Pay TV customers (in thousands)	532	536	544
ARPU (S$ per month)	52	51	51
Average monthly churn rate	1.2%	1.3%	1.1%
StarHub's penetration	43.1%	43.6%	44.8%

Compared to 1Q-2012, this quarter's Pay TV revenue was S$1.0 million or 1.1% lower at S$94.7 million, with decrease due to lower advertising revenue which was partly mitigated by higher subscription revenue from both commercial and residential customers.

As at 31 March 2013, Pay TV customer base was 532,000 subscribers after the quarter's net churn of 4,200 subscribers. Compared to a year ago, our customer base decreased 12,600 subscribers or 2.3% YoY.

Pay TV ARPU was S$52 in 1Q-2013, up from S$51 in 1Q-2012. The higher ARPU was primarily due to price increase for our "Sports Group".

Pay TV monthly average churn was 1.2% for the quarter compared to 1.1% in 1Q-2012 due to aggressive marketing offers by competing service providers and expiry of contracts for customers on our short term promotional offers.

Broadband Services

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue	62.4	61.4	1.0	1.7

	Quarter ended		
	31 Mar	31 Dec	31 Mar
Broadband operating statistics	2013	2012	2012
Number of residential broadband customers - subscription-based (in thousands)	444	444	440
ARPU (S$ per month)	45	46	46
Average monthly churn rate	1.3%	1.4%	1.4%

Broadband services revenue for the quarter was S$1.0 million or 1.7% higher at S$62.4 million when compared to 1Q-2012, mainly due to larger subscriber base and better plan mix.

As at 31 March 2013, Broadband customer base at 444,000 was 4,500 customers or 1.0% higher than 31 March 2012.

This quarter's Broadband ARPU at S$45 was slightly lower than S$46 in 1Q-2012 as higher subscription discounts were offered in response to market competition.

Broadband average monthly churn improved to 1.3% for the quarter when compared to 1.4% previously.

Fixed Network Services

	Quarter ended 31 Mar			
	2013	2012	Incr / (Decr)	
Fixed Network Services Revenue	**S$m**	**S$m**	**S$m**	**%**
Data & Internet	72.0	70.3	1.7	2.4
Voice services	16.3	14.7	1.6	11.2
Total	88.3	85.0	3.3	3.9

Fixed Network services revenue for the quarter was up S$3.3 million or 3.9% YoY to S$88.3 million, with higher revenue from both Data & Internet and Voice services.

Data & Internet services revenue grew S$1.7 million or 2.4% YoY to S$72.0 million in 1Q-2013 from increased take-up of our Internet and Next Gen NBN services. Domestic leased circuits business continues to see lower revenue from pricing pressure and increased competition.

YoY, Voice services revenue was S$1.6 million or 11.2% higher at S$16.3 million in 1Q-2013. The increase was mainly due to digital voice home services which became chargeable from 4Q-2012 and higher in-payments from carriers services, which were offset by lower IDD usages.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at 31 Mar 2013	31 Dec 2012	31 Mar 2012	YoY Incr/(Decr) %
Total Singapore occupied homes (in thousands, estimated) [1]	1,197	1,197	1,189	0.7
Total hubbing households with at least one service of post-paid mobile, pay TV and/or broadband services (in thousands)	781	784	788	(0.9)
Percentage of total hubbing households which subscribe to any two services	29.3%	29.6%	30.3%	(1.0)% pts
Percentage of total hubbing households which subscribe to all three services	27.7%	27.4%	26.5%	1.2% pts
Total hubbing households which subscribe to two or more services	57.0%	57.0%	56.8%	0.2% pts

Note:
(1) Source: Nielsen Media Research for 2012 estimates

The number of hubbing households with at least one StarHub service was 781,000 households as at 31 March 2013. This was 0.9% or 7,000 households lower compared to a year ago. As a ratio of total hubbing households, the mix of households who subscribed to more than one service was 57.0% as at 31 March 2013, up from 56.8% a year ago.

