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STARHUB LTD

Announcement of Unaudited Results for the Second Quarter and Half Year ended 30 June 2013

StarHub is pleased to announce our unaudited results for the second quarter and half year ended 30 June 2013.

Results for the Second Quarter and Half Year ended 30 June 2013

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013 S\$m	2012 S\$m	Incr/ (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr/ (Decr) S\$m	%
Operating revenue	586.8	590.7	(3.9)	(0.7)	1,166.9	1,181.7	(14.8)	(1.2)
Operating expenses	(472.4)	(485.2)	(12.9)	(2.6)	(953.6)	(975.0)	(21.4)	(2.2)
Other income	10.4	5.0	5.4	108.1	25.5	13.2	12.3	93.5
Profit from operations	124.9	110.5	14.4	13.0	238.9	219.9	19.0	8.6
Finance income	0.7	1.0	(0.3)	(28.3)	1.3	2.2	(0.9)	(39.5)
Finance expenses ⁽¹⁾	(4.6)	(5.9)	(1.3)	(21.7)	(9.4)	(9.8)	(0.4)	(3.8)
Profit before taxation	121.0	105.7	15.3	14.5	230.7	212.2	18.5	8.7
Taxation	(20.4)	(18.8)	1.6	8.3	(39.0)	(37.0)	1.9	5.2
Profit for the period	100.6	86.8	13.8	15.9	191.8	175.2	16.6	9.5
Attributable to:								
Equity holders of the Company	100.6	86.8	13.8	15.9	191.8	175.2	16.6	9.5
	100.6	86.8	13.8	15.9	191.8	175.2	16.6	9.5
EBITDA	191.5	179.1	12.3	6.9	373.5	355.9	17.6	4.9
EBITDA as a % of service revenue	34.1%	32.0%	2.1 %pts		33.7%	32.1%	1.6 %pts	
Free Cash Flow ⁽²⁾	64.3	143.1	(78.8)	(55.1)	156.4	246.8	(90.5)	(36.6)
<i>Profit from operations is arrived after charging the following:</i>								
<i>Allowance for doubtful receivables and bad debts written off</i>	3.7	4.1	(0.5)	(10.9)	7.6	8.1	(0.5)	(6.0)
<i>Depreciation and amortisation (net of asset grants)</i>	66.6	68.6	(2.1)	(3.0)	134.7	136.0	(1.4)	(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 30 Jun				Half Year ended 30 Jun			
	2013 S\$m	2012 S\$m	Incr/(Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr/(Decr) S\$m	%
Profit for the period	100.6	86.8	13.8	15.9	191.8	175.2	16.6	9.5
Other comprehensive income								
Translation differences arising on consolidation of foreign subsidiaries	0.3	-	0.3	-	0.5	-	0.5	-
Effective portion of changes in fair value of cash flow hedge	3.3	(1.1)	4.4	nm	3.3	(1.6)	4.9	nm
Other comprehensive income for the period (net of taxation)	3.6	(1.1)	4.7	nm	3.7	(1.6)	5.4	nm
Total comprehensive income for the period	104.2	85.7	18.4	21.5	195.5	173.6	21.9	12.6
Attributable to:								
Equity holders of the Company	104.2	85.7	18.4	21.5	195.5	173.6	21.9	12.6
	104.2	85.7	18.4	21.5	195.5	173.6	21.9	12.6

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2013

(A) Operating revenue

The Group's operating revenue for the quarter was S\$586.8 million, 0.7% lower compared to 2Q-2012. This was mainly due to lower quantity of equipment sold which decreased S\$5.5 million or 18.0% year-on-year (YoY). This was mitigated by higher service revenue of S\$1.6 million or 0.3% increase YoY.

For the half-year period, operating revenue decreased S\$14.8 million or 1.2% YoY to S\$1,166.9 million in 1H-2013, also primarily due to lower revenue from the sales of equipment.

Compared to 2Q-2012, overall service revenue at S\$562.0 million for the quarter rose S\$1.6 million or 0.3%. We registered higher revenue from Mobile and Fixed Network services which rose 2.8% to S\$314.7 million and 2.3% to S\$90.0 million respectively. Pay TV services revenue was lower by 7.9% YoY at S\$95.6 million this quarter as the 2Q-2012 revenue was boosted by revenue from the UEFA EURO event. Broadband services revenue at S\$61.7 million for the quarter was 1.2% or S\$0.7 million lower when compared to 2Q-2012.

For the half-year period, total service revenue at S\$1,109.3 million was comparable to 1H-2012. All lines of businesses, except Pay TV services, reported increases in revenue YoY. Mobile services revenue increased 0.6% to S\$616.6 million on higher revenue from Post-paid mobile services. Higher revenue from both Data & Internet and Voice services contributed to the 3.1% increase in the Fixed Network services revenue which totaled S\$178.3 million in 1H-2013. Broadband services revenue increased marginally by 0.2% to S\$124.1 million. Pay TV services revenue decreased 4.6% to S\$190.3 million due to lower subscription and advertising revenue in 1H-2013 and the absence of revenue from the UEFA EURO event in 1H-2012.