For the quarter, the number of triple services Hub Club households increased 2,000 or 1.0% to 216,000 households as at 31 March 2013. Compared to a year ago, this was 7,600 households or 3.6% higher. As a ratio of total hubbing households, Hub Club households increased from 26.5% last year to 27.7% as at 31 March 2013.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar 2013 S$m	2012 S$m
Operating Activities		
Profit before taxation	109.7	106.5
Adjustments for :		
Depreciation and amortisation (net of asset grants)	68.1	67.4
Loss on disposal of fixed assets	(0.1)	0.2
Share-based payments expenses	2.2	0.6
Changes in fair value of financial instruments	(0.8)	(0.3)
Net finance expenses	4.3	2.8
Income related grants	(15.1)	(8.2)
Other non-cash items	0.2	0.3
Operating cash flow before working capital changes	168.5	169.3
Changes in working capital	(13.8)	(24.9)
Income tax paid	(16.0)	0.0
Net cash from operating activities	**138.7**	**144.4**
Investing Activities		
Proceeds from disposal of fixed assets	0.1	0.1
Purchase of fixed assets	(46.6)	(40.6)
Interest received	0.5	1.0
Net cash used in investing activities	**(46.0)**	**(39.6)**
Financing Activities		
Proceeds from exercise of share options	0.2	0.2
Finance expenses paid	(7.9)	(6.3)
Grants received	-	43.8
Proceeds from bank loans	-	70.0
Repayment of bank loans	-	(75.0)
Purchase of treasury shares	-	(2.3)
Net cash used in financing activities	**(7.7)**	**30.3**
Net change in cash and cash equivalents	**85.0**	**135.1**
Cash and cash equivalents at beginning of the period	312.0	179.2
Exchange difference on cash and cash equivalents at beginning of the year	0.2	-
Cash and cash equivalents at end of the period	**397.3**	**314.3**

For the quarter, net cash from operating activities was S$5.7 million lower at S$138.7 million when compared to 1Q-2012, primarily due to income tax payment this quarter and lower working capital requirement YoY. This quarter's negative change in working capital of S$13.8 million was attributed to lower trade and other payables and higher inventories, mitigated by lower trade receivables and higher net balance due to related parties.

Net cash outflow from investing activities at S$46.0 million for the quarter was S$6.4 million higher than 1Q-2012. The higher cash outlay was mainly due to higher CAPEX payments. This quarter's CAPEX payments were S$6.0 million higher at S$46.6 million, and accounted for 8.0% of operating revenue in 1Q-2013.

On account of the lower cash from operating activities and higher CAPEX payments, this quarter's free cash flow was S$11.7 million or 11.3% lower at S$92.1 million when compared to S$103.8 million in 1Q-2012.

For the quarter, total net cash outflow from financing activities was S$7.7 million from payment of interest expenses. There were no government grant receipts, proceeds from bank loans or repayment of bank loans and purchase of treasury shares this quarter when compared to 1Q-2012.

As at 31 March 2013, Group cash and cash equivalents were higher at S$397.3 million when compared to S$314.3 million a year ago.

Capital expenditure commitments

The Group's total outstanding capital expenditure commitments were S$256.2 million as at 31 March 2013. These comprised mainly commitments for the purchase of leasehold land, development of new support systems, expansion of our international undersea cable infrastructure, mobile and domestic fixed network infrastructure and systems.

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 13	31 Dec 12	31 Mar 13	31 Dec 12
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	768.5	791.1	363.0	367.7
Intangible assets	395.4	397.0	102.7	105.9
Subsidiaries	-	-	1,202.1	1,202.1
Balances with related parties	-	-	480.0	600.0
Deferred tax assets	2.5	2.5	-	-
	1,166.4	**1,190.6**	**2,147.7**	**2,275.7**
Current assets				
Inventories	33.4	28.1	27.4	21.2
Trade receivables	124.8	142.3	116.4	130.9
Other receivables, deposits and prepayments	131.4	123.6	20.4	20.4
Balances with related parties	14.8	12.0	174.1	48.2
Cash and cash equivalents	397.3	312.0	329.3	245.7
	701.7	**618.0**	**667.6**	**466.4**
Less:				
Current liabilities				
Trade and other payables	688.7	728.1	306.3	344.5
Balances with related parties	65.4	56.5	358.0	321.5
Provision for taxation	96.3	94.6	68.6	51.4
	850.4	**879.2**	**732.9**	**717.4**
Net current (liabilities)/assets	**(148.7)**	**(261.2)**	**(65.3)**	**(251.0)**
Non-current liabilities				
Trade and other payables	36.3	37.5	36.3	37.5
Borrowings	687.5	687.5	687.5	687.5
Deferred income	36.5	41.7	-	-
Deferred tax liabilities	120.0	119.2	68.7	72.4
	880.4	**885.9**	**792.5**	**797.4**
Net assets	**137.3**	**43.5**	**1,289.9**	**1,227.3**
Shareholders' equity				
Share capital	270.3	263.1	270.3	263.1
Reserves	(133.0)	(219.6)	1,019.6	964.2
Total equity	**137.3**	**43.5**	**1,289.9**	**1,227.3**

GROUP BALANCE SHEET REVIEW

As at 31 March 2013, the Group's total non-current assets were S$24.2 million lower at S$1,166.4 million when compared to 31 December 2012. The decrease was due to lower net book value of property, plant and equipment, and intangible assets.