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

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%
Operating revenue								
Mobile revenue	314.7	306.2	8.5	2.8	616.6	612.8	3.8	0.6
Pay TV revenue	95.6	103.7	(8.2)	(7.9)	190.3	199.5	(9.2)	(4.6)
Broadband revenue	61.7	62.4	(0.7)	(1.2)	124.1	123.8	0.3	0.2
Fixed Network Services revenue	90.0	88.0	2.0	2.3	178.3	173.0	5.3	3.1
Total service revenue	562.0	560.4	1.6	0.3	1,109.3	1,109.1	0.2	0.0
Sale of equipment	24.9	30.3	(5.5)	(18.0)	57.6	72.6	(15.0)	(20.6)
Total	586.8	590.7	(3.9)	(0.7)	1,166.9	1,181.7	(14.8)	(1.2)

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2013 Mix %	2012 Mix %	2013 Mix %	2012 Mix %
Operating revenue mix				
Mobile revenue	53.6	51.8	52.9	51.9
Pay TV revenue	16.3	17.6	16.3	16.9
Broadband revenue	10.5	10.6	10.6	10.5
Fixed Network services revenue	15.4	14.9	15.3	14.6
Sale of equipment	4.2	5.1	4.9	6.1
Total	100.0	100.0	100.0	100.0

(B) Operating expenses

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%	2013 S\$m	2012 S\$m	Incr / (Decr) S\$m	%
Operating expenses								
Cost of sales	225.8	234.4	(8.7)	(3.7)	455.1	480.0	(24.9)	(5.2)
Other operating expenses	246.6	250.8	(4.2)	(1.7)	498.5	495.0	3.5	0.7
Total	472.4	485.2	(12.9)	(2.6)	953.6	975.0	(21.4)	(2.2)

Total operating expenses for the quarter decreased S\$12.9 million or 2.6% to S\$472.4 million in 2Q-2013. The decrease of 2.6% YoY were attributed to both lower cost of sales and other operating expenses which decreased 3.7% and 1.7% respectively. Compared to 1H-2012, total operating expenses in 1H-2013 were S\$21.4 million or 2.2% lower at S\$953.6 million. This was mainly attributed to a 5.2% or S\$24.9 million decrease in cost of sales, offset by a 0.7% or S\$3.5 million increase in other operating expenses YoY.

As a percentage of operating revenue, total operating expenses were lower at 80.5% for the quarter and 81.7% for the half-year period, down from 82.1% and 82.5% in the corresponding periods last year.

Details of total operating expenses are as follows:

(i) Cost of sales

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
Cost of sales	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Cost of equipment sold	79.4	82.5	(3.0)	(3.7)	171.4	189.3	(17.8)	(9.4)
Cost of services	92.7	91.5	1.2	1.3	178.7	170.5	8.1	4.8
Traffic expenses	53.6	60.5	(6.8)	(11.3)	105.0	120.2	(15.2)	(12.6)
Total	225.8	234.4	(8.7)	(3.7)	455.1	480.0	(24.9)	(5.2)

For the quarter, cost of sales reduced S\$8.7 million or 3.7% to S\$225.8 million, and for the half-year period, was S\$24.9 million or 5.2% lower at S\$455.1 million when compared to the corresponding periods last year. This was due to lower cost of equipment sold and traffic expenses, which offset the increase in cost of services. As a percentage of operating revenue, cost of sales ratio at 38.5% this quarter, and for the half-year period, at 39.0% were lower when compared to 39.7% in 2Q-2012 and 40.6% in 1H-2012 respectively.

Lower quantities of handsets sold albeit an increased mix of high end models led to a lower cost of equipment sold at S\$79.4 million this quarter, and S\$171.4 million for the half-year period. This was 3.7% lower for 2Q-2013 and 9.4% lower for 1H-2013 when compared to the corresponding periods in 2012.

Cost of services was higher by S\$1.2 million or 1.3% YoY to S\$92.7 million for the quarter, and for 1H-2013, increased S\$8.1 million or 4.8% YoY to S\$178.7 million. This was attributed to higher TV content and programming costs for new and renewed contracts, and higher cost of services for our Next Gen NBN services as fibre broadband take-up increases.

Traffic expenses this quarter decreased S\$6.8 million or 11.3% to S\$53.6 million, and for the half-year period, was S\$15.2 million or 12.6% lower at S\$105.0 million. The lower expenses were due to lower inter-operator SMS and international outbound traffic volume, and lower international traffic settlement rates.

(ii) Other operating expenses

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
Other operating expenses	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Staff costs	67.5	67.1	0.4	0.6	136.8	135.3	1.5	1.1
Operating leases	32.7	32.7	0.0	0.1	65.3	67.1	(1.9)	(2.8)
Marketing and promotions	38.4	34.9	3.5	10.0	74.9	72.2	2.7	3.8
Allowance for doubtful receivables	3.7	4.1	(0.5)	(10.9)	7.6	8.1	(0.5)	(6.0)
Repair and maintenance	17.8	16.4	1.5	9.0	35.3	31.5	3.9	12.3
Other expenses	19.9	27.0	(7.1)	(26.2)	43.9	44.8	(0.9)	(2.1)
Sub total	180.0	182.1	(2.1)	(1.2)	363.8	358.9	4.9	1.4
Depreciation and amortisation (net of asset grants)	66.6	68.6	(2.1)	(3.0)	134.7	136.0	(1.4)	(1.0)
Total	246.6	250.8	(4.2)	(1.7)	498.5	495.0	3.5	0.7

This quarter's total other operating expenses were lower by S\$4.2 million or 1.7% to S\$246.6 million. This was attributed to lower other expenses which decreased S\$7.1 million or 26.2% YoY, lower depreciation and amortisation expenses which was lower by S\$2.1 million or 3.0% YoY, and S\$0.5 million or 10.9% YoY lower allowance for doubtful receivables. These offset the increase in marketing and promotions expenses which rose S\$3.5 million or 10% YoY and repair and maintenance expenses which increased S\$1.5 million or 9.0% YoY.

For the half-year period, other operating expenses were up S\$3.5 million or 0.7% YoY to S\$498.5 million in 1H-2013, with higher repair and maintenance, marketing and promotions and staff costs, which were partially mitigated by lower operating leases, depreciation and amortisation, other expenses and allowance for doubtful receivables.

As a percentage of operating revenue, other operating expenses ratio was lower at 42.0% in 2Q-2013, and for the half-year period, was higher at 42.7% this year when compared to 42.4% in 2Q-2012 to 41.9% in 1H-2012.

Analysis of major variances is provided below:

Marketing and promotions

For the current periods, marketing and promotion expenses were higher by S\$3.5 million or 10.0% to S\$38.4 million in 2Q-2013, and for the half-year period, was S\$2.7 million or 3.8% higher at S\$74.9 million. These increases were due mainly to higher advertising and promotional activities, and increased acquisition and re-contract costs.

Allowance for doubtful receivables

Allowance for doubtful receivables amounted to S\$3.7 million for the quarter and S\$7.6 million for the half-year period, a decrease of S\$0.5 million YoY for both the quarter and half year. As a ratio of service revenue, allowance for doubtful receivables maintained at 0.7% for both the quarter and half-year periods.

Repair and maintenance

Compared to 2Q-2012, this quarter's repair and maintenance was up 9.0% to S\$17.8 million, and for the half-year period, increased 12.3% to S\$35.3 million. Provision for operational maintenance of our new undersea cable network system and accruals for maintenance of our expanded local network systems were the main contributing factors for the increase.

Other expenses

Other expenses for the quarter was S\$7.1 million or 26.2% lower YoY at S\$19.9 million, due mainly to higher cost recoveries this quarter for network construction or diversion projects, lower provision for stock obsolescence and lower property tax expenses this quarter, as last year's included some catch-up assessments for property taxes. For the half year, other expenses decreased S\$0.9 million or 2.1% YoY to S\$43.9 million in 1H-2013.

Depreciation and amortisation (net of asset grants)

For the quarter and half-year periods, depreciation and amortisation expenses were 3.0% lower at S\$66.6 million in 2Q-2013 and decreased 1.0% to S\$134.7 million in 1H-2013. This was attributed to discontinued depreciation from fully depreciated fixed assets, offset by higher depreciation expense from additions of property, plant and equipment and intangible assets in current periods.

(C) Other income

Compared to the corresponding periods last year, other income was up S\$5.4 million or 108.1% to S\$10.4 million for the quarter and S\$12.3 million or 93.5% higher at S\$25.5 million for the half-year period. The increase was primarily attributed to higher adoption grant income for Next Gen NBN services.

(D) Profitability

For the quarter, profit from operations at S\$124.9 million was S\$14.4 million or 13.0% higher than 2Q-2012, and for the half-year period, was S\$19.0 million or 8.6% higher YoY at S\$238.9 million. The higher profits were mainly due to higher other income arising from adoption grant for Next Gen NBN connections and lower operating expenses in the current periods.

For the quarter, EBITDA grew S\$12.3 million or 6.9% to S\$191.5 million this quarter, and for the half-year period, was S\$17.6 million or 4.9% higher YoY at S\$373.5 million. As a percentage of service revenue, EBITDA margin rose to 34.1% in 2Q-2013 and 33.7% in 1H-2013, up from 32.0% and 32.1% in the corresponding periods last year.

Lower bank deposit rates led to lower finance income this quarter. Finance income totaled S\$0.7 million in 2Q-2013, and S\$1.3 million in 1H-2013.

Finance expenses at S\$4.6 million for the quarter were S\$1.3 million or 21.7% lower compared to 2Q-2012, which included facility fees expenses for new bank loan facilities taken up. For the half-year period, finance expenses were S\$0.4 million or 3.8% lower at S\$9.4 million in 1H-2013.

Consequently, Group's profit before taxation for the quarter grew S\$15.3 million or 14.5% YoY to S\$121.0 million. For the half-year period, profit before taxation increased S\$18.5 million or 8.7% YoY to S\$230.7 million.

Against the corresponding periods last year, taxation for the Group was up 8.3% to S\$20.4 million for the quarter and 5.2% to S\$39.0 million in 1H-2013 due to the higher taxable profits in the current periods.