Total current assets totaled S$701.7 million as at 31 March 2013. This was S$83.7 million higher compared to 31 December 2012, with increase attributable to higher cash and cash equivalents, other receivables, deposits and prepayments, inventories and balances with related parties, offset by lower trade receivables. The higher cash balance accumulated is partly due to the pending payment of the 4Q-2012 final dividend which requires shareholders' approval at the annual general meeting in April 2013.

Total current liabilities were lower at S$850.4 million as at 31 March 2013 compared to S$879.2 million as at 31 December 2012. The decrease was mainly due to lower trade and other payables, offset by higher balances with related parties and provision for taxation.

Total non-current liabilities were S$5.5 million lower at S$880.4 million as at 31 March 2013 when compared to 31 December 2012. This was mainly due to lower deferred income.

The Group's shareholders' equity grew S$93.8 million to S$137.3 million as at 31 March 2013, up from S$43.5 million as at 31 December 2012.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Mar 13 S$m	31 Dec 12 S$m
Amount repayable after one year		
Bank loans	467.5	467.5
Medium term notes	220.0	220.0
Total	**687.5**	**687.5**

The Group's total borrowings as at 31 March 2013 remained unchanged at S$687.5 million when compared to 31 December 2012.

Net debt as at 31 March 2013 was S$290.2 million, 22.7% lower when compared to S$375.5 million as at 31 December 2012. As a percentage of 2012 EBITDA, the Group's net debt was 0.40 times as at 31 March 2013, compared to 0.52 times as at 31 December 2012.

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 2013	263.1	(0.2)	(276.3)	13.7	(7.0)	-	50.2	(219.6)	43.5
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	91.2	91.2	91.2
Other comprehensive income									
Translation differences arising from consolidation of foreign subsidiaries	-	-	-	-	-	0.3	-	0.3	0.3
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.0	-	-	0.0	0.0
Total comprehensive income for the period	-	-	-	-	0.0	0.3	91.2	91.4	91.4
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of shares pursuant to share plans	7.2	-	-	(7.0)	-	-	-	(7.0)	0.2
Share-based payments expenses	-	-	-	2.2	-	-	-	2.2	2.2
Total transactions with equity holders of the Company	7.2	-	-	(4.8)	-	-	-	(4.8)	2.4
At 31 Mar 2013	**270.3**	**(0.2)**	**(276.3)**	**8.9**	**(7.0)**	**0.3**	**141.4**	**(133.0)**	**137.3**
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	-	-	-	-	-	-	88.4	88.4	88.4
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.5)	-	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	-	88.4	87.9	87.9
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Share-based payments expenses	-	-	-	0.6	-	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	5.6	-	(5.1)	-	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	(276.3)	9.3	(7.1)	-	122.7	(153.5)	109.3

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 2013	263.1	(0.2)	276.5	13.7	(7.0)	681.2	964.2	1,227.3
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	60.1	60.1	60.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	0.0	-	0.0	0.0
Total comprehensive income for the period	-	-	-	-	0.0	60.1	60.1	60.1
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	7.2	-	-	(7.0)	-	-	(7.0)	0.2
Share-based payments expenses	-	-	-	2.2	-	-	2.2	2.2
Total transactions with equity holders of the Company	7.2	-	-	(4.8)	-	-	(4.8)	2.4
At 31 Mar 2013	**270.3**	**(0.2)**	**276.5**	**8.9**	**(7.0)**	**741.4**	**1,019.6**	**1,289.9**
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	-	-	-	-	-	68.6	68.6	68.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	68.6	68.1	68.1
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Share-based payments expenses	-	-	-	0.6	-	-	0.6	0.6
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	5.6	-	(5.1)	-	-	0.5	0.5
Total transactions with equity holders of the Company	-	3.3	-	(4.5)	-	-	(1.2)	(1.2)
At 31 Mar 2012	262.8	(2.2)	276.5	9.3	(7.1)	736.7	1,013.3	1,276.1

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 31 March 2013, the share capital of the Company totaled S$270.3 million comprising 1,720,834,374 issued ordinary shares (excluding treasury shares). As at 31 December 2012, this was S$263.1 million or 1,717,452,289 ordinary shares (excluding treasury shares).