Year-on-year, profit after taxation for the quarter was up S\$13.8 million or 15.9% to S\$100.6 million, and increased S\$16.6 million or 9.5% to S\$191.8 million in 1H-2013.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
Mobile revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Post-paid	253.9	246.4	7.5	3.0	494.9	491.9	3.0	0.6
Pre-paid	60.8	59.8	1.0	1.7	121.7	120.9	0.8	0.7
Total	314.7	306.2	8.5	2.8	616.6	612.8	3.8	0.6

Mobile operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of registered customers (in thousands)						
Post-paid	1,127	1,113	1,069	1,127	1,069	5.4
Pre-paid	1,122	1,104	1,104	1,122	1,104	1.6
Total	2,249	2,217	2,173	2,249	2,173	3.5
Monthly minutes of use per registered customer						
Post-paid	305	302	336	304	334	(9.2)
Pre-paid	396	418	454	407	461	(11.6)
Average monthly SMS per registered user (originating)						
Post-paid	144	151	200	148	208	(28.9)
Pre-paid	77	85	108	81	110	(26.1)
Mobile Data Traffic (in GBytes)						
Post-paid	5,480,852	4,813,902	4,790,350	10,294,754	8,767,452	17.4
Pre-paid	306,859	216,641	186,243	523,500	327,440	59.9
ARPU with IDD included (S\$ per month)						
Post-paid	72	68	71	70	70	(0.5)
Pre-paid	18	19	18	19	18	1.0
Non-voice service as a contribution to ARPU						
Post-paid	45.0%	44.8%	41.7%	44.9%	41.1%	-
Pre-paid	18.9%	17.5%	17.9%	18.2%	17.7%	-
Average monthly churn rate (post-paid)	1.0%	0.9%	1.3%	0.9%	1.3%	-
Singapore mobile penetration ⁽¹⁾	153.3%	151.9%	151.4%	153.3%	151.4%	-
Market Share ⁽¹⁾	27.5%	27.5%	27.7%	27.5%	27.7%	-

Note:

(1) Source : IDA (As at May 2013)

Total mobile services

Total mobile services revenue grew S\$8.5 million or 2.8% YoY to S\$314.7 million for the quarter, and was up S\$3.8 million to S\$616.6 million in 1H-2013. Both Post-paid and Pre-paid services contributed to the revenue increase.

Post-paid mobile services

YoY, Post-paid mobile services revenue increased S\$7.5 million for the quarter, and S\$3.0 million for the half-year period on higher subscription and usage revenue from a larger subscriber base, offset by lower revenue from inter-connect operators.

As at 30 June 2013, Post-paid mobile customer base was 1,127,000 subscribers. Compared to a year ago, our customer base was up 57,800 subscribers or 5.4% increase YoY.

This quarter's Post-paid mobile ARPU at S\$72 was S\$1 higher compared to S\$71 in 2Q-2012, due to increased take-up of the new tiered integrated subscription plans.

Voice and SMS usage declined as mobile data traffic rises. Post-paid mobile monthly voice usage per customer trended lower for the half-year period by 9.2% YoY to 304 minutes in 1H-2013. Average SMS per Post-paid customer was down 28.9% YoY to 148 SMS in 1H-2013. With more customers on smart phones and data bundles, Post-paid mobile data traffic expanded from 4.8 million gigabytes in 2Q-2012 to 5.5 million gigabytes in 2Q-2013, and for the half-year period, increased by 17.4% YoY to 10.3 million gigabytes. Correspondingly, the non-voice component of the Post-paid mobile ARPU grew to 45.0% this quarter and 44.9% in 1H-2013 when compared to 41.7% and 41.1% in the corresponding periods last year.

Post-paid mobile monthly average churn was lower at 1.0% for the quarter and 0.9% in the half-year period, down from 1.3% last year. We have been able to maintain churn with appealing retail propositions and proactive churn management.

Pre-paid mobile services

This quarter's Pre-paid mobile services revenue at S\$60.8 million was higher by S\$1.0 million or 1.7%, and for the half-year period, increased S\$0.8 million or 0.7% YoY to S\$121.7 million. Recognition of expired credits and increased data usage, offset lower voice, SMS and IDD usage were the main contributing factors.

As at 30 June 2013, Pre-paid mobile customer base was 1,122,000 customers after the quarter's net addition of 18,000 customers or 1.6% higher compared to a year ago.

Pre-paid mobile ARPU for the quarter remained at S\$18 as was 2Q-2012. It ended 1H-2013 at S\$19, up from S\$18 in 1H-2012. Our Pre-paid mobile customers also share similar usage behavior as their Post-paid counterpart in consuming more mobile data traffic and less on voice and SMS usages.

Pay TV Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Pay TV revenue	95.6	103.7	(8.2)	(7.9)	190.3	199.5	(9.2)	(4.6)

Pay TV operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of residential Pay TV customers (in thousands)	530	532	543	530	543	(2.4)
ARPU (S\$ per month)	52	52	54	52	53	(1.6)
Average monthly churn rate	1.1%	1.2%	1.1%	1.1%	1.1%	-
StarHub's penetration	42.7%	43.1%	44.4%	42.7%	44.4%	-

Pay TV revenue for the quarter and half-year periods were 7.9% and 4.6% lower than the corresponding periods last year respectively. 2012 included Pay-Per-View revenue of the UEFA EURO event. Lower subscriber base and advertising revenue also accounted for the reduced revenue.

As at 30 June 2013, Pay TV customer base was 530,000 subscribers after the quarter's net churn of 2,100 subscribers. Compared to a year ago, our customer base decreased 13,100 subscribers or 2.4% YoY as the competition for viewership remains intense.

Pay TV ARPU at S\$52 for the quarter and half-year periods were comparable to last year after excluding the impact of UEFA EURO revenue earned in 2012.

We maintained monthly average churn at 1.1% in current periods.

Broadband Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Broadband revenue	61.7	62.4	(0.7)	(1.2)	124.1	123.8	0.3	0.2

Broadband operating statistics	Quarter ended			Half Year ended		YoY
	30 Jun	31 Mar	30 Jun	30 Jun		Incr/(Decr)
	2013	2013	2012	2013	2012	%
Number of residential broadband customers - subscription-based (in thousands)	442	444	439	442	439	0.8
ARPU (S\$ per month)	45	45	46	45	46	(1.5)
Average monthly churn rate	1.4%	1.3%	1.6%	1.3%	1.5%	-

Broadband services revenue at S\$61.7 million for the quarter was S\$0.7 million or 1.2% lower when compared to 2Q-2012. This was primarily due to price competition in the market, driving ARPU lower, but mitigated by a larger subscriber base. For the half year, Broadband services revenue was up S\$0.3 million or 0.2% YoY to S\$124.1 million, as 1Q-2013 revenue base had a better mix of higher subscription plans.

As at 30 June 2013, Broadband customer base was 442,000 subscribers. We recorded a net churn of 1,700 subscribers for the quarter. Compared to a year ago, Broadband customer base was up 3,300 subscribers or 0.8% YoY.

Broadband ARPU for the quarter and half-year periods were S\$1 lower at S\$45 when compared to S\$46 last year on higher subscription discounts offered in response to market competition.

Broadband average monthly churn this year has improved to 1.4% for the quarter and 1.3% in 1H-2013, compared to 1.6% in 2Q-2012 and 1.5% in 1H-2012.

Fixed Network Services

	Quarter ended 30 Jun				Half Year ended 30 Jun			
	2013	2012	Incr / (Decr)		2013	2012	Incr / (Decr)	
Fixed Network Services Revenue	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%
Data & Internet	73.2	72.9	0.4	0.5	145.2	143.2	2.0	1.4
Voice services	16.8	15.2	1.6	10.7	33.1	29.9	3.3	10.9
Total	90.0	88.0	2.0	2.3	178.3	173.0	5.3	3.1

Fixed Network services revenue grew by 2.3% for the quarter and 3.1% for the half-year period. The higher revenue was attributable to both Data & Internet and Voice services.

Data & Internet services revenue increase was driven by higher up take of our Internet and Next Gen NBN services, which offset lower revenue from the leased circuits businesses.

Voice services revenue was up almost 11% for the quarter and the half-year periods. Revenue growth was primarily due to digital voice home services becoming chargeable from 4Q-2012 and higher in-payments from carriers' services. These were offset by lower IDD usages.

Hubbing (Multi-Service Households)

Hubbing Metrics	As at			YoY Incr/(Decr) %
	30 Jun 2013	31 Mar 2013	30 Jun 2012	
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)	777	781	786	(1.2)
Percentage of total hubbing households which subscribe to any two services	28.8%	29.3%	30.2%	(1.4)% pts
Percentage of total hubbing households which subscribe to all three services	28.2%	27.7%	26.6%	1.6% pts
Percentage of 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

As at 30 June 2013, the number of hubbing households with at least one StarHub service totaled 777,000 households, 1.2% or 9,500 households lower than a year ago. As a percentage of total hubbing households, the ratio of households who subscribed to more than one service rose to 57.0% as at 30 June 2013, compared to 56.8% a year ago.