Issue of new shares
For the quarter ended 31 March 2013, the Company issued a total of 3,382,085 new ordinary shares to employees pursuant to the Company's obligations under its share-based plans as follows:

139,950 ordinary shares were issued upon the exercise of options by participants pursuant to the Company's share option plans at exercise prices ranging from S$0.88 to S$1.52 per ordinary share; and

3,242,135 ordinary shares were issued as fully paid shares via the transfer from the Company's share-based payment reserve to participants to satisfy the payout under the Company's Performance and Restricted Share Plans.

Treasury Shares
There was no movement in treasury shares for the quarter. The treasury share balance as at 31 March 2013 was S$0.2 million comprising 72,788 ordinary shares, or 0.004% of issued share capital excluding treasury shares (31 March 2012: 768,173 ordinary shares or 0.04% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans
As at 31 March 2013, the outstanding balance of unexercised options under the Company's share option plans totaled 1,429,434 (31 March 2012: 2,503,505) or 0.08% of the total issued shares in the capital of the Company.

Performance Share Plan
As at 31 March 2013, the outstanding balance of conditional awards under the Performance Share Plan was 1,769,900 ordinary shares (31 March 2012: 1,634,150).

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 March 2013, the outstanding balance of conditional awards under the Restricted Stock Plan was 3,315,200 ordinary shares (31 March 2012: 3,459,605 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 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 2012.

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 2013. 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 Mar	
	2013	2012
Basic		
Earnings per share	5.30 cents	5.15 cents
Weighted average number of shares ('000)	1,719,226	1,715,998
Diluted		
Earnings per share	5.28 cents	5.13 cents
Weighted average number of shares ('000)	1,725,315	1,722,567

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
Net asset value per share	8.0 cents	2.5 cents	75.0 cents	71.5 cents

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

For the quarter ended 31 March 2013, the Group's overall operating revenue decreased 1.8% YoY. This was below our guidance of single-digit revenue growth for 2013.

As a percentage of service revenue, this quarter's EBITDA margin at 33.3% was above our guidance of EBITDA margin at about 31% of service revenue.

CAPEX payments for the quarter were 8.0% of operating revenue, which was below our guidance of about 13% of overall operating revenue.

15. GROUP OUTLOOK

In the Mobile segment, we continue to see newer models of smart devices being launched, with richer and enhanced features, supporting LTE networks and at competitive prices. These will continue to support customers' demand for our 4G and SmartSurf mobile service plans. Our LTE network is being progressively rolled out and will achieve nation-wide coverage by end 2013.

For our home services, we continue to build upon our Hubbing platform with more content on our Pay TV and through convergent and innovative services across our multi platform and screens. Our recently procured rights to the FOX SPORTS has expanded our SPORTS content and enhanced our value proposition to our customers. The regulator, MDA, has recently required the Barclays Premier League ("BPL") content to be cross-carried on our network. This will allow our Pay TV subscribers to have access to the BPL content.

On the Broadband front, competition remained intense as new retail service providers on the Next Gen NBN continue their aggressive marketing offers to gain market share.

In the Fixed Network Services space, we continue to develop new services and solutions for the enterprise and commercial customers on our fixed network infrastructure and through the Next Gen NBN network.

Based on the current outlook and barring any unforeseen circumstances, we revise our guidance for our Group operating revenue to grow in the low single-digit range YoY. Group EBITDA margin as a percentage of service revenue is expected to be about 31%. Total CAPEX payments in 2013 are expected to be about 13% of operating revenue, which 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	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

The interim dividend will be paid on 30 May 2013.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 20 May 2013 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Register, M & C Services Private Limited, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to the close of the business at 5.00 p.m. on 17 May 2013 ("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$100,000) 1 January 2013 to 31 March 2013 S$m
Transactions for the Sale of Goods & Services	
Singapore Telecommunications Limited & its associates	13.1
TeleChoice International Ltd & its associates	0.7
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.3
	14.0
Transactions for the Purchase of Goods & Services	
CapitaLand Limited & its associates	0.7
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	23.4
STT Communications Ltd and its associates	2.4
TeleChoice International Ltd & its associates	59.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	1.1
	93.0

There are no interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period 1 January to 31 March 2013.

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 first quarter ended 31 March 2013 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Tan Guong Ching Director	Tan Tong Hai Director

Singapore
9 May 2013