The number of triple services Hub Club households as at 30 June 2013 grew strongly to 219,000 households or 28.2% of our hubbing base, after the quarter's net add of 2,500 households. Compared to a year ago, 9,700 households have been added into our Hub Club. As a ratio of total hubbing households, Hub Club households accounted for 28.2% as at end June 2013, up from 26.6% last year.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 30 Jun		Half Year ended 30 Jun	
	2013 S\$m	2012 S\$m	2013 S\$m	2012 S\$m
Operating Activities				
Profit before taxation	121.0	105.7	230.7	212.2
Adjustments for :				
Depreciation and amortisation (net of asset grants)	66.6	68.6	134.7	136.0
Loss / (Profit) on disposal of fixed assets	0.3	(0.3)	0.2	(0.1)
Share-based payments expenses	1.5	1.3	3.7	2.0
Changes in fair value of financial instruments	(0.1)	(0.7)	(0.9)	(1.0)
Net finance expenses	3.9	4.8	8.1	7.6
Income related grants	(10.4)	(5.0)	(25.5)	(13.2)
Other non-cash items	0.2	0.7	0.5	0.9
Operating cash flow before working capital changes	183.0	175.2	351.5	344.5
Changes in working capital	8.0	53.7	(5.8)	28.8
Income tax paid	(36.6)	(28.7)	(52.6)	(28.7)
Net cash from operating activities	154.4	200.2	293.1	344.6
Investing Activities				
Proceeds from disposal of fixed assets	0.1	0.3	0.2	0.4
Purchase of fixed assets	(90.1)	(57.1)	(136.7)	(97.8)
Interest received	0.8	1.1	1.3	2.1
Net cash used in investing activities	(89.2)	(55.7)	(135.2)	(95.3)
Financing Activities				
Proceeds from exercise of share options	0.3	0.3	0.5	0.5
Finance expenses paid	(2.1)	(4.4)	(10.0)	(10.7)
Grants received	15.5	3.2	15.5	47.0
Proceeds from bank loans	-	-	-	70.0
Repayment of bank loans	-	-	-	(75.0)
Dividends paid	(172.1)	(171.7)	(172.1)	(171.7)
Purchase of treasury shares	-	-	-	(2.3)
Net cash used in financing activities	(158.4)	(172.5)	(166.1)	(142.2)
Net change in cash and cash equivalents	(93.2)	(28.0)	(8.2)	107.1
Cash and cash equivalents at beginning of the period	397.3	314.3	312.0	179.2
Exchange difference on cash and cash equivalents at beginning of the period	0.3	-	0.5	-
Cash and cash equivalents at end of the period	304.3	286.3	304.3	286.3

This quarter's net cash from operating activities was S\$154.4 million, after accounting for higher income tax paid of S\$36.6 million and positive change in working capital of S\$8.0 million resulted from lower inventories and other receivables, deposits and prepayments, which were partially offset by higher trade receivables and lower trade and other payables.

For the half-year period, despite the higher profits generated this year, net cash from operating activities was lower at S\$293.1 million in 1H-2013 when compared to S\$344.6 million in 1H-2012. This was due to the higher income tax paid this year of S\$52.6 million and increase in working capital YoY. The negative change in working capital of S\$5.8 million in 1H-2013 was attributed to lower trade and other payables, mitigated by lower inventories,

trade receivables and other receivables, deposits and prepayments, coupled with higher net balance due to related parties.

For the quarter and half-year periods, net cash outflow from investing activities amounted to S\$89.2 million and S\$135.2 million respectively, up from S\$55.7 million in 2Q-2012 and S\$95.3 million in 1H-2012. The higher cash outlay in this quarter was due to payments made for the leasehold land purchase.

As a result of the lower cash from operating activities and increased CAPEX payments, free cash flow for the quarter was lower at S\$64.3 million, and S\$156.4 million in 1H-2013, as against S\$143.1 million in 2Q-2012 and S\$246.8 million in 1H-2012 respectively.

Total net cash outflow from financing activities at S\$158.4 million in 2Q-2013 was S\$14.1 million lower than 2Q-2012, due to higher government grants receipts and lower finance expenses paid. For the half-year period, total net cash outflow from financing activities was S\$166.1 million in 1H-2013 as against S\$142.2 million in 1H-2012. This was mainly due to a comparatively lower government grant receipts this year.

As at 30 June 2013, Group cash and cash equivalents totaled S\$304.3 million, up from S\$286.3 million a year ago.

Capital expenditure commitments

The Group's total outstanding capital expenditure commitments amounted to S\$368.2 million as at 30 June 2013. The outstanding commitments mainly comprise commitment for 4G spectrum rights of S\$120 million, 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	
	30 Jun 13 S\$m	31 Dec 12 S\$m	30 Jun 13 S\$m	31 Dec 12 S\$m
Non-current assets				
Property, plant and equipment	798.3	791.1	361.9	367.7
Intangible assets	390.0	397.0	98.0	105.9
Subsidiaries	-	-	1,202.1	1,202.1
Balances with related parties	-	-	480.0	600.0
Deferred tax assets	2.4	2.5	-	-
	1,190.7	1,190.6	2,142.0	2,275.7
Current assets				
Inventories	15.6	28.1	11.3	21.2
Trade receivables	135.1	142.3	123.1	130.9
Other receivables, deposits and prepayments	117.5	123.6	21.6	20.4
Balances with related parties	16.7	12.0	241.4	48.2
Cash and cash equivalents	304.3	312.0	221.0	245.7
	589.2	618.0	618.4	466.4
Less:				
Current liabilities				
Trade and other payables	691.5	728.1	288.6	344.5
Balances with related parties	66.6	56.5	427.0	321.5
Provision for taxation	82.7	94.6	62.4	51.4
	840.8	879.2	778.0	717.4
Net current (liabilities)/assets	(251.6)	(261.2)	(159.6)	(251.0)
Non-current liabilities				
Trade and other payables	31.0	37.5	31.0	37.5
Borrowings	687.5	687.5	687.5	687.5
Deferred income	31.4	41.7	-	-
Deferred tax liabilities	118.0	119.2	67.6	72.4
	867.9	885.9	786.1	797.4
Net assets	71.2	43.5	1,196.3	1,227.3
Shareholders' equity				
Share capital	271.1	263.1	271.1	263.1
Reserves	(199.9)	(219.6)	925.2	964.2
Total equity	71.2	43.5	1,196.3	1,227.3

GROUP BALANCE SHEET REVIEW

The Group's total non-current assets, comprising mainly of fixed assets of property, plant and equipment and intangible assets, as at 30 June 2013 were S\$1,190.7 million, comparable to S\$1,190.6 million as at 31 December 2012.

Total current assets were lower at S\$589.2 million as at 30 June 2013, compared to S\$618.0 million as at 31 December 2012. This was mainly due to lower inventories, trade receivables, other receivables, deposits and prepayments, and cash and cash equivalents amounting to S\$33.5 million, which was offset by higher balance due from related parties of S\$4.7 million.

As at 30 June 2013, total current liabilities were S\$840.8 million, S\$38.4 million lower compared to S\$879.2 million as at 31 December 2012, with lower trade and other payables and provision for taxation totaling S\$48.5 million, which was offset by higher balance due to related parties which increased S\$10.1 million.

Against 31 December 2012, total non-current liabilities decreased by S\$18.0 million to S\$867.9 million as at 30 June 2013. The decrease was due to lower non-current trade and other payables, deferred income and deferred tax liabilities.

As at 30 June 2013, the Group's shareholders' equity improved to S\$71.2 million, up from S\$43.5 million as at 31 December 2012 due mainly to the positive results from operations, net of the quarterly dividend distribution.

5. GROUP UNSECURED BORROWINGS

	30 Jun 13	31 Dec 12
Unsecured borrowings	S\$m	S\$m
Amount repayable after one year	687.5	687.5
Total	687.5	687.5

The Group's total borrowings as at 30 June 2013 remained unchanged at S\$687.5 million, compared to 31 December 2012.

As at 30 June 2013, net debt totaled S\$383.2 million, S\$7.7 million or 2.1% higher when compared to 31 December 2012. As a percentage of 2012 EBITDA, the Group's net debt was 0.53 times as at end June 2013, as against 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									
<i>Contributions by and distributions to equity holders of the Company</i>									
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
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	100.6	100.6	100.6
Other comprehensive income									
Translation differences arising on consolidation of foreign subsidiaries	-	-	-	-	-	0.3	-	0.3	0.3
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	3.3	-	-	3.3	3.3
Total comprehensive income for the period	-	-	-	-	3.3	0.3	100.6	104.2	104.2
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	0.8	-	-	(0.5)	-	-	-	(0.5)	0.3
Share-based payments expenses	-	-	-	1.5	-	-	-	1.5	1.5
Dividends paid	-	-	-	-	-	-	(172.1)	(172.1)	(172.1)
Total transactions with equity holders of the Company	0.8	-	-	1.0	-	-	(172.1)	(171.1)	(170.3)
At 30 Jun 2013	271.1	(0.2)	(276.3)	9.9	(3.8)	0.5	69.9	(199.9)	71.2

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 2012	262.8	(5.5)	(276.3)	13.9	(6.6)	34.3	(240.2)	22.6
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	88.4	88.4	88.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	88.4	87.9	87.9
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based 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
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	86.8	86.8	86.8
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(1.1)	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	-	-	(1.1)	86.8	85.7	85.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.3	-	-	1.3	1.3
Transfer from treasury shares to share-based payments reserve	-	1.2	-	(0.5)	-	-	0.7	0.7
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	1.2	-	0.9	-	(171.7)	(169.7)	(169.7)
At 30 Jun 2012	262.8	(1.0)	(276.3)	10.2	(8.2)	37.8	(237.5)	25.3

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

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
<u>Total comprehensive income for the period</u>								
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
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	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
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	73.4	73.4	73.4
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	3.3	-	3.3	3.3
Total comprehensive income for the period	-	-	-	-	3.3	73.4	76.7	76.7
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	0.8	-	-	(0.5)	-	-	(0.5)	0.3
Share-based payments expenses	-	-	-	1.5	-	-	1.5	1.5
Dividends paid	-	-	-	-	-	(172.1)	(172.1)	(172.1)
Total transactions with equity holders of the Company	0.8	-	-	1.0	-	(172.1)	(171.1)	(170.3)
At 30 Jun 2013	271.1	(0.2)	276.5	9.9	(3.8)	642.7	925.2	1,196.3

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 2012	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	68.6	68.6	68.6
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	-	-	(0.5)	68.6	68.1	68.1
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based 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
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	-	64.9	64.9	64.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	(1.1)	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	-	-	(1.1)	64.9	63.8	63.8
<u>Transactions with equity holders of the Company, recognised directly in equity</u>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Share-based payments expenses	-	-	-	1.3	-	-	1.3	1.3
Transfer from treasury shares to share-based payments reserve	-	1.2	-	(0.5)	-	-	0.7	0.7
Dividends paid	-	-	-	-	-	(171.7)	(171.7)	(171.7)
Total transactions with equity holders of the Company	-	1.2	-	0.9	-	(171.7)	(169.7)	(169.7)
At 30 Jun 2012	262.8	(1.0)	276.5	10.2	(8.2)	630.0	907.5	1,170.3

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As at 30 June 2013, the share capital of the Company totaled S\$271.1 million comprising 1,721,171,520 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 and half year ended 30 June 2013, the Company issued a total of 337,146 and 3,719,231 new ordinary shares respectively to employees pursuant to the Company's obligations under its share-based plans as follows:

Number of new ordinary shares issued:	2Q-2013	1H-2013
For the exercise of options by participants pursuant to the Company's share option plans (exercise price ranged from S\$0.88 to S\$1.52)	237,746	377,696
For payout to participants of the Company's Performance and Restricted Share Plans via the transfer from the Company's share-based payment reserve	99,400	3,341,535
Total	337,146	3,719,231

Treasury Shares

There was no movement in treasury shares for the quarter and half year ended 30 June 2013. The treasury share balance as at 30 June 2013 was S\$0.2 million comprising 72,788 ordinary shares, or 0.004% of issued share capital excluding treasury shares (30 June 2012: 359,588 ordinary shares or 0.02% of issued share capital excluding treasury shares).

Outstanding Shares – Employees' Share-Based Plans

Share Option Plans

As at 30 June 2013, the outstanding balance of unexercised options under the Company's share option plans totaled 1,153,275 (30 June 2012: 2,257,033) or 0.07% of the total issued shares in the capital of the Company.

Performance Share Plan

As at 30 June 2013, the outstanding balance of conditional awards under the Performance Share Plan was 2,248,900 ordinary shares (30 June 2012: 2,598,150).

Restricted Stock Plan

As at 30 June 2013, the outstanding balance of conditional awards under the Restricted Stock Plan was 4,753,000 ordinary shares (30 June 2012: 5,408,215 ordinary shares).

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 30 Jun		Half Year ended 30 Jun	
	2013	2012	2013	2012
Basic				
Earnings per share	5.85 cents	5.06 cents	11.15 cents	10.21 cents
Weighted average number of shares ('000)	1,721,084	1,716,737	1,720,155	1,716,409
Diluted				
Earnings per share	5.82 cents	5.03 cents	11.10 cents	10.15 cents
Weighted average number of shares ('000)	1,728,933	1,726,161	1,728,086	1,725,860

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net asset value per share	4.1 cents	2.5 cents	69.5 cents	71.5 cents

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

For the half year ended 30 June 2013, the Group's overall operating revenue was 1.2% lower YoY. This was below our guidance of low single-digit revenue growth for 2013.

As a percentage of service revenue, 1H-2013 EBITDA margin at 33.7% was above our guidance of EBITDA margin at about 31% of service revenue.

Total CAPEX payments in 1H-2013 totaled 11.7% of operating revenue. This was below our guidance of about 13% of overall operating revenue.

15. GROUP OUTLOOK

In the Mobile space, we continue to upgrade our network infrastructure, and our 4G network rollout is on track to provide nation-wide coverage by the end of the year. This will further enhance our customer's experience. We expect new models of LTE-enabled devices to be launched in the 2nd half of the year, which will further drive customer's acquisition and re-contract costs. For the recent 4G spectrum auction, we have secured 2x25MHz of 1800MHz and 2x20MHz of 2.5GHz spectrum rights at a total price of S\$120 million. The auction rules provide for deferred payments of these spectrum rights and hence this will not have any financial impact on our results this year. These spectrum rights will commence in 1 July 2015 for 2.5GHz band spectrum and 1 April 2017 for the 1800MHz band spectrum, and expire in year 2030.

For our Pay TV services, we will continue to value add with acquisition of more TV content, and developing convergent and innovative services across our multi platform and screens. This will enhance our customer's viewing experience anytime, anywhere and across multiple devices. We have also recently simplified our Pay TV packages by merging the Basic groups and Basic Upsize groups to form the Basic Tier and this will be effective from 1 September 2013. On the Barclays Premier League ("BPL"), the Minister for Communication & Information made the decision in favor of cross-carriage of the content and this is not expected to have a material financial impact on us. We are preparing our broadcasting network to ensure smooth cross-carriage of the BPL content as we receive them.

On the Broadband front, price competition is expected to remain intense as service providers continue their aggressive marketing offers by discounting the above 100MB fibre plans on the Next Gen NBN. Our wide range of cable broadband and fibre broadband plans are competitive to meet the various needs of customers – be it speed, price or reliability.

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

The overall market is competitive and challenging. Based on the current outlook and barring any unforeseen circumstances, we maintain our Group operating revenue guidance 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 29 August 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 19 August 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 16 August 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 April 2013 to 30 June 2013 S\$m
Transactions for the Sale of Goods & Services	
Singapore Telecommunications Limited & its associates	12.1
TeleChoice International Ltd & its associates	0.6
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.4
	13.0
Transactions for the Purchase of Goods & Services	
Mapletree Industrial Trust & its associates	0.5
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	23.3
TeleChoice International Ltd & its associates	50.7
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.1
	81.0

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 from 1 April to 30 June 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 second quarter and half year ended 30 June 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
6 August 2